# CONGRESSIONAL RECORD:

CONTAINING

# THE PROCEEDINGS AND DEBATES

OF THE

SIXTY-THIRD CONGRESS, SECOND SESSION.

VOLUME LI.

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### VOLUME LI, PART I.

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# CONGRESSIONAL RECORD.

#### PROCEEDINGS AND DEBATES OF THE SIXTY-THIRD CONGRESS.

#### SECOND SESSION.

#### SENATE.

#### Monday, December 1, 1913.

The first Monday in December being the day prescribed by the Constitution of the United States for the annual meeting of Congress, the second session of the Sixty-third Congress commenced on this day.

The Senate assembled in its Chamber at the Capitol.

The VICE PRESIDENT (THOMAS R. MARSHALL, of Indiana) took the chair and called the Senate to order at 12 o'clock noon. The Chaplain, Rev. Forrest J. Prettyman, D. D., offered the

following prayer:

Almighty God, according to our ancient custom we come to Thee. Our fathers were men of prayer, and out of the resources Thee. Our fathers were men of prayer, and out of the resources of Thy grace they received wisdom to guide them in laying the foundation of this great Nation. In every time of stress and storm Thy people have gone to Thee for guidance, for protection, and for blessing. When the Nation was born, it was born in prayer. In the days of difficulty and mystery and darkness unceasing prayer was made, and in this larger day of peace and prosperity we still come asking that Thou wilt teach us how to follow the arts of peace with the same success as our fathers had the foundations of the Government and led us on to this laid the foundations of the Government and led us on to this moment.

We pray that in facing the increasing problems of this great Nation at the beginning of this new session of the Senate the conscious power and presence of God may be felt and that every Senator in this honorable body may realize that his first

and highest obligation is to God.

Bless us in all our life work, Bless our land and Nation with continued peace and prosperity. And we pray that onward we may go as an evangel among the nations of the earth, bringing everywhere to our sphere of influence peace and good will among men. For Christ's sake. Amen.

#### CALLING OF THE ROLL.

The VICE PRESIDENT. That it may be ascertained whether a constitutional number of Senators are present for the transaction of business, the Secretary will call the roll.

The Secretary called the roll and the following Senators answered to their names:

Ashurst Bacon Goff Gore Overman Smith, S. C. Owen Page Penrose Perkins Pittman Smoot Stephenson Sterling Gronna Hollis Hughes James Johnson Bankhead Bankhead Borah Bradley Bradley Brandegee Bristow Bryan Burleigh Stone Sutherland Poindexter Pomerene Ransdell Swanson Thomas Thompson Kenyon Kern La Follette Thornton Tillman Townsend Vardaman La Follette
Lane
Lewis
McCumber
McLean
Martin, Va.
Martine, N. J.
Myers
Nelson
Newlands
Norris
O'Gorman Reed Robinson Burton Chamberlain Root Saulsbury Shafroth Chilton Clapp Clark, Wyo. Clarke, Ark. Colt Cummins Dillingham du Pont Gallinger Walsh Sheppard Sherman Shields Shively Warren Weeks Williams Works Simmons Smith, Ariz. Smith, Ga.

Mr. SHEPPARD. My colleague, the senior Senator from Texas [Mr. Culberson], is unavoidably absent. He is paired with the Senator from Delaware [Mr. Du Pont]. This an-

Mr. WEEKS. I wish to announce that my colleague [Mr. Lodge] is absent on account of illness and to have this announcement stand for the day. He is paired with the junior Senator from Georgia [Mr. SMITH].

Mr. BRYAN. My colleague [Mr. Fletcher] is unavoidably absent. He is paired with the senior Senator from Wyoming [Mr. WARREN].

Mr. SMOOT. I desire to announce that the senior Senator from Delaware [Mr. DU PONT] is unavoidably detained from the Senate.

The VICE PRESIDENT. Eighty-one Senators have answered to the roll call. A quorum of the Senate is present.

LIST OF SENATORS.

The list of Senators by States is as follows: Alabama-John H. Bankhead. Arizona—Henry F. Ashurst and Marcus A. Smith.

Arkansas—James P. Clarke and Joe T. Robinson.

California—George C. Perkins and John D. Works.

Colorado—John F. Shafroth and Charles S. Thomas Connecticut—Frank B. Brandegee and George P. McLean. Delaware—Henry A. du Pont and Willard Saulsbury.
Florida—Nathan P. Bryan and Duncan U. Fletcher.
Georgia—Augustus O. Bacon and Hoke Smith. Georgia—Augustus O. Bacon and Hoke Shith.
Idaho—William E. Borah and James H. Brady.
Illinois—James Hamilton Lewis and Lawrence Y. Sherman.
Indiana—John W. Kern and Benjamin F. Shively.
Iowa—Albert B. Cummins and William S. Kenyon.
Kansas—Joseph L. Bristow and William H. Thompson.
Kentucky—William O. Bradley and Ollie M. James.
Iowisiana—Joseph E. Bansdell and John R. Thornton. Louisiana—Joseph E. Ransdell and John R. Thornton.

Maine—Edwin C. Burleigh and Charles F. Johnson.

Maryland—William P. Jackson and John Walter Smith.

Massachusetts—Henry Cabot Lodge and John W. Weeks.

Michigan William Michigan William No. Michigan—William Alden Smith and Charles E. Townsend.

Minnesota—Moses E. Clapp and Knute Nelson.

Mississippi—John Sharp Williams and James K. Vardaman.

Missouri—James A. Reed and William J. Stone. Montana—Henry L. Myers and Thomas J. Walsh. Nebraska—Gilbert M. Hitchcock and George W. Norris. Nevada-Francis G. Newlands and Key Pittman. New Hampshire-Jacob H. Gallinger and Henry F. Hollis. New Jersey—William Hughes and James E. Martine. New Mexico—Thomas B. Catron and Albert B. Fall. New York—James A. O'Gorman and Elihu Root. North Carolina-Lee S. Overman and F. M. Simmons, North Dakota-Asle J. Gronna and Porter J. McCumber. Ohio-Theodore E. Burton and Atlee Pomerene. Oklahoma-Thomas P. Gore and Robert L. Owen. Oregon-George E. Chamberlain and Harry Lane. Pennsylvania—George T. Oliver and Boies Penrose. Rhode Island-LeBaron B. Colt and Henry F. Lippitt. South Carolina-Ellison D. Smith and Benjamin R. Tillman. South Dakota—Coe I. Crawford and Thomas Sterling. Tennessee-Luke Lea and John K. Shields. Texas-Charles A. Culberson and Morris Sheppard. Utah-Reed Smoot and George Sutherland. Vermont-William P. Dillingham and Carroll S. Page. Virginia-Thomas S. Martin and Claude A. Swanson. Washington-Wesley L. Jones and Miles Poindexter. West Virginia—William E. Chilton and Nathan Goff.
Wisconsin—Robert M. La Follette and Isaac Stephenson. Wyoming-Clarence D. Clark and Francis E. Warren.

#### NOTIFICATION TO THE HOUSE.

Mr. BACON submitted the following resolution (S. Res. 223), which was read, considered by unanimous consent, and agreed to: Resolved, That the Secretary inform the House of Representatives that a quorum of the Senate is assembled and that the Senate is ready to proceed to business.

#### NOTIFICATION TO THE PRESIDENT.

Mr. KERN submitted the following resolution (S. Res. 224), which was read, considered by unanimous consent, and agreed to: Resolved, That a committee consisting of two Senators be appointed to join such committee as may be appointed by the House of Representatives to wait upon the President of the United States and inform him that a quorum of each House is assembled, and that Congress is ready to receive any communication he may be pleased to make.

The VICE PRESIDENT appointed as the committee Mr. KERN and Mr. GALLINGER.

HOUR OF DAILY MEETING.

Mr. KERN. Mr. President, I move the adoption of the following resolution.

The resolution (S. Res. 225) was read, as follows:

Resolved, That the hour of daily meeting of the Senate be 10 o'clock a. m. until otherwise ordered.

Mr. GALLINGER. Mr. President, I feel like appealing to the Senator from Indiana and his colleagues to let the sessions begin at the usual hour of 12 o'clock for the present. There does not seem to me to be any actual necessity for so early a meeting 10 o'clock at the present time—this week, for instance. think there will be no objection to having earlier sessions after a little while.

I will say to the Senator from Indiana that there has been no conference of the minority on this matter at all. I feel sure there is no disposition to obstruct the early passage of the currency bill, but it would be agreeable, I know, to some of us-it would be to me personally-if we could have the meeting at the usual hour for the present week.

Mr. KERN. Mr. President, in view of the urgent demands that are coming from all quarters that the business of the Senate should be hastened, it has been thought it would be better that we should have the daily sessions begin at 10 o'clock in the morning. It is true that there is a special order for this week, but the chairman of the Committee on Banking and Currency has already given notice that he desires to press the consideration of the banking and currency bill at all times during this week when the Senate is not occupied with the consideration of the Hetch Hetchy bill. An hour will be taken in the transaction of routine business, and it really means the meeting of the Senate at 11 o'clock.

While, of course, I would be glad to accommodate Senators on the other side, we have felt, and it seems to be the unanimous sentiment on this side, that the hour of meeting should be fixed at 10 o'clock

Mr. GALLINGER. Then, I will make a further suggestion to the Senator from Indiana. It is that the matter be compromised, and that for the present week the hour of meeting shall A Senator has a great deal of work to do, meetings of committees to attend, and correspondence that he must look after. I feel sure that if the Senators on the other side will accede to this, there will be no delay in the transaction of the public business

Mr. KERN. Mr. President, if it were a personal matter with myself, I might entertain the proposition of compromise which comes, I know, in the proper spirit from Senators on the other side, but I can not speak for myself in the matter, and until otherwise arranged I hope there will be no objection to the order as I have proposed it.

Mr. GALLINGER. Then I move to amend the resolution by

substituting 11 o'clock for 10 o'clock.

Mr. BACON. Mr. President, in order to avoid an issue of that kind I will take the liberty, with the consent of the Senator from Indiana, to inquire of the Senator from New Hampshire whether it is the purpose of Senators on the other side to hold a conference to-day? The Senator spoke of the fact that they

had had no opportunity for a conference.

Mr. GALLINGER. I will simply say that I feel sure that within a day or two the minority will have a brief conference. We have not had any conference, not knowing what the program was to be, and it was never stated to us until this morning.

Mr. BACON. As we do not desire to have an issue made here upon which there would be a line drawn, in view of the fact that the other side of the Chamber is not now prepared to hold a conference, I will suggest to the Senator that this order stand until they have a conference, and then such suggestion as the Senator may make as a result of the conference, of course, would come in an attitude that would entitle it to consideration.

Mr. GALLINGER. I think the usual custom ought to stand until there seems to be a necessity for a change. I am quite willing personally, and I think I speak for my associates on this side of the Chamber, that we should meet at 11 o'clock for the present, and the matter of meeting earlier can be considered

later on

Mr. ROOT. Mr. President-

The VICE PRESIDENT. Does the Senator from New Hamp-shire yield to the Senator from New York?

GALLINGER. I do.

Mr. ROOT. I wish to ask the Senator from Indiana whether it is a part of the purpose with which this order is proposed that there shall be no meetings of committees of the Senate? I ask this because it is manifestly impossible that the ordinary work of committees of the Senate shall proceed if the Senate

is to meet at 10 o'clock, and it will produce a very different result if the committees are not to meet. If we are to meet at 10 o'clock in order that the Members of the Senate may be in their places to proceed with the discussion of the currency bill or of other measures of importance, to have a real discussion in which there shall be argument addressed to the Members of the Senate as a deliberative body, that is one thing, and I for one am willing to put myself to personal inconvenience for the purpose of facilitating that procedure; but, sir, if we are to meet and have the Members of the Senate immediately after the session begins scatter to their respective committee rooms for the purpose of conducting the necessary business which is conducted in committees, leaving an array of empty seats and Senators speaking to the empty air, with no result of their speaking except that their words shall be printed in the RECORD nextthe result be that Senators shall absent themselves from the Senate Chamber and there shall be no discussion really addressed to their intelligence, to their conscience and the wisdom and public spirit of Senators, this is an idle form, and we ought not indulge in it.

Mr. BORAH. Mr. President, I was going to make another suggestion that possibly might be acceptable to Senators on the majority side. It is that this order be not formally presented until to-morrow. There has been no opportunity to know what the program is to be nor how it is to be acted upon. It might be that by to-morrow the matter could be adjusted without a long-continued controversy in regard to it.

Mr. SMOOT. Mr. President, I should like also to call attention to the fact that from the newspaper reports we understand there are a number of changes to be made in the currency bill that have been agreed upon by the Democratic caucus. None of the Senators on this side know what those amendments are. They have not had a chance to study them. I do not believe it is going to hasten the consideration of the bill one day to have a meeting at 10 o'clock before we have had time to examine the bill and the amendments.

Mr. BACON. The Senator will not overlook the fact that we have a unanimous-consent agreement for the consideration of a bill that is going to take up a large part of the time during this week.

Mr. SMOOT. I do not think that is going to take all the time this week, Mr. President. I was going to say to the Senator another thing. So far as I am concerned, there is not a Senator in this body who wants to vote upon the currency bill at an earlier date than I do. I feel the necessity of a measure the same as every other Senator in this Chamber. The business interests of the country want an early disposition of the bill, and if there is a disposition on the part of the majority of the Senate to give and take in this matter and let us have time to study the amendments, and whenever a Senator speaks let him speak directly to the point, I believe that the passage of the bill will be hastened. I hope Senators on the other side can grant, at least, the request that was made here by the Senator from New Hampshire.

Mr. BRANDEGEE. Mr. President-

Mr. GALLINGER. I yield to the Senator from Connecticut. Mr. BRANDEGEE. I rise for the purpose of making a parliamentary inquiry of the Chair. If I understood the Senator from Indiana correctly, he asked unanimous consent for the present consideration of the resolution?

Mr. GALLINGER. Yes.

Mr. KERN. And that request was granted. Mr. BRANDEGEE. I dislike to interpose an objection to unanimous consent at present to that kind of a resolution, and yet it is evident that it comes at a time when all Senators are not fully prepared to consider the question. I would like very much if the Senator would defer until to-morrow the presentation of his resolution, to which an amendment has already been offered by the Senator from New Hampshire [Mr. Gallinger].

Mr. KERN. Until to-morrow at 11 o'clock?

Mr. BRANDEGEE. At any time the Senator chooses to bring it up to-morrow. I think we would like some little conference upon this side, and, possibly, with Senators upon the other side.

Mr. KERN. Let the order go over under the rule until tomorrow, with a unanimous agreement that we meet at 11 o'clock to-morrow.

Mr. BRANDEGEE. I have no objection to that. Mr. KERN. I will ask the Senator from New Hampshire if he objects?

Mr. GALLINGER. I do not object to that at all.

Mr. BRANDEGEE. Then the Senator from Indiana withholds his resolution?

Mr. KERN. Let the resolution go over until to-morrow under the rule.

Mr. BRANDEGEE Very well.
Mr. GALLINGER. I was quite aware of the fact that objection could be made, which would send the resolution over, but thought if we could reach an agreement it might be as well. I think the suggestion of the Senator from Indiana that the resolution go over until to-morrow, and that by unanimous consent we agree to meet at 11 o'clock to-morrow, will be satisfac-

Mr. KERN. If a unanimous-consent agreement may be had that we meet at 11 o'clock to-morrow, the resolution may go

The VICE PRESIDENT. Is there any objection to the request of the Senator from Indiana that when the Senate adjourns to-day it adjourn to meet at 11 o'clock to-morrow?

Mr. GRONNA. Mr. President, personally I have no objection to the agreement; but, addressing myself to the purport of the resolution, I will say that it makes very little difference to me whether we meet at 10 o'clock or 12 o'clock. I wish to say, however, that some of us who are interested in this billand I know that every Senator on this floor is very much interested in it-will see that the bill is considered when a quorum of the Senate is present.

Mr. KERN. That is all right. Mr. SIMMONS. We expect that.

The VICE PRESIDENT. Is there objection to the request of the Senator from Indiana that when the Senate adjourns to-day it adjourn to meet to-morrow at 11 o'clock? The Chair hears none. The resolution goes over until to-morrow with the amendment of the Senator from New Hampshire [Mr.

GALLINGER] pending.

Mr. WILLIAMS. A parliamentary inquiry, Mr. President. The VICE PRESIDENT. The Senator from Mississippi will

state it.

Mr. WILLIAMS. What is before the Senate?

The VICE PRESIDENT. Nothing.

Mr. WILLIAMS. There is, then, a regular order that the Senate has itself prescribed to proceed to the consideration of the Hetch Hetchy bill to-day, and it seems to me that the regular order is to call that bill up.

The VICE PRESIDENT. The Senate is awaiting informa-

tion from the House of Representatives as to whether it has

yet been organized.

Mr. WILLIAMS. That does not keep us from going on with the regular order. When we get that information, all we have to do is to await a report from the committee appointed to inform the President we are in session, organized, and ready

Mr. GALLINGER. I dislike exceedingly to interpose a suggestion that we ought to waste a single moment, in view of the tremendous desire on the other side to transact the public business, but I will venture the suggestion that, inasmuch as we must hear from the House of Representatives and a committee has been appointed to wait upon the President, to take a recess

would be in order. That is what we have usually done.

Mr. WILLIAMS. It seems to me that all we have to do is to go ahead under the unanimous-consent agreement already entered into. There is no necessity for taking a recess. So far as that is concerned, if we had to wait until the House informed us that it was organized, think a moment of what, in certain contingencies, might follow. The Senator will remember that in the Thirty-fourth Congress Nathaniel P. Banks was not elected Speaker for, I believe, some six weeks. The House was waiting all that time to be organized, and could not pass the usual resolution.

Mr. GALLINGER. But it was doing business all the same.
Mr. WILLIAMS. Now, it seems to me that the sooner we
get the Hetch Hetchy bill out of the way, the better, and as the Senate has a unanimous-consent agreement to take that measure up at 12 o'clock on Monday, December 1, that hour and day having arrived and that being the regular order, if I am in order in doing so, I call for the regular order.

Mr. BRANDEGEE. But, Mr. President, is not morning busi-

ness still in order?

Mr. SMOOT. Morning business has not been concluded. Mr. WILLIAMS. I call for the regular order, whatever it is.

Mr. MYERS. Mr. President, a parliamentary inquiry.
The VICE PRESIDENT. The Senator from Montana will

state his parliamentary inquiry. Mr. MYERS. Do we not have the regular morning business

for the introduction of bills, resolutions, and so forth, this morning?

Mr. WILLIAMS. I believe I was mistaken about the unanimous consent. Under the agreement the Hetch Hetchy bill is to come up after the regular morning business.

Mr. BRANDEGEE. I call for the regular order.

Mr. WILLIAMS. I call for the regular order, which is morn-

Mr. MYERS. I will say that I was waiting for the morning business to be cencluded, when I will ask that the Hetch Hetchy bill be laid before the Senate in accordance with the unanimousconsent agreement.

Mr. SMOOT. I simply want to say that since I have been here it has always been the rule that the Senate has taken a recess to wait until they have received notice from the House of Representatives that it is in session and also a report from the committee appointed to wait upon the President. This is a session of Congress; it is not merely a session of the Senate; and by right we ought to know whether or not Congress is in session, and the only way to know that is to receive notification from the other House of its organization. I think that is the proper course to follow.

Mr. WILLIAMS. The Senator is mistaken, Mr. President. Usually that course is necessary, and I understand that precedent is followed on the meeting of a new Congress; but in this instance both Houses have organized and everybody knows it. This is the second session of this Congress, and all we have to do that I can see is to go ahead with the regular order. I call

for the regular order, and ask the Chair to state what it is.

Mr. SMOOT. I should like to have the Chair give a ruling, then, on what is the proper procedure for the Senate at this

The VICE PRESIDENT. The Constitution of the United States requiring the Congress of the United States to assemble upon the first Monday in December of each year, the Chair rules that the Congress of the United States is not assembled until both the Senate and the House of Representatives are in session with a constitutional quorum present for the trans-action of business, and that no legislative business can be transacted by the Senate of the United States until that time has arrived.

RECESS.

Mr. KERN. I move that the Senate take a recess until 2 o'clock.

The motion was agreed to, and (at 12 o'clock and 30 minutes p. m.) the Senate took a recess until 2 o'clock p. m.

At the expiration of the recess the Senate reassembled.

MESSAGE FROM THE HOUSE.

Mr. South, the Chief Clerk of the House of Representatives, appeared and delivered the following message:

Mr. President, I am directed by the House of Representatives to inform the Senate that a quorum of the House of Representatives has assembled, and that the House is ready for business.

Also, that a committee of three were appointed by the Speaker on the part of the House of Representatives to join with the committee on the part of the Senate to wait on the President of the United States and notify him that a quorum of the two Houses has assembled and that Congress is ready to receive any communication that he may be pleased to make, and that Mr. Underwood, Mr. Fitzgerald, and Mr. Mann were appointed such committee on the part of the House.

NOTIFICATION TO THE PRESIDENT.

Mr. Kern and Mr. Gallinger appeared, and
Mr. Kern said: Mr. President, on behalf of the committee
appointed to wait upon the President of the United States and inform him that the two Houses of Congress have organized and are ready to receive any communication that he may be pleased to make, I have the honor to report that the committee have performed that duty, and in response the President informed us that he will submit a communication in person to Congress to-morrow, December 2, at 1 o'clock p. m.

ORDER OF BUSINESS.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The Secretary. A bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. PENROSE. Mr. President, I rise to an inquiry. not morning business be permitted? Some Senators have bills to introduce. I do not suppose it is a matter of great importance, but I would expect the orderly procedure to be an oppor-

tunity for the transaction of morning business

Mr. BURTON. I will state in this connection that I desire to introduce a bill which is one of considerable importance, and with the consent of the Senate I should like to make a brief statement in connection with it.

The VICE PRESIDENT. Very well.

Mr. SMOOT. Why could not the Senator from Oklahoma ask that the unfinished business be temporarily laid aside?

Mr. OWEN. I ask that the currency bill be temporarily laid aside that Senators may present morning business.

The VICE PRESIDENT. There being no objection, that ac-

tion will be taken.

NAVAJO INDIAN RESERVATION, ARIZ. (H. DOC. NO. 298).

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report of conditions on the Navajo Indian Reservation in Arizona with respect to the necessity for constructing a bridge across Moenchopi Wash on that reservation, The communication is accompanied by illustrations, and it will be referred to the Committee on Printing for action.

Mr. SMOOT subsequently said: This morning the Presiding Officer laid before the Senate a communication from the Secretary of the Interior relative to the necessity for constructing a bridge across Moenchopi Wash on the Navajo Indian Reservation in the State of Arizona. Accompanying the communication were illustrations, which the Presiding Officer referred to the Committee on Printing for action. I report favorably from the Committee on Printing on the communication and accompanying illustrations and ask that they be printed.

The VICE PRESIDENT. Without objection, it is so ordered,

and the communication will be referred to the Committee on

Indian Affairs.

ANNUAL REPORT OF THE RECLAMATION SERVICE (H. DOC. NO. 297).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, the twelfth annual report of the Reclamation Service, which was referred to the Committee on Irrigation and Reclamation of And Lands and ordered to be printed.

INDIAN SCHOOL, PHOENIX, ARIZ. (H. DOC. NO. 292).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, recommending that the appropriation of \$12,000 for general repairs and improvements, including two steel water tanks, at the Indian school at Phoenix, Ariz., be increased to \$32,302.69, etc., which was referred to the Committee on Indian Affairs and ordered to be

DISTRESS AMONG INDIANS (H. DOC. NO. 328).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report showing the expenditures for the fiscal year ended June 30, 1913, for food and other necessaries of life in cases of distress among Indians not having treaty funds, etc., which, with the accompanying paper, was referred to the Committee on Indian Affairs and ordered to be printed.

EMPLOYEES IN INDIAN SERVICE (H. DOC. NO. 334).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report showing the diversion of appropriations for the pay of specified employees in the Indian service for the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Indian Affairs and ordered to be printed.

INDIAN MONEYS-PROCEEDS OF LABOR (H. DOC. NO. 327).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report of expenditures of money carried on the books of the Interior Department under the caption "Indian moneys Proceeds of labor," for the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Indian Affairs and ordered to be printed.

INDIAN HOSTILITIES (H. DOC. NO. 296).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, stating, in compliance with the provisions of section 2100 of the Revised Statutes of the United States, that there have been no hostilities against the United States or its citizens during the fiscal year ended June 30, 1913, which was referred to the Committee on Indian Affairs and ordered to be printed.

INDUSTRY AMONG INDIANS (H. DOC. NO. 295).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a detailed report of expenditures made for the purpose of encouraging industry among Indians at various reservations during the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Indian Affairs and ordered to be printed.

INDIAN SCHOOLS AND AGENCIES (H. DOC. NO. 329).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report showing the amounts expended at each Indian school and agency of the appropriation for construction, lease, bridges, repairs, and improvements of school and agency buildings, which, with the accompanying paper, was referred to the Committee on Indian Affairs and ordered to be printed.

INDIAN EDUCATION FUND (H. DOC. NO. 330).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report relative to the expenditure of the general Indian education fund, showing the names of teachers, compensation allowed, location of school, and average attendance of each school, etc., which, with the accompanying papers, was referred to the Committee on Indian Affairs and ordered to be printed.

SURVEYS ON INDIAN RESERVATIONS (H. DOC. NO. 331).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a statement of the cost of all survey and allotment work on Indian reservations for the fiscal year ended June 30, 1913, which, with the accompanying papers, was referred to the Committee on Indian Affairs and ordered to be printed.

INDUSTRIAL WORK AND CARE OF TIMBER (H. DOC. NO. 335).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a statement of the expenditures from the appropriation for "Industrial work and care of timber" for the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Indian Affairs and ordered to be printed.

SIOUX INDIAN FUND (H. DOC. NO. 332).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report of expenditures from the permanent fund of the Sioux Indian's during the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Indian Affairs and ordered to be printed.

IRRIGATION AND DRAINAGE, INDIAN SERVICE (H. DOC. NO. 299).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a tabulated statement relative to the distribution of moneys expended for irrigation and drainage, Indian Service, for the fiscal year 1913, which, with the accompanying paper, was referred to the Committee on Indian Affairs and ordered to be printed.

TONGUE RIVER INDIAN RESERVATION (H. DOC. NO. 294).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a detailed report of expenditures made for the purpose of encouraging industry among Indians on the Tongue River Indian Reservation during the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Indian Affairs and ordered to be printed.

SUBSISTENCE FOR INDIAN TRIBES (H. DOC. NO. 333).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, stating that no diversions or expenditures were made during the fiscal year ended June 30, 1913, under the provisions of the act approved March 1, 1907, authorizing the Secretary of the Interior to use any surplus that may remain in any of said appropriations for the purpose of subsistence for the several Indian tribes to an amount not exceeding \$25,000 in the aggregate to supply any subsistence deficiency that may occur, etc., which was referred to the Committee on Indian Affairs and ordered to be printed.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT presented resolutions adopted at the Geologists and Mine Engineers' Convention, National Conservation Exposition, Knoxville, Tenn., September 19, 1913, favoring an increase in the appropriation for classifying the public domain, which were referred to the Committee on Appropriations.

He also presented resolutions adopted by Nordstjernan No. 136, of Minneapolis, Minn., favoring the enactment of legislation granting to the city of San Francisco the use of the waters of the Hetch Hetchy Valley, which were ordered to lie on the

He also presented a memorial of sundry citizens of College-ville, Ind., remonstrating against the passage of the so-called

Hetch Hetchy bill, which was ordered to lie on the table.

He also presented resolutions adopted by the Retail Merchants' Association of Washington, D. C., favoring the plan of

the Secretary of the Navy for the establishment of an armorplate plant in the District of Columbia or on some site adjacent thereto, which were referred to the Committee on the District of Columbia.

Mr. SHAFROTH presented petitions of sundry citizens of Pueblo and Denver, in the State of Colorado, praying for the enactment of legislation granting relief to persons who served in the Military Telegraph Corps of the United States Army during the Civil War, which were referred to the Committee on Military Affairs,

Mr. McCUMBER presented a petition of the Votes for Women League of Jamestown, N. Dak., praying for the enact-ment of legislation granting the right of suffrage to women,

which was ordered to lie on the table.

Mr. O'GORMAN presented petitions of sundry citizens of New York City and Buffalo, in the State of New York, praying for the enactment of legislation granting relief to persons who served in the Military Telegraph Corps of the United States Army during the Civil War, which were referred to the Committee on Military Affairs.

#### BILLS AND JOINT RESOLUTION INTRODUCED.

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows

By Mr. PENROSE:

A bill (S. 3496) to define the true intent and meaning of section 48 of the act of August 28, 1894, levying taxes on distilled spirits, to regulate the business of reclaiming waste spirits from empty whisky barrels, and to define the status of persons engaged in such business; to the Committee on Finance.

A bill (S. 3497) granting relief to persons who served in the Military Telegraph Corps of the Army during the Civil War (with accompanying paper); to the Committee on Military

Affairs.

A bill (S. 3498) granting an increase of pension to Daniel Hilliard;

A bill (S. 3499) granting an increase of pension to John King;

A bill (S. 3500) granting a pension to Mary Irvin;

A bill (S. 3501) granting an increase of pension to Horace M. Marquet;

A bill (S. 3502) granting an increase of pension to John Gowland (with accompanying papers);

A bill (S. 3503) granting a pension to William N. Stewart

(with accompanying papers); and

A bill (S. 3504) granting an increase of pension to James H. Nale (with accompanying papers); to the Committee on Pen-

By Mr. SHAFROTH:

A bill (S. 3505) for the relief of Boon, Bostwick & Co.; to the Committee on Claims.

A bill (S. 3506) for the relief of Samuel Charles Hampton;

to the Committee on Naval Affairs.

A bill (S. 3507) to grant to women citizens of the United States the right to register and vote for Senators of the United States and for Members of the House of Representatives; to the Committee on Woman Suffrage.

A bill (S. 3508) granting an increase of pension to David

Walker; to the Committee on Pensions.

By Mr. MYERS:

A bill (S. 3509) for the relief of Orion Mathews; to the Committee on Military Affairs,

By Mr. OVERMAN:

A bill (S. 3510) to provide for the construction, maintenance, and improvement of post roads and rural delivery routes through the cooperation and joint action of the National Government and the several States in which such post roads or rural delivery routes may be established; to the Committee on Post Offices and Post Roads.

A bill (S. 3511) to authorize the Supreme Court to prescribe forms and rules and generally to regulate pleading, procedure, and practice on the common-law side of the Federal courts: to

the Committee on the Judiciary.

By Mr. POINDEXTER:

A bill (S. 3512) making appropriations for the printing and publishing of maps and reports relating to the kelp beds on the Pacific coast; to the Committee on Appropriations.

A bill (S. 3513) granting an increase of pension to Aaron B. Hartman; to the Committee on Pensions.

By Mr. McCUMBER: A bill (S. 3514) for the relief of John H. Howlett; to the Committee on Claims.

A bill (S. 3515) granting an increase of pension to Elmer Mulinex (with accompanying papers); and

A bill (S. 3516) granting an increase of pension to Irwin M. Hill; to the Committee on Pensions.

By Mr. MARTIN of Virginia:

A bill (S. 3517) for the relief of the trustees of Lynchburg College, of Lynchburg, Va.; to the Committee on Claims.

A bill (S. 3518) granting a pension to James D. Setliff; to the Committee on Pensions.

By Mr. BURLEIGH:

A bill (S. 3519) granting a pension to Adesta L. Kendall; to the Committee on Pensions.

By Mr. SHIVELY:

A joint resolution (S. J. Res. 85) authorizing the appointment of a board of examiners to make an examination of the Kankakee River at and in the vicinity of the boundary line between the States of Indiana and Illinois, relating to the necessity and practicability of removing obstructions from said river and straightening its channels, and for other purposes; to the Committee on Commerce.

#### BANKING AND CURRENCY.

Mr. BURTON introduced a bill (S. 3495) to incorporate the Federal reserve bank of the United States, establish banking districts, mobolize bank reserves, refund and retire a portion of the national debt, provide for an elastic currency, afford means for rediscounting commercial paper, establish more effective supervision of banking, and for other purposes, which was read twice by its title.

Mr. BURTON. Mr. President, with the consent of the Senate, I desire to submit a brief statement explaining the provisions of

The plan provides for the organization of a Federal reserve bank owned by the people and entirely controlled by the Government. The capital stock is placed at \$100,000,000, and is to be open to popular subscription for its full amount in shares of \$100 each, the stockholders to receive cumulative dividends at the rate of 5 per cent per annum. The control of the bank is vested in a board of seven directors to be appointed by the President, to be confirmed by the Senate, the terms of office of such directors to be 14 years. These men are to have absolute control over the affairs of the bank, and are to devote their whole time to their functions as such directors.

The bank itself is to have its main office in Washington with 12 branches to be located in various parts of the country. Each branch is to be managed by an executive committee of five men, who are all to be appointed by the board of seven, who will supervise and control all their actions. The number of the

branches may be increased.

The earnings of the bank are to be appropriated first to the payment of a 5 per cent dividend to the shareholders, then to the accumulation of a surplus of \$20,000,000, after which onehalf of the earnings is to go to the United States and one-half to increase the surplus to \$50,000,000, and thereafter the whole of the earnings, above, of course, the 5 per cent paid upon the stock, shall go to the United States to be devoted to the retirement of the public debt.

The business of the bank is to be conducted solely with the

United States Government, the national banks, and such State banks and trust companies as are permitted under appropriate restrictions to deposit their reserves therein. The bank will also act as fiscal agent and sole depository of the Government.

In general, the function of the bank will be to hold the re-serves of all national banks and of the State banks that make deposits, as well as all the funds of the Government except the 5 per cent redemption fund; to rediscount commercial paper for the member banks or depositors; to establish rates of discount for such rediscounting, which shall be uniform through-out the country and at all branches of the bank; to issue its notes as circulating medium; and to act as a national clearing The provisions for rediscounting paper are carefully prepared to cover bona fide agricultural, commercial, and industrial transactions, and are made to exclude stock-exchange or grain-exchange transactions.

With respect to the national-bank reserves, at least one-half and as much more as may be desired by the individual banks are to be on deposit with the Federal reserve bank. Incidentally the amount of such national-bank reserves is to be reduced to a uniform basis of 12 per cent of their net deposit liabilities, and all distinctions between country banks and reserve city banks

are eliminated.

The circulating notes of the bank are gradually to take the place of national-bank notes and are to be receivable at par for all taxes and other debts due to the United States, and also for all debts payable by the United States, except interest on the public debt.

The notes are protected by a reserve fund to consist of either 100 per cent of gold coin bullion or gold certificates or of 50

per cent of gold coin bullion or certificates plus 100 per cent of collateral security, which may consist of notes and bills accepted for rediscount and of the Government refunding notes, which are authorized in the bill. This special reserve to protect the circulating notes is to be kept separate and distinct from the general reserve of the bank, which is to be maintained at 50 per cent of its net deposit liabilities, and is to consist of gold coin, bullion, and other lawful money of the United States.

The circulating notes are made redeemable on demand at any office of the bank in gold or lawful money of the United States

at the option of the holder.

The national clearing-house function is made possible by a provision requiring the acceptance at par of all checks and drafts of the bank and any of its branches, and a further provision authorizing the various branches, subject to the approval of the central board, to determine and publish appropriate exchange and collection charges for the handling of all other

exchange or collection items.

The plan also proposes to effect a gradual retirement of all the 2 per cent bonds now outstanding. This is to be accomplished in two ways—first, by having the Government pay off through the medium of the Federal bank approximately one-half of the outstanding twos by an issue of Treasury 1-year renewable notes from time to time; and, second, by having the Secretary of the Treasury exchange not less than \$20,000,000 per year of the twos held by the national banks for an equal amount of Government a per cent bonds to run 20 years, but to be without any circulation privilege. In this way all the 2 percents would be retired at the end of 20 years, a result which is further insured by a provision that at the end of such period such bonds are to carry no interest.

As distinguished from the Owen-Glass bill, the bank notes are to be redeemed by the banks, and no Government liability is attached. While I have given a very considerable amount of attention to the bill, I frankly say that I am not altogether satisfied with all of its details, but I confidently believe that, whatever Congress may do upon the pending legislation, the general plan of a central banking institution will ultimately be adopted.

The VICE PRESIDENT. To what committee does the Senator from Ohio desire to have the bill referred?

Mr. BURTON. I think the bill should lie on the table, as I judge the Banking and Currency Committee has performed whatever duty it intends to perform in the consideration of a bill relating to banking and currency.

The VICE PRESIDENT. That action will be taken.

#### SAN FRANCISCO WATER SUPPLY.

The VICE PRESIDENT. Morning business is closed.

Mr. MYERS. Mr. President, I ask that House bill 7207, the Hetch Hetchy bill, be now laid before the Senate in accordance with the unanimous-consent agreement.

The VICE PRESIDENT. In accordance with the unanimousconsent agreement, the Chair lays before the Senate House bill

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes

Mr. MYERS. Mr. President, as chairman of the Committee on Public Lands of the Senate, which reported this bill favorably to this body, I feel it incumbent upon me to present the bill to the Senate with some remarks, giving the reasons which caused the committee to recommend the bill for passage. I also speak from personal conviction in consequence of a study of the subject and, so far as I had time, a hearing of all that has been said or offered by either side, a reading of the proceedings before the House committee, and hearing the discussions before the Senate committee relative to the matter. result of all this I am profoundly convinced that this bill is one of extraordinary merit, one which presents a pressing emergency to Congress, and that it ought to be passed without

This bill presents to Congress a question of most momentous importance, a question of the sustenance of human life, a question of the necessities of human life, a question of threequarters of a million people having an adequate water supply for the absolute necessities of life, for sanitary purposes, for municipal purposes, for cooking and other family and household purposes, and for consumption by individuals of the communities which are interested. I think it is one of the most important questions that has been presented before this body since I have been here, one that pertains to the conservation

of the very life of a large number of citizens of this country and of the people of a very large and important section of the country.

San Francisco needs the water; I believe there is absolutely no denial of that fact. The people of San Francisco are citizens of this country, and they need something which is necessary to their existence, both individually and as a municipality; they need something which it is in the power of this Government to give them and which is being put to no other purpose; and the

question is, Shall we give it to them?

In addition to the lack of an adequate supply of water, the people of San Francisco are not only suffering from the absolute want of water, but they are to-day paying the highest rates for what little water they do get of any city in the United States. They are in absolute distress, and they come to this body—the only body that appears to have it in its power to give adequate relief-and ask for the relief which we are in a position to give.

The proposition is to enable San Francisco and the other cities around the Bay of San Francisco, adjacent to San Francisco, which form one compact vicinity or section of country, to obtain sufficient water for municipal and individual purposes. That is the proposition which is presented to us. In order to get the proposition succinctly before Senators I will now read from the report of the House Committee on Public Lands, which unanimously reported in favor of this bill, which contains a statement of the case and a statement of what is asked for in the bill. That report reads:

statement of the case and a statement of what is asked for in the bill. That report reads:

The cities of San Francisco, Burlingame, San Mateo, Redwood, Palo Alto, Hayward, Alameda, Oakland, Pledmont, and Berkeley, which are to be organized into a municipal water district for development of the Hetch Hetchy water supply, form an almost continuous chain around the Bay of San Francisco. Their combined population at the present date is more than 700,000. Directly east of these bay cities the Coast Range Mountains form a low barrier between the bay cities and the San Joaquin Valley, one of the two great interior valleys of California, Through the middle of this valley the San Joaquin River flows north to the Carquinez Straits and thence into San Francisco Bay. On the east side of the valley the Slerra Nevada Range rises, reaching heights of over 12,000 feet at the summit. Down the western slopes of the Sierras the Tuolumne River winds in a general westerly direction to its confuence with the San Joaquin River. For the purpose of irrigating during the dry season the part of the valley floor which is normally drained by the Tuolumne River winds in a general westerly direction to its confuence with the San Joaquin River. For the purpose of irrigating during the dry season the part of the valley floor which is normally drained by the Tuolumne River winds in a general westerly direction to its confuence with the San Joaquin River, the Modesto and Turlock irrigation districts were formed, comprising 257,000 acres in extent. Conjointly they have built the La Grange diverting dam at the point where the Tuolumne leaves the foothills on its westward course, and divert its waters through irrigating canals to the extent of their needs. About 50 miles farther up the Tuolumne and about 165 miles due east from San Francisco the river flows through the Hetch Hetchy Valley, and about 9 miles distant lies Lake Eleanor, one of the numerous mountain lakes of the Sierras. A short distance west of Lake Eleanor the ground falls off into

In the bill presented for your consideration the city of San Francisco has set forth the rights which Congress must grant before the city can proceed with this great project. These rights are, briefly, as

can proceed with this great project. These rights are, briefly, as follows:

1. The right to construct a dam at the mouth of Hetch Hetchy, Lake Eleanor, and Cherry Valley and to flood said valleys to the height of their respective dams.

2. Rights of way through the Yosemite National Park and Stanislaus National Forest for tunnels, aqueducts, and water conduits, also for telephone, telegraph, and power transmission lines, roads, and trails,

3. Necessary power-house sites and diverting or storage dam sites.

4. The right to take stone, earth, and other materials for construction purposes from the land covered by the rights of way and adjoining land. The water which San Francisco has appropriated under the laws of California and expects to store and beneficially use by means of the above works is the storm water of the Tuolumne—the water which has been going to waste every year over the La Grange irrigation dam during the high-water months.

CONDITIONS TO WHICH SAN FRANCISCO CONSENTS.

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In order that the Government and the public may be amply protected in the exercise of this grant, the bill proposes that all procedure thereunder shall be carefully regulated by the Secretary of the Interior. Maps are to be filed and approved before the city can proceed. Work is to be commenced within a reasonable time and prosecuted diligently. The usual charges are to be paid to the Government for timber taken and the bill fixes an annual rental to be paid the Government as compensation for the rights granted. Campers are to be restricted by only a few simple sanitary regulations, which are fully set forth and can never be amplified by the city. All regulations of the Department of the Interior and Bureau of Forestry shall be complied with by

the city. The city is prohibited from ever selling to private corpora-tions or individuals the right to sell water, thus protecting this grant from ever falling into the hands of speculators.

WHAT SAN FRANCISCO PROPOSES TO DO IN RETURN FOR THIS GRANT.

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In return for this grant San Francisco proposes:
First, To adequately protect all existing irrigation rights to the waters of the Tuolumne with ample allowance for future requirements. This feature will be discussed more fully a little later.
Second. To build at its own expense a magnificent system of roads and trails which will make one of the most beautiful scenie parts of the Sierra, now reached only by tedious journeys afoot or on mule back, generally accessible to the public.
Third. To furnish stored water to the irrigationists over and above the amount to which they are now entitled at actual cost of storage, where the same can be spared from municipal use.
Fourth. To furnish electric power at cost to the Modesto and Turlock irrigation districts and to municipalities situated therein.

I believe those extracts state clearly to the Senate the nature of the bill that is under consideration. They are a succinct and concise statement of the case. The city of San Francisco and the adjacent cities which are interested come to Congress for this relief in their dire distress because it appears that Congress is the only authority that can give them the relief desired The Interior Department could, I and the powers asked for. take it, grant a permit for these requests, but that permit would necessarily be a revocable permit; it could not be made a permanent permit. One Secretary of the Interior might readily undo what a predecessor had done; there would be no permanency about it; there would be no certainty of the future about it.

These people desire to acquire an adequate water right for all time to come-at least for the remainder of this century-in order that they may feel safe and secure, that they may go ahead with their municipal improvements and feel that their cities are on a solid basis for one of the great necessities of

life-an adequate water supply.

It seems to me that it would be useless and futile to rely upon a permit to be granted by the Interior Department, when it might be at any time revoked; and so these people sensibly come to the Congress of the United States as the only power that can grant them permanent relief. They want something permanent when they get it, because the plan involves the expenditure of great sums of money; it means the issuance of large amounts of bonds, the selling of those bonds in the mar-ket, and the redemption of those bonds in due time; and the people do not want to be called upon to pay out their money and redeem bonds for something that may perhaps in the meantime have been revoked and taken away from them. So it seems to

me this is the only sensible course to pursue.

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from New Hampshire?

Mr. MYERS. I do, with great pleasure.

Mr. GALLINGER. I am not at all familiar with the matter that is under discussion, I regret to say, not having had time to familiarize myself with all the facts, but in the various communications, usually in the form of protests, which have come to me from my section of the country, it has been per-sistently stated that San Francisco can get an adequate water supply from several other sources than the Yosemite Valley. The Senator has given, I have no doubt, great study to this subject, and I should like to ask him at this point how much potency there is in that contention?

Mr. MYERS. Mr. President, I intend to reach that a little later and discuss it fully, but will say at this time that I think the showing made proves conclusively that San Francisco can not get a water supply elsewhere that would be in anywise adequate without the expenditure of at least \$20,000,000 more

than this water supply will cost.

Mr. WORKS. Mr. President—
The VICE PRESIDENT. Does the Senator from Montana

yield to the Senator from California?

Mr. MYERS. With great pleasure. Mr. WORKS. Leaving out of acco Leaving out of account the amount of water that is needed for the other cities, does the Senator know how much water would be required for the use of San Francisco in addition to what it already has?

Mr. MYERS. My recollection is that the report of the Army board deals with the needs of the entire aggregation of cities, but I do not remember having read in the report, which purported to cover every phase of the matter, just what extra supply the city of San Francisco alone would require.

Mr. WORKS. Does the Senator from Montana know whether the other cities which are mentioned have made any filings

on this stream?

Mr. MYERS. I have not read that the others have made any. The city of San Francisco, through its mayor, has attempted, or purported at least, to make filings. I have not read of any of the other cities doing so through their agents or officials.

Mr. WORKS. Does the Senator know whether, under the laws of California, the city of San Francisco can make filings and appropriate water for the use of other cities?

Mr. MYERS. I would apprehend that it could not, unless the right were granted by statutory enactment; and my reading of the documents on this subject would lead me to believe that unless there had been some such legislation very recently it could not do so.

Mr. WORKS. Does the Senator know of any such legislation?

Mr. MYERS. I do not.

Mr. WORKS. Then, by what right can the Government grant to the city of San Francisco facilities for furnishing water to

Mr. MYERS. By the provisions of this bill, granting these rights to the city of San Francisco and the other cities, jointly

and acting together.

Mr. WORKS. Does the Senator from Montana contend that the Government of the United States can grant water rights in California?

Mr. MYERS. I contend that the Government of the United States can grant whatever it has control over, and whatever it has possession of, and whatever is a proper subject of legislative enactment. Any attempted legislation beyond that would be null and void.

Mr. WORKS. Does the Senator contend that the National Government has control over the water flowing in the streams

in California?

Mr. MYERS. The National Government owns and has control over the lands in the Yosemite Park, of which the Hetch Hetchy Valley is a part, as I understand; and if it owns those lands, it certainly can do with them whatever it may please. It can dispose of them in any manner it may see fit. That disposal certainly would carry with it all appurtenances to the land. If the water which gathers in the park is appurtenant to the land, it would go with the land.

Mr. WORKS. Does the Senator understand that waters flowing in the streams in California are appartenant to the lands held by the National Government, so as to give the

Government control over those waters?

Mr. MYERS. I can not say as to California. Some authorities contend that the water flowing through lands owned by the United States is appurtenant to the lands, and is subject to the control of the United States in so far as attempted to be used on public lands. At an early day there was congressional legislation which purported to give to settlers on public lands in the Territory of Montana and certain other Territories the right to appropriate water from streams flowing through public lands for use thereon. I express no opinion as to the validity thereof.

From all that I can learn on this subject San Francisco's need is certainly very dire and great. It would appear that San Francisco to-day has no more than one-fifth of an adequate water supply, one-fifth of what would be a fair and liberal supply for all of its needs and uses. The surrounding cities, which are also intended to be benefited by this bill, appear likewise to be in great need of additional supplies of water.

The city of San Francisco is one of the great cities of this It and the cities which surround it, in the same vicinity, have more than three-fourths of a million of population. They are all growing rapidly; and unless hampered by some such dire calamity as a lack of the water actually necessary for cleanliness and drinking and household purposes and municipal purposes, they doubtless will continue to grow and make one of the most magnificent sections of this country.

Year after next we are going to have an international exposition in San Francisco. It has been sanctioned by the action of Congress. The right to hold it there has been granted by the Government. The Government has recognized and has given the stamp of its approval to that great world's fair. That great exposition is expected to bring hundreds of thousands, even millions, of visitors into the gates of that city and into that section of the country. It must be apparent to the Senate that this will immeasurably increase the necessity that exists in San Francisco to day for one of the commonest necessities of life—water; water to drink, water with which to cook, and

water for municipal purposes.
Mr. WORKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from California?

Mr. MYERS. With great pleasure.
Mr. WORKS. Does the Senator understand that if this bill should be passed the water from the Hetch Hetchy Valley can be brought into San Francisco in time for the exposition?

Mr. MYERS. No; I do not claim that that can be done, be

cause it will take longer than that. It is merely one of the

incidents of the matter. It shows the dire necessities of San Francisco, and I only mention it to show the desperate condition of its citizens and what confronts them.

Mr. SMOOT. Mr. President

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Utah?

Mr. MYERS. With great pleasure. Mr. SMOOT. How many gallons of water per day does the Senator claim are required by every man, woman, and child in the city of San Francisco?

Mr. MYERS. I shall try to answer that question in a second,

Mr. President.

Mr. SMOOT. I will put the question in this way: Does the Senator think 100 gallons of water per day for every man, woman, and child in San Francisco is a sufficient amount?

Mr. MYERS. I believe some reports so estimate; yes. think the necessary amount is in the neighborhood of 100

Mr. PITTMAN. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Nevada?

Mr. MYERS. I do, with pleasure.

Mr. PITTMAN. For the purpose of refreshing the Senator's mind with regard to that matter, I will state that in the report of the Army board the amount that is necessary is estimated on the basis of 130 gallons per day, exclusive of that which is required for irrigation inside of the city.

Mr. SMOOT. Most of the reports, as I have read them, have

held 100 gallons to be sufficient.

Mr. MYERS. There have been some estimates to that effect.

Mr. SMOOT. What I wanted to know was the Senator's idea, because, whatever his idea is, I shall figure upon the amount of water in gallons per day required by San Francisco. That is the reason I asked the Senator the question.

Mr. MYERS. Does the Senator exclude the adjacent and

outlying cities that are beneficiaries under this bill?

Mr. SMOOT. Of course, a principle is involved that will be discussed at great length before this bill is passed; but I will include all of the people adjacent to San Francisco as to the amount they need per capita. Of course, they will not need more than the people of San Francisco.

Mr. MYERS. No; I take it they will not. Mr. SMOOT. I think it is reasonable to say that 100 gallons per day for every man, woman, and child is a sufficient amount.

Mr. THOMAS. How much?
Mr. SMOOT. One hundred gallons per day.
Mr. THOMAS. Mr. President—
The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Colorado?

Mr. MYERS. With great pleasure.

Mr. THOMAS. I think that statement is perfectly true if its application is confined to the humid regions of the United States; but in the city of Denver, where I reside, 215 gallons per capita are necessary, and I think in the city of Pueblo the per capita consumption is still greater.

There may be some other conditions in San Francisco of which I am not aware; but in all the arid and semiarid regions of the United States the per capita consumption is necessarily greater than it is in regions like this, where there is consider-

able rainfall and generally a humid condition.

Mr. SMOOT. I will say to the Senator that I was taking the figures from a great many reports that have been made. All I wanted to know was whether or not the Senator from Montana accepted those estimates.

Mr. THOMAS. I apologize to the Senator for interrupting. I understood the question to be more general in its character.

Mr. WORKS. Mr. President

The VICE PRESIDENT. Does the Senator from Montana further yield to the Senator from California?

Mr. MYERS. I do.

Mr. WORKS. I understand that in all the calculations that have been made by the engineers in arriving at conclusions on this matter 100 gallons a day has been taken as a liberal allow-ance. I think there is no disagreement with respect to that matter. It is discussed in some of the reports that have been made. The amount actually used runs up from fifty-odd gallons to 100 gallons, and perhaps, as in the Senator's case, to 215. I never heard of that, however. But they have taken 100 gallons as the basis of all their calculations.

Mr. MYERS. Mr. President, I believe the condition of the people of San Francisco and the adjacent communities with regard to want of water is pretty generally known by the Members of this body. I believe there is no difference of opin-ion that the supply of water there must be increased from some source and in some way. The reports are all to the effect that there is actual suffering and dire distress to-day in that re-

spect. The city of San Francisco to-day has only about 40,-000,000 gallons of water daily, and it has twice the population of Denver, which has 200,000,000 gallons. From all accounts, San Francisco needs five times as much water as it has to-day; needs and ought to have right now at least as much as the city of Denver.

We can see here in the city of Washington what magnificent results a plentiful and liberal amount of water accomplishes for a city. We can see the clean streets and the fine condition in which this city is kept, largely from an adequate supply of water and a judicious use of it, even though the use of water here is not required in many respects in which it is required in the city of San Francisco, which is in a semiarid section of the country, and does not have nearly the rainfall that this section of the country has.

I believe it may be conceded, from all that has been shown in this case, that the present sources of supply of San Francisco and the adjacent communities can not be increased. The people must look elsewhere in order to get an adequate supply of water. I believe every engineering report and every investigation that has been made is practically clear to the effect that the present sources of supply can not be increased, and that the people must go elsewhere.

On that subject I wish to read from the report of the board of Army engineers which was appointed by the Government to investigate this whole subject. On page 15 of its report, after reciting the amount of water that is required by San Francisco

and the adjacent communities, the board says:

No such amount can be secured from existing sources, though the exact amount of their possible development is uncertain, as the supplies are largely underground. It does not appear essential for the purposes of the board that accurate figures should be secured, as it is only necessary to know that outside sources must be sought for and, in general, how much will be needed.

Mr. WORKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from California?

Mr. MYERS. With great pleasure. Mr. WORKS. Does the Senator understand that in the quotation made the engineers were talking about 400,000,000 gallons of water per day that could not be obtained from other sources? Mr. MYERS. Yes; it says that 400,000,000 gallons daily must

be obtained.

Mr. WORKS. Has the Senator found in any of these reports any statement that a sufficient and adequate supply for the city of San Francisco alone could not be obtained from other sources?

Mr. MYERS. The report of the Army board treats of the entire aggregation of cities around San Francisco Bay. that all of these cities need water. If we were to legislate for San Francisco alone, and let these other people die or move out for want of water, the matter might present a different phase. But the Army board was instructed to investigate and report for this aggregation of communities, and the bill goes on the theory that they all need water.

Answering the question flatly, I can not just now say that I have read any report which says that an adequate supply for San Francisco alone could not be developed from existing sources, but I have read much literature and contention by the

people of San Francisco that it could not be done.

Mr. WORKS. If the Senator will examine the report of Mr. Wadsworth, who was delegated by the Army board to make a more specific investigation of the whole matter, I think he will find a statement that 100,000,000 gallons a day would be sufficient for San Francisco until the year 1955.

Mr. MYERS. That may be true.

Mr. CLARK of Wyoming. Mr. President—
The PRESIDING OFFICER (Mr. Walsh in the chair).
Does the Senator from Montana yield to the Senator from Wyoming?

Mr. MYERS. With pleasure,

Mr. CLARK of Wyoming. I wish to ask a general question, see the bill provides that the dam shall be at least 200 feet high; and, as I understand, the water to be impounded is the surplus water beyond the natural flow of the stream. Has the Senator any information as to how much of that surplus water

can be supplied by means of this dam?

Mr. MYERS. It is shown that more than 400,000,000 gallons

daily can be supplied.

Mr. CLARK of Wyoming. What does the Senator estimate, from his knowledge of the conditions, to be the necessary amount for San Francisco, and, as he says, these neighboring cities?

Mr. MYERS. At least 400,000,000 gallons daily.

Mr. CLARK of Wyoming. I am afraid I do not make myself understood. Will there be a development of a greater water supply than is necessary to supply these cities? That is what I am trying to get at.

Mr. MYERS. I think the reports and investigations fairly show that if the dam is put up the contemplated height, at certain seasons of the year, but not all the time, there will be more than that amount of water in the dam.

Mr. CLARK of Wyoming. But is not the very purpose of the dam to equalize the flow of the water?

Mr. MYERS. The purpose of the dam is to have that much water in it at all times of the year.

Mr. CLARK of Wyoming. Yes Mr. MYERS. And in order to have that much water at cer-

tain seasons it will be necessary to have more at other seasons.

Mr. CLARK of Wyoming. Does the Senator understand the

bill to mean that when there shall be a surplus of water that water shall become the property of San Francisco to dispose of for certain purposes and for certain amounts of money

Mr. MYERS. The city of San Francisco is required under the terms of the bill to let go of that surplus upon demand to irrigationists and payment of the cost price thereof.

Mr. CLARK of Wyoming. Then, as I understand it, the bill provides a method for the distribution of the water over and above that which is needed by the city of San Francisco?

Mr. MYERS. I will answer that by saying yes. It is my understanding of the bill that in order to have at all seasons of the year 400,000,000 gallons daily there will accumulate necessarily at certain other seasons of the year more than that quantity, and at such seasons when there is more the city of San Francisco is required and compelled, upon the application of irrigationists and others making showing of useful and beneficial purposes, to release that water and let them have it at

the exact cost of it. That is my understanding.

Mr. CLARK of Wyoming. Then, in short, the Senator answers my question in the affirmative, that if there shall be a surplus of water impounded in the dam over the needs of the city of San Francisco, Congress assumes the right to say how

that water shall be disposed of.

Mr. MYERS. Whenever more than that amount happens by the exigencies of the situation to accumulate there the city of San Francisco is denied the right to use it, and is compelled to let other people of California who may need it use it at

cost price.

Mr. CLARK of Wyoming. I want to say, Mr. President, that that is what I consider to be the crux of this whole question. I probably shall vote against this bill. If I vote against it, I shall vote against it on the ground that Congress is assuming the right of distributing and directing the appropriation of water lying wholly within the State of California; that Congress is directing the distribution when, in my belief, the law is plain that Congress has no such right, but that California has the right over the waters within her State either to direct how

they shall be appropriated or how they shall be distributed.

Mr. WALSH. Mr. President, with the permission of my colleague, I interrupt the debate here for the purpose of making a few remarks, which I trust will have a tendency to clarify the debate and prevent the injection into it of the question of the conflicting rights of the National Government and the States to the waters of the rivers within the States. I do not conceive that it is possible to confuse this question with the introduction of any such question as was obviously suggested by the inquiry addressed to the chairman by the esteemed Senator from California [Mr. Works] and now adverted to by the Senator from Wyoming [Mr. CLARK].

This bill, Mr. President, does not undertake to dispose of any water flowing in any river in the State of California. It is base, upon no such theory at all. If it were, unquestionably all of us on this side who have given any consideration to that subject would stand with the Senator from Wyoming and the Senator from California, who, as I take it, entertain the view

that the National Government has no such right.

That is not this bill at all, Mr. President and Senators. This bill simply grants to the city of San Francisco certain rights in public lands; that is all. It grants the right to flood certain public lands. The Government of the United States owns certain lands within the Hetch Hetchy Valley. The city of San Francisco owns certain lands within the Hetch Hetchy Valley. In order to flood the lands owned by the city of San Francisco it is also obliged to flood lands owned by the Government of the United States. In order to get that water out when it is dammed in the Hetch Hetchy Valley it is necessary to carry it over public lands to its destination. This bill is simply and solely a grant of the right to flood certain public lands and to carry the water impounded over the public domain to its place

Mr. BORAH. Mr. President— Mr. WALSH. Pardon me for a moment until I complete the statement. Then it is provided as a condition of that grant, simply in view of the grant made by the Government of that

easement, that after the city shall have been supplied with water it needs it is obliged to supply those who desire to make use of the water for irrigation and other purposes. No other possible construction can be given to the bill, and there is no other basis upon which a discussion of it can intelligently pro-

Now, I will be glad to reply to the Senator from Idaho if he

rose to ask me a question.

Mr. BORAH. Mr. President, the feature of the bill which leads to the discussion of the particular matter now before the Senate is found upon page 13, subdivisions B and C, and on pages 14 and 15. The bill says:

(b) That the said grantee shall recognize the prior rights of the Modesto irrigation district and the Turlock irrigation district as now constituted under the laws of the State of California, or as said districts may be hereafter enlarged to contain in the aggregate not to exceed 300,000 acres of land, to receive 2,350 second-feet of the natural daily flow of the Tuolumne River, measured at the La Grange Dam, whenever the same can be beneficially used by said irrigation districts, and that the grantee shall never interfere with said rights.

Does the Senator from Montana contend that that is a provision which the Congress of the United States has power to make?

Mr. WALSH. Mr. President, I do not undertake to say how far it may go, but I am sure the Senator from Idaho will agree with me that it is beyond the power of Congress to take away from those people any rights which they have already acquired, regardless of what the provisions of the bill may be.

Mr. BORAH. And it is beyond the power of Congress to put

any restraint or legal verity on anything which they have.

Mr. WALSH. Undoubtedly. Mr. BORAH. Then this is a misleading and deceptive proposition or it is a purely idle one.

Mr. WALSH. It is purely idle, so far as the point which-Mr. BORAH. It is the idle things about this bill which seem objectionable.

Mr. WALSH. That might be a reason why there should be some amendment touching that particular feature of the bill before us.

Mr. WORKS. Mr. President-

Mr. WALSH. Will the Senator from California pardon me just a moment, and then I will be glad to yield?

I wish to add, if the Government of the United States were not making any grant of rights in public lands by virtue of this act, if entirely separate and apart from the granting of an easement in public lands it were undertaking to distribute to anybody or under any conditions the natural flow in the rivers of the State of California, there would be no division with respect to the bill here at all, for we all assert that they have no such power. This bill simply makes disposition of certain easements in certain public lands, the grant being coupled with conditions by which the grantee must abide, and everybody will agree that the Congress of the United States may impose just exactly such conditions upon the acceptance of the grant as it may see fit. Now I will be glad to answer the Senator from California.

Mr. WORKS. Suppose that California were provided with a water commission, giving that commission complete control over the distribution and use of water, going to the extent of saying whether these districts, for example, shall use all that they are now receiving or less, in the interest of other claimants to the water-in broad terms giving them the power to control at all times the amount of water that shall be used by different takers of the stream-does the junior Senator from Montana believe that the Government of the United States can by an act of this kind, called a condition in this statute, control all the flow of water and the distribution of it as against the water com-

Mr. WALSH. Certainly not. That is perfectly obvious. The Senator asked some question as to whether Congress could authorize the city of San Francisco or adjacent cities to make an appropriation of water. Certainly not. If San Francisco does acquire any rights to the water that is to be impounded, or any right to any water flowing in streams within the State, it must acquire those rights by virtue of the laws of the State of California, and it must acquire them in conformity to the laws of the State of California

Mr. BORAH. Mr. President— Mr. WALSH. And if the laws of the State of California empower the water commissioner to regulate these matters San Francisco must exercise its rights to the water in subjection to those laws.

The VICE PRESIDENT. Does the Senator from Montana

yield to the Senator from Idaho?

Mr. MYERS. I do.

Mr. BORAH. I doubt very much whether anyone would disagree with the legal proposition as stated by the Senator from

Montana and stated with his usual clearness and conciseness. But the Senator from Montana must remember that we are dealing with a bill which undoubtedly purports to do things which the Senator from Montana does not think we have the power to do. The provision of the bill which I have read is followed by another statement.

That the said grantee whenever the said irrigation districts desire water in excess of that to which they are entitled under the foregoing—

Not under the laws of the State of California-

That the said grantee whenever the said irrigation districts desire water in excess of that to waich they are entitled under the foregoing, shall on the written demand of the said irrigation districts sell to the said irrigation districts from the reservoir or reservoirs of the said grantee such amounts of stored water as may be needed for the beneficial use of the said irrigation districts at such a price as will return to the grantee the actual total costs of providing such stored water—

And so forth.

That was put into this bill as I understand it as the result of an agreement between the Water Users' Association or the irrigation districts and the city of San Francisco, and by reason of inserting it in the bill the irrigation districts were contented, assuming that the Congress of the United States had power to protect their rights in that way. If the bill were drawn in accordance with the statements of the Senator from Montana and doing no more than the Senator from Montana says we have the power to do. I should feel like voting for it.

Mr. THOMAS. Mr. President—
The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Colorado?

Mr. MYERS. I do. Mr. THOMAS. I should like to inquire of the Senator from Idaho what his view of section 11 of the bill is, as affecting that part of the bill to which he has just called the attention of the Senator from Montana?

Mr. BORAH. Section 11, if it has any force or effect or virtue at all, of course nullifies these preceding sections. Section 11

savs:

That this act is a grant upon certain express conditions specifically set forth herein, and nothing herein contained shall be construed as affecting or intending to affect or in any way to interfere with the laws of the State of California—

A most gracious thing for the National Government to say, in view of the fact that it could not do anything else-

or in any way to interfere with the laws of the State of California relating to the control, appropriation, use, or distribution of water used in irrigation or for municipal or other uses, or any vested right acquired thereunder, and the Secretary of the Interior, in carrying out the povisions of this act, shall proceed in conformity with the laws of said State.

I have no idea that the Senator from Colorado and I differ at all as to the effects of that, if it has any effect at all—that is, to nullify the preceding sections on which the irrigation districts of California were lulled to sleep as to their interests.

Mr. THOMAS. I should like to inquire whether the annul-

ment would be complete in the opinion of the Senator from Idaho—that is to say, whether the preceding provisions to which he called the attention of the Senator from Montana are in toto in opposition to or in conflict with the laws of the State of California?

Mr. BORAH. I beg the Senator's pardon; I did not catch

the drift of his question exactly.

Mr. THOMAS. My question in substance is this: Does the Senator from Idaho conceive that all of that part of the section to which he called the attention of the Senator from Montana is in conflict with the laws of the State of California?

Mr. BORAH. The portion to which I called attention?

Mr. THOMAS. Yes. Mr. BORAH. Of course, I am not familiar with all the details and all the provisions of the different statutes of California with reference to the use of water, but I do think that in the section to which I directed the attention of the Senator from Montana we are assuming something that we have no power to do, regardless of what the statutes of California may be, and it is toward that that my objections are directed, not to the legal proposition stated by the Senator from Montana.

Mr. WALSH. Mr. President, the Senator from Idaho will understand that I did not undertake in anything I said to seek

to justify any particular provision of the bill which might be attacked by an amendment addressed to that special feature. I was simply arguing that the bill as a whole did not present the question which seemed to be troubling the minds of some

Senators

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Utah?

Mr. MYERS. I do. Mr. SMOOT. I think the Senator from Montana [Mr. Walsh] has stated the law very clearly, indeed. I doubt very

much whether any Senator acquainted with the laws governing the acquisition of water rights within a State will question what he said. But it does seem to me that the position the junior Senator takes does not conform to the position that the senior Senator took a few moments before. In an answer to the Senator from Wyoming [Mr. CLARK] the senior Senator from Montana [Mr. Myers] stated that the water in excess of 400,000,000 gallons daily was to be sold by San Francisco to the water users at the actual cost of producing that water.

I want to call the attention of the senior Senator from Montana to the fact that 400,000,000 gallons capacity of water daily is enough water for 4,000,000 of people. Now, the position which the senior Senator from Montana takes is that if San Francisco and adjacent cities around San Francisco, as mentioned in the bill, use only 200,000,000 gallons of water daily, no one has a right to make an appropriation of the water over and above the 200,000,000 gallons daily, even if there is 400,000,000 developed; or, in other words, outside of the 300,000 acres of land provided with water in this bill, it would make no difference if there were 500,000 acres of land lying adjacent to it and there were 200,000,000 gallons of water daily going to waste and San Francisco could not make use of it; the position taken by the Senator is that there could not be an appropriation made of the water going to waste. I do not believe that the junior Senator from Montana will undertake to defend that kind of a proposition.

Mr. MYERS. Mr. President, I believe I will take the floor and answer that question to the best of my ability, and then

proceed with what little argument I have to make.

I do not think there is any manner of doubt about the correctness of my statement that the bill provides that any water stored in a dam or reservoir in excess of 400,000,000 gallons daily shall be sold upon demand by San Francisco to other water users.

Mr. SMOOT. There is no question about it.
Mr. MYERS. I think the bill itself shows whether I am right about that or not. I can only refer the Senator from Utah to the bill

Mr. SMOOT. I did not deny that. That is the very state-

ment I made.

Mr. MYERS. I am going on to answer. I can not answer it all in one phrase or one sentence. If the Senator thinks that that is too much water to be stored there, it is his privilege to offer an amendment cutting down the amount. It is the privilege of any Senator to offer any amendment which he thinks will subserve the ends of justice. I do not know that this bill will pass the Senate, if it passes at all, absolutely as it is, without the dotting of an "i" or the crossing of a "t." From my inspection and study of it, I am emphatically for the bill as it stands; but if any Senator differs from me about the provisions of it, it is his privilege to offer an amendment to it.
Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from New Hampshire?

Mr. MYERS. I yield. Mr. GALLINGER. The Senator has been exceedingly kind in yielding, and if he does not wish to yield further-

Mr. MYERS. I yield with great pleasure to the Senator from New Hampshire. I merely wanted to make the answer which I have made.

Mr. GALLINGER. I asked a question a little while ago, the answer to which will have a very important bearing on my vote on this bill. If I can be made to believe that the welfare of the people of San Francisco requires this grant and this expenditure, I certainly shall cast my vote on the side of humanity, rather than on the side of any legal technicality. What I asked was whether there was any adequate supply of water available otherwise?

Now, will the Senator permit me very briefly to call attention to a report which I have on my table from George S. Nickerson, consulting engineer. I do not know who Mr. Nickerson is; I have had a great many communications on this subject, but I know very little about this matter. Mr. Nickerson, I assume, is a competent authority, and I want, in a very few words, to present what Mr. Nickerson says. He says that the South Eel River and the Putah Creek watersheds will furnish 450,000,000 gallons a day and that the Snow Mountain aqueduct will furnish 450,000,000 gallons a day, as against 400,000,000 from the Hetch Hetchy; that the cost of the Eel River and Putah Creek watershed would be \$38,500,000 and that the cost of the Snow Mountain aqueduct would be \$38,500,000, as against \$77,400,000 as the cost of the Hetch Hetchy.

He goes on further to say that the irrigation interests will be better subserved by getting the water from either one of these two other sources, and argues that San Francisco can be adequately supplied from either the Eel River and Putah Creek watershed or the Snow Mountain watershed. If that be so, I should vote against the Hetch Hetchy bill. If it could be made to appear that there is no other available water supply, it would be a determining factor so far as my vote is concerned.

Mr. THOMAS. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Colorado?

Mr. MYERS. I yield to the Senator from Colorado. Mr. THOMAS. I do not know who Mr. Nickerson is, but my information is that he was employed on the 10th day of November to make this examination and report. If that be true, then it is certainly a most remarkable thing, and he is the most remarkable and competent engineer not only in the United States but in the entire world, when you come to consider the various details of that report as set forth in this document.

Mr. GALLINGER. The Senator from Colorado will remember that I said I did not know anything about Mr. Nickerson, and I am very glad to have the Senator give the information which he now gives.

Mr. THOMAS. That is the reason, Mr. President, that I

volunteered to interrupt the Senator.

Mr. PITTMAN. Mr. President, will the Senator yield to me? The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Nevada?

Mr. MYERS. I yield with pleasure.
Mr. PITTMAN. In answer to the Senator from New Hampshire [Mr. Gallinger], I will state that I have some information here with regard to the gentleman who presented this document to the Senate. You will notice that it is submitted by Mr. Henry M. McDonald to the Members of the United States Senate. I have some correspondence here signed by Mr. Henry M. McDonald. I suppose some of the other Senators have, too.

Mr. THOMAS. Does the Senator from Nevada have reference

to the correspondence with the engineer who preceded?

Mr. PITTMAN. I have. Mr. THOMAS. I have some of that correspondence.

Mr. PITTMAN. I desire that it shall be read by the Secretary to the Senate.

The VICE PRESIDENT. Is there objection to the request of the Senator from Nevada? The Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

[From the San Francisco Chronicle, Nov. 16, 1913.]

HIS INTEREST PATRIOTIC ONLY?—LETTERS OF STOCKTON MAN GIVE MORE LIGHT ON ADDRESS HE MADE BEFORE CLUB—H. M. M'DONALD WRITES—OPPONENT OF THE HETCH HETCHY REFERS TO MONEY FROM AN MORE LIGHT IRRIGATION DISTRICT.

In view of the fact that Henry M. McDonald, of Stockton, was reported as stating to the members of the San Francisco Center, at its meeting at the St. Francis Hotel on November 6, that he had none but a "sociological, disinterested, patriotic interest" in the Eel River source as a water supply for San Francisco in place of the Hetch Hetchy, the following letters and telegram which were made public yesterday are somewhat confusing.

They are as follows:

[Henry M. McDonald, bonds and investments, suite 35, San Joaquin Building, Webber Avenue and San Joaquin Street. Specialty, irrigation-district bonds. Stockton, Cal.]

SAN FRANCISCO, October 6, 1913.

Mr. R. R. CZEIKOWITZ,

Brown Street, Corner Third, Napa, Cal.

Dear Sir: Owing to the fact that the United States Senate yesterday determined to defer further action on the Hetch Hetchy bill until December 1 next, I have concluded to proceed at once with the field work about which I talked with you.

I make you the following proposition, viz: I will pay you \$200 for one month's services, together with your expenses, provided you keep the field expenses, in the way of wages, etc., as low as possible. In addition, if I sell whatever interest I may acquire in the proposition to the city of San Francisco or the bay cities I will pay you \$200 additional when I receive payment on account of such sale.

I wish you, if possible, to take your instruments with you when you go to Winters on Friday afternoon, 10th instant, since I wish you to start out with the field work the following Monday morning. I should like to have you arrange to have your assistant, whom you mentioned to me, join you at Winters Saturday afternoon. Your term of service would begin on Saturday, the 11th instant.

When you have finished the Winters section work I should desire you to at once go to Ukiah, in order to take up the Eel River watershed work and from there to the lower end of Clear Lake, in order to cover the section leading from Clear Lake to Putah Creek. I should hope that the entire field work could be done in about three weeks.

Please at once write me at 698 Monadnock Building, San Francisco, advising whether the above arrangement is acceptable.

Very truly, yours,

WESTERN UNION TELEGRAM, (9 SF 10 11w.)

SAN FRANCISCO, CAL., 10.

R. R. CZEIKOWITZ,

Brown Street, corner Third, Napa:

Desire you surely meet me Winters to-night with compass and rod.

H. M. McDonald. 11.30 a. m.

WANTS CHECK HELD.

Under the above letterhead the following:

SAN FRANCISCO, CAL., November 7, 1913.

Mr. R. R. CZEIKOWITZ, Care D. A. Judy, Winters, Cal.

DEAR SIR: Please do not deposit my check till next Tuesday, as I am unable to get my money from the Modesto irrigation district till that day.

I expect to be in a position to pay you your month's salary next

Very truly, yours,

H. M. MCDONALD.

Mr. THOMAS. Mr. President-The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Colorado?

Mr. MYERS. I do. Mr. THOMAS. I wish to add, in reference to that interesting correspondence, that I received a letter this morning from Mr. McDonald, who informs me that his sole purpose in going to this expense was to prevent the Democratic Party from making a serious blunder. His devotion to the welfare of that party is so great that he feels it incumbent upon him to make this protest; and if any of the Senators desire to see photographic copies of that correspondence with Mr. Czeikowitz, I have photographic copies here for their inspection.

My information, as I said before, is that after the check to Mr. Czeikowitz was held up, Mr. Nickerson was employed to

make this examination and report.

Mr. BORAH. Do I understand that Mr. McDonald wrote to the Senator from Colorado that his sole object was to prevent

the Democratic Party from committing a blunder?

Mr. THOMAS. I am not giving the exact language. I intend to refer to this episode in what I shall have to say on the day after to-morrow; but the substance of his letter is that his purpose in calling the attention of the Senate to this matter is his interest in the welfare of the Democratic Party-a very worthy purpose, indeed, as the Senator from Wyoming [Mr. Clark] so kindly sotto voce suggests.

Mr. BORAH. Yes; it is a worthy purpose. Mr. GALLINGER. And a very necessary purpose, too.

Mr. THOMAS. Not in this particular. It may be that the Democratic Party will strike shoals, but they will not be the shoals of the Hetch Hetchy.

Mr. MYERS. Mr. President, referring to the statement made by the Senator from New Hampshire, I will say that the document submitted by Mr. Henry M. McDonald has just this day been laid on my desk, and I have had no opportunity to examine it or to learn what it contains. Doubtless others will examine it and refer to it in their arguments.

Mr. WORKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from California?

Mr. MYERS. With pleasure. Mr. WORKS. I should like to say that I know Mr. Mc-Donald very well, and he is a very sincere, earnest, and active

Mr. THOMAS. Mr. President, I am glad to hear something in his favor.

Mr. MYERS. That is the only good thing I have ever heard of him, and I have heard a number of allusions made to him

Mr. BORAH. It is doubtless true also that he is a very ambitious man, as he has started out to do what he said he was

Mr. THOMAS. All Democrats are ambitious.

Mr. POINDEXTER. Mr. President—
The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Washington?

Mr. MYERS. With pleasure.

Mr. POINDEXTER. The Senator from Montana says he has heard a great deal that is uncomplimentary about Mr. McDonald. Is it not true that he has heard a great many uncomplimentary statements about the motives of everybody who has opposed the Hetch Hetchy bill?

Mr. MYERS. Yes; and I have also heard some uncomplimentary statements about the motives of those who are supporting the bill; in fact, about both sides. I think there has been much misrepresentation and distortion of motive in this I think the measure ought to be considered on its matter. merits.

Mr. POINDEXTER. The Senator from Idaho [Mr. Borah] a few days ago called the attention of the Senate to publications in which he, myself, and everybody, in fact, who was not willing to agree to the passage of this bill were charged with being in the employ of water-power companies and receiving pecuniary consideration for opposing the bill. The fact of the case is that the statements of interested parties against Mr. McDonald have very little weight with me in this matter; the motives are too obvious. I do not know anything about Mr., McDonald except what I have learned from statements in a very recent correspondence, but I do not think that we can determine this question upon the opinion of people whose feelings are evidently very much wrought up over matters in which they are deeply concerned. So far as Mr. McDonald is concerned, he ought to be judged, I think, rather by the merits of the argument that he makes. The statement can be examined, and if it is not true in fact its untruth can be shown.

Mr. THOMAS. Mr. President—
The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Colorado?

Mr. MYERS. With pleasure. Mr. THOMAS. The purpose I had in view in first interrupting was to inform the Senator from New Hampshire of the possible incompleteness or superficiality of the report of Mr. Nickerson and not for the purpose of casting, at that time at least, any reflection upon anybody. I have heard also, as has the Senator from Washington [Mr. POINDEXTER], all sorts of bad motives imputed to men, both on this floor and elsewhere, interested for or against this measure. I think, like all matters of similar importance, there is basis in some directions for the existence of these things, but, generally speaking, they are the result of passion, suspicion, and strife. Personally, I have heard nothing that affected me a particle with reference to my judgment of this matter, except in so far as the statements are not founded in fact; and I think when there are such statements or reports that the motive has a great deal to do with the question of their truth or their falsity, or, at least, should influence us in determining the extent to which our judgment should be affected.

So far as the Senator from Washington [Mr. Poindexter], the distinguished junior Senator from California [Mr. Works], the Senator from Idaho [Mr. Borah], and all Senators are concerned—I speak particularly of these Senators because I think their names were mentioned—they are so far above the possibility of suspicion that nothing that may come in could in any way, I think, affect the judgment of the Senate one way or the other. The only thing I have ever heard against the three Senators that seemed to be any sort of reflection upon their standing is that they do not belong to the Democratic Party.

Mr. McCUMBER. Mr. President——

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from North Dakota?

Mr. MYERS. With pleasure.

Mr. McCUMBER. Will the Senator from Montana allow me to ask him a question concerning the merits of the case rather than concerning Mr. McDonald?

Mr. MYERS. With pleasure.

Mr. McCUMBER. I agree entirely that the Senator from Montana has not overstated the power of the Government in fixing any conditions it sees fit in granting the right to flood this particular section of the valley; but, assuming that the Government has the power to fix those conditions and that it may forfeit the right of San Francisco if the conditions are not carried ont, no matter what the law of the State of California may be, is it a proper policy for this Government to pursue? Is it not far better, if the Congress finds that this section of the valley ought to be flooded for the benefit of the citizens of the State of California, that it should simply allow them to fleod that section and then allow the State of California to determine what shall be done with the water, leaving the State of Califormia to deal equitably with her own citizens? That is the principal objection that I find to the bill; and I should like to have the Senator's opinion whether we can not safely trust the people of the State of California to determine the distribution of the water after we have allowed the State the privilege of flooding a few thousand acres for that purpose.

Mr. MYERS. Mr. President, if any of the provisions of this bill are in contravention of the rights of the State of California, they are null and void; and if not in contravention of those rights, I think it a most humane and laudable thing for the Government of the United States to provide the manner in which the people of San Francisco may secure for themselves

an adequate supply of water.

Mr. McCUMBER. Does not the Senator think, Mr. President, that the State of California can look after its own people, and will look after them, with the same jealous care that the Congress can look after their interests, and with a greater knowledge than we could possibly have of the subject matter?

Mr. MYERS. Within the sphere of its rights it is just as much the duty of this Government to accord to the citizens of San Francisco their rights as it is the duty of the State of understand that the city of Denver has a water supply of California, if the two are not in contravention. I am a believer 200,000,000 gallons daily. With more than double that popula-

in the Federal Government doing what may legitimately be done in the interest of life and humanity.

Mr. PITTMAN. Mr. President-

Mr. MYERS. I yield to the Senator from Nevada.

Mr. PITTMAN. I offered those letters in evidence, not for the purpose of attacking Mr. McDonald particularly, but for the purpose of discrediting that report. The letter dated the 7th of November, that has been laid before the Senate, refers to another engineer, who evidently did not make any report. Since the 7th day of November Mr. Nickerson, who has made this report, was employed, which goes to show how carelessly the report must have been compiled and submitted, the engineer, as I have said, having been employed only since the 7th day of November.

It took the Government engineers months to estimate the amount of water flowing in those streams and the cost of the proposed water system, and yet there is placed on our desks a report by this man McDonald, which was made inside of ten days or two weeks, and in which he undertakes to set forth

statements as to other supplies of water.

I want to say also that I believe we are justified in questioning the credibility of any witness before this body. Mr. Mc-Donald has submitted himself as a witness before this body. He has submitted to this body a report in writing. His interest can be considered. In the letter of November 7 he admits that if he receives a commission on the sale of this very water right to the city of San Francisco he will give this engineer a part of that commission.

Mr. MYERS. Mr. President, I will make one statement that I believe can not be controverted by any Member of this body. That is that the less I am interrupted the sooner I will get through, and I want to get through. I do not know whether the others want me to get through or not, but I want to get through. I will say, however, that I cheerfully yield to all reasonable and pertinent inquiries, suggestions, and comments. because I want this matter thrashed out on its merits and not on prejudice. I want the merits and the facts of the matter brought out, and I want it voted upon after a full and complete discussion.

A number of questions have been put to me and I did not get a chance to answer them all in full, but I will make one

or two comments on each as I go along.

In further answer to the Senator from North Dakota [Mr. Mc-CUMBER], of course it is patent to the Senator from North Dakota that the State of California could not grant to the city of San Francisco a right to construct this dam and reservoir in the Yosemite National Park. It could not grant a right of way across public lands. It could not grant a right to take from public lands timber, stone, or earth, or to do many things the right to do which can be granted only by the Federal Government. If the Senator thinks the bill goes a little too far, it is in his power to offer an amendment to it.

As to the Senator from Washington [Mr. POINDEXTER], I wish to say what is probably no news to him, that I do not share in the aspersions that have been made upon his motives or upon his character, or those of the Senator from Idaho. I suppose that is no news to either of them. I was not a party to any such aspersions and have no faith or belief in them.

As to the pamphlet which was brought to my attention by the Senator from New Hampshire, as I started to say a moment ago, it has just been laid on my desk. I understand from others sitting around me that it purports to be the report of an engineer who claims to have made within a few days some wonderful discovery, whereby he can furnish a better and cheaper water supply to the city of San Francisco than any other yet Until I get a chance to rend it I shall say no more known. about it than this: The Holy Writ tells us that God created the earth and everything that is in it in seven days; and I should not be at all surprised to see some civil engineer, if he had a motive, say that he could create the whole thing in a half day.

Mr. GALLINGER. Mr. President, I should like to correct the Senator from Montana. I believe it was six days instead of

seven. [Laughter.]

Mr. MYERS. Six days; that is true. I thank the Senator from New Hampshire for setting me right; but my memory does not extend quite so far back as does his, nor am I so learned in the Scriptures as is he.

Mr. GALLINGER. I trust the Senator did not mean to

insinuate that my memory went back to that time?

Mr. MYERS. No; but the Senator can remember further back than I can, and evidently is a better Bible student. From his long and consistent career as a Republican I am only sorry that he does not profit more by his study of the Scriptures.

As to the last suggestion made by the Senator from Utah, I

tion I believe that the people of San Francisco and the surrounding cities are reasonably entitled to twice as much as the

city of Denver.

Mr. President, I wish to call the attention of Mr. SMOOT. the Senator to one fact. In Denver all of the lawns, trees, and all of the city lots are watered from its city water supply, amounting to 215 gallons per day per capita.

Mr. THOMAS. And almost everything they drink.

Mr. SMOOT. And, as the Senator from Colorado suggests,

almost everything they drink.

Mr. MYERS. Such would be the case in San Francisco also. Oh, no; not at all. In San Francisco they Mr. SMOOT. do not use for irrigation the amount of water that they do in Denver, nor do they use it there for irrigating lawns, trees, and city lots as much as they do in many of our western cities. Therefore the comparison is not a fair one when we take into consideration the amount of water used in a dry, arid country as compared with a wet country like San Francisco.

Mr. MYERS. That may be. I have understood that San Francisco is very dry and arid in the summer time; but another feature of the matter is that this bill is not intended alone to supply the people of San Francisco and the adjacent communities with just enough water for a day, but to give them an adequate supply for 50 or 75 years to come. They must lay up something against the future. They must provide for the future

and not for to-day only.

Mr. SMOOT. Mr. President, may I ask the Senator another question?

Mr. MYERS. With pleasure. Mr. SMOOT. Is the Senator's real object in supporting this bill to give San Francisco sufficient water for her domestic pur-

Mr. MYERS. Yes; for many years to come. Mr. SMOOT. Then why does not the Senator offer an amendment to the bill granting San Francisco the right to pass over the public lands and to construct a dam, and let San Francisco secure whatever rights she has in the water by appropriation and use through the State law, as every other person, corporation, or the Government itself must do?

Mr. MYERS. They have already taken steps to appropriate a

large proportion of this water.

Mr. SMOOT. Would the Senator be satisfied with a bill that would grant to San Francisco simply a right of way over the

public domain and for the construction of a dam?

Mr. MYERS. No. If the city of San Francisco floats bonds and goes to the enormous expense of constructing this reservoir, I think it ought to have its reasonable needs satisfied out of it in the way of a water supply.

Mr. SMOOT. Of course San Francisco ought to have that; but the only way in which San Francisco can have her needs supplied is under the laws of California. San Francisco can make appropriations of the water, and I understand she has already done so. If she has made those appropriations, all that prevents her from going on with the project is that she must have an act of Congress authorizing her to construct a pipe line over the public domain and build a reservoir. Such a bill, as that can be written in 2 sections, instead of 11 sections extending over some 30 or 40 pages.

I can not see why the Senator insists upon anything more than that, nor do I see why San Francisco should insist upon anything more. That will give her all the rights Congress can give her. It will give her a right of way to enable her to use every drop of water to which she is entitled. She is not entitled to a gallon of water she has not appropriated under the laws of California, no matter how many bills we pass in Con-

gress purporting to grant her more.

Mr. MYERS. If the city of San Francisco should issue bonds in an amount sufficient to construct this dam and reservoir, does the Senator from Utah think those bonds would be salable unless there were some definitely established way in which San

Francisco could get the use of the water in the reservoir?

Mr. SMOOT. Why, Mr. President, that is just what I should wish San Francisco to have, and that is just what I think the bill ought to give her, and nothing more. If San Francisco is granted a right of way over the public domain and a right to construct a reservoir, that is all she can ask of Congress, and that is all Congress has the power to grant to her.

Mr. NORRIS. Mr. President, will the Senator from Montana

yield for a question?

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Nebraska?

Mr. MYERS. With pleasure. Mr. NORRIS. All that the S All that the Senator from Utah says we ought to do we have done in the bill; but we have done more, and, as I understand, that is what he objects to. Mr. SMOOT. That is true.

Mr. NORRIS. The additional matter was put in by the House of Representatives-I should like to be corrected if I am wrong-because of the insistence of the irrigationists that it should be put in. The city of San Francisco did not ask that it should go in; but in order to be in harmony with the irrigationists and to satisfy them the provision in regard to giving water to the irrigationists was put in the bill.

Certainly I do not believe it adds anything to the bill, and the Senator himself admits that it does not hurt it any when he says that it can not have any legal effect. It was put in to harmonize the very men that the opponents of the bill are trying to see get all their rights. They wanted it in, and it was put in to satisfy them, and the bill went through the House of

Representatives in that way.

Now, at this late hour, when the matter has been postponed and put over and delayed, a proposition comes in to take out of the bill what the opponents of the bill demanded should be

I do not think it hurts anything, although I concede it does not do any good. If I were writing the bill I should not put it in, and if we were considering it here first, I think I should vote in favor of an amendment to strike it out. But it only means delay; and there are a great many people and interests opposed to this legislation that are willing to delay it, if they can not defeat it outright, and then to-morrow we will have another yellow book on our desks. Some new thing will spring up; some new discovery will be made; some new engineer will have made an investigation while we slept the night before, and will have discovered some new supply, and then a delay will be demanded on that account.

Mr. SMOOT. The Senator thinks it is not going to hurt anything to put a great many unnecessary provisions in this bill. This is what it will do, Mr. President, if nothing else: It will give San Francisco at least a chance to bring a lawsuit against any citizen of the United States who undertakes to make a filing upon the waters of the Tuolumne River.

basis for such action.

Mr. NORRIS. Does the Senator contend that anyone who might make a filing on this water at a date subsequent to the date at which San Francisco had filed would have any legal right?

Mr. SMOOT. If there is more water than is required by San Francisco, any citizen of the United States has a perfect right to make a filing; and there is not a court in San Francisco that would not grant him that right.

Mr. NORRIS. What difference does that make, under the particular provision to which the Senator is objecting? He

could do that anyway.

Mr. SMOOT. Yes; but this would give San Francisco a basis for bringing a suit against a man making a filing.

Mr. WORKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from California?

Mr. MYERS. With pleasure.

Mr. WORKS. A good deal has been said here about the agreement made between the irrigation districts and the city of San Francisco. San Francisco did not desire to make any agreement of that kind. She wanted a straight grant, and she is entitled to it if she is entitled to anything. On the other hand, the water users in those districts sent a delegation on here with instructions to oppose this bill. When they got here, instead of opposing it they entered into this agreement with San Francisco. The water users, who were the real parties in interest, protested against it at the time; and now 99 per cent of them are protesting against the passage of this bill and the action of the delegates who were sent here in making the com-But aside from that there are 200,000 acres of land in the rich San Joaquin Valley that are not affected or protected by this agreement at all; and, as the Senator from Utah says, every landowner in the valley has a right to file upon this stream, no matter whether this bill is passed or not. If there is any surplus water left there, they are entitled to take it up in that way and appropriate it to their use.

There is one thing the passage of this bill will accomplish, however, if nothing else. It will make a fine crop of lawsuits where there are conflicting claims under the Federal law and under the State law. One of the misfortunes to San Francisco is that if this grant is made upon these conditions, and if San Francisco is unable to carry out those conditions under the laws of California, the Federal Government has a right to forfeit the grant, no matter how much money San Francisco has ex-

pended upon it.

Mr. SMOOT. Before the Senator takes his seat, I should like to ask him if the directors of the irrigation association interested in this bill who sent a representative down here to appear for the association have not been removed and new ones put in their places?

Mr. WORKS. Yes; they have been removed because of this compromise that was made, and made in opposition to the wishes of the property owners themselves.

Mr. NORRIS. Mr. President, if the Senator is through want to make one suggestion, if the Senator from Montana will permit me to do so.

Mr. MYERS. With pleasure.

Mr. NORRIS. While I believe there has been a great controversy going on there, and somebody doubtless has been removed from office, as the Senator has said, let us see what a

fine play that would be if it were kept up.

According to the argument of the Senator from Utah, the men who made the agreement to put these obnoxious things into the bill for their own benefit have been removed from office, in order to get another delay, and somebody else has been put in their place. They come here now, after former representatives have gotten in the bill what they wanted, and say: "Take that out. We have got another set of fellows here." That would delay the bill; and the next step probably would be that they in turn would be removed, if some other scheme should not develop to delay it, and their successors would say: "Put it back in again," or something similar to that. "We have removed these fellows now, and they do not represent us any more."

There is no doubt that this agreement was made in the best of faith. I know the men on the other side. I have seen in the RECORD telegrams from irrigationists showing that at mass meetings men now in Congress were directed to support this bill just as it is here now. Representatives of those irrigation districts have been here, among them a former Member of Congress.

I objected to these things as a member of the committee of the Senate when the bill came over here, and told one of these gentlemen that I did not like the provisions. He said: "If those things are stricken out of the bill, we are going to fight it. We insist that they shall go in. In good faith we have made an agreement that we would cease our opposition if those provisions were put in the bill, and we want them to remain in the bill." If the people out there now change their minds, remove these men, and put others in their places, I do not know where we are going to end if we change every time they do.

Mr. THOMAS. Let me suggest to the Senator from Nebraska, also, that the bill as it came here received the undivided sup-

port of the entire California delegation in the House.

Mr. NORRIS. Yes.
Mr. WORKS. Mr. President—
The VICE PRESIDENT. Does the Senator from Montana further yield to the Senator from California?

Mr. MYERS. With pleasure. Mr. WORKS. The Senator from Nevada and the Senator from Nebraska are mistaken in saying that the people out there have changed their minds. They have not. The men who are using the water have always opposed this bill. The delegation that came on here acted in violation of the instructions they

had when they came here.

Mr. NORRIS. Then I should like to ask the Senator the meaning of the telegrams that are in the hearings in which at meetings of these irrigation districts Members of Congress were

instructed to support this identical bill.

Mr. WORKS. I should like to see those.

Mr. NORRIS. They have been printed. The Member of the
House of Representatives who represents the district where these irrigation districts are located read into the record letters and telegrams from those citizens asking that he support this I do not dispute it; in fact, I believe with the Senator bill. that there are a great many other people there who are opposed to it. They never showed up, however, in their opposition until the bill had passed the House. After the hearings there and the bill had come to the Senate and been taken up by the Committee on Public Lands of the Senate and the hearings closed, when we were ready to vote on the bill, for the first time the matter was brought up. I want to ask the chairman if that is not true, because if I am mistaken I would like to be corrected. I think he attended every meeting of the committee. I ask him if it was not at the very meeting where we were just ready to vote on reporting out the bill that for the first time these people appeared in opposition to the bill?

Mr. MYERS. The Senator is absolutely correct.
Mr. SMOOT. But was there a single hearing of the Public

Lands Committee of the Senate before that time?

Mr. NORRIS. Yes; there was a hearing, and both sides were there and agreed what should be done. They agreed to Neither side objected to it, and their briefs were filed and printed.

Mr. SMOOT. I think I happened to be at the meeting the Senator speaks of, and it developed at that meeting that the

representative of the Water User's Association was lukewarm. He had nothing to say at all. He did not care whether he was heard or not. The Water Users' Association of California did not understand the situation until he returned home, and they did protest just as soon as they found out the true situation

here. They protested by wire and by letter.

Mr. NORRIS. I am not disputing that, but I want to ask
the Senator if it was not admitted by their representative the first time anybody ever did appear and represent them that every right they had under the California law was protected

by this bill.

Mr. THOMAS. And more.
Mr. NORRIS. I ask the Senator if it is not true that it was admitted there at that time that this bill protected every legal right they had under the State of California?

Mr. THOMAS. And more, because—

Mr. BORAH. Mr. President—

Mr. THOMAS. Pardon me just a moment. It appeared that the capacity of the distributing ditches was less than the appropriation, but the entire appropriation was allowed in the bill, plus 4,000 second-feet during the flood season of every year.

Congress has no right to do that.

I will not discuss that now. I simply want Mr. THOMAS. I will not discuss that now. to make the statement as emphatic as possible that at the time these gentlemen got what they demanded, and very much more, after which for some reason they became disinterested.

The VICE PRESIDENT. Does the Senator from Montana

yield to the Senator from Idaho?

Mr. MYERS. With pleasure. Mr. BORAH. We are constantly saying here that the farmers got all they were entitled to and more. The farmers could not get anything under this bill, and there is where the deception is. The farmers must depend alone for their rights on the laws of California.

Mr. THOMAS. I suppose—— Mr. BORAH. They had a right to rely on the fact that Congress would not undertake to do what it has no constitutional

Mr. MYERS. This bill recognizes those rights. It does not

contravene them.

Mr. THOMAS. If the Senator from Idaho means that what the bill provides for is beyond the power of Congress to provide, then he is correct. What my statement refers to is the negotiation, the agreement.

Mr. BORAH. I have no doubt of that.

The result of various conferences afterwards Mr. THOMAS. embodied in the bill,

Mr. BORAH. I have no doubt the Senator is correct about

Mr. THOMAS. I think it was Mr. Le Hane, a very intelligent and worthy gentleman, who appeared before our committee and who presented the case before us for the water users. He was unable to say that the people he represented did have anything more than a moral right to the waters of the San Joaquin Valley beyond the appropriation that had been recognized and provided for in the bill.

Mr. WORKS. Does the Senator believe that they had nothing more than a moral right? Do they not have a legal right to file

upon a claim if there is any surplus?

Mr. THOMAS. If the waters of the stream had been exhausted by previous appropriation, then they had not even a moral right.

Mr. WORKS. Certainly not; but if it had not been appro-

priated they had a legal right,
Mr. THOMAS. If there is any water there above and beyond the amount of water taken by San Francisco under this appropriation, then, of course, these gentlemen have a legal right, as any citizen of California has.

Mr. WORKS. What does the Senator mean by a moral right

to file upon water?

Mr. THOMAS. I am simply stating the ethics. I did not pretend to define what I meant. I want to know if the Senator recognizes any

Mr. WORKS.

such right as that?

Mr. THOMAS. To the water, no. Consequently I thought that the statement itself defeated any claim these gentlemen had to make before our committee. I want to say that as one member of that committee, if it had been brought to our attention that any provision made previous to the appropriation of San Francisco had not been included or provided for I would have fought it, for inasmuch as the bill assumed to provide for some it ought to provide for all.

Mr. MYERS. Mr. President, I will not comment upon all

the statements that have been made. I will say in regard to

the suggestion made by the Senator from Wyoming [Mr. CLARK] a while ago, from which we have gotten away, that if the necessities of the condition of San Francisco be consulted, the construction of this dam will result in the storing of more than 400,000,000 gallons daily, and that is more than San Francisco Then the bill recognizes the fact that San Francisco has no right to such surplus, and it will go to others, to anybody who files demand and pays the cost of it. It belongs to the people of California, to anybody who is willing to use it for beneficial purposes, and to reimburse the city of San Francisco for the actual loss and expense of causing the water to be brought It does not belong to San Francisco at all, and it is recognized that it goes to whoever may show a right thereto for beneficial uses.

There has been a great deal said and there is going to be a great deal said in this discussion about whether or not this is the most available water supply. The city of San Francisco has been looking for an adequate water supply for 12 years. It has had its city engineers and the most competent engineers that it can employ outside of the city for 12 years hunting for an adequate water supply. The result of it all is that this is the cheapest and best and most feasible water supply that it can get.

Not satisfied with its own exertions, or not relying entirely upon them, the Government of the United States, through the Department of the Interior, ordered a board of three Army engineers to thoroughly investigate the sources of supply from a wholly disinterested standpoint-from the standpoint of the Government. The record of that investigation by a board of Army engineers, which gave personal attention to the matter, is that this source of supply is reported to be the most feasible, the most adequate, the most natural, and that none other can be obtained without an expenditure of at least \$20,000,000 more than the cost of this contemplated supply.

The report of the Army board, at page 16, says on that sub-

In one important respect the situation in California requires special consideration. In eastern cities, where there is little consumption of water except for municipal supply, it may be safely assumed that if at any future time additional water is needed the existing sources will usually be available as at present. In California all water has great value. Due to the large extent of arid and semiarid land that can be made fertile by the use of water, irrigation is assuming great importance; due to lack of coal and the opportunity for economical water-power development, the use for the latter purpose will surely be greatly extended. In a relatively few years practically all available water will doubtless be appropriated for one or the other purpose, and it will then be possible to obtain it for municipal use only at great cost and damage to existing communities and industries. It is, therefore, necessary to-day for the cities of California to look further ahead than in most other parts of the country, and to take such steps that in the future when they may need the water they shall have the right to it. For this reason it is believed that in making provision for the future supply of San Francisco and other bay cities a source should be selected, if possible, that is capable of supplying the needs of the communities for the balance of this century. Such a course would seem both wise and reasonable, provided it involves no sacrifice of economy.

Mr. SMOOT. Do I understand the Senator to claim that San

Mr. SMOOT. Do I understand the Senator to claim that San Francisco or any other city can file upon the waters of the State with a view to the quantity that will be consumed by them a hundred years hence and hold it against the appropriation of any other citizen of the United States who wants to put it into use immediately?

Mr. MYERS. I believe that the common law of water appropriation is that water may be appropriated for a beneficial use or purpose to the extent which is the most reasonable, being necessary therefor, and that it may be used to the extent to which it is needed. If the Senator thinks that 400,000,000 gallons daily would be too much for immediate use and would not be too much 50 or 75 years hence, then he could offer a proper amendment that the city could have only 300,000,000 gallons for the next 50 years, 350,000,000 gallons for 10 years after that, and 400,000,000 after that, but it would be folly to allow San Francisco to engage in the undertaking of merely providing an adequate water supply for its use to-day without looking to the future, however the estimate of this board of Army engineers report as to what the population of this community will be in 50 or 75 years from now.

Mr. SMOOT. The estimate that is given by the Army engi-

neer is that in the year 2000—that is, 87 years from now will be required for San Francisco and all the adjoining territory only 540,000,000 gallons daily. Mr. THOMAS. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Colorado?

Mr. MYERS. I yield.
Mr. THOMAS. I want to ask the Senator from Utah this question: Does he think the city of San Francisco has the power to appropriate only so much water as is necessary for its immediate uses?

Mr. SMOOT. I would not go that far, Mr. President, because I think that it has the right to make an appropriation for not only the immediate use, but for a reasonable length of time. I think that has been held in all the States, and I will say to the Senator, in my own State it has been decided definitely by

Mr. THOMAS. As a municipality?

Mr. SMOOT. As to all appropriations of water, whether it is the Government, whether it is a municipality, or any other appropriator, the length of time is four years.

Mr. NORRIS. Will the Senator from Montana permit me to ask the Senator from Utah a question?

Mr. MYERS. With pleasure.
Mr. NORRIS. I should like to ask the Senator from Utah on this question of the immediate and the future use of water, does he contend that if this bill is passed and there is more water impounded than San Francisco needs now it can not be used for irrigation or for any other purpose?

Mr. SMOOT. I believe this, Mr. President, that if anyone made an appropriation of the water, San Francisco would

fight it.

Mr. NORRIS. This bill does provide for it. It would be true, according to the Senator's own contention, if it did not use this water now, or had no immediate use for it, it would be subject to the laws of California for use other than beneficial purposes.

Nobody will contend otherwise.

Mr. SMOOT. I think myself that is the correct position, but that is not the position the Senator from Montana takes. say again to the Senator that I think the understanding of the Senator of Montana is the understanding not only in San Francisco but the people generally of California. If there is an appropriation made, I have no doubt but that there will be a If there is an lawsuit started by San Francisco against the appropriator, and the result will be an endless litigation. If this bill passes as reported to the Senate, I want everyone to remember the words made by the junior Senator from California to-day in relation to litigation that will ensue.

Mr. NORRIS. I could not say, I want to say to the Senator, there would not be litigation started; but suppose we struck it out of the bill, where is there any assurance that there will be no litigation then between men or municipalities contending

for the use of the water?

Mr. SMOOT. There will be no further litigation, Mr. President, than we find among the appropriators of waters in all the States. Of course there will be litigation, but it will be litigation based upon the laws of the State and not an act of Con-

Mr. NORRIS. This litigation, if it comes, according to the Senator's own contention, will be upon the laws of the State, If this law is passed and San Francisco should refuse to comply with the terms of the act and refuse to give water or power that she herself was not using and some one claimed that right and commenced a suit against San Francisco, he would probably commence it under the State law, and it would not make any difference. It would be a lawsuit just the same, whether commenced under the State law or under this law.

Mr. SMOOT. There is another question involved that I have not spoken of, nor have I heard anyone else speak of it. It is not only a grant for the use of water by San Francisco, but it is a grant for the use of water for power purposes. San Francisco may use all the 400,000,000 gallons for the development of water power and not more than 100,000,000 gallons for domestic pur-

Mr. NORRIS. But the Senator must see this point, it seems to me, that the use of water for power does not decrease the water. The water is there and it can be used for drinking purposes or for irrigating purposes after it has gone through the

water wheel.

Mr. MYERS. I think the Senator from Nebraska has answered that very correctly. It is the only answer that could be given. I understand that the right to use water for power purposes is only incidental. I do not see how the water could be consumed for power purposes. The water is there for power

purposes as well as other uses.

The Senator from Utah has correctly stated that it is estimated that 87 years from now the people of this district will need 540,000,000 gallons daily, and I think we ought to be allowed to look 87 years ahead. I do not think that is an un-reasonable time. I understand the law of water appropriation is that if a man appropriates water for use on a piece of land he may appropriate so much as may be necessary now or at any reasonable time in the future. The water may be needed some time upon the land, and while 87 years might be a long time to look ahead for an individual appropriation of water on land, I do not think it is too long to look ahead for

the safety of people who constitute a population of three-quarters of a million to-day and who are growing rapidly.

Getting back to the proposition that this is the only feasible and reasonable source from which to get this water, on page 12 of the report of the Board of Army Engineers the following statement is made:

During the summer of 1911 the board personally visited the Spring Valley water system, the Hetch Hetchy and Lake Eleanor reservoir and dam sites, Lake Vernon, Cherry Creek, the principal reservoirs on the Mokelumne River, the suggested reservoirs on the Yuba, the Sacramento, and the San Joaquin Rivers.

During August, 1912, the board inspected the People's Water Co.'s plant for supplying Oakland and the other transbay cities, the Hetch Hetchy reservoir and dam site a second time, the Tuolumne Meadows and other camping sites in the Tuolumne watershed, and the Turlock-Modesto Irrigation district. One member of the board inspected the McCloud watershed and the Feather River watershed.

After that explanation setting forth in detail what the board did, it comes to these conclusions:

did, it comes to these conclusions:

The project proposed by the city of San Francisco, known as the Hetch Hetch project, is about \$20,000,000\$ cheaper than any other feasible project for furnishing an adequate supply. The only exception is the filtered Sacramento project, which in actual cost is about \$30,000,000\$ greater than the Hetch Hetchy project, but by discounting to 1914 becomes only \$13,000,000\$ greater.

The Hetch Hetchy project has the additional advantage of permitting the development of a greater amount of water power than any other.

The best available sources, outside of the Tuolumne River, appear to be the filtered Sacramento, the McCloud, a combination of the Lake Eleanor-Cherry-Stanislaus and Mokelumne, and a combination of the American-Cosumnes-Stanislaus and Mokelumne. For a smaller supply the Eel River or the Yuba River could be used, but they do not lend themselves economically to combination with other sources, and are therefore to that extent not available.

I believe the Eel River is the one set forth in the pamphlet by Mr. Henry M. McDenald, who has suddenly and with such amazing rapidity discovered what other people, who have been looking and hunting for 12 years, could not find.

From the statement of Mr. John R. Freeman, in the hearing beginning November 25, before the Secretary of the Interior, it appears that the city, in case of being denied the Hetch Hetchy, will desire to use the Lake Eleanor-Cherry-Stanislaus-Mokelumne combination. In the report of Mr. Freeman of January 30, 1913, the cost of this project is largely in excess of either the McCloud or the Sacramento River projects.

The board is of the opinion that the use of the Hetch Hetchy a reservoir site is necessary if the full flow of the upper Tu to be conserved.

as a reservoir site is necessary if the full flow of the upper Tuolumne is to be conserved.

The board further believes that there will be sufficient water if adequately stored and economically used to supply both the reasonable demand of the bay communities and the reasonable needs of the Turlock-Modesto irrigation district for the remainder of this century.

The valley of the San Joaquin has less rainfail and less run-off from its rivers than the valley of the Sacramento. The Tuolumne River could if not used for city supply be used to irrigate a large amount of fertile land, as could almost any river in the valley of California if means are found economically to store the water.

The board telleves that on account of the fertility of the lands under irrigation and their aridness without water the necessity of preserving all available water in the valley of California will sconer or later make the demand for the use of Hetch Hetchy as a reservoir practically irresistible. The board does not think that a delay of a few years in transforming the Hetch Hetchy Valley into a reservoir is of importance, and therefore does not think it necessary to require delaying construction of this reservoir until the Lake Eleanor and Cherry sources have been fully developed.

The board believes that the regulations proposed by the city will be found sufficient to protect the waters from pollution, and that these regulations will tend toward the protection of campers and others using the park and will not be onerous upon them. It recommends, however, that the permit to the city require the city take other means, such as filtration, to purify its water supply if these regulations are ever deemed insufficient.

The construction of reservoirs, especially the Hetch Hetchy, will destroy a few camping grounds in the park. The construction of the protect the number of camping places within the park is large.

In those conclusions, it is clearly shown that the Reard of

In those conclusions it is clearly shown that the Board of Army Engineers believe that this source of supply is the most feasible, the most available, the most proper, and is cheaper to the extent of \$20,000,000 than any other that can be had anywhere. The sum of \$20,000,000 is a vast sum of money to require the people of San Francisco to absolutely throw away and waste if they can get a supply of water from this source for \$20,000,000 less than anywhere else; and to deny them that right and to force them to absolutely throw away that immense amount of money would be unreasonable, absurd, and unjust, in my opinion. With \$20,000,000 the city of San Francisco could make many improvements for the welfare of its citizens; it could engage in many undertakings that would make life more endurable and better for the masses of the people of that city. It would be, I repeat, an absolute waste to require them to divert that vast sum of money from some useful purpose to which it might be put and which would confer upon people benefits not now enjoyed, and to require them to squander it by spending it where no good could be derived from it; for, if it is spent in acquiring a water supply no

tained for \$20,000,000 less, that vast sum of money would be

absolutely wasted and devoted to no good purpose.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Nebraska?

Mr. MYERS. With pleasure.

Mr. NORRIS. I would like to suggest to the Senator from Montana that, in addition to the fact of its being the cheapest, this water supply is practically the only one, or at least the best one, for the development of power—

Mr. MYERS. By far. Mr. NORRIS. And that by means of that development the cost of the entire project can be ultimately repaid, besides giving cheap power and cheap light in the meantime.

Mr. MYERS. That is one of the greatest benefits to be conferred upon the people of California in close proximity to this project. Most of the sources of supply that will cost \$20,000,000 or more in excess of this source of supply would furnish no facilities whatever for electrical power—not a particle—and the money to the amount of \$97,000,000 or more would furnish only water and absolutely no electrical power. Where is the person who will say that the cheap generation of electrical power is not one of the greatest blessings that is conferred upon mankind to-day, one of the greatest improvements in the condition

of things that have occurred in generations?

Take the Sacramento River water supply, for instance, which the board says will cost \$30,000,000 more than this source of supply will cost, and it will furnish no facility whatever for electrical power. The sum of \$107,000,000 or more would be spent for water only. It has its drawbacks, too, because the board calculates that in years to come, by reason of the increased use of water from the Sacramento River for irrigation purposes along the course of the river, the supply of water in the river will be so diminished that the salt water of the ocean will be very likely to extend up to where the pumping station might be placed. An investigation of the Army board report shows most conclusively that Hetch Hetchy is not only the cheapest, but the best, the most available, and reasonable source of supply, and the only one that ought to be considered. This source, as I have said, does not only apply to present-day needs, but it may be safely calculated upon to provide for 80 or 100 years to come, when the population of these communities shall have increased vastly beyond what it now is.

This proposition is not to take one drop of water out of the Tuolumne River that is now flowing in it, but to erect a dam there and create a reservoir on land owned in part by San Francisco and in part by the United States which will impound water which for ages has been going to waste and flowing on to the sea, is going to waste and flowing on to the sea now, and will continue to do so, nobody knows how long, if this privilege is not granted. If this privilege is granted and if the city avails itself of it, it will make use of millions of gallons of water daily that flows on to the sea and does nobody any good whateverneither irrigationists nor agriculturists nor cities nor individ-The passage of this bill will simply enable the city of San Francisco to avail itself of wasted water that now flows on to the ocean and does nobody any good; and I can not see that that interferes with the rights of anybody or gives any reason-

able ground for complaint.

The city has taken every step that is permitted under the law to vest itself with the rights desired, and only asks for the permission of Congress to do such things as may be granted only by the Federal Government; and my understanding is, if other provisions are put in the bill, they were put in by express agreement and at the request of representatives of the irrigationists and of the agricultural districts that will be affected.

The city of San Francisco has spent nearly \$2,000,000--I understand more than a million and a half dollars—in acquiring land and water rights and other privileges in connection with this proposed enterprise. It has voted \$45,000,000 of bonds to inaugurate this work, which will be of such vast and incalculable benefit to its citizens and to the people of the adjacent country. The city of San Francisco now owns two-thirds of the floor space of the Hetch Hetchy Valley, acquired years ago from private owners. It owns other lands in the Stanislaus Forest Reservation, and proposes to exchange its lands in the Stanislaus Forest Reservation for Government lands in the basin of the Hetch Hetchy Valley, in order that it may own all of the floor of the Hetch Hetchy Valley that will be covered by the water to be impounded there.

San Francisco has gone to millions of dollars of expense in preparatory work, has spent 12 years in investigation, has bought land and issued bonds and paid money for land, and better than this water supply, if this water supply can be ob- now, at this late day, come in some eleventh-hour-and-fifty-

ninth-minute eugineers to say that in a minute almost, or overnight, they have discovered a more feasible source than that shown by the report of the board of Army engineers-disinterested parties who hired expert aid and who were appointed and commissioned by the Government to represent neither side, neither the city of San Francisco, nor the water owners of pres ent systems, nor the owners of proposed systems, nor people interested in other sources of supply. The Army engineers were interested in no manner whatever in the case, and after a long and exhaustive study of the subject the board gives the Government its advice to the effect that this is the best and most feasible source of supply and that the city ought to be allowed to avail itself of it.

If the dam is erected and the reservoir created, only 1,400 acres of the basin of Hetch Hetchy Valley will be submerged, so that the project need not be held up before the people of the country as a scarecrow, with a view of frightening them about the destruction of a vast and marvelous asset of this country.

The bill has been recommended by the Interior Department of the Government after careful and painstaking investigation; it has been recommended by the Agricultural Department after an equally careful and painstaking investigation; and it has been recommended by the Legislature of California, which seems to realize that it is better to look to the Federal Government to take steps in this matter rather than requiring San Francisco to rely wholly on State aid for relief in the matter. After all of these years of investigation; after the Government has interested itself in this matter to the extent of causing to be made an independent investigation of its own by disinterested employees of the Government, who are supposed to have no motive whatever for misrepresenting anything in this connection, after all of the preliminary work, all of the expenditure and all of the acquisition of preliminary rights by the city of San Francisco, and after an incontrovertible showing of the need of an increased water supply, why should not this source be granted in so far as it is within the power of the Federal Government to grant it? Why not? Only two objections have been urged that I have heard. One is from a class of people who term themselves "nature lovers," who appear to think the earth and everything in it was made for their especial benefit, in order that they may perpetually regale their vision on the beauties of nature and satisfy their esthetic tastes by gazing upon anything that may suit their fancy, regardless of other uses to which it may be put. The "nature lovers," as they call themselves, object to spoiling this little plot of ground, and would rather have three-quarters of a million people in these communities, yea, would rather have the millions of people who will inhabit those communities in coming generations, go without sufficient water-they would rather have the babes of the community suffering anguish and perishing for want of sufficient water than destroy something that they may go once in many years and gaze upon in order to satisfy their esthetic and exquisite taste for natural beauty. Not one-tenth of 1 per cent of the people of the United States will ever see the beauties of nature there.

The other objection comes from irrigationists in the San Joaquin Valley under the Turlock and Modesto districts and some other districts there which have recently been organized. I will first advert to the objections of the irrigationists, because, as to the first class of objectors, I consider that there is absolutely nothing in their objections; their objections are not worth while; they are not worthy of consideration, and therefore I address myself first to the objections of those who seem to be opposed to the bill on apparently more serious grounds.

In regard to any objection that may come from the Turlock-Modesto irrigation district, the report of the Board of Army Engineers in its conclusion, on page 50, says:

The board further believes that there will be sufficient water if adequately stored and economically used to supply both the reasonable demand of the bay communities and the reasonable needs of the Turlock-Modesto irrigation district for the remainder of this century.

That is the conclusion of the fair and competent men who have investigated the subject, and if we are not to accept their conclusion, why not? On what are we to overthrow that conclusion, drawn from a careful, painstaking, and disinterested investigation by competent men? If those men were not competent to arrive at that conclusion, then whom shall we trust? Shall we trust somebody who springs up overnight and discovers something that months and years of careful and painstaking investigation have not revealed to the most competent men for that class of work in this country?

The bill recognizes-I will not use the word "protects." some objection is made to that-all vested rights in and to the waters that flow in the river at the present time, and that have the land in the district that probably can be brought under irri-

been taken by prior appropriators and put to useful and beneficial purposes. While it is true that it is beyond the power of this measure or of the Government to disturb them, the bill wisely recognizes and sets them forth, so that there can be no contention over the spirit and intent of the bill. It shows plainly that the spirit and intent of the bill is to recognize, without disturbance and without litigation and without contravention or question, all vested rights that heretofore have been acquired in and to the waters of the Tuolumne River. It would, if possible, make them more secure; but if that can not be done, it certainly does not make them less secure.

So far as I have seen there is no manner of spirit or intent or disposition on the part of the promoters of this bill and the people who are interested in it, and who will be its beneficiaries, to question or to disturb one iota of the rights of anybody else who has rights in and to the waters of this river. The only object is to store other waters, that now are doing no good to anybody and have been flowing on to the sea these many thousands of years, and to put them to the most beneficial use of all purposes to which water can be put-the preservation of human life and sanitation of human habitations.

On that topic, the rights of the irrigators of the Turlock-Modesto irrigation district, I shall not be content with reading merely the conclusion of the board of Army engineers, but I shall read briefly some of the reasons and facts on which that conclusion is based. Beginning on page 34, it says:

The area of the existing Turlock-Modesto district is 402 square miles, The board does not content itself with saying that the people

who already are cultivating that quantity of land, 402 square miles, are protected, undisturbed, and unquestioned in their rights, but it goes ahead and takes cognizance of all the land in that section of the country which may be irrigated.

that section of the country which may be irrigated.

The area of the existing Turlock-Modesto district is 402 square miles. The board estimates that 60 per cent additional could well be added thereto, making a total of 643 square miles. In a recent map issued by the United States Department of Agriculture, in cooperation with the conservation commission of California, the total area of irrigable land in this region is given as about 690 square miles. Therefore 643 square miles of land actually to be irrigated within probable districts would seem liberal. It is not claimed, however, that all possible irrigable land is included in this map. There may be, especially in the foothills, additional land to which water might be well applied.

Based on water being actually supplied to 85 per cent of the 643 square miles—a duty of 2½ feet and losses of 23 per cent—the quantity of water needed is estimated by the board at 1,132,000 acre-feet per year.

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The Turlock-Modesto district claims to need for its present district one 1,042,043 acre-feet. This is stated to be based on 90 per cent of 2 square miles, a duty of 2.75 feet with losses of 39 per cent. These ures are considered extreme and those stated by the board would

figures are considered extreme and those stated by the board would seem ample.

In the hearing before the Secretary on November 25, much stress was laid on the use of the Tuolumne River water for irrigation at other points of the San Joaquin Valley, especially directly across the San Joaquin River. There has been, as far as known, no exhaustive study made of the irrigable lands of the San Joaquin Valley and the conservation and use of all available water.

The San Joaquin Valley is relatively less well provided with water than the Sacramento Valley, both as to rainfall and as to run-off of rivers. The demands of the valley for complete irrigation are in excess of the water available. At times of low water the San Joaquin above the mouth of the Merced is usually practically dry, all the water being taken for irrigation. Very little storage has been attempted up to the present except for power purposes.

There can be no question but that a large portion, if not all, of the flow of the Tuolumne could be used for irrigation if stored. While the cost of placing the water on the land, especially when necessary to be pumped and carried to long distances, may be more burdensome than the land can at present stand, the increase in value will doubtless in the future warrant such expenditures. It seems quite certain that to irrigate the southern part of the San Joaquin Valley would be less expensive from the Tuolumne than from streams farther north, such as the Stanislaus, Mokelumne, and American. As above stated, no general project has as yet been made for such use of the water of this valley and there are therefore no estimates available.

For the purposes of this report the board, however, assumes the irrigation of the Turlock-Modesto district only, increased as above stated.

The determination of the amount of water flowing in the Tuolumne

irrigation of the Turlock-Modesto district only, increased as above stated.

The determination of the amount of water flowing in the Tuolumne has been mainly deduced from records at the La Grange Dam, the point of diversion for the Turlock-Modesto district. This was gauged from 1878 to 1884 by the State of California, and by the United States Geological Survey from 1895 to date. Rainfall records at La Grange date from 1878. There are few records for the upper watersheds. The upper Tuolumne has been gauged by the city for only three years. As this is such a short period, the results obtained by applying to other years the same proportion of run-off for upper and low watersheds as is indicated by the three-year record can not be considered conclusive. At the same time this is all the direct evidence available. In order to assist further in the estimation of this important result, the records of the upper and lower Stanislaus, from 1905 to date, have been used for comparison. These records are necessarily incomplete, and therefore to that extent unsatisfactory, but would seem sufficient to arrive at general conclusions. On the calculations made from these records it is estimated that with a storage of 750,000 acre-feet, the necessary 400,000,000 gallons daily can be taken to San Francisco, while usually glying the full reasonable requirements of 640 square miles of the irrigation district.

Not only the 402 square miles now under irrigation, but all

Not only the 402 square miles now under irrigation, but all

gation-640 square miles. The board says there will be sufficient water to supply all of it. Mr. WORKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from California?

Mr. MYERS. With pleasure.
Mr. WORKS. I think the Senator should note, in that connection, that although an additional acreage of land was brought in the amount of water was not increased.

Mr. MYERS. Certainly; but the board claims, after careful investigation, that additional land to the extent of 640 square miles may be taken up and still there will be impounded a sufficient quantity of water for San Francisco and the neighboring cities and all the cultivators of this land.

Mr. GRONNA. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from North Dakota?

Mr. MYERS. With pleasure.

Mr. GRONNA. The Senator from Montana has been interrupted so much that it is with some hesitancy that I interrupt

Mr. MYERS. I am glad to yield to the Senator. Mr. GRONNA. I am quite sure the Senate Committee on Public Lands wants to do justice to all the people of California before this bill is passed.

Mr. MYERS. Certainly.
Mr. GRONNA. Referring to the provision on page 13 of the bill, under section 9, subsection (b), the provisions of the bill do recognize the rights of the water users in the districts of Turlock and Modesto. I wish, however, to ask the Senator from Montana, who has given this bill very careful study, if there is not a limitation placed upon the use of the water on page 18 of the bill, under subsection (j). Speaking about the flow of the water, it says:

That by "the flow," "natural daily flow," "aggregate daily natural flow," and "what is naturally flowing," as are used herein, is meant such flow as on any given day would flow in the Tuolumne River or its tributaries if said grantee had no storage or diversion works on the said Tuolumne watershed.

Does not that mean that the water users in these irrigation districts may have the amount of water that is the natural flow of the Tuolumne River, but that they will be deprived of any of the storage waters in Lake Eleanor or in Lake Cherry?

Mr. MYERS. Oh, I do not think so. I do not think there is any room for that construction. The terms in paragraph (j), on page 18, are mere definitions. On page 15, in sub-division (d), it is clearly stated that the irrigation districts have rights in impounded waters after the needs of San Francisco are supplied to a certain extent. I regard what is found on page 18 as mere definition, not in any wise contradictory of what appears on page 15. The two must be read together. Section (d), on page 15, is clearly placed where it is for the purpose of providing that after San Francisco's needs for a certain amount are supplied the surplus of the stored and impounded water belongs to the irrigationists and others who are entitled to it under the laws of California. I do not think there is any doubt about that.

Mr. GRONNA. Is not the provision on page 18, under subsection (j), really a limitation upon the impounded waters?

Mr. MYERS. I do not think so at all. I think it is a mere

matter of definition, and does not apply to what is said in subdivision (d), on page 15. It clearly refers to another thing altogether, namely, to stored and impounded waters. That is my conception of the matter. I do not think there is any room for difference of opinion about it.

I was about to finish my quotation from the report of the Board of Army Engineers. I stopped simply to draw attention to the fact that they make provision for 640 square miles of irrigated land in this district, which is about 50 per cent more than is now under irrigation; and in their opinion the waters may be provided therefor and at the same time for the actual needs of San Francisco.

Resuming there, I read:

Of this 750,000 acre-feet storage, about 560,000 acre-feet would be necessary for the city to obtain 400,000,000 gallons daily and the remainder for irrigation. Some years the water supply for irrigation would have been short, as for example in 1898, 40 per cent; in 1908, 14 per cent; and in 1912, 14 per cent. With a storage capacity of 900,000 acre-feet there would have been sufficient water for irrigation, except in 1898. For the latter year a storage capacity of 1,400,000 acre-feet would have been required and would be practically impossible to obtain economically. economically.

I read that in full to show why the Board of Army Engineers draws the conclusion that in all reasonable probability there will be at all times sufficient water stored and impounded in this reservoir for the use of San Francisco and adjacent cities, and and conflicting contentions were laid before those committees.

also for irrigation in these districts. Of course, as is stated here, once in a long time there might be a year when there would be a little shortage for one or the other; but we have dry years everywhere all over the country. We are all more or less affected by the amount of rainfall, even in the semiarid sections of the country, and absolute precision may not be had in these matters. It is clearly the opinion of the board, however, that a sufficient amount of water may be impounded for both purposes; and the city is to supply this surplus water at cost to the people who are entitled to it.

Who will doubt that the city of San Francisco, under a gigantic plan and expenditure such as this bill contemplates, can store and impound these waters and provide them for parched lands cheaper and at less cost than may be done by

individual efforts or by the irrigationists themselves?

I think it admits of no difference of opinion or controversy that on a wholesale plan, on a large scale, such as we have provided here, the irrigationists will get water cheaper and at less cost than if each individual or each association of individuals in a district were to go to work and try to store the waters and put them on their lands themselves, by individual effort or by

the efforts of a small association of people.

I believe the irrigationists will be benefited by that provision. I believe the irrigationists will be benefited by this project if carried to its conclusion. I believe it will mean money to them, money in their pockets, as well as water to the

people of San Francisco.

The matter of electrical power, of which some mention has been made, is an item in this bill that I think should not be overlooked. The reports show that a vast amount of electrical power may be developed by the city of San Francisco and those interested in this bill and applied to beneficial uses in many lines. It is a matter that ought not to be overlooked. The production of electrical power is being encouraged everywhere. The Government is encouraging in every way the production of electrical power, because it is recognized by everybody as one of the greatest agencies and instrumentalities for the benefit of mankind which has been brought to bear upon human affairs for many ages.

I believe that a fair reading and consideration of all these documents and the reports of these boards of investigation shows that this is the proper source of supply for these people for the future, in order to give them an adequate water supply for their use. I believe there is no manner of doubt that there is no other system that is in any wise to be compared to it, and that the irrigationists interested will be cared for. Yet even if there are lands vacant in that section of the country which are not now tilled or cultivated, and which are not settled upon or put to beneficial uses, for which the owners, if they are privately owned, have not appropriated water and put the water to use on the land, even though there be some land that will go dry as a result of carrying this project to materialization, who is there who will claim that the putting of water on land is of higher use or benefit to mankind than the sustenance of life itself and giving people plenty of water for drinking and cooking and household and municipal purposes?

The preservation of life itself must be the first consideration, and even if there is some land that may go dry, which I do not concede, if the people of San Francisco and adjacent communities are furnished with sufficient water, supplied from this source, I do not believe that the cultivation of land and the creation of wealth as a result thereof ought to be compared in the same breath with the preservation of human life and the sanitation of dwellings for people. I do not believe that they are in the same class or that there should be any conflict be-

tween the two.

I believe the people of San Francisco have a right to appropriate this water and a right to have facilities granted therefor by the Government, and that it is a higher and superior right to the mere cultivation of land, which merely puts more dollars in the pockets of somebody, which produces more wealth, and which puts wealth in this matter as against the preservation of human life.

Are we to put wealth in this country against furnishing men, women, and children with sufficient water for drinking and cooking purposes and for the preservation of human life? I believe the Government owes it to its citizens to see that they shall have, so far as it is within its power, the facilities for the preservation of human life, and then let them acquire wealth by the cultivation of land, leaving the acquisition of wealth to come afterwards.

I believe that the Committees on Public Lands of the House and Senate heard all sides of this matter. All these various

There has been nothing new, so far as I can learn, that has come out since the hearings were had; and when those committees, after hearing all that has been said on the subject, reported in favor of the passage of this bill, I believe that it is entitled to some weight as against the protests of people who come in here at the last moment with something grand and new that has been wholly overlooked by everybody who has heretofore investigated this subject. I know of nothing new that affects my opinion that I acquired when this matter was considered by the Senate Committee on Public Lands. I believe the Senate committee had facilities for hearing all that was worth while on the subject, and when it decided to recommend the bill favorably I believe it did so advisedly and wisely and

in the interests of humanity.

In regard to the chimerical objection of people who call themselves nature lovers, I can not see anything in their contention to appeal to reason or a sense of justice or humanity. Their contention that these waters if impounded would no longer gurgle on to the sea and make beautiful soothing sounds which might be listened to by a few hundred campers who go once in many years to that section of the country, and that for the benefit of people who love that brand of beauty-a mere handful, a few hundred, one-tenth of 1 per cent, perhaps, of the population of the United States-this water must be allowed to run on to the Pacific Ocean and be put to no beneficial or useful purpose is, to my mind, too absurd to merit any

discussion.

These people seem to think themselves the direct agents of God Almighty to tell us what is best for us in the preservation of our resources, and they would put the æsthetic above the useful. As far as I am concerned I am a utilitarian and not an idealist. I believe that the earth and everything in it was put under the dominion of mankind for some useful purpose, that it was intended to be put to some use for the daily wants of mankind, and whatever is the most useful purpose so far as it is in our power to consent, I think is the purpose to which all the resources of this country ought to be put. I believe in the doctrine of the greatest good to the greatest number, and the impounding of this water and feeding the famishing and perishing people of San Francisco and adjoining communities with it and giving them sustenance and life and courage will do more good than to let these waters run to the sea for future ages and thousands of years in order that the birds may sing there and the waters may murmur and that a few æsthetic individuals may go there once in many years and be regaled with these delights. I think the water ought to be put to the purpose which does the greatest good to the greatest number.

These people seem to think that it is a mighty outrage that

water which was put on the earth by the Almighty for the benefit of mankind is actually to be put in the stomachs of people. They seem to think it is an outrage that water is to be put in use so that it may be drunk by people to preserve life. They would have us believe that that is one of the greatest outrages of the age, but I do not believe that those arguments

for one second will appeal to anyone in this body.

I believe we all recognize the principle of the greatest good to the greatest number, and we all realize that the people of this country are entitled to have the affairs of this country administered upon the principle that the resources of this country were given to us in trust by the Creator and ought to be so handled and disposed of and administered as to give the

greatest good to the greatest number.

I think there has been a great deal of misrepresentation in this matter, not only of motive but of fact. Some of the nature lovers claim that the beauties of the Hetch Hetchy would be utterly destroyed by making a lake in the basin of that valley. I believe that a reading of the reports of the investigations will convince any fair-minded and reasonable person that the beauties of that valley will be enhanced by putting a beautiful lake in the basin of that valley. The lake can in nowise disturb the granite walls of that basin nor the waterfalls which are referrred to as one of the chief beauties of that spot. I believe that making a lake there will make it more beautiful; and the only thing the lake will do otherwise than to enhance the beauties will be to prevent the use of the basin for camping purposes. The report of the investigation shows that it is very little used for camping purposes and that there are many other places that offer fully as good facilities in that section for campers.

I believe when this reservoir is constructed and filled with pure water it will make one of the grandest spots in the United States, not only grand in beauty and sublimity, but grand in the uses which it will serve to mankind and the people of that

section of the country.

There are many things that the people of San Francisco are to do in return for these concessions, if granted. They are to spend hundreds of thousands of dollars in constructing roads in this park and in that section of the country in order that visitors and campers who visit there to enjoy the beauties of nature, and who are seeking recreation and health, may have better facilities for getting around and viewing these beauties of nature of which we hear so much. For the first 10 years San Francisco is to spend \$15,000 per year, for the next succeeding 10 years \$20,000 per year, and forever thereafter until relieved by Congress the sum of \$30,000 per year in roads and improvements in that section of the country. I believe that those expenditures will take a section of the country which is now resorted to with comparative infrequency and convert it into and make it one of the most attractive and best patronized resorts for health and beauty and recreation to be found in this whole country. I believe that with the facilities it will open for the enjoyment of the beautles of nature, that rare spot of attraction will draw more people to that beauty spot in each and every year when so improved than would go to it in 50 years as it is now, in its raw and unimproved and almost inaccessible condition. I believe this beauty spot of nature, instead of being destroyed or marred or injured, will be made one of the most beautiful and useful spots for health and recreation and beauty to be found in the whole United States.

The people of San Francisco, after offering to comply with all these requirements, will confer what I believe to be an equal benefit upon the Government of the United States to the benefits that they will receive, and they ask that they be granted this privilege. I believe it is the duty of our Government, so far as in its power lies, to meet every reasonable want of its citizens. Its citizens are children of this country, and they are expected in times of war and distress to give to this Government not only their services and their property, but their life's

blood.

The people of the city of San Francisco have been a suffering people. They have had the nand of caramity land the them. Their fair city has been devastated by earthquake and They have had the hand of calamity laid heavily upon fire, and it is reported on credible authority that one of the greatest causes of the devastation of that fair city by fire after the earthquake of 1906 was the lack of an adequate water supply—the very thing that they are seeking to get to-day at a cost of millions of dollars to the taxpayers. If we can aid them in any way, I believe it is the duty of this Government to grant them every facility and privilege that is within its power in

order to achieve that worthy object,

The people of San Francisco and vicinity have shown themselves to be a brave and courageous people. They have risen in their might when the visitations of calamity have been laid upon them to an extent rarely equaled in the history of the civilized world outside of warfare. They have built a better city, a greater city, than before the hand of calamity was laid upon them so distressingly. They appeal to us not only in a most laudable undertaking, but in one which is an absolute necessity for the preservation of the lives of that great and courageous and deserving citizenship, and I am, for one, in favor of doing whatever may be legitimately and lawfully and constitutionally done under the powers of the Government to grant them their demands. I would rather give them a cup of cold water to drink, if in my power, than to take them out and show them all the beauties of all the landscapes of the country. I believe it would do them more good and would be more in accord with the dictates of humanity. I do not think they should come here and ask for water to drink and have to go away and say that we denied them. Water is one of the greatest gifts of God to mankind. I believe this is one of the simplest requests that can be made, and let it not be said that they asked us for water and we gave them a stone.

am heartily in favor of this bill. I see no valid or insurmountable objection to its passage. It has passed the House of Representatives. The emergency, the urgency, and the distress are dire, and I hope that after going this far those people will not be turned away by this body when almost within the goal of

what they desire.

Mr. WORKS. Mr. President, I gave notice that I would address the Senate upon this bill upon Thursday. I desire now to withdraw that notice and to give notice that I will address the Senate to-morrow, immediately after the morning business, in order that we may expedite this measure as rapidly as we can.

The VICE PRESIDENT. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. SMOOT. I should like to ask the Senator from Indiana whether he intends to have a night session; and if so, how soon he would desire the Senate to take a recess?

Mr. KERN. The purpose is that at 6 o'clock we will take a recess until 8 o'clock.

Mr. SMOOT. I do not know whether there is any other Senator who desires to proceed with the pending bill at this time, as it is now only 40 minutes before 6 o'clock.

Mr. OWEN. Mr. President, if there is no Senator prepared to discuss the Hetch Hetchy bill now, I would suggest that it might be laid aside, so that we may take up the banking and currency bill.

Mr. GALLINGER. I make the point that there is no quorum present, if I may be permitted to do so.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hughes	Perkins	Smoot
Bacon	James	Pittman	Sterling
Bankhead	Johnson	Poindexter	Stone
Borah	Kenyon	Pomerene	Swanson
Brady	Kern	Ransdell	Thomas
Bryan	La Follette	Reed	Thompson
Chamberlain	Lane	Robinson	Thornton
Chilton	Lewis	Saulsbury	Tillman
Clapp	Martin, Va.	Shafroth	Vardaman
Clarke, Ark.	Martine, N. J.	Sheppard	Walsh
Colt	Myers	Sherman	Warren
Cummins	Newlands	Shields	Weeks
Dillingham	Norris	Shively	Williams
Gallinger	O'Gorman	Simmons	Works
Gore	Overman	Smith, Ariz.	1) Ozna
Gronna	Owen	Smith, Ga.	
Hollis	Page	Smith, S. C.	

Mr. GALLINGER. The Senator from Kansas [Mr. Bristow] has gone to his home on account of illness.

Mr. BRYAN. My colleague [Mr. Fletcher] is unavoidably absent from the Senate Chamber. He is paired with the Senator from Wyoming [Mr. WARREN].

The VICE PRESIDENT. Sixty-five Senators have answered to the roll call. There is a quorum present. The bill is in the Senate and open to amendment.

Mr. WORKS. Mr. President, I suppose a vote will not be insisted upon on the Hetch Hetchy bill to-day. There have been at least two notices given of the intention of Senators to speak upon the bill. I have advanced my time of speaking in order to expedite the discussion of the bill, but I shall not be able to go on to-night. I have to gather together some documents to be used for that purpose. I think the Senate realizes that this is a very important question as affecting the State of California, and it ought not to be forced to a vote without ample time to discuss it.

Mr. WILLIAMS. Discuss it now.
Mr. WORKS. Of course, if the Senate insists upon it, speeches can be made here to take up the time, but that would be useless. I therefore ask that the matter may be delayed until to-morrow morning, so that the discussion may proceed in an orderly way

Mr. PITTMAN. Mr. President, having the bill in charge by direction of the chairman of the committee, I will state that it is not the intention to force it to a vote at all, and that we are perfectly willing to consent that the bill be temporarily laid aside until to-morrow morning.

Mr. WILLIAMS. Mr. President, if the bill is temporarily laid aside to-night, then I suppose it would be in order to bring up the banking and currency bill and go on with its consideration.

Mr. OWEN. I would make that motion if the pending bill were laid aside.

Mr. WILLIAMS. Unless that were understood, I should

object to the request.

Mr. PITTMAN. I understood the bill was to be temporarily laid aside by reason of the notice given by the Senator from California [Mr. Works] that he would address the Senate on the bill to-morrow morning and that there is no other Senator who desires to address himself to the bill at the present time; and there being no other, the Senator in charge of the currency bill desires to proceed with the consideration of it at this time.

Mr. GALLINGER Mr. President, the reading of the unanimous-consent agreement will develop the fact that the Senate

has agreed to vote upon the Hetch Hetchy oill next Saturday; so I think no Senator need be apprehensive that a vote will be forced before that time. It can not be done.

#### BANKING AND CURRENCY.

Mr. OWEN. I move that the Senate proceed to the consideration of House bill 7837.

The VICE PRESIDENT. The Chair understands that, unanimous consent, House bill 7207, being the Hetch Hetchy bill, is temporarily laid aside. The Senator from Oklahoma moves that the Senate proceed to the consideration of House bill 7837.

The motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, for furnishing an elastic currency, affording means of rediscounting com-mercial paper, and to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. OWEN. I ask for the reading of the bill.

The VICE PRESIDENT. The Secretary will read the bill.

The Secretary proceeded to read the bill.

Mr. WARREN. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Semtor from Wyoming will

state his parliamentary inquiry.

Mr. WARREN. I wish to ask if the bill which is now being read is the one which appears on the desks of Senators as an amendment?

The VICE PRESIDENT. It is not. It is the House bill reported by the Senator from Oklahoma without amendment,

Mr. OWEN. It is the House bill which is being read. Mr. WARREN. Then, may I ask, Does the amendment cover what is proposed to take the place of the House bill?

Mr. OWEN. It is not an amendment at all; it is simply the House bill which is being read now for the first time at length.

An amendment will be proposed to the bill after it has been read. Mr. WARREN. What I want to know is this: I was told that

the amendment on our desks in some fifty-odd pages contained all of the matter that was in the original House bill that has been adopted by the committee having it in charge, or, I might say, by the caucus.

Mr. OWEN. There is a print including the House bill as proposed to be amended; but I thought it was in better order to have the House bill first read.

Mr. WARREN. It will contain some matters not contained in the amended print?

Mr. OWEN. Yes.

The VICE PRESIDENT. The Secretary will proceed with the reading of the bill.

The Secretary resumed the reading of the bill.

Mr. KERN. I ask that the reading be suspended while I make a motion. I move that when the hour of 6 o'clock shall have arrived the Senate take a recess until 8 o'clock to-night.

Mr. PENROSE. On that motion I call for the year and nays. The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. WARREN (when his name was called). I announce mr. pair with the senior Senator from Florida [Mr. Fletcher].

The roll call was concluded.

Mr. KERN (after having voted in the affirmative). On account of my pair with the Senator from Kentucky [Mr. Bradley], I withdraw my vote.

Mr. CHAMBERLAIN. I have a general pair with the junior Senator from Pennsylvania [Mr. OLIVER]. In view of his ab-

sence, I withhold my vote.

Mr. CHILTON. I have a general pair with the junior Senator from Maryland [Mr. Jackson]. In his absence I withhold my vote, unless it be necessary to make a quorum.

Mr. SMOOT. I desire to announce that the senior Senator from Kansas [Mr. Brisrow] is unavoidably detained from the

Mr. STONE (after having voted in the affirmative). like to inquire whether the Senator from Wyoming [Mr. Clark] has voted?

The VICE PRESIDENT. The Chair is informed that he has not.

Mr. STONE. Having a general pair with that Senator, I withdraw my vote.

Mr. MYERS (after having voted in the affirmative). I if the Senator from Connecticut [Mr. McLean] has voted?

The VICE PRESIDENT. The Chair is informed that he has not

Mr. MYERS. As I have a pair with that Senator, I withdraw my vote.

Mr. SMITH of Arizona (after having voted in the affirmative). In view of what has been said regarding pairs, and in view of the provisions of the pair I have with the Senator from New Mexico [Mr. Fall], I feel that under that pair I ought to withdraw my vote.

Mr. CLARKE of Arkansas (after having voted in the affirma-ve). I did not hear read the name of the junior Senator from Utah [Mr. SUTHERLAND] among those who voted.

The VICE PRESIDENT. The Senator from Utah, as the Chair is informed, has not voted.

Mr. CLARKE of Arkansas. Then I withdraw my vote, as I have a standing pair with that Senator.

The result was announced-yeas 53, nays 5, as follows:

	YE	AS-53.	
Ashurst Bacon Bankhead Borah Brady Bryan Clapp Colt Gore Hollis Hughes James Johnson Kenyon	La Follette Lane Lewis Martin, Va. Martine, N. J. Newlands Norris O'Gorman Overman Owen Perkins Pittman Poindexter Pomerene	Ransdell Reed Robinson Saulsbury Shafroth Sheppard Sherman Shields Shively Simmons Smith, Ga. Smith, S. C. Smoot Sterling	Swanson Thomas Thompson Thornton Tillman Townsend Vardaman Walsh Weeks Williams Works
Comming	Gronna	Page	Penrose

Cummins	Gronna	Page	Penrose
Gallinger	NOT VOTING-37.		
Bradley Brandegee Bristow Burleigh Burton Catron Chamberlain Chilten Clark, Wyo. Clark, Ark.	Crawford Culberson Dillingham du Pont Fall Fletcher Goff Hitchcock Jackson Jones	Kern Lea Lippitt Ledge McCumber McLean Myers Nelson Oliver Root	Smith, Ariz. Smith, Md. Smith, Mich Stephenson Stone Sutherland Warren

So Mr. KERN's motion was agreed to.

Mr. GALLINGER. Mr. President, I believe the Secretary was reading the bill.

The VICE PRESIDENT. Yes.

The reading of the bill was resumed, beginning with section 3, page 4, line 2, and continued to the end of section 7, on page 13.

The VICE PRESIDENT. The hour of 6 o'clock having arrived, the Senate takes a recess until 8 o'clock p. m.

#### EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.

#### BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, for furnishing an elastic currency, affording means of rediscounting commercial paper, and to establish a more effective supervision of banking in the United States, and for other purposes,

Mr. SMOOT. Mr. President, I dislike to call for a quorum of the Senate, but this morning when the Senate met there were only eight Senators in the Chamber, and I notice but two Senators on the majority side of the Chamber now. I suggest the

absence of a quorum.

The VICE PRESIDENT. The Chair thinks the suggestion is eminently appropriate. The Secretary will call the roll.

The Secretary called the roll, and the following Senators

answered to their names:

Bacon	Gallinger	Nelson	Sheppard	
Bankhead	Goff	O'Gorman	Shively	
Borah	Kenyon	Overman	Smith, Ariz	
Brady	Kern	Owen	Smith, Ga.	
Bryan	Lane	Page	Smoot	
Chilton	Martin, Va.	Pomerene	Thomas	
Clark, Wyo.	Martine, N. J.	Reed	Tillman	
Clarke, Ark,	Myers	Robinson	Townsend	

The VICE PRESIDENT. Thirty-two Senators have answered

to the roll call. There is not a quorum present.

Mr. KERN. I move that the Sergeant at Arms be directed. to request the attendance of absent Senators.

Mr. SMOOT. The first thing to be done is to call the names of the absentees. Mr. KERN. Very well.

The VICE PRESIDENT. The Secretary will call the names of absent Senators.

The Secretary called the names of absent Senators, and Mr. Hughes, Mr. Simmons, Mr. Smith of South Carolina, Mr. Sterling, Mr. Stone, Mr. Swanson, Mr. Thompson, Mr. Thompson, Mr. Thompson, Mr. Vardaman, and Mr. Walsh answered to their

names when called. Mr. Clapp, Mr. Lewis, Mr. Johnson, Mr. Weeks, Mr. Saulsbury, Mr. Hollis, Mr. Ashurst, Mr. Colt, and Mr. Shafroth entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-one Senators have answered to the roll call. There is a quorum present. The Secretary will proceed with the reading of the bill.

The Secretary resumed the reading of the bill at section 8, on page 13, and concluded the reading.

Mr. OWEN. Mr. President, I offer an amendment, and ask that it be read to the Senate.

Mr. WEEKS. I should like to ask the Senator from Oklahoma which bill he is offering as an amendment—the one that is printed in parallel columns or the last print?

Mr. OWEN. It is the last print, the one of December 1, printed this morning. It is the print which appeared in parallel columns, with some few changes made, a copy of which is on the desks of Senators.

Mr. WEEKS. May I inquire of the Senator from Oklahema what his purpose is in regard to the substitute?

Mr. OWEN. Merely to have the amendment read, after which I shall not ask to detain the Senate further to-night.

Mr. WEEKS. I should like to make a parliamentary inquiry. If the substitute is read as an amendment, and then the Senate adjourns, will it leave the original bill, the House bill, open to amendment, using the changes contained in what is known as the Hitchcock amendment?

Mr. OWEN. Either one or the other will be in order, as I understand the parliamentary rule, either to propose amendments to the House bill or to propose amendments to the amend-

ment which I offer.

Mr. WEEKS. If that is the shape in which the matter is to be left, I have no objection that the reading shall proceed.

Mr. OWEN. That is my understanding of the parliamentary

Mr. GALLINGER. Am I correct in assuming that the Senator from Oklahoma proposes to move this as a substitute for the bill that has been read?

Mr. OWEN. Yes.

Mr. GALLINGER. Abandoning the bill or substitute that was reported some days ago from the section of the committee of which the Senator from Oklahoma is chairman?

Mr. OWEN. It is practically the same, with a few minor

Mr. GALLINGER. This, then, will take the place of the House bill for consideration?

Mr. OWEN. Yes. It is practically the House bill, with the amendments proposed by the section of the committee with which I am associated.

Mr. GALLINGER. Then it will be proper for any Senator to offer an amendment either to the substitute bill er to the original House bill?

Mr. OWEN. That is my understanding of the parliamentary

Mr. GALLINGER. Yes; that is correct. Mr. SMOOT. Mr. President, I should like to ask the Senator from Oklahoma whether he has had printed the House bill showing the amendments to it according to the print that was reported this morning?

Mr. OWEN. Such a print has been ordered, but it has not we may supply the country. There is a very large demand from bankers to know just what the bills are.

Mr. SMOOT. Does the Senator mean 20,000—

Mr. SMOOT. Twenty thousand of each of these prints.

Mr. SMOOT. Twenty thousand copies of the print that is some light a print that is

now lying upon the table?

Mr. OWEN. The print that the Senator has in his hand,

the one that does not show the parts of the House bill struck out, and the same showing where changes are made in the House bill.

Mr. SMOOT. I do not think it is necessary to have both of them printed, but I do think we ought to have one or the other of them. I believe a print of the House bill with the proposed amendments, showing where the text is stricken out, would be far better, not only for the Senate but for the country.

Mr. OWEN. I ask that 20,000 copies be printed.
Mr. SMOOT. Very well.
The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The order as agreed to was reduced to writing, as follows:

Ordered, That there be printed 20,000 copies of the House print of H. R. 7837, to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes, showing the amendment thereto as proposed by the substitute offered by Mr. Owen December 1, 1913.

Mr. NELSON. Mr. President, I should like to inquire what it is that is proposed to be read?

Mr. OWEN. The amendment which I offer.

Mr. NELSON. Does the Senator offer as a substitute for the

Glass bill the entire bill that he reported?

Mr. OWEN. I offer that as a substitute, and after it has been read either the House bill or this proposed substitute will be open to amendment, as I understand the parliamentary status.

Mr. NELSON. The Senator proposes that this amendment

shall be read to-night?

Mr. OWEN. Yes.

Mr. NELSON. After it has been read, then what, to-night?

Mr. OWEN. If no Senator desires to address the Senate, I shall then move that the Senate adjourn.

Mr. NELSON. Very well.

The VICE PRESIDENT. The Secretary will read the amendment proposed by the Senator from Oklahoma.

The Secretary. It is proposed to strike out all after the enacting clause and to insert:

That the short title of this act shall be the "Federal reserve act." Wherever the word "bank" is used in this act, the word shall be held to include State bank, banking association, and trust company, except where national banks or Federal reserve banks are specifically

held to include State bank, banking association, and trust company, except where national banks or Federal reserve banks are specifically referred to.

The terms "national bank" and "national banking association" used in this act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or bank or trust company which has become a member of one of the reserve banks created by this act. The term "board" shall be held to mean Federal reserve board; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

#### FEDERAL RESERVE DISTRICTS.

nean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

SEC. 2. As soon as practicable the Secretary of the Treasury and not less than two other members of the Federal reserve board hereinafter provided for, to be assigned by the President, acting as "the reserve bank organization committee," shall designate not less than 8 nor more than 12 cities to be known as Federal reserve cities, and shall divide the continental United States, including Alaska, into districts, each district to contain one, and only one, of such Federal reserve cities. The determination of said organization committee shall not be subject to review except by the Federal reserve board when organized: Provided, That the districts shall be apportioned with due regard to the convenience and customary course of business and shall not necessarily be coterminous with any State or States. The districts thus created may be readjusted and new districts may from time to time be created by the Federal reserve board, not to exceed 12 in all. Such districts shall be known as Federal reserve districts and may be designated by number. A majority of the organization committee shall constitute a quorum, with authority to act.

Said organization committee shall be authorized to employ counsel and expert aid, to take testimony, to send for persons and papers, to administer oaths, and to make such investigation as may be deemed necessary by the said committee in determining the reserve districts and in determining the cities within such districts where such Federal reserve banks shall be severally located. The said committee shall supervise the organization, in each of the cities designated, of a Federal reserve bank shall include in its title the name of the city in which it is situated, as "Federal Reserve Bank of Chicago."

Under regulations to be prescribed by the organization committee, every national banking association within that district shall be required and every eligible bank is hereby authorized, to signi

thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this act.

Any national bank falling to signify its acceptance of the terms of this act within the 60 days aforesaid shall cease to act as a reserve agent, upon 30 days' notice, to be given within the discretion of the said organization committee or of the Federal reserve board.

Should any national banking association in the United States or trust company engaged in commercial banking in the District of Columbia now organized fail, within one year after the passage of this act, to become a member bank under the provisions hereimbefore stated, or fail to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank act, or under the provisions of this act, shall within the discretion of the Federal reserve board be thereby forfeited. Any noncompliance with or violation of this act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Federal reserve board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

Such dissolution shall not take away or impair any remedy against such corporation, its stockholders or officers, for any liability or penalty which shall have been previously incurred.

Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them

required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment in and stock liability as provided for member banks.

No individual, copartnership, or corporation other than a member bank of its district shall be permitted to subscribe for or to hold at any time more than \$10,000 par value of stock in any Federal reserve bank. Such stock shall be known as public stock and may be transferred on the books of the Federal reserve bank by the chairman of the board of directors of such bank.

Should the total subscriptions by banks and the public to the stock of said Federal reserve banks, or any one or more of them, be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee shall allot to the United States such an amount of said stock as said committee shall determine. Said United States stock shall be paid for at par out of any money in the Treasury not otherwise appropriated, and shall be held by the Secretary of the Treasury and disposed of for the benefit of the United States in such maner, at such times, and at such price, not less than par, as the Secretary of the Treasury shall determine.

Stock not held by member banks shall not be entitled to voting power in the hands of its holders, but the voting power thereon shall be vested in and be exercised solely by the class C directors of the Federal reserve bank in which said stock may be held, and who shall be designated as "voting trustees." The voting power on said public stock shall be limited to one vote for each \$15,000 par value thereof, fractional amounts not to be considered. The voting power on said public stock shall be interested as the provisions governing the transfers of s

BRANCH OFFICES.

SEC. 3. Each Federal reserve bank shall establish branch offices within the Federal reserve district in which it is located and also in the district of any Federal reserve bank which may have been suspended, such branches to be established and conducted at places and under regulations approved by the Federal reserve board.

FEDERAL RESERVE BANKS.

irict of any Federal reserve bank which may have been suspended, such branches to be established and conducted at places and under regulations approved by the Federal reserve board.

FEDERAL RESERVE BANKS.

SEC. 4. When the organization committee shall have established Federal reserve districts as provided in section 2 of this act, a certificate shall be filed with the Comptroller of the Currency showing the geographical limits of such districts and the Federal reserve city designated in each of such districts. The Comptroller of the Currency shall thereupon cause to be forwarded to each national bank located in each district, and to such other banks declared to be eligible by the organization committee which may apply therefor, an application blank in form to be approved by the organization committee, which blank shall contain a resolution to be adopted by the board of directors of each bank executing such application, authorizing a subscription to the capital stock of the Federal reserve bank organizing in that district in accordance with the provisions of this act.

When the minimum amount of capital stock prescribed by this act for the organization of any Federal reserve bank shall have been suscribed and allotted the organization bank organization explications and allotted the organization certificate which shall specifically state the name of such Federal reserve bank, the territorial extent of the district over which the operations of such Federal reserve bank are to be carried on, the city and State in which said bank is to be located, the amount of capital stock and the number of shares subscribed by each, and the fact that the certificate which shares into which the same is divided, the name and place of doing business of each bank executing such ertificate, and of all banks which have subscribed or may thereafter subscribe to the capital stock of such Federal reserve bank, to avail themselves of the advantages of this act.

The said organization certificate which shall become a body correct of the co

Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law which relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege.

visions of law which relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege.

But no Federal reserve bank shall transact any business except such as is incidental and necessarily preliminary to its organization until it has been authorized by the Comptroller of the Currency to commence business under the provisions of this act.

Every Federal reserve bank shall be conducted under the supervision and control of a board of directors.

The board of directors shall perform the duties usually appertaining to the office of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal reserve board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

Such board of directors shall be selected as hereinafter specified and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stock holding banks.

Class B shall consist of three members, who at the time of their election shall be actively engaged in their district, respectively, in commerce, in agriculture, and in some other pursuit.

Class C shall consist of three members, who shall be designated by the Federal reserve board.

No director of class B or of class C shall be an officer, director, employee, or stockholder of any bank.

Directors of class A and class B shall be chosen in the following manner:

The chairman of the board of directors of the Federal reserve bank

Class C shall consist of three members, who shall be designated by the Federal reserve bond.

No director of class B or of class C shall be an officer, director, employee, or stockholder of any bank.

Directors of class A and class B shall be chosen in the following many control of the district in which the bank is situated shall classify the member banks of the district into three general groups or divisions. Each group shall contain, as nearly as may be, one-third of the aggregate number of the member banks of the district, and shall consist, as nearly as may be, one-third of the aggregate number of the member banks of the district, and shall consist, as nearly as made by number by the chalman.

At a requisity called meeting of the board of directors of each members has a district reserve elector and shall certify his name to the chalman of the board of directors of the Federal reserve bank of the district. The board of directors of the Federal reserve bank of the district. The board of directors of the Federal reserve bank of the district. The board of directors of the federal reserve bank of the district. The list to each elector in each group.

Every elector shall, within 15 days after the receipt of the said list, excitly to the chalman his first, second, and other choices upon the list, upon a preferential ballot, on a form furnished by the chalman of the close of the said list, excitly to the chalman his first, second, and other choices upon the list, but shall not vote more than one choice for any one candidate.

Any candidate having a majority of all votes cast in the column of a state choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate. Any candidate then have a majority of the electors withing the declared elected. If no choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate. In the third column for other choices shall be declared elected. If no class I,

before provided shall hold office for a term of three years. Vacancies that may occur in the several classes of directors of Federal reserve banks may be filled in the manner provided for the original selection of such directors, such appointces to hold office for the unexpired terms of their predecessors.

STOCK ISSUES; INCREASE AND DECREASE OF CAPITAL

of their predecessors.

STOCK ISSUES; INCREASE AND DECREASE OF CAPITAL.

SEC. 5. The capital stock of each Federal reserve bank shall be divided into shares of \$100 each. The outstanding capital stock shall be increased from time to time as member banks increase their capital stock and surplus or as additional banks become members, and may be decreased as member banks reduce their capital stock of surplus or cease to be members. Shares of the capital stock of Federal reserve banks on the transferable, nor be hypothecable. In case a member bank increase its capital stock or surplus or cease to be members. Shares of the capital stock of surplus or cease to be members, and may be decreased as member banks shall not be transferable, nor be hypothecable. In case a member bank increase its capital stock or surplus or cease to be members, and increase its capital stock or surplus of the Federal reserve bank of its district equal to 6 per cent of the said increase, one-half of said subscription to be paid in the manner herein-before provided for original subscription, and one-half subject to call of the Federal reserve bank at any time after the organization thereof must subscribe for an amount of the capital stock of the Federal reserve bank supplies of the for an amount of the capital stock of the Federal reserve bank shall have been increased either on account of the increase in the number of member banks, the board of directors shall cause to be executed a certificate to the Comptroller of the Currency showing the increase in capital stock, the amount paid in, and by whom paid. In case a member bank reduces its capital stock it shall surrender a proportionale amount of its holdings in the capital stock of said Federal reserve bank, and in case a member bank goes into voluntary liquidation it shall surrender all of its holdings of the capital stock of said Federal reserve bank shall be canceled and such member bank so have been paid to the receiver appointed therefor, the stock held by it in said Federal reserve ban

to be executed a certificate to the Comptroller of the Currency showing such reduction of capital stock and the amount repaid to such bank.

DIVISION OF PARNINGS.

SEC. 7. After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. One-half of the not earnings, after the aforesaid dividend claims have been fully met, shall be paid into a surplus fund until such fund shall amount to 40 per cent of the paid-in capital stock of such bank, and of the remaining one-half, for per cent shall be paid to the United States as a franchise tax, and 50 per cent shall be paid to the United States as a trustee for the benefit of depositors in failed national banks, the money to be kept in and losses from failures to be paid from it as a depositors' insurance fund under a division of the Treasury to be constituted and managed under such regulations as may be prescribed by the Secretary of the Treasury. All net earnings derived by the United States from Federal reserve banks shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed by the Secretary of the Treasury. Should a Federal reserve bank be dissolved or go into liquidation, any surplus remaining, after the payment of all debts, dividend requirements as hereinbefore provided, and the par value of the stock, shall be paid to and become the property of the United States and shall be similarly applied.

Every Federal reserve bank incorporated under the terms of this act, the capital stock and surplus therein and the income derived therefrom shall be exempt from Federal, State, and local taxation, except in respect to taxes upon real estate.

Sec. 8. Any bank incorporated by special law of any State or of the United States, or organized under the general laws of any State or of the United States, or organized under the provisions of the

#### STATE BANKS AS MEMBERS. .

SEC. 9. Any bank incorporated by special law of any State, or organized under the general laws of any State or of the United States, may make application to the reserve bank organization committee, pending organization, and thereafter to the Federal reserve board for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located. The organization committee of the Federal reserve board, under such rules and regulations as it may prescribe, subject to the provisions of this section, may permit the applying bank to become a stockholder in the Federal reserve bank of the district in

which the applying bank is located. Whenever the organization committee or the Federal reserve board shall permit the applying bank to become a stockholder in the Federal reserve bank of the district, stock shall be issued and paid for under the rules and regulations of this act provided for national banks which become stockholders in Federal reserve banks.

shall be issued and paid for under the rules and regulations of this act provided for national banks which become stockholders in Federal reserve banks.

The organization committee or the Federal reserve board shall establish by-laws for the general government of its conduct in acting upon applications made by the State banks and banking associations and trust companies for stock ownership in Federal reserve banks. Such by-laws shall require applying banks not organized under Federal law to comply with reserve and capital requirements and to submit to the examination and regulations prescribed by the organization committee or by the Federal reserve board. No applying banks shall be admitted to membership in a Federal reserve bank unless it possesses a paid-up unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated, under the provisions of the national banking act.

Any bank becoming a member of a Federal reserve bank under the provisions of this section shall, in addition to the regulations and restrictions hereinbefore provided, be required to conform to the provisions of law imposed on the national banks respecting the limitation of lability which may be incurred by any person, firm, or corporation to such banks, the prohibition against making purchase of or loans on stock of such banks, and the withdrawal or impairment of capital, or the payment of uncarned dividends, and to such rules and regulations as the Federal reserve board may, in pursuance thereof, prescribe.

Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections 5211 and 5212 of the Revised Statutes, and shall be subject to the penalties prescribed by sections 5211 and 5212 of the Revised Statutes, and shall be subject to the penalties prescribed by section 5213 for the failure to make such report.

If at any time it shall appear to the Federal reserve board that a banking association or trust c

to the penalties prescribed by section 5213 for the failure to make such report.

If at any time it shall appear to the Federal reserve board that a banking association or trust company organized under the laws of any State or of the United States and having become a member bank has failed to comply with the provisions of this section or the regulations of the Federal reserve board, it shall be within the power of the said board, after hearing, to require such banking association or trust company to surrender its stock in the Federal reserve bank; upon such surrender the Federal reserve bank shall pay the cash-paid subscriptions to the said stock with interest at the rate of one-half of 1 per cent per month, computed from the last dividend, if carned, not to exceed the book value thereof, less any liability to said Federal reserve bank, except the subscription liability not previously called, which shall be canceled, and said Federal reserve bank shall, upon notice from the Federal reserve board, be required to suspend said banking association or trust company from further privileges of membership, and shall within 30 days of such notice cancel and retire its stock and make payment therefor in the manner herein provided. The Federal reserve board may restore membership upon due proof of compliance with the conditions imposed by this section.

FEDERAL RESERVE BOARD.

conditions imposed by this section.

FEDERAL RESERVE BOARD.

Sec. 10. A Federal reserve board is hereby created which shall consist of seven members, including the Secretary of the Treasury, who shall be a member ex officio, and six members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the six appointive members of the Federal reserve board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different geographical divisions of the country. The six members of the Federal reserve board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal reserve board and shall each receive an annual salary of \$10,000, together with actual necessary traveling expenses. Of the six members thus appointed by the President at least two shall be persons experienced in bunking or finance. One shall be designated by the President to serve for one, one for two, one for three, one for four, one for five, and one for six years, and thereafter each member so appointed shall serve for a term of six years unless scener removed for cause by the President. Of the six persons thus appointed, one shall be designated by the President as governor and one as vice governor of the Federal reserve board. The governor of the Federal reserve board, subject to its supervision, shall be the active executive officer. The Secretary of the Treasury for the use of the Federal reserve board. Each member of the Treasury for the use of the Federal reserve board. Each member of the Federal reserve board shall within 15 days after notice of appointment make and subscribe to the oath of office.

The Federal reserve board shall have power to levy semiannually upon the Federal reserve board shall have power to levy semiannually upon the Federal reserve board shall within 15 days after notice of appointment members of the Federal reserve board

sent of the Senate, to fill such vacancy, and when appointed he shall hold office for the unexpired term of the member whose place he is selected to fill.

The President shall have power to fill all vacancies that may happen on the Federal reserve board during the recess of the Senate, by granting commissions which shall expire at the end of the next session of the Senate.

Senate.

Nothing in this act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and bureaus under such department, and wherever any power vested by this act in the Federal reserve board or the Federal reserve agent appears to condict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

The Federal reserve board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

Section 324 of the Revised Statutes of the United States shall be amended so as to read as follows: "There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds and, under the general supervision of the Federal reserve board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency and shall perform his duties under the general directions of the Secretary of the Treasury."

SEC. 11. The Federal reserve board shall be authorized and expended.

SEC. 11. powered: The Federal reserve board shall be authorized and em-

Sec. 11. The Federal reserve board shall be authorized and empowered:

(a) To examine at its discretion the accounts, books, and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve bank and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of the Federal reserve banks, single and combined, and shall furnish full information regarding the character of the money heid as reserve and the amount, nature, and maturities of the paper and other investments owned or held by Federal reserve banks.

(b) To permit or require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed each week or oftener by the Federal reserve board.

(c) To suspend for a period not exceeding 30 days, and from time to time to renew such suspension for periods not exceeding 15 days, any reserve requirement specified in this act: Provided, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this act may be permitted to fall below the level hereinniter specified, such tax to be uniform in its application to all Federal reserve banks and to member banks, required to keep the same reserves.

(d) To supervise and regulate through the bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the comptroller to the Federal reserve agents applying therefor.

(e) To add to the number of cities classified as reserve and central reserve interesting law in which national banking associations are subject to the reserve requirements set forth in section 20 of this act; or to reclassify existing reserve and central reserve bank, the cause of such removal to be forthwith communi

possession thereof and administer the same during the period of suspension.

(1) To require bonds of Federal reserve agents, perform the duties, functions, or services specified or implied in this act, and to make all rules and regulations necessary to enable said board effectively to perform the same.

(1) To exercise general supervision over said Federal reserve banks.

(k) To anthorize member banks to use, as reserves. Federal reserve notes, or bank notes based on United States bonds, to the extent that said board may find necessary.

(1) To grant by special permit to national banks applying therefor, when not in contravention of State law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

#### PEDERAL ADVISORY COUNCIL.

SEC. 12. There is hereby created a Federal advisory council, which shall consist of as many members as there are Federal reserve districts. Each Federal reserve bank by its board of directors shall annually select from its own Federal reserve district one member of said council, who shall receive such compensation and allowances as may be fixed by his board of directors subject to the approval of the Federal reserve board. The meetings of said advisory council shall be held at Washington, D. C., at least four times each year, and oftener if called by the Federal reserve board. The council may select its own officers and adopt its own methods of procedure, and a majority of its members shall constitute a quorum for the transaction of business. Vacancies in the council shall be filled by the respective reserve banks, and members selected to fill vacancies shall serve for the unexpired term.

The Federal advisory council shall have power, by itself or through its officers, (1) to confer directly with the Federal reserve board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various districts, the purchase and sale of gold or securities by reserve banks, openmarket operations by said banks, and the general affairs of the reserve banking system.

#### POWERS OF FEDERAL RESERVE BANKS.

POWERS OF PEDERAL RESERVE BANKS.

SEC. 13. Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent banks of the Federal reserve system, payable upon presentation; or, solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.

Upon the indorsement of any of its member banks, with a walver of demand notice and protest by such bank any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal reserve board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this act. Nothing in this act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise, from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, ex-

cept bonds and notes of the Government of the United States. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than 90 days.

Any Federal reserve bank may discount acceptances which are based on the importation or exportation or domestic shipment of goods and which have a maturity at time of discount of not more than three mouths, and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one-half the paid-up capital stock and surplus of the bank for which the rediscounts are made.

acceptances so discounted shall at no time exceed one-nair the paid-up capital stock and surplus of the bank for which the rediscounts are made.

The aggregate of such notes and bills bearing the signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at no time exceed 10 per cent of the unimpaired capital and surplus of said bank; but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

Any national bank may accept drafts or bills of exchange drawn upon it and growing out of transactions involving the importation, exportation, or domestic shipment of goods having not more than six months slight to run; but no bank shall accept such bills to an amount equal at any time in the aggregate to more than one-half its paid-up capital stock and surplus.

Section 5202 of the Revised Statutes of the United States is hereby amended so as to read as follows: No association shall at any time be indebted, or in any way liable, to an amount exceeding the amount of its capital stock at such time actually paid in and remaining undiminished by losses or otherwise, except on account of demands of the nature following:

First. Notes of circulation.

Second. Moneys deposited with or collected by the association.

Third. Bills of exchange or drafts drawn against money actually on deposit to the credit of the association, or due thereto.

Fourth Liabilities incurred under the provisions of this act.

The Federal reserve board may authorize the reserve bank of the district to discount the direct obligations of member banks, secured by the pledge and deposit of satisfactory securities; but in no case shall the amount so loaned by a Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange and acceptances shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal reserve bank may, under rules and regulations

#### OPEN-MARKET OPERATIONS.

mposed by the Federal reserve board.

OPEN-MARKET OPERATIONS.

Sec. 14. Any Federal reserve bank may, under rules and regulations prescribed by the Federal reserve board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals, cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this act made eligible for rediscount with or without the indorsement of a member bank.

Every Federal reserve bank shall have power:

(a) To deal in gold coin and bullion at home or abroad, to make loans thereon, exchange Federal reserve notes for gold, gold coin, or gold certificates, and to contract for loans of gold coin or bullion, giving therefor, when necessary, acceptable security, including the hypothecation of United States bonds or other securities which Federal reserve banks are authorized to hold;

(b) To buy and sell, at home or abroad, bonds and notes of the United States, and bills, notes, revenue bonds, and warrants with a maturity from date of purchase of not exceeding six months, issued in anticipation of the collection of taxes or in anticipation of the receipt of assured revenues by any State, county, district, political subdivision, or municipality in the continental United States, such purchases to be made in accordance with rules and regulations prescribed by the Federal reserve board;

(c) To purchase from member banks and to sell, with or without its indorsement, bills of exchange arising out of commercial transactions, as hereinbefore defined;

(d) To establish from time to time, subject to review and determination of the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and business;

(e) To establish accounts with other Federal reserve banks for exchange purposes and, with the consent of the Federal reserve board, to open and maintain banking accounts in foreign countries, appoint correspondents, and establish agencies in such count

#### GOVERNMENT DEPOSITS.

SEC. 15. The moneys held in the general fund of the Treasury, except the 5 per cent fund for the redemption of outstanding national-bank notes and the funds provided in this act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such banks, and disbursements may be made by checks drawn against such deposits.

No public funds of the Philippine Islands, or of the postal savings, or any Government funds, shall be deposited in the continental United States in any bank not belonging to the system established by this act: Provided, however, That nothing in this act shall be construed to deny the right of the Secretary of the Treasury to use member banks as depositories.

SEC. 16. Federal reserve notes, to be issued at the discretion of the Federal reserve board for the purpose of making advances to Federal reserve banks through the Federal reserve agents, as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable for all taxes, customs, and other public dues. They shall be receivable for gold on demand at the Treasury Department of the United States, in the city of Washington, D. C., or in gold or lawful money at any Federal reserve bank.

Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accom-

panied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of section 13 of this act, and the Federal reserve agent shall each day notify the Federal reserve board of all Issues and withdrawals of Federal reserve notes to and by the Federal reserve bank to which he is accredited. The said Federal reserve bank and thorized at any time to call upon a Federal reserve bank for additional security to protect the Federal reserves in gold or lawful money of not less than 35 per cent against its deposits and its Federal reserve notes in actual circulation, but the amount of gold in the Federal reserve hank, together with the amount deposited by it with the Treasury, shall be at least equal to 335 per cent of the Federal reserve notes issued to said bank and in actual circulation and not offset by gold or lawful money deposited with the Federal reserve bank whose lawful reserves bank may notify any Federal reserve bank whose lawful reserves shall be below the amount required to be maintained to make good such reserve, and if such bank shall fail for 30 days thereafter so to make good its lawful reserve, the Federal reserve bank and administer the same during the period of suspension. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal reserve bank and administer the same during the period of suspension. Notes so paid out shall bear upon their faces a distinctive letter and serial number, which shall be assigned by the Federal reserve board to each Federal reserve bank through which they were originally issued. No Federal reserve bank through which they were originally issued. No Federal reserve bank through which they were originally issued. No Federal reserve bank through which they were originally issued.

The Federal

as may be established by the Federal reserve board, and the amount of such Federal reserve notes so Issued to any such bank shall, upon delivery, become a first and paramount lien on all the assets of such bank.

Any Federal reserve notes by depositing with the Federal reserve notes to depositing with the Federal reserve notes, gold, gold certificates, or lawful money of the United States. Federal reserve notes so deposited shall not be reissued, except upon compliance with the conditions of an original issue.

The Federal reserve agent shall hold such gold, gold certificates, or lawful money available exclusively for exchange for the outstanding Federal reserve notes when offered by the reserve bank of which he is a director. Upon the request of the Secretary of the Treasury the Federal reserve board shall require the Federal reserve agent to transmit so much of said gold to the Treasury of the United States as may be required for the exclusive purpose of the redemption of such notes.

Any Federal reserve bank may, at its discretion, withdraw collateral deposited with the local Federal reserve agent for the protection of its Federal reserve board.

In order to furnish suitable notes for circulation as Federal reserve hords, the Comptroller of the Currency shall, under the direction of the Secretary of the Treasury, cause plates and dies to be engraved in the best manner to guard against counterfeits and fraudulent alterations, and shall have printed thereform and numbered such quantities of auch notes of the denominations of \$1, \$2, \$5, \$10, \$20, \$50, \$100, as may be required to supply the Federal reserve banks. Such notes shall be in form and tenor as directed by the Secretary of the Treasury, or in the subtreasury or mint of the United States nearest the place of business of each Federal reserve bank, and shall be held for the use of such bank subject to the order of the Comptroller of the Currency for their delivery, as provided by this Act.

The plates and dies to be precured by the Comptroller of the Curr

appropriated for the purpose of furnishing the notes aforesald: Prosided honcever. That mothing in this section contained shall be construed as exempting national banks or Federal reserve banks from their liability to relimburse the United States for any expenses incurred in printing and issuing circulating notes.

Every Federal reserve bank shall receive on deposit from member banks or from Federal reserve banks checks and drafts drawn by any depositor in depositor and drafts drawn by any depositor and drafts drawn by any depositor and drafts drawn by any depositor and said depositor in said reserve hank of the construed as prohibiting a member bank from making reasonable charges for checks and drafts so debited to its account, or for collecting and remitting funds, or for exchange sold to its patrons. The Federal reserve board may, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve board may, by rule, fix the charges to be collected by the member banks from its patrons whose checks are cleared through the Federal reserve bank and their properties of the federal reserve banks and their branches, and may at its discretion exercise the functions of a clearing house for such Federal reserve banks, or may designate a Federal reserve bank to exercise such functions, and may also require each such bank to exercise such functions, and may also require each such bank to exercise such functions, and may also require each such bank to exercise such functions, and may also require each such bank to exercise such functions, and may also require each such bank to exercise such functions, and may also require each such bank to exercise such functions, and may also require each such bank to exercise such functions, and may also require each such banks of the federal reserve banks and their branches, and section 50 ft he act of June 20, 1874, and section 8 of the act of July 12, 1882, and of any other provisions of existing statutes, as require th

BANK RESERVES.

Sec. 19. Demand liabilities within the meaning of this act shall comprise all liabilities maturing within 30 days, and time deposits shall comprise all deposits payable after 30 days.

When the Secretary of the Treasury shall have officially announced, in such manner as he may elect, the establishment of a Federal reserve bank in any district, every subscribing member bank shall establish and maintain reserves as follows:

(a) A bank not in a reserve or central reserve city as now or hereafter defined shall hold and maintain reserves equal to 12 per cent of the aggregate amount of its demand liabilities and 5 per cent of its time deposits, as follows:

In its vaults for a period of 24 months after said date four-twelfths thereof.

thereof.

In the Federal reserve bank of its district for a period of 6 months after said date, two-twelfths, and for each succeeding 6 months an additional one-twelfth, until five-twelfths have been so deposited, which shall be the amount permanently required.

For a period of 24 months after said date the balance of the reserves may be held in its own vanits, or in the Federal reserve bank, or in banks in reserve or central reserve cities as now defined by law.

After said 24 months' period said reserves, other than those hereinbefore required to be held in the reserve bank, shall be held in the vanits of the member bank or in the Federal reserve bank, or in both, at its option.

(b) A bank in a reserve city, as now or hereafter defined, shall hold

at its option.

(b) A bank in a reserve city, as now or hereafter defined, shall hold and maintain reserves equal to 15 per cent of the aggregate amount of its demand liabilities and 5 per cent of its time deposits, as follows:

In its vaults six-eighteenths thereof.

In the Federal reserve bank of its district for a period of 6 months after the date aforesaid at least three-fifteenths, and for each succeeding 6 months an additional one-fifteenth, until six-fifteenths have been so deposited, which shall be the amount permanently required.

After said 24 months' period all of said reserves, except those hereinbefore required to be held permanently in the Federal reserve bank, shall be held in its vaults or in the Federal reserve bank, or in both, at its ontion.

(c) A bank in a central reserve city, as now or hereafter defined, shall hold and maintain a reserve equal to 18 per cent of the aggregate amount of its demand liabilities and 5 per cent of its time deposits, as follows.

In its vaults six-eighteenths thereof.

In the Federal reserve bank for a period of six months after the date foresaid at least three-eighteenths, and permanently thereafter sixeighteenths.

For a period of 24 months after said date the balance of said re-rves shall be held in its own vaults or in the Federal reserve bank

serves shall be held in its own that tis option.

After said 24 months' period all of said reserves, except those herein permanently required to be held in the Federal reserve bank, shall be held in its own vaults or in the Federal reserve bank, or both, at its

permanently required to be held in the Federal reserve bank, shall be held in its own vaults or in the Federal reserve bank, or both, at its option.

Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section 14 properly indorsed and acceptable to the said reserve bank.

If a State bank or trust company is required by the law of its State to keep its reserves either in its own vaults or with another State bank or trust company, such reserve deposits so kept in such State bank or trust company, such reserve deposits in a national bank in a reserve or central reserve city for a period of three years after the Secretary of the Treasury shall have officially announced the establishment of a Federal reserve bank in the district in which such State bank or trust company is situate. Except as thus provided no member bank shall keep on deposit with any nonmember bank a sum in excess of 10 per cent of its own paid-up capital and surplus. No member bank shall extend directly or indirectly the benefits of this system to a nonmember bank, except upon written permission of the Federal reserve board, under penalty of suspension.

The reserve carried by a member bank with a Federal reserve bank may, under the regulations and subject to such penalties as may be prescribed by the Federal reserve board, be checked against and withdrawn by such member bank for the purpose of meeting existing liabilities: Provided, however, That no bank shall at any time make new loans or shall pay any dividends unless and until the total reserve required by law is fully restored.

United States may remain nonmember banks, and shall in that event maintain reserves and comply with all the conditions now provided by law regulating them; or said banks, except in the Philippine Islands, may, with the consent of the reserve board, become member banks of any one of the reserve districts, and shall, in that event, take stock, maintain reserves, and be subject

BANK EXAMINATIONS.

Sec. 21. Every member bank shall be examined by the Comptroller of the Currency at least twice in each calendar year and as much oftener as the Federal reserve board shall consider necessary. The Federal reserve board may authorize examinations by the State authorities to be accepted in the case of State banks and trust companies, and may at any time direct the holding of a special examination. The person making the examination of any member bank shall have power to call together a quorum of the directors of such bank, who shall, under oath, state to such examiner the character and circumstances of such of its loans or discounts as he may designate. The Federal reserve board shall fix the salaries of all bank examiners and make report thereof to Congress. The expense of the examinations herein provided for shall be assessed by authority of the Federal reserve board upon the banks examined in proportion to assets or resources held by such banks upon the dates when the various banks are examined.

In addition to the examinations made and conducted by the Comptroller of the Currency, every Federal reserve bank may, with the approval of the Federal reserve agent or of the Federal reserve board, provide for special examination of member banks within its district. Such examination shall be so conducted as to inform the Federal reserve bank under whose auspices it is carried on of the condition of its member banks and of the lines of credit which are being extended by them. Every Federal reserve bank shall at all times furnish to the Federal reserve board such information as may be demanded by the latter concerning the condition of any member bank within the district of the said Federal reserve bank.

No bank shall be subject to any visitorial powers other than such as are authorized by law or vested in the courts of justice, or such as shall be or shall have been exercised or directed by Congress, or either House thereof, or any committee thereof.

The Federal reserve board shall, at least once ea

shall be or shall have been exercised or directed by Congress, or either House thereof, or any committee thereof.

The Federal reserve board shall, at least once each year, order an examination of each Federal reserve bank, and upon joint application of 10 member banks the Federal reserve board shall order a special examination and report of the condition of any Federal reserve bank.

Sec. 22. No member bank or any officer, director, or employee thereof shall hereafter make any loan or grant any gratuity to any examiner of such bank. Any bank officer, director, or employee violating this provision shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and fined a further sum equal to the money so loaned or gratuity given. Any examiner accepting a loan or gratuity from any bank examined by him or from an officer, director, or employee thereof shall be deemed guilty of a misdemeanor and shall be imprisoned not exceeding one year or fined not more than \$5,000, or both; and fined a further sum equal to the money so loaned or gratuity given; and shall forever thereafter be disqualified from holding office as a national-bank examiner. No national-bank examiner shall perform any other service for compensation while holding such office for any bank or officer, director, or employee of a member bank and other than a reasonable fee paid by said bank to such officer, director, or employee, or services rendered to such bank, no officer, director, employee, or attorney of a member bank shall be a beneficary of or receive, directly er indirectly, any fee, commission, gift, or other consideration for or in connection with any transaction or business of the bank. No examiner, public or private, shall disclose the names of borrowers or the collateral for loans of a member bank to other than the proper officers of such bank

without first having obtained the express permission in writing from the Comptroller of the Currency, except when ordered to do so by a court of competent jurisdiction, or by direction of the Congress of the United States, or either House thereof, or any committee thereof. Any person violating any provision of this section shall be punished by a fine of not exceeding \$5,000 or by imprisonment not exceeding one year,

fine of not exceeding \$5,000 or by imprisonment not exceeding one year, or both.

Except so far as already provided in existing laws this provision shall not take effect until 60 days after the passage of this act.

Sec. 23. The stockholders of every national banking association shall be held individually responsible for all contracts, debts, and engagements of such association, each to the amount of his stock therein, at the par value thereof in addition to the amount invested in such stock. The stockholders in any national banking association who shall have transferred their shares or registered the transfer thereof within 60 days next before the date of the failure of such association to meet its obligations, or with knowledge of such impending failure, shall be liable to the same extent as if they had made no such transfer, to the extent that the subsequent transferee fails to meet such liability but this provision shall not be construed to affect in any way any recourse which such shareholders might otherwise have against those in whose names such shares are registered at the time of such failure.

#### LOANS ON FARM LANDS.

Sec. 24. Any national banking association not situated in a reserve city or central reserve city may make loans secured by improved and unencumbered farm land, situated within its Federal reserve district, but no such loan shall be made for a longer time than five years nor for an amount exceeding 50 per cent of the actual value of the property offered as security. Any such bank may make such loans in an aggregate sum equal to 25 per cent of its capital and surplus.

The Federal reserve board shall have power from time to time to add to the list of cities in which national banks shall not be permitted to make loans secured upon real estate in the manner described in this section.

#### FOREIGN BRANCHES.

Sec. 25. Any national banking association possessing a capital and surplus of \$1,000,000 or more may file application with the Federal reserve board, upon such conditions and under such regulations as may be prescribed by the said board, for the purpose of securing authority to establish branches in foreign countries or dependencies of the United States for the furtherance of the foreign commerce of the United States and to act, if required to do so, as fiscal agents of the United States. Such application shall specify, in addition to the name and capital of the banking association filing it, the place or places where the banking operations proposed are to be carried on and the amount of capital set aside by the said banking association filing such application for the conduct of its foreign business at the branches proposed by it to be established in such place or places. The Federal reserve board shall have power to approve or to reject such application if, in its judgment, the amount of capital proposed to be set aside for the conduct of foreign business is inadequate or if for other reasons the granting of such application is deemed inexpedient.

Every national banking association which shall receive authority to establish foreign branches shall be required at all times to furnish information concening the condition of such branches to the Comptroller of the Currency upon demand, and the Federal reserve board may order special examinations of the said foreign branches at such time or times as it may deem best. Every such national banking association shall conduct the accounts of each foreign branch independently of the accounts of other foreign branches established by it and of its home office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each branch as a separate item.

Sec. 26. All provisions of law inconsistent with or superseded by

nome office, and shall at the end of each fiscal period transfer to its general ledger the profit or loss accruing at each branch as a separate item.

Sec. 26. All provisions of law inconsistent with or superseded by any of the provisions of this act are to that extent and to that extent only hereby repealed. Nothing in this act contained shall be construed to repeal the parity provision or provisions contained in an act approved March 14, 1900, entitled "An act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes," and the Secretary of the Treasury may for such purposes, or to strengthen the gold reserve, borrow gold on the security of United States bonds or for one-year notes bearing interest at a rate of not to exceed 3 per cent per annum, or sell the same if necessary to obtain gold. When the funds of the Treasury on hand justify, he may purchase and retire such outstanding bonds and notes.

Sec. 27. The provisions of the act of May 30, 1908, authorizing national currency associations, the issue of additional national-bank circulation, and creating a National Monetary Commission, which expires by limitation under the terms of such act on the 30th day of June, 1914, are hereby extended to June 30, 1915, and sections 5153, 5172, 5191, and 5214 of the Revised Statutes of the United States, which were amended by the act of May 20, 1908, are hereby reenacted to read as such sections read prior to May 20, 1908, subject to such amendments or modifications as are prescribed in this act.

Sec. 28. If any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part hereof directly involved in the controversy in which such judgment shall have been rendered.

Sec.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Oklahoma.

Mr. OWEN. Mr. President, several Senators have expressed a desire to speak to-morrow on this matter, and I shall ask that it be temporarily laid aside now; but I should like to say that when we come to consider it I hope that Members of the Senate who desire to express themselves upon it will be prepared to go on with it, because I shall feel obliged to ask for a vote, section by section, as we come to it, and I desire that Senators sha'l be prepared to offer amendments if they wish to do so.

Mr. GALLINGER. The Senator will not forget that we have a unanimous-consent agreement which takes precedence to-

Mr. OWEN. Of course I understand that. I do not intend to interfere at all with the unanimous-consent agreement with regard to the Hetch Hetchy bill.

The VICE PRESIDENT. The question is on the amendment

proposed by the Senator from Oklahoma.

Mr. OWEN. If no Senator is ready to discuss the matter, I ask that it be laid aside for the present.

The VICE PRESIDENT. Is there objection? The Chair

hears none.

Mr. OWEN. I move that the Senate adjourn.

The motion was agreed to, and (at 9 o'clock and 18 minutes p. m.) the Senate adjourned until to-morrow, Tuesday, December 2, 1913, at 11 o'clock a. m.

#### HOUSE OF REPRESENTATIVES.

#### Monday, December 1, 1913.

This being the day designated by the Constitution for the annual meeting of Congress, the Members of the House of Representatives assembled in their Hall for the second session of the Sixty-third Congress, and at 12 o'clock noon were called to order by the Speaker.

#### PRAYER.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

"Our soul waiteth for the Lord; He is our help and shield. For our heart shall rejoice in Him, because we have trusted in His holy name. Let Thy mercy, O Lord, be upon us according as we hope in Thee."

cording as we hope in Thee."

May we realize, O God, that somehow our soul is touched from every angle by Thy soul; that to consciously live in Thee, through Thee, for Thee is life eternal. Under the dispensation of Thy providence we stand here to-day upon the threshold of the regular session of the Sixty-third Congress, confronted by great economical, social, and psychological problems, which involve the welfare of the individual, the home, the Government, and our religious aspirations. Hence we pause and pray most fervently that Thy wisdom may guide and Thy strength sustain these Thy servants in their deliberations.

Especially be with the Speaker of this House that with clear vision and firm hand he may guide to the best results. Be Thou the counselor of our President and his associates that the affairs of State may be wisely and amicably adjusted. May Thy judgments be the judgments of the judiciary that justice tempered with mercy may obtain. That we may grow in everything that pertains to the welfare of not only our people but of all peoples and peace and righteousness more and more abound. To the glory and honor of Thy holy name. Amen.

#### CALL OF THE ROLL BY STATES.

The SPEAKER. The Clerk will call the roll by States.

The Clerk called the roll by States, when the following Members responded:

George W. Taylor. S. Hubert Dent, jr. Henry D. Clayton. Fred L. Blackmon. J. Thomas Heflin.

Richmond P. Hobson. John L. Burnett. Oscar W. Underwood. John W. Abercrombie. ARIZONA.

> Carl Hayden. ARKANSAS.

Thaddeus H. Caraway, William A. Oldfield. John C. Floyd, Otis T. Wingo,

William Kent. John E. Raker. Charles F. Curry. Julius Kahn. Denver S. Church.

Edward T. Taylor.

Augustine Lonergan, Thomas L. Reilly.

H. M. Jacoway. Samuel M. Taylor. William S. Goodwin. CALIFORNIA. Everis A. Hayes. C. W. Bell. William D. Stephens. William Kettner.

COLORADO. Edward Keating. CONNECTICUT.

Jeremiah Donovan. William Kennedy.

DELAWARE. Franklin Brockson. FLORIDA.

Stephen M. Sparkman, Frank Clark,

Frank Park. Charles R. Crisp. William C. Adamson, Gordon Lee.

Burton L. French.

Emmett Wilson. Claude L'Engle. GEORGIA.

Samuel J. Tribble. Thomas W. Hardwick. Dudley M. Hughes.

Addison T. Smith.

Martin B. Madden.
James R. Mann.
George E. Gorman.
James T. McDermott.
Adolph J. Sabath.
James McAndrews.
Frank Buchanan.
Charles M. Thomson.
Ira C. Copley.
William H. Hinebaugh.
John C. McKenzie.
Clyde H. Tayenner.

Charles Lieb.
William E. Cox.
Lincoln Dixon.
Ralph W. Moss.
Finly H. Gray.
Charles A. Korbly.

Charles A. Kennedy. James W. Good. S. Kirkpatrick.

Daniel R. Anthony, jr. Philip P. Campbell. Dudley Doolittle.

A. W. Barkley. Robert Y. Thomas, jr. Ben Johnson. Swagar Sheriey.

Albert Estopinal, H. Garland Dupré, John T. Watkins.

Asher C. Hinds. Daniel J. McGillicuddy.

J. Harry Covington. J. Fred. C. Talbott. Charles P. Coady.

Allen T. Treadway. Frederick H. Gillett. Calvin D. Paige. Samuel E. Winslow. John J. Rogers. Augustus P. Gardner, Frederick S. Deitrick.

Frank E. Doremus. Samuel W. Beakes. J. M. C. Smith. Edward L. Hamilton. Carl E. Mapes.

Sydney Anderson. Charles R. Davis. Frederick C. Stevens. George R. Smith.

Ezekiel S. Candler, jr. Hubert D. Stephens. Benjamin G. Humphreys. Thomas U. Sisson.

James T. Lloyd, William W. Rucker, Charles F. Booher, William P. Borland, Clement C. Dickinson, Courtney W. Hamlin, Champ Clark.

Thomas Stout.

John A. Maguire, C. O. Lobeck, Dan V. Stephens.

E. E. Reed.

William J. Browning. J. Thompson Baker. Thomas J. Scully. Allan B. Walsh. William E. Tuttle, jr.

Lathrop Brown. Denis O'Leary. Harry H. Dale. William M. Calder. John J. Flitzgerald. Daniel J. Griffin.

ILLINOIS.

NOIS.

Claudius U. Stone.
Louis FitzHenry.
Frank T. O'Hair.
Charles M. Borchers.
Henry T. Rainey.
James M. Grabam.
William N. Baltz.
Martin D. Foster.
H. Robert Fowler.
Robert P. Hill.
William E. Williams.

INDIANA.

John A. M. Adair. Martin A. Morrison. John B. Peterson. George W. Rauch. Cyrus Cline. Henry A. Barnhart.

IOWA.

Horace M. Towner. Frank P. Woods. George C. Scott.

Guy T. Helvering. Victor Murdock.

KENTUCKY.

Arthur B. Rouse. William J. Fields. John W. Langley. Caleb Powers.

LOUISIANA.

Walter Elder. L. Lazaro. James B. Aswell.

MAINE.

John A. Peters. Frank E. Guernsey.

MARYLAND.

J. Charles Linthicum. Frank O. Smith. David J. Lewis.

MASSACHUSETTS.

William F. Murray, Andrew J. Peters, James M. Curiey, John J. Mitchell, Edward Gilmore, William S. Greene, Thomas C. Thacher,

MICHIGAN.

Samuel W. Smith.
Louis C. Cramton.
Francis O. Lindquist.
William J. MacDonald.
Patrick H. Kelley.

MINNESOTA.

Charles A. Lindbergh, Andrew J. Volstead, Halvor Steenerson, James Manahan.

MISSISSIPPI.

Samuel A. Witherspoon, B. P. Harrison. Percy E. Quin. James W. Collier.

MISSOURI.

Richard Bartholdt. William L. Igoe. L. C. Dyer. Walter L. Hensley. Joe J. Russell. Thomas L. Rubey.

MONTANA.

John M. Evans.

NEBRASKA.

Charles H. Sloan. Silas R. Barton, Moses P. Kinkaid.

NEVADA.

E. E. Roberts.

NEW HAMPSHIRE.

Raymond B. Stevens.

NEW JERSEY.

Archibald C. Hart. Eugene F. Kinkead. Walter I. McCoy. Edward W. Townsend. John J. Eagan.

NEW MEXICO. Harvey B. Fergusson.

NEW YORK.

James H. O'Brien. Henry M. Goldfogle. Michael F. Conry, John F. Carew. Thomas G. Patten, Jacob A. Cantor.

Henry George, jr. Henry Bruckner. Joseph A. Goulden. Woodson R. Oglesby, Benjamin I. Taylor, Edmund Platt. Peter G. Ten Eyck.

Claude Kitchin, Edward W. Pou. Charles M. Stedman,

Henry T. Helgesen.

Stanley E. Bowdle.
Aifred G. Allen,
Warren Gard.
J. Henry Goeke.
Simeon D. Fess.
J. D. Post.
Frank B. Willis.
Isaac R. Sherwood.
Robert M. Switzer.
Horatio C. Claypool,
Clement Brumbaugh.

Dick T. Mergan. Charles D. Carter. Scott Ferris.

Willis C. Hawley. Nicholas J. Sinnott.

George S. Graham.
J. Hampton Moore.
G. W. Edmonds.
Michael Donohoe.
J. Washington Logue.
Robert E. Difenderfer.
William W. Griest.
John R. Farr.
John J. Casey.
Robert E. Lee.
Edgar R. Kless.
Warren W. Bailey.
Andrew R. Brodbeck.

George F. O'Shaunessy.

Richard S. Whaley. James F. Byrnes. Wyatt Aiken.

Richard W. Austin. John A. Moon. Cordell Hull. William C. Houston. Joseph W. Byrns.

Horace W. Vaughan.
Martin Dies.
Sam Rayburn.
Jack Beall.
Rufus Hardy.
Alexander W. Gregg,
Joe H. Eagle.
George F. Burgess.

Joseph Howell.

Frank L. Greene.

E. E. Holland. Andrew J. Montague. Carter Glass. James Hay.

William E. Humphrey. Albert Johnson.

Matthew M. Neely. William G. Brown, jr. Samuel B. Avis.

Henry A. Cooper, Michael E. Burke. John M. Nelson, William H. Stafford, John J. Esch.

Samuel Wallin.
Charles A. Talcott,
George W. Fairchild,
John R. Clancy,
Sereno E. Payne,
Edwin S. Underhill,
Heury G. Danforth.

NORTH CAROLINA.

Hannibal L. Godwin, Robert N. Page. Robert L. Doughton,

NORTH DAKOTA.

George M. Young.

OHIO.

John A. Key.
William G. Sharp.
George White.
William B. Francis.
William A. Ashbrook.
John J. Whitacre.
Ellsworth R. Bathrick.
William Gordon.
Robert J. Bulkley.
Robert Crosser.

OKLAHOMA.

William H. Murray. Claude Weaver.

OREGON.

A. W. Lafferty.

PHNNSYLVANIA.

Charles E. Patton.
Abraham L. Keister.
W. N. Carr.
Henry W. Temple.
Milton W. Shreve.
Jonathan N. Langham,
Willis J. Hulings.
Stephen G. Porter.
M. Clyde Keily.
Andrew J. Barchfeld.
Arthur R. Rupley.
John M. Morin.
Anderson H. Walters.

RHODE ISLAND. Ambrose Kennedy.

SOUTH CAROLINA.

David E. Finley. J. Willard Ragsdale, Asbury F. Lever.

SOUTH DAKOTA. Charles H. Burke. TENNESSEE.

Lemuel P. Padgett. Thetus W. Sims. Finis J. Garrett. Kenneth D. McKellar.

James P. Buchanan. Robert L. Henry. Oscar Callaway. John H. Stephens. John N. Garner. William R. Smith. Daniel E. Garrett.

UTAH.

Jacob Johnson.

VERMONT.

Frank Plumley. VIRGINIA.

Charles C. Carlin, C. Bascom Slemp, Henry D. Flood.

WASHINGTON.

William L. La Follette. James W. Bryan.

WEST VIRGINIA.

Hunter H. Moss, jr. Howard Sutherland.

E. E. Browne. Thomas F. Konop. James A. Frear. Irvine L. Lenroot.

Frank W. Mondell.

The SPEAKER. Three hundred and forty-three Members have answered to their names; a quorum.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Tulley, one of its clerks, announced that the Senate had passed the following resolutions:

Resolved, That the Secretary inform the House of Representatives that a quorum of the Senate is assembled and that the Senate is ready to proceed to business.

Also:

Resolved, That a committee, consisting of two Senators, be appointed to join such committee as may be appointed by the House of Representatives to wait upon the President of the United States and inform him that a quorum of each House is assembled, and that Congress is ready to receive any communication he may be pleased to make.

In compliance with the foregoing, the Vice President appointed as said committee Mr. Kern and Mr. Gallinger.

The message also announced that the Senate had passed with-

out amendment the following House concurrent resolution:

House concurrent resolution 24.

Resolved by the House of Representatives (the Senate concurring), That the two Houses of Congress assemble in the Hall of the House of Representatives on Tuesday, the 2d day of December, 1913, at 1 o'clock in the afternoon, for the purpose of receiving such communications as the President of the United States shall be pleased to make them.

NOTIFICATION TO THE PRESIDENT.

Mr. UNDERWOOD. Mr. Speaker, I move the adoption of the resolution which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 322.

Resolved, That a committee of three be appointed by the Speaker on the part of the House of Representatives to join with the committee on the part of the Senate to wait on the President of the United States and notify him that a quorum of the two Houses is assembled and that Congress is ready to receive any communication that he may be pleased

The question was taken, and the resolution was agreed to.
The SPEAKER. The Chair appoints the gentleman from Ala-

bama [Mr. Underwood], the gentleman from New York [Mr. FITZGERAID], and the gentleman from Illinois [Mr. MANN].

NOTIFICATION OF THE SENATE,

Mr. FITZGERALD. Mr. Speaker, I offer the following resolution.

The SPEAKER. The Clerk will report the resolution offered by the gentleman from New York.

The Clerk read as follows:

House resolution 323.

Resolved, That a message be sent to the Senate to inform that body that a quorum of the House of Representatives is assembled and that the House is ready for business.

The SECALERY

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. Watson, for one week, on account of sickness.

To Mr. Pepper, indefinitely, on account of serious illness.

To Mr. Gerry, indefinitely, on account of serious illness. To Mr. Walker, indefinitely, on account of serious illness.

INSERTION OF ADDRESSES IN THE RECORD.

Mr. HENRY. Mr. Speaker, I ask unanimous consent to insert in the RECORD three addresses by Judge Sam A. Lindsey, of Texas, one entitled "The building of a State," the other "Our rural life and farm problems," the other "The cooperative agricultural plan."

Judge Lindsey is chairman of the Texas Farm Life Com-

mission, and these documents are of great value.

The SPEAKER. The gentleman from Texas [Mr. Henry] asks unanimous consent to extend his remarks in the Record

by inserting three speeches made by Judge Lindsey, of Texas.

Mr. BARNHART. Mr. Speaker, some time ago I announced
on the floor of the House that, as chairman of the Committee on Printing, I felt it my duty to object to the insertion of all sorts of miscellaneous speeches and newspaper articles in the

CONGRESSIONAL RECORD. I am more firmly convinced than ever that it is the duty of some one to take that position now, because of some wholly superfluous and expensive publications that have been inserted by the unanimous-consent method since that time. While I do not want to offend anyone and do not desire to appear presumptuous in the matter at all, I feel it is the duty of some one to attempt economies in the matter of the public printing, and I give notice now that unless speeches and addresses made elsewhere than on this floor and offered for insertion in the RECORD are delivered by Members of Congress and have reference to public questions in hand, I shall henceforth object, and I object [Applause.] now.

Mr. MANN. Will the gentleman from Indiana [Mr. BARN-

HART] withhold his objection for a moment?

Mr. BAKNHART. I will; yes.

Mr. MANN. As I understand it, these speeches were delivered by one of the commission that went to Europe?

Mr. HENRY. They were.

Mr. HENRY. They were. Mr. MANN. The Senate has printed, by order of the Senate, as Senate documents, a number of speeches and articles upon the subject of rural credits, some of them by members of this

commission. I have taken the trouble to read those with a good deal of interest and, I hope, with some profit. I think it would be desirable to print these things, not in the RECORD, where nobody reads them in the fine print, but as documents, in a limited number, so that the Members of the House who have not had an opportunity to study this subject could get the benefit of the knowledge of these men who went abroad to study it.

Mr. BARNHART. That explanation puts an entirely different phase on the matter, but I shall still object to printing them

in the RECORD.

Mr. HENRY. Mr. Speaker, then I ask that these speeches be

printed as a House document.

The SPEAKER. The gentleman from Texas changes his request and asks that these speeches be printed as a House docu-

Mr. MURDOCK. Mr. Speaker, I ask that the gentleman from Indiana [Mr. BARNHART] withhold his objection, so that I may make an inquiry

The SPEAKER. The gentleman from Indiana [Mr. BARN-HART] has not objected, as the Chair understands it, to these

being printed as a document.

Mr. MURDOCK. Then I ask that the gentleman from Texas [Mr. Henry] withhold his request for a moment. The gentle-man from Indiana [Mr. BARNHART] has made an important pronouncement. It has been made before by men who intended to carry it out, and I am among the number. Now, I would like to ask the gentleman from Indiana if he intends to live up to this resolution?

Mr. BARNHART. That is my intention.

Mr. FOSTER. Swear him!

Mr. MURDOCK. Does the gentleman from Indiana [Mr. BARNHART] intend to keep extraneous matter out of the Rec-

orn, except that which takes place in debate?

Mr. BARNHART. Yes; but with the assistance of gentlemen like the gentleman from Kansas [Mr. MURDOCK] and others. It would be too much for any one Member to alone assume the responsibility of keeping the Congressional Record clear of superfluous and extraneous matter. It is the duty of every Member of this House, as I look at it, to help prevent the printing of all sorts of "junk," relevant and irrelevant, in the Rec-ORD, and if Members want important documents printed they should introduce resolutions providing therefor in the regular way, and I guarantee that they shall have prompt and courteous consideration by the Committee on Printing.

Mr. MURDOCK. Yes; but every Member of the House does

not do it, and nobody does, as a matter of fact.

Mr. MANN. A statement like this is always made, according to my recollection, at every session of Congress.

Mr. BARNHART. I shall do my best at this session to perform my duty in that respect, and ask other Members familiar with public-printing abuses to help me.

Mr. MURDOCK. Yes; this statement is made every year,

but nobody lives up to the proposition.

Mr. FITZGERALD. Why does not the gentleman himself live up to it?

Mr. MURDOCK. I did not have the nerve, I will say to the

gentleman from New York. [Laughter.]

The SPEAKER. The gentleman from Texas [Mr. HENRY] modifies his request and asks that these three speeches by Mr. Lindsey, of Texas, be printed as a House document. Is there objection?

Mr. FOSTER. Mr. Speaker, I would like to inquire of the gentleman from Texas as to how many copies of this document under the rules will be printed?

Mr. ELDER. Mr. Speaker, I object. Mr. MANN. Under the rules there will be printed the usual number; about 1,200 or 1,400.

The SPEAKER. The gentleman from Louisiana [Mr. Elder] objects.

Mr. ELDER. Mr. Speaker, I hope the gentleman from Texas will change that request so that the documents will go to the folding room. I made a statement some time ago of the advantage of having them go to the folding room instead of putting them in the document room.

The SPEAKER. What is the request of the gentleman from

Mr. HENRY. It is immaterial, Mr. Speaker, whether they go to the document room or to the folding room. I want to accommodate the Members.

Mr. MANN. If the gentleman from Texas will yield—Mr. HENRY. Yes—

Mr. MANN. If the House should order them to go to the folding room, they would all, as a fact, go to the superintendent of documents in the Printing Office for sale, because under the usual number there are not enough copies printed to give every. Member of the House a copy, and under the law, when that is the case, the surplus goes to the superintendent of documents, so that we would not get any.

Mr. FINLEY. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from Texas yield to the gentleman from South Carolina?

Mr. HENRY. I yield to the gentleman for a question.

I reserve the right to object, Mr. Speaker. Mr. FINLEY.

The SPEAKER. The gentleman from South Carolina reserves the right to object.

Mr. FINLEY. I suggest to the gentleman from Texas that he introduce this resolution in the usual form and let the matter go to the Committee on Printing.

Mr. HENRY. This is not an unusual request.
Mr. FINLEY. I suggest that the gentleman let the matter

go through the usual form.

Mr. HENRY. I will introduce a resolution to print an additional number if the gentleman wishes it. But here are these addresses, made by a gentleman who was a delegate to Europe and who has brought back valuable information. The Senate has printed a number of these documents, and I see no reason why the Members of the House should not have the benefit of these most important views. We can print these addresses in

the shape of a document,

Mr. FINLEY. If the gentleman from Texas will pardon me, my suggestion was not with a view to procuring any number of these documents for myself. But I happen to have some little knowledge relating to printing for Congress, and it is the regular order of business, and it is the rule whenever you come in here with a proposition for printing without investigation by a committee to refer it to the Committee on Printing. Of course, the gentleman from Texas states facts to the House, but the usual course has been-it was so in the last Congress and in preceding Congresses—the rule and the practice have been that such matters go to the Committee on Printing.

Mr. HENRY. Mr. Speaker, Mr. Fletcher, the Senator from Florida, has caused to be printed a number of these documents,

and-

Mr. FINLEY. Mr. Speaker, if the gentleman will permit-Mr. HENRY. If the gentleman wishes to object to receiving these valuable statements here, throwing light on farm life and upon conditions for better farming and better farm life, of course I shall not obtrude them upon his attention, and before I would have objection made to such a valuable document as this would make, I would prefer to withdraw my request.

Mr. FINLEY. Mr. Speaker, I decline to permit the gentle-

man from Texas to place me in any such position.

Mr. HENRY. But I shall place the gentleman there if he desires to object.

Mr. FINLEY. I object, then.

The SPEAKER. The gentleman from South Carolina [Mr.

Mr. RAGSDALE. Mr. Speaker, at the last session of Congress, as a member of the Banking and Currency Committee, I tried repeatedly to have hearings before the Banking and Currency Committee in order to get certain information to work on. We were then informed that this body did not have sufficient information to prepare a bill, and-

The SPEAKER. The Chair will suggest to the gentleman

that there is not anything before the House.

Mr. RAGSDALE. I am going to bring up this very matter, Mr. Speaker.

The SPEAKER. The gentleman will have to make a motion

or submit a request.
Mr. RAGSDALE. I request, then, Mr. Speaker, that this letter and these publications be inserted in the Congressional RECORD, and I do it, Mr. Speaker-

Mr. HARDWICK. Mr. Speaker, that is not in order under

the rules.

Mr. RAGSDALE. I will ask the gentleman from Georgia to withhold that for a moment.

The SPEAKER. The gentleman objects.

Mr. RAGSDALE. He can not object to my motion. I am not asking unanimous consent. I am making a motion.

The SPEAKER. The motion is not privileged.

Mr. RAGSDALE. But he does not make the point of order. He simply objects.

The SPEAKER. He has objected under his right. There is an easy way of getting the thing before the House, and that is to introduce it through the basket.

#### COMMITTEE ON AGRICULTURE.

Mr. LEVER. Mr. Speaker, I ask unanimous consent for the present consideration of the following resolution.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 321.

Resolved, That the Committee on Agriculture of the House be granted permission to hold meetings during the sessions of the House.

The SPEAKER. Is there objection?

Mr. MANN. Mr. Speaker, reserving the right to object, does the gentleman from South Carolina know how many committees have already been granted this privilege?

Mr. LEVER. I do not, Mr. Speaker. This is the customary

resolution, as I understand it.

Mr. MANN. I believe it is the customary resolution. The rules provide that no committee of the House, except the Committee on Rules, shall sit during the sessions of the House. It has been customary for nearly every committee to ask for that privilege. I believe the only conspicuous exception is the Committee on Interstate and Foreign Commerce, which has transacted more business than any other committee in the House and which never has asked for that permission. Now we are told that practically all of the committees propose to ask for it, and that it is proposed to have a great many investigations going on, which will take a lot more Members from the House during the sessions of the House; and I am wondering whether it will be possible during this session, as it has not been possible durthe session which just closed, to keep enough Democratic Members of the House to make an attendance of respectable size during the session of Congress.

Mr. FOSTER. Democratic attendance is always respectable.

Mr. MANN. I said respectable in size.

Mr. HANN. I said respectable in size.

Mr. FITZGERALD. Mr. Speaker, the gentleman from Illinois need not worry. There will be enough Democrats here at all times, whenever it is sufficiently important that they be present, to vote for legislation beneficial to the country, which will be bitterly antagonized by gentlemen on that side under the lead of the gentleman from Illinois. [Applause on the Demo-

cratic side.]

Mr. MANN. I suppose the gentleman from New York did not consider it important to have a quorum here when he vainly tried for days to get the deficiency appropriation bill passed. [Applause on the Republican side.] Having been absent himself ever since, he now endeavors to tell how many Democratic Members have been here. The gentleman from New York is here so seldom that he does not know. [Laughter.]

Mr. FITZGERALD. Mr. Speaker, the country would not have suffered any-although Members might have been greatly relieved-if the gentleman from Illinois had disappeared for the past two or three months. [Applause and laughter on the Democratic side.]

Mr. MANN. "The gentleman from Illinois" did not disappear, because Congress was in session, and the gentleman from Illinois was where he belonged, where the gentleman from New York was not—present at the meetings of the

Mr. FITZGERALD. Mr. Speaker, there was a conspicuous occasion when the gentleman from Illinois was not present, and that was upon the final passage of the tariff bill, when the conference report was brought into this House. [Applause on the Democratic side.]

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. Lever] for the present

consideration of the resolution?

There was no objection. The resolution was agreed to.

IMPROVEMENT AND DEVELOPMENT OF WATERWAYS.

Mr. GOLDFOGLE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address delivered by our associate, Hon. J. Hampton Moore, of Pennsylvania, on the subject of the improvement and development of the waterways, and the resolutions adopted by the Atlantic

Deep Waterways Association.

Mr. LAFFERTY. Mr. Speaker, reserving the right to object, I ask the indulgence of the House to say just a word upon this question which has been raised this morning, of printing matter in the RECORD. I, as one Member of this House, have not depended, and will not depend in the future, upon the press of this country for the information that I desire to communicate to my constituents. For that reason I personally deprecate the sentiment that has cropped out here, expressed by some Members, in favor of curtailing what I consider the efficiency of the Congressional Record. I deprecate the objection that was made to the publication as a House document of the three addresses of the gentleman from Texas who was on the agricultural commission. I have inquired, and I find that the publication of House documents is cheaper than printing in the CONGRESSIONAL RECORD.

Mr. UNDERWOOD. Mr. Speaker, I demand the regular order. The SPEAKER. The regular order is, Is there objection to the request of the gentleman from New York?

Mr. LAFFERTY. I do not object, Mr. Speaker. The SPEAKER. Is there objection?

Mr. MURDOCK. Mr. Speaker, reserving the right to object-

Mr. MADDEN and others. The regular order! The SPEAKER: The regular order is, Is there objection to the request of the gentleman from New York?

Mr. CANDLER of Mississippi. Mr. Speaker, I would like to

ask the gentleman what is his request?

The SPEAKER. The gentleman from New York asks unanimous consent to print in the RECORD the speech of Hon. J. HAMP-TON MOORE on the subject of the intercoastal canal. Is there objection?

There was no objection.

#### ADJOURNMENT.

Mr. UNDERWOOD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 7 minutes p. m.) the House adjourned until to-morrow, Tuesday, December 2, 1913, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Interior, transmitting statement of the fiscal affairs of Indian tribes for the fiscal year ended June 30, 1913, as required by law (H. Doc. No. 328); to the Committee on Indian Affairs and ordered to be

2. A letter from the Secretary of the Interior, transmitting statement of expenditures for the fiscal year 1913 from the appropriation "Indian school and agency buildings, 1913," act of March 3, 1911 (H. Doc. No. 329); to the Committee on Indian

Affairs and ordered to be printed.

3. A letter from the Secretary of the Interior, transmitting statement of expenditures for the fiscal year 1913 from the appropriation "Indian schools, support" (H. Doe. No. 330); to the Committee on Indian Affairs and ordered to be printed.

4. A letter from the Secretary of the Interior, transmitting statement of cost of survey and allotment work, Indian Service, for fiscal year 1913 (H. Doc. No. 331); to the Committee on Indian Affairs and ordered to be printed.

5. A letter from the Secretary of the Interior, transmitting statement of expenditures for the fiscal year 1913 from the appropriation "Industrial work in care of timber, 1913" (H. Doc.

No. 335); to the Committee on Agriculture and ordered to be

6. A letter from the Secretary of the Interior, transmitting a detailed statement of expenditures made for the purpose of encouraging industry among the Indians on the Tongue River Indian Reservation during the fiscal year ended June 30, 1913 (H. Doc. No. 294); to the Committee on Indian Affairs and ordered to be printed.

7. A letter from the Secretary of the Interior, transmitting a detailed report of expenditures for the purpose of encouraging industry among the Indians at various reservations during fiscal year ended June 30, 1913 (H. Doc. No. 295); to the Committee on Indian Affairs and ordered to be printed.

8. A letter from the Secretary of the Interior, transmitting report that there were no Indian hostilities against the United States during the fiscal year ended June 30, 1913 (H. Doc. No. 296); to the Committee on Indian Affairs and ordered to be printed.

9. A letter from the Secretary of the Interior, transmitting a report on the investigation of the conditions on the western Navajo Indian Reservation in Arizona, with respect to the necessity of constructing a bridge across the Moencopi Wash, on said reservation, etc. (H. Doc. No. 298); to the Committee on Indian Affairs and ordered to be printed.

10. A letter from the Secretary of the Interior, transmitting a report that there have been no diversions in appropriations for the several Indian tribes for the fiscal year ended June 30, 1913, act approved March 1, 1907 (34 Stats. L., 1015-16) (H. Doc. No. 333); to the Committee on Indian Affairs and ordered to be

11. A letter from the Secretary of the Interior, transmitting report showing the expenditures for the fiscal year ended June 36, 1913, as required by act approved March 3, 1885 (H. Dec. No. 336); to the Committee on Indian Affairs and ordered to be printed.

12. A letter from the Secretary of the Interior, transmitting report of the expenditures from the permanent fund of the Sioux Indians during fiscal year ended June 30, 1913 (H. Doc. No. 332); to the Committee on Indian Affairs and ordered to be printed.

13. A letter from the Secretary of the Interior, transmitting report showing the diversion of appropriations for the pay of specified employees in the Indian service for the fiscal year ended June 30, 1913 (H. Doc. No. 334): to the Committee on

Indian Affairs and ordered to be printed.

14 A letter from the Secretary of the Interior, transmitting report showing distribution of moneys expended for irrigation and drainage, Indian service, fiscal year ended June 30, 1913. (H. Doc. No. 299); to the Committee on Indian Affairs and ordered to be printed.

15. A letter from the Secretary of the Interior, transmitting report of expenditures of moneys carried as "Indian moneys-Proceeds of labor," during the fiscal year ended June 30, 1913. (H. Doc. No. 327); to the Committee on Indian Affairs and

ordered to be printed.

16. A letter from the Secretary of the Interior, transmitting supplementary estimate of appropriation for support and education of 700 Indian pupils at the Indian school at Phoenix, Ariz. (H. Doc. No. 292); to the Committee on Indian Affairs and ordered to be printed.

17. A letter from the Secretary of the Interior, transmitting the Twelfth Annual Report of the Reclamation Service (H. Doc. No. 297); to the Committee on Irrigation of Arid Lands and

ordered to be printed.

18. A letter from the Acting Secretary of Labor, transmitting detailed report of expenditures under the appropriation Miscellaneous expenses, Division of Naturalization, 1913." (H. Doc. No. 293); to the Committee on Appropriations and ordered to be printed.

#### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 9297) granting an increase of pension to Nelson L. Belle Isle, and the same was referred to the Committee on Pensions.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memo-

rials were introduced and severally referred as follows:

By Mr. BALTZ: A bill (H. R. 9573) to reapportion and rearrange the judicial districts of Illinois, and for other purposes;

to the Committee on the Judiciary.

By Mr. ADAMSON: A bill (H. R. 9575) to amend section 20 of the act to regulate commerce approved February 4, 1887, as amended by subsequent acts; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 9576) to provide for a commercial directory and the regulation of transactions of individuals, partnerships, and corporations engaging in interstate commerce; to the Com-

mittee on Interstate and Foreign Commerce.

Also, a bill (H. R. 9577) to authorize common carriers in interstate commerce to contract with newspapers for publication of schedules and other information, and issue receipts good for payment of transportation; to the Committee on Interstate and Foreign Commerce.

By Mr. PARK: A bill (H. R. 9578) for the reduction of postage on first-class matter to 1 cent per ounce; to the Committee

on the Post Office and Post Roads.

By Mr. McANDREWS: A bill (H. R. 9579) providing for a building for post office and other purposes at Cicero, Ill.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 9580) providing for a site for public building for post-office purposes and other Government offices at Maywood, Hl.; to the Committee on Public Buildings and Grounds.

By Mr. HINEBAUGH: A bill (H. R. 9581) to provide for a site for a public building for post-office purposes at Morris, Ill.; to the Committee on Public Buildings and Grounds.

By Mr. FERGUSSON: A bill (H. R. 9582) to provide for the disposition of grazing lands under the homestead laws, and for other purposes; to the Committee on the Public Lands.

Also (by request), a bill (H. R. 9583) to authorize the allowance and patenting of certain soldiers' additional claims purchased in good faith, relying upon the records of the General

Land Office; to the Committee on the Public Lands.

By Mr. HAMILL: A bill (H. R. 9584) to authorize the Secretary of the Treasury of the United States to sell the present old

post office and the site thereof in the city of Jersey City, N. J.; to the Committee on Public Buildings and Grounds,

Also, a bill (H. R. 9585) to authorize the Secretary of the Treasury of the United States to acquire additional land for the site and make further additions to the post-office building at Jersey City, N. J.; to the Committee on Public Buildings

and Grounds.

By Mr. LAFFERTY: A bill (H. R. 9586) to provide additional entries for certain homestead entrymen in the States of Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, North Dakota, Oregon, Utah, Washington, and Wyoming; to the Committee on the Public Lands.

By Mr. MAHAN: A bill (H. R. 9587) authorizing a preliminary

examination and survey of the breakwater in the harbor of Stonington, Conn.; to the Committee on Rivers and Harbors.

By Mr. STOUT: A bill (H. R. 9588) to increase the cost, to authorize the enlargement, extension, or remodeling of the public building at Billings, Mont.; to the Committee on Public Buildings and Grounds.

By Mr. GRIEST: A bill (H. R. 9589) authorizing the Secretary of War to donate to the Grand Army post of Manheim, Pa., two bronze or brass cannon or fieldpieces; to the Commit-

tee on Military Affairs.

By Mr. FRENCH: A bill (H. R. 9590) to provide for the survey of certain lands in the State of Idaho; to the Committee

on Appropriations.

By Mr. PALMER: A bill (H. R. 9591) to permit the manufacture of denatured alcohol by mixing domestic and wood alcohol while in process of distillation; to the Committee on Ways and Means.

By Mr. HENRY: A bill (H. R. 9592) to amend the antitrust laws of the United States; to the Committee on the Ju-

By Mr. ANTHONY: A bill (H. R. 9593) to provide for the monthly payment of pensions, and for other purposes; to the Committee on Invalid Pensions.

By Mr. REILLY of Connecticut: A bill (H. R. 9594) to grant

compensation to post-office employees injured in the performance of their duties; to the Committee on the Post Office and Post Roads.

By Mr. ESCH: A bill (H. R. 9595) to amend an act entitled "An act to amend an act entitled 'An act to regulate commerce,' approved February 4, 1887, and all acts amendatory thereof, and to enlarge the powers of the Interstate Commerce Commission," approved June 29, 1906; to the Committee on Interstate and Foreign Commerce.

By Mr. MADDEN: A bill (H. R. 9596) to reclassify the clerks and messengers of the mobile army and promote their efficiency; to the Committee on Military Affairs.

By Mr. CANDLER of Mississippi: A bill (H. R. 9597) to re-fund to lawful claimants the cotton tax collected for the years 1863, 1864, 1865, 1866, 1867, and 1868; to the Committee on War Claims

Also, a bill (H. R. 9598) to grant to the several States all the public lands therein for common-school purposes when the same shall become less than 50,000 acres in such State; to the Committee on the Public Lands.

Also, a bill (H. R. 9599) to increase the compensation of rural letter carriers; to the Committee on the Post Office and Post

By Mr. CARTER: A bill (H. R. 9600) to authorize certain changes in homestead allotments of the Choctaw and Chickasaw

Indians in Oklahoma; to the Committee on Indian Affairs.

By Mr. KENNEDY of Connecticut: A bill (H. R. 9659) to amend the act approved September 18, 1913, relating to the free importation of articles to be exhibited at the Panama-Pacific Exposition; to the Committee on Ways and Means.

By Mr. SINNOTT: Concurrent resolution (H. Con. Res. 25)

authorizing and directing the Secretary of War to appoint two members of the project board of consulting engineers of the War Department to assist and cooperate with the committee appointed by the State of Oregon to investigate and examine The Dalles power project on the Columbia River; to the Committee on Rivers and Harbors.

By Mr. HOBSON: Joint resolution (H. J. Res. 152) proposing an amendment to the Constitution of the United States; to the

Committee on the Judiciary.

By Mr. GRAY: Joint resolution (H. J. Res. 153) to provide for the invitation, reception, and entertainment of members of the parliaments and national legislative bodies of the world, and to authorize an assembly of such members to secure the immediate suspension of increased naval construction by international agreement to be entered into by such assembly; to the Committee on Foreign Affairs.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 9601) granting an increase of

pension to Sarah A. Purdy; to the Committee on Invalid Pen-

Also, a bill (H. R. 9602) granting an increase of pension to Samuel Ginger; to the Committee on Invalid Pensions.

By Mr. BOOHER: A bill (H. R. 9603) granting a pension to

Caroline Grimm; to the Committee on Invalid Pensions.

By Mr. BROWN of West Virginia; A bill (H. R. 9604) granting an increase of pension to Andrew Werner; to the Committee on Invalid Pensions,

By Mr. CAMPBELL: A bill (H. R. 9605) granting a pension to Edmon Boydstun; to the Committee on Pensions.

Also, a bill (H. R. 9606) granting an increase of pension to Frank E. Bales; to the Committee on Pensions.

Also, a bill (H. R. 9607) granting an increase of pension to John H. Scott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9608) granting an increase of pension to Jefferson Hurst: to the Committee on Invalid Pensions.

Also, a bill (H. R. 9609) granting an increase of pension to Solomon Lawler; to the Committee on Invalid Pensions. By Mr. COPLEY: A bill (H. R. 9610) granting a pension to

Julia and Katherine Sherwood; to the Committee on Pensions. Also, a bill (H. R. 9611) granting an increase of pension to Edgar H. Sampson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9612) granting an increase of pension to Phebe Ann Bissett; to the Committee on Invalid Pensions.

By Mr. DONOHOE: A bill (H. R. 9613) to correct the military record of James Barton; to the Committee on Military

Also, a bill (H. R. 9614) granting an increase of pension to Sarah A. Seads; to the Committee on Invalid Pensions. By Mr. EDMONDS: A bill (H. R. 9615) correcting the mili-

tary record of Benjamin F. Richardson; to the Committee on Military Affairs.

Also, a bill (H. R. 9616) granting a pension to Thomas P. Lee; to the Committee on Invalid Pensions.

By Mr. ESTOPINAL: A bill (H. R. 9617) granting an honorable discharge to Phillip Saint Seve, alias Phillip Sanzaebel; to the Committee on Military Affairs.

Also, a bill (H. R. 9618) granting an honorable discharge to

Joseph L. Galle; to the Committee on Military Affairs. By Mr. FERGUSSON: A bill (H. R. 9619) granting an increase of pension to Alcaria Bowles; to the Committee on Invalid Pensions.

By Mr. FRENCH: A bill (H. R. 9620) granting relief to the heirs of Elizabeth Broocks; to the Committee on Claims.

By Mr. HARDWICK: A bill (H. R. 9621) granting a pension

to Horace Hudson; to the Committee on Pensions.

By Mr. HELGESEN: A bill (H. R. 9622) providing for the relief of the heirs of Waldo M. Potter, deceased; to the Committee on Claims.

By Mr. HENSLEY: A bill (H. R. 9623) for the relief of the heirs of James Knight, deceased; to the Committee on War Claims.

By Mr. KENNEDY of Rhode Island: A bill (H. R. 9624) granting a pension to Charles H. Bascombe; to the Committee on Pensions.

By Mr. KIESS of Pennsylvania: A bill (H. R. 9625) granting a pension to Jennie Fritz; to the Committee on Invalid Pen-

By Mr. LAFFERTY: A bill (H. R. 9626) granting an increase of pension to Joseph Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9627) granting an increase of pension to Chester W. Lynds; to the Committee on Invalid Pensions.

By Mr. LEWIS of Maryland: A bill (H. R. 9628) to refund

to the corporate authorities of Frederick City, Md., the sum of \$200,000 exacted of them by the Confederate Army under Gen. Jubal Early, July 9, 1864, under penalty of burning said city; to the Committee on War Claims.

By Mr. McGILLICUDDY: A bill (H. R. 9629) for the relief of Nathan Lawrence Meands; to the Committee on Naval

Affairs.

By Mr. MOORE: A bill (H. R. 9630) to place the name of

ex-Capt. Shreve Ackley upon the unlimited retired list of the Army; to the Committee on Military Affairs.

By Mr. MORGAN of Oklahoma: A bill (H. R. 9631) authorizing the President to nominate and, by and with the advice and consent of the Senate, appoint Elsworth Wilson, a first lieutenant in the Medical Reserve Corps of the United States Army,

a first lieutenant in the Medical Corps on the retired list, and increasing the retired list by one for the purposes of this act; to the Committee on Military Affairs.

By Mr. PATTON of Pennsylvania: A bill (H. R. 9632) granting an increase of pension to Andrew J. Duryae; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9633) granting an increase of pension to

Mary A. Andrews; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 9634) granting a pension to Sarah M. Sullens; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9635) granting a pension to Mary McKee; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9636) granting a pension to Rachel Millert;

to the Committee on Invalid Pensions.

Also, a bill (H. R. 9637) granting a pension to Walter L. Hart; to the Committee on Pensions. Also, a bill (H. R. 9638) granting a pension to Samantha

Buvinger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9639) granting a pension to Carl L. Austin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9640) granting a pension to Eliza Browning; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9641) granting an increase of pension to Peter Burns; to the Committee on Pensions,
Also, a bill (H. R. 9642) for the relief of Capt. Richard Hulett; to the Committee on Claims.

Also, a bill (H. R. 9643) correcting the military record of A. P. Armstrong; to the Committee on Military Affairs.

Also, a bill (H. R. 9644) to remove the charge of desertion from the record of Luther Cline; to the Committee on Military Affairs

By Mr. REILLY of Connecticut: A bill (H. R. 9645) to remove the charge of desertion from the military record of the late Page Lucas; to the Committee on Military Affairs.

By Mr. RUSSELL: A bill (H. R. 9646) granting a pension to Henrietta M. Majors; to the Committee on Invalid Pensions.
By Mr. SMITH of Maryland: A bill (H. R. 9647) granting a pension to Anna Dora Carlson; to the Committee on Pensions. Also, a bill (H. R. 9648) granting an increase of pension to Thomas C. Helmling; to the Committee on Pensions.

Also, a bill (H. R. 9649) for the relief of the estate of George

Forbes; to the Committee on War Claims.

By Mr. STEVENS of Minnesota: A bill (H. R. 9650) granting an increase of pension to Louis Westhauser; to the Committee

By Mr. THOMAS: A bill (H. R. 9651) granting a pension to

Samuel Burgess; to the Committee on Pensions.

By Mr. WHITACRE: A bill (H. R. 9652) granting a pension to Robert D. Patterson; to the Committee on Invalid Pen-

Also, a bill (H. R. 9653) granting an increase of pension to John McCane; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9654) granting an increase of pension to Daniel Ruff; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9655) granting an increase of pension to Chalkley Milbourne; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9656) granting an increase of pension to Robert R. Van Tine; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9657) granting an increase of pension to John A. Sapp; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9658) granting an increase of pension to Invalid Pensions.

Jesse W. Shaw; to the Committee on Invalid Pensions.

# PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid

on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petitions of the members of the St. Louis Clearing House Association, favoring amendments to the banking and currency bill; to the Committee on Banking and Currency.

Also (by request), petition of the National Federation Retail Merchants, of Lexington, Mo., favoring passage of bill to regulate mail-order houses; to the Committee on Ways and Means.

By Mr. ALLEN: Memorial of the Cincinnati Chamber of Commerce, favoring plan to suspend naval construction for one year; to the Committee on Naval Affairs. By Mr. ASHBROOK: Petition of Metzler & Robinson and 11

other merchants of Coshocton, Ohio, favoring the passage of legislation compelling concerns selling goods direct to the consumer by mail to contribute their portion of the funds for the development of the local community, county, and State; to the Committee on Ways and Means,

By Mr. BURKE of Wisconsin: Petition of merchants and business men of Horicon, Columbus, Cedarburg, Watertown, Jefferson, Fort Atkinson, Pardeeville, Cambria, Lowell, Schleisingerville, Crafton, and Rio, Wis., all in the second congressional district of Wisconsin and all favoring the passage of House bill 5308, compelling concerns selling goods direct to the consumer by mail to contribute their portion of the funds for the development of the local community, county, and State; to the Committee on Ways and Means.

Also, petition of Manufacturers' Association of Sheboygan, Wis., protesting against the passage of the seamen's bill; to the

Committee on the Merchant Marine and Fisheries.

Also, evidence in support of bill (H. R. 7907) granting a pension to Anna Windmeister; to the Committee on Invalid Pensions.

Also, evidence in support of bill (H. R. 875) granting an increase of pension to James L. Ackley; to the Committee on Invalid Pensions.

Also, evidence in support of bill (H. R. 866) granting a pension to Jennie B. Wright; to the Committee on Invalid Pensions.

By Mr. DALE: Memorial of the National Farmers' Educational and Cooperative Union of America, protesting against gambling in cotton futures; to the Committee on the Judiciary.

Also, petition of Oliver Bros. Purchasing Co., of New York,

favoring the retention of the Seattle assay office; to the Com-

mittee on Appropriations.

By Mr. ESCH: Memorial of the National Farmers' Educational and Cooperative Union of America, protesting against gambling in cotton futures; to the Committee on the Judi-

By Mr. FITZGERALD: Petition of the board of governors of the Tampa Board of Trade, favoring the passage of House bill 8199, relative to a drainage fund, etc.; to the Committee on

Rivers and Harbors

By Mr. HINDS: Petition of mass meeting in Portland, Me., protesting against the alleged discrimination shown against colored employees of the Government; to the Committee on the Judiciary.

By Mr. LANGLEY: Petition of Grant Witt and others, of

Winchester, Ky., favoring passage of House bill 5308; to the

Committee on Ways and Means.

By Mr. LEVY: Memorial of the People's Institute, relative to reducing the high cost of living through the parcel post; to the Committee on the Post Office and Post Roads.

Also, petition of the Manufacturers' Association of New York, favoring amendments to the bill known as the Federal reserve

act; to the Committee on Banking and Currency.

By Mr. MAHAN: Petition of the Central Labor Union of Meriden, Conn., favoring the passage of House bill 1873, relative to bettering the conditions of employees, laborers, and persons engaged in agriculture or horticulture; to the Committee

on the Judiciary.

By Mr. MOORE: Petition of Philadelphia (Pa.) Board of Trade, protesting against the passage of Senate bill 136, relative to sailors in the merchant marine; to the Committee on the

Merchant Marine and Fisheries.

By Mr. MURDOCK: Petition of the Progressive Party Clubs, of St. Louis and St. Louis County, Mo., for the relief of the people of St. Louis and vicinity from the extortionate practices of the Keokuk Dam Co. and its subsidiaries; to the Committee on the Judiciary

By Mr. REILLY of Connecticut: Petition of the Central Labor Union of Meriden, Conn., favoring passage of the Bartlett-

Bacon bills; to the Committee on the Judiciary.

By Mr. SHARP: Petition of the Knights of Columbus of the city of Lorain, Ohio, favoring the passage of legislation to prohibit the circulation through the mails of the publication called Menace; to the Committee on the Post Office and Post Roads.

Also, memorial of the convention of Ohio bankers, at Columbus, Ohio, favoring certain changes in the pending banking and currency bill; to the Committee on Banking and Currency.

Also, memorial of the Oberlin Board of Commerce, favoring

Also, memorial of the Oberlin Board of Commerce, favoring Government buildings for our representatives in foreign countries; to the Committee on Foreign Affairs.

By Mr. SMITH of New York: Petition of the Buffalo Chamber of Commerce, favoring the passage of the Ransdell-Humphreys bill for the prevention of floods on the lower Mississippi River; to the Committee on Rivers and Harbors.

By Mr. WALLIN: Petitions of the United States Confectioners Supply Co.; Hull, Crippen & Co.; Kuhn, Loeb & Co., of New York, and the Shipmasters' Association, of Detroit, Mich, favoring an amendment to the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

## SENATE.

## Tuesday, December 2, 1913.

The Senate met at 11 o'clock a. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D. DUNCAN U. FLETCHER, a Senator from the State of Florida, HENRY F. LIPPITT, a Senator from the State of Rhode Island, and John Walter Smith, a Senator from the State of Maryland appeared in their seats to-day.

The Journal of yesterday's proceedings was read and approved.

REPORTS OF SECRETARY OF THE SENATE.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Senate, transmitting, pursuant to law, a full and complete statement of the receipts and expenditures of the Senate and the condition of the public moneys in his possession from March 14, 1913, to June 30, 1913 (S. Doc. No. 252), which, with the accompanying paper, was ordered to lie on the table and be printed.

He also laid before the Senate a communication from the Secretary of the Senate, transmitting, pursuant to law, a full and complete account of all property, including stationery, belonging to the United States in his possession on the 1st day of December, 1913 (S. Doc. No. 248), which, with the accompanying paper, was ordered to lie on the table and be printed.

## REPORTS OF SERGEANT AT ARMS.

The VICE PRESIDENT laid before the Senate a communication from the Sergeant at Arms, transmitting, pursuant to law, a statement of the receipts from the sale of condemned property in his possession since March 16, 1913 (S. Doc. No. 250), which, with the accompanying paper, was ordered to lie on the table and be printed.

He also laid before the Senate a communication from the Sergeant at Arms, transmitting, pursuant to law, a full and complete account of all property belonging to the United States in his possession on December 1, 1913 (S. Doc. No. 249), which, with the accompanying paper, was ordered to lie on the table and be printed.

### REPORTS OF FREEDMEN'S HOSPITAL.

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report of the expenditures for salaries, etc. (H. Doc. No. 346), at the Freedmen's Hospital, Washington, D. C., which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a statement of receipts and expenditures on account of pay patients received into the Freedmen's Hospital, Washington, D. C., during the fiscal year ended June 30, 1913 (H. Doc. No. 344), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

GOVERNMENT HOSPITAL FOR THE INSANE (H. DOC. NO. 342).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, the annual report of the superintendent of the Government Hospital for the Insane for the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

EXTENSION OF CAPITOL GROUNDS (S. DOC. NO. 251).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a statement of receipts from rentals of properties acquired for the extension of the Capitol Grounds, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

REPAIRS OF BUILDINGS, DEPARTMENT OF THE INTERIOR (H. DOC. NO. 349).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, an itemized statement of expenditures made and charged to the appropriation "Repairs of buildings, Department of the Interior, 1913," for the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

CONTINGENT EXPENSES, DEPARTMENT OF THE INTERIOR (S. DOC. NO. 348.)

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, an itemized statement of expenditures made and charged to the appropriation "Contingent expenses, Department of the Interior, 1913," for the fiscal year ended June 30, 1913,

which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

#### PETITIONS AND MEMORIALS.

Mr. ROOT. I have received a telegram in the nature of a memorial relative to the Hetch Hetchy bill, which I send to the desk and ask that it may be read.

There being no objection, the telegram was read and ordered to lie on the table, as follows:

NEW YORK, December 2, 1913.

Hen. ELIHU ROOT, United States Senate, Washington, D. C.:

I wish to add a very emphatic protest in my own name and on behalf of three-quarters of the members of the Sierra Club, of San Francisco, against despoiling the Yosemile National Park for a municipal water supply which can perfectly well be obtained elsewhere. The park belongs to every citizen of the United States and it belongs to posterity. It is our duty to protect this glorious pleasure ground for the people who are to come after us.

Mr. ROOT presented a memorial of members of the Institute of Arts and Sciences of Columbia University, New York, N. Y., remonstrating against the passage of the so-called Hetch Hetchy bill, which was ordered to lie on the table.

Mr. WEEKS presented a memorial of the Massachusetts State Federation of Woman's Clubs, remonstrating against the passage of the so-called Hetch Hetchy bill, which was ordered to lie on the table.

He also presented petitions of the congregations of the Evangelical Church of Indian Orchard; of the First Methodist Episcopal Church of Warren; of the First Congregational Church of West Springfield; of the Methodist Episcopal Church of Florence; of the Ladies' Aid Society of the Faith Church of Springfield; and of the Auxiliary to the Woman's Home Missionary Association of Granby, all in the State of Massachusetts, praying for the passage of the so-called antipolygamy bill, which were referred to the Committee on the Judiciary.

Mr. WEEKS (for Mr. Lodge) presented a petition of the Massachusetts State Branch, American Federation of Labor, praying for the enactment of legislation granting to the city of San Francisco the right to use the waters of the Hetch Hetchy Valley, which was ordered to lie on the table.

He also (for Mr. Lodge) presented a memorial of the Massachusetts State Federation of Woman's Clubs and the memorial of George L. Farley, superintendent of schools, and sundry other citizens of Brockton, Mass., remonstrating against the enactment of legislation granting to the city of San Francisco the use of the waters of the Hetch Hetchy Valley, which were ordered to lie on the table.

Mr. McLEAN presented a memorial of sundry citizens of Southington, Conn., remonstrating against the passage of the so-called Hetch Hetchy bill, which was ordered to lie on the

Mr. LA FOLLETTE presented a petition of the Wisconsin conference of the Evangelical Association, praying for the enactment of legislation compelling the observance of Sunday as a day of rest in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also presented a petition of sundry citizens of Elm Grove and Waterford, in the State of Wisconsin, praying for the enactment of legislation granting applicants the right to settle upon and purchase from the United States, for the sum of \$2.50 per acre, the land which they applied to purchase from the Oregon and California railroad companies, and the same be decreed or declared to be forfeited to the United States, etc., which was referred to the Committee on Public Lands.

He also presented a memorial of sundry citizens of West Allis, Wis., and a memorial of sundry citizens of Hillside, Wis., remonstrating against the passage of the so-called Hetch Hetchy bill, which were ordered to lie on the table.

He also presented a petition of the National Woman's Christian Temperance Union, praying for the enactment of legislation providing for the closing on Sunday of the gates to the Panama Canal Exposition, which was referred to the Committee on Interoceanic Canals.

## RILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PENROSE:

A bill (S. 3520) to grant an honorable discharge to C. Wilson

Walker; and A bill (S. 3521) for the relief of George W. Parker; to the

Committee on Military Affairs.

A bill (S. 3522) granting an increase of pension to E. A. Whitney;

A bill (S. 3523) granting an increase of pension to Hiram Focht (with accompanying paper); and

A bill (S. 3524) granting a pension to Nelson Dimick (with accompanying papers); to the Committee on Pensions.

By Mr. BRANDEGEE:

A bill (S. 3525) for the relief of Pay Inspector F. T. Arms, United States Navy; to the Committee on Naval Affairs.

By Mr. JOHNSON:

A bill (S. 3526) granting a pension to Helen M. Perkins (with accompanying papers); to the Committee on Pensions.

By Mr. McLEAN: A bill (S. 3527) granting an increase of pension to Mary

Macer (with accompanying papers); and A bill (S. 3528) granting an increase of pension to Frances A. Couch (with accompanying papers); to the Committee on Pensions.

By Mr. SHIVELY:

A bill (S. 3529) to change the location and straighten the course of the channel of the Grand Calumet River through the lands of the Gary Land Co. and the Indiana Steel Co., and for other purposes; to the Committee on Commerce. By Mr. CHAMBERLAIN:

A bill (S. 3530) granting an increase of pension to Charles Duggan (with accompanying papers); to the Committee on Pensions.

By Mr. LA FOLLETTE:

A bill (S. 3531) granting an increase of pension to Hiram Kibbey; and

A bill (S. 3532) granting an increase of pension to Adda A. Benson (with accompanying papers); to the Committee on

By Mr. CLAPP (for Mr. Jones):
A bill (S. 3533) to authorize the Secretary of Commerce to lease a portion of Ediz Hook Lighthouse Reservation, Wash.; to the Committee on Public Lands.

## ADMINISTRATION OF LAND LAWS.

Mr. CLARK of Wyoming. I submit a resolution which I ask may be read and lie over.

The Secretary read the resolution (S. Res. 226), as follows: Resolved, That the Secretary of the Interior be directed to furnish to the Senate the cost and expense of administering the land laws of the United States for the fiscal years 1908, 1909, 1910, 1911, and 1912, respectively, including rents, salaries of officers in Washington and elsewhere, and salaries, expenses, and subsistence of all agents, servants, and employees wherever and whenever employed, together with all and every expense incurred in or on behalf of the administration, supervision, care, and disposal of the public lands of the United States during the years mentioned.

The VICE PRESIDENT. The resolution will lie over under the rule.

## SAN FRANCISCO WATER SUPPLY.

I send to the desk an editorial from yesterday's Mr. MYERS. edition of the Washington Times, on the Hetch Hetchy proposition, and ask that it be read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

## THE HETCH HETCHY ISSUE.

The Secretary read as follows:

THE HETCH HETCHY ISSUE.

Whenever a municipality starts out to establish publicly operated utilities, special interests always work underground to defeat it. Just at present San Francisco is striving to end a 12-year effort to procure a municipal water supply. Whether the desire will be fulfilled rests with the Senate of the United States.

The Hetch Hetchy water bill is to be finally acted upon this week. The House passed the bill in September, and since that time hydroelectric power interests, working through insulated political conduits, have sought to short-circuit the grant to the city.

All over the country there has been an editorial and typewritorial voltage directed at the Senate, and this extraordinary current has been solely directed at the electric-power possibilities in San Francisco's project.

The development and use by municipalities of more than 100,000 horsepower would certainly be a shock to the owners of corporations engaged in selling juice at practically their own rates.

Secretary of the Interior Lane and Gifford Pinchot suggest openly and unequivocally that the hydroelectric power companies are the most interested opponents of the bill.

The nature lovers, who protest so vigorously, apparently have been overwrought and stimulated by some powerful interest that seeks to use a laudable and patriotic sentiment for an ulterior and profitable purpose. Many Senators have raised a question mark as to the expense of the anti-Hetch Hetchy propaganda, and the query is also made: "Who is paying the bills for the thousands and thousands of circulars sent from New York and Boston to the women's organizations and individuals throughout the country?" Surely the Society for the Preservation of National Parks, with only 200 members, is not capable of financing such a far-reaching crusade.

Twenty years ago the Geological Survey found the Hetch Hetchy Valley and reported that it would make a proper and ideal source for a water supply for San Francisco. Twelve years ago San

Mr. WORKS. May I ask from what newspaper the editorial is taken?

The VICE PRESIDENT. It was announced by the Senator from Montana when it was sent to the desk for reading that it came from the Washington Times.

### BANKING AND CURRENCY.

Mr. REED. Mr. President, I desire to announce that on Thursday, at the convenience of the Senate, I will address the Senate on the banking and currency bill. I made this announcement for an earlier date, but an opportunity was not afforded.

Mr. SWANSON. I desire to give notice that on Monday, December 8, immediately following the routine morning business, I shall address the Senate upon House bill 7837, the pending currency bill.

### PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, executive clerk, announced that the President had approved and signed the following acts:

On November 27, 1913: S. 2779. An act to authorize the conveyance of the steel bridge over the Snake River between Lewiston, Idaho, and Clarkston, Wash., to the States of Idaho and Washington or local subdivisions thereof.

On December 1, 1913: S. 3397. An act to amend section 2324 of the Revised Statutes of the United States, relating to mining claims.

### HOUR OF DAILY MEETING.

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a preceding day, which will be read.

The Secretary read Senate resolution 225, submitted yesterday by Mr. KERN, as follows:

Resolved, That the hour of daily meeting of the Senate be 10 o'clock antemeridian until otherwise ordered.

Mr. NORRIS. I offer a substitute for the resolution. The VICE PRESIDENT. The substitute will be read. The Secretary read as follows:

Resolved, That before adjournment on the legislative day of Saturday, December 20, 1913, the Senate will vote upon any amendments that may be pending, any amendments that may be offered, and upon the bill H. R. 7837, a bill to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes, through the regular parliamentary stages to its final disposition, and that until the final disposition of such bill the hour of daily meeting of the Senate shall, unless otherwise ordered, be 11 o'clock a. m.

Mr. GALLINGER. Mr. President, I make the point of order that, under our rules, we can not by resolution fix the time to vote upon any bill. Debate can not be curtailed in that way; it requires unanimous consent to fix a time to vote.

Mr. NORRIS. In reply to the Senator I will say that, even that being true, it would not go to the offering of the resolu-tion or its consideration, but it would require a unanimous vote to adopt it. I do not myself see why it is not in order and could not be adopted the same as any other resolution. Assuming, however, for the moment that the Senator's point of order is correct, it would not make the resolution out of order, but would simply mean that it would require unanimous consent in order to adopt it.

Mr. BACON. With the permission of the Senator, I would suggest that the resolution is out of order because it proposes a change of the rules.

Mr. GALLINGER. Certainly.
Mr. BACON. And a change of the rules can not be proposed

Mr. NORRIS. I should like to ask the Senator from Georgia the original resolution offered by the Senator from Indiana [Mr. Kern], which is similar to a great many that have been offered and adopted, does not likewise change the rule by fixing the hour of meeting of the Senate?

Mr. BACON. By no means. There is no rule, Mr. President-

Mr. NORRIS. Pardon me—
Mr. BACON. The Senator was asking me a question. Permit me to make a reply.

Mr. NORRIS. Certainly. Mr. BACON. There is no rule of the Senate which fixes the hour of meeting; that is a matter for the determination of the Senate each day, if it sees proper to do so. It is now the rule of the Senate that no time shall be fixed for the close of debate. If the Senator from Nebraska desires to change the rule in that particular, he will have to proceed in the way that the rules point out for the amendment of the rules.

Mr. NORRIS. Will the Senator from Georgia kindly point out the particular rule that this resolution infringes?

Mr. BACON. Any new rule is a change of the rules; and this resolution proposes a new rule. No new rule can be proposed, whether it amends a former rule or not, which does not change the rules and which is not subject to the rule which requires that one day's notice in writing must be given of a purpose to make such a motion.

Mr. NORRIS. But the Senator from Georgia says this changes a rule of the Senate.

Mr. BACON. Yes. Mr. NORRIS. Of course I am not disputing the statement, for the Senator has been here a great many years and is an authority on the rules; but I have asked him to kindly point out a rule that this resolution infringes.

Mr. BACON. I have endeavored to reply. I repeat that any

addition to the rules is a change of the rules.

Mr. NORRIS. Well, if that be true-and that makes this resolution objectionable, and there is no specific printed rule on the subject—then it seems to me that the resolution originally offered by the Senator from Indiana changes the same kind of a rule; not written, it is true, in the law, but one that has been followed for a great many years and that has been changed time and again, both recently and in the days that are past, by resolutions similar to the one which the Senator from Indiana has

Mr. SHAFROTH. Will the Senator from Nebraska yield to me?

Mr. NORRIS. I yield to the Senator.

Mr. SHAFROTH. I should like to call the Senator's attention to the fact that his resolution is practically a cloture rule. We have no cloture in the Senate. What I think the Senator ought to do is to ask unanimous consent for this proposition, for I am heartily in favor of the motion being consented to unanimously. That is the rule, however, that is proposed to be broken by the Senator's resolution. It proposes to limit debate, and that can not be done in the Senate without unanimous con-Therefore, whenever a Senator desires to close debate, he asks unanimous consent to close it at a certain time.

Mr. NORRIS. Mr. President, it is true that usually when a Senator desires to close debate he asks unanimous consent to do it, but it does not follow because that is done that this kind of a resolution would be out of order; it does not follow because that has been done in the past that it can not be done differently. If there is no rule to the contrary, it seems to me that the resolution is in order and that the Senate has a right to pass

on it the same as they do on any other resolution.

Mr. President, if it be said that indirectly, as the Senator from Colorado [Mr. SHAFROTH] has said, it is a cloture rule, then I can answer that by saying that indirectly the original resolution offered by the Senator from Indiana is a cloture rule, for it certainly is. The only difference is that in one case we would have a reasonable consideration of the proposition and in the other we would have to insist on such hours and such times for the meeting of the Senate that it would be a matter of physical endurance only as to when debate should cease.

Mr. GALLINGER. Will the Senator from Nebraska yield

Mr. NORRIS. I yield.

Mr. GALLINGER. It seems to me that the difference between the original resolution and the resolution of the Senator from Nebraska is very marked and very wide. In place of limiting debate or adopting a cloture rule by indirection, the resolution offered by the Senator from Indiana extends debate to an extent that some of us think is somewhat cruel. The difference is so marked that I think the Senator will not insist that there is

similarity between the two resolutions.

While I am on my feet, Mr. President, I will say that it is a well-established custom of the Senate—it certainly has the force of a rule, for we have no previous question here—that we can not close debate until the Senate is ready to close it. Adopting a resolution of this kind, which does propose cloture, must be in contravention not only of the custom but of the rules of the Senate, and I hope the Senator from Nebraska will not insist upon it. The Senator from Nebraska rather gave away his contention when he said that it would require a unanimous vote; yet, if it were put to a vote, we would have a certain number of yeas and a certain number of nays, and the resolution would

fail in that way.

Mr. NORRIS. The Senator puts me in a false position when he says that I gave the matter away by saying that it required a unanimous vote. I have not made that contention, but I assume that, for the purposes of the point of order that was made against it, that that would be true; and if that were true, still the resolution would be in order, because it would be possible, at least we might assume that for the purposes of it, that it would be passed unanimously; that there would be unanimous consent.

Mr. GALLINGER. Just one word more—

Mr. NORRIS. I want first to answer the Senator a little bit further.

The Senator contends-and I understand that is the contention of all the Senators who are opposed to the resolution—that it violates a precedent of the Senate, that it violates something that has been going on for years, which has been the custom of the Senate, that debate should cease only by unanimous consent. At the same time every Member of this body knows that the Senate of the United States has for a great many years—so far, I suppose, that the memory even of the Senator from New Hampshire would not run to the contrary—been meeting regularly at 12 o'clock noon. It is conceded that the Senate can change that hour of meeting, and it is said, in answer to my argument, that there is no rule of the Senate that fixes 12 o'clock as the hour of meeting. Then you say as against this-Mr. WILLIAMS. Mr. President——

Mr. NORRIS. Just a moment. You say, as against the adoption of this resolution, that there is no rule allowing cloture, therefore this proposition changes the custom, and consequently is out of order.

Mr. GALLINGER. Mr. President— The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Mississippi?

Mr. GALLINGER. I addressed the Chair some time ago. Mr. NORRIS. I will first yield to the Senator from New

Hampshire.

Mr. GALLINGER. Mr. President, I only desire to add one suggestion to what I have already said, and that is that, if the resolution offered by the Senator from Nebraska is in order, at any time when we are considering a measure, however important it may be, a majority of the Senate by resolution can close debate.

Mr. NORRIS. A resolution has first to be adopted.

Mr. GALLINGER. Certainly; by a majority vote.
Mr. NORRIS. By a majority vote; which resolution would be debatable.

Mr. GALLINGER. So that a majority of the Senate at any time under a resolution can adopt a cloture rule. I submit to the Senator from Nebraska that, upon careful consideration, I believe he will not think that that will be a wise custom or a wise rule to inaugurate.

Mr. OWEN. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. NORRIS. I yield first to the Senator from Mississippi [Mr. WILLIAMS], who addressed the Chair some time ago.

Mr. WILLIAMS. Mr. President, I wanted merely to make this suggestion to the Senator from Nebraska: The object of all of us, I take it, is to speed consideration of the currency bill. If so, then the very worst thing that can possibly be done is for him to offer this resolution, because it is a resolution to change the rules of the Senate. The rules themselves fix precisely how the rules can be changed, and they can not be changed in any other way.

Mr. NORRIS. The Senator does not contend that there is

any rule of the Senate that says there shall not be cloture,

does he?

Mr. WILLIAMS. Absolutely. There never was a parlia-mentary body in the world in which it was not admitted that there was a right of debate which could be put an end to only by an affirmative rule of cloture. That was the case in the British House of Commons until an affirmative rule of cloture was adopted; it was the case in every parliamentary body with whose history I am acquainted until an affirmative rule of cloture was adopted; it was the case in the House of Representatives until then, and this is, so far as I know, perhaps the only parliamentary body now existing where such a rule has not been adopted. Our rules provide as to how the rules themselves can be changed.

But what I was coming to was this, if the Senator will pardon me: The object of all of us is to speed consideration of the currency bill. I undertake to say that a debate upon the proposition offered by the Senator from Nebraska, involving what it does involve, would require a longer debate at the hands of this

body than will the banking and currency bill.

Mr. GALLINGER. There is no doubt of that at all. Mr. WILLIAMS. There are men here who would rather see the banking and currency bill or any other bill go to the wastebasket than to see a cloture rule adopted in the Senate, and your proposed cloture rule could not apply to the debate on the proposition to change the rules. Besides that, under the rule your resolution must go to the Committee on Rules. There is a positive rule to that effect. It seems to me that if the Senator really wants to speed consideration the best thing to do is to withdraw the resolution. It can do no good now.

Mr. KERN. And ask unanimous consent. Mr. WILLIAMS. And the Senator can get the matter before the Senate, or the substance of it, by asking unanimous consent,

Mr. NORRIS. I understand that, and I am going to do that if the Chair rules the resolution out of order, I will say to the

Mr. WILLIAMS. But the Senator from New Hampshire [Mr. Gallinger] has made a point of order against the reso-WILLIAMS. But the Senator from New Hampshire

Mr. NORRIS. But the Chair has not ruled that it is out of order, and personally I do not believe it is out of order.

Mr. WILLIAMS. Let the Chair rule.

Mr. NORRIS. I want to say right here that the object of this resolution is to end debate on the currency bill. If the time I have fixed is too short, it can be extended. I am not particular about that. I think it is time enough. The two branches of the Committee on Banking and Currency have agreed on a large majority of the matters in the bill. There are only two or three divisions. They are important, it is true, but it seems to me that practically two weeks' debate would be amply sufficient.

Mr. WILLIAMS. Mr. President-

Mr. NORRIS. Just a moment. I want to call the Senator's attention to the fact that the resolution of the Senator from Indiana, having, as he says, the same object in view, provides only for a meeting of the Senate at 10 o'clock a. m.; but it is intended, as has been announced here by the Senator, that that session shall run until 6, and then a recess shall be taken until 8, and that the night session shall run until 11 o'clock. Now. I submit that to keep that up for two or three weeks is not a good way to bring about good legislation; is is not a fair way to bring about good legislation; and we will not get the best results from Senators here after they have been in session from 10 a. m. until 11 o'clock at night.

There will necessarily drop into the debate a great many things that would otherwise be eliminated. It seems to me that if we were to fix the time indicated, which it seems to me is ample-and if the Senate thinks otherwise the time could be extended—and go on in the regular way, meeting at 11 o'clock, running perhaps until 6, or at least as long as any Senator wanted to speak upon the question, we would reach a result that would be a great deal more satisfactory to the Senate and to the country and bring about better legislation than though we tried to wear each other out by sitting here from

12 to 16 hours a day.

Mr. WILLIAMS. If the Senator from Nebraska will pardon me another interruption-

Mr. WILLIAMS. I have no doubt at all that what the Senator from Nebraska has just said is well said, but there is only one way under the rules of this particular body to arrive at the desired result, and that is to ask unanimous consent. The Senator is right in saying that we contemplate meeting at 10 a. m., recessing from 6 to 8 p. m., and continuing in session until 11 p. m.; but the object of it is to induce and persuade a unanimous-consent agreement.

Mr. NORRIS. Well, the object of it is to wear men out. Mr. WILLIAMS. Absolutely; and there is no other way of

Mr. NORRIS. That is like going to war when we ought to

have arbitration.

Mr. WILLIAMS. Well, it does not make much difference what the Senator calls it. We have found in this body that there never was any way of inducing a unanimous consent to quit debate except by wearing the body out, and whenever we wanted to do that upon any great question, whether the other side was in power or this side, we have resorted to early morning meetings and night sessions, and that is the only possible practical way of doing it.

I am willing to go further than is the Senator and ask unanimous consent-and I am satisfied it would be agreed to upon this side-to take a vote upon the day fixed by the Senator, and then, as a reward to the Members of the Senate for having been unprecedentedly reticent in debate, to extend the Christmas holidays from that time on to the usual date, instead of adjourning as usual, about the 19th of December, so that all of us may go home and have a bit of rest. That would add a week more to the Christmas holiday recess, and the rest would be deserved

and needed.

Mr. OWEN. Mr. President-

Mr. NORRIS. I want to say to the Senator that I am not particularly anxious

The VICE PRESIDENT. Does the Senator from Nebraska

yield to the Senator from Oklahoma?

Mr. NORRIS. In just a moment I will yield to the Senator from Oklahoma. I want first to say a word in reply to the

Senator from Mississippi. I am not particularly anxious myself about the Christmas holiday recess. I would just as lief stay here and work. The Senator knows, and we all know, that every one of us has a great deal to do besides what we do here in the Senate. If we meet at 10 o'clock in the morning, it means that the standing committees of the Senate can not be at work, and if we stay here until 11 o'clock at night it means that we can not attend to our ordinary routine business; it is a physical impossibility

Mr. WILLIAMS. That will make us all the more willing to

terminate the debate.

Mr. NORRIS. It is not a fair way to terminate debate. I

now yield to the Senator from Oklahoma.

Mr. OWEN. Mr. President, I have been trying for 15 minutes to suggest a way how to do it, and the debate continually proceeds upon how not to do it, which seems to be characteristic of the United States Senate; and because of this ancient and archaic rule of no cloture, the Senate being the only civilized parliamentary body on earth that has not got it, the obvious necessity for it is apparent.

Mr. President, I simply wanted to suggest to the Senator that if he would omit the term "resolution" from the head of his proposal and suggest a unanimous-consent agreement it would

not be obnoxious to the rule.

Mr. NORRIS. I want to say to the Senator that, as I originally prepared the resolution last night, I drew it in the form of an order instead of a resolution. As I heard read the resolution of the Senator from Indiana yesterday I thought it said "ordered," but when I looked at the RECORD this morning I discovered that it was in the form of a resolution, and inasmuch as this was a substitute for that I used the word "resolution" the same as he did, as I thought it would not properly be a substitute unless I did so.

Mr. OWEN. I ask the Senator if he will not consent to change the form of the resolution to a unanimous-consent agreement to take a vote on the 15th of December, so that we may dispose of the matter through the conference and have it settled before the Christmas holidays, because I venture to say to the Senator that the Members on this side have determined not to have any Christmas recess, except one day, unless we can dispose of

this bill.

Mr. NORRIS. I want to say to the Senator that I rather approve of that course. I have believed for a good many years that when Congress convenes here on the first Monday in December and just gets fairly to work, it ought not to adjourn for two or three weeks for Christmas holidays and be crowded to death at the other end of the session. I myself personally believe in that procedure. I think, if it has been determined not to have any Christmas holiday recess, you are entitled to congratulations on that proposition.

Mr. OWEN. It has been determined by this side.

Mr. NORRIS. I would be willing to change it, but I submit to the Senator that that would make the time rather short. We have two bills that have the right of way over this bill, and they will take almost all of the time.

Mr. OWEN. The Alaska railroad bill will be laid aside after

it has been taken up.

Mr. NORRIS. If we pass this bill on the 20th of December, then if the Senate wants to take its recess and the House wants to take it they can do so. There will be time enough then to take it.

Mr. REED. Mr. President, I rise simply to suggest that if we continue to debate over this technicality a little longer we will arrive at the point of physical exhaustion, which appears to be so feared by the Senator from Nebraska, and we also will have reached Christmas without acting on anything.

Mr. WEEKS. Mr. President, I think the resolution offered by the Senator from Nebraska is out of order, and the point against it should be sustained; but it has accomplished one good result, and that is it has elicited a declaration from a responsible leader on the other side that we are to have legislation by exhaustion rather than as a result of reason and consideration.

Mr. WILLIAMS. It will not be the first time we have had it in that way, by a great deal.

The VICE PRESIDENT. The resolution offered by the Senator from Indiana [Mr. Kern] simply proposes to fix the hour of meeting of the Senate of the United States—a matter which has always been within the discretion of the Senators. The amendature is a proposed theoretic is one the rejucible of which the Chair. ment proposed thereto is one the principle of which the Chair believes has been correctly stated by the Senator from Missis-sippi [Mr. Williams], that in all legislative bodies, if there is to be a cloture, it must be by a direct rule of the body. The Chair therefore rules that the amendment proposed by the Senator from Nebraska [Mr. Norris] is not in order.

Mr. WILLIAMS. Mr. President, I wish to offer an amendment to the resolution proposed by the Senator from Indiana, to insert after the word "antemeridian" the following:

And that the Senate shall on each day at 6 o'clock p. m. take a recess until 8 o'clock p. m., and adjourn at 11 o'clock p. m.

The VICE PRESIDENT. The question is on the amendment

proposed by the Senator from Mississippi.

Mr. CLARK of Wyoming. I should like to ask the Senator from Mississippi whether, in the event of a condition such as existed last evening, his amendment would not prevent us from adjourning before 11 o'clock? We adjourned last evening at about half past 9 owing to the fact that there was nothing to remain here for.

Mr. WILLIAMS. Yes: this amendment would prevent us from adjourning before 11 o'clock, until after the passage of the banking and currency bill. If we had no quorum we could not

do anything. We could not even adjourn.

Mr. CLARK of Wyoming. We could adjourn if we did not

adopt this rule.

Mr. NORRIS. Mr. President, I should like to submit a request, if the Senator from Indiana will permit me. It probably would be out of order while his resolution is pending, but with his permission I should like to ask unanimous consent for the adoption of the order which has been read to the Senate changing the word "resolved" to "ordered."

Mr. KERN. I will say to the Senator that if such a unani-

mous-consent agreement can be reached, I will withdraw the

Mr. NORRIS. Then I ask unanimous consent for the adoption of the order.

Mr. GALLINGER. Let it be read.

VICE PRESIDENT. The Secretary will read as re-The quested.

The Secretary. The Senator from Nebraska asks unanimous consent that before adjournment on the legislative day of Saturconsent that before adjournment on the legislative day of Saturday, December 20, 1913, the Senate will vote upon any amendments that may be pending, any amendments that may be offered, and upon the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, for furnishing an elastic currency, affording means of rediscounting commercial paper, and to establish a more effective supervision of banking in the United States, and for other purposes, through the regular parliamentary stages to its final disposition, and that until the final disposition of such bill the hour of daily meeting of the Senate shall, unless otherwise ordered, be 11 o'clock a. m.
The VICE PRESIDENT. Is there objection to the proposed

unanimous-consent agreement?

Mr. BORAH. Mr. President, I dislike very much to object to the suggestion made by the Senator from Nebraska, and I am quite in favor of proceeding with all due dispatch to the final disposition of the bill, but the result of adopting this unanimousconsent agreement would be that the debate here would proceed in the absence of the Senate. In my judgment, we will likely dispose of this bill under the rule proposed by the Senator from Indiana at a date as early as that, if not earlier.

Mr. NORRIS. Will the Senator from Idaho yield to me?

Mr. BORAH. Yes. Mr. NORRIS. The Senator says the debate would proceed without a quorum. The same opportunities for getting a quorum would exist if the order were adopted as though we did not adopt it.

Mr. BORAH. If the resolution offered by the Senator from Indiana is adopted, the majority side will be interested in keeping a quorum as well as ourselves, and we will all be here. think the debate on this subject ought to be in the presence of a Senate as full and complete as we can have it. Whatever de-bate we have, let us have a real debate, one in harmony with the tremendous subject before us. Therefore, Mr. Prseident, I object to the unanimous-consent agreement.

The VICE PRESIDENT. The question recurs on the amendment proposed by the Senator from Mississippi [Mr. Williams] to the resolution of the Senator from Indiana [Mr. Kern].

Mr. KERN. I accept the amendment, Mr. President. Mr. REED. What is the amendment? Let us have it stated. Mr. BRANDEGEE. I ask that the resolution be stated as it would read if amended by the amendment of the Senator from Mississippi.

The Secretary read the resolution, as follows:

Resolved, That the hour of daily meeting of the Senate be 10 o'clock a.m., and that the Senate shall on each day at 6 o'clock p. m. take a recess until 8 o'clock p. m. and adjourn at 11 o'clock p. m. until otherwise ordered.

Mr. SMOOT. Mr. President, I wish to ask the Senator from Mississippi if it would not be just as well not to have an adjournment from 6 until 8?

Mr. WILLIAMS. We think not. We do not want to go into this woman-suffragette starvation-threat business in the Senate. We have got to have time to eat dinner, and so we thought it would be well to take a recess from 6 to 8.

Mr. SMOOT. We get time to take our lunch without ad-

journing.

Mr. WILLIAMS. We do not wish really to punish Senators physically. We merely wish to stay in session until we get through talking.

Mr. NORRIS. If the Senator from Utah is through, I should like to ask the Senator from Mississippi a question. Would be be willing, instead of recessing from 6 to 8, to continue in with the session during those two hours and then adjourn at 9?

Mr. WILLIAMS. No; because that would interfere with every man's dinner hour and every man's family.

Mr. NORRIS. The whole thing interferes with dinner hours

and family hours.

Mr. WILLIAMS. And it would substantially force every Senator to go out and make new arrangements for getting dinner.

Mr. NORRIS. We can get dinner downstairs.

Mr. WILLIAMS. No; we have thought it out carefully, and we want to take a recess from 6 to 8 so that Senators may go home and get their dinners and have a smoke and rest and come back and then stay here until 11. Eleven o'clock is a reasonable hour to go to bed. Then Senators can go home and go to bed. There will be no physical suffering connected with it.

Mr. NORRIS. If the Senator from Mississippi wants Sena-

tors to go home and go to bed, why does he not include that in

his resolution? [Laughter.]

Mr. WILLIAMS. All it amounts to is that we say to Senators who want to speak upon the bill that whenever there is a vacuum in the speaking they must come in and speak. Instead of standing up here in the time-honored way of the Senate and saying, "Mr. President, I propose to make a few remarks, but I am not prepared now, though I will be prepared to-morrow or day after to-morrow," we say that they shall either go on unprepared or let it go.

As far as the practical debating of the Senate is concerned, the man who has to wait to prepare hardly ever adds much to the subject matter. If he does not know enough about it already, he is hardly going to learn it by next morning.

Mr. GALLINGER. Mr. President, no Senator is more anxious

to vote on the currency bill than I am. I shall be prepared to vote on it at any time. I think, however, it would be rather unfortunate to bind ourselves to stay here until 11 o'clock. Last evening at 8 o'clock there were just two Senators present on the Democratic side.

Mr. BACON. I will ask the Senator if he does not think the language of the amendment simply means that we shall

not sit longer than 11?

Mr. GALLINGER. I hope so. If it will be so arranged, I have no objection.

Mr. BACON. Is that not what it necessarily means?

Mr. GALLINGER. This body can not be held in session until 11 o'clock if there is not a quorum present. A motion to adjourn undoubtedly would be in order then. To say that we journ undoubtedly would be in order then. bind ourselves to stay here until 11 o'clock is a mistake, and the matter ought not to be put in that form.

Mr. BACON. Does the Senator think the resolution does

that?

Mr. GALLINGER. The terms of the amendment state precisely that.

Mr. BACON. But does not that necessarily mean that the Senate will be automatically adjourned at 11 if it does not adjourn prior to that time?

Mr. GALLINGER. If that is its meaning, it is entirely agreeable to me; but if that is not its meaning, it is a mistake to put it into the resolution-

Mr. WILLIAMS. That is the meaning of it, undoubtedly.
Mr. GALLINGER (continuing). For the reason that we can
not be held here until 11 o'clock when there is not a quorum

Mr. WILLIAMS. It says "and adjourn at 11 o'clock p. m." Mr. GALLINGER. Yes; "and adjourn at 11 o'clock." Mr. WILLIAMS. And the Senate can not remain in session

any longer.

Mr. GALLINGER. No; but we are compelled to remain that long, are we not?

Mr. WILLIAMS. Yes.

SEVERAL SENATORS. Oh, no.

Mr. GALLINGER. You can not keep us here unless there is a quorum present. Last night this side of the Chamber furnished the quorum that enabled us to do business. Mr. WILLIAMS. Mr. President-

Mr. CLARK of Wyoming. I ask for the regular order. Mr. WILLIAMS. If the Senator means whether the Senate would have power to adjourn, yes; but I thought he was asking what we proposed. We do not propose to adjourn before 11.

Mr. BACON. Mr. President, the Senator from New Hampshire is a parliamentarian. I do not think he can possibly have any doubt about the fact that that means simply what I suggested-that at 11 o'clock the Senate would be automatically adjourned; that we could not sit longer than that if we desired

Mr. GALLINGER. The doubt does not lodge in my mind, but I think it would lodge in the minds of a great many Senators, and they would think an attempt was made to keep us in session until 11 o'clock at night, whether we had any business to transact or not.

Mr. WILLIAMS. It simply indicates the purpose to stay until 11; but it does not take away from the Senate the power to adjourn before 11 if it sees fit to do so.

Mr. GALLINGER. That is precisely the way I look at it.

Mr. CLARK of Wyoming. I call the attention of the Senator from Georgia to the fact that, in response to my direct inquiry of the mover of this resolution, he said the purpose was to keep us here until 11

Mr. WILLIAMS. That is our purpose. Do not misunderstand our purpose. I got confused. I thought the Senator was asking our purpose: but that does not go to the power of the Senate. Of course the Senate may adjourn at 10 if you can get a majority to vote in favor of adjournment; but we of the majority party, hoping that we will be the majority, announce to you and to the country that we do not propose to adjourn before 11.

Mr. GALLINGER. Allow me to suggest to the distinguished Senator from Mississippi that if the resolution simply provided that we would take a recess until 8 o'clock we would come in here at 8 o'clock, and the majority could keep us here until 11 o'clock, if there were a quorum present, instead of specifying that we should stay here until then.

Mr. WILLIAMS. But we have preferred to express our pur-ose in this way. If at any time a majority of the Senate pose in this way. should want to adjourn, notwithstanding our purpose, the majority of the Senate could override that purpose.

Mr. GALLINGER. Mr. President, I have no doubt that this is the result of caucus action, and I am not going to combat it. because I know how futile it would be; so I have said all I care to say on the subject.

Mr. BRISTOW. Mr. President, of course the purpose of this resolution is to prevent a fair and free discussion of the bill that is to be up for consideration. The design is to prevent Senators from having an opportunity to present their views as to the measure by creating conditions which will make it physically impossible for them to do so.

I do not blame the majority for seeking to prevent a discussion of the bill, which would attract to it the attention of the country, because it will not stand such analysis. The attention that has already been attracted to the bill since it was referred to the Committee on Banking and Currency has resulted in material changes which have improved the bill. If, at the demand of the chairman, the Committee on Banking and Currency had proceeded to report the bill back with a few amendments which he suggested and it had been passed by the 15th of October, as he announced in the paper he desired to have it

Mr. OWEN. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Oklahoma?

Mr. BRISTOW. I do.

Mr. OWEN. I remind the Senator from Kansas that if the requests of the chairman of the committee had been heeded by himself and others the committee would have had nearly two menths more of active work on the bill.

Mr. BRISTOW. I can not understand just what the Senator from Oklahoma means by "two months more of active work on the bill." I think the work on the bill was forced from the chairman of the committee over his protest, and amendments which the public sentiment of the country demanded have been forced into it over his protest.

Mr. OWEN. Mr. President, I remind the Senator from Kansas that he was unwilling to have the committee proceed while the tariff matter was under discussion, and protested against it so vigorously that the matter was postponed largely on his account.

Mr. BRISTOW. This is the first time I had any knowledge of that fact. I was under the impression that when the tariff bill was before the Senate it was the duty of Senators to give attention to that legislation. We were called into extraordinary session for that purpose. The hearings on the banking and

currency bill began before the tariff bill had been passed, and I uttered a protest against the hearings being conducted when the tariff bill was being considered and amendments voted upon by the Senate. It was impossible for Senators to be in both places at the same time.

As I was saying, the purpose of this resolution is to force through this legislation, good or bad, as early as possible. I realize that the majority are responsible for the legislation that They have the right to fix the hours of meeting, and it is the business of the minority to conform as nearly as possible to the rules which the majority prescribe. It has been the practice of the Senate in the past, and I think to the credit of the body, that when a great measure affecting the fortunes of the people of the United States was up for consideration there should be full and free debate upon all the features of the bill. It has been to the credit of the Senate of the United States for at least a quarter of a century that it has been the body which shaped the final form in which the legislation of our country should be passed.

Mr. WILLIAMS Mr. President-

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Mississippi?

Mr. BRISTOW. I do. Mr. WILLIAMS. May I ask the Senator to tell me in what manner the passage of this resolution could possibly interfere with full and free debate? It merely gives more time for ittwo more hours in the morning, and three more hours at night.

Mr. BRISTOW. The Senator has already said on the floor of the Senate this morning that the purpose of the resolution is to exhaust the Senate so that it can not debate the bill.

Mr. WILLIAMS. To make it talk itself out, yes; to make it go to talking early, and talk late, and get through talking; but it does not interfere with its talking.

Mr. BRISTOW. That is the Senator's view. The purpose, as I have said, is to prevent an intelligent and a fair discussion of this bill. That is the object of the majority, and it is the object of the majority because the bill, since it left the House of Representatives, has been one that could not stand an intelligent discussion before the people of the United States. I want to say that it is to the credit of certain members of the Committee on Banking and Currency on the majority side of this Chamber that they have forced some deliberation in the consideration of this measure and by virtue of their action the bill has been materially improved.

Those gentlemen have been criticized from one end of this country to the other because they saw fit to exercise some individual judgment in regard to legislative matters. The administration in power and those who stand for it owe to them a debt of gratitude they can never repay, because it was due to their efforts that the bill has been amended so that it possibly is workable. As it came to this body it was not workable, as every Senator in this Chamber knows who has given intelligent study to the subject.

As I said, the purpose of this resolution is to prevent fair and open debate. It is to so exhaust the minority Members who seek to amend the bill as to make it physically impossible for them to discuss it with the facility that they would desire, for all men know that 13 hours per day in this Chamber will exhaust the physical endurance of any man who undertakes to conform to such a requirement. This resolution is not for the purpose of promoting the intelligent consideration of the bill but of preventing its intelligent consideration by this body.

I am making these remarks because I want the people of the United States to know that that is the design and the purpose of the majority, and it is the first time in the history of the United States when the Senate has lost sight of its dignity and mission as one of the legislative bodies of this great Nation. It has been the mission of the Senate to bring to bear full, free, and untrammeled debate upon every great question that comes before it and which affects the fortunes of the American It is the first time in the history of our country that the method of the legislative ruffian has been employed in the Senate of the United States. This has been a place where intellectual discussion has been invited from its Members, a place where mental attainment and wide information have been at a premium and not a place where physical endurance is to be tested. This is not the place to test the physical powers and endurance of men. The prize ring and other places of similar recreation are more fitting places than here.

But it seems to be the desire of the present membership of the majority party in this body to change the character of the Senate and to take from it its glory, for I say that the glory of the United States Senate in the past has been that in this body a full, free, fair, and open discussion of every public question has been untrammeled. One or two Senators standing alone on this floor in the past have prevented legislation that was unwise. Standing alone they have discussed public measures and called to the attention of the people of the United States the imperfections and at times iniquities of measures that were before the body. The weaknesses of those measures have been exposed, and as the years went by those debates have borne fruit in the public thought of our country. If the methods now proposed had been in force then, the country would have been deprived of the services of those men which have been of inestimable value to the Nation. But it seems to be the desire of the majority to deprive Senators of the opportunity which they have had in the past and which has been so useful to the American people in the development of public opinion and the crystallization of public policies, and since they have the power to enforce their will I feel that I must voice my protest against such methods.

Mr. SHAFROTH. Mr. President, I want to call the attention of the Senate to the fact that it was the 24th day of June this year when the message of the President was read in the House of Representatives calling for action upon the banking and currency question. Soon after that the Committee on Banking and Currency met for the purpose of taking some action and considering the question of hearings, and it was at that time the Senator from Kansas himself grose and said that inasmuch as debate in the Senate on the tariff bill was of great importance he desired to be upon the floor of the Senate during all that time. I reminded the Senator from Kansas of the fact that in ordinary legislation during regular sessions hearings before committees often took place during the sittings of the Senate, and it seemed to me that we ought to expedite matters. But in deference to the Senator from Kansas and at his earnest plea that he desired especially to be present on the floor of the Senate there was a general consensus of opinion that we should let considerable time elapse.

Again the matter was broached and again the same condition was presented, and thereby we lost time from the 24th day of June until the 2d day of September for the purpose of letting Senators attend the debates before the Senate on the tariff bill, when, as a matter of fact, at a regular session such hearings are generally conducted during the sessions of the Senate.

Mr. WEEKS. Mr. President—
The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Massachusetts?
Mr. SHAFROTH. Yes, sir; I yield.
Mr. WEEKS. I do not think the Senator from Colorado should leave the impression that the delay in commencing hearings was due entirely to the wish of the Senator from Kansas. He was simply representing the views of other members of the committee who desired to attend to their duties at that time in connection with the tariff bill.

Mr. SHAFROTH. I think probably it is true that he was also

voicing the sentiment of some other members of the committee.

On the 2d day of September we began the hearings, and they did not close until the 25th day of October. The parties who were opposed to speedy action, at least reasonable action, with relation to these hearings were reminded of the fact that the investigation as to the monetary question and as to banking had been before the people and before the Senate for four years; that the National Monetary Commission had given extensive hearings, and they proceeded in a very deliberate manner, and their hearings had extended for many months; and also that there had been hearings in the House and a debate in the House. It seemed to us that there ought to be a closing of this matter. Yet we could not close.

Mr. O'GORMAN. Mr. President-

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from New York?

Mr. SHAFROTH, I yield. Mr. O'GORMAN. Is the Senator from Colorado aware that Mr. O'GORMAN. there never was a single hearing in the House of Representa-tives on the House bill reported to the Senate? Not a single hearing was ever had.

Mr. SHAFROTH. I am aware that at the last session of Congress the Pujo committee occupied fully six weeks in investigating this same question, in which were involved the question of a monetary trust and the question of banking.

Mr. O'GORMAN. Mr. President—

The VICE PRESIDENT. Does the Senator from Colorado yield further to the Senator from New York?

Mr. SHAFROTH. I do. Mr. O'GORMAN. The Senator does not answer the question that I ventured to submit to him, and that is whether he is not aware that there never was a single hearing on the concrete proposition contained in the so-called Glass bill, and that the first opportunity the bankers and business men of the United other members. I have no criticism for my associates upon the

States had to express a judgment upon its provisions was when the Senate committee, against the protest of certain Members, afforded the people of the country an opportunity to come forward and declare their views and submit their advice as to the unwisdom of many of the provisions that certain people in public life in Washington were willing to adopt without reason or without justification.

I can not sit here and listen without protest to the suggestion made now and again that there has been needless delay in the consideration of this currency bill. The country owes much to the committee, which insisted upon intelligent deliberation respecting the provisions of the measure. The bill did not come from the House into the Senate until the 18th day of September, and by the 25th day of the following month, a little over five weeks, the business men of the country had been given an opportunity to come before the committee and advise and confer with the committee; and in consequence of the advice obtained in that way by the committee many manifestly unwise and injudicious features of the House bill were by common consent eliminated, with the result that to-day of the two measures now before the Senate a little over 40 per cent of the House measure is found in either one of the reports submitted to this body.

Yet there were those on the 18th day of September who advised, who urged, who recommended that this House bill be passed as a matter of form; that it was a perfect measure, when no intelligent man in public life to-day will now assert that it was a wise or a judicious measure. Every critic who has had an opportunity to examine it is agreed that it would bring about as great a calamity to this country as ever visited the United States if that bill had not been subjected to the acid test of improvement, correction, and elimination, with the result as has been stated here several times in recent days.

We have two bills, both good measures, but in my judgment the bill proposed by the majority side is the better of the two

and the bill that should be adopted.

Mr. SHAFROTH. Mr. President, there can be no question that there has been a study of this subject and an examination of witnesses in relation to this banking and currency matter for the last five years. The hearings that were held before the National Monetary Commission cover practically every point of importance of this bill. We published 33 volumes of the hearings.

Mr. SMITH of Arizona. And they were easily obtainable. Mr. SHAFROTH. They were easily obtainable by any person who wanted to investigate the subject. The recent hearings have been largely repetitions of what testimony was given before the National Monetary Commission.

Mr. WEEKS. Mr. President—
The VICE PRESIDENT. Does the Senator from Colorado
yield to the Senator from Massachusetts?
Mr. SHAFROTH. I should like to get in a word edgeways

here, if I have the floor. But go ahead.

Mr. WEEKS. I want to call the attention of the Senator from Colorado to the fact that the Monetary Commission gave substantially no hearings in this country. The hearings which the Monetary Commission had were in other countries almost entirely. Substantially all the information which has been submitted to our committee during the past month is new and had never before been submitted, in my judgment, to any committee of either House of Congress.

Mr. SHAFROTH. I differ with the Senator there. mony was taken in a great many cities of the United States. Mr. Warburg's testimony was taken here. Of course, a great many of them took the form of essays or statements, but there were any number made, it seems to me, in this country. ever, the examination that we wanted to make, which involved the hearings before the committee in the last few weeks, has been largely as to the practice of European banks and as to the modes that they adopt, because the rediscount principle is one that is well developed in Europe.

Now, when we are perfectly willing to have debate without limit, having long sessions each day, to say that that is attempting to throttle any debate, it seems to me, can not be

sustained.

Mr. REED. Mr. President, it seems to me to be rather a useless thing to pause at this time and debate the question whether the members of the committee acted wisely or unwisely when they took time to hear evidence upon and to analyze and consider the banking and currency bill. I regret that the question has been raised. But since it has been injected into the debate, I will refer to it in the briefest possible way

committee who were contented to vote upon it without hearings. I think they should have no criticism for those who desired to move with what they conceived to be proper care.

Mr. SHAFROTH. I will state to the Senator that it was in answer to the Senator from Kansas that the bill had not had the deliberation-that he wanted more deliberation-that I made the remark

Mr. REED. Mr. President, I repeat that as a direct and immediate result of the hearings, changes of the most important character have been made in the bill. These changes were still being made no later than the blessed Sabbath just passed. On that day a radical amendment was added at the immediate solicitation of the Secretary of the Treasury.

Many of the amendments to the bill were concurred in by all of the members of the committee without regard to politics and were subsequently ratified by the Democratic conference. There is no member of the committee who will rise from his seat and dispute the statement I have made. If the assertion is ever going to be challenged, let it be here and now. I pause for the challenge. I have waited, and silence has been the answer.

If, then, these amendments were radical, important, vital, they constitute a complete justification of the hearings; nay, more, the demonstration is absolute that those who insisted upon hearings were right in their insistence. It goes, however, without saying that if these radical and important amendments had not been made the bill would have contained errors of a grave nature. What man is there who dares assert that a bill full of errors should be passed, and its imperfections discovered after the injury is done?

Mr. President, it has been asserted that for five years evidence has been taken upon the currency bill. I utterly and emphat-

ically deny that statement.

Evidence was taken upon the general question of currency reform. It was all grouped and concentered about what is known as the Aldrich plan. Evidence was taken with reference to the 'Aldrich bill, but the Aldrich bill was not this bill. was in all its great essentials in complete opposition to this measure as it is now framed. The evidence taken upon the Aldrich bill, therefore, could not be pertinent to this bill in its

I repeat what already has been said, that there never was a hearing upon this particular bill until it was granted by the Senate committee.

But now, Mr. President, hearings have been held, hearings that apply to this particular bill. Along with the bill, we have laid before the Members of the Senate all of the evidence taken. There has therefore been afforded the Members of the Senate abundant opportunity to examine the pending measure. The question we are now debating is merely how many hours a day the Senate shall remain in session.

It has been asserted that the Democratic side of the Chamber proposes to throttle debate. This I emphatically deny. Democrats do not propose to deny to any Senator upon either side the fullest opportunity to express his views. We have not undertaken to say to any man in the Chamber "You shall not have the opportunity to speak." Neither have we sought to curtail the length of his remarks. We say to the Senators upon the other side, "You shall have the most abundant opportunity to tell us all you know about this bill, all you imagine about this bill, all you fear will result from this bill." We say to them, "All that your intellect can possibly conceive you shall have the opportunity to bring forth." What we ask, and all we ask, is that the Senate shall remain in session from 10 o'clock in the morning until 11 o'clock at night. night. We simply propose to breach the union rules in the matter of hours. We ask you to come here at night; to forego the theaters; to deny the grace of your presence at parties and balls. We only ask you to stay here and work and speak until

you have had your say.

Mr. President, rightly or wrongly, the business of the country is halting, awaiting the enactment of this law. The fact has been recently developed that the banks hesitate to loan money because they are yet uncertain what demands may be made upon them by the law we are about to enact. Under these circumstances the least we can do is to forego our own pleasure and to work a few hours longer for the next succeeding 10 or I hope that the Senators upon the other side will be disposed to agree upon an early date to vote; or, if they can not do that, that they will at least agree to sit here from 10 in the morning until 11 o'clock at night to the end that all shall have full opportunity to express their opinions and at the same time that the business of the country may be relieved from its

occasion from expressing my views in reference to the value of the hearings which have been had before the Committee on Banking and Currency. I entirely coincide with the views expressed by the Senators from New York and Missouri. It would have been a most dangerous thing to have passed the currency bill as it came from the House without any change or amendment; it would have been a great menace and danger to the commerce and finance of this country; and it would certainly, beyond any doubt, have wrecked the Democratic Party.

No greater evidence, Mr. President, can be found of the imperfections of the Glass bill, so called, or the House bill, than the fact that even my friends on the other side-and I am speaking of my friends on the committee-have in the main outlines coincided with our section of the committee in agreeing that the bill in many important particulars needed change and amendment.

Senators have expressed the idea that there was no occasion for these hearings, because the Pujo committee and the Monetary Commission had had hearings. None of them had hearings on any measure of the kind that this bill is, either in its original form or as it is now presented to the Senate in the two substitute bills.

What was the subject of the investigation of the Pujo committee? It was an investigation to reach the so-called Money Trust, the matter of interlocking directorates, and things of that kind. There is nothing in the pending bill or the proposed amendments to it relating to that subject. If you want to remedy the evils which became apparent as the result of that investigation, you must have legislation other than any that is found in any of these bills, either the Glass bill, the Owen bill, or what I may call the Hitchcock bill.

As for the Monetary Commission, it proceeded on entirely different lines than the system outlined in the currency bill. There never were, as the Senator from New York has said, any hearings in the other House on the currency bill, and when that bill came before our committee, with the exception of possibly two or three members on the committee, we were all in accord that the bill needed important and material amendment.

Most of us felt that, however wise and learned we were, it was possible for us to secure information from the bankers and the business men of the country in reference to this measure. So we proceeded, as intelligent legislators ought always to proceed, to give hearings; and, speaking for myself, Mr. President, I will say that it has been one of the best schools in all my expe-While I have read many of the reports and the documents, more or less, of the Monetary Commission, and all other books I could find on the subject, yet I got more of value, more instruction, and more information from the hearings to guide me in this matter than I did from any of the books.

While some of the men who appeared before the committee gave us testimony of little value, yet there were others, great masters of finance, who supplied us with the most valuable information. Some of the greatest men among the bankers of the country came before us and in a most candid spirit acceded to some of the merits of the bill. I never shall forget one remark that Mr. Vanderlip made before our committee that impressed me above everything else. There was a question in regard to compelling one regional bank, against its will, to discount paper for another regional bank. What was Mr. Vanderlip's reply to that? "Why," said he, "obnoxious as it is, it is absolutely necessary to that system; you have got to pipe the reserves from one regional bank into another." He was the first of the great bankers, to my recollection, who admitted that truth in such plain and clear terms.

Mr. President, what the Senator from Missouri and the Senator from New York have said so well is absolutely true. Those hearings have been of great value, and as a result of them you have before you, even from the other side of the Chamber, a bill much more perfect and workable than the bill which came from You Democrats on the other side owe a debt of the House. gratitude to the Democratic members of the committee for taking pains to perfect the Glass bill in the manner in which they have done. We do not think they have gone far enough; they have not gone to the extent that we should like; but, after all, they have done good work and made great progress, and you gentlemen, instead of criticizing your committee, ought to be thankful that you had Democratic members on that committee who were willing to give hearings, willing to consider the bill in detail, to amend it, and present it in a more workable shape than that in which it came to this body.

Mr. STONE. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Missouri?

present strain of uncertainty.

Mr. NELSON. Mr. President, I am unwilling to take up the time of the Senate unnecessarily, but I can not refrain on this lution, I will not address the Senate.

Mr. STONE. I understand the Senator from Minnesota has yielded the floor. If, however, we can take a rote on the resolution, I will not address the Senate.

The VICE PRESIDENT. The question is on the resolution offered by the Senator from Indiana [Mr. Kern].

Mr. GALLINGER. There are two amendments pending to the resolution, Mr. President.

Mr. GOFF. Mr. President, conceding, as we will, that the resolution offered by the other side of the Chamber will ultimately pass, because it is the irrevocable decree of the caucus, nevertheless may we not pause for a moment and ask whether it is not regrettable that it should be boldly, even exultantly, proclaimed upon this floor that the idea of the resolution is simply to wear out the Senate and to force it by physical disability to submit to that which many Senators and many of the people of this country believe to be inimical to their interests? Is it not also regrettable that the caucus should at all consider a measure of this kind? When the President of the United States gave his reasons to the country and to the Congress why a financial bill should be passed, there was almost a universal desire that it should be nonpartisan in character; and, as the hearings proceeded before the committee, the idea was given out from the recesses of its chamber that such was to be the character of the bill offered.

Many changes were made in the bill; continuously, by the hundreds were they made, and we are told to-day by the other side that those changes have made the bill what it is, have made it proper to submit it to the consideration of the Senate for final action. Have these changes made it a party matter? Hardly. Has that which was to have been nonpartisan been made the subject of caucus action? What change came over the spirit of the dreams of those in charge of it? As the investigations and hearings proceeded, this, that, and the other elements of weakness and of strength, of desirability and nondesirability appeared, but still no caucus was called. Weeks, months, passed by after the passage of the tariff act—an act which we were told would result most beneficially to the country immediately after the President had signed it with his gold diamond-tipped pen. But we all know that was a mistaken prophecy. Has the high cost of living been reduced, or is the high cost of living higher to-day than it was when that bill passed? Everyone knows that the cost of living has increased; everyone knows that all along the line our industries have been seriously interfered with, that our manufacturers have been compelled to discharge laborers by the thousands, aye, by tens of thousands; that the nonfiling of orders for 1914 deliveries has produced instability everywhere and caused commercial confusion.

Now we are told that the disaster overshadowing us is that the financial bill has not been passed. That for that reason the banks are in doubt and know not how to regulate loans and dis-counts, hence financial distress. Therefore the necessity for the caucus. Because of this the power controlling the caucus issued his edict that the financial bill must be passed before the Christmas helidays. So it seems that the necessities of our friends on the other side of this Chamber called for the iron rule of King Caucus concerning a matter that was to have been

and should be nonpartisan,
Mr. O'GORMAN. Mr. President—
The VICE PRESIDENT. Does the Senator from West Virginia yield to the Senator from New York?

Mr. GOFF. I do.

Mr. O'GORMAN. It may perhaps not be of much importance, but, for the accuracy of the narrative, I desire to advise the Senator from West Virginia that the junior Senator from New York was the humble instrument that moved in the Democratic conference the resolution which has been offered in the Senate to-day by the Senator from Indiana [Mr. KERN]. For the information of the Senator from West Virginia and for the information of the Senate, I will say that there was no soul on earth who knew that I was going to introduce the resolution when I did, and it was not inspired by any person, least of all by the Executive.

Mr. GOFF. I have to say, in reply to that, "Well done, thou good and faithful servant." [Laughter.] I am glad that the [Laughter.] I am glad that the Senator from New York anticipated the motion that most undoubtedly would have been made by one of his colleagues, and I may take this occasion to say that I have followed with interest and approval much that the distinguished Senator from New York did in the Committee on Banking and Currency, as well as in the caucus.

Mr. President, I have tried to account in my humble way for the reason of this change from a nonpartisan bill to a caucus bill; I have endeavored to show why this resolution has been offered, and why it is necessary to endeavor, at least, to show the country that the condition of affairs among our manufac-turing institutions, in our banking institutions, and in all of our commercial activities, is not because of the failure of the tariff bill from the viewpoint of our friends on the other side,

but because the Republican side of the Senate is preventing the passage of the financial bill. Will anyone tell me why the Republican side of the Senate is charged with that? Has there ever been any disposition on this side of the Chamber to prolong this discussion? Has there been any effort on the Republican side of the Chamber to retard the passage of the bill? Has there been any caucus of the Republican Members of the Senate from which such an enunciation has come? Has any Member on this side desired to the contrary? So far as I know, they are ready to vote this week; they are ready—
Mr. JAMES. Mr. President, the Senator from West Virginia

certainly was not in the Chamber when a unanimous-consent agreement to vote was objected to by a Senator on that side

or he would not make the statement.

Mr. GOFF. I was in the Chamber, and I concurred with that Senator, not because I was not ready to vote, but because I did not believe in that manner of legislation. I did not believe in

that method which, while in name not so, is in effect cloture. The effort, then, I say, to demonstrate to the country that the Republicans of the Senate are preventing the passage of this bill should be, as it will be, a failure; and I, for one, protest against its being charged as an act of the Republican Party or a determination of a Republican agreement.

Mr. ROOT. Mr. President, I should like to see this bill acted upon speedily, and I was much inclined to vote for longer hours of debate. I was ready to give my assent to the request for a unanimous-consent agreement fixing a day. But I can not vote for a resolution which is offered and supported here with the avowed purpose of wearing out the members of the minerity in the discussion of a great public measure.

We all know that the resolution which is proposed will have that effect. In the air of the Senate Chamber, which becomes, to speak very mildly, insanitary long before the close of an ordinary session, the forces of even a strong man in the prime of his youth flag and fail. For men of the age of a majority of the Members of the Senate, long before the hours proposed in the resolution shall have elapsed both body and mind will be incapable of properly performing the duty of discussing or listening to discussion upon a difficult and complicated subject such as a banking and currency bill. So the purpose of the resolution, which is avowed to be to wear out the members of the minority in the discussion of the measure, will be accomplished.

I can not vote for any such injury to the great principle and the great right—a principle and a right which I deem to be essential to the maintenance of free self-government-that no matter how powerful a majority may be, there always shall be considerate attention to the protests, the arguments, and

the appeals of the minority.

It is quite natural, sir, that there shall be impatience over delay in legislation. I know by experience how natural it is for executive officers to be impatient with the delays that occur in both Houses of Congress, and with the desire to change measures which from the executive point of view are deemed to be important and to be complete.

I know from experience how natural it is for the members of a majority to look with impatience upon the attempts of a minority to change, to modify, to postpone what to them is the evil day of enactment of legislation they do not desire. sir, there is nothing more important for us, there is no higher duty for us, than to preserve the right of the minority, of whatever party, upon every public question to present their views, to make their arguments and their protests, and to be heard.

I beg my friends on the other side to consider whether they have not permitted themselves to get into a somewhat intolerant attitude toward this great right of the minority. At the beginning, when this bill came from the House, the pressure was very strong to have immediate action. The very desire to force the committee into hearings while its members were upon the floor taking part in the discussion of the tariff bill was and must have been born from a feeling that, after all, the interference of a minority in the passage of legislation was unnecessary and not to be favored. The place of Senators during the discussion of the tariff bill was upon the floor of the Senate, to discuss the bill, to hear discussion, and to take part in deliberations. feeling of impatience that they were not willing to abandon that duty in order immediately to begin proceedings in committee while the Senate was in session indicated some intolerance of the right of the minority to continue to do its duty upon the tariff bill. Now the majority, having agreed upon the bill which they will support, and which they have the power to pass, propose to wear out the minerity before the discussion has fairly begun.

Mr. President, have we not a duty to perform here? Is it not our duty, if we think there are defects in this bill, to say what

we think in the Senate? Is it not your duty to give respectful consideration to what we say? Is there not somewhat of in-tolerance for those rights of a minority, which are the rights of a free people, when at the outset of discussion the majority propose a rule for the avowed purpose of wearing out the minority and compelling them to discuss the measure under such circumstances that they will be compelled to desist through

physical and mental fatigue?

Ah, Mr. President, parties change. One is in the ascendant to-day and another to-morrow. The rule that the dominant party impose upon the minority to-day may come back to deprive them of their rights to-morrow. But above all parties and more important than any measure is the observance of the right of free discussion, the right of the minority, not to obloquy and condemnation, but to the consideration which is essential to free and peaceful and orderly government among a self-governing people.

I, sir, shall vote against this resolution because it is avowed to be for the purpose of putting an end to discussion through fatigue, and it is aptly framed to accomplish the purpose.

Mr. BACON. Mr. President, I shall detain the Senate for only a few minutes. I am unwilling to have this discussion close, however, without disavowing for myself any such purpose as that upon which the Senator from New York has animadverted, and which, in the absence of a denial, might be assumed to be assented to upon my part when I vote for the pending reso-

Mr. President, I sat in this Chamber 18 years in the minority, and no one is more impressed than I am with the importance of the preservation of the rights of a minority. I desire to preserve them as sacredly as I desired them to be preserved when I was in the minority. I think the great safeguard of the minority is freedom of debate in the absence of cloture; and I want to say now to my friends in the minority that recognizing that as the great safeguard of the minority, although I am in the majority, I would stand with them in voting against cloture if I were the only Senator on this side to vote that way.

repeat that in voting for this resolution I have no such desire as that which has been suggested, to accomplish by it the exhaustion of Senators on the other side. I am animated solely by one purpose. I recognize, as I think every Senator must, that the business of the country is in a condition where prompt action on our part is needed. I wish to secure that promptitude, so far as it is possible to do so, without abridging the

right of debate.

If it takes until the end of January or into February for Senators to express themselves upon the question, I am in favor of their having the opportunity, although I should greatly deprecate the necessity. The sole object I have in mind in supporting the resolution is not to exhaust Senators, because the same Senator will not be speaking all the time, but so to extend the time as to give all Senators an opportunity to speak and to discuss this great question and at the same time not unduly to postpone the time for its decision.

I thought it proper that I should say this; and while I have not heard any general expression from Senators on this side. I believe I reflect the sentiment and the purpose of Senators on this side. It is to preserve the right of unlimited debate, and at the same time with that preservation to bring this debate to a conclusion after everybody has had an opportunity to be heard, and to give that opportunity by sitting the unusual length of time which is proposed by the resolution.

Mr. President, I do not claim to be the youngest Member of this body. I am sorry to say I am not. I have been here the I have not had the rest that some of the Senators have had who have manifested so much anxiety on the subject of our physical discomfort. If I can endure it, I think some of my very much younger brethren on the other side need not be so much startled at the prospect of having to sit here from 10 in the morning until 11 at night.

Mr. BRANDEGEE. Mr. President, the resolution as submitted, with the amendments proposed and accepted, will necessitate that Senators leave their residences in the city at o'clock in the morning, come to the Capitol, adjourn at 11 o'clock in the evening, and not return to their homes until 12 o'clock, and that that procedure shall be kept up con-tinuously by this body until this legislation shall have been

finally agreed upon

Mr. KERN. Mr. President, will the Senator yield to me? Mr. BRANDEGEE. I yield to the Senator for an inquiry. I do not yield the floor.

Mr. KERN. Will the Senator yield for a suggestion? Mr. BRANDEGEE. For a suggestion; yes.

Mr. KERN. I was about to suggest that the Senator suspend his remarks for the present, to the end that the Senate, in compliance with the resolution heretofore adopted, may proceed to the Hall of the House of Representatives, to listen to a message from the President of the United States, which is to be delivered at 1 o'clock.

Mr. BRANDEGEE. Mr. President, having the floor, I am perfectly willing to be courteous, and to defer the conclusion of my remarks for that purpose, provided the resolution shall not be put upon its passage until after we return from the House.

Mr. KERN. Oh, certainly not.
The VICE PRESIDENT. It is understood that the Senator from Connecticut has the floor.

THE PRESIDENT'S ANNUAL ADDRESS.

The VICE PRESIDENT. Senators, the hour of 12 o'clock and 58 minutes has arrived. On Saturday last the Senate accepted the invitation of the House of Representatives to repair to its Hall at this time and listen to the communication of the President of the United States. The Sergeant at Arms will carry out the order of the Senate.

Thereupon the Senate, preceded by its Secretary and Sergeant at Arms, proceeded to the Hall of the House of Representatives. The Senate returned to its Chamber at 1 o'clock and 40 min-

utes p. m.

The address of the President of the United States, delivered this day to both Houses of Congress, is as follows:

The PRESIDENT. Mr. Speaker, Mr. President, gentlemen of the Congress, in pursuance of my constitutional duty to "give to the Congress information of the state of the Union," I take the liberty of addressing you on several matters which ought, as it seems to me, particularly to engage the attention of your honorable bodies, as of all who study the welfare and progress of the Nation.

I shall ask your indulgence if I venture to depart in some degree from the usual custom of setting before you in formal review the many matters which have engaged the attention and called for the action of the several departments of the Government or which look to them for early treatment in the future, because the list is long, very long, and would suffer in the abbreviation to which I should have to subject it. I shall submit to you the reports of the heads of the several departments, in which these subjects are set forth in careful detail, and beg that they may receive the thoughtful attention of your committees and of all Members of the Congress who may have the leisure to study them. Their obvious importance, as constituting the very substance of the business of the Government, makes comment and emphasis on my part unnecessary

The country, I am thankful to say, is at peace with all the world, and many happy manifestations multiply about us of a growing cordiality and sense of community of interest among the nations, foreshadowing an age of settled peace and good will. More and more readily each decade do the nations manifest their willingness to bind themselves by solemn treaty to the processes of peace, the processes of frankness and fair con-So far the United States has stood at the front of such negotiations. She will, I earnestly hope and confidently believe, give fresh proof of her sincere adherence to the cause of international friendship by ratifying the several treaties of arbitration awaiting renewal by the Senate. In addition to these, it has been the privilege of the Department of State to gain the assent, in principle, of no less than 31 nations, representing four-fifths of the population of the world, to the negotiation of treaties by which it shall be agreed that whenever differences of interest or of policy arise which can not be resolved by the ordinary processes of diplomacy they shall be publicly analyzed, discussed, and reported upon by a tribunal chosen by the parties before either nation determines its course of action.

There is only one possible standard by which to determine controversies between the United States and other nations, and that is compounded of these two elements: Our own honor and our obligations to the peace of the world. A test so compounded ought easily to be made to govern both the establishment of new treaty obligations and the interpretation of those

already assumed.

There is but one cloud upon our horizon. That has shown itself to the south of us, and hangs over Mexico. There can be no certain prospect of peace in America until Gen. Huerta has surrendered his usurped authority in Mexico; until it is understood on all hands, indeed, that such pretended governments will not be countenanced or dealt with by the Government of the United States. We are the friends of constitutional government in America; we are more than its friends, we are its champions; because in no other way can our neighbors, to whom we would wish in every way to make proof of our friendship, work out their own development in peace and liberty. Mexico has no government. The attempt to maintain one at the City of Mexico

has broken down, and a mere military despotism has been set up which has hardly more than the semblance of national authority. It originated in the usurpation of Victoriano Huerta, who, after a brief attempt to play the part of constitutional President, has at last cast aside even the pretense of legal right and declared himself dictator. As a consequence, a condition of affairs now exists in Mexico which has made it doubtful whether even the most elementary and fundamental rights either of her own people or of the citizens of other countries resident within her territory can long be successfully safeguarded, and which threatens, if long continued, to imperil the interests of peace, order, and tolerable life in the lands immediately to the south of us. Even if the usurper had succeeded in his purposes, in despite of the constitution of the Republic and the rights of its people, he would have set up nothing but a precarious and hateful power, which could have lasted but a little while, and whose eventual downfall would have left the country in a more deplorable condition than ever. But he has not succeeded. He has forfeited the respect and the moral support even of those who were at one time willing to see him succeed. Little by little he has been completely isolated. a little every day his power and prestige are crumbling and the collapse is not far away. We shall not, I believe, be obliged to alter our policy of watchful waiting. And then, when the end comes, we shall hope to see constitutional order restored in distressed Mexico by the concert and energy of such of her leaders as prefer the liberty of their people to their own ambitions.

I turn to matters of domestic concern. You already have under consideration a bill for the reform of our system of banking and currency, for which the country waits with impatience, as for something fundamental to its whole business life and necessary to set credit free from arbitrary and artificial restraints. I need not say how earnestly I hope for its early enactment into law. I take leave to beg that the whole energy and attention of the Senate be concentrated upon it till the matter is successfully disposed of. And yet I feel that the request is not needed—that the Members of that great House need no urging in this service to the country.

I present to you, in addition, the urgent necessity that special provision be made also for facilitating the credits needed by the farmers of the country. The pending currency bill does the farmers a great service. It puts them upon an equal footing with other business men and masters of enterprise, as it should; and upon its passage they will find themselves quit of many of the difficulties which now hamper them in the field of credit. The farmers, of course, ask and should be given no special privilege, such as extending to them the credit of the Government itself. What they need and should obtain is legislation which will make their own abundant and substantial credit resources available as a foundation for joint, concerted local action in their own behalf in getting the capital they must use. It is to this we should now address ourselves.

It has, singularly enough, come to pass that we have allowed the industry of our farms to lag behind the other activities of the country in its development. I need not stop to tell you how fundamental to the life of the Nation is the production of its food. Our thoughts may ordinarily be concentrated upon the cities and the hives of industry, upon the cries of the crowded market place and the clangor of the factory, but it is from the quiet interspaces of the open valleys and the free hillsides that we draw the sources of life and of prosperity, from the farm and the ranch, from the forest and the mine. every street would be silent, every office deserted, every factory fallen into disrepair. And yet the farmer does not stand upon the same footing with the forester and the miner in the market of credit. He is the servant of the seasons. Nature determines how long he must wait for his crops, and will not be hurried in her processes. He may give his note, but the season of its maturity depends upon the season when his crop matures, lies at the gates of the market where his products are sold. the security he gives is of a character not known in the broker's office or as familiarly as it might be on the counter of the

The Agricultural Department of the Government is seeking to assist as never before to make farming an efficient business, of wide cooperative effort, in quick touch with the markets for foodstuffs. The farmers and the Government will henceforth work together as real partners in this field, where we now begin to see our way very clearly and where many intelligent plans are already being put into execution. The Treasury of the United States has, by a timely and well-considered distribution of its deposits, facilitated the moving of the crops in the present season and prevented the scarcity of available funds too often experienced at such times. But we must not allow ourselves

to depend upon extraordinary expedients. We must add the means by which the farmer may make his credit constantly and easily available and command when he will the capital by which to support and expand his business. We lag behind many other great countries of the modern world in attempting to do this. Systems of rural credit have been studied and developed on the other side of the water while we left our farmers to shift for themselves in the ordinary money market. You have but to look about you in any rural district to see the result, the handicap and embarrassment which have been put upon those who produce our food.

Conscious of this backwardness and neglect on our part, the Congress recently authorized the creation of a special commission to study the various systems of rural credit which have been put into operation in Europe, and this commission is already prepared to report. Its report ought to make it easier for us to determine what methods will be best suited to our own farmers. I hope and believe that the committees of the Senate and House will address themselves to this matter with the most fruitful results, and I believe that the studies and recently formed plans of the Department of Agriculture may be made to serve them very greatly in their work of framing appropriate and adequate legislation. It would be indiscreet and presumptuous in anyone to dogmatize upon so great and many-sided a question, but I feel confident that common counsel will produce the results we must all desire.

Turn from the farm to the world of business which centers in the city and in the factory, and I think that all thoughtful observers will agree that the immediate service we owe the business communities of the country is to prevent private monopoly more effectually than it has yet been prevented. I think it will be easily agreed that we should let the Sherman antitrust law stand, unaltered, as it is, with its debatable ground about it, but that we should as much as possible reduce the area of that debatable ground by further and more explicit legislation; and should also supplement that great act by legislation which will not only clarify it, but also facilitate its administration and make it fairer to all concerned. No doubt we shall all wish, and the country will expect, this to be the central subject of our deliberations during the present session, but it is a subject so many-sided and so deserving of careful and discriminating discussion that I shall take the liberty of addressing you upon it in a special message at a later date than this. It is of capital importance that the business men of this country should be relieved of all uncertainties of law with regard to their enterprises and investments and a clear path indicated which they can travel without anxiety. It is as important that they should be relieved of embarrassment and set free to prosper as that private monopoly should be destroyed. The ways of action should be thrown wide open.

I turn to a subject which I hope can be handled promptly and without serious controversy of any kind. I mean the method of selecting nominees for the Presidency of the United States. I feel confident that I do not misinterpret the wishes or the expectations of the country when I urge the prompt enactment of legislation which will provide for primary elections throughout the country at which the voters of the several parties may choose their nominees for the Presidency without the intervention of nominating conventions. I venture the suggestion that this legislation should provide for the retention of party conventions, but only for the purpose of declaring and accepting the verdict of the primaries and formulating the platforms of the parties, and I suggest that these conventions should consist not of delegates chosen for this single purpose, but of the nominees for Congress, the nominees for vacant seats in the Senate of the United States, the Senators whose terms have not yet closed, the national committees, and the candidates for the Presidency themselves, in order that platforms may be framed by those responsible to the people for carrying them into effect.

These are all matters of vital domestic concern, and besides them, outside the charmed circle of our own national life in which our affections command us, as well as our consciences, there stand out our obligations toward our territories oversea. Here we are trustees. Porto Rico, Hawaii, the Philippines, are ours, indeed, but not ours to do what we please with. Such territories, once regarded as mere possessions, are no longer to be selfishly exploited; they are part of the domain of public conscience and of serviceable and enlightened statesmanship. We must administer them for the people who live in them and with the same sense of responsibility to them as toward our own people in our domestic affairs. No doubt we shall successfully enough bind Porto Rico and the Hawaiian Islands to ourselves by ties of justice and interest and affection, but the performance of our duty toward the Philippines is a more difficult

and debatable matter. We can satisfy the obligations of generous justice toward the people of Porto Rico by giving them the ample and familiar rights and privileges accorded our own citizens in our own territories and our obligations toward the people of Hawaii by perfecting the provisions for self-government already granted them, but in the Philippines we must go fur-We must hold steadily in view their ultimate independence, and we must move toward the time of that independence as steadily as the way can be cleared and the foundations

thoughtfully and permanently laid.

Acting under the authority conferred upon the President by Congress, I have already accorded the people of the islands a majority in both houses of their legislative body by appointing five instead of four native citizens to the membership of the commission. I believe that in this way we shall make proof of their capacity in counsel and their sense of responsibility in the exercise of political power, and that the success of this step will be sure to clear our view for the steps which are to follow. Step by step we should extend and perfect the system of selfgovernment in the islands, making test of them and modifying them as experience discloses their successes and their failures; that we should more and more put under the control of the native citizens of the archipelago the essential instruments of their life, their local instrumentalities of government, their schools, all the common interests of their communities, and so by counsel and experience set up a government which all the world will see to be suitable to a people whose affairs are under their own control. At last, I hope and believe, we are begin-ning to gain the confidence of the Filipino peoples. By their counsel and experience, rather than by our own, we shall learn how best to serve them and how soon it will be possible and wise to withdraw our supervision. Let us once find the path and set out with firm and confident tread upon it and we shall not wander from it or linger upon it.

A duty faces us with regard to Alaska which seems to me very pressing and very imperative; perhaps I should say a double duty, for it concerns both the political and the material development of the Territory. The people of Alaska should be given the full Territorial form of government, and Alaska, as a storehouse, should be unlocked. One key to it is a system of These the Government should itself build and administer, and the ports and terminals it should itself control in the interest of all who wish to use them for the service and de-

velopment of the country and its people.

But the construction of railways is only the first step; is only thrusting in the key to the storehouse and throwing back the lock and opening the door. How the tempting resources of the country are to be exploited is another matter, to which I shall take the liberty of from time to time calling your attention, for it is a policy which must be worked out by well-considered stages, not upon theory, but upon lines of practical expediency. It is part of our general problem of conservation. We have a freer hand in working out the problem in Alaska than in the States of the Union; and yet the principle and object are the same, wherever we touch it. We must use the resources of the country, not lock them up. There need be no conflict or jealousy as between State and Federal authorities, for there can be no essential difference of purpose between The resources in question must be used, but not destroyed or wasted; used, but not monopolized upon any narrow idea of individual rights as against the abiding interests of communities. That a policy can be worked out by conference and concession which will release these resources and yet not jeopard or dissipate them, I for one have no doubt; and it can be done on lines of regulation which need be no less acceptable to the people and governments of the States concerned than to the people and Government of the Nation at large, whose heritage these resources are. We must bend our counsels to this A common purpose ought to make agreement easy.

Three or four matters of special importance and significance

I beg that you will permit me to mention in closing.

Our Bureau of Mines ought to be equipped and empowered to render even more effectual service than it renders now in improving the conditions of mine labor and making the mines more economically productive as well as more safe. This is an all-important part of the work of conservation; and the conservation of human life and energy lies even nearer to our interest than the preservation from waste of our material resources.

We owe it, in mere justice to the railway employees of the country, to provide for them a fair and effective employers' liability act; and a law that we can stand by in this matter will be no less to the advantage of those who administer the railroads of the country than to the advantage of those whom they employ. The experience of a large number of the States abundantly proves that.

We ought to devote ourselves to meeting pressing demands of plain justice like this as earnestly as to the accomplishment of political and economic reforms. Social justice comes first. Law is the machinery for its realization and is vital only as it expresses and embodies it.

An international congress for the discussion of all questions that affect safety at sea is now sitting in London at the suggestion of our own Government. So soon as the conclusions of that congress can be learned and considered we ought to address ourselves, among other things, to the prompt alleviation of the very unsafe, unjust, and burdensome conditions which now surround the employment of sailors and render it extremely difficult to obtain the services of spirited and competent men such as every ship needs if it is to be safely handled and

brought to port.

May I not express the very real pleasure I have experienced in cooperating with this Congress and sharing with it the labors of common service to which it has devoted itself so unreservedly during the past seven months of uncomplaining concentration upon the business of legislation? Surely it is a proper and pertinent part of my report on "the state of the Union" to express my admiration for the diligence, the good temper, and the full comprehension of public duty which has already been manifested by both the Houses; and I hope that it may not be deemed an impertinent intrusion of myself into the picture if I say with how much and how constant satisfaction I have availed myself of the privilege of putting my time and energy at their disposal alike in counsel and in action.

#### ORDER OF BUSINESS.

The VICE PRESIDENT. The morning hour having expired, the Chair lays before the Senate the unfinished business, the

title of which will be stated.

The SECRETARY. A bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. CLAPP. I suggest the want of a quorum. The VICE PRESIDENT. If there be no objection, the unfin-

ished business will be laid aside temporarily

Mr. BURTON. Mr. President, I should like to be heard on that if it is going to be laid aside. I understand also that there has been a call for a quorum. The Senator from Minnesota [Mr. Clapp] suggested the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst Bacon Borah Bradley Brady Brandegee Bristow Bryan Burleigh Burton Chamberlain Chilton Clapp Clark, Wyo. Colt Cummins du Pont Fletcher

Gallinger Goff Gore Gronna Hollis Hollis
Hughes
James
Kenyon
Kern
La Foliette
Lane
Lewis
Lippitt
McCumber
Martin, Va.
Myers
Nelson Norris O'Gorman Overman Owen Page Perkins Pittman Poindexter Pomerene Reed Reed Robinson Root Saulsbury Shafroth Sheppard Sherman Shields

Smith, Ariz. Smith, Ga. Smith, S. C. Smoot Stephenson Sterling Sutherland Swanson Thompson Thornton Tillman Townsend Vardaman Walsh Warren Weeks Williams

Mr. SHEPPARD. My colleague [Mr. Culberson] is unavoidably absent. He is paired with the Senator from Delaware [Mr. DU PONT]. I ask that this announcement stand for the

Shively

Mr. WEEKS. I wish to state that my colleague [Mr. Lodge] is absent on account of illness. He has a general pair with the junior Senator from Georgia [Mr. SMITH]. I should like to

have that statement stand for the day.

Mr. KERN. I ask that the special order be temporarily laid aside until we dispose of the question before the Senate. I have the consent of the Senator who has charge of that bill to make

Mr. BRANDEGEE. Has the fact as to whether a quorum is present been announced to the Senate? I think nothing is in order until the presence of a quorum has been announced.

Mr. KERN. I thought the announcement had been made. The VICE PRESIDENT. Seventy-two Senators have Seventy-two Senators have answered to the roll call. There is a quorum of the Senate present. The Senator from Indiana asks that the unfinished business may be temporarily laid aside.

Mr. BURTON. As I understand, the object of that request is in order that disposition may be made of the motions which

were pending before the recess.

Mr. KERN. It is primarily that the Senator from Connecticut [Mr. Brandegee] may conclude his remarks and, secondarily, that we may vote on the motion.

Mr. GALLINGER. I call attention to the fact that it is not the unfinished business. The Hetch Hetchy bill is properly before the Senate, or it ought to be laid before the Senate

Mr. BRANDEGEE. My understanding is that the Chair had laid the unfinished business before the Senate and that the Senator from Indiana asked that it be temporarily laid aside.

Mr. CLARK of Wyoming. The unfinished business is the cur-

rency bill.

Mr. BURTON. Oh, no. Mr. BRANDEGEE. Oh, no; the unfinished business is the

Hetch Hetchy bill.
Mr. GALLINGER. No; it is the currency bill.

Mr. CLARK of Wyoming. According to the calendar, the currency bill was made the unfinished business.

Mr. BRANDEGEE. The Senator is correct.

Mr. CLARK of Wyoming. Subject to the special order. Mr. BRANDEGEE. The Senator is correct; but the unanimous-consent agreement is that the Senate shall proceed with the Hetch Hetchy bill, as I understand, after the morning business, and I assumed that the morning business closed at 1 o'clock. Therefore I assumed that the unanimous-consent agreement would have to be enforced.

Mr. KERN. Let the unanimous-consent agreement be laid before the Senate, and then we shall ask that it be temporarily

laid aside.

Mr. BRANDEGEE. Well, Mr. President, I failed to make myself clear to the Senator from Indiana, I think. If the Senate has agreed by unanimous consent that after the morning hour shall expire to-day, at 1 o'clock, the Hetch Hetchy bill will be considered, of course it can not be laid aside by unanimous consent. That would be by one unanimous-consent agreement to undo another.

Mr. KERN. It may be temporarily laid aside. Mr. BRANDEGEE. I do not think so.

The VICE PRESIDENT. The Chair thinks perhaps, to clear the situation, he should state that the currency bill is the unfinished business coming over from yesterday. If the morning unfinished business coming over from yesterday. If the morning business had been concluded prior to 1 o'clock, it would have been the duty of the Chair to have laid before the Senate the Hetch Hetchy bill, but the morning business having run until 1 o'clock, it is the opinion of the Chair that the unfinished business should now be laid before the Senate, but it does not take precedence over a unanimous-consent agreement the moment there is a desire to proceed with the discussion.

Mr. BRANDEGEE. My idea would be that if the morning business had been announced as closed before the hour of 1 o'clock arrived, the calendar, under Rule VIII, would be in

The VICE PRESIDENT. No; the unanimous-consent agreement.

Mr. BRANDEGEE. The unanimous-consent agreement.

The VICE PRESIDENT. The unanimous consent agreement. That is the way the Chair has been trying to rule, though he may not have expressed it in good language.

Mr. BRANDEGEE. Has the Chair made a ruling, may I

inquire, then, upon the request of the Senator from Indiana,

if he has a request pending?

Mr. CUMMINS. Mr. President, I rise to a parliamentary quiry. In the absence of unanimous consent, does the resoluinquiry. In the absence of unanimous consent, does the resolution (S. Res. 225) offered by the Senator from Indiana go over until to-morrow or would it go to the calendar.

Mr. GALLINGER. It would go to the calendar.
The VICE PRESIDENT. The Chair would so rule, the The VICE PRESIDENT.

morning hour having expired.

Mr. CUMMINS. I have no desire that the resolution shall go to the calendar, for I rather favor it; but I know that there will be very considerable discussion upon it before it comes to a vote. Therefore it ought not to be continued this afternoon.

Mr. GALLINGER. Mr. President, will the Senator yield

to me?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from New Hampshire?

Mr. CUMMINS. I do.

Mr. GALLINGER. I ask unanimous consent that the resolu-

tion go over without prejudice until to-morrow.

The VICE PRESIDENT. The Senator from New Hampshire asks unanimous consent that the resolution go over until tomorrow without prejudice. Is there objection?

Mr. KERN. I have none.

The VICE PRESIDENT. The Chair hears no objection, and

the resolution goes over until to-morrow.

SAN FRANCISCO WATER SUPPLY.

Mr. WORKS obtained the floor.

Mr. BRANDEGEE. Mr. President, I inquire if the unfinished business has been temporarily laid aside?
The VICE PRESIDENT. It has been.

Mr. BRANDEGEE. Very well.
Mr. SMOOT. What is before the Senate now, Mr. President? The VICE PRESIDENT. The matter now before the Senate is House bill 7207, the title of which the Secretary will state.

The SECRETARY. A bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

The Senate, as in Committee of the Whole, resumed the con-

sideration of the bill.

Mr. SUTHERLAND. Mr. President-

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Utah?

Mr. WORKS. I yield.

Mr. SUTHERLAND. I judge from the vacant seats on the other side of the Chamber that some of our Democratic friends are seeking a little rest in anticipation of the vigorous night work promised for the future. I therefore suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Dillingham	Martine, N. J.	Smith, Ariz,
Bacon	Fletcher	Nelson	Smith, Ga.
Borah	Gallinger	O'Gornian	Smith, S. C.
Bradley	Goff	Owen	Smoot
Brady	Gronna	Page	Sutherland
Brandegee	Hollis	Perkins	Thomas
Bristow	Hughes	Pittman	Thompson
Bryan	James	Pomerene	Townsend
Burleigh	Johnson	Reed	Vardaman
Burton	Kenyon	Robinson	Walsh
Chamberlain	Kern	Root	Weeks
Chilton	La Follette	Shafroth	Williams
Clapp	Lane	Sheppard	Works
Clark, Wyo.	Lippitt	Sherman	Berlin Street
Clarke, Ark.	McCumber	Shields	
Cummins	Martin, Va.	Shively	

The VICE PRESIDENT. Sixty-one Senators have answered to the roll call. There is a quorum of the Senate present. The

Senator from California will proceed. Mr. WORKS. Mr. President, this bill in its practical results affects the State of California alone. The principles which are involved are of importance to the whole Nation. One of the great cities of the State and one of the largest farming communities are in direct conflict as to the right to use the waters of this stream. I expect to show that this bill, in its general object and purpose, and in most of its provisions, is in direct conflict with the laws of the State of California governing the appropriation and distribution of the waters of the streams of

the State. I was very much surprised that an endeavor should have been made to press this bill to hearing and passage in my absence from the Senate. The reason for it, as announced by some Members of this body, was an entirely mistaken one. It was assumed and directly stated that I was objecting to the bill solely in the interest of people outside of the two irrigation districts that have been mentioned here as protected by the provisions of the bill.

I had not given the bill the attention that it deserved, and that I should have given to it, up to the time I made my visit to my own State. I then found by investigation that there were two sides to the question; that the bill itself did not protect the interests of the farmers of the San Joaquin Valley as it professed to do, and as everybody connected with the legislation understood it to do. Upon discovering that state of things, I sent this telegram to the chairman of the Senate Committee on Public Lands:

CORONADO, CAL., October 2, 1913.

Hon. Henry L. Myers,

Chairman Committee on Public Lands.

Senate Chamber, Washington, D. C.:

I have satisfied myself that the Hetch Hetch bill should not pass without further investigation. Ninety-nine per cent of water users in the irrigation districts are strongly opposed to it and claim that they were betrayed by those who consented to the compromise measure. They claim that thousands of acres of lands in their districts and outside of them will be deprived of water to which they are entitled, and that they can show that this sacrifice of the best and most fertile lands in the State is unnecessary in the interest of San Francisco. Because of the compromise, that they indignantly repudiate, this phase of the question has not been investigated. The bill should not be rushed through this session under such circumstances. It is too serious, not only to the parties directly interested but to the whole State.

John D. Works.

Upon that telegram being received, the following occurred on the floor of the Senate:

Mr. Bristow. I desire to say, with the permission of the Senator from Nevada, that I have not been in the Senate a great while, but I have been here something over four years and I have never known, when a request was made by a Senator from a State which is affected by a bill and that Senator is absent and asks that it be not considered until he can get back, that such a request has been denied.

Not only was such a request made by the junior Senator from Callfornia [Mr. Works], but the Senator from Utah [Mr. Smoot], who was until the 4th of last March the chairman of the committee that reports this bill, is absent from the city and he desires to be present when it is heard. For the first time in my short service here has such a request been ignored by the Senate, and I can not understand why this request is not needed.

Now follows the reason for not heeding it:

Now follows the reason for not heeding it:

Mr. Norris. I can tell the Senator why. Personally, I have no objection to postponing it as far as I am concerned, although I voted to consider it. If I understand the telegram of the junior Senator from California, he referred in his telegram to men who have no legal right involved in this bill, men who are not even organized into an irrigation district, men who have made no filing, who have not taken any steps to get the water, who have not any legal claim to it, and if we gave them all they wanted it would be a question whether we should use the water to let people drink or have for domestic use or whether we should use it for irrigation. They have not any legal filing.

Mr. Bristow. Let me ask the Senator from Nebraska, through the kindness and courtesy of the Senator from Nevada—

Mr. PITTMAN. Certainly.

Mr. Bristow. If the Senator from Nebraska were in Nebraska and there was a bill pending here affecting the State of Nebraska, and be should send a telegram here asking that its consideration be deferred until he could be heard, does not the Senator think it would be a courtesy to him for the Senate to grant his request?

Mr. Norris. I think it would be, and it would be a courtesy to the Senator from California, as the Senator from Kansas knows. I do not think there can be any doubt about this proposition.

The Senator from California in his telegram is referring to something that, even if he were here, could not possibly make any difference with this bill one way or the other. These men who are unorganized, who have no legal claim to the water, who have made no filing during all these years that this has been under consideration, have never before until the last days that the bill was before the Senate committee made any protest or any claim of any kind. Mr. Lehane very fairly and squarely stated that he had no legal right; but he said, "We can get our men together, we can organize, and we can use this water; let us have it." In the first place, the committee he

As far as Mr. Lehane is concerned, his hearing before the Senate committee showed distinctly that he was not representing the "outsiders," so called, or the men who were not connected with the irrigation districts only, but that he was representing the water users within the districts. To prove that to be so, notwithstanding the statement of the Senator from Nebraska, I call attention to a short portion of the report of the hearings before the Public Lands Committee. He says:

I have here telegrams that have been sent to Senator MYERS, chairman of the Senate Committee on Public Lands, and I will read them. The first is as follows:

Modesto, Cal., September 23, 1913. HENRY L. MYERS, Chairman Senate Public Lands Committee, Washington, D. C.:

Chairman Senate Public Lands Committee, Washington, D. C.:
We, the undersigned committee, representing the water users of the
Modesto irrigation district, 475 of whom have signed a petition to the
effect that the lands tributary to the Tuolumne River are able and
willing to store the Hetch Hetchy waters, and asking and urging that
the Senate postpone action on the Raker bill and appoint a commission
to investigate and report on our claims. Said petition was signed by
99 per cent of the water users to whom presented. W. C. Lehane, of
this committee, will represent us in person before your committee.

LEVI WINKLEBLECK,

Acting Chairman.

Mr. Winklebleck is head of the Dunkard settlement 5 miles east of Modesto, and when you get a Dunkard out rustling with public sentiment you may know that he has something at stake.

The next telegram I wish to read is from Mr. Thomas Caswell, and is as follows:

Modesto, Cal., September 23, 1913.

HENRY L. MYERS,
Chairman Senate Public Lands Committee,
Washington, D. C.:

The undersigned, representing the water users of the Turlock irrigation district, 100 of whom have this day signed a petition setting forth that lands contiguous to the Tuolumne River are ready and able to store the waters of the Hetch Hetchy, request that the Senate postpone action on the Raker bill and appoint a committee to investigate and report on our claims. Said petition was signed by 98 per cent of the water users to whom it was presented.

THOMAS CASWELL.

Now, here is a telegram from the west side of the river, from the chamber of commerce at Crows Landing, which is as follows:

CROWS LANDING, CAL., September 23, 1913.

HENRY L. MYERS, Chairman Committee on Public Lands, Washington, D. C.:

The chamber of commerce of Crows Landing urge delay in the passage of the Raker bill until you investigate the claims of the land on the west side of the San Joaquin River to water or power. W. C. Lehane will appear before you in our behalf.

W. P. Witten, Secretary.

I will say, gentlemen, that the Modesto irrigation district lies north and west of the Tholumne River. The Turlock irrigation district lies south and east, and the Turlock irrigation district is twice as large as our district. We have \$1,000 acres; they have \$176,000 acres. On the west side of the Tuolamne River is a strip of country, probably

8 or 10 miles wide, which runs down the San Joaquin River, down beyond Tracy. They are organized there now into what is known as the Tracy district.

It will be seen that instead of Mr. Lehane coming here and representing outsiders who have no legal claim upon this stream he was here representing 98 per cent of the men who own the lands within the districts and pay their taxes to support them. They were not only protesting here against the passage of the bill, but they were protesting that they had sent a delegation to Washington to oppose its passage, and that instead of fol-lowing instructions and opposing the passage of the bill they had compromised their interests and consented that a bill should be made which in form protected them but in fact does not do so, as I shall show further along.

After I learned that the claim was being made that I was not speaking for the actual water users who had legal rights in the stream, I sent this telegram to Mr. Levi Winklebleck, who came to me at San Diego and represented the conditions as he claimed them to exist, which prompted the telegram that I sent to the Senate asking for delay in order that the matter might

be further investigated:

Los Angeles, October 28, 1913.

LEVI WINKLEBLECK, Modesto, Cal.:

Levi Winklebleck, Modesto, Cal.

In your representations to me at San Diego did you represent landowners within the irrigation district or outsiders, and did Judge Lehane speak for the people within the irrigation districts or the outsiders alone? It was claimed, I see in the debate in the Senate, that complaint was made only by people who had obtained no legal right to any of the waters of the stream. I did not so understand the situation when I sent the telegram to Washington at your request.

JOHN D. WORKS.

To that telegram I received an answer from J. S. Rhodes, secretary and treasurer of the Water Users' Association of the Modesto irrigation district, as follows:

Hon. John D. Works, United States Schator, Los Angeles, Cal.:

United States Senator, Los Angeles, Cal.:

Replying to your telegram of October 28, 1913, received by the Water Users' Association of the Modesto irrigation district of Modesto, Cal., that Mr. Levi Winklebleck represented the bona fide water users of the Modesto irrigation district, and that over 95 per cent of the water users within the district are opposed to the Hetch Hetchy Raker bill and have perfected arrangements to secure a hearing for the water users of the Modesto irrigation district before the United States Senate before the final passage of the Raker bill. Lehane letter will follow.

J. S. Rhodes,

Secretary-Treasurer Water Users' Association of Modesto Irrigation District.

I also received this telegram from Mr. Winklebleck himself: Modesto, Cal., October 30, 1913.

Senator John D. Works,
H. W. H. Building, Los Angeles, Cal.:

Made a canvass of the Turlock irrigation district yesterday, and find water users unanimously opposed to the Raker or any other bill taking water from the Hetch Hetchy.

LEVI WINKLEBLECK, Chairman Modesto Water Users' Association.

So, in asking for delay and further investigation I was speaking for the men who had rights in the stream which were

threatened with destruction.

Mr. President, in what I shall say on this subject I speak for the farmers of the San Joaquin Valley. I speak for the thousands of people all over this country who are protesting against the use of a part of the magnificent Yosemite Park for commercial purposes. I speak for the great city of San Francisco in opposition to the attempt that is being made to impose more than commercial purposes. impose upon it an enormous burden of debt, unnecessary and useless, and which will bring none of the benefits that are claimed for it by those who are advocating the passage of the bill. I shall show, I think, that in practically all of its pro-visions this bill is in direct conflict with the laws of the State of California providing for the distribution of the waters that belong to the State itself under the constitution of the waters that belong to the State itself under the constitution of the State; that San Francisco has not secured, by compliance with the laws of the State or otherwise, any legal right to divert from this stream any such quantity of water as is claimed by the advocates of the bill; that if it has the water commission provided for by the laws of the State of California has the right, under the laws of the State, to regulate and control its use and disposition and to compel it to confine its use to what it needs for its own purposes. I shall show, I think, that this whole proceeding, in the attempt to procure these rights from the National Government, has been a tissue of misrepresentations that amount, whether so intended or not, to a positive fraud, not only upon the rights of the people who have already filed upon the stream but upon the people of the city of San Francisco.

What are they proposing to do? They propose, under the grant that they expect from the National Government, as they claim, to construct a dam in the Hetch Hetchy Valley in the Yosemite Park that will store 400,000,000 gallons of water per day. What for? For San Francisco's use? Not at all.

The bill itself provides on its face that this grant is made not alone in the interest of San Francisco, but for San Francisco and the cities around the Bay of San Francisco. Nobody claims, and I suppose nobody will claim, that San Francisco will need 400,000,000 gallons of water a day for a century to come. San Francisco has no more right than I have to enter upon this stream and appropriate water for Oakland or other cities and attempt to distribute it or sell it to those cities, and the National Government has no authority or power to give it any such right. Therefore San Francisco is expecting to spend something like \$100,000,000 for the purpose of appropriating water and making the necessary improvements for that purpose that she never will be able to use under the law of the State of California.

If you will take the pains to examine these proceedings, from the report of the Board of Army Engineers that was employed to deal with this question down to this time, you will find that the whole proceeding was for the purpose of acquiring rights for about 26 different cities in the water of this stream, and to impound and take it out for the use of these various cities by the city of San Francisco, and only with her consent, as against the farmers of the San Joaquin Valley, who have made their legal appropriations upon the stream, have taken out a portion of the water they are entitled to use, and under the law of the State of California, if they proceed with reasonable diligence, are entitled to take out the balance of the water for their use.

Not only that, but Sau Francisco, while claiming the right to take out of the stream 400,000,000 gallons of water per day, has a filing upon the stream that allows her to take out only 161,000,000 gallons for any purpose. Therefore, if she goes to the expense of constructing this vast system for taking out water, when she is through and the laws of California are brought to bear upon her she will not be allowed to take out more than 161,000,000 gallons per day under her initial filings. If she does not need that quantity of water she will not be able to take out even that amount, because under the laws of the State her claims will be confined to the water necessary for her The balance of it will go to somebody else who is entitled to enter upon the stream, and it will not be confined to the people who have already made filings.

There has been a good deal said here about these "outsiders, so called, having no legal right to the streams of the State; but that is a mistake. Every citizen who owns land under that stream of water has a legal right at any time to enter upon it and claim the amount of water that he needs for his own use.

Mr. President Mr. BORAH.

The PRESIDING OFFICER (Mr. Owen in the chair). the Senator from California yield to the Senator from Idaho?

Mr. WORKS. I do.

Mr. BORAH. I want to ask the Senator from California if the law of California or the constitution of California provides

that the waters of the State belong to the public.

Mr. WORKS. Yes; I am coming to that in a moment. expect before I have done with this branch of the subject to analyze the bill that is before the Senate and then the laws of the State of California and compare the two to show what the conflicts are and what are the rights that these people have under the law as it is. But before I pass to that, on the subject of the rights of San Francisco and these landowners, l would like to read a part of a statement that has been issued by Leon Leighton and others, a committee for the Ceres Water-Users' Association, in which they say:

The Raker bill, H. R. 7207, allows 2,350 second-feet for both districts out of the natural flow of the river, and, between April 15 and June 15, allows 1,650 second-feet additional out of the flow waters of the river. This amount is totally insufficient for the needs of the

It has been claimed here all along that by this compromise arrangement the bill protects these people in the quantity of water that they need. That the water users deny. They are not only not allowed the amount of water that they have legally filed upon and are entitled to take out if they pursue their work of preparing their district by the application of the water, but they are not allowed sufficient to properly irrigate the land now under irrigation.

In the Modesto district they are all using almost their full share under the terms of the Raker bill and are barely able to supply their present needs. They have 35,000 acres of land receiving no water, which is being developed from year to year and which is entitled to share in the water they will receive under the Raker bill. If said bill passes, it will result in the farmers having such a small amount of water per acre that they will be ruined. The same thing is true in the Turlock district, excepting that their acreage is over two times as much as in the Modesto district.

San Francisco is attempting to secure the three choicest sites on the entire watershed, and also "desires that all permits for reservoir building on the public lands upstream from Hetch Hetchy, Lake Eleanor, and Cherry reservoir sites be reserved in favor of the municipalities of Greater San Francisco."

We contend that we are entitled to the water to the amount of our original appropriations, provided that we can make use of the same, beneficially, and in that event, we contend that there will not be water for San Francisco and its neighboring cities sufficient to meet with the least of their demands.

Mr. SUTHERLAND. Mr. President, will the Senator from California yield to me?

Mr. WORKS. I yield to the Senator from Utah.

Mr. SUTHERLAND. The Senator from California is making an exceedingly interesting statement on a very important bill. I observe that on the Democratic side of the Chamber there is just one Senator, the Senator from Colorado [Mr. Thomas]. name him in order that his patient attention to duty may be properly preserved in the records of the Senate.

Mr. OVERMAN. I think I had better get on the other side.

[Laughter.]

Mr. SUTHERLAND. I had not observed the Senator from North Carolina, who is evidently on this side in order that he may be in good company. In view of the situation which I have stated, I suggest the absence of a quorum.

Mr. THOMAS. Before that suggestion is pressed, may I simply say that I think a great many Senators have not returned to the Chamber since the reading of the President's ad-

dress, but are getting their midday meal.

Mr. SUTHERLAND. The Senators can come in long enough to answer the roll call.

to answer the roll call.

The PRESIDING OFFICER. The Senator from Utah suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gore	Norris	Smith, Ga.
Bacon	Gronna	O'Gorman	Smith, Md.
Bankhead	Hollis	Overman	Smoot
Borah	James	Owen	Stephenson
Bradley	Johnson	Page	Stone
Brady	Kenyon	Perkins	Sutherland
Bryan	Kern	Pittman	Swanson
Burton	La Follette	Pomerene	Thomas
Chamberlain	Lane	Reed	Thompson
Chilton	Lewis	Robinson	Townsend
Clapp	Lippitt	Root	Vardaman
Clark, Wyo.	McCumber	Shafroth	Walsh
Cummins	Martin, Va.	Sheppard	Williams
Dillingham	Martine, N. J.	Sherman	Works
Fletcher	Myers	Shields	
Gallinger	Nelson	Shively	
Goff	Newlands	Smith, Ariz.	

Mr. GALLINGER. I desire to announce that the Senator from Connecticut [Mr. BRANDEGEE] has been called from the Chamber and that he stands paired with the Senator from Illinois [Mr. Lewis].

Mr. CLARK of Wyoming. I desire to announce that my colleague, the Senator from Wyoming [Mr. WARREN], is absent

from the Senate on public business

The PRESIDING OFFICER. Sixty-four Senators have answered to their names. A quorum is present. The Senator

from California will proceed.

Mr. WORKS. I feel more than ordinarily desirous that Senators should hear what I have to say on this subject. I do not believe that a great number of the Members of this body really understand the situation as they should in order to vote upon it intelligently. I am particularly anxious that the Democratic Members should be in their seats, because it is being circulated here and has come to me at various times that this has been made a Democratic measure, and that the Democrats propose to put it through. I do not believe that statement. This is too important a matter to the State of California to be dealt with in that way, and I am sure that no Senator here has any such disposition. I have been assured of that fact by a number of Democratic Senators.

Mr. STONE. If the Senator will pardon me— The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Missouri?

Mr. WORKS. I yield.

Mr. STONE. I desire to say in this immediate connection that I am absolutely sure there has been no consultation even, much less any conference, of the Democratic Senators, with any view of concerted action with respect to this bill. I am absolutely sure that every Senator on this side has his mind open and will vote in accordance with his own judgment.

Mr. WORKS. I have been assured of that fact, as I said before, and I have no doubt of the correctness of the statement of the Senator from Missouri. But it shows the extent to which some people are going for the purpose of bringing about the passage of this bill, and I did want the opportunity to explain the situation to Democratic Senators so that they might fully realize not only the importance of this question but understand what should be done in the interest and for the welfare of the State of California, not only these two sections of it but all of it.

Proceeding with what I was reading-

Our districts need additional storage. This must be found on Tuolumne River and its tributaries. The districts are now in this

position:

If San Francisco is permitted to hold back the flood waters of the Tuolumne River in her reservoirs at Hetch Hetchy, Lake Eleanor, and Cherry Creek, there will not be sufficient flood waters to fill such reservoirs as the districts may be able to construct above the La Grange Dam on the Tuolumne River. The natural flow of the Tuolumne River is early in July, and they will therefore be left in the last half of the season without water for irrigation. In other words, under the Raker bill they will have a short supply in the first half of the season and no supply at all in the latter half of the season.

The future progress and development of our community depends upon the water supply of our lands. Any abridgment of our rights in regard to water will discourage investment and injure irreparably the future progress of ourselves and our posterity.

Mr. THOMAS Mr. President.

Mr. THOMAS. Mr. President-

The PRESIDING OFFICER. Will the Senator from California yield to the Senator from Colorado?

Mr. WORKS. I yield. Mr. THOMAS. I should like to inquire of the Senator if he has read the report of the Army engineers upon this project? Mr. WORKS. I have studied it very carefully, and I will

come to comment upon it later.

Mr. THOMAS. Then the Senator probably recalls the fact-I think it is in that report—that this river sometimes at flood season has a flow of between 30,000 and 40,000 second-feet, which, of course, is more than enough to supply San Francisco and all previous appropriations and to build as many reservoirs as natural conditions would permit the construction of.

Mr. WORKS. It is true that at certain times of the year flood water will come down and it may be stored, but I think the Senator is mistaken in his statement that the flood waters of this stream if properly stored will supply San Francisco and leave water enough to supply these lands. I think he is also mistaken in saying that the Army board report shows any such thing.

Mr. THOMAS. I may be mistaken as to that. I remember

reading it in one of the many reports.

Mr. WORKS. I will endeavor later on to analyze that report and find out just what it does say in relation to the matter.

Mr. MYERS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Cali-

fornia yield to the Senator from Montana?

Mr. WORKS. I yield.

Mr. MYERS. I was not fortunate enough to be in the Chamber when the Senator began his remarks. I ask from whom is the statement the Senator has just read? What irrigationists are making that complaint?

Mr. WORKS. It is signed by Leon Leighton, W. S. Watson, G. W. Miles, committee for the Ceres Water Users' Association. They compose a part of the water users in one of these irrigation districts.

Mr. MYERS. Under the Turlock-Modesto system or district?

Mr. WORKS. Yes.

Where are those people getting sufficient water of this for their irrigation purposes now? The flood waters of this river run to the sea, and they are not impounded at all. Where

do they get enough water now? Mr. WORKS. They do not g

Mr. WORKS. They do not get enough water now.
Mr. MYERS. Why did they not impound it long ago if they needed it?

Mr. WORKS. The conditions in this valley have been such that the single landowners were not able to build the necessary storage reservoirs for the purpose of taking the waters out of the stream. In order to meet that condition and help the farmers themselves a law was passed providing for the forma-tion of irrigation districts. Those districts are being formed all over the State of California, whereby the farmers can com-bine themselves together and so make the necessary appropriations, build the necessary reservoirs, and take out the water under the direction of the irrigation district, and distribute it to the land belonging to the landowners. That would have been impossible but for the authority given to establish these irrigation districts. They have formed districts taking up a large part of these valley lands, but not all of them. They have formed two irrigation districts lately-one the Tracey and another the name of which I do not remember-for the purpose of combining and making such appropriations and building such reservoirs as may be necessary to store the water that is now going to waste; but if they are prevented from doing that by this grant and the impounding of the water in this large reservoir, then that right is taken away from them.

Mr. MYERS. How long has California's irrigation district law been in existence?

Mr. WORKS. Oh, a number of years, Mr. MYERS. They have had about 20 years to do this, and why have they not done it, and why do they get in a hurry to do it now?

Mr. WORKS. Will the Senator allow me to answer the question'

Mr. MYERS. Certainly, but I wished to complete my question before the Senator answered it. I have completed it.

Mr. WORKS. The irrigation law has been in force for probably 20 years, as the Senator says. I do not remember the exact time, but the law was defective, and a great many of the irrigation districts that were formed failed. The law has been amended on several different occasions until it is supposed now that investors can safely take up the bonds of the district and that they can negotiate their bonds and build reservoirs and appropriate and use the water. That is the exact condition of the section that I am now talking about. People are coming into that valley by the thousand, induced to come there by the fact that they have taken these steps to appropriate and use water for the irrigation of the lands.

Mr. MYERS. Then I would ask—
The PRESIDING OFFICER (Mr. SHIVELY in the chair). Does the Senator from California yield further to the Senator from Montana?

Mr. WORKS. I yield.

Mr. MYERS. Has there been any organized effort heretofore or any steps taken in the past for the procurement of the appropriation of these waste waters by the irrigation district?

Mr. WORKS. Yes; they have made their regular filings upon the stream, which entitle them to take out a part of the flood waters. They have built some reservoirs there already. are preparing to build other storage reservoirs below the point where it is proposed to grant the right to build this one, which would be interfered with if this bill should pass and this reservoir be constructed.

Mr. MYERS. I should like to ask further, the Senator does not contend that where any of these appropriations have already been made or where steps have been taken they could be interfered with by this bill?

Mr. WORKS. Certainly, I do. I believe they would be very

seriously interfered with.

Mr. MYERS. Does the Senator say that Congress could interfere with a water-right appropriation under a State law when It is initiated according to law?

Mr. WORKS. It can; if this statute is to be enforced.

Mr. MYERS. I should like to have the Senator explain how

it can be done.

Mr. BORAH. Mr. President-

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Idaho?

Mr. WORKS. I yield. Mr. BORAH. In answ

In answer to the suggestion of the Senator from Montana, if Congress has any power at all in the premises to control and distribute and adjust this water, it is a superior power, and it can affect that which has been done as well as that which is to be done. If we are correct in our contention that the entire matter rests upon rights arising under the State law, then Congress can not deal with the subject. If that is not true, then it is within the power of Congress to readjust the matter.

Mr. MYERS. With the permission of the Senator from California, I should like to say, if I do not interrupt him too much, that I do not understand how Congress could interfere with any vested right which accrued to anybody under any legitimate and jurisdictional law, State or National.

Mr. WORKS. Does the Senator mean to say that this bill

does not attempt to do it?

Mr. MYERS. I claim that it undertakes not to do it. That is my understanding of it.

Mr. BORAH. It is no more difficult for Congress to interfere with a vested right than it is for Congress to interfere with a power reserved entirely to the State. It is, of course, impossible for Congress to do either; but one, I apprehend, could be about as well justified as the other.

Mr. WORKS. Mr. President, I come now to analyze the bill

before the Senate.

Mr. THOMAS. Mr. President-

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Colorado?

Mr. WORKS. I do.

Mr. THOMAS. I apologize to the Senator for interrupting him-

Mr. WORKS. That is unnecessary. Mr. THOMAS. But the source of my statement was not the report of the Board of Army Engineers, but a statement of Mr. O'Shaughnessy, on page 136 of the hearings before the Committee on Public Lands of the House of Representatives.

Mr. WORKS. I have not discovered any statement of that kind in the report of the Army engineers, and I have studied it

very carefully.

Mr. THOMAS. The Senator is correct. I was mistaken as to the source of my information. Mr. STONE. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Missouri?

Mr. WORKS. I do.

Mr. STONE. I should like, as a matter of information, to ask the Senator to state the arable area of the valley through which the river flows.

Mr. WORKS. I would not be able to do that from present memory, but I will do it in the course of my remarks. The whole matter will be disclosed before I have done.

Mr. STONE. Does the Senator know how much of it is now in actual occupancy?

Mr. WORKS. Something like 400,000 acres is under irrigation.

Mr. STONE. And how much is lying idle?

Mr. WORKS. The remainder is lying idle-at least 200,000 The Senator from Utah says more than that.

Mr. STONE. The Senator from Colorado said 6,000,000 acres. in the aggregate.

Mr. WORKS. I am talking about the irrigable land. Mr. WALSH. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the junior Senator from Montana?

Mr. WORKS. I yield.

Before the Senator from California passes Mr. WALSH. from the presentation of the protest or objection made by the irrigation district and those interested in it to consider the particular features of the bill, I should be very thankful, indeed, if he would give us a little clearer idea of just exactly what the protest of these people is and upon what it is founded.

This is a bill permitting the creation and establishment of a dam within the Hetch Hetchy Valley, in the Yosemite National Park, for the purpose of impounding water which would otherwise flow away. No one heretofore has ever had a right to put a dam there for the purpose of impounding the water. Neither the people of San Francisco nor the people of the San Joaquin

Valley have had that right. No one has had the right to do so.

I gather from what the Senator says, however, that these people do not want the privilege which is here to be given to the people of San Francisco to erect a dam in the Hetch Hetchy Valley; in other words, to step into the position that the people of San Francisco would occupy under this bill. They are not asking that. If they are not asking that, I do not understand how they are injured in any way by the passage of this act, except it be that they intend hereafter to erect dams at some lower point in the stream for the purpose of there impounding the waters which would by this dam be stored within the Hetch Hetchy Valley. If they do hereafter intend to construct such dams, they have no rights accrued which could be affected by If they have already, as the Senator now tells us, constructed dams below for the purpose of impounding water there, or if they have started already to do so, any rights which they have acquired by virtue of that work thus initiated or carried to its termination will be, of course, superior and paramount to any rights that the city of San Francisco could acquire by reason of this construction work to be carried on later. Thus, it occurs to me that, as I understand it now-and I ask simply to be enlightened upon the matter-this act can not possibly injure them, and I am anxious to know just what it is that these people complain about.

Mr. WORKS. Mr. President, I am quite willing to yield to questions, but I hope I will not be asked to yield in order that some other Senator may make a speech on this question in my time.

I had not commenced to develop the question the Senator refers to. It was simply a passing reference to it for the purpose of showing the interest these landowners have in the subject. But I expect to take that matter up more fully as I go along, and I shall be very glad to submit to any inquiry the Senator may then desire to make.

I may say, however, in this connection that there seems to be some idea here that there is a difference between the storm waters of a stream and the natural flow of it with respect to the legal rights of persons who are claiming the waters of that stream. That is not so. Precisely the same law applies to both of them. It may be more difficult, it may cost more money to store the water that comes down during a storm time, but the law is precisely the same with respect to its appropriation and its use. There is no difference in a legal sense.

If these landowners have filed upon a specific quantity of

water and that water is not to be had from the natural flow of the stream, they have a right to take the balance of it from

any storm waters and to take any steps that are necessary to

accomplish that result.

Neither the city of San Francisco nor anyone else has undertaken to file upon this stream and take out a part of the storm waters and assume that they are not going to interfere with the natural flow of the stream. They can no more interfere with the rights of the landowners to take out storm water than they can with the natural flow of the stream. Therefore, if any dam is constructed above the dam of the landowners which will stop the flow of the storm waters and impound them for the use of the city of San Francisco, and thereby lessen the quantity of water that will pass down to the dam of the landowners, then they are encroaching upon their rights and could be enjoined.

The landowners, following further the suggestion of the Senator from Montana, have certain filings upon the stream. They have not taken out all the water that they are entitled to take out. They could not take it out from the natural flow of the stream. They will be compelled, in order to get the amount of water to which they are entitled, to erect a storage dam or dams,

They have erected one of them below where it is proposed to construct this dam. They have never said, as the Senator suggested, that they do not propose to erect a dam in Hetch Hetchy Valley. The claim is being made here that they will not be able to do so, but as a matter of fact, with the combination that can be brought about through this irrigation district, they would be able to construct a dam sufficiently high to furnish the water that is necessary for the supply of their lands. But I think I shall show the Senate before I have done that if San Francisco proposes to construct a dam for the purpose of taking out the waters of the stream, and it should be a hundred feet high, the water commissioners could compel the city of San Francisco to permit the landowners to add another 50 feet or another 100 feet for the purpose of storing the water that they need as well and compel a joint distribution of it.

Now, Mr. President, taking up the bill itself, I call attention, in the first place, to a clause on page 2 of the bill, which is a part of the grant and discloses to whom the grant is proposed to

be made:

For conveying water for domestic purposes and uses to the city and county of San Francisco—

Now, mark you-

and such other municipalities and water districts as, with the consent of the city and county of San Francisco, or in accordance with the laws of the State of California in force at the time application is made, may hereafter participate in the beneficial use of the rights and privileges granted by this act.

Has anybody else but the city of San Francisco made application for any grant of this kind? Has Oakland or Berkeley or any of the other 26 cities that are mentioned here asked the Government for any grant to take water from the stream and store it? Not at all. Has the city of San Francisco the right to enter upon the stream and take out the water for anybody else but San Francisco? I shall show that she has not. If San Francisco has no right to enter upon the stream and take out the water for anybody else, then why should the Government grant to San Francisco the right to erect this reservoir for the purpose of storing water that it can never legally take out?

Mr. President, let us look at some of the most remarkable provisions of this bill. Nothing like it has ever been known in the history of this country, so far as I know. There have been grants of this kind made before. There was a grant made to the city of Los Angeles to enter upon the land of the United States and construct its reservoirs and its ditches and canals, but it was a plain simple grant of that right. It made no attempt to interfere with the disposition or use of the water; it made no conditions even for the payment of money to the Government; it simply granted a right to construct these improvements upon Government land in order that the water might be disposed of in accordance with the laws of California; but they are not content with that in this case. They propose to say for what this water shall be stored, to whom it shall be distributed, where it shall go, and what shall be paid for it.

Mr. THOMAS. Mr. President—
The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Colorado?

Mr. WORKS. I do.

Mr. THOMAS. I wish to call the Senator's attention to the last section of the act granting the right to use the public lands of the Nation for the construction of this water system, which reads:

That the city of Los Angeles is prohibited from ever selling or letting to any corporation or individual except a municipality the right for such corporation or individual to sell or sublet the water sold or given to it or him by the city.

I desire to ask whether that does not impose a restriction upon the sale or the use of the water that the city of Los Angeles receives within its municipality to the system of waterworks that it constructed by virtue of this act?

Mr. WORKS. No; because it was simply a statement of the law of California. It could not do it under the law of that State. Therefore the provision amounted to nothing, and was not objectionable to Los Angeles.

Section 6 provides practically what has just been stated by the Senator from Colorado with respect to Los Angeles.

Section 7 provides:

Section I provides:

Sec. 7. That for and in consideration of the grant by the United States as provided for in this act the said grantee shall assign, free of cost to the United States, all roads and trails built under the provisions hereof; and further, after the expiration of five years from the passage of this act the grantee shall pay to the United States the sum of \$15,000 annually for a period of 10 years, beginning with the expiration of the 5-year period before mentioned, and for the next 10 years following \$20,000 annually, and for the remainder of the term of the grant shall, unless in the discretion of Congress the annual charge should be increased or diminished, pay the sum of \$30,000 annually.

With respect to the roads, this condition is not objectionable; that is a condition that the Government may very properly impose, as it will affect the Government lands. That is left in its hands after this grant is made, and the Government certainly has the right to make any conditions of the grant that affect the title or the use of its own lands. To those provisions of the bill and those conditions I make no objection, because they are perfectly legitimate.

Section 8 provides:

SEC. 8. That the word "grantee," as used herein, shall be understood as meaning the city and county of San Francisco and such other municipalities or water district or water districts as may, with the consent of the city and county of San Francisco, or in accordance with the laws of the State of California, hereafter participate in or succeed to the beneficial rights and privileges granted by this act.

There is a grant to some city that may or may not at some future time seek to take advantage of the grant; but the grant compels, as I shall show directly, the city of San Francisco to construct a dam 200 feet high for the purpose of storing this entire quantity of water, whether anybody else claims it or not, and for a purpose not within the filing made by the city of San Francisco; and where the filings of that city only amount to 161,000,000 gallons a day, where San Francisco is claiming the right here to construct a dam which will store three times that amount, or nearly that, without any provision or any legal act on the part of the city of San Francisco that entitles it to store that quantity of water.

Going further, section 9 provides:

Sec. 9. That this grant is made to the said grantee subject to the observance on the part of the grantee of all the conditions hereinbefore and hereinafter enumerated.

Now, mind you, those are some of the conditions of the grant. The right of the city of San Francisco to construct a dam and use it is subject to these conditions. If it fails to comply with them, they having been made conditions, of course it forfeits its right and all the money that it has placed upon this property.

Let us now see what it is required to do. I am passing over some of these provisions, which refer simply to sanitary conditions that the Government has the undoubted right to impose;

but coming down to subdivision (b), it is provided:

(b) That the said grantee shall recognize the prior rights of the Modesto irrigation district and the Turlock irrigation district as now constituted under thee laws of the State of California, or as said districts may be hereafter enlarged to contain in the aggregate not to exceed 300,000 acres of land, to receive 2,350 second-feet of the natural daily flow of the Tuolumne River, measured at the La Grange Dam—

That is a dam that is constructed by the districts themselveswhenever the same can be beneficially used by said irrigation districts, and that the grantee shall never interfere with said rights.

Who in this Senate knows anything about what water these districts are entitled to? How do we know? Mr. PITTMAN. Mr. President—

Mr. PITTMAN. Mr. President—
The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Nevada?
Mr. WORKS. I yield.
Mr. PITTMAN. What difference does it make to this body what amount of water either San Francisco or the irrigation districts are entitled to?

Mr. WORKS. It ought not to make any, but it seems to do so by the provisions of this bill. If not, why should the Government legislate upon it at all?

Mr. PITTMAN. Does the Senator think that we should take that question into consideration at all?

Mr. WORKS. I think it ought not to be in the bill at all, I will say to the Senator. That is just what I am complaining of.
Mr. PITTMAN. If the Senator will pardon me, my only
answer to that is that I do not think there is a Senator who

favors this bill believes that provision is material to the bill; but those who want to give to San Francisco the right to build a dam on the public lands believe that without that agreement in the bill the House of Representatives will not pass the bill.

Mr. WORKS. That is a very singular position for the Senate of the United States to take, to adopt a provision in a bill in opposition to what the Senate thinks it ought to be because of some action that may in the future take place in the House of Representatives.

Mr. NORRIS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Califor-

nia yield to the Senator from Nebraska?

Mr. WORKS. I yield.

Mr. NORRIS. If the provision to which the Senator refers has no effect

Mr. WORKS. Mr. President, I have not said it has no effect. That remark was made by the Senator from Nevada [Mr. Pitt-

MAN].

Mr. NORRIS. I understood the Senator to say that,
Mr. WORKS. No; I did not.
Mr. NORRIS. Then, I will ask the Senator, does he claim
that we can pass any act that will be effective, that will take
away or add to any of the rights belonging to these people who
want to use water for irrigation?

Mr. WORKS. Mr. President, the Congress of the United.

Mr. WORKS. Mr. President, the Congress of the United States by a provision of this kind may do one of two things. It may deprive future proprietors in that stream of the surplus waters, of some of the waters to which they are entitled, by providing that a certain quantity of this water shall be taken out by the city of San Francisco, or, if the city of San Francisco is not able to do that by complying with the conditions contained in the bill, then it is subject to a forfeiture of its

Mr.-NORRIS. Then, if this section of which the Senator com-

plains was omitted, would that help the matter any? Mr. WORKS. It would help the matter, certainly, so far as

that particular question is concerned.

Mr. NORRIS. Would that eliminate that difficulty? Mr. WORKS. It would eliminate that particular difficulty; yes. Mr. NORRIS. I can not understand, if the Senator will pardon me, if this does not undertake to control the balance of the water, and only controls it to the extent named in the bill, if you would eliminate that and say nothing about it, how it would make the matter any better for those who are not mentioned in the bill than it is now. In other words, if this particular part here, which the Senator thinks ought to be out, and which only undertakes to apply to certain corporations, were eliminated, how can the stipulations of the bill in regard to them be construed to injure anybody else who is not mentioned in the bill, when the Senator contends that we ought to say nothing about it and let everybody take water under his rights

as given by the California law?

Mr. WORKS. Mr. President, if the Senator from Nebraska does not understand the plain language of the bill and its legal effect, I am afraid I shall have a great deal of trouble in mak-

ing him understand it.

Mr. WALSH. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Montana?

. Mr. WORKS. I was about to reply to what the Senator from Nebraska had said, if the Senator from Montana will pardon me for a moment.

Mr. WALSH. I shall be very glad to listen to the Senator.
Mr. WORKS. Here is a provision in this proposed statute
made a condition to the grant that a specific quantity of water shall be turned out to the two irrigation districts. I do not know, neither does any Senator here know, whether or not that is the amount of water that they are entitled to. It may be more or it may be less.

Mr. NORRIS. Mr. WORKS. Mr. President— Wait a moment.

I was going to answer that question. Wait until I get through with the answer, and Mr. NORRIS.

Mr. WORKS.

then I will give the Senator an opportunity to do so.

If the Government is compelling San Francisco by this condition to turn out to the two irrigation districts more water than they are entitled to, then it is either taking away from San Francisco part of the water to which it is entitled or it is taking it away from somebody else who may have the legal right to file upon the stream and take out water. On the other hand, if by this condition the Government compels San Francisco to turn out this quantity of water from the amount stored in the reservoir, if it fails to do that it is subject to the forfeiture of its grant.

Suppose the State of California comes in through its water commissioners and determines, as it has the right to do, as I shall show directly, just what quantity of water shall be used by those districts, just what quantity may be left in the streams as surplus water, what is appropriated and what is unappropriated, and how much of it may be taken by San Francisco. Here we have a provision in direct violation of the provisions of those statutes of California which authorize somebody else to determine just how much water shall be taken from the stream and how it shall be used. It can not be said, I will say to the Senator from Nebraska, that this does not limit the use of the water or that it does not provide for the distribution of the water-something which I think the Government of the United States has no power whatever to do.

Mr. NORRIS. Will the Senator permit me there? Mr. WORKS. Certainly; I yield to the Senator.

Mr. NORRIS. The last remark of the Senator was that it was something that the Government of the United States has no power to do. Then is it not on all fours with a prevision in the Los Angeles grant, which the Senator said just a few moments ago was simply a statement of the California law and had no effect?

Mr. WORKS. No: because in the case of the Los Angeles district the bill provided just what the law of California provides for, while in this case it is providing something that is in direct opposition to the law of California.

Mr. NORRIS. Exactly; but if the Senator's theory is true, then the particular provision that he is opposing so strenuously, even if it were left in the bill, would have no legal effect what-ever, because, as the Senator says, it is an effort to do something which we have no right to do; so that at least it would not hurt anvone.

Mr. WORKS. I have said very distinctly that it does have a legal effect so far as it affects the grant to the city of San Francisco, because, if she fails to do this, I do not care for what cause, she is subject to the forfeiture of her grant.

Mr. BORAH. Mr. President-

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Idaho?

Mr. WORKS. Yes; I yield. Mr. BORAH. I want to ask a question of the Senator from Nebraska, who is on the committee, and doubtless knows something about the genesis of the bill. Does the Senator from Nebraska think that that clause is one that Congress has power

Mr. NORRIS. Will the Senator from California yield to me to answer the question?

Mr. WORKS. Yes. Mr. NORRIS. I said the other day, and I think I will take occasion to say again later on in the debate if I take part in it, that I do not think, if I had my own way about it, that I would have this provision and some of the other provisions in the I do not think that we can determine that question, but I think that it does not do any harm in the bill, except perhaps in one sense it might look a little ridiculous. It is the same question exactly, as I look at it, that was in the Los Angeles bill, where certain provisions were put in which, as the Senator from California has said, did not have any legal effect and did not hurt anyone. In this case the provision was put in, not because San Francisco wanted it in, but because the men who were fighting the bill at the time it was put in insisted that it should be put in or they would continue to fight the bill. It was put in to satisfy the very men who are now the enemies of the

Mr. BORAH. As I understand the Senator from Nebraska and also the Senator from Montana, there is very little difference of view here with reference to the legal proposition.

Mr. NORRIS. I do not believe there is any. I think we

Mr. BORAH. I think there is very little difference of opinion as to the proposition that if this bill were stripped of all the things which we can not do and confined to the things which we can do there would be very much less of opposition to it; but evidently these provisions were put in upon the theory that they would be legal, and those who consented to them consented for the reason that they believed it was in the power of Congress to enact them.

Now, having discovered that they have something which is of no legal validity, it is right and proper that they should not desire to have such provisions in there, because doubtedly lead, as the Senator from California said the other day, to litigation and to difficulties and costs in that respect. What the legal effect may be is one thing, but what might grow out of it in the way of lawsuits in order to determine that

legal effect is another thing. But it is an anomalous proposition that we will seek to solemnly enact that which all concede to be beyond our power to enact.

Mr. NORRIS. Will the Senator permit a question?

Mr. BORAH. Yes; if the Senator from California will permit.

The PRESIDING OFFICER. Does the Senator from California yield further to the Senator from Nebraska?

Mr. WORKS. I yield. Mr. NORRIS. The Senator says it will lead to litigation. the language put in the bill which the Senator is now dis--I mean that language which says how much water shall be turned out to these two irrigation districts-assuming that the language in the bill states the correct amount that these irrigation companies are entitled to under the California law, then would there be any danger in the conditions? As I understand-at least it was stated to be true on both sides of the proposition—these people were given under the terms of the bill itself all the water to which they were entitled under the laws of California.

Mr. BORAH. If there was no one else to complain or to become involved in a law suit except those whose rights have been passed upon and it should happen that the amount of water given to them was the correct amount, it would not likely lead to a law suit, but the evil of this thing, and the objection I have to it, is that it seems to be conceded that the Government of the United States is asserting the right and asserting the power to distribute the waters of California. It is an assertion of power on the part of the Government to do that thing, and it is a little more difficult to get rid of a proposition upon which you can place the authority of the National Government than it is to settle your rights under the State laws alone. We are asserting a power and we are under oath to legislate in accordance with the Constitution.

Mr. WALSH. Mr. President—
The PRESIDING OFFICER, Does the Senator from Cali-

fornia yield to the Senator from Montana?

Mr. WORKS. I am going to yield to the Senator from Montana, but I want to say that from this time on until I have concluded the analysis of this bill and of the California law I shall decline to be interrupted further. Senators may, however, after that, if they so desire, ask me any question, and I shall be glad to answer if I can.

Mr. WALSH. I do not desire to interrupt the Senator unless he wishes. I rose because of the fact that the Senator inquired in the course of his remarks whether there was any Senator upon the floor who was able to say whether this was the amount of water to which these irrigation districts were entitled. I should like to speak briefly on that subject-

Mr. WORKS. Certainly. If the Senater is able to state

that I have no objection to his doing so.

Mr. WALSH. I speak in the hope that the discussion may be clearer to Senators who are listening with interest to the remarks of the Senator from California.

It seems to be assumed here—and undoubtedly it is the casethat the Modesto irrigation district has certain rights in this The Senator is suggesting by the question he asked awhile ago that those rights may amount to very much more than is here specified. Of course none of us knows how much they do amount to. They may be more or they may be less than the amount specified here in this paragraph. As I view it, it is a matter of entire indifference to them whether it is the one or the other; and I should like to be corrected by the Senator from California if I am in error.

Mr. WORKS. I think the Senator is greatly in error.

Mr. WALSH. If they have water rights greater in amount than in this paragraph specified, and they go into a court in the State of California for the purpose of asserting those rights, and the Senator was the judge on the bench, are we to understand him to say that he would have to adjudicate that they could take only those rights specified in this act, and that they would lose the excess to which they are otherwise entitled?

Mr. WORKS. Mr. President-

Mr. WALSH. Let me finish the question.

Mr. WORKS. I thought the Senator had asked two or three

Mr. WALSH. Now, I want you to assume that they have not a right to that much, and when they bring their suit it is determined that they are not entitled as of right, outside of the provisions of this bill, to the amount mentioned in the bill. The city of San Francisco here, however, agrees that no matter how little they may have a right to, or even if it should appear that they have no rights at all, they shall be entitled to the quantity of water specified. In other words, is not this pro-

vision one to the advantage of those people, assuring them that amount in any case, and in any event enabling them to assert whatever excess they have a right to? The city of San Francisco by accepting this grant is forever estopped from asserting to the contrary, while the irrigation districts are at liberty to establish as before that they are really entitled to twice that much. Is not that right?

Mr. WORKS. If I were a judge on the bench, as the Senator suggests, I should hold that the Government of the United States had no right to impose any such conditions, or to distribute this water at all, or to provide for it, or to make any such condition as affecting the city of San Francisco. But why should the Congress of the United States compel these districts to go to me or to any other judge to have that matter determined by a provision in this bill?

Mr. WALSH. Let me make an inquiry of the Senator. city of San Francisco has certain rights in this stream. This district has a right in this stream. They are obliged to adjudicate any controversy either before the courts or a com-

mission, are they not?

Mr. WORKS. They ought not to be compelled to litigate it by any provision we may insert in this bill.

Mr. WALSH. We do not make them litigate it by any pro-

vision of this bill.

Mr. WORKS. They certainly would. If the city of San Francisco is compelled to turn out a certain quantity of water, and demand is made for that quantity, and the city refuses to grant it, resort would have to be made to the courts to compel it. On the other hand, the Senator does not seem to understand that there are other people who are entitled to the water of this stream besides these two districts. Suppose this bill provided for turning out twice as much water to the districts as they are entitled to, as against other people who may have filed or who may desire to file upon the stream, upon water that is not appropriated, then the Government is proposing to compel San Francisco to turn out to the districts water that legally and justly belongs to somebody else. What right has the Government to do that?

Before leaving this subject, I want to refer again to what has been said by the Senator from Nebraska [Mr. Norris]. As I see it, he seems to have an entirely erroneous conception of pretty much everything connected with this bill. He says that this matter has all been agreed upon by the parties in interest. That is a mistake, I will say to the Senator from Nebraska. The very people who are interested in this matter sent a delegation here to Washington for the purpose of op-posing the bill. When they got here, in their wisdom they concluded they had better compromise their differences. They had no authority from the water users of the districts to make any compromise of that kind or any authority from the officials of the district itself. The water users who were not willing that there should be any compromise made upon the bill at once protested, but the people who were here said, "Well, we are right here on the ground, and we know better than you what is to the interest of the water owners, and you had better They did wait until this bill had passed the House, I believe, but it is a mistake to say that nobody was here even at the time of the hearings before the House committee who was protesting against this bill, because Judge Dennett, a resident of that community and a very respectable and able man, was here protesting before the House committee against the passage of the bill; but he was hardly listened to with patience when he undertook to show the committee the injustice of the compromise that had been made. So it is a mistake to say that there has been no protest made by anybody who is interested on the other side of this question. But it has had this effect, Mr. President: The effect of it has been that this hearing was completely one-sided; the rights of the irrigationists and landowners were never presented to the committee, except in that one statement that was made by Judge Dennett with respect to what are called, the out-

Mr. PITTMAN. Mr. President-

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Nevada?

Mr. WORKS. I yield. Mr. PITTMAN. The Senator from California evidently has a different opinion as to what took place than have those who are advocating this bill, and I think that his last statement is in error with regard to the fact that the representatives of the irrigation districts were not confirmed in their action by these who created them. It will only take me a minute to read a statement of the confirmation, if the Senator will permit me. Mr. WORKS. Certainly.

Mr. PITTMAN. So that it will be understood, I will state that this matter was first taken up before the Public Lands Committee of the House, which held a hearing lasting several weeks. At least two months subsequent to that time the matter was taken up for consideration before the Public Lands Committee of the Senate, of which I am a member and of which the Senator from California is a member. Mr. Lehane appeared before that committee, making the same charges then that the Senator from California now is making.

Mr. WORKS. But that, I remind the Senator, was after the bill had passed the House and was before the Senate, and while

I was away in California.

Mr. PITTMAN. The Senator is correct; but at that time Mr.

Lehane was here. It was after the bill had passed the House. and Mr. Lehane charged before the Public Lands Committee of the Senate the same things that the Senator is now charging—that the representatives of the irrigation districts violated their authority in making this agreement. My answer to that is that Mr. Church gave the following testimony before the Public Lands Committee of the Senate, which is found in the hearings of the Senate committee on this bill at page 64:

The Chairman. All right: you may proceed, Mr. Church.
Representative Raker. Mr. Church is from the San Joaquin district, and he is familiar with this entire question.

By the way, Mr. Church is a Representative from that dis-

By the way, Mr. Church is a Representative from that district.

Mr. Church. Originally I was very much opposed to this plan. I had heard of this Hetch Hetchy matter for years and years; I had heard that Mr. Needham was fighting for the rights of the irrigation districts and the people. When I came to Washington this spring the battle was on in reference to the Hetch Hetchy and, very fortunately, certain representatives from these districts came here. Their names were as follows: Hon. L. W. Fulkerth, superior judge of Stanislaus County, wherein is located both these irrigation districts, in a way. There were two representatives, two attorneys for these districts—the Stanislaus and the Modesto districts—also two engineers representing the districts who came here. Mr. Corey and Mr. Smith. Mr. Needham was also employed to represent the districts, and all these people came on here to Washington. All the interests they had on earth were involved and they were acquainted with the whole history of the case from start to finish.

I felt greatly relieved, because I knew that what they decided in relation to the matter would be for the best interest of the districts. They came here and they entered into an arrangement—an agreement. Those agreements are all embedied in this bill. They all agreed to them—the engineers, the attorneys, and the special representatives. They all agreed to the conditions that are now embodied in this bill. For that reason I withdrew any opposition that I had, and in view of the fact that these people who knew so much about the matter and had only the interests of the irrigation districts at heart advised me this way, I withdrew what little opposition I had manifested to the bill. I was very greatly pleased, gentlemen, when those men went back home to report, that the people back theer ratified their work, and so I will just here read some telegrams that I have received, which I have published in your records and which are in the Congressional Record. Those telegrams are sent by people of standin

Modesto, Cal., August 13, 1913.

DENVER S. CHURCH, M. C., Washington, D. C.:

Washington, D. C.:

At a joint meeting of the board of directors of the Modesto and Turlock irrigation districts held in Modesto this day the action of the committee sent to Washington to represent the districts was fully indorsed, and the Raker bill, as recommended by the House committee, was approved. The boards also passed resolutions requesting our Representatives in Congress to use their best efforts to pass such bill and oppose the passage of any bill granting San Francisco the Hetch Hetch which does not contain provisions recognizing and protecting the rights of the districts in the Tuolumne watershed, as provided in the bill. Stanislaus County Board of Trade passed resolutions on Monday night in effect that no further opposition would be made to the Raker bill. Some little opposition to the bill had been engendered by persons having special interests outside of the districts and by a few others who feel that the waters of the river should never be taken from the valley. People generally of the irrigation districts believe that under all the circumstances the Raker bill should be adopted without material amendment and that the strongest opposition should be made to any change in the bill which would eliminate any of the conditions in favor of the districts.

C. S. Anbort.

C. S. Abbott,

Secretary Joint Meeting of Directors

Modesto and Turbock Irrigation Districts.
P. H. Griffin,

Attorney Turbock Irrigation District.
E. R. Jones,

Attorney Modesto Irrigation District.
L. W. FULKERTH.

I will now read another telegram sent under date of August 12 of this year, which is as follows: HUGHSON, CAL., August 12, 1913.

Hon. DENVER S. CHURCH, M. C. Washington, D. C .:

At a mass meeting of taxpayers and irrigators of Hughson section of the Turlock Brigation district the secretary of the meeting was instructed by resolution to wire you to vote for and use your influence for the immediate passage of the Raker bill as approved by our committee. E. F. Sawdex, Secretary.

I have another one from Turlock, dated August 14, 1913, which is as follows: TURLOCK, CAL., August 14, 1913.

DENVER S. CHURCH, House of Representatives, Washington, D. C.:

We, the committee appointed by a citizens' mass meeting of the Turlock irrigation district, working in conjunction with the directors of said district, do hereby indorse the work of the representatives of the Turlock and Modesto irrigation districts sent to Washington for the Turlock and Modesto irrigation districts sent to Washington for the Turlock and Francisco as set forth in a certain bill known as the Raker bill. We further ask our Representatives in Congress to support and vote for the said Raker bill, H. R. 7207, as reported out of the Public Lands Committee and now before Congress.

Unanimously carried.

H. C. Hoskins, Chairman.

H. C. HOSKINS, Chairman.

Gentlemen, that is all I have to say. I thank you for your courtesy and attention.

Mr. WORKS. Mr. President, I do not quite understand why the Senator from Nevada should have taken up so much of my time in reading something that does not contradict a single word I have said here. These telegrams relate to the board of directors, not to the water users of the district. They have con-firmed what these people did; but the directors of one of these districts have been removed by the water users for that very reason and others substituted in their places. This matter never was submitted to the water users at any time in order to determine whether or not they desired that this course should be taken. The moment they discovered that it was, they formed their own separate organization, independent of the board of directors, and insisted that this bill should be opposed. The new board of directors, appointed in place of those referred to by the Senator from Nevada, have appropriated certain moneys for the purpose of aiding in defeating this bill.

Mr. PITTMAN. Mr. President— Mr. WORKS. Mr. President, I object to any further inter-Mr. WORKS. ruption. A number of Senators have expressed a desire to hear what I have to say, in connected form, and I am not able to get anything in any logical form before the Senate in the face of continued interruptions. I shall submit to any questions that

may be asked after I have finished.

The PRESIDING OFFICER. The Senator from California

declines to be further interrupted.

Mr. WORKS. Representative Church has been to his district since he made the statements contained in this hearing. He is in the Senate Chamber now, and I imagine that if he were to tell what the sentiments of his constituents in these districts were it would be quite a different story from that disclosed in the hearings.

Now I proceed, Mr. President. Subdivision (c) provides:

Now I proceed, Mr. President. Subdivision (c) provides:

That whenever said irrigation districts receive at the La Grange Dam less than 2,350 second-feet of water, and when it is necessary for their beneficial use to receive more water, the said grantee shall release, free of charge, out of the natural daily flow of the streams which it has intercepted, so much water as may be necessary for the beneficial use of said irrigation districts, not exceeding an amount which, with the waters of the Tuolumne and its tributaries, will cause a flow at La Grange Dam of 2,350 second-feet; and shall also recognize the rights of the said irrigation districts to the extent of 4,000 second-feet of water out of the natural daily flow of the Tuolumne River for combined direct use and collection into storage reservoirs as may be provided by said irrigation districts, during the period of 60 days immediately following and including April 15 of each year, and shall during such period release free of charge such quantity of water as may be necessary to secure to the said irrigation districts such 4,000 second-feet flow or portion thereof as the said irrigation districts are capable of beneficially directly using and storing below Jawbone Creek: Provided, however, That at such times as the aggregate daily natural flow of the watershed of the Tuolumne and its tributaries measured at the La Grange Dam shall be less than said districts can beneficially use and less than 2,350 second-feet, then and in that event the said grantee shall release, free of charge, the entire natural daily flow of the streams which it has under this grant intercepted.

The object and effect of that provision, if it has any effect

The object and effect of that provision, if it has any effect at all, legally speaking, is to provide specifically for the taking over by the Government of the actual distribution and use of the water referred to in the bill. Everybody who has spoken heretofore has admitted that the Government has no such power as that. Therefore, why should it make the attempt? should it impose that condition upon San Francisco?

Subdivision (d) provides:

That the said grantee whenever the said irrigation districts desire water in excess of that to which they are entitled under the foregoing, shall on the written demand of the said irrigation districts sell to the said irrigation districts from the reservoir or reservoirs of the said grantee such amounts of stored water as may be needed—

They go a little further than that. They not only provide how much water shall be turned out to these people, but they provide that the city of San Francisco shall sell them the water that they demand, at prices fixed by the Government.

Subdivision (e) provides:

That such minimum and maximum amounts of such stored water to be so released during any calendar year as hereinbefore provided and the price to be paid therefor by the said irrigation districts are to be

determined and fixed by the Secretary of the Interior in accordance with the provisions of the preceding paragraph.

Then the right is given to the Secretary of the Interior to determine how this water shall be distributed in accordance with the terms of the bill—not in accordance with the laws of California, but in accordance with the terms of the bill itself. What right has the Secretary of the Interior to take upon himself, or what right has the Congress of the United States to impose upon the Secretary of the Interior the duty of caring for and determining how the water shall be distributed?

Subdivision (f) provides:

Subdivision (f) provides:

That the Secretary of the Interior shall revise the maximum and minimum amounts of stored water to be supplied to said irrigation districts by said grantee as hereinbefore provided, whenever the said irrigation districts have properly developed the facilities of the Davis Reservoir of the Modesto Irrigation District and the Warner-Dallas Reservoir of the Modesto Irrigation District to the fullest practicable extent up to a development not exceeding in cost \$15 per acre-foot storage capacity, and whenever additional storage has been provided by the said Irrigation districts which is necessary to the economical utilization of the waters of said watershed, and also after water losses and wastes have been reduced to such reasonable minimum as will assure the economical and beneficial use of such water.

(g) That the said grantee shall not be required to furnish more than the said irrigation districts shall have first drawn upon their own stored water to the fullest practicable extent.

(h) That the said grantee shall not divert beyond the limits of the San Joaquin Valley any more of the waters from the Tuolumne water-shed than, together with the waters which it now has or may hereafter acquire, shall be necessary for its beneficial use for domestic and other municipal purposes.

That subdivision is in direct conflict with the first section of

That subdivision is in direct conflict with the first section of the bill, which provides that San Francisco may store not only the water she needs but the water all these other cities need, running up to 400,000,000 gallons a day:

running up to 400,000,000 gallons a day:

(i) That the said grantee shall, at its own expense, locate and construct, under the direction of the Secretary of the Interior, such weirs or other suitable structures on sites to be granted, if necessary, by the United States, for accurately measuring the flow in the said river at or above La Grange Dam, and measuring the flow in the said river at or above La Grange Dam, and measuring the flow into and out from the reservoirs or intakes of said districts, and into and out from any reservoirs constructed by the said grantee, and at any other point on the Tuolumne River or its tributaries which he may designate, and fit the same with water-measuring apparatus satisfactory to said Secretary and keep such hydrographic records as he may direct, such apparatus and records to be open to inspection by any interested party at any time.

(j) That by "the flow," "natural daily flow," "aggregate daily natural flow," and "what is naturally flowing," as are used herein, is meant such flow as on any given day would flow in the Tuolumne River or its tributaries if said grantee had no storage or diversion works on the said Tuolumne watershed.

(k) That when the said grantee begins the development of the Hetch Hetchy Reservoir site it shall undertake and vigorously prosecute to completion a dam at least 200 feet high, with a foundation capable of supporting said dam when built to its greatest economic and safe height.

The question is whether the construction of a dam 200 feet high is necessary to store the water actually needed by the city of San Francisco. Not a single one of the engineers who have investigated this question will say that it is necessary to construct any such dam as that to supply San Francisco with They have not conducted this affair with any such idea or principle as that. They have been conducting it upon the theory that San Francisco shall have the right to store water not only for herself but for 25 other cities in California.

Suppose, as I shall point out after a while, that the water commission of California should come along and say to San Francisco, "You have no right to construct a dam on this stream and obstruct its flow and store the water above what you are entitled to take from it for your own uses," and should resort to the courts to compel San Francisco to limit the height of her dam so that the water not needed by her should flow down to the people below. What would happen then? It has that power, as I shall show you directly.

If San Francisco should construct her dam to such a height that it would be an obstruction of the flow of the water to the people below and should be compelled to take down 100 feet of it for their protection, what would become of the grant that had been made by the Government upon the condition that she should construct and maintain a dam of that height?

should construct and maintain a dam of that height?

(1) That the said grantee shall, upon request, sell or supply to said irrigation districts, and also to the municipalities within either or both said irrigation districts, for the use of any land owner or owners therein for pumping subsurface water for drainage or irrigation, or for the actual municipal public purposes of said municipalities (which purposes shall not include sale to private persons or corporations) any excess of electrical energy which may be generated, and which may be so beneficially used by said irrigation districts or municipalities, when any such excess of electric energy may not be required for pumping the water supply for said grantee (which purposes shall not include sale to private persons or corporations) at such price as will actually reimburse the said grantee for developing and maintaining and transmitting the surplus electrical energy thus sold; and no power plant shall be interposed on the line of the conduit except by the said grantee, or the lessee, as hereinafter provided, and for the purposes and within the limitations in the conditions set forth herein: Provided, That said grantee shall satisfy the needs of the landowners in said irrigation districts for pumping subsurface water for drainage or irrigation, and the

needs of the municipalities within such irrigation districts for actual municipal public purposes, after which it may dispose of any excess electrical energy for commercial purposes.

What right has San Francisco to enter into the market and sell to somebody else for profit either the water it has appropriated or the energy it has developed?

Subdivision (m) provides:

Subdivision (m) provides:

That the right of said grantee in the Tuolumne water supply to develop electric power for either municipal or commercial use is to be made conditional for 20 years following the completion of any portion of the works adapted to the generation of electrical energy, as follows: The said grantee shall within three years from the date of completion of said portion of the works install, operate, and maintain apparatus capable of developing and transmitting not less than 10,000 horse-power of electric power for municipal and commercial use, said 10,000 horse-power to be actually used or offered for use; and within 10 years from the completion of said portion of the works not less than 20,000 horse-power; and within 15 years therefrom not less than 30,000 horse-power; and within 20 years therefrom not less than 60,000 horse-power; unless in the judgment of the Secretary of the Interior the public interest will be satisfied with a lesser development. The said grantee shall develop and use hydroelectric power for the use of its people and shall, at prices to be fixed under the laws of California or, in the absence of such laws, at prices approved by the Secretary of the Interior, sell or supply such power for irrigation, pumping, or other beneficial use, said prices not to be less than will return to said grantee the actual total costs of providing and supplying said power, which costs shall be computed in accordance with the currently accepted practice of public cost accounting, as shall be determined by the Secretary of the Interior, including, however, a fair proportion of cost of conduit, lands, dams, and water-supply system; and, further, said grantee shall, before using any of said water for the purpose of developing hydroelectric power, file such maps, surveys, field notes, or other data as may be required by law, and shall conform to any law existing and applicable to said subject of development of said hydroelectric power for municipal or commercial uses.

Why should the Government of the United States compel the city of San Francisco, as a condition of granting her the right to erect a dam to supply herself with water, to develop 60,000 horsepower of electrical energy, without any reference to the question as to how much she actually needs for her uses, and then provide that she can go into the market and sell this electricity commercially?

Now let us look at subdivision (n):

Now let us look at subdivision (n):

That after the period of 20 years hereinbefore provided for the development, transmission, use, and sale of electric power, the Secretary of the Interior, under authorization hereby given, may require the grantee, within a time fixed by the Secretary, to develop, transmit, and use, or offer for sale, such additional power, and also such power less than 60,000 horsepower as the grantee may have failed to develop, transmit, use, or sell, within the 20 years aforesaid, as in the judgment of said Secretary the grantee may or ought to develop under this grant, and which in his judgment the public interest demands or convenience requires; and in case of the failure of the grantee to carry out any such requirements of the Secretary of the Interior the latter is hereby authorized so to do, and he may, in such manner and form and upon such terms and conditions as he may determine, provide for the development, transmission, use, and sale of such additional power and such power not so developed, transmitted, or used by the grantee at the end of said 20 years up to 60,000 horsepower; and for that purpose the Secretary of the Interior may take possession of and lease to such person or persons as he may designate such portion of the rights of way, structures, dams, conduits, and other property acquired or constructed by the grantee hercunder as may be necessary for the development, transmission, use, and sale of such power.

In other words, if San Francisco fails to apply the electric

In other words, if San Francisco fails to apply the electric energy, the Secretary of the Interior, acting for the National Government, may himself lease this power to somebody else and provide for its transmission and sale. Under the laws of California the rates to be charged for electric power or for the use of water are fixed by the water commission. Nobody has any authority to sell water to the city or anybody else until those rates are fixed by the proper State authorities. The Secretary of the Interior has no more power than some private individual to make disposition of this water power.

Mr. LIPPITT. That is all provided for in the next section.

Mr. WORKS. What is provided for? Mr. LIPPITT. That they must confe That they must conform to the laws of the State of California.

Mr. WORKS. They can not conform to the laws of California, because the Secretary of the Interior has no power to deal with the matter at all. The provision is purely superfluous.

Then I call attention to the following language in subdivision (p):

The said grantee shall further lay and maintain a water pipe, or otherwise provide a good and sufficient supply of water for camp purposes at the Meadow, one-third of a mile, more or less, southeasterly from the Hetch Hetchy Dam site.

Then, there is a provision as follows:

(q) That the said grantee shall furnish water at cost to any authorized occupant within 1 mile of the reservoir and in addition to the sums provided for in section 7 it shall reimburse the United States Government for the actual cost of maintenance of the above reads and trails in a condition of repair as good as when constructed.

Subdivision (u) provides that water shall be furnished to the Government.

Section 10 provides:

That this grant, so far as it relates to the said irrigation districts, shall be deemed and held to constitute a binding obligation upon said

grantee in favor of the said irrigation districts which said districts, or either of them, may judicially enforce in any court of competent juris-

We come now to section 11, which has been commented upon here, and which is a most remarkable section to attach to the bill. It provides:

That this act is a grant upon certain express conditions specifically set forth herein, and nothing herein contained shall be construed as affecting or intending to affect or in any way to interfere with the laws of the State of California relating to the control, appropriation, use, or distribution of water used in irrigation or for municipal or other uses, or any vested right acquired thereunder, and the Secretary of the Interior, in carrying out the provisions of this act, shall proceed in conformity with the laws of said State.

It is uttery impossible that the Secretary of the Interior could do anything under this bill in conformity with the laws of the State of California, because those things must be done by a water commission provided for by the State, and the Secretary of the Interior has no right to interfere with it directly or indirectly. To set out in a bill provision after provision that is in direct opposition to the laws of the State of California, and then to say in a final section that the provisions shall not have that effect is simply absurd. Either the section should be eliminated, together with all of these provisions, or the section itself ought to be eliminated, for at the time it was made it was a fraud upon the rights of the people v:ho were relying upon it.

Mr. SMITH of Arizona. Mr. President, for my own information as a lawyer I should like to ask the Senator a question.

In the opinion of the Senator, is not the effect of that section largely to nullify the powers granted in the bill to the Secretary of the Interior? If the State of California, as I apprehend and believe is the case, has control of the waters of the State of California flowing in these streams-and in this matter I feel very much in sympathy with the Senator-the question arises in my mind, and that is the reason I have been giving attention to the matter, why this provision says that all of this shall be done in absolute conformity with the laws of the State, and that the State law shall apply to everything the bill contains. If the framers of this bill have given or attempted to give to the Secretary of the Interior power that he could not exercise in opposition to the power of the State, does it not become a mere nullity in the bill?

I ask for the opinion of the Senator about that matter.

Mr. WORKS. Mr. President, I have already said that it would be utterly impossible to do the things provided in this bill in accordance with the laws of California, and that is all the section provides. The Secretary of the Interior is not excluded from the powers granted by the last section of the bill, but it provides that the Secretary of the Interior shall do these things in accordance with the laws of the State of California. The Senator knows as well as I do that he can not do that.

I have undertaken to analyze this bill, and to point out as well as I could the provisions that I think are objectionable and in violation of the constitution and laws of the State of California. In order to verify what I have said in that respect I wish now to take up the laws of California relating to the subject of the distribution of water.

For a good many years after I went to California we had what I always considered a very imperfect and unsatisfactory law providing for the appropriation and distribution of water. It gave anybody who claimed it the right to enter upon a stream and give notice of the quantity of water he desired to appropriate and divert from the stream, stating the purposes for which he proposed to appropriate it, how it was to be taken out of the stream, and by what means; and thereby established an inchoate right to the water that might be followed up by the actual construction of the necessary works and the actual appropriation of the water to a beneficial use-for instance, irrigation or domestic purposes.

The result of it was that hundreds of filings were made on some of the streams, away beyond the entire volume of the stream, the natural flow as well as the storm water. conflicts arose and an immense amount of litigation grew out of that condition of things. San Francisco was one of the attempted appropriators under that statute, just as the irrigation districts were, and I suppose hundreds of others on the same stream. I have no doubt that if an investigation were made, it would be found that there were numerous filings upon the stream, a great many of which have been abandoned because the filing was not followed up within a reasonable time, as required by the statute to give them the right to take out the

water. Mr. SMOOT, Mr. President-

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Utah?

Mr. WORKS. I yield to the Senator.

Mr. SMOOT. The Senator from California is about to enter upon a discussion of the laws of California affecting the waters of that State-one of the most important questions involved in I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the

The Secretary called the roll, and the following Senators answered to their names:

Johnson Kenyon Kern . La Follette Lane Lewis Lippitt McCumber Martin, Va. Martine, N. J. Norris Perkins Pittman Reed Robinson Smith, S. C. Ashurst Bacon Smoot Stephenson Sterling Brady Bryan Burton Chilton Cummins Stone Sutherland Swanson Thomas Root Root Saulsbury Shafroth Sheppard Sherman Shively Simmons Smith, Ariz. Smith, Ga. Smith, Md. Fletcher Gallinger Thompson Thornton Vardaman Walsh Goff Gore Norris O'Gorman Gronna Hollis Overman Page Works James

The PRESIDING OFFICER. Fifty-six Senators having answered to their names, a quorum is present. The Senator from

California will proceed.

Mr. WORKS. Mr. President, I was about to take up the laws of California relating to this subject and to point out how and in what respect this bill is in conflict with the laws of that We first have this provision of the constitution-

Mr. LEWIS. Before the Senator proceeds with that particular branch I should like to have his information upon a point, knowing that he was an eminent judicial officer of that State and is informed as to the law. I ask the Senator from California if my memory is correct in assuming that there was a concession by the State of California which ceded this very park and this very body of land and water to the National Gov-ernment with certain qualifications for local use?

Mr. WORKS. I have no recollection of the specific provision of that act; so I could not answer the Senator's question.

Mr. LEWIS. I was only going to follow that with the question whether those qualifications embodied the use of the water. As the Senator can not remember, of course he is not able to state.

Mr. WORKS. I am not able to state. The constitution of California provides that-

All water now appropriated or that may hereafter be appropriated for sale, rental, or distribution is hereby declared to be a public use and subject to the regulation and control of the State in the manner to be prescribed by law.

This is a late amendment to the constitution of California which puts in the hands of the State full power to control the distribution and use of the water.

In carrying out the provisions of that section of the constitution, an act was passed known as the water commissioners act of California. It was approved June 16, 1913, and is therefore a new and a very complete act on the subject. I think I may say that the California statute, as it now stands, is about as advanced and as complete a provision for the control and use of the waters by the people of the State as has ever been enacted in any State in the Union. It provides for the appointment of commissioners and their salaries and the manner in which they shall be organized, and all that sort of thing, which I have not included in what I am going to submit to the Senate; but I want to call the attention of the Senate to the working provisions of the act, that Senators may see how completely the act which we are asked to make a law is in violation of and in conflict with those provisions of the California statutes. Section 10 of the statute provides that-

The State water commission is hereby authorized and empowered to investigate for the purpose of this act all streams, stream systems, portions of stream systems, lakes, or other bodies of water and to take testimony in regard to the rights to water or the use of water thereon or therein, and to ascertain whether or not such water, or any portion thereof, or the use of said water, or any portion thereof, heretofore filed upon or attempted to be appropriated by any person, firm, association, or corporation is appropriated under the laws of the State.

Now, applying it to this bill, if it should be enacted into law, whatever the provisions of that statute may be, the water commissioners of California have a right to investigate the whole thing and determine just how much of the water is properly appropriated and used and to compel its proper distribution, no matter what has gone before. If San Francisco has filed upon twice as much water as it needs, this water commission has the right to compel it to let go of the excess and allow it to be used by somebody else. The commission has a right to de-termine just how much water is needed for the use of San Francisco, and if the National Government has authorized the city to construct a dam that will supply the 400,000,000 gallons

of water a day and the commission finds that it can only use properly, within a reasonable time, 100,000,000 gallons of water a day, then the decision of the water commission on that subject is binding and conclusive, except upon an appeal to the courts, and the Congress of the United States has no right to interfere with that control of the water.

interfere with that control of the water.

Sec. 11. All water or the use of water which has never been appropriated, or which has been heretofore appropriated and which has not been in process, from the date of the initial act of appropriation, of being put, with due diligence in proportion to the magnitude of the work necessary properly to utilize for the purpose of such appropriation such water, or the use of water, or which has not been put or which has ceased to be put to some useful or beneficial purpose, or which may hereafter be appropriated and cease to be put to the useful or beneficial purpose for which it was appropriated, or which in the future may be appropriated and not be, in the process of being put, from the date of the initial act of appropriation, to the useful or beneficial purpose for which it was appropriated, with due diligence in proportion to the magnitude of the work necessary properly to utilize for the purpose of such appropriated. And all waters flowing in any river, stream, canyon, ravine, or other natural channel, excepting so far as such waters have been or are being applied to useful and beneficial purposes upon, or in so far as such waters are or may be reasonably needed for useful and beneficial purposes upon lands riparian thereto, or otherwise appropriated. is, and are hereby, declared to be public waters of the State of California and subject to appropriation in accordance with the provisions of this act.

The purpose of this particular provision is that these streams may be relieved of the various filings that have been made upon them where the necessary work to appropriate and put the water to a beneficial use has not been done. This commission may go upon any of the streams, investigate the different filings, determine the amount of work that has been done in order to make them good, and if in any instance it is found that they have not complied with the provisions of the statute that previously existed by actually putting the water to beneficial use, then the water commission has the right to declare that unappropriated water and it is subject to be granted to somebody

Section 12 provides that-

Section 12 provides that—

Sec. 12. The State water commission shall have authority to, and may, for good cause shown, upon the application of any appropriator or user of water under an appropriation made and maintained according to law prior to the passage of this act, prescribe the time within which the full amount of the water appropriated shall be applied to a useful or beneficial purpose; Provided, That said appropriator or user shall have proceeded with due diligence in proportion to the magnitude of the project to carry on the work necessary to put the water to a beneficial use; and in determining said time said commission shall grant a reasonable time after the construction of the works or canal or ditch or condults or storage system used for the diversion, conveyance, or storage of water; and in doing so, said commission shall also take into consideration the cost of the application of such water to the useful or beneficial purpose, the good faith of the appropriator, the market for water or power to be supplied, the present demand therefor, and the income or use that may be required to provide fair and reasonable returns upon the investment and any other facts or matters pertinent to the inquiry. Upon prescribing such time the State water commission shall issue a certificate showing its determination of the market. For good cause shown the State water commission may extend the time by granting further certificates. And for the time so prescribed or extended the said appropriation or user shall be deemed to be putting said water to a beneficial use.

Suppose we apply that to the condition of the irrigation dis-

Suppose we apply that to the condition of the irrigation dis-The water users in the districts complain that they have not all the water that they need. They have expended the money that they have been able to expend in attempting to carry on the work necessary in order to distribute the water. If the commission should make an investigation, as provided in that section, and it should be shown by the irrigation districts that they need more water than they have now and ask for an extension of time in order to take out and supply the water for beneficial use, the commission would have a right to provide for that extension of time and the taking out of additional water, no matter what is contained in this bill, and any attempt on the part of the National Government to limit the amount that is to be turned out of this stream by San Francisco to the districts will be an absolute nullity as against any order that might be made by the water commission. Further:

that might be made by the water commission. Further:

And if at any time it shall appear to the State water commission, after a hearing of the parties interested and an investigation, that the full capacity of the works built or constructed, or being built or constructed, under an appropriation of water or the use thereof made under the provisions of this act has not developed or can not develop the full capacity of the stream at the point where said works have been or are being built or constructed, and that the holder of the said appropriation will not or can not, within a period deemed to be reasonable by the commission, develop the said stream at said point to such a capacity as the commission deems to be required by the public good, then and in that case the said commission, in its discretion, may permit the joint occupancy and use, with the holder of the appropriation, to the extent necessary to develop the stream to its full capacity or to such portion of said capacity as may appear to the State water commission to be advisable, by any and all persons, firms, associations, or corporations applying therefor, of any dam, tunnel, diversion works, ditch, or other works or constructed under this act: Provided, That said commission shall take into consideration the reasonable cost of the original and new work, the good faith of the applicant, the market for

water or power to be supplied by the original and the new work, and the income or use that may be required to provide fair and reasonable returns upon such cost: Provided further, That the applicant or applicants shall be required to pay to the party or parties owning said dam, tunnel, diversion works, ditch, or other works or constructions a prorata portion of the total cost of the old and the new works, said prorata portion to be based upon the proportion of the water used by the original and the subsequent users of said dam, tunnel, diversion works, ditch, or other works or constructions, if the water is used or to be used for the generation of electricity or electrical or other power, the said pro rata portion shall be based upon the relative amount of electricity or electrical or other power capable of being developed by the original and the new works; or, if a portion of the water utilized under a joint occupancy of any dam, tunnel, diversion works, ditch, or other works or construction shall be used for the generation of electricity or electrical or other power, then and in that case the applicant or applicants for joint occupancy shall be required to pay to the party or parties owning said dam, tunnel, diversion works, ditch, or other works or constructions a pro rata portion of the total cost of the old and new works, said pro rata portion to be based upon the proportion of the relative amount of the water used by each, joint occupant and the income derived by each said joint occupant from said joint occupancy; or, if any of the waters used under such joint occupancy shall be utilized for purposes other than those specified above, then and in that case the applicant or applicants for such joint occupancy shall be required to pay to the party or partles owning said dam, tunnel, diversion works, ditch, or other works or constructions such a prorata portion of the total cost of the old and new works as shall appear to the State water commission to be just and equitable. Said applicant or applicants shall

The object and purpose of that section is quite evident. is to allow persons who are claiming water from a stream to join-together for the purpose of constructing the necessary dam and works. Taking this case, if San Francisco should construct a dam at this point sufficient to take out the 161,000,000 gallons of water per day that it is legally entitled to under its filing, then the State water commissioners would have the right to compel the city of San Francisco to allow these irrigation districts or anybody else to add to that dam a sufficient amount to store the water that they desire to take out of the stream, and the water commissioners would not allow the city of San Francisco to construct its dam higher than was necessary to take out the water that it is legally entitled to. It would have no right to construct this dam to a height that would enable it to take out water for Oakland or for Alameda, or Berkeley or San Jose or any of the other cities. It has no filing of that kind. It has no legal right to any water, no matter what it does, for any of the other cities. It has filed upon water for its own use, limited in quantity, and has no right to go beyond that under the laws of the State of California. Therefore, if the other cities, which, it is said, are willing that San Francisco should expend this money for the purpose of taking out and bringing down the water to the bay, are depending upon any right of theirs to have any part of the water under that appropriation they will be woefully mistaken.

The statute—which I shall make a part of my remarks in full, or at least this portion of it—provides specifically with respect to what shall be done relative to water that is stored by these

claimants jointly, and it is provided:

claimants jointly, and it is provided:

May permit any person, firm, association, or corporation to repair, improve, add to, supplement, or enlarge, at his or its proper cost, charge, and expense, any dam, tunnel, diversion works, ditch, or other works or constructions already built or constructed or in process of being built or constructed under the provisions of this act, and to use the same jointly with the owners thereof: Provided, That the said repairing, improving, adding to, supplementing, or enlarging shall not materially interfere with the proper use thereof by the owner of said dam, tunnel, diversion works, ditch, or other works or constructions or shall not materially injure said dam, tunnel, diversion works, ditch, or other works or constructions. And the said State water commission shall determine the pro rata and other costs provided for in this section.

Section 15 of the act provides:

Section 15 of the act provides:

The State water commission shall allow, under the provisions of this act, the appropriation of unappropriated water or of the use thereof, or of water or of the use thereof which may hereafter cease to be appropriated, or which may hereafter be declared to be unappropriated, or which having been used under claim of riparian proprietorship or appropriation finds its way back into a stream, lake, or other body of water, and also such water as is declared under section 11 of this act to be subject to appropriation.

Then the statute provides that the applicant for water, no matter in what form or for what purpose, shall file an application with the water commissioners for a permit to construct necessary works, to appropriate, divert, and apply the water to beneficial uses, and, amongst other things, it also provides

if for storage in a reservoir, it shall give, in addition to the general requirements prescribed above, the height of dam, the capacity of the reservoir, and the use to be made of the impounded waters; if for

municipal water supply, it shall give, besides the general requirements specified above, the present population to be served and, as near as may be, the future requirements of the city. \* \* \*

San Francisco has not gone so far under the filing that it has made that it will not be subject to the provisions of this When it undertakes to construct its works it will be compelled to procure a permit for that purpose from the water commission, and that permit will have to set out the height of the dam that they propose to construct and the various things that are called for under this section of the statute. The permit to be issued will allow San Francisco only to construct such a dam as is necessary to carry out the purposes stated in the application. It will make no difference that the National Government has granted to the city the right to construct a dam sufficient to store water for itself and for 25 other cities, for San Francisco can not procure a permit to supply water to the city of Oakland or any other city; those cities must make their own application, and if San Francisco makes its application and takes out the water of the stream, if it is found at any time that it is taking more water than it needs for its actual purposes, the water commission can compel it to allow that water to flow down to somebody else who is entitled to water.

Section 18 provides:

Section 18 provides:

Sec. 18. Actual construction work upon any project shall begin within such time after the date of the approval of the application as shall be specified in said approval, which time shall not be less than 60 days from date of said approval, and the construction of the work thereafter shall be prosecuted with due diligence in accordance with this act, the terms of the approved application, and the rules and regulations of said commission; and said work shall be completed in accordance with law, the rules and regulations of the State water commission, and the terms of the approved application and within a period specified in the permit, but the period of completion specified in the permit may, for good cause shown, be extended by the State water commission. And if such work be not so commenced, prosecuted, and completed, the water commission shall, after notice in writing and mailed in a sealed, postage-prepaid, and registered letter addressed to the applicant at the address given in his application for a permit to appropriate water, and a hearing before the commission, revoke its approval of the application. But any applicant, the approval of whose application shall have been thus revoked, shall have the right to bring an action in the superior court of the county in which is situated the point of proposed diversion of the water for a review of the order of the commission revoking said approval of the application.

Section 19 provides:

Section 19 provides:

Section 19 provides:

SEC. 19. Immediately upon completion, in accordance with law, the rules and regulations of the State water commission, and the terms of the permit, of the project under such application, the holder of a permit for the right to appropriate water shall report said completion to the State water commission. The said commission shall immediately thereafter cause to be made a full inspection and examination of the works constructed, and shall determine whether the construction of said works is in conformity with law, the terms of the approved application, the rules and regulations of the State water commission, and the permit. The said water commission shall, if said determination is favorable to the applicant, issue a license which shall give the right to the diversion of such an amount of water and to the use thereof as may be necessary to fulfill the purpose of the approved application.

That section provides just what amount of water shall be

That section provides just what amount of water shall be allowed to the city of San Francisco. It must be investigated and determined by the water commission; and whatever it says on the subject is final, except, as I have said before, that appeal may be made to the courts for the purpose of settling

the question.

The city, as I have more than once said, has filed upon water amounting to about 160,000,000 gallons per day. It would have no right under this statute to go beyond that amount. It has not made any application for more than that. It is not entitled under the old law to more. While its vested rights, whatever they may be, can not be taken away by this later statute, yet it is subject to the regulations contained in the statute in the matter of the construction of its works and the various other things necessary to apply water to a beneficial use. Therefore any attempt on the part of the National Government to say that this water shall go to some other city, or that the right shall be granted for the purpose of furnishing water to San Francisco and other cities, is absurd.

Section 20 provides:

Section 20 provides:

Sec. 20. \* \* The application for a permit by municipalities for the use of water for said municipalities or the inhabitants thereof for domestic purposes shall be considered first in right, irrespective of whether they are first in time: Provided, however, That such application for a permit or the granting thereafter of permission to any municipality to appropriate waters shall not authorize the appropriation of any water for other than municipal purposes: And provided further, That where permission to appropriate is granted by the State water commission to any municipality for any quantity of water in excess of the existing municipal needs therefor, that pending the application of the entire appropriation permitted the State water commission shall have the power to issue permits for the temporary appropriation of the excess of such permitted appropriation over and above the quantity being applied from time to time by such municipality.

Now, stop and observe the effect of that provision. Under

Now, stop and observe the effect of that provision. Under the grant which it is proposed to make to the city the provision is that San Francisco may dispose of the water to other cities and to various persons, landowners, for irrigation, or for any-

thing of that sort; but this proposed law provides that the water can only be used where the application is by a municipal corporation for municipal purposes, and during the time it is not using the full quantity that it has filed upon and to which it is entitled the water commission may send the water to anybody else who needs it temporarily until the city itself needs the water for its own uses. The object and purpose of this bill, which we are asked to pass, is to take that matter over into the hands of the National Government and say where San Francisco shall dispose of the water, and for what purpose.

And provided further, That in lieu of the granting of such temporary permits for appropriation, the State water commission may authorize such municipality to become, as to such surplus, a public utility, subject to the furisdiction and control of the railroad commission of the State of California for such period or periods from and after the date of the issuance of such permission to appropriate as may be allowed for the application to municipal uses of the entire appropriation permitted. mitted.

There is an alternative, but it is one that can only be granted by the water commissioners. It may, instead of determining for itself how the water shall be distributed, give the city of San Francisco the right to dispose of the water for municipal purposes under the direction and control of the State railroad commission, which is authorized to fix the rates at which water shall be furnished.

And provided further, That when such municipality shall desire to use the additional water granted in its said application it may so do upon making just compensation for the facilities for taking, conveying, and storing such additional water rendered valueless for said purposes to the person, firm, or corporation which constructed said facilities for the temporary use of said excess waters, and which compensation, if not agreed upon between the municipality and said person, firm, or corporation, may be determined in the manner provided by law for determining the value of property taken by and through eminent-domain proceedings. mining the proceedings.

Section 37 provides:

The power to supervise the distribution of water in accordance with the priorities established under this act, when such supervision does not contravene the authority vested in the judiciary of the State, is hereby vested in the State water commission.

Section 38 provides:

The diversion or use of water subject to the provisions of this act, other than as it is in this act authorized, is hereby declared to be a trespass, and the State water commission is hereby authorized to institute in the superior court in and for any county wherein such diversion or use is attempted appropriate action to have such trespass enjoined.

Section 40 provides:

The State water commission is also authorized and empowered to investigate any natural situation available for reservoirs or reservoir systems for gathering and distributing flood or other waters not under beneficial use in any stream, stream system, or lake, or other body of water, and to ascertain the feasibility of such projects, including the supply of water that may thereby be made available, the extent and character of the areas that may be thereby irrigated, and make estimate of the cost of such project.

Section 41 provides:

Nothing in this act shall be construed as depriving any city, city and county, municipal water district, irrigation district, or lighting district of the benefit of any law heretofore or hereafter passed for their benefit in regard to the appropriation or acquisition of water or the use of water; and nething in this act shall affect or limit in any manner whatsoever the right or power of any municipality which has heretofore appropriated or acquired water or the use of water for municipal purposes to use or sell or otherwise dispose of such water or the use thereof, either within or without its limits, for domestic, irrigation, or other purposes, in accordance with laws in effect at the time of the passage of this act.

That section has no relation to San Francisco, because she has not yet appropriated the water and is subject to the regulations with respect to its final appropriation and use.

Mr. President, this is a complete scheme for the control of the distribution of the waters of the State, and I think it is about as complete as any law that has ever been enacted on the subject. The National Government, if this bill is passed, is interfering with that system providing for the distribution of the water equitably and justly between the people of the State.

There is another statute to which I desire to call the attention of the Senate, because it is claimed that this statute authorizes the sale and disposition of the water by the city of San Francisco. It is an act that was passed and approved in 1911. It was passed in the interest of the city of Los Angeles. That city had provided for the construction of reservoirs and an aqueduct, to cost something in the neighborhood of \$30,000,000. The city was growing rapidly, and it was thought best to provide for the appropriation and storage of water beyond its present needs in order that it might be supplied in the future. act was passed for the purpose of allowing the city of Los Angeles, and any other cities in like condition, to convey the surplus water belonging to it until it should need the water for its own purposes, so that the water might not be in the meantime wasted. It provides in section 2—I will make the whole of this short statute a part of my remarks, but I will read section 2, as follows.

Sec. 2. For such purpose any such municipal corporation may acquire, own, control, sell, or exchange lands, easements, licenses, and rights of every nature within or without its municipal limits, and may operate any such public utility within or without the municipal limits when necessary to supply such municipality, or the inhabitants of any portion thereof, with the service desired.

Section 3 provides that-

Whenever, in the operation of any such utility, any such municipality shall develop an excess of water, light, heat, or power over and above the amount thereof which is necessary for the use of such municipality and its inhabitants, or of such portion thereof as the legislative body of such municipality may determine shall be supplied therewith, then such municipality may sell, lease, or distribute such excess of water, light, heat, or power outside of the corporate limits of such municipality

That statute, obviously, is repealed by the later statute under the new amendment to the constitution which I have just read, which provides completely for the determination by the water commission as to how the excess of water may be distributed. In addition to that, it has been held in California that under this permission the city of Los Angeles had no right to sell its water except on regulations and at rates fixed by the railroad commission. Neither could San Francisco do so even if this new statute had not been enacted, so that that statute does not help the situation.

In order to justify San Francisco in the attempt to procure this large supply of water and deprive the landowners of the San Joaquin Valley of its use an act was procured to be passed by the Legislature of California providing for the formation of a municipal water district, to be composed of such cities as might join together for the purpose of forming that district, and it is claimed that for that reason San Francisco may appropriate this large quantity of water that is not at all necessary for its own use for the purpose eventually of turning it over to the water district. One of the difficulties about that is that no water has been appropriated for this district; no water has been appropriated upon this stream for any other city than San Francisco; and if the district should be formed and San Francisco as one of the cities composing that district should turn over its rights to the district it could only turn over to it the 160,000,000 gallens of water which it has legally appropriated for its own use. Therefore the other cities and other water districts would gain nothing by any attempt of that kind; but this scheme, utterly impracticable under the laws of California, has been used to justify the people who have been besieging Senators and Members of the House here in support of their claim of the right to appropriate the 400,000,000 gallons of water.

The whole proceeding from beginning to end has been based upon the claim that this water is necessary not for San Francisco but for San Francisco and all of these other cities eventually to be combined in one water district. It is done for effect, I do not believe the men who are trying to work this scheme through here have ever believed they could form such a water district as this under the laws of California.

Does anybody suppose that the city of Oakland, for example, with a population of probably 175,000 people, would enter into an arrangement of this kind, which, as I shall show you, would put Oakland absolutely within the control of San Francisco in the distribution and application of the water supplied to that city? Do you suppose you could get the 26 cities that are mentioned here to combine for the purpose of procuring a water supply to be furnished to them by a district that is to be organized?

But that is not all. Suppose they did organize a district of that kind. What right would the city of San Jose have, for example, by becoming a party to this district, to apply for permission to take out water that justly belongs to the landowners of the San Joaquin Valley? She could not do it alone. Probably not a single one of these cities except San Francisco could establish the right to file upon this stream in the future, if there should be any water left there for distribution. But whether they could or not, none of them ever have filed upon the stream. None of them have acquired a right to any part of the water of the stream by any proceeding under the laws of the State of California; and if there should be an attempt made now, through this concession proposed to be made by the Congress of the United States, to carry into this district 400,000,000 gallons of water per day you would be taking it away from the landowners of the San Joaquin Valley and taking it to cities that have no more right to the water than you or I have.

I am going to make a part of my remarks the portion of the statute which provides the means of organizing water districts. The portion of the statute referred to is as follows:

An act to provide for the incorporation, organization, and management of municipal water districts. (Approved Apr. 26, 1909.).

SECTION I. A municipal water district may be organized and incorporated and managed as herein provided, and may exercise the powers herein expressly granted or necessarily implied.

SEC. 2. When any municipality in the State of California desires to organize such a municipal water district, as herein provided for, the legislative body of any municipal corporation, at any regular meeting of such body, may pass an ordinance reciting:

1. The name of the city adopting the ordinance.

2. That the public interest requires the incorporation of a municipal water district.

1. The name of the city adopting the ordinance.

2. That the public interest requires the incorporation of a municipal water district.

3. The names of the municipalities which it is desired to include within the district.

4. The name of the district which shall include the words "municipal water district."

SEC. 3. Within 10 days after such ordinance becomes a law the clerk of the said legislative body adopting the same shall transmit by registered mail a certified copy thereof to the legislative body, or bodies, of the other municipalities named therein, addressed to the clerk thereof.

SEC. 4. Within 40 days after the receipt of such certified copy of such ordinance by any municipality named therein the legislative body thereof shall by ordinance either approve or disapprove the said ordinance without alteration or amendment; a failure on the part of any municipality to act as herein provided shall be deemed a refusal to approve of such ordinance.

SEC. 5. After the passage of said ordinance required to be passed by section 4 hereof the clerk of the municipality acting thereon shall forthwith forward a certified copy of such ordinance to the municipality initiating the proceedings.

SEC. 6. Within 30 days after the receipt of all the ordinances passed by the municipalities named in the initiatory ordinance, if it shall appear that said initiatory ordinance has been approved of said ordinance, at which shall be submitted to the electors thereof the proposition of organizing such municipal water district, and shall also provide for holding a similar election within its own municipality; in case the initiatory ordinance has not been approved by all of the municipalities named therein no further proceedings shall be had, but new proceedings may be taken as provided in sector 2.

SEC. 9. Within 30 days after the receipt of the certificates showing

SEC. 9. Within 30 days after the receipt of the certificates showing the result of the election held in the several municipalities, if it appears therefrom that the proposition submitted has been approved by a majority of the votes cast on said proposition in each municipality wherein such election is held, the legislative body of the municipality receiving such certificates shall certify to the secretary of state the passage of the ordinance provided for in section 2, its subsequent approval by the several municipalities approving the same in manner aforesaid, and the result of the elections held as herein provided.

SEC. 10. Upon the receipt of the certificate mentioned in the foregoing section, the secretary of state shall, within 10 days, issue his certificate reciting that the municipal water district (naming it) has been duly incorporated according to the laws of the State of California, and that such district is composed of the municipalities of (naming all the municipalities which have approved at the election such organization). A copy of such certificate shall be transmitted to each of the municipalities comprising such district. From and after the date of such certificate the district named therein shall be deemed incorporated as a municipal water district, with all the rights, privileges, and powers set forth in this act and necessarily incident thereto.

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SEC. 13. \* \* \* 1. The mayor or president of the board of trustees of each municipality comprising the district shall be ex officio a member of said board.

2. Each municipality having 5,000 legal and registered voters shall choose by and from the members of its legislative body one additional director, and each municipality for each and every 10,000 legal and registered voters over 5,000 shall choose by and from the members of its legislative body one additional director, all of whom shall serve during the pleasure of the body making the appointment: Provided, That if such members do not desire to serve as such directors, said legislative body may choose any other person who is an elector and resident of such municipality. The number of legal and registered voters in each municipality on the 1st day of November, 1908, and every four years thereafter shall be taken as the basis for determining the representation of such municipality in the board of directors.

It provides that any city may pass an ordinance proposing to organize a water district with certain cities it may name in the ordinance within a fixed time. That ordinance, when enacted, is to be sent to the other cities for their action, and within another specified time any city that desires to become a part of the water district may signify its intention to do so by passing a like ordinance, and so on around until all that are willing to join in the proposed water district have signified whing to join in the proposed water district have significant their willingness to do so. Then the whole matter is to be submitted to a vote of the people of the various cities for the purpose of determining, by that vote, whether or not the organization shall be entered into; and it is provided that the mayor of each one of the cities shall be a member of the board of directors to control the affairs of the district. In addition to that, it is provided that the board of directors shall be made up of members selected by the different cities, and they are provided for in proportion to the population of the cities.

The result would be, in this particular instance, that the smaller cities, including Oakland itself, would be put in the absolute control of the city of San Francisco in dealing with the water that may be acquired for the uses of the various cities. They are distributed around, some of them being 50 miles or more away from the city of San Francisco. As I have said, a great many of them have no right whatever to participate in the waters of the stream. They have sources of supply elsewhere. They have the means by which they can procure additional water. Nobody has intimated here that San Jose is crying out for water, or Alameda, or Berkeley, or Niles, or the

various other cities that are mentioned. There is no claim that there is any emergency that calls upon the National Govern-ment to allow these cities to enter upon the Yosemite Park for the purpose of supplying themselves with water.

Mr. President, I am not going to discuss at any length the legal aspect of this matter. I do not think there is very much controversy about what the law is respecting the right to the use of the water. I do not think it will be seriously contended—it has not been so far—that the National Government has any right to interfers with the distribution of water. That is, a right to interfere with the distribution of water. That is a right that belongs exclusively to the States. But in view of the support to this bill by the Senator from Colorado [Mr. Thomas], a very able and distinguished lawyer, a man in whose judgment I place great confidence, and the views of two other distinguished Senators on the other side of the Chamber, I have made a short extract from a colloquy that took place when the Sena-tor from Colorado was discussing the Connecticut River bill, where the question of the right of the National Government to interfere was very thoroughly discussed by the Senate, and the bill was defeated for the reason that it was an attempt to interfere with the disposition of power in that instance. One of the differences between that bill and this, however, is that there the National Government was dealing with a navigable stream. It had a right, therefore, to authorize the structure that was under discussion in that case; and the question was whether, in doing so, it had a right to impose conditions upon the distribution of the power. It was a much stronger case than this one in favor of the National Government,

This is what was said:

This is what was said:

Mr. O'Gorman. Does the Senator from Nevada claim that an agreement may be made between the Federal Government and an agent whereby the property of a State may be taken without the consent of the State?

Mr. Newlands. I do not.

Mr. O'Gorman. Does the Senator from Nevada claim that the Federal Government has any right, under the commerce clause, to do more than to enter the stream for the single, naked purpose of promoting its navigation, and that when it performs that purpose it exhausts every power granted to the Federal Government under the Constitution—that the right to go into a stream for the purpose of promoting its navigation can not be construed into a grant of property rights in the possession of the State? The stream belongs to the State before the Federal Government enters it for the purpose of exercising this naked right, and the stream continues the property of the State even after the Federal Government exercises this right. The right exercised by the Federal Government is akin to a limited agency conferred by a principal upon an agent to do a specific thing, and it can not be extended or enlarged, as I understand the Senator from Nevada is disposed to enlarge this power.

Much of the discussion here to-day and previously relates to a question of policy and ignores the vital proposition that under this bill recognition is proposed to be given to a principle which would be destructive of the rights reserved to the States.

Mr. Newlands. Mr. President, will the Senator from Colorado permit me?

The President of the Senator from Nevada?

destructive of the rights reserved to the States.

Mr. Newlands. Mr. President, will the Senator from Colorado permit me?

The President Officer. Does the Senator from Colorado yield further to the Senator from Nevada?

Mr. Thomas. Certainly.

Mr. Newlands. It is not necessary, in order to answer the Senator from New York [Mr. O'Gorman], to enter into all the refinements which he has considered with reference to the rights of the States and the rights of the Nation. Every man will admit that the Nation has a right in aid of navigation to construct the structure which is authorized by this bill. If the Nation constructed it, it would be the owner of it; and, being the owner of it, it could put that structure to any beneficial use it chose.

Mr. O'Gorman. Whether provided for by the Constitution or not?

Mr. Newlands. It could put it to any beneficial use it chose—that is my contention—because it is the owner of the structure, and every right of ownership attaches to it as the owner of the structure. In this case the agent is designated by the National Government to put up that structure. The agent would have the same right as the Government itself in that structure if those rights are secured by the contract between the National Government. It is a matter simply of contract between the National Government and the agent regarding fueconstruction and regarding the use of a structure which the National Government has the right to create or which it can authorize an agent to create. That is my contention. That structure in that stream creates a certain head of water which can be used beneficially either by the Government or by the agent, and the use of that head of water created by the structure, which no one else can erect, does not invade any right of the State in the stream.

Mr. Thomas. Mr. President, the Senator is logical, and his conclusion is consistent with his premise, but the fundamental difference between us is evolved at the threshold of his statement. If it be true that the Government, after constructi

I centend, further, that the Federal Government can not, through the exercise of the sovereign Federal authority or power to regulate or improve a navigable stream, acquire interests or rights to its waters as the owner or proprietor thereof which may be used or conveyed or sold or leased to others for purposes wholly foreign to navigation. It is a fundamental proposition that you can not lease or sell or dispose of property unless you own it or have some interest in it which is the subject of a transfer; and I do not perceive any difference—certainly there is no essential difference—between the proprietary powers of the Government of the United States in that regard and those of an individual.

This proposition, apart from its self-evident truth, to my mind was

Government of the United States in that regard and those of an individual.

This proposition, apart from its self-evident truth, to my mind was ultimately conceded by the Senator from Ohio before he took his seat and concluded his discussion. On page 2815 of the Congressional Record he is reported to have made this statement:

"First, that whenever an improvement is made which promotes navigation and in such improvement, whether by locks or dams or otherwise, a water power is created—"
Which, of course, means that it did not before exist; which means that it was brought into existence by virtue of the improvement—"
"that water power is an incident to the principal fact, and it belongs to the State or Government which seeks to promote navigation."
Hence, unless it can be said that this power so created does belong to the Government, its authority, acting through Congress, to enact this measure falls to the ground. We therefore are at one with reference to the fundamental condition underlying the exercise of this power. I might paraphrase the expression of the Senator from Ohio by stating the proposition thus: Wherever an improvement is made which promotes navigation, but which improvement is primarily designed to develop water power and to promote navigation merely as an incident to the principal fact, such water power does not belong nor become subject to the control of the Government either in its proprietary or sovereign capacity.

Mr. President, that is good law. There can be no question

Mr. President, that is good law. There can be no question about it. There was some sort of foundation for the claim in that instance, because the Government was dealing with a navigable stream. In this instance, however, there is not even that justification for it.

I wish to call attention to two or three editorials in the San Francisco Chronicle, which, as you know, is one of the leading newspapers of San Francisco and of the Pacific coast, upon the question of the Government attempting to control the distribution of this water.

They are as follows:

THE HETCH HETCHY BILL.—BUT A VERY SMALL CHANCE OF PASSAGE AT THE EXTRA SESSION.

THE EXTRA SESSION.

While the Hetch Hetchy bill will doubtless pass the Senate whenever a vote is taken, it can not pass without opposition from Senators who hold that it is gross usurpation—as it doubtless is—for Congress to make use of a power which is open to dispute to effect legislation in a matter of which it does not even pretend to have jurisdiction.

If the general laws of California are paramount within the State, Congress can not hinder San Francisco from utilizing the Tuolumne water. Congress does not pretend to possess jurisdiction of the use of water in any State, and yet the Hetch Hetchy bill purports to control the use of the Hetch Hetchy water by making a prescribed use, the condition of what it calls a permit.

The entire Hetch Hetchy bill, except in so far as it grants whatever authority Congress can lawfully give, will be so regarded as void until the Supreme Court has held otherwise. If Congress chooses to enact void legislation, we in San Francisco need make no more objection than the man made whose wife gave him a whipping. If it pleased her he did not object, for it did not hurt him any.

But there are Senators who do most seriously object to the impairment of the dignity of Congress by purporting to enact legislation which has no validity. And it is right that they should be fully heard and the case set forth in the Recomp. This will probably take two or three days, after which the bill will pass and become what they will call a law. And thereupon we can proceed with our work and settle the question of right and law some years hence when the water becomes available.

But unless the bill is taken from the calendar to-day it is not believed that ther will eatendance.

But unless the bill is taken from the calendar to-day it is not be-lieved that there will again be a quorum of the Senate in attendance until the currency bill is reported, which will not be for some time. Senators who have stayed all summer in Washington are claiming their vacations. And when debate on the currency bill gets started we are not likely to get any attention for Hetch Hetchy; and Congress is not likely to consent to continue in session until December, when the regu-

not likely to get any attention for Hetch Hetchy; and Congress is not likely to consent to continue in session until December, when the regular session begins.

This delay is the more aggravating from the fact that water from the Sierra is now within 38 miles of the city of Los Angeles and is now being delivered there, as it will soon be delivered to the city, without any attempt on the part of the Federal powers that be to impose any of the absurd, unjust, and unlawful restrictions upon its use which are sought to be imposed on the people of this city.

As in any case, it must be years before this city actually receives any water from the Sierra, and as the necessity for an additional supply is now upon us, and in default of abundant winter rains will involve grave distress next summer, it will be best that our authorities devote all their energy to the prosecution of the suit for the condemnation of Spring Valley, which seems to slumber soundly and strangely.

Another short editorial that I will read has this to say

SAN JOAQUIN VALLEY IRRIGATORS PROTEST AGAINST ITS DIVERSION.

The people of this city demand that the use of this water be determined by the laws of California. We deny both the moral and legal right of Congress to have any voice in the matter whatever.

We submit to Federal usurpation as we would submit to any other superior force when we are deserted by the State authorities, which should be our protectors, but who are as silent as the grave.

Nothing is ever settled until it is settled right, Regardless of what Congress does or does not do, we shall ultimately get the Hetch Hetchy water, because it belongs to us in virtue of proper proceedings under the State law, which is the only authority having lawful jurisdiction in the premises.

The question of maintaining the undisputed constitutions.

The question of maintaining the undisputed constitutional rights of the States against unblushing Federal usurpation is the most important question before the people of the United States to-day,

It is a great deal bigger than the Hetch Hetchy question. (From the San Francisco Chronicle, Nov. 16, 1913.)

[From the San Francisco Chronicle.]

WORKS NO OBSTRUCTIONIST—THE SENATOR HOLDS THAT CALIFORNIA LAW GOVERNS USE OF CALIFORNIA WATER.

WORKS NO OBSTRUCTIONIST—THE SENATOR HOLDS THAT CALIFORNIA LAW GOVERNS USE OF CALIFORNIA WATER.

Senator Works does not oppose the acquirement of the Hetch Hetchy water supply by this city, and is in favor of a congressional grant to this city of whatever the National Government has power to grant.

He is opposed, however, to including in the grant language purporting to in any way designate the use or control of that water, because he holds that any such purported direction or restriction will be absolutely void and of no effect because outside the Federal jurisdiction.

More power to Senator Works's tongue. The louder and more continuous the protest the better. Senator Smoot is with him, and how many more Senators is not known. It is to be hoped that they will not give way until there has been exhaustive and thoroughgoing discussion of the fundamental principle involved.

As an act of courtesy and to avoid discussion on a point immaterial in this particular case, and because the Federal Government as trustee may have some color of title to a voice in the matter, no objection is raised to having Congress grant a formal permit for right of way.

But it is denied that Congress can confer any right or privilege whatever affecting the use of any water in this State or the means of putting it to use, because the State law is paramount within the State except as to areas where jurisdiction has been ceded.

While we all desire and expect to get the Tuolumne water, it is not desirable that the bill shall be rushed through without a full and free discussion of the rights of the States. The water which we shall need for the next few years will have to be got by the development of the Spring Valley property, and we should make a very poor trade to surrender the rights of the States. The water which we shall need for the next few years will have to be got by the development of the Spring Valley property, and we should make a very poor trade to surrender the rights of the State.

That, however, will all settle itself in due

[From the San Francisco Chronicle.]

THE HETCH HETCHY BILL-IT HAS RAISED THE WHOLE QUESTION OF STATE RIGHTS IN CONGRESS.

THE HETCH HETCHY BILL—IT HAS RAISED THE WHOLE QUESTION OF STATE RIGHTS IN CONCRESS.

It is improbable that the Hetch Hetchy bill will be considered at the special session of Congress, although on the mere question of giving this city the Tuolumne water source the bill would probably pass both House of Congress by unanimous vote.

It may be considered settled that the Hetch Hetchy dam site will be utilized, that San Francisco will get it; and that there will be pressure put upon us to develop it more rapidly than our requirements demand. As our home supply when developed will be ample for the next decade, and payments for it will use all our borrowing ability, the delay of a session will not be an unmixed evil.

It is improbable that the bill will be taken up this session, for the reason that it is now evident that the discussion will center, not on the propriety of awarding the water to this city, but on the power of Congress to prescribe any conditions whatever as to the use of the water or to extort from any beneficiary any revenue whatever for the Federal Treasury.

We deny the right of Congress to deal with the subject in any way except in the capacity of trustee of the national domain, but not of its usurfruct. We insist that all the laws of California, including the power of eminent domain, but not including the power to tax the public land run everywhere within the State, except when the State has expressly ceded jurisdiction, as it has as to some portions of the Yosemite National Park, but not as to the Hetch Hetchy Valley.

It has become evident that many Senators and Congressmen entertain the same views, and that the Hetch Hetchy Valley.

It has become evident that many Senators and Congressmen entertain the same views, and that the Hetch Hetchy Will will create in Congress the most momentous debate that has occurred there for a generation. Upon that the whole batch of Federal departments will be solidly against us, for in each department there is a given determination to place all the great interests

Mr. President, assuming that the city of San Francisco is entitled to this water as a part of the public use of the State, why should the National Government impose upon that city these onerous burdens and obligations? This magnificent park belonged to the State of California. It voluntarily turned it over to the National Government that it might be the better protected and cared for and made accessible to the people of the whole country. It is the duty of the National Government to care for that park and to protect it from invasion except in case of necessity. It comes with very poor grace from the National Government to say that the people of San Francisco, upon whom this burden will finally fall, shall pay to the Government \$30,000 a year for the mere privilege of putting a dam upon land that for practical purposes is absolutely worthless or that it should compel it to pay for the power that it generates by the expenditure of its own money. Why should the National Government be small enough to impose upon the people of that city the burden of constructing the highways and roads in its own park, simply because it has the power to do it, as a condition upon which it grants to the city of San Francisco the right that it asks for?

I wish to dwell for a moment upon the question of the destruction of a portion of the beauties of the park. There are thousands of people in this country who believe that this magnificent park, which belongs to the National Government as the trustee of the people themselves, should not be invaded and its beauties destroyed. If San Francisco actually needed this water for domestic purposes, if the children of San Francisco were famishing for water, as the Senator from Montana [Mr. MYEES] has been led to believe, and there was nowhere else that the city could procure the water for its necessary uses, this claim of the destruction of the park would not weigh a

feather's weight with me.

But if the city of San Francisco can procure its water elsewhere without entering upon the park, as I shall show it can, then it is the duty of the National Government to protect this park for the people of the Nation. However, it is said that the portion of the park called Hetch Hetchy is not accessible to the people to the extent that they would desire to go there. Why is it not accessible? Simply because the Government has neglected the obligations that rest upon it to construct roads that will enable people to go into this portion of the park as well as the other. Can the Government's failure to make the necessary roads in the park justify it in allowing somebody else to use it for some other purpose, because it is inaccessible by reason of the failure of the Government to supply the necessary means of getting into the Hetch Hetchy?

I suppose I have a reasonable degree of appreciation of the beauties of nature. I feel a good many times that I would like to get away from the strife and turmoil and noise of the great cities to the quiet and peace of the mountains, with their trees and running streams. But my lot has been cast elsewhere. However, those people who are able to enjoy the beauties of a place like the Yosemite Park should be protected in that right by the National Government, and I think I am going to show before I complete the discussion of this question that there is not the slightest reason why San Francisco should go into the park for the purpose of securing all the water it needs for a century to come.

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Utah?

Mr. WORKS. I do. Mr. SMOOT. The very crux of this question is whether San Francisco can get water from any other source than the Tuol-umne River. It seems to me that the Senator has now reached that point, and I believe we ought to have a quorum of the Senate to hear him discuss that question. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names.

Ashurst Bacon Smith, Md. Smith, S. C. Smoot Stephenson Page Perkins Hughes James
Johnson
Kenyon
Kern
La Follette Pittman Poindexter Borah Borah Brady Bryan Burton Chilton Clapp Clark, Wyo. Clarke, Ark. Cummins Dillingham Pomerene Sterling Sterring Stone Thomas Thompson Vardaman Walsh Reed Robinson Lane McCumber Martin, Va. Martine, N. J. Root Saulsbury Shafroth Sheppard Sherman Shields Simmons Smith, Ga. Warren Williams Dillingham Norris O'Gorman Overman Gallinger

The VICE PRESIDENT. Fifty-eight Senators have answered to the roll call. There is a quorum present. The Senator from California will proceed.

Mr. KERN. If the Senator from California will yield to me, and he has kindly consented to do so for that purpose, I move that when the hour of 6 o'clock shall have arrived, the Senate will take a recess until 8 o'clock this evening.

The VICE PRESIDENT. The question is on the motion of the Senator from Indiana.

Mr. SMOOT. Just to keep the record straight. I do not want the Senator from Indiana to understand that I am going to object, but I wish to call the attention of Senators to the fact that it is against the rules of the Senate, when a Senator is on the floor speaking, for any other Senator to make any kind of a mo-However, I am not going to object.

Mr. KERN. I thought I had the implied premise of the Sena-

tor from Utah that he would not object to the motion.

Mr. SMOOT. It is only for the record that I called attention

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Indiana.

The motion was agreed to.

Mr. McCUMBER. As new business has intervened, I should like to ask unanimous consent out of order to submit an amendment to the pending bill. I ask that it may be printed and lie on the table until to-morrow.

The VICE PRESIDENT. Without objection, the amendment will be received and printed, and it will lie on the table.

Mr. WORKS. Mr. President, I have said that the application for this grant was not made in the interest of San Francisco alone. Nobody has claimed that San Francisco needs any such quantity of water as they are seeking to store by the erection of the dam, but in order to procure this grant they have taken in ostensibly 26 cities. During all this investigation from beginning to end you will not find any showing as to the quantity of water that the city of San Francisco actually needs, except a statement in one sentence by Mr. Wadsworth, who was delegated by the Army board to make an additional investigation into the different water supplies. In that sentence he makes a statement, as I remember it now—I shall call it to the attention of the Senate later-that San Francisco will need up to the year 1955, 100,000,000 gallons of water per day.

The application for this grant is founded upon the necessity

of San Francisco and these other cities for 400,000,000 gallons of water per day, and all the hearings-the whole proceedingshave been founded upon the supposition that that quantity of water was needed for the purposes of meeting the needs of San

Francisco.

There is not a Senator here who can determine from the hearings or anything that has taken place in this whole transaction how much water San Francisco actually needs or whether she can procure that water somewhere else than from the Hetch Hetchy Valley. There are numerous statements in the reports that are made, including the report of the Board of Army Engineers, to the effect that there are other places where San Francisco can procure even the 400,000,000 gallons of water per day. It is said that it will cost more money by probably \$20,000,000. Just a few days ago, at the request of the people who are here representing the interests of San Francisco, I called upon Col. Biddle, who was the chairman of the Army board, and asked him the direct question whether he had ever considered the question as to whether San Francisco could procure nearer at home and at less expense and without entering into the Hetch Hetchy Valley the water that it needed for its own use, and he I said, "Have you ever considered this question with respect to any other quantity of water than the 400,000,000 gallons that are necessary for all of these cities?" He said, I said, "Do you believe that there are places nearer to San Francisco where she could procure the necessary supply of water for herself at a less cost without going to the Hetch Hetchy Valley?" He said, "Yes." I said, "Could not San Francisco procure all the water she needs for half a century by simply improving Cherry Creek and Eleanor Lake?" "Yes; but that has never been considered." They He said. They have not taken into account the simple question as to what San Francisco needs; they have taken this greater supply and have based all their calculations upon the necessity for 400,000,000 gallons of

In that connection I call attention to a statement that is made in the brief of representatives of San Francisco by Mr. Percy V. Long, city attorney, a very able and very competent gentleman. He says:

GEOGRAPHICAL SITUATION.

GEOGRAPHICAL SITUATION.

For the benefit of those Senators who are not wholly familiar with the relative geographical location of the cities, districts, and water sources affected by this bill, the following brief statement is made:

The cities of San Francisco. Burlingame, San Mateo, Redwood, Palo Alto, Hayward, Alameda, Oakland, Piedmont, and Berkeley, which are to be organized into a municipal water district for development of the Hetch Hetch water supply, form an almost continuous chain around the Bay of San Francisco. Their combined population at the present date is more than 700,000. Directly east of these bay cities the Cost Range Mountains form a low barrier between the bay cities and the San Joaquin Valley, one of the two great interior valleys of California. Through the middle of this valley the San Joaquin River flows north to the Carquinez Straits and thence into San Francisco Bay. On the east side of the valley the Sierra Nevada Range rises, reaching heights of over 12,000 feet at the summit. Down the western slopes of the

Sierras the Tuolumne River winds in a general westerly direction to its confluence with the San Joaquin River. For the purpose of irrigating during the dry season the part of the valley floor which is normally drained by the Tuolumne River, the Modesto and Turlock firrigation districts were formed, comprising 257,000 acres in extent. Conjointly they have built the La Grange diverting dam at the point where the Tuolumne leaves the foothills on its westward course and divert its waters through irrigating canals to the extent of their needs. About 50 miles farther up the Tuolumne and about 165 miles due east from San Francisco the river flows through the Hetch Hetchy Valley, which lies within the boundaries of the Yosemite National Park, about 25 miles north of the Yosemite Valley and on an entirely different watershed. The valley floor is about 3,530 feet in elevation. To the north of Hetch Hetchy and about 9 miles distant lies Lake Eleanor, one of the numerous mountain lakes of the Sierras. A short distance west of Lake Eleanor the ground falls off into Cherry Valley, through which the Cherry River flows to join the Tuolumne about 12 miles below the Hetch Hetchy Valley. The relative positions of the foregoing points will more readily appear from the map on file with your committee.

Not a single one of those cities named had any filings upon

Not a single one of those cities named had any filings upon this stream; they have no kind of legal claim to the waters of the stream in any way whatever; they have no legal right, nor any equitable right, to receive any part of the water as against this vast section of farm lands that are needing all the water they can get from this stream for irrigation and can not get it anywhere else.

Mr. GALLINGER. Is it not also true that none of those cities need any more water than it has at the present time?

Mr. WORKS. I am not able to say from my own personal information whether they do or not; but there is no showing anywhere that they do need it; and if they are proposing to secure a grant from the National Government to invade one of the national parks the burden is upon them to show that they do need water, that they have a right to appropriate it from this stream, and that they are not able to get it anywhere else. I will say, in answer to the Senator from New Hampshire, that, so far as I know, there is no claim that these cities need the water.

I want Senators to notice another thing. They have talked a good deal about this municipal water district. It will be noticed that only these three or four cities are mentioned as having any intention to form a water district. There is no claim made that San Francisco and Oakland and these larger cities propose to combine in a water district for the purpose of taking water out of this stream. I do not believe that any such thing as that will ever occur in the history of the State of California; but to show further what the disposition has been and the deception that has been practiced upon Members of Congress with respect to this matter, I want to call attention to an extract from the report of Mr. Freeman, who was called in as consulting en-gineer, at the instance, I think, of the Government itself, to investigate this situation and to report. It was at his suggestion that the law was enacted providing for a municipal water They had something of that sort in Boston and its surroundings, where some of the cities had joined with Boston, or some other cities had joined together for the purpose of organizing a water district. Certainly Mr. Freeman had very little conception of the conditions in California, involving not only the question of the right of the cities to domestic water, but of the landowners to irrigation, when he suggested the idea of organizing a water district under the circumstances that existed in the State.

I do not mean to say that Mr. Freeman was intending to deceive anybody. I have no idea but that he was acting in perfect good faith, but I do think that he misunderstood the conditions. He is a man of the highest qualifications, a man of exalted character, a man who has a reputation all over the country as one of the ablest hydraulic engineers that we have, but most of his work has been done not in California or in the Western States. He was called in consultation out at Los Angeles at the time it was proposing to spend about \$30,000,000 for aqueducts and was going up in the mountains 230 miles to get its water supply. He thought that was nonsense; he thought Los Angeles could get its water supply nearer home. He told me the other day that he went out there thinking it was a remarkable thing that Los Angeles should be going 230 miles to get water when there was plenty of water nearer by, but when he got out to California and consulted with William Mulholland, who knows every stream and canyon and moun-tain in the southern part of California and who constructed the tain in the southern part of California and who constructed the reservoirs and aqueduct for the city of Los Angeles, Mr. Mulholland told him, "If you undertake to take water out of the mountains nearer by you will be taking it away from the farmers who are entitled to use it for the irrigation of their lands, and Los Angeles can not afford to do that." So Los Angeles went 230 miles away, notwithstanding the idea of Mr. Freeman that she might get her water closer home, and secured water that affected but very few landowners and comsecured water that affected but very few landowners and compensated them for their losses.

Mr. POMERENE. Mr. President-

The VICE PRESIDENT. Does the Senator from California yield to the Senator from Ohio?

Mr. WORKS. Yes.

Mr. POMERENE. The only question I desired to ask the Senator was in view of the statement he has just made. Assenator was in view of the statement he has just made. Assuming that water should be taken out of that section of country for the city of San Francisco, would the farmers whose supply of water was thereby interfered with have a cause of action against the city or company that might be thus taking water from them?

Mr. WORKS. They would have a cause of action, of course, if the water was taken in violation of the rights of the farmers. The question would arise as to the respective rights of the

parties in the streams.

I was about to read, right at the beginning, a part of the report of Mr. Freeman, which is really the basis on which he made all of his calculations, and is the only justification for the conclusions which he reached:

FORMATION OF A METROPOLITAN WATER DISTRICT.

It is confidently expected that in the near future definite and important progress can be made upon the formation of a metropolitan water district, including, with San Francisco, the rapidly growing communities in San Mateo County and the group of cities that may be described as Greater Oakland, all of which together now consume about two-thirds as much water as San Francisco.

That is to say, these other cities that have no claim at all to the stream use two-thirds as much water as does San Francisco, which claims, on account of its filing, to have a right to take water out of the stream.

right to take water out of the stream.

The members of this metropolitan water district would share all of the expense incurred in providing the supply and in delivering it into the chief storage reservoirs, the water district conducting, as it were, a wholesale business in water supply, while leaving to each of the several municipalities the retail business of supplying its own citizens through its own distribution mains, very much as is done in the case of the Boston metropolitan district.

After the Hetch Hetchy aqueduct is once brought into use, the natural policy will be to use the better, softer water, and to either waste the harder water from the near-by sources or divert it temporarily to agricultural purposes until again needed for domestic supply, and therefore each of these reservoirs enumerated above would seldom or never be drawn so low in future as under present conditions.

Three-fourths of the aggregate quantity that the above contain—exclusive of raising Crystal and Chabot—would supply a daily draft of 200,000,000 gallons for a full year, or would supply 400,000,000 gallons for a full year, or would supply 400,000,000 gallons for six months, and beyond this the city could still draw water from the Pleasanton-Sunol sources, and draft would still be possible from the Bay shore gravels, and the run-off from the several catchments to these reservoirs would add an important amount.

I quote again from the Freeman report:

I quote again from the Freeman report:

SAN FRANCISCO AND NEIGHBORING MUNICIPALITIES.

For simplicity in all of the following descriptions the word San Francisco has been used to indicate the group of cities of which that city is the commercial center, comprising substantially all of the cities and smaller communities bordering upon the bay, from San Francisco around southerly, easterly, and northerly to Oakland, Berkeley, and Richmond, some 26 municipalities, comprising 37 separate communities in all. As will appear later, the matter of uniting more or less of these communities in closer municipal relations, possibly into a metropolitan water district, in some respects similar to that which supplies the Boston metropolitan district, is now being actively promoted with practical certainty of ultimate success.

When the second pipe across the San Joaquin Valley is added, this quantity of 400,000,000 gallons daily can be conveyed from Hetch Hetchy to the gatchouse, near Irrington, where it will be subdivided among the different communities contributing to its cost. During the early years, with only a single pipe across the San Joaquin Valley, the delivery of the aqueduct would be in excess of 200,000,000 gallons daily—possibly 240,000,000. The branch line of steel pipe to be taken across to supply the cities and valleys of the San Francisco Peninsula will have a capacity of about 100,000,000 gallons per 24 hours.

A single branch is sufficient to supply San Francisco with all

A single branch is sufficient to supply San Francisco with all the water she needs for half a century.

In this connection, with respect to the rights of the different parties, I want to submit what is called "A Primer of Facts," relating to the Modesto and Turlock irrigation districts. It is quite brief and concise, and contains a good deal of what I regard as valuable information:

PRIMER OF FACTS-THE MODESTO AND TURLOCK IRRIGATION DISTRICTS. First, Organized under the Wright law, 1887; the first in California. Second. Area, 258,000 acres. Now irrigated, about 150,000 acres. Third. Source of water, Tuolumne River, diverted at the La Grange

Fourth, Amount of water filed on, 9,500 second-feet. San Francisco generously proposes to allow the districts 2,350 second-feet.

And only 150,000 acres of the 258,000 is receiving water at the

Fifth. Total cost of irrigation works and up-keep to date, \$4,500,000. Sixth. Estimated area outside the districts which could be irrigated from the Tuolumne River, about 200,000 acres.

Seventh. Development resulting from irrigation:
Increase of population in Stanislaus County in the last decade, 135.8 per cent, which is only second to Los Angeles County. Shipments of agricultural products, \$3,000,000; dairy products, \$3,000,000; butter, 1912, 6,894,225 pounds, leading all the California counties. For the past year the butter product was 8,292,100 pounds, 58 per cent more than was ever produced in any other California county. This development is attributable to irrigation alone.

Eighth. Our present prosperity would be threatened and all further development of the districts and adjoining lands would be prevented by taking the so-called "flood waters" to San Francisco.

Ninth. The proposed measure does not protect the districts because:

(a) It cuts down our water to one-fourth of our legal appropriation, while San Francisco adds 50,000 acres to our area without providing any additional water therefor, and prohibits the development of any lands outside the districts (of which we have some 200,000 acres) contiguous to the Tuolumne River.

(b) It allows the districts to buy power only "when not wanted for pumping by the grantee."

(c) It allows the districts to buy stored water only under onerous conditions.

(d) It may establish, if the "restrictions" are removed (as now

conditions.

(d) It may establish, if the "restrictions" are removed (as now threatened by San Francisco), another power monopoly in the valley by which the people would be not served but exploited.

Tenth. The undisputed fact that the Sacramento Valley has six times the water that the San Joaquin Valley has, and equally as good, is sufficient to show that San Francisco should go to the northern valley for her supply.

Eleventh. Finally, we ask that the "waters of the San Joaquin Valley be conserved for the land of the San Joaquin Valley."

I have here also a letter from the Livingston Chronicle which I think is worthy of the attention of the Senate. All of us have received numerous communications of this kind. I have tried to select a few of them that will carry to the Senate some valuable information bearing upon this important subject. Livingston is in Merced County, right in this section of California.

LIVINGSTON, MERCED COUNTY, CAL., September 18, 1913.

LIVINGSTON, MERCED COUNTY, CAL., September 18, 1913.

Hon. John D. Works,

United States Senator, Washington, D. C.

Dear Sir: At the request of citizens of portions of Merced and Stanislaus Counties, Cal., I am addressing you relative to their feeling regarding the Raker bill. In as few words as possible, and without any attempt to discuss any of the features of the act, I desire to present to you the sentiment of a unanimous people regarding the proposed diversion of a portion of the Tuolume River to San Francisco for alleged municipal purposes. This feeling extends to the point where the diversion of any water from any stream of the San Joaquin Valley basin to points outside of the valley would meet with opposition.

It would be useless for me at this time to quote at length from reports of the Board of Army Engineers or from the reports of the United States Geological Survey, relative to the amount of land in the San Joaquin Valley that is susceptible of irrigation, or as to the amount of water that is available in these watersheds. Such reports are doubtless at your hand.

The people of this section of the San Joaquin Valley, in Merced and Stanislaus Counties, are a unit in declaring that the diversion of any water from the Tuolumne River (Hetch Hetchy) or from any other stream having a source in the Sierra Nevada Mountains and finding its way toward the sea through this great inland valley to San Francisco, or to any other point outside of this valley, for municipal or other purposes will prove an irreparable loss to the land in this valley, as every drop of this water and more if it could be secured is needed for the proper irrigation and development of the agricultural lands of the valley.

If San Francisco or any of the boy cities had no other source to

this valley, as every drop of this water and more if it could be secured is needed for the proper irrigation and development of the agricultural lands of the valley.

If San Francisco or any of the bay cities had no other source to which they could go to secure a supply for its municipal needs, then the people of the San Joaquin would open to them the mountains at their back and say, "Take what is needed." But those cities have other ample sources, as has been shown in the several engineering reports that have been made of record in previous hearings upon this question. Three such sources are the McCloud River, Sacramento River, and American River, any one of which could supply San Francisco for all time to come without in any manner drawing upon the needs of lands that might be irrigated, for the Sacramento Valley has an annual rainfall sufficient to cover its irrigable portions to a depth of 11 feet, while in the San Joaquin Valley there would be only 20 inches.

Permit me to suggest at this moment that if it were a mere matter of securing water for municipal purposes that prompts San Francisco to seek privileges in the Hetch Hetchy; that if the matter of the generation of electrical energy were not a considered in preference to Hetch Hetchy, even though San Francisco might be compelled to purchase certain rights in order to obtain the water that is alleged to be needed. I will ask that you eliminate the power features of the Raker bill in this consideration and see for yourself what would be left of the measure that would be of value to San Francisco. It is here contended that the Raker Act makes possible a "power grab," and that if this "grab" were not veiled by the alleged needs of the city for water for municipal purposes the bill would never have seen the light of day outside of a pigeonhole in the room of the Public Lands Committee of the House and would not now be before your committee for consideration.

I submit that the business men of San Francisco do not understand

for municipal purposes the bill would never have seen the light of day outside of a pigeonhole in the room of the Public Lands Committee of the House and would not now be before your committee for consideration.

I submit that the business men of San Francisco do not understand that by securing this grant in Hetch Hetchy they are taking water from 250 square miles of arable and irrigable land in the San Joaquin Valley that can look to no other source of supply save the Tuolumne River alone. I charge that the great mass of citizens of San Francisco do not know the "inside" of this proposed diversion of Tuolumne River water; that if they did, their support would not now be with the board of supervisors of the county of San Francisco and those who are spurring them on to secure Hetch Hetchy for a reservoir site. I submit that this feature can be shown to the entire satisfaction of your committee and to the Members of Congress if this measure is put over until the next session. So many points have developed within recent weeks that I feel that the people shall not be given a fair chance to present their side of this contention if this bill is rushed to passage in the Senate at the present session.

I desire to submit that the Raker bill is not an emergency measure in any sense of the word, for an emergency does not exist, unless it be the immediato need of the San Joaquin Valley for the use of all of the water flowing in its rivers and streams. That no emergency exists in San Francisco is apparent to all, for should Congress grant the demands of San Francisco and give Hetch Hetchy Valley to that city for a reservoir site the city is not in a position to even commence development of this supply. The Garfield permit, without Hetch Hetchy, willi furnish San Francisco with water for many, many years to come, according to the report of the Director of the United States Geological Survey; and yet no hurry is manifested in San Francisco to exercise

rights which the city claims on Lake Eleanor. Should San Francisco be given Hetch Hetchy, water from that source could not be delivered to the city within a dozen years; perhaps not within a score of years; perhaps not within a century. Business men in San Francisco are free to admit at this time that they do not know how the supervisors propose to bring water from Hetch Hetchy to San Francisco, as the municipality is now bonded beyond its legal limit.

Why, then, all of this hurry? Where is the emergency? I pray you. consider this matter carefully; I pray you nothing be done that shall make possible the entering of the Yosemite National Park or any other public domain by interests whose object is the exploiting of public property, even though such exploitation be hid by the veil of an alleged municipal necessity.

As regarding Hetch Hetchy, no municipal necessity exists, save and alone the necessity of the Waterford irrigation district, organized by the vote of the people on Saturday, September 6, 1913, when the proposition of organizing an irrigation district under the Wright law of California was given unanimous approval. Only one vote was cast against the organization. This new district represents an area of 20,000 acres. This district is organized for the purpose of securing water for irrigation from the Tuolumme River. Another district that is contemplated is the Merced Irrigation district, to be organized under the same law. This proposed district has tentative boundaries fixed to cover 220,000 acres, and intends when organized to secure and develop the Dry Creek reservoir site, mention of which was made by City Engineer O'Shaughnessy, of San Francisco capitalists, but not reported to the board of Army engineers.

The Dry Creek reservoir, when built, can be filled from the Tuolumne

other San Francisco, in private reports to William H. Crocker and other San Francisco capitalists, but not reported to the board of Army engineers.

The Dry Creek reservoir, when built, can be filled from the Tuolumne and Merced Rivers, and the proper development of the lands adjacent to these two streams can only be accomplished through the use of this site and all of the flood waters of these two rivers. This feature has not been presented to public consideration because of the fact that no organization existed which could place the stamp of authority upon a presentation. If this Raker bill can go over until the next-session of Congress organizations will be in existence that will be empowered to gather and present just such information as this.

There is no wonder that such information has not been supplied to the Senate and House committees having this bill in charge, for this is the first time that a situation has arisen whereby a protest of any character was necessary to protect the rights of the people of this section of the San Joaquin Valley to the waters of the Tuolumne River or the waters of any other stream. Resting confident in their rights to appropriate the waters of these streams as a means made possible, the people little dreamed until engineering reports were made that they did not have more than enough water for all their needs.

The last session of the Legislature of California revised the Wright law, as well as other irrigation laws of the State, to such an extent that it is now practical for the people to organize districts and bond them for the building of irrigation systems. In this connection it may not be amiss to suggest that perhaps therein lies one of the reasons why the "interests" who are behind this Hetch Hetchy movement, and who are covering their work with the curtain of San Francisco's alleged municipal need, are anxious to have this measure passed by this Congress, so they can forestall any organization of people in the San Joaquin Valley who might seek to appropriate the una

Francisco. San Francisco is endeavoring to establish a right to divert 400,-000,000 gallons of water daily from the Tuolumne watershed. This is sufficient to irrigate 250 square miles of territory, or 160,000 acres. If this quantity of water is diverted for other purposes, 160,000 acres will be condemned to remain forever arid and barren, for there is no other adequate supply this land can draw upon. Allow me to point out what this means. The 160,000 acres of land that will be thus barred from irrigation and development is the same character of land found in the Turlock irrigation district, to which it is adjacent.

Statistics show that the Turlock district during the year 1912 produced crops valued at more than \$100 per acre on its irrigated sections, Let us bring these 160,000 acres under irrigation and they will produce crops annually valued at more than \$16,000,000.

That is to say, this valley will lose in a single year almost as much as the difference between the cost of the two water supplies to which San Francisco may resort. They are insisting that they ought not to resort to the one that costs \$20,000,000 more than the other, when their taking away the water from these valuable tracts of land will cause them to lose in one year nearly as much as the difference in the cost of the two systems.

nearly as much as the difference in the cost of the two systems.

Land in the Turlock district, which has only a 50 per cent irrigation service, is worth anywhere from \$250 to \$500 per acre. Has San Francisco ever shown a necessity equal to the possibility of making 160,000 acres of land worth anywhere from \$40,000,000 to \$80,000,000.

I submit that the task is impossible upon the part of San Francisco, but that it will be realized here if the land can secure this water. I assure you every possible step is being taken looking to this development. Sir, this is a matter of such magnitude that the plea of San Francisco that an emergency exists is but the piea of the beggar who steals and blames his crime against an alleged necessity that does not exist.

In the protests before the Public Lands Committee before the House the Modesto and Turlock irrigation districts were compelled to stand alone and take whatever they could get. I beg to advise you that if this measure can be put over until the next session of Congress there will be a united demand from every county, eight in number, in the San Joaquin Valley that this water be not diverted. As proof of this I refer you to resolutions of protest that have been filed before the House committee from chambers of commerce and public meetings and from the San Joaquin Valley Water Problem Association. Similar protests from the Water Problem Association should reach your committee at any time, as the resolutions have been prepared and are now receiving the referendum vote of the members of the association. Mr. A. L. Cowell, secretary of the association, will transmit them to your committee and to others.

In conclusion I may be permitted to say that the San Joaquin Valley Water Problem Association has been formed for the purpose of working out a comprehensive scheme whereby the irrigation, reclamation, and drainage of every section of the San Joaquin Valley and that there are eight counties in this valley and that there are over 7,000,000 acres of land that can be made to

very first obstacle this organization has encountered is this proposed diversion of water.

We are hardly prepared to meet it at this time, yet it must be met. This situation appearing, we have but one alternative and that an appeal to you to use your very best efforts to secure a postponement of action on the Raker bill, or any other similar measure that might be presented, until the next session of Congress. The necessity for this postponement must be apparent to you, and our people desire this most fervently.

I may add as a suggestion of our future work for the irrigation, reclamation, and drainage of this valley that the matter of applying to the United States Reclamation Service is being considered. Should this be done, and we have strong reason to believe that action of this sort will be taken in the near future, you will realize at once that this branch of the Federal Government must be safeguarded in the matter of water supplies. Sir, in submitting this appeal, I beg that it will receive that careful consideration which I am impelled to believe you will give it.

Respectfully submitted.

Edward S. Ellis.

EDWARD S. ELLIS.

Mr. President, this appeal was made mainly for delay until the next session of Congress, which has now arrived. The trouble about it, however, is that these people have been foreclosed against making any further showing upon this question because of the unanimous-consent agreement entered into by the Senate, which calls for a vote on the coming Saturday, and therefore the matter could not go back to the committee for further consideration.

#### RECESS.

Mr. WILLIAMS. Mr. President, I thought a motion had been made and carried that at 6 o'clock we should take a recess

until 8 o'clock. The hour of 6 o'clock has arrived.

The PRESIDING OFFICER (Mr. O'GORMAN in the chair).

That is correct. The hour of 6 o'clock having arrived, the Senate will take a recess until 8 o'clock p. m.

The Senate thereupon, at 6 o'clock p. m., took a recess until 8 o'clock p. m.

### EVENING SESSION.

The PRESIDENT pro tempore (JAMES P. CLARKE, a Senator from the State of Arkansas) called the Senate to order at 8 o'clock p. m.

## SAN FRANCISCO WATER SUPPLY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes

Mr. GALLINGER. Mr. President, there are very few Senators present, and I would suggest the absence of a quorum.

The PRESIDENT pro tempore. The Senator from New Hampshire suggests the absence of a quorum. Let the Secretary call the roll.

The Secretary called the roll, and the following Senators

answered to their names:

Goff Gronna Hollis Johnson Kenyon Smith, Ga. Smith, Md. Smith, S. C. Swanson Thomas Thompson Thornton Townsend Works Owen Bankhead Page Pomerene Reed Robinson Saulsbury Shafroth Bryan Martin, Va. Martine, N. J. Myers Nelson O'Gorman Overman Burton Clapp Clarke, Ark. Colt Dillingham Sheppard Sherman Shields Fletcher Gallinger Shively Simmons

Mr. CLAPP. The senior Senator from Utah [Mr. Smoot] is

unavoidably detained from the Chamber.

The PRESIDING OFFICER (Mr. O'GORMAN in the chair). Forty-five Senators having responded to the call, there is not a

Mr. GALLINGER. Let the names of the absentees be called. The PRESIDING OFFICER. The Secretary will call the

names of the absentees.

The Secretary called the names of the absent Senators, and Mr. PITTMAN, Mr. STERLING, and Mr. VARDAMAN answered to their names when called.

Mr. SMITH of Arizona, Mr. ASHURST, Mr. HUGHES, Mr. NORRIS, Mr. CUMMINS, Mr. KERN, Mr. CHILTON, and Mr. WALSH entered the Chamber and answered to their names.

The PRESIDING OFFICER. Fifty-six Senators being present, a quorum is present and ready for the transaction of business. The Senator from California will proceed.

which to store the flood waters of the Tuolumne River, to be diverted thence to the city for municipal and other purposes.

Out of the Hetch Hetchy Valley comes three-fourths of the water of the Tuolumne River. The area of irrigable land on the Tuolumne River watershed is about 1,000,000 acres.

Of this about 500,000 acres is level valley land of great fertility and capable of supporting a large population.

About 500,000 acres lie in the foothills on both sides of the Tuolumne River and are equal in value to any other body of foothill land in the State.

About 500,000 acres lie in the foothills on both sides of the Tuolumne River and are equal in value to any other body of foothill land in the State.

Of this area about 275,000 acres are organized in the Turlock, Modesto, and Waterford districts, leaving 225,000 acres of level valley land and 500,000 acres of foothill land to be organized. Of course it takes time to accomplish this.

We have to await population, especially for the foothills.

Now, Senator, we oppose the Raker bill because we believe that if it is passed it will give San Francisco a great advantage in a contest before the courts. Such contest we expect, whether the Raker bill passes or does not pass.

Does San Francisco need the Hetch Hetchy? Is there an emergency requiring an immediate decision of this water question?

H. M. Chittenden, in his report on the Spring Valley, says: "One result of the investigation has been to show that such a necessity does not now and possibly may never exist. \* \* \* So far as quantity is concerned, there is no present necessity for a resort to the Sierra, and will not be for an indefinite period to come. \* \* As to quality, the Sierra supply is softer, but hygienically no purer."

In view of the vast importance of this question, would it not be best to delay a decision at this time? Refer it back to the Land Committee and give the Tuolumne River farmers a chance to show the disastrous effect the passage of the bill will have on their interests and also to show that San Francisco can get a water supply elsewhere.

Yours, truly,

J. R. Horsley.

J. R. HORSLEY.

I also read an editorial from the Stockton Daily Evening Record of October 29, which is as follows:

THE SAN JOAQUIN VALLEY MUST SAVE HETCH HETCHY WATER FOR IRRIGATION—SAN FRANCISCO CAN GET WATER IN NORTH COAST RANGE.

THE SAN JOAQUIN VALLEY MUST SAVE HETCH HETCHY WATER FOR IRRIGATION—SAN FRANCISCO CAN GET WATER IN NORTH COAST RANGE.

San Francisco bases its claims to the Hetch Hetchy water supply on the unfounded statement that it is the only available and sufficient supply for the present and future needs of the city.

San Francisco gives no indication of what use it purposes to make of the Spring Valley water system, which now supplies the city.

San Francisco proposes to capitalize a great water supply for the city's own profit, irrespective of the injury to the San Joaquin Valley.

San Francisco bases its claim to Hetch Hetchy on its own estimation of its future needs.

San Francisco has forced the Hetch Hetchy bill through the House, It is now in the Senate. The bill will be called up December 1, and there is unanimous consent to vote on it six days later.

If the San Joaquin Valley is to be aroused to the injury which will be done to the valley by the bill, action must be immediate and positive. San Francisco can obtain a water supply—a larger water supply than the Hetch Hetchy, and at less cost. And not one drop of the water need be diverted from the limited amount belonging by nature and equity to the San Joaquin Valley.

The estimated amount of water available in Hetch Hetchy for diversion to San Francisco is 400,000,000 gallons daily. The Army engineers estimate the cost of the storage, diversion, and delivery of the water to San Francisco is 477,400,000. The Army engineers examined several sources of water supply and reported that the Hetch Hetchy was the most practical and easily available for the engineers did not go far enough.

Let us consider what may be designated as the Snow Mountain, Clear

was the most practical and easily available for the future needs of San Francisco. But perhaps the investigations of the engineers did not go far enough.

Let us consider what may be designated as the Snow Mountain, Clear Lake, and Putah Creek supply. The distance from Snow Mountain to San Francisco is 140 miles. Surveys just completed show that of this distance the water can be conveyed through natural channels for 66 miles, leaving only 74 miles for aqueducts, etc.

Where can this alleged supply be secured and how much of it is available?

From the South Eel River in Mendocino, from the watershed ranging south to Clear Lake in Lake County, and still farther south to Putah Creek in latitude with Napa.

This transfers the watershed for San Francisco's supply from the Sierra to the Coast Range, and from a diversion of the limited supply for the San Joaquin Valley to the surplus running to waste in the overwatered Sacramento Valley.

How much water?

Estimates just completed by competent engineers show that the South Eel River watershed may be relied upon for 200,000,000 gallons daily: that the Putah Creek watershed has a dependable supply of 300,000,000 more gallons daily than Hetch Hetchy. Further, the cost of bringing this water to San Francisco across the upper Berkeley Hills and Carquinez Straits is only \$41,250,000—about one-half as much as the Hetch Hetchy plan. The storage capacity of the Snow Mountain-Eel River-Putah Creek plan is 1,500,000 acre-feet—enough water to supply San Francisco with water for three and one-half years, even if not another drop of water fell. There are practically no water rights filed against this proposed supply. Less than 2,000 acres are now in cultivation in districts affected by it.

It will be noticed that in this instance as in a good many others they combine two or three of these different systems. What for? Not to secure the supply of water that San Francisco needs, because either one of them alone would furnish ample water for San Francisco, but they do it upon the theory that they must raise the 400,000,000 gallons of water that are necessary for all these cities. Therefore all these petitions and the reports of the engineers are misleading in that respect.

ent, a quorum is present and ready for the transaction of business. The Senator from California will proceed.

Mr. WORKS. Mr. President, I shall read next a letter from J. R. Horsley on this subject. He says:

J. R. Horsley on this subject. He says:

J. R. Horsley & Son, Waterford, Cal., November 21, 1913.

Hon. John D. Works, Washington, D. C.

Dear Sir: The great and absorbing question here is the proposition to grant Hetch Hetchy Valley to San Francisco for a great reservoir in

a supply of more than 24,000,000 feet for 2,659,000 acres, while San Joaquin has only 10,665,000 feet for its 6,630,000 acres. Yet San Francisco would divert the Hetch Hetchy supply, which San Joaquin Valley will soon need and which some of the districts already need.

The Eel River and Putah Creek supply always will be waste water, unless utilized for the supply of some large city.

The watershed belonging naturally to the San Joaquin Valley will not irrigate one-half the valley's acreage which can be brought under irrigation. The situation is reversed in Sacramento Valley, where there is not enough acreage susceptible to irrigation to use one-half its available water supply.

It is time for the people of San Joaquin Valley to get busy, and the press will be derelict in its duty if it fails to put the facts before the people.

press will be derelict in its duty if it fails to put the facts before the people.

The Hetch Hetchy scheme is unnecessary for the future of San Francisco, since a better and cheaper water supply can be secured in the Coast Range watershed.

The water of Hetch Hetchy ought to be conserved for the future use of San Joaquin Valley, which needs every drop of it.

The Record protests, as it has protested before, against the Hetch Hetchy bill.

It embodies nothing but the inate selfishness of San Francisco, shortsighted statesmanship by the bill's sponsors, and a wanton injury to the San Joaquin Valley, upon the development of which much of the future greatness of California depends.

Mr. TOWNSEND. Mr. President, I notice that there is in the Chamber now considerably less than half of a quorum. few of the Senators on the majority side are in their seats, yet we have been compelled to come here to-night to carry on an evening session. Unless the speaker insists to the contrary, I shall make a point of no quorum whenever I discover that there is no quorum in the Chamber. I now, Mr. President, suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll. The Secretary called the roll, and the following Senators

answered to their names:

Smith, Ga. Smith, Md. Smith, S. C. Sterling Thomas Thompson Thornton Townsend Vardaman Walsh Ashurst Goff Gronna Hollis Hughes Owen Page
Pittman
Poindexter
Pomerene
Reed
Robinson
Saulsbury
Shafroth
Shennard Bacon Bankhead Borah James Johnson Kenyon Kern Brady Brandegee Bryan Chilton Clapp Clarke, Ark. Lane Lippitt Martin, Va. Martine, N. J. Sheppard Sherman Shields Shively Walsh Warren Williams Works Cummins Dillingham Myers Nelson O'Gorman Simmons Gallinger Smith, Ariz.

The PRESIDING OFFICER. The roll call discloses the presence of 58 Senators. A quorum being present, the Senator from California will proceed.

Mr. WORKS. Mr. President, one of the claims made is that while there are other sources of supply that will furnish 400,000,000 gallons of water daily, which it is claimed San Francisco needs, it will cost the city more money to secure that supply from other sources. I have here a telegram from Mr. Doak, of San Francisco, addressed to Mr. Ferris, chairman of the House Committee on the Public Lands, bearing upon that question, which I think will be of interest to the Senate. It is as follows:

SAN FRANCISCO, July 5, 1913.

Hon. Scott Ferris, Chairman Committee Public Lands, Washington, D. C.:

Hon, Scott Ferris,

Chairman Committee Public Lands, Washington, D. C.:

At the hearing before the congressional committee on the Raker bill, now before Congress, to grant the city of San Francisco the right to use the Hetch Hetchy Valley as a reservoir site, according to press reports, statements were made by the representatives of the city that the Army board's report shows the cost of construction of the Hetch Hetchy project to be \$20,000,000 less than the McCloud River or other sources. This is not correct and is not borne out by the reports.

The board's estimate of cost of the Hetch Hetchy project, fully developed for a supply of 400,000,000 gallons per day, as set forth in the report, is \$77,367,400. Their estimate of the cost of the McCloud project fully developed for a supply of 500,000,000 gallons per day, with Bay Crossing, is \$71,446,200, showing a saving in favor of the McCloud in actual cost of construction of \$5,921,200.

The figures of Mr. H. H. Wadsworth, assistant engineer of the board, show a saving of \$12,416,300, and those of R. W. Van Norden, a prominent and well-known engineer of San Francisco, who made an independent estimate of cost for the Journal of Electricity, finds a saving of \$22,743,000.

It should be understood that the plans submitted by the proponents of the McCloud project call for the construction of a reinforced concrete aqueduct of the highest type and class of permanent construction, developed at the beginning to its full capacity of 500,000,000 gallons per day, with a view of utilizing the surplus water for irrigation until the same is needed for domestic purposes; whereas the plans submitted by the city for the Hetch Hetchy project call for an entirely different class of construction, a large part of which is steel-pressure pipe, which will deteriorate and will have to be replaced at the end of 20 or 25 years. The Standard Oil Co. are now replacing oil pipe line in the San Joaquin Valley that has been laid less than 8 years.

By adopting a system of high finance, sugges

for city use. The revenue from this surplus water would, if sold at the price fixed by the Los Angeles aqueduct for their surplus water, be sufficient to pay 4½ per cent interest on over \$40,000,000.

There was also, no account taken of the cost of the extra depreciation of the Hetch Hetchy project due to the replacement of the pipe construction. No competent engineer will estimate the life of that part the Santa Clara Valley at 40 years. It must be remembered that the plans and estimates call for ordinary steel plpe and not expensive Sected Iron pipe, such as used by the Spring Valley Co.

Both City Engineer Grunsky and Manson estimate the cost of repolect planned by them, at \$21,325,000. (See city with the project planned by them, at \$21,325,000. (See city with the project planned by them, at \$21,325,000.) (See c

I have a communication from Mr. Miller, who is referred to in that letter, bearing upon that same question. It is dated July 31, 1913. It is as follows: JULY 31, 1913.

Hon. John D. Works.

United States Senate, Washington, D. C.

My Dear Sir. I had the the privilege of reading a letter addressed by you to Mr. Taggart Ashton, civil engineer of this city, relative to the subject of water supply for San Francisco and the bay cities. In response to your request contained therein for further information on this subject, I have taken the liberty of addressing you.

I have given this subject three years of very careful study, including formulation of reports supplied to the advisory board of Army engineers appointed by the Secretary of the Interior. I desire particularly to call your attention to certain circumstances that prevailed during the period in which San Francisco was requested and expected to furnish the Army board with correct and detailed information.

Mr. John R. Freeman had been engaged by the city of San Francisco to make an appraisal of the value of the Spring Valley Water Co., for which he was paid many thousands of dollars, and if his report was ever submitted to San Francisco this fact has never been made public.

was ever submitted to San Francisco this fact has never been made public.

On the order of Secretary Ballinger requiring San Francisco to show cause why the Garfield permit should not be revoked, Mr. Freeman was selected by San Francisco as the engineer to acquire facts and report on all available sources of supply. This report was to be submitted for a hearing in June, 1911. At this time negotiations were pending between the city of San Francisco and the company claiming to own certain water rights on Lake Eleanor and Cherry Creek, of which company John Hays Hammond was the principal owner. It appeared to be difficult to bring these negotiations to a definite conclusion, and apparently the city officials had no desire to investigate other sources of supply until these negotiations were closed. As a

consequence, the city asked for postponement of the hearing from June until the following December, and repeatedly asked for other were concluded and the money paid over, amounting to \$1,000,000. During this period of time complete data was furnished relative to évaluing a supply from the McCloud River, with a definite offer by Mir. D. P. Doak and associates, which on its face presented a project war furnished in December of the Tuolume River. The only detailed in the control of the purchase of the bound of the purchase of the furnished in December of the purchase of the Hammond water rights Mr. Freeman discovered that be had time to take up this investigation. He proceeded to change the entire plan of development as made originally by the city engineer of San Jonean. Of development as made originally by the city engineer of San Jonean. Of development as made originally by the city engineer of San Jonean. Of development as made originally by the city engineer of San Jonean. Of development as made originally by the city engineer of San Jonean. Of development as made originally by the city engineer of San Jonean. Of development as made originally by the city engineer of San Jonean. Of development as made originally by the city engineer of San Jonean. Of development as made or permitted the engineer engaged by them to delay, for an entire year taking up this investigation, unless there was some ulterior motive to be gained in paying cut this large sum of money for water rights that Mr. Freeman admits have no warm and associated would have delayed, or permitted the engineer engaged by them to delay, for an entire year taking up this investigation, unless there was some ulterior motive to be gained in paying cut this large sum of money for water rights that Mr. Freeman admits have no warm and associated would have delayed, or permitted the engineer engaged by them from the proper sum and a revision of previous reports and by the same engineers, all of which was done in offices in San Francisco.

The investigation of

From reading a transcript of the hearing before the House committee it appears that that committee have not read the Army Engineers' report or the conclusions and recommendations made by Secretary Fisher, nor any other documents on file in the city of Washington pertaining to this matter, and as a consequence are basing their opinions on rerbal evidence given by officials of San Francisco, which do not present any of the real facts in the case and in many respects are inaccurate and absolutely misleading.

We would be willing to incur the expense and time necessary in presenting the merits of our project if this matter were to be taken up by Congress and considered impartially and thoroughly; and if, as you suggest, this hearing will be postponed until the next regular session, I can assure you that we will be present and fully prepared.

I am inclosing copy of a telegram, dated July 5, addressed to the House Committee on the Public Lands, which is self-explanatory. A copy of this telegram we later sent to the Senate Committee on Public Lands. I am also inclosing an article written for publication dealing with this subject.

Very respectfully, yours,

CLEMENT H. MILLER,

Chief Engineer.

CLEMENT H. MILLER, Chief Engineer.

Here is another short statement of the water conditions. is headed "Misapprehensions about the Hetch Hetchy, and a correction":

In the recent debate Senators have been led into positive misstatements that befog the issue.

THOSE "WATER RIGHTS" CLAIMED BY THE CITY.

The city claims "legal rights" to the Hetch Hetchy water through its "flings." There are no such rights. In 1901 (July 29) James D. Phelan "filed" at Hetch Hetchy for 10,000 miners inches, equal to 161,000,000 gallons daily, and for half that amount at Lake Eleanor, or another stream. The city now insists that these "filings" are entirely inadequate for its needs, as the bill contemplates 400,000,000 gallons daily from Hetch Hetchy alone.

But, further, the law requires a "filing" to be followed by "diversion and beneficial use" of the water. When Secretary Hitchcock denied the right to dam Hetch Hetchy in 1903 the city abandoned the project and took away its plans, which were burned up in the great fre. This abandonment was formally voted by the board of supervisors on January 24, 1906 (resolution No. 6949). Later, after Mr. Pinchot had

urged the city to take the matter up again, Secretary Garfield, in 1908, granted the right to dam Lake Eleanor, but required postponement of any development at Hetch Hetchy till the Eleanor source was fully developed—say 50 years. Even at Lake Eleanor there has been no "diversion and use," although 200,000,000 gallons daily can be obtained from that source alone.

I should like Senators to remember that statement, which is a correct one, that from Lake Eleanor alone 200,000,000 gallons of water daily can be obtained for the use of San Francisco. That is 40,000,000 gallons more than the amount San Francisco has filed upon and has a right to take from the stream.

I have here a statement of the cost of the Eel River project in detail, which I ask leave to make a part of my remarks, without reading.

The PRESIDING OFFICER. If there be no objection, it will be so ordered.

The matter referred to is as follows:

EEL RIVER PROJECT.

Estimated complete cost \$00,000,000 gallons daily delivered. FIRST DIVISION.

(Gravelly Valley Reservoir to Clear Lake.) \$809,000 1, 977, 000 220,000 3,006,500 Total SECOND DIVISION. (Clear Lake to Monticello Reservoir.) Tunnel entrance, gates, etc., Cache Creek.

Pressure tunnel (220,000,000 gallons daily capacity) 8 feet diameter, 15,800 linear feet, at \$33.50 26,000 529, 300 555, 300 THIRD DIVISION. (Monticello Reservoir to Carquinez Straits.) Devil's Gate Dam, with spillway crest at 240 feet, storage 1,019,000 acre-feet
Pressure tunnel (400,000,000 gallons daily capacity) 11 feet diameter, 85,100 feet, at \$56.

Tunnel shafts
Steel pipe line (200,000,000 gallons daily capacity) 8.2 feet diameter, 4-inch shell, cement lined and coated, 104,300 linear feet, price per foot \$30. 2, 128, 000 4, 765, 600 292, 500 120, 000

3, 129, 000 10, 435, 100 FOURTH DIVISION. (North side Carquinez Straits to San Francisco.)

Tunnels (400,000,000 gailons daily capacity):

12.8 feet diameter, pressure, concrete lined, 5,300 feet under Carquinez Straits at \$220.

Two 300-foot shafts, at \$165.

12.8 feet diameter, pressure, concrete lined, 12,600 linear feet, at \$60.

11 feet diameter, pressure, concrete lined—
21,920 feet, at \$56.

Steel pipe (200,000,000 gailons daily capacity), cement lined and covered:

6.75 feet diameter, shell \$ to 75 inch, price per foot \$16.50 to \$26, 19,860 linear feet.

6.75 feet diameter, shell \$ inch, 35,680 feet, at \$26.

Pumping station at Martinez, 200,000,000 gailons daily capacity, 300-foot lift.

Equalizing reservoir, San Pablo and Pinole Creek:
2,500 acres of land, at \$200.

Construction of dams.

Submerged pipe, San Francisco Bay, 6.75 feet diameter, 18,480 linear feet, at \$120.

Total (North side Carquinez Straits to San Francisco.) 1, 166, 000 99, 000 756,000 1, 227, 520 1, 690, 000 436, 900 927, 680 1, 200, 000 500, 000 2, 750, 000 2, 217, 600 12, 970, 700 Total

Estimated cost sewage-disposal systems for towns of Middletown, population 500; Upper Lake, population 350; and Lower Lake, population 350 26,000 SUMMARY OF ESTIMATED COSTS.

3, 006, 500 555, 300 10, 435, 100 12, 970, 700 26, 000 First division Second division Third division Fourth division Sewage-disposal systems, three towns 26, 993, 600

Total costs construction of aqueduct for delivery 200,000,000 gallons daily to San Francisco.
Water rights, reservoir sites, and aqueduct rights of way, estimated at.
Additional 200,000,000 gallons daily to bay cities by duplicating pipe lines and doubling capacity of Martinez pumping plant. 6,000,000 5, 393, 580

Total cost construction, 400,000,000 gallons daily to San Francisco and say cities\_\_\_\_\_ 38, 387, 180

Mr. WORKS. In connection with that statement I wish to read the telegram I sent to Hon. C. N. Felton, of San Francisco, who at one time was a member of this body. I have no doubt some of the older Members of the Sente will remember him.

Mr. TOWNSEND. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Michigan?

I do. Mr. WORKS.

Mr. TOWNSEND. I notice that there are 15 Members of the majority in their places, and I suggest the absence of a

The PRESIDING OFFICER. The Secretary will call the

The Secretary called the roll, and the following Senators answered to their names:

Answered to Ashurst Bacon Borah Brady Brandegee Bryan Chilton Clapp Clark, Wyo. Clarke, Ark. Colt Cummins Dillingham Fletcher O'Gorman Overman Owen Page Smith, Ga. Smith, Md. Smith, S. C. Goff Gronna Hollis Hughes Hughes
James
James
Johnson
Kenyon
Kern
Lane
Lippitt
Martin, Va.
Martine, N. J.
Wyers Sterling Thomas
Thompson
Thornton
Townsend
Vardaman
Walsh
Warren Pittman Poindexter Pomerene Reed Robinson Saulsbury Sheppard Shields Shively Simmons Warren Williams Myers Nelson Works Gallinger Norris Smith, Ariz.

The PRESIDING OFFICER. Fifty-eight Senators have answered to their names. A quorum of the Senate is present. The Senator from California will proceed.

Mr. BACON. Mr. President, before the Senator from California proceeds, inasmuch as the Senator from Michigan has twice had put into the RECORD his estimate of the number of Senators present, I think it is proper to say that each time the roll call has shown that there were present about three times as many Democrats as Republicans.

Mr. TOWNSEND. Mr. President, undoubtedly that is true, as shown by the roll call. It does not follow, however, that it was true when the Senator from California was speaking. Furthermore, it was the majority that called the Senate here to-night for the purpose of facilitating the business of the Senate, and the members of the majority are not here in their seats. The Senator from Michigan was correct in making the statement as to the attendance at the time he called for a

Mr. BACON. Mr. President, one Senator is under just as much obligation as another to attend to his duties in this Chamber. There may be greater responsibility upon some than upon others, but no greater duty. I wish to say to the Senator from Michigan that when he made his first remark as to the number of Senators present I counted, and there were only 11 Repub-

Mr. OWEN. Mr. President, at 1.55 p. m. to-day the Senator from Utah [Mr. SUTHERLAND] made the point of no quorum. There were 61 Senators present. At 2.45 p. m. the Senator from Utah [Mr. SUTHERLAND] again made the point of no quorum. There were 65 Senators present. At 4 o'clock p. m. the Senator from Utah [Mr. Smoot] made the point of no quorum. There were 56 Senators present. The Senator from Utah [Mr. Smoot] again made the point of no quorum at 12 minutes past 5. There were 58 Senators present. Neither of those Senators is in his seat to-night.

Mr. SHIVELY. Mr. President, does the Senator think he ought to make these observations in the absence of the Senator

from Utah [Mr. SMOOT]?

Mr. OWEN. It is very painful to make observations of this character in the absence of the Senator. The Senator from New Hampshire [Mr. Gallinger] made the point of no quorum at 8 o'clock to-night. There were 56 Senators present. The Senator from Michigan [Mr. Townsend] made the point of no quorum at 8.25. There were 57 Senators present. The Senator from Michigan [Mr. Townsenn] again made the point of no quorum 25 minutes later, at 8.50. There were 56 Senators present.

If the Senators on the other side care to continue that kind

of record, it is open to them to do so.

Mr. GALLINGER. Mr. President, did I understand the Senator to say that when I made the point of no quorum, at 8 o'clock, there were forty-odd Senators present?

Mr. OWEN. I said the call of the roll disclosed the presence

of 56 Senators.

Mr. GALLINGER. Yes; but we do not count Senators who are in the cloakroom or in other places outside of the Chamber. There were not half that number present when I made the point of no quorum.

Mr. OWEN. The Senator made the point of no quorum

instantly after 8 o'clock.

Mr. GALLINGER. I did, because the Senator from California was about to proceed with his speech.

Mr. OWEN. I have no objection, of course, to the Senator

making that explanation.

Mr. GALLINGER. Inasmuch as the Senators on the other side seem to have pretty decided opinions on this question, I thought possibly the Senator from California might convert some of them.

Mr. WORKS. Mr. President, I have noticed that upon the roll call my Democratic friends come out from their hole somewhere, I do not know just where, and answer to the roll call and make a quorum, but it may be on account of my manner of speech, and before I have gone very far they have melted away. Now, I am not asking the attendance of any Senator here on my account, but here is a great question involved, of vital importance to my State, and I do think that Democratic Senators, and Republicans as well, should remain here and listen to what is said upon this subject, whether well said or not, in order to inform themselves upon this important question, and I think it is unfair and unjust that I should be compelled to proceed with my speech to-night when other Members of this body abandon the Chamber and go to the cloakroom or anywhere else while I am addressing myself to a subject that is one of importance.

Mr. WORKS. I shall now read the telegram that I addressed

to Senator Felton.

WASHINGTON, November 28, 1913.

Hon. C. N. Felton, 452 Mills Building, San Francisco, Cal.;

452 Mills Building, San Francisco, Cal.:

Wire me amount of water and of what kind San Francisco can obtain from Eel River and at what cost to the city, and any particulars that you may feel at liberty to give me on that subject. Expect to address the Senate on Hetch Hetchy bill on Thursday next. Any information you may give me will be important in that connection.

JOHN D. WORKS.

I received from the Senator the following telegram:

SAN FRANCISCO, CAL., December 2, 1913. Hon. JOHN D. WORKS, United States Senate, Washington, D. C.:

Have this day answered your wire of the 28th by telegram through the engineer of the Snow Mount Water & Power Co., who is more capable and conversant of the facts than myself. Trusting that it may of service to you,

C. N. FELTON.

The telegram of the engineer is as follows:

Hon. John D. Works.

San Francisco, Cal., December 1, 1910.

Hon. John D. Works.

United States Senate, Washington, D. C.:

In reply to yours of the 28th, San Francisco can obtain more than 200,000,000 gallons a day from South Eel River and 300,000,000,000 gallons a day from Middle Eel River of mountain water uncontaminated by local influences. I think an examination will prove that 500,000,000 gallons a day can be delivered from this source to San Francisco, and am advised and believe within the sum of \$60,000,000. The line is already paralleled by and for four-fifths of the distance is immediately adjacent to the Northwestern Pacific Railroad. This scheme has also the advantage that the pipe line can be laid much nearer the hydraulic grade line, and thus the weight of steel pipe would be less than for the Sierra Nevada schemes; or reenforced concrete pipe could be used over portions of the distance, which makes the unit cost very low. Quoting from A. M. Hunt's report on the South Eel River supply, written in 1906, the water rights of the Snow Mountain Water & Power Co. are not in conflict with any others; in fact, there are no prior rights, nor has the water ever been diverted for any purpose. There is practically no agricultural land in the river bottom below the diversion point, so there can be no claim that the waters are needed or may be needed in the future for irrigation purposes. In this respect, as a supply for San Francisco, it is superior to any of the Sierra propositions. The same is true of the waters of the Middle Eel River.

\*\*Engineer and General Manager\*\*, \*\*Snow Mountain Water & Power Co.\*\*

\*\*Now either of those projects taken alone—not both of them, \*\*Snow Mountain Water than San \*\*Andream San \*\*Andrea

but either one of them-would furnish more water than San Francisco is legally entitled to under its filing to take out of the Tuolumne River and twice as much as the only engineer who has said anything on the subject has declared is needed by San Francisco for 30 years to come.

Now, Mr. President, I come to the question as to whether

San Francisco

Mr. BACON. Mr. President, I ask this question in the utmost good faith. I am seeking light. Could the Senator within a few words tell us why it would be conducive to the public interest that the one project should be carried out and not the other? In other words, why is it that there will be any objection of a public or private character to the Hetch Hetchy project which does not apply to the other? I want a comparison between the two.

Mr. WORKS. The objection is that San Francisco ought not to be allowed to take of the waters of the State more than is necessary for its own use, and it should leave the balance for distribution to others who may need it. Therefore it would be unjust if San Francisco should take out of both these systems an amount of water that it is not able to use, and San Fran-

cisco has no right to sell the water to anybody else. If it should have these two sources of supply, and they are more than it needs, the water commission of the State of California would compel it to surrender a part of it to other people who

needed it for irrigation purposes.

The Senator must understand that there is not enough water in California to go around, and one of the great efforts on the part of the Legislature of California and of the administration of affairs in connection with the water is to make the water go just as far as possible. It is different in the State of Georgia, I assume, where it is not a question of lack of water, but very frequently there is too much of it. But that is not so in Callfornia. The purpose is to distribute this water so that it will cover the most acres of land and supply the greater number of people for domestic purposes. Therefore San Francisco has no right to take two of these supplies if one of them is sufficient. Did I answer the Senator's question?

Mr. BACON. I am not sufficiently familiar with the subject to say whether or not it is a complete answer. I will state to the Senator in passing, if I do not occupy too much time, that I have always been under a somewhat different impression in regard to the water supply of California, if the statement of

the Senator is now correct.

Mr. WORKS. A great many people are under that misapprehension.

Mr. BACON. I recollect once in passing from San Francisco east I was very much struck by the accounts given me of the vast snowfall upon the mountains, which in the spring and summer melts and furnishes the necessary water for the lowlands. I presumed that that was one great source of supply. I recollect at one place where the cars stopped—I think it was for supper, before the days when the trains carried dining cars-I was told that snow accumulated to the extent of 20 feet in depth.

Mr. WORKS. Has the Senator any idea how much water that would make down on the Sacramento Valley, for example? Mr. BACON. That would depend a good deal upon the area

over which it fell.

Mr. WORKS. One of the difficulties that we have had in the West has been in making ourselves understood with respect to this water question. I appreciate that, because I went from a Middle Western State to California. It is extremely difficult for a man who has had no practical experience of the appropriation and distribution of water to understand the situation.

Mr. POINDEXTER. Mr. President, if the Senator will per-

mit me

I yield to the Senator from Washington.

Mr. POINDEXTER. I should like to make a statement in a very few words to go into the RECORD at this point. The question of the Senator from Georgia of course, I should judge, indicates that the Senator has not understood the basis of the opposition to this bill. The entire objection to it is based upon just such a distinction as asked for by the Senator from Georgia. The water of the Tuolumne River is all needed for irriga-

If San Francisco takes it, it will deprive the land in the San Joaquin Valley of the necessary water needed for irriga-tion, whereas if you take the water from the Eel River, or preferably from the McCloud River, that would be taking water

which is not needed for irrigation.

And there is another reason which is an answer to the question of the Senator from Georgia which is the basis of the objection of one class of opponents to this bill, and that is that the adoption of the Hetch Hetchy project will destroy the Hetch Hetchy Valley, so far as its present condition is con-cerned, whereas the taking of water from the McCloud or from the Eel Rivers will not destroy any national park or any great

seenic wonder or unusually attractive scenery.

Mr. BACON. I hope I may not be misunderstood. I did not mean by my question to interject myself into the debate. The Senator from California had stated as a fact that water could be obtained from another river, and I really, for the purpose of acquiring the information, wanted to know why it was that it was objectionable to obtain water from one river and not from another. I do not wish to be understood as taking part in this debate. I have not a sufficient knowledge of the subject to

attempt anything of the kind.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Idaho?

Mr. WORKS. I yield. Mr. BORAH. I wish to ask the Senator from California with reference to the construction of this grant a little more fully than it has been discussed, because I think he has passed over that feature of it. What is the effect of it? I will read the language of it-

That there is hereby granted to the city and county of San Francisco, municipal corporation in the State of California, all necessary rights

And so forth.

Now, the grant runs to the city of San Franciso. Mr. WORKS. The city and county of San Francisco. Mr. BORAH. Yes; and it goes on to say:

All necessary rights of way along such locations and of such width, not to exceed 250 feet, as in the judgment of the Secretary of the Interior may be required for the purposes of this act, in. over, and through the public lands of the United States in the counties of Tuolumne—

And the other counties named here-

and in. and over, and through the Yosemite National Park and the Stanislaus National Forest, or portions thereof, lying within the said counties, for the purpose of constructing, operating, and maintaining aqueducts, canals, ditches, pipes, pipes lines, flumes, tunnels, and conduits for conveying water for domestic purposes and uses to the city and county of San Francisco and such other municipalities and water districts as, with the consent of the city and county of San Francisco, or in accordance with the laws of the State of California in force at the time application is made, may hereafter participate, etc.

Now does the Sanator understand that that grant running

Now, does the Senator understand that that grant running direct to the city and county of San Francisco passes the title to San Francisco, but gives over the privilege of selling and disposing of this water to the other municipalities and irrigation districts?

Mr. WORKS. Certainly.
Mr. BORAH. Then are we granting to the city of San Francisco not water sufficient for herself, but water upon which she

may speculate and which she may sell?

Mr. WORKS. I think I so stated in positive terms. That is my understanding of the construction of the bill. I do not think there can be any question about that. I made the further point-

Mr. WALSH rose.

Mr. WORKS. If the Senator will bear with me, I made the further point that San Francisco had no right under the laws of California to make any disposition of the surplus which is conveyed to it in that way

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Montana?

Mr. WORKS. I yield.
Mr. WALSH. With the permission of the gentlemen on the floor, will either of them kindly call our attention to the language of the bill that grants any water at all to San Francisco?
Mr. BORAH. I do not know whether I can do it kindly or

not, but I will do it:

not, but I will do it:

That there is hereby granted to the city and county of San Francisco, a municipal corporation in the State of California, all necessary rights of way along such locations and of such width, not to exceed 250 feet, as in the judgment of the Secretary of the Interior may be required for the purposes of this act, in, over, and through the public lands of the United States in the counties of Tuolumne, Stanislaus, San Joaquin, and Alameda, in the State of California, and in, over, and through the Yosemite National Park and the Stanislaus National Forest, er portions thereof, lying within the said counties, for the purpose of constructing, operating, and maintaining aqueducts, canals, ditches, pipes, pipe lines, flumes, tunnels, and conduits for conveying water for domestic purposes and uses to the city and county of San Francisco and such other municipalities and water districts as, with the consent of the city and county of San Francisco, or in accordance with the laws of the State of California in force at the time application is made, may hereafter participate in the beneficial use of the rights and privileges granted by this act; and for the purpose of constructing, operating, and maintaining power and electric plants—

Mr. WALSH. Mr. President, there is not any "and" in my

Mr. WALSH. Mr. President, there is not any "and" in my

Mr. BORAH. There is not any "and" where?
Mr. WALSH. There is not any "and" before "for."
is simply "for the purpose of constructing."

Mr. BORAH. There is a semicolon there, which has largely the same effect:

For the purpose of constructing, operating, and maintaining power and electric plants, poles, and lines for generation and sale and distribution of electric energy.

Now, it would be worthy of the metaphysical capacity of the Senator from Montana to show how they will dispose of any electrical energy unless they have some water.

Mr. WALSH. Certainly, but that is not the question. I ask the Senator to point out the language by which they are

granted by this act the water.

Mr. BORAH. We will go ahead now. We have got it granted. The thing which comes from that is water.

Mr. WALSH. You have a right of way granted.

Mr. BORAH. I will venture to say that San Francisco will get the rest of it.

Mr. WALSH. Mr. President, I daresay that is true. If she gets the rest of it she gets it by virtue of the laws of the State of California. I think the Senator will agree with me in that.

Mr. BORAH. Now, without reading the bill, what it purports to do is to grant the right to impound the water upon the

public land of the United States, and that by reason of impounding that water the National Government has the right to fix the terms upon which it shall be used, because it is impounded upon the public land and belongs to it. That is the doctrine of many of our conservation friends. They believe that the water which flows off the public land is subject to the control of the National Government because it comes off the public land, as if the water which flowed off the Capitol here belonged to the National Government because it fell upon the Capitol Building

and went off the Capitol.

Mr. WALSH. Of course the Senator from Idaho recognizes that I myself do not entertain such an opinion as that.

Mr. BORAH. I know the Senator does not.
Mr. WALSH. It is a simple question as to the construction of
this act, as to whether this act does recognize that theory and that principle or does not recognize that theory and principle.

Mr. BORAH. We will go further. Mr. WALSH. What is there here except a pure and simple grant of a right to flood certain lands and to carry the ditches

and pipe lines over other land?

Mr. BORAH. If the Senator is correct, I very much appreciate the Senator's ability as an attorney. He would be a dangerous antagonist on the other side of this bill if he were trying to get the water.

Mr. WALSH. I should like, if I may have the floor for a moment, to call the attention of the Senator a little later to some features that I think ought not to be in here. I think there are conditions which ought not to be imposed.

Mr. BORAH. It says so. The language is:

(b) That the said grantee shall recognize the prior rights of the Modesto irrigation district and the Turlock irrigation district as now constituted under the laws of the State of California, or as said districts may be hereafter enlarged to contain in the aggregate not to exceed 300,000 acres of land, to receive 2.350 second-feet of the natural daily flow of the Tuolumne River, measured at the La Grange Dam.

Now, the city of San Francisco is to recognize the rights of these districts to so much water, and when they get so much water the city of San Francisco is to have the right to the power, to take the balance, and deprive them of it. If you are placing a construction upon this act as a whole, considering that the water is impounded upon the public land, that the city of San Francisco is given the right to use the power which is generated by this water, that the city of San Francisco is given the right to limit the use of other water users, and that the city of San Francisco is entitled to take the rest of it, it would be construed, in my judgment, on the whole, as an attempt to grant water to the city of San Francisco.

Mr. WALSH. Mr. President I should like to inquire of the Senator from Idaho whether he does not agree with me that subsection "b," to which he has now invited our attention, far from being a grant of anything to the city of San Francisco, is a limitation upon the right and the power of the city of San Francisco. The Modesto Irrigation Co. and the Turiock Irrigation Co. have or have not rights in the stream. If they have any rights, they are either greater or they are less than the amount here prescribed. If they are, as a matter of fact, greater than the amount here prescribed, these irrigation districts will go into any court in the State of California and establish their right to the greater amount of water, regardless of any limitation that may be imposed by this bill, if a limitation were sought to be imposed. If, on the other hand, in that were sought to be imposed. It, on the other mand, in that kind of a controversy it should be established that they had not appropriated that much water, the city of San Francisco would be estopped from asserting it by accepting this grant. Accordingly, it actually guarantees to them more than they would be entitled to, so far as the city of San Francisco is concerned, if they are not entitled to that much. On the other hand, if they are entitled to more, this is no limitation upon them at all.
Will not the Senator from Idaho agree to that?

Mr. BORAH. I will agree with the legal proposition which the Senator from Montana states, the effect of which is, as I understand, that we have no power as a Congress to pass that

provision at all.

Mr. WALSH. Am I to understand, then, the Senator to assume the position that when the Congress grants the power to flood the public lands, to carry the ditches and the pole lines over the public lands, to take timber from the public lands for the purpose of constructing the work, and to take other material from the public lands for the purpose of aiding it, that Congress can not then impose just exactly such conditions as it may see fit, and say to San Francisco, "You must observe these conditions or forfeit the grant"?

Mr. BORAH. I have no doubt about that at all.
Mr. POINDEXTER. Mr. President—
The PRESIDING OFFICER. Does the Senator from Idaho
yield to the Senator from Washington?

Mr. BORAH. I yield to the Senator.

Mr. POINDEXTER. I should like to ask the Senator from Montana [Mr. Walsh] if the proposition which he has just stated, and with which I very largely agree, as the basis of the regulation of the use of the water by the grantee of whatever is granted by this bill is not identical with the authority claimed for the United States in every water-power bill that has been considered by Congress? Are they not all based on the

same proposition?

Mr. WALSH. I will say to the Senator from Washington that I do not think so. I have not the slightest doubt in the world that these provisions were put in here by the gentlemen who entertained those views as another means of reaching exactly the same end. In further answer to the Senator from Washington, as I said on yesterday, I would agree with everybody that if there were no grant of rights in public lands here, but if this act were for the purpose of disposing of the running water in the streams of the State of California, I would say unquestionably Congress has no power to do that, but that is not the situation. We are making a grant of rights in the public lands to the city of San Francisco, and we may im-pose just exactly such conditions as we see fit, and San Francisco can take the grant with all those conditions or it can let

Mr. POINDEXTER. Mr. President, that, I think, is a perfectly correct statement of the theory of this bill, and if the Senator from Montana was present when the so-called Coosa River Dam bill and the Connecticut River Dam bill were discussed here, he would certainly realize that the identical proposition was involved in those two bills, and all the controversy about the authority of the United States Government to attach conditions to the use of power or of water upon a grant of a right to construct a dam in the bed of a river or to occupy the shores of a river involved the identical propositions that are involved in this bill.

I myself believe, and I think the Senator now admits, that the Government has the right to attach such conditions. That was the basis upon which I thought that the other bills which I have mentioned were perfectly valid exercises of the Federal power; but those who opposed those two bills, all of those Senators-and there were many of them on the Democratic side who took a different and an opposite view in regard to the Federal power-opposed the adoption of the conditions attached to the grant of the power of the Coosa River and the Connecticut River. I fail to see how they can reconcile their attitude in regard to those power bills with their support of this bill because the principles in them are identical.

Mr. WALSH. I thought I had made myself clear enough so

that my position would be understood by the Senator from Washington.

Mr. BORAH. The Senator from Montana, as I understand, simply contends that the United States, as a proprietor of this public land, may make a grant, as might any other proprietor, and attach such conditions to the grant as a proprietor sees fit to attach, and that the grantee must take the grant subject to the terms of the grant, or not take it at all. I do no disagree with that proposition, that the United States Government as a proprietor may do what any other proprietor may do; but the United States Government can not attach to its proprietary power its municipal or governmental power and do things in addition to its proprietary power which an individual can not do, as is attempted to be done in this bill.

Now, if the Senator will listen for a moment, I will call his attention to what he asked me in the first instance. We have read subdivision "b," upon page 13, which provides for a division of the water between these parties. Subdivision "c

(c) That whenever said irrigation districts receive at the La Grange Dam less than 2,350 second-feet of water, and when it is necessary for their beneficial use to receive more water the said grantee shall release free of charge—

Shall release what? The water which it has free of chargeshall release free of charge, out of the natural daily flow of the streams which it has intercepted, so much water as may be necessary for the beneficial use of said irrigation districts not exceeding an amount which, with the waters of the Tuolumne and its tributaries, will cause a flow at La Grange Dam of 2,350 second-feet; and shall also recognize the rights of the said irrigation districts to the extent of 4,000 second-feet water.

Now, will not the Senator agree with me that it is not within our power to say as a Congress that San Francisco shall distribute so much water to this individual and so much water to that individual, but that the State of California itself must distribute its water and say to whom the right shall go, who shall

be recognized and who shall not?

Mr. WALSH. I will answer the Senator from Idaho by saying that there are a great many duties imposed upon the officers of the Federal Government by these conditions which, in my judgment, ought not to be imposed upon them. I will say, however, to the Senator from Idaho that I do not take that view of the matter at all. This bill recognizes that when we make the grants provided by it-the grant of the right to flood these lands, the grant of the right to occupy the public lands with the ditches and canals to be constructed—that right will be absolutely valueless to the city of San Francisco until, under and by virtue of the laws of the State of California, it acquires rights to the water. The bill contemplates likewise that San Francisco will acquire those rights, and therefore it will impound the water by means of these dams; and then it is provided that, as a condition of this grant, it shall do thus and so with the water which it impounds.

Mr. BORAH. Permit me to ask the Senator this question: Suppose an action were brought against the city of San Francisco to forfeit this grant and the distinguished Senator were attorney for the city of San Francisco, and it was sought to forfeit the grant by reason of the fact that it could not comply with the provision because it was not lawful to do so, to wit, that it could not distribute the water so and so because the commissioners of California had authorized it to be distributed otherwise. Does the Senator from Montana believe that a person who had entered in good faith upon a grant could be made to forfeit that grant by reason of an impossible clause or

an illegal clause placed in the grant?

Mr. WALSH. The Senator from Montana will be obliged to say to the Senator from Idaho that if any controversy of that character arose the ctiy of San Francisco would be estopped to deny that these people had a right to any less than the amount specified. If a controversy arose between them and some one else, some one else claiming the right over and above both of them or against either of them as being entitled to a prior right,

undoubtedly it would go to them. To illustrate—
Mr. BORAH. Now, Mr. President, upon what ground of estoppel would the city of San Francisco be estopped?

Mr. WALSH. Because it took this grant.

But in order to work the principle of estoppel there must be something moving in favor of the party against whom the estoppel is worked. Now, nothing would move in favor of San Francisco in taking a grant containing an illegal proposition.

Mr. WALSH. Of course that assumes the illegality of it,

which is the basis of the contention.

Mr. BORAH. But the Senator admitted yesterday, and is willing to admit to-night, as I understand, that we have not any power to distribute this water as against the distribution which the commission of the State of California might make. So when we impose upon the city of San Francisco a condition to recognize a certain distribution, we are imposing impossible terms, illegal terms, unconstitutional terms.

I have simply asserted that in a controversy between the Modesto and the Turlock Irrigation Cos. and the city of San Francisco the city of San Francisco could not be heard to say that the irrigation companies are not entitled to the amount of water which is given here, while the irrigation companies would be able to assert anything that they would be

Mr. BRANDEGEE. Mr. President, in relation to the suggestion interpolated by the Senator from Washington [Mr. Poin-DEXTER] as to the principle attaching in this bill to the public lands owned by the Government and the right of the Government to grant an easement on its public lands under such conditions as the Government may see fit to impose, as being parallel or even analogous to the right of the Government to attach conditions to the issuing of a permit to maintain a dam across a navigable stream under the commerce clause of the Constitution, I want to suggest that I think the two cases can be differentiated quite clearly from each other. I will not, however, take the time to do so now.

Mr. CUMMINS and Mr. POINDEXTER addressed the Chair. The PRESIDING OFFICER. The Senator from Iowa.

Mr. WORKS. I hope the Presiding Officer will recognize the fact that I still have the floor.

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Iowa?

Mr. WORKS. I yield to the Senator from Iowa.

Mr. CUMMINS. Mr. President, the colloquy that has taken place between the Senator from Idaho [Mr. Borah] and the Senator from Montana [Mr. Walsh] has almost convinced me that we have no right to make the grant at all. I should like, before we go further in the matter, to ask a question or so of the Senator from Montana, in order to clear up what is now a very perplexing problem in my mind.

We all agree that the United States owns a bit of ground out there, and I suppose we will all agree that the United States can not use it in contravention of the laws of California nor permit anybody else to use it in contravention of the laws of California. The Senator from Montana has asserted-and that seems to be the prevailing opinion here, and I have no reason to doubt its correctness-that the State of California owns the water that runs in this river. The river runs across land that is owned by the Nation. San Francisco asks the United States to allow it to impound property that belongs to somebody else upon the land of the United States. The Senator from Montana has very nearly established the proposition, in my mind, that if the United States grants to anyone the right to put this water upon his lands, it must deal with California and with no

With all these premises agreed upon, we certainly can not agree that San Francisco can take the property of California and put it upon the lands of the United States. Therefore, it seems to me, that instead of dealing with San Francisco we ought to grant the right of way over this property to the State of California and allow it to collect what water it pleases of its own upon our property and to distribute it according to its

notion of the welfare of its people.

This seems to me to be the inevitable conclusion to be drawn from the premises that have been agreed upon by the Senator from Idaho and the Senator from Montana; and I should like to know upon what basis the United States, as a proprietor and not as a sovereign, can grant the use of its lands to San Francisco upon which to store water that belongs to the State of

California

Mr. WALSH. Mr. President, I shall be glad to do what I can to clear up the matter that troubles the mind of the Senator from Iowa. Of course, all our national legislation is enacted in view of and recognizing the scope and field of State legislation and in the presence of and recognizing the existence of State laws. While the water running in the streams of the State of California belongs to the State of California, we recognize the fact that the State of California permits any of its citizens at their will to take that water from the streams for their use, pursuant to its laws. Thus, when we grant to the city of San Francisco the right to construct this dam and these canals and ditches for the purpose of impounding water and transporting it, we recognize that the laws of the State of California permit the city of San Francisco and any others who may care to make use of it for any beneficial purpose to take that water out of the stream, to impound it by means of a dam, and thus to divert it.

Mr. CUMMINS. Precisely; but, Mr. President, California does with her water precisely what we are doing with these lands. California makes a grant to her people under a general statute, I take it, authorizing them to enter upon these waters that belong to the State and take from them certain quantities. Nevertheless, before they are entered upon and taken they be-

long to the State.

It seems to me, therefore, that it is in the highest degree illogical, if not unjust, for us to undertake to allow some citizen of California, whether a municipal citizen or an individual, to use our lands upon which to store water until we have dealt with California upon the subject and know whether she desires to use our lands for that purpose.

I have been driven to the conclusion that the only thing for us to do, if this water ought to be used-and I am entirely satisfied that it ought to be used-is to give California the right to use our lands, and let her designate who shall use them and

how they shall be used.

Mr. BORAH. Mr. President-

Mr. WALSH. If I may be pardoned for just a moment, I will conclude. Another illustration will serve to illustrate how, as I think, there is not the force in the suggestions of the Sena-

tor from Iowa that he seems to think they possess.

We frequently grant to a company the right to dam a stream. To do so almost of necessity occasions the flooding of private lands above the dam. We do not hesitate, however, to give the right to construct the dam because the construction of the dam is going to occasion the flooding. We recognize that before the right thus granted to construct the dam can be availed of at all it will be necessary for the grantee to acquire an easement in the lands to be flooded, either by a grant or by condemnation proceedings; but we do not halt our legislation until

the right is acquired.

Mr. CUMMINS. Mr. President, the principle invoked in the case of a navigable stream is radically different from the principle invoked when we deal with our private property. Without saying now just what power Congress has over a navigable stream with respect to bridges that are proposed to be built over it, it is sufficient to remember that we deal with that subject as a sovereign and not as a proprietor. Granting that we have the constitutional authority to do it-and I am not here to question it-we can grant the right to an individual to build a bridge over a navigable stream, and that is all we have to do with it. Now, if we grant the right to build a dam in a navigable stream-a matter of which I have the gravest doubt, unless we can say that we are granting it in order to improve navigation-then the individual or the corporation to which we grant the right must proceed in the usual way to acquire whatever other rights are necessary in order to enable him or it to enjoy the franchise granted by the sovereign power.

I see no parallel at all between granting the privilege of damming a navigable river and the conveyance by the United States of property not as a sovereign but as a proprietor. I am very sure that it is utterly impossible for the United States to attach to any grant it may make of its lands a condition which in the fulfillment involves a violation of the laws of the

State in which the lands may be situated.

It was for these reasons that the question arose which I

originally propounded to the Senator from Montana.

Mr. CLARK of Wyoming. Mr. President, if I may be permitted, in pursuing further the immediate subject before the Senate which was called up by the Senator from Montana [Mr. WALSH], it might be well to remember that the rights of proprietors of land in some States differ from the rights of proprietors of land in other States. I know that in some Statesand I assume the same is true in California in regard to these streams-the proprietor of land may not even build a dam upon his own land to impound and divert the waters of a stream without the consent of the State first had and obtained. I believe that is true in California,

Mr. WORKS. That is true in California.

Mr. CLARK of Wyoming. I know it is true in nearly all the States where the law of irrigation has prevailed that the proprietor or the owner of land may not build a dam upon his land and impound or divert the waters of a stream running through and over his land without first obtaining permission from the State so to do. In other words, the State reserves the right to have the waters of its rivers run unfettered over every proprietor's land which they may touch.

The Government of the United States recognizes that identical principle in its own irrigation works in the arid-land States where it is building these irrigation projects and these great This carries out the idea expressed for the first time in this Chamber, I think, by the Senator from Iowa. The Government of the United States in building its great dams, which cost millions of dollars to construct, for the purpose of impounding and distributing the waters over its own lands, first goes to the State authorities and gets permission from them to proceed

with the work.

Mr. WALSH. Mr. President, before that feature is passed I desire to add that we are endeavoring now to enact such a law in our State, prohibiting anybody from constructing a dam for the diversion of waters except by permission of the State authorities. We have not got it yet, however. Under the present law of our State any riparian proprietor is permitted to dam a stream, and the Government of the United States in its irrigation works exercises that right without any let or privilege of any kind from the State.

Mr. CLARK of Wyoming. Of course I was not alluding to the State of the Senator; but in my own State and in the State of California, as is said, and in others, no water can be im-

pounded or diverted without the consent of the State.

Mr. WALSH. A very wise law; but let me remark further that this dam is to be constructed within the Yosemite National Park, over which the Government of the United States has

exclusive jurisdiction.

Mr. BORAH. Mr. President, I wish to ask a question of the Senator from Montana. Has the Senator ever examined the grant by which the State of California granted these lands to the United States? Did not the lands which constitute the Yosemite Park come from the State of California to the United States?

Mr. WALSH. I did not make any such statement. Mr. BORAH. I know the Senator did not make any such statement.

Mr. WORKS. That is the fact, however.

Mr. WALSH. I did not understand that the United States ever had acquired any public lands in the State of California by grant from that State.

Mr. BORAH. My understanding is that the State of Cali-

Park to the United States for park purposes; that the United States has not anything in the park but an easement; that it is granted to the United States for a specific purpose, and the United States has not anything to grant away.

Mr. WALSH. That is a piece of history with which I was not familiar. My understanding was that the Yosemite National Park, like the Yellowstone National Park, was originally

public land.

Mr. REED. Mr. President, even then the Government would have the right to give its permission. It might not convey a complete title; it might be that the title would be disputed by the State of California; but in so far as the Government has any right, it can grant that right. If it has no right whatever, then, of course, it grants nothing. No man ought to be heard to complain very loudly because the Government wrote a piece of paper purporting to grant something that, in fact, conveyed no title. But if the fee is in the State of California, and the Government has a park easement, certainly the Government can grant its permission, so far as it has any easement or right, that that easement or right may be released by the Government. Nevertheless, if the fee is in the State of California, it can afterwards raise the question of Federal authority.

Mr. BORAH. Suppose the State of California deeded the land in this park to the United States to be used exclusively for park purposes. I do not know that that is true, but I am informed that it is. Suppose they granted it to be used exclusively for park purposes. Then have we any authority to grant it to be used for reservoir purposes?

Mr. REED. That goes to the question of whether we can convey a good title.

convey a good title.

Mr. BORAH. That is what I thought.

Mr. REED. That would be a question which the men who propose to make this investment might well examine; but, so far as we are concerned, if we are satisfied that the improvement will do the Government no harm and that it ought to be made from our standpoint, we have a perfect right to give our consent. Then, if the title be not good, if the State of California has a paramount title, the State of California can assert it against the grantee.

Mr. BORAH. Let me ask the Senator from Missouri another question. I do not know that what I am stating is the fact; it is only represented to me, and I have not had time to examine the grant. Suppose it be true, however, that the State of California deeded this park to the United States to be used solely for park purposes and the United States should undertake to deed it away for reservoir purposes. What would be the effect of the action of the United States upon the entire grant of the Yosemite National Park? Would the United States forfeit its grant by undertaking to make a grant for another purpose?

Mr. REED. That would be a very strained construction, and one which, I think, the Senator would not greatly fear. think it is extremely improbable that any grant should have been accepted by the Government conditioned as the Senator Second, no court would forfeit the grant because the Government of the United States allowed a lake to be created in the park, which is legitimately part of a park scheme and The mere fact that the Government permitted somebody to take out the water in a pipe certainly would not be such a diversion of the subject matter of the grant as to warrant the harsh remedy of a forfeiture.

It seems to me that those who stand here to assert that there is such a condition in the grant ought to bring forward their evidence, and the grant ought to be brought in by that side. As we are in possession of this property, exercising apparently complete control over it, it would seem that the burden would be upon those who claim that the Government is liable to work a forfeiture of the grant. That, I think, is not a serious risk.

Mr. BORAH. I have not asserted that that is true. I have asserted, however, that it has been stated to me by a person who has read the grant, and promises to have it here, that it is true. I do not know that that is the case. If it is true, however, that the grant is upon a specific basis and for a specific purpose, our undertaking to grant it for another purpose might

work an injury to the entire grant.

Mr. THOMAS. Mr. President, my understanding of the grant—and I should like to be set right if it is not correct—is that the original boundary of the Yosemite National Park does not include the Hetch Hetchy Valley, but that the boundaries of the park were afterwards extended by the action of the Government so as to include the part of the Stanislaus Forest Reserve that included the Hetch Hetchy Valley. In other words, I understand that the grant of the State of California to the Government was of the Yosemite Park as it was origifornia granted the land contained in the Yosemite National nally bounded, but that its present dimensions were extended

to include the Hetch Hetchy Valley by merely carving it out of the Stanislaus Forest Reserve. If that be so, then of course the grant by the State to the National Government would not affect the part of the Yosemite which is here in controversy.

Mr. BORAH. If the Senator is correct in his statement of

facts, then I think he is correct in his statement of law. I am frank to say that I do not know whether it was by enlargement or in the original grant. We shall have to wait until we get the grant to see. It may be that the Senator is correct about the grant.

Mr. THOMAS. I have not examined the grant. That is

merely my information.

Mr. STONE. Mr. President, I have been a little surprised that Senators who have been giving special attention to this matter have not said anything with knowledge, with definite information, with respect to the grant by the State of California of the Yosemite Park. It is important that clear and definite information on that subject should be laid before the Senate, and I suppose it will be later. We have had several speeches, and I have been listening to them with a view to informing myself in respect to this question, that I might be able to vote with some degree of satisfaction as to the accuracy of my opinion. I have been waiting to hear something on that subject. So far nothing has been said.

Mr. WORKS. If the Senator will allow me, I will take up the particular portion that he thinks has been overlooked. I was interrupted by a Senator who was talking to me. Will the

Senator kindly restate it?

Mr. STONE. I said that so far I have not heard any clear or definite statement as to the exact terms of the grant made by

the State of California of the Yosemite Park.

Mr. WORKS. I have not been considering that feature of it. I have taken it for granted in what I have said that the National Government has the right to make this grant. I did not suppose there was any question about it until it was raised by

Mr. STONE. Very well. Then, if you have no question about the right of the Government of the United States to make the grant, of course it is conceded that there is nothing in the grant made by the State of California to the Government of the tract constituting the Yosemite Park that would conflict with this bill. There is nothing in that grant that would conflict with this bill?

Mr. WORKS. I have not said that I conceded that fact. do not know. I have taken it for granted, as I said, that the power does exist in the National Government to make the grant, and I have been discussing it upon that theory. I have never examined and, as far as I remember now, I have never seen the instrument by which the State of California trans-ferred the park to the National Government. I do not know what its terms are.

Mr. STONE. Mr. President, it may not be important, it may turn out to be of very little importance when the grant itself is laid before the Senate; but I say I have been a little bit surprised that so far that subject has not been discussed before

the Senate.

the whole bill?

Mr. President, I confess that I am a little bit up in the air about this Hetch Hetchy proposition. I do not know just "where I am at," and just what I ought to do, but at present I am under the impression-and if I am wrong I want to be set right—that this bill primarily proposes to grant to the city of San Francisco a right—that is, the permission, so far as the Government of the United States is concerned-for the erection of a dam across the Tuolumne River to flood certain lands belonging to the United States, and if the dam is erected condition, an easement, a license, so to speak, as far as the United States is concerned, is granted to the city of San Francisco to spread out the water from this dam over the lands belonging to the United States, and, further, to use the lands of the United States to this extent in tunneling, in piping, or in any way to convey the water from the dam to the city. lands of the United States may be used for purposes of this kind, and that is substantially the extent of the grant, the concession, the permission embodied in this bill.

It is true there are some other provisions in it. There are some regulations in it. If the United States owns the lands, as it does concededly, or apparently concededly, that are to be flooded and through and over which these water conveyances may be constructed, the United States may impose certain conditions upon which it may be done, and those conditions are embodied in this bill. That is to say, the United States in this bill says that you may flood these lands of ours, you may use other lands of ours for the purposes mentioned, but upon the condition that certain things shall be done. Now, is not that

Mr. BORAH. Mr. President, the matter to which I referred

few moments ago for whatever it is worth—— Mr. WORKS. Will the Senator from Idaho allow me in this connection to answer the question that has been put by the Senator from Missouri?

Mr. BORAH. Certainly; I did not know that he had put a question to the Senator.

Mr. WORKS. The Senator from Missouri is right enough

as far as his statement goes, but it does not go far enough.

The Government of the United States owns the land; the State of California owns the water that passes over the land. The Government of the United States would have no right to place a structure in the stream that would obstruct its flow to the people below who were entitled to its use. It has no right to make a grant to anybody else to construct a dam in the stream unless that person has a legal right to obstruct the stream for the purpose of storing the water for his use, and if it does make the grant, if San Francisco or anybody else has a right to the water of the stream and to store it by the dam, it can only legally grant the right to store the quantity of water that San Francisco is entitled to receive.

Now, suppose this dam were constructed by the National Government and it had no right to take out any of the water for these purposes; that would be a trespass, would it not? It is a trespass, Mr. President, by the direct and positive terms of the statute of California relating to this very subject. Therefore, if the Government were to construct the dam in the stream it would be a trespass, a violation of the rights of people who are entitled to the water below, and if it makes a grant to somebody else to do the same thing, it is a void grant and a grant that it has no power and no authority to make. It can not grant its use if this land belongs to it and at the same time obstruct the flow of the water that belongs to the State.

Mr. STONE and Mr. BORAH addressed the Chair.

The PRESIDING OFFICER (Mr. SAULSBURY in the chair). Does the Senator from California yield, and to whom?

Mr. WORKS. I yield to the Senator from Missouri. Mr. STONE. I did not know the Senator from California had the floor.

The PRESIDING OFFICER. The Senator from California has been recognized as having the floor, and was so recognized before the present occupant of the chair took it.

Mr. STONE. I thought the Senator had yielded the floor, Mr. WORKS. I beg pardon of the Senator from Missouri; I have had the floor all the time.

Mr. STONE. Oh, well; I beg pardon.

Mr. WORKS. Other gentlemen seemed disposed to rest me for a little while.

Mr. STONE. I was not aware the Senator had the floor. Mr. WORKS. But I am not objecting to the Senator from

Missouri saying what he has to say on the subject.

Mr. STONE. I want information. That was my only purpose in rising. I am inclined to agree wholly with the Senator from California that this being a nonnavigable stream the United States has an exceedingly limited right, if any right at all, to concern itself with the waters; they are absolutely under the control of the government of California. But does the Senator understand that the Government of the United States by this bill proposes to authorize the city of San Francisco, without regard to the State of California, to construct this dam?

Mr. WORKS. Certainly. It not only authorizes the city of San Francisco to construct the dam and to distribute a part of the water to the districts, but absolutely commands it to do it as one of the conditions contained in the bill. Now, the vice

about it-

Mr. STONE. I did not think that was quite the meaning of the bill.

Mr. WORKS. The Senator and I may disagree as to the meaning of the bill, but he asked me for my construction of it,

and I am giving it.

Mr. STONE. Well, the Senator gives it and I am not controverting it; I am asking the opinion of the Senator. If he himself believes that the chief purpose of the bill is merely to grant the right to flood public lands and to use them in conveying water, I can not see any objection to it. If it be to assert sovereign jurisdiction over the water itself and the matter of erecting dams and impounding it and controlling it as against the

State of California, then that is a different question.

Mr. WORKS. Mr. President, a good deal has been said here to-night upon the question of the provisions of the bill relating to the water. The vice of the bill is that Congress is proposing to deal with the question of water at all. It has no power to make any provisions that will be binding upon anybody with respect to the uses of the water. The provisions that are contained in the bill that are made conditions as

against the city of San Francisco are not binding upon anybody else. Then why should the Government undertake to do some thing through an act of Congress that it has absolutely no right or power to do? It does not make the slightest difference whether it undertakes to control the distribution of water by imposing a condition upon the city of San Francisco or by a direct provision in the bill that the water shall go here or there, according to its provisions. The National Government has no right to deal with the question at all, and I think the Senator from Idaho [Mr. Borah] admitted altogether too much when he admitted that the Government might impose a condition in this bill that would affect in any way whatever the distribution or use of the waters of the stream.

Mr. THOMAS and Mr. BORAH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from California yield, and to whom?

Mr. WORKS. I yield first to the Senator from Colorado. Mr. THOMAS. My purpose is merely to set the Senate Mr. THOMAS. right over the extent and nature of the grant of the State of California to the United States of the Yosemite National Park. I quote from the testimony of Mr. Long in the House hearings, on page 102:

I might say that at the time these filings were made Hetch Hetchy Valley was not in the national park. It was not in the national park until 1905, and even then not by express dedication. It has been referred to as being in the Yosemite National Park, but the forest reservation of which it was then a part, or that portion of it in which were Lake Eleanor and Hetch Hetchy, was merged into the Yosemite National Park without expressly naming Hetch Hetchy as a national park.

So it would appear that this is a part of the Yosemite National Park now, but not by grant from the State of California to the United States.

Mr. BORAH. Mr. President-

Now I yield to the Senator from Idaho. Mr. WORKS.

Mr. BORAH. In connection with what the Senator from Colorado has said, I do not know what the boundaries of this park are, but this is the provision to which my attention was called a while ago and to which I called the attention of the The grant of the State of California to the United States of the Yosemite National Park

Mr. THOMAS. Will the Senator give me the date of it? Mr. BORAH. The date is 1905.

This act shall take effect from and after acceptance by the United States of America of the recession and regrants herein made, thereby forever releasing the State of California from further cost of maintaining the said premises, the same to be held for all time by the United States of America for public use, resort, and recreation, and imposing on the United States of America the cost of maintaining the same as a national park.

That was what the party had reference to. I will have something to say about it later, but did I understand the Senator from California to think that I made a certain concession that was not the law?

Mr. WORKS. I certainly did.

Mr. BORAH. What was it? Mr. WORKS. The concession that the National Government might provide as a condition that the water of this stream should be distributed by San Francisco to certain individuals.

Mr. BORAH. If I made any such concession as that it was by a slip of language. I said that the National Government as a proprietor could deed the land which it owned upon the same condition that any other proprietor could, with the same terms and grants of any other proprietor, but that it could not impose and attach to its proprietary power a governmental power to control the situation.

Mr. WORKS. But the Senator from Montana [Mr. Walsh] had made the direct statement that as a condition, not as a direct act, the United States Government could impose just such a condition, and the Senator admitted that his statement was correct.

Mr. BORAH. No; I beg the Senator's pardon. Mr. WORKS. I think the Senator will correct that state-

ment, if I am right as to what was said.

Mr. BORAH. If the Senator is right, I will correct it, but I said the Senator from Montana had said what I understood to be the legal proposition, and then I stated in my own terms the legal proposition that I have just stated. I have no reason to modify that.

Mr. PITTMAN. Mr. President-

The PRESIDING OFFICER. Does the Senator from Cali-

fornia yield to the Senator from Nevada?

WORKS. If I am expected to go on and make my speech to-night and continue until 11 o'clock, I should prefer to continue. If other Senators desire to take up the balance of the time in discussion, I shall be very glad to have them do so, for I have been on the floor a good part of the day, and I shall be very glad to be allowed to suspend my remarks at this point

with notice that I will conclude my remarks to-morrow morning after the routine morning business.

Mr. PITTMAN. I realize the Senator's position. I will not urge it, but I want to correct what I believe is a misstatement of fact in regard to the law of California. I want to call his

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Nevada?

Mr. WORKS. The Senator may make the statement now if

Mr. PITTMAN. I simply wish to state that the law of California provides for the building of dams in national parks and forest reserves

Mr. WORKS. I have made no statement, I will say to the Senator, with respect to that matter.

Mr. PITTMAN. It not only provides for it, but it has already granted to the city of San Francisco the right to build a dam at the exact place it is now asking the Government to grant the same right.

Mr. WORKS. The Senator, I suppose, is not intending to address his remarks to me, for I have made no such contention as that. That originated in the discussion between other Senators

Mr. PITTMAN. It may be an error on my part, but I thought the Senator from California contended that it had to go first to the State of California.

Mr. WORKS. Not at all. I made no such contention. Mr. PITTMAN. They have the permission of the State now, and they are now asking the Government to permit them to impound water upon Government land.

Mr. WORKS. I do not think it makes any difference whether there is an express provision of that kind by the State of California or not. I think that right exists independently of any statute under the general laws of the State.

Mr. GALLINGER. Mr. President-

The PRESIDING OFFICER. Does the Senator from California yield to the Senator from New Hampshire?

Mr. WORKS. I yield to the Senator.

Mr. GALLINGER. Mr. President, we all understand that probably on to-morrow a resolution will be passed keeping us in session from 8 o'clock until 11 o'clock in the evening, but that resolution has not yet passed the Senate. The Senator from California has spoken several hours; he says he is very much fatigued, and he must be, and it seems to me that the majority might well permit us to adjourn. We have been here almost 11 hours in practically continuous session, and if we adjourn the Senator can complete his speech in the morning. I trust that a motion will be made to adjourn at this time.

Mr. THOMAS. About how much more time will the Senator

from California occupy?

Mr. WORKS. I can not tell the Senator. I have to go over

Mr. SMITH of Arizona. Why not let the Senator rest, and take up the currency bill?

Mr. WORKS. We would hardly get started on that in the little over half an hour now remaining before 11 o'clock.

Mr. GALLINGER. The request, Mr. President, that I make is not an unusual one; in fact, it is one that has been made hundreds of times during my service in the Senate, and it occurs to me that it ought to be acceded to. If the resolution had passed that we should sit until 11 o'clock, I would not have ventured to make the suggestion, and, as I said in the beginning, I have no doubt that that resolution will pass to-morrow and that in the future we will be held in session until 11 o'clock in the

Mr. STONE. Mr. President, I very much hope the request of the Senator from New Hampshire will be acceded to. There is only about half an hour left, and I think as a matter of ordinary courtesy, under the circumstances, the request, for the convenience of the Senator from California, might be agreed to. I can not see how we will facilitate matters very much by proceeding further to-night.

Mr. OWEN. Is it the Senator's understanding, then, that we will meet at 10 o'clock in the morning?

Mr. GALLINGER. It is, I think we have agreed to that.
The PRESIDING OFFICER. The Chair will state that there has been no motion to that effect.

Mr. GALLINGER. It will not be resisted on this side if it shall be made. I think the minority is quite willing to meet to-

morrow at 10 o'clock.

Mr. OWEN. I move that the Senate adjourn to meet to-mor-

row morning at 10 o'clock.

The motion was agreed to; and (at 10 o'clock and 23 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, December 3, 1913, at 10 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

Tuesday, December 2, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the fol-

lowing prayer:

We wait on Thy spirit, Almighty Father, and pray that it may come in all fullness and power to illumine our minds, strengthen our hearts, and fit us for every conflict which waits on us in the daily duties of life. May it put us in a receptive mood, that with open minds and hearts we may listen to the message of the President of the United States, and be profited by the wisdom, knowledge, and truths which may fall from his lips. In Christ's name. Amen.

The Journal of the proceedings of yesterday was read and

approved.

REPORT OF COMMITTEE TO NOTIFY THE PRESIDENT.

The committee to notify the President, consisting of Mr. Underwood, Mr. Fitzgerald, and Mr. Mann, appeared at the bar of the House.

Mr. UNDERWOOD. Mr. Speaker, your committee, appointed by the House to wait upon the President, together with a similar committee on the part of the Senate, beg leave to report that they have called upon the President of the United States and have advised him that the two Houses of Congress are in session, that a quorum is present, and that they are prepared to receive any communications he may desire to lay before them. The President has directed me to say to the House that he will present his message to the House and the Senate in person at 1 o'clock to-day.

CHANGE OF REFERENCE.

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent that a memorial in support of the bill (H. R. 9022) to ratify the act of the Legislature of Hawaii relating to the franchise of the Honolulu Rapid Transit & Land Co. be transferred from the Committee on Insular Affairs to the Committee on the Territories. The bill H. R. 9022 was referred to the Committee on the Territories and is now pending before that committee.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to change the reference of this memorial from the Committee on Insular Affairs to the Committee on the Territories. Is there objection?

There was no objection.

REGULATION OF COMMERCE.

Mr. LEVY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record for the purpose of explaining a bill which I have introduced, H. R. 9394, to amend section 6 of the act entitled "An act to regulate commerce," approved February 4, 1887, and amendments thereto.

The SPEAKER. The gentleman from New York [Mr. Levy] asks unanimous consent to extend his remarks in the Record

in the manner stated. Is there objection?

There was no objection.

RECESS.

Mr. UNDERWOOD. Mr. Speaker, the joint session of the two Houses will occur at 1 o'clock to-day. I do not think the Members of the Senate will be present here before a quarter of 1 o'clock. I therefore ask unanimous consent that the House stand in recess until 12 o'clock and 45 minutes p. m.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the House stand in recess until 12 o'clock

and 45 minutes p. m. Is there objection?

There was no objection.

Accordingly (at 12 o'clock and 7 minutes p. m.) the House stood in recess until 12 o'clock and 45 minutes p. m.

AFTER RECESS.

The recess having expired, the House was called to order by the Speaker.

The SPEAKER. The Chair repeats the statement that the three rows closest to the Speaker's stand will be vacated for the benefit of the Senate and the Cabinet.

At 1 o'clock and 3 minutes p. m. the Doorkeeper amounced the Vice President of the United States and the Members of the United States Senate.

The Members of the House rose.

The Senate, preceded by the Vice President and by their Secretary and Sergeant at Arms, entered the Chamber.

The Vice President took the chair at the right of the Speaker and the Members of the Senate took the seats reserved for them.

The SPEAKER. On the part of the House the Speaker successfully safeguarded, and which threatens, if long continued, appoints Mr. Underwood, Mr. Fitzgerald, and Mr. Mann as a to imperil the interests of peace, order, and tolerable life in the

committee to wait upon the President. The Vice President will make his own appointment.

The VICE PRESIDENT. On the part of the Senate the Vice President appoints Senators Kern, Gallinger, and Overman.

At 1 o'clock and 8 minutes p. m. the President of the United States, excerted by the joint committee of Senators and Representatives, entered the Hall of the House and stood at the Clerk's desk, amid applause on the floor and in the galleries.

The SPEAKER. Gentlemen of the Senate and House of Representatives, I present to you the President of the United States. [Applause.]

ADDRESS OF THE PRESIDENT (H. DOC. NO. 330).

The PRESIDENT. Mr. Speaker, Mr. President, gentlemen of the Congress: In pursuance of my constitutional duty to "give to the Congress information of the state of the Union," I take the liberty of addressing you on several matters which ought, as it seems to me, particularly to engage the attention of your honorable bodies, as of all who study the welfare and progress of the Nation.

I shall ask your indulgence if I venture to depart in some degree from the usual custom of setting before you in formal review the many matters which have engaged the attention and called for the action of the several departments of the Government or which look to them for early treatment in the future, because the list is long, very long, and would suffer in the abbreviation to which I should have to subject it. I shall submit to you the reports of the heads of the several departments, in which these subjects are set forth in careful detail, and beg that they may receive the thoughtful attention of your committees and of all Members of the Congress who may have the leisure to study them. Their obvious importance, as constituting the very substance of the business of the Government, makes comment and emphasis on my part unnecessary.

The country, I am thankful to say, is at peace with all the world, and many happy manifestations multiply about us of a growing cordiality and sense of community of interest among the nations, foreshadowing an age of settled peace and good will. More and more readily each decade do the nations manifest their willingness to bind themselves by solemn treaty to the processes of peace, the processes of frankness and fair conces-So far the United States has stood at the front of such negotiations. She will, I earnestly hope and confidently believe, give fresh proof of her sincere adherence to the cause of international friendship by ratifying the several treaties of arbitration awaiting renewal by the Senate. In addition to these, it has been the privilege of the Department of State to gain the assent, in principle, of no less than 31 nations, representing four-fifths of the population of the world, to the negotiation of treaties by which it shall be agreed that whenever differences of interest or of policy arise which can not be resolved by the ordinary processes of diplomacy they shall be publicly analyzed, discussed, and reported upon by a tribunal chosen by the parties before either nation determines its course of action.

There is only one possible standard by which to determine controversies between the United States and other nations, and that is compounded of these two elements: Our own honor and our obligations to the peace of the world. A test so compounded ought easily to be made to govern both the establishment of new treaty obligations and the interpretation of those already assumed.

There is but one cloud upon our horizon. That has shown itself to the south of us, and hangs over Mexico. There can be no certain prospect of peace in America until Gen. Huerta has surrendered his usurped authority in Mexico [applause]; until it is understood on all hands, indeed, that such pretended governments will not be countenanced or dealt with by the Government of the United States. We are the friends of consti-tutional government in America; we are more than its friends, we are its champions; because in no other way can our neighbors, to whom we would wish in every way to make proof of our friendship, work out their own development in peace and liberty. Mexico has no government. The attempt to maintain one at the City of Mexico has broken down, and a mere military despotism has been set up which has hardly more than the semblance of national authority. It originated in the usurpa-tion of Victoriano Huerta, who, after a brief attempt to play the part of constitutional President, has at last cast aside even the pretense of legal right and declared himself dictator. As a consequence, a condition of affairs now exists in Mexico which has made it doubtful whether even the most elementary and fundamental rights either of her own people or of the citizens of other countries resident within her territory can long be successfully safeguarded, and which threatens, if long continued, lands immediately to the south of us. Even if the usurper had succeeded in his purposes, in despite of the conscitution of the Republic and the rights of its people, he would have set up nothing but a precarious and hateful power, which could have lasted but a little while, and whose eventual downfall would have left the country in a more deplorable condition than ever. But he has not succeeded. He has forfeited the respect and the moral support even of those who were at one time willing to see him succeed. Little by little he has been completely isolated. By a little every day his power and prestige are crumbling and By a little every day his power and preside are criminal and the collapse is not far away. We shall not, I believe, be obliged to alter our policy of watchful waiting. And then, when the end comes, we shall hope to see constitutional order restored in distressed Mexico by the concert and energy of such of her leaders as prefer the liberty of their people to their own ambitions. [Applause.]

I turn to matters of domestic concern. You already have under consideration a bill for the reform of our system of banking and currency, for which the country waits with impatience, as for something fundamental to its whole business life and necessary to set credit free from arbitrary and artificial restraints. I need not say how earnestly I hope for its early enactment into law. I take leave to beg that the whole energy and attention of the Senate be concentrated upon it till the matter is successfully disposed of. And yet I feel that the request is not needed—that the Members of that great House need no urging

in this service to the country.

I present to you, in addition, the urgent necessity that special provision be made also for facilitating the credits needed by the farmers of the country. [Applause.] The pending currency bill does the farmers a great service. It puts them upon an equal footing with other business men and masters of enterprise, as it should; and upon its passage they will find them-selves quit of many of the difficulties which now hamper them in the field of credit. The farmers, of course, ask and should be given no special privilege, such as extending to them the credit of the Government itself. What they need and should obtain is legislation which will make their own abundant and substantial credit resources available as a foundation for joint, concerted local action in their own behalf in getting the capital they must use. It is to this we should now address ourselves.

It has, singularly enough, come to pass that we have allowed the industry of our farms to lag behind the other activities of the country in its development. I need not stop to tell you how fundamental to the life of the Nation is the production of its food. Our thoughts may ordinarily be concentrated upon the cities and the hives of industry, upon the cries of the crowded market place and the clangor of the factory, but it is from the quiet interspaces of the open valleys and the free hillsides that we draw the sources of life and of prosperity-from the farm and the ranch, from the forest and the mine. Without these every street would be silent, every office deserted, every factory And yet the farmer does not stand upon fallen into disrepair. the same footing with the forester and the miner in the market He is the servant of the seasons. Nature determines how long he must wait for his crops and will not be hurried in her processes. He may give his note, but the season of its maturity depends upon the season when his crop matures, lies at the gates of the market where his products are sold. And the security he gives is of a character not known in the broker's office or as familiarly as it might be on the counter of the banker.

The Agricultural Department of the Government is seeking to assist as never before to make farming an efficient business, of wide cooperative effort, in quick touch with the markets for The farmers and the Government will henceforth work together as real partners in this field, where we now begin to see our way very clearly and where many intelligent plans are already being put into execution. The Treasury of the are already being put into execution. The Treasury of the United States has, by a timely and well-considered distribution of its deposits, facilitated the moving of the crops in the present season and prevented the scarcity of available funds too often experienced at such times. But we must not allow ourselves to depend upon extraordinary expedients. We must add the means by which the farmer may make his credit constantly and easily available and command when he will the capital by which to support and expand his business. We lag behind many other great countries of the modern world in attempting Systems of rural credit have been studied and deto do this. veloped on the other side of the water while we left our farmers to shift for themselves in the ordinary money market. You have but to look about you in any rural district to see the rethe handicap, and embarrassment which have been put upon those who produce our food.

Conscious of this backwardness and neglect on our part, the

to study the various systems of rural credit which have been put into operation in Europe, and this commission is already prepared to report. Its report owant to make it easier for us to determine what methods will be best suited to our own farmers. I hope and believe that the committees of the Senate and House will address themselves to this matter with the most fruitful results, and I believe that the studies and recently formed plans of the Department of Agriculture may be made to serve them very greatly in their work of framing appropriate and adequate legislation. It would be indiscreet and presumptuous in anyone to dogmatize upon so great and many-sided a question, but I feel confident that common counsel will produce the results we must all desire.

Turn from the farm to the world of business which centers in the city and in the factory, and I think that all thoughtful observers will agree that the immediate service we owe the business communities of the country is to prevent private monopoly more effectually than it has yet been prevented. [Applause.] I think it will be easily agreed that we should let the Sherman antitrust law stand, unaltered, as it is, with its debatable ground about it, but that we should as much as possible reduce the area of that debatable ground by further and more explicit legislation; and should also supplement that great act by legislation which will not only clarify it but also facilitate its administration and make it fairer to all concerned. No doubt we shall all wish, and the country will expect, this to be the central subject of our deliberations during the present session; but it is a subject so many-sided and so deserving of careful and discriminating discussion that I shall take the liberty of addressing you upon it in a special message at a later date than this. It is of capital importance that the business men of this country should be relieved of all uncertainties of law with regard to their enterprises and investments and a clear path indicated which they can travel without anxiety. It is as important that they should be relieved of embarrassment and set free to prosper as that private monopoly should be destroyed. The ways of action should be thrown wide open.

I turn to a subject which I hope can be handled promptly and without serious controversy of any kind. I mean the method of selecting nominees for the Presidency of the United States. I feel confident that I do not misinterpret the wishes or the expectations of the country when I urge the prompt enactment of legislation which will provide for primary elections throughout the country at which the voters of the several parties may choose their nominees for the Presidency without the intervention of nominating conventions. [Applause.] I venture the suggestion that this legislation should provide for the retention of party conventions, but only for the purpose of declaring and accepting the verdict of the primaries and formulating the platforms of the parties; and I suggest that these conventions should consist not of delegates chosen for this single purpose but of the nominees for Congress, the nominees for vacant seats in the Senate of the United States, the Senators whose terms have not yet closed, the national committees, and the candidates for the Presidency themselves, in order that platforms may be framed by those responsible to the people for carrying

them into effect. [Applause.]

These are all matters of vital domestic concern, and besides them, outside the charmed circle of our own national life in which our affections command us, as well as our consciences, there stand out our obligations toward our territories over sea. Here we are trustees. Porto Rico, Hawaii, the Philippines are ours, indeed, but not ours to do what we please with. Such territories, once regarded as mere possessions, are no longer to be selfishly exploited; they are part of the domain of public conscience and of serviceable and enlightened statesmanship. must administer them for the people who live in them and with the same sense of responsibility to them as toward our own people in our domestic affairs. No doubt we shall successfully enough bind Porto Rico and the Hawalian Islands to ourselves by ties of justice and interest and affection, but the performance of our duty toward the Philippines is a more difficult and debatable matter. We can satisfy the obligations of generous justice toward the people of Porto Rico by giving them the ample and familiar rights and privileges accorded our own citizens in our own territories and our obligations toward the people of Hawaii by perfecting the provisions for self-government already granted them, but in the Philippines we must go further. must hold steadily in view their ultimate independence [applause], and we must move toward the time of that independence as steadily as the way can be cleared and the foundations thoughtfully and permanently laid.

Acting under the authority conferred upon the President by Congress, I have already accorded the people of the islands a Congress recently authorized the creation of a special commission | majority in both houses of their legislative body by appointing

five instead of four native citizens to the membership of the commission. I believe that in this way we shall make proof of their capacity in counsel and their sense of responsibility in the exercise of political power, and that the success of this step will be sure to clear our view for the steps which are to follow. Step by step we should extend and perfect the system of self-government in the islands, making test of them and modifying them as experience discloses their successes and their failures; that we should more and more put under the control of the native citizens of the archipelago the essential instruments of their life, their local instrumentalities of government, their schools, all the common interests of their communities, and so by counsel and experience set up a government which all the world will see to be suitable to a people whose affairs are under their own control. At last, I hope and believe, we are beginning to gain the confidence of the Filipino peoples. By their counsel and experience, rather than by our own, we shall learn how best to serve them and how soon it will be possible and wise to withdraw our supervision. Let us once find the path and set out with firm and confident tread upon it and we shall not wander from it or linger upon it.

A duty faces us with regard to Alaska which seems to me very pressing and very imperative; perhaps I should say a double duty, for it concerns both the political and the material development of the Territory. The people of Alaska should be given the full Territorial form of government, and Alaska, as a storehouse, should be unlocked. [Applause.] One key to it a storehouse, should be unlocked. [Applause.] One key to it is a system of railways. These the Government should itself build and administer [applause], and the ports and terminals it should itself control in the interest of all who wish to use them for the service and development of the country and its

But the construction of railways is only the first step; is only thrusting in the key to the storehouse and throwing back the lock and opening the door. [Applause.] How the tempting resources of the country are to be exploited is another matter, to which I shall take the liberty of from time to time calling your attention, for it is a policy which must be worked out by well-considered stages, not upon theory, but upon lines of practical expediency. It is part of our general problem of We have a freer hand in working out the problem in Alaska than in the States of the Union, and yet the principle and object are the same wherever we touch it. We must use the resources of the country, not lock them up. [Apmust use the resources of the country, not lock them up. [Applause.] There need be no conflict or jealousy as between State and Federal authorities, for there can be no essential difference of purpose between them. The resources in question must be used, but not destroyed or wasted; used, but not monopolized upon any narrow idea of individual rights as against the abiding interests of communities. That a policy can be worked out by conference and concession which will release these resources and yet not jeopard or dissipate them, I for one have no doubt, and it can be done on lines of regulation which need be no less acceptable to the people and governments of the States concerned than to the people and Government of the Nation at large, whose heritage these resources are. We must bend our counsels to this end. A common purpose ought to make agreement easy.

Three or four matters of special importance and significance

I beg that you will permit to mention in closing.
Our Bureau of Mines ought to be equipped and empowered to render even more effectual service than it renders now in improving the conditions of mine labor and making the mines more economically productive as well as more safe. This is an all-important part of the work of conservation, and the conservation of human life and energy lies even nearer to our interest than the preservation from waste of our material

We owe it, in mere justice to the railway employees of the country, to provide for them a fair and effective employers' liability act, and a law that we can stand by in this matter will be no less to the advantage of those who administer the railroads of the country than to the advantage of those whom they employ. The experience of a large number of the States abundantly proves that.

We ought to devote ourselves to meeting pressing demands of plain justice like this as earnestly as to the accomplishment of political and economic reforms. Social justice comes first. Law is the machinery for its realization and is vital only

as it expresses and embodies it.

An international congress for the discussion of all questions that affect safety at sea is now sitting in London at the suggestion of our own Government. So soon as the conclusions of that congress can be learned and considered we ought to address ourselves, among other things, to the prompt alleviation of the

very unsafe, unjust, and burdensome conditions which now surround the employment of sailors and render it extremely difficult to obtain the services of spirited and competent men such as every ship needs if it is to be safely handled and brought to

May I not express the very real pleasure I have experienced in cooperating with this Congress and sharing with it the labors of common service to which it has devoted itself so unreservedly during the past seven months of uncomplaining concentration upon the business of legislation? Surely it is a proper and pertinent part of my report on "the state of the Union" to express my admiration for the diligence, the good temper, and the full comprehension of public duty which has already been manifested by both the Houses; and I hope that it may not be deemed an impertinent intrusion of myself into the picture if I say with how much and how constant satisfaction I have availed myself of the privilege of putting my time and energy at their disposal alike in counsel and in action. [Applause on the floor and in the galleries.]

At 1 o'clock and 36 minutes p. m. the President retired from the Hall of the House.

Thereupon the Vice President and the Members of the Senate returned to their Chamber.

REFERENCE OF ADDRESS OF THE PRESIDENT (H. DOC. NO. 339).

Mr. UNDERWOOD. Mr. Speaker, I move that the address of the President of the United States be referred to the Committee on Ways and Means for distribution to the standing committees of the House.

The SPEAKER. The gentleman from Alabama moves that the address of the President of the United States be referred to the Committee on Ways and Means to be distributed to the proper committees.

The question was taken, and the motion was agreed to.

SUSPENSION OF NAVAL CONSTRUCTION PROGRAMS.

Mr. HENSLEY. Mr. Speaker, I call up House resolution No. 298, and ask that it be reported.

The SPEAKER. The gentleman from Missouri calls up House resolution No. 298, which the Clerk will report.

The Clerk read as follows:

House resolution (H. Res. 298) to authorize the President to cooperate with the United Kingdom of Great Britain to the end that naval construction may be suspended for the period of one year.

struction may be suspended for the period of one year.

Resolved, That in the opinion of the House of Representatives the deciaration of the Lord of the Admiralty of Great Britain, the Right Hon. Winston Churchill, that the Government of the United Kingdom is willing and ready to cooperate with other Governments to secure for one year a suspension of naval construction programs offers the means of immediately lessening the enormous burdens of the people and avoiding the waste of investment in war material.

SEC. 2. That a copy of this resolution be furnished the President with the request that, so far as he can do so, having due regard for the interests of the United States, he use his influence to consummate the agreement suggested by the Right Hon. Winston Churchill.

Mr. MANN. Mr. Speaker, does the gentleman from Missouri [Mr. Hensley] have any idea of how much discussion there may be on this resolution?

Mr. HENSLEY. I will say to the gentleman from Illinois that I have not any definite idea with reference to the time that will be consumed if no limit is placed upon it, but I can say that quite a number of the Members of the House have come to me and said that they would like very much to be given some time to talk on the resolution. Although I am not sure, I should think it would take several hours.

Mr. MANN. When the resolution was before the House on a former occasion we were promised a treat in the way of a speech on the resolution by the Speaker. Whether the Speaker is now prepared in consideration of the resolution to give us that treat, I am not informed. To-morrow, of course, will be Calendar Wednesday, and there will be business on the calendar, I presume. I doubt whether there is any other pressing business for the rest of the week. Perhaps the gentleman from Alabama [Mr. Underwood] can inform us. It seems to me that on this resolution a rather full discussion of it by those who desire to discuss it may be as serviceable almost as action upon the resolution itself.

Mr. SLAYDEN. Will the gentleman permit an interruption?

Mr. MANN. Certainly.

Mr. SLAYDEN. I would like to ask the gentleman if he does not think that Thursday might also be given up to the discussion of this resolution with profit, provided that so many gentlemen as will occupy that time desire to speak?

Mr. MANN. It seems to me, if gentlemen desire to discuss the resolution, it might properly go through the day on Thurs-

day, and possibly longer.

Mr. SLAYDEN. There is no pressing business after Wednesday in the way?

So far as I know, there is none. Mr MANN

The SPEAKER. The Chair will state for the benefit of all concerned that he has been notified by a few gentlemen that they have business on the calendar to-morrow.

Mr. MANN. That is to-morrow?

The SPEAKER. Yes; Wednesday. And that one of the bills will probably take all day. The Chair, of course, does not know.

Mr. UNDERWOOD. Mr. Speaker, I suggest to the gentleman who has charge of the bill that there is no reason for not allowing the debate on this important resolution to run as long as it does not interfere with the public business to be transacted. I take it the resolution will be passed nearly unanimously in the House when the time comes to act upon it. [Applause.] But in the meantime I can see no reason why there should not be a

full discussion as long as it does not interfere with business, but I suggest that the present time is not a wise one in which to fix the time limit for the debate. Mr. MANN. I do not wish to fix a limit on the debate. I simply wished to ascertain, for the benefit of the House, about how

long it would run. Of course the gentleman from Missouri

[Mr. Hensley], I take it, would be recognized for the previous

question at any time, so that it would not interfere with any

Mr. MOORE. Mr. Speaker-

The SPEAKER. Does the gentleman from Alabama [Mr. Underwood] yield to the gentleman from Pennsylvania [Mr.

Mr. UNDERWOOD, I do.

Since the gentleman has reached the question Mr. MOORE. of limit of time for debate, I wish to say that there are some gentlemen here who will not favor the passage of this resolution. When the question was up before an effort was made to obtain time through the gentleman from Missouri [Mr. Hens-LEY], and that effort was not successful. Now, it appears there are more gentlemen here to-day who are opposed to this resolution than were here when the matter was up before. These gentlemen want to be considered in the matter of time. The passage of this resolution will not be unanimous by any means. It is a very important resolution, involving the employment of labor, the expenditure of capital, and the national welfare to a large extent. Some time will be asked by those who are opposed to the bill.

Mr. UNDERWOOD. I will say to the gentleman from Pennsylvania [Mr. Moore] that, of course, the control of the time under this resolution is in the hands of the Speaker. It is in the House, and I have no doubt in the world if the gentleman himself and others who are opposed to the resolution apply to the Speaker they will have an equal opportunity to debate the

question with those who are in favor of it.

Mr. MOORE. I will be entirely satisfied with that. Mr. HENSLEY. Since I have perhaps had more to do with this resolution than any other Member, I heartily agree with the statement made by the gentleman from Alabama [Mr. Underwood], and also with the position taken by the gentleman from Illinois [Mr. MANN], that there ought not to be any gentleman of this House cut off from expressing his views upon this subject, because, above all things, we want the facts. We want to understand the whole subject, and we want to act intelli-

As for myself, I will say in this connection that a few days ago I made a talk on the resolution and consumed over one hour, and it is not my purpose now to take up any of the time; but I am sure that, with sufficient time granted, there are a great many Members here who desire to be heard on the resolution, and I am very anxious that they may all be heard on it.

Mr. MANN. Mr. Speaker, will the gentleman yield? The SPEAKER. Does the gentleman from Missouri yield? Mr HENSLEY. Certainly.

Certainly.

Mr. MANN. Does the gentleman know whether anyone is prepared this afternoon to proceed with the debate on the resolution'

I can only answer the gentleman from Illi-Mr. HENSLEY. nois by saying that I have had a number of gentlemen come to me within the last hour and ask me for time on the resolution, if I should have anything to do with the time.

Mr. MANN. Then I suggest to the gentleman to go ahead. Mr. HENSLEY. And I told them that if I had anything to do with the time, I would grant them time with pleasure.

Mr. MOORE. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from Missouri yield to

the gentleman from Pennsylvania [Mr. Moore]?

Mr. HENSLEY. Yes.
Mr. MOORE. The Secretary of the Navy has just submitted his annual estimates in which he urges that provision should be made for the construction of two battleships for the

coming year. Does the gentleman think this is a proper time to discuss a resolution of this kind in the face of the contrary recommendation of the department?

Mr. HENSLEY. I want to say, in answer to that, Mr. Speaker, that they are two distinct and separate propositions. This resolution has no bearing at all upon the recommendation made by the Secretary of the Navy, and so far as I am concerned, I do not want it to have any bearing upon the proposition.

Mr. MOORE. Then, what is the purpose of this resolution? Mr. HENSLEY. When the proposition comes up concerning the recommendations of the Secretary of the Navy, each man at that time can act upon his judgment as to what he deems his duty to be

Mr. MOORE. Then, what is the purpose in calling for the passage of this resolution at this time? Is it merely to sup-

port the sentiment of Mr. Winston Churchill?

Mr. HENSLEY. And the sentiment so admirably expressed by the President of the United States just a few moments ago, and I think now is the propitious time.

Mr. MOORE. And the gentleman wants to do that instead of following the recommendation of the Secretary of the Navy that we shall proceed to construct two battleships next year?

Mr. HENSLEY. I deprecate the spirit, Mr. Speaker, that should prompt one to try to inject that proposition into the consideration of and the passage of this resolution.

With all due deference to the gentleman from Missouri, I wish to say that the gentleman seems himself to be injecting a spirit of "no battleships" into the recommendation of the department for two battleships. Why not have this question taken up when we come to consider the recommendation of the Navy Department? The gentleman anticipates the action of one of the executive departments in the administration of his own party.

Mr. HENSLEY. Mr. Speaker, I may have been unhappy and unfortunate in presenting my views to the gentleman from Pennsylvania, but I have endeavored to present to him the situation as I see it. This recommendation contained in the resolution has nothing to do with the recommendation of the

Cabinet officer.

Mr. MOORE. Mr. Speaker, will the gentleman yield for just one more question?

The SPEAKER. Does the gentleman from Missouri yield? Mr. HENSLEY. Yes.

Mr. MOORE. Is it not a fact that since the recommendation was made by Mr. Winston Churchill, who, of course, is interested in the British navy and in British expenditures-is it not a fact that since that time both Germany and Great Britain have completed larger battleships than ever before?

Mr. HENSLEY. Well, I will say to the gentleman from Pennsylvania that those things have come to my attention, but-

The SPEAKER. The Chair ought to suggest to the gentleman from Missouri and to the gentleman from Pennsylvania and all the rest that this talk is going on by unanimous consent, and we are not getting anywhere.

Mr. MADDEN. Mr. Speaker, I ask for the regular order. The SPEAKER. The regular order is the motion of the gen-

tleman from Missouri.

Mr. HENSLEY. I would like, Mr. Speaker, to ask the gentleman from Pennsylvania [Mr. Moore] whether or not he favors the passage of the resolution; and if not, what he does favor?

Mr. MOORE. I do not favor it in its present form. I see nothing in this but a suggestion by an English statesmax who

wants to accomplish something for his own country.

Mr. MADDEN. Mr. Speaker, I ask for the regular order.

Mr. HENSLEY. Mr. Speaker, I ask for an agreement as to

the division of the time.

Mr. MANN. That does not require any agreement.

The SPEAKER. The regular order is this resolution. has been called up, and the House has been talking about it for at least 15 or 20 minutes, and the point of order comes too late. Now, if the gentleman from Missouri [Mr. Hensley] wants to be recognized to discuss this resolution, the Chair will recognize him.

Mr. MANN. A parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MANN. The gentleman from Missouri [Mr. Hensley] has occupied an hour already. Of course, if he wants any more time, I shall be glad to ask unanimous consent that it be given to him, but I understood that he did not want the time now.

Mr. HENSLEY. I did not catch the gentleman's remark.
Mr. MANN. The gentleman from Missouri [Mr. Hensley]
has already occupied his hour on this resolution upon a former occasion. If the gentleman desires more time to discuss it now, I am sure the House will be glad to give it to him, but I understood the gentleman did not desire time now.

Mr. HENSLEY. That is exactly correct.

Mr. MANN. Then let somebody else be recognized. Mr. BORLAND. Mr. Speaker, I ask for recognition

The SPEAKER. The gentleman from Missouri [Mr. Bor-

LAND] asks for recognition.

Mr. MOORE. I desire recognition also at the proper time for an hour. I understand another gentleman is about to be recognized, but I make my request now so that I may not be

The SPEAKER. As soon as the gentleman from Missouri [Mr. Borland] has concluded his remarks the Chair will recognize the gentleman from Pennsylvania. The gentleman from Missouri [Mr. Borland] is recognized.

Mr. BORLAND. I yield 10 minutes to the gentleman from

Illinois [Mr. FOSTER]

Mr. SHERLEY. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. SHERLEY. Is it within the power of the gentleman from Missouri [Mr. Borland] to yield time in a debate of this kind? He takes the floor in his own right and is entitled to an hour. If he does not desire to use the time, he must yield the floor, and then some other Member will be entitled to rec-I have no interest in the matter, but I think that is

The SPEAKER. The gentleman will recall that it is the invariable practice in the House for a man to use as much of

his hour as he wants and reserve the rest.

Mr. SHERLEY. Oh, yes; that is true, but here is time assigned. Now, the assignment of time comes up under an agreement where there is a certain amount of time given for debate, the time to be controlled by respective Members on the two sides; but here is a case where we are proceeding under the ordinary rules of the House, under which any Member, on being recognized, is entitled to an hour, and I make the parliamentary inquiry as to whether, under those circumstances, he is entitled to parcel out his time to others.

Mr. MANN. Mr. Speaker, it seems to be perfectly plain that the gentleman from Missouri [Mr. Borland] having been recognized and having the floor, can occupy an hour himself, or re serve it or yield it. That has been the practice of the House ever since the hour rule was in force, and this matter comes up just as any other matter comes up where a man gets the floor

for an hour.

Mr. SHERLEY. I submit, Mr. Speaker, that the gentleman can yield to interrogation or can use part of his time or all of his time. He can reserve part of his time, but can he yield the floor to another Member, giving him a part of his time under these circumstances?

Mr. MANN. Mr. Speaker, he does not yield the floor. He yields to another Member to occupy a part of his time. other Member would not have the right to offer an amendment, but he has a right to discuss it. The gentleman from Missouri [Mr. Borland] controls an hour's time in debate.

The SPEAKER. It seems to the Chair that that has been the practice of the House. We are operating in the House. A gentleman gets the floor for an hour. Now, if he wants to take half an hour, all well and good. The habit has grown up—I do not know how it ever started or anything about that-that when a man has an hour here he can yield his time. He can not yield it under the five-minute rule.

Mr. BARTHOLDT. Mr. Speaker, I want to make a parlia-

mentary inquiry

The SPEAKER. The gentleman will state it.

Mr. BARTHOLDT. Is it possible to make a motion now to fix the time for this debate?

The SPEAKER. No; that is done by unanimous consent.
Mr. BARTHOLDT. I think that would probably be the most practical way to settle this matter, by agreeing on a time right

Mr. BORLAND. My understanding was that that matter had been discussed, but no agreement had been arrived at, and that there was no prospect of a motion to limit the time; so that the only question now is to debate the resolution under the rules of the House, which permit an hour to each Member who gets the floor, or to those to whom he chooses to yield. At a fitting time a motion can be made to limit the debate.

The SPEAKER. That is the only way to proceed now with-

Mr. BARTHOLDT. Mr. Speaker, I would like to ask if it is the intention of the gentleman from Missouri to ask for a vote upon this resolution this afternoon?

The SPEAKER. That is not a parliamentary inquiry, and

the Chair does not know.

Mr. MOORE. Mr. Speaker, may we not have some understanding as to the time for debate?

The SPEAKER. That was talked about for 15 or 20 minutes, and we came to no understanding. To-morrow is to be taken out because there are two bills on the calendar for Calendar Wednesday, one of them to create a minister to Paraguay and the other the Hay military bill. If the Chair can have the privilege of guessing, he would say that the Paraguay bill would take but a few minutes, but the other may precipitate a long debate.

Mr. MOORE. Mr. Speaker, may I ask the gentleman from

Missouri a question?

Mr. BORLAND. I have the floor, but I will yield to the gen-

tleman from Pennsylvania for that purpose.

Mr. MOORE. I want to ask the gentleman from Missouri [Mr. HENSLEY] if it is not his purpose to ask for a vote to-day, that we have an understanding that this shall go over on

The SPEAKER. The gentleman from Pennsylvania desires to know if the gentleman from Missouri [Mr. Hensley] intends to press for a vote this afternoon?

Mr. HENSLEY. That is not my purpose, Mr. Speaker. My purpose is to let every Member have an opportunity to say what

he has to say on this resolution.

The SPEAKER. The gentleman from Missouri [Mr. Bor-LAND] is recognized for an hour, but before he takes the floor the Chair desires to lay before the House two messages of the President of the United States.

MESSAGES FROM THE PRESIDENT OF THE UNITED STATES.

Sundry messages, in writing, from the President of the United States were communicated to the House of Representatives by Mr. Latta, one of his secretaries, who also informed the House of Representatives that the President had approved and signed bill of the following title:

On November 27, 1913:

H. R. 8702. An act to authorize the county of Miami, Ind., to construct a bridge across the Wabash River in Miami County, Ind.

### PANAMA CANAL (H. DOC. NO. 426).

The SPEAKER laid before the House the following message from the President of the United States, which was read, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed.

To the Senate and House of Representatives:

Pursuant to the requirements of chapter 1302 (32 Stats., p. "An act to provide for the construction of a canal connect-483). ing the waters of the Atlantic and Pacific Oceans," approved June 28, 1902, I transmit herewith the annual report of the Isthmian Canal Commission for the fiscal year ended June 30,

WOODROW WILSON.

THE WHITE HOUSE, December 2, 1913.

APPROPRIATIONS AND EXPENDITURES UNDER DEPARTMENT OF STATE (H. DOC. NO. 337).

The SPEAKER also laid before the House the following message from the President of the United States, which was read, referred to the Committee on Expenditures in the State Department, and ordered to be printed:

To the House of Representatives:

I transmit herewith a statement by the Secretary of State, with accompanying papers, of appropriations, expenditures, and balances of appropriations under the Department of State for the fiscal year ended June 30, 1913.

WOODROW WILSON.

THE WHITE HOUSE, December 2, 1913.

SUSPENSION OF NAVAL CONSTRUCTION PROGRAMS.

Mr. BORLAND. Mr. Speaker, we have just listened in this House to one of the most masterly state papers which has ever been framed by a statesman of this or any other land-the message of the President of the United States—a message to the deliberative assembly of this great Nation, teeming with the spirit of the age for social justice and for the rights of humanity. With that message ringing in our ears we are presented now by the gentleman from Missouri with this concrete manifestation of such a spirit, a proposition that the nations by solemn agreement among themselves shall limit excessive and oppressive armament for the purpose of war. We all recognize the paramount duty which rests on every great nation at this time to secure the integrity of its own territory, the protection of its own citizens, and the sanctity of its own honor and plighted faith; we recognize to that end the moral necessity that it is under to provide these means of protection which the discharge of these obligations entail. No man here believes that our Nation should be left without adequate means of guaranteeing and maintaining the American honor and the integrity of the American Government. But in these latter days, since all idea of war for conquest as the great business of nations has passed out of the human mind, we have been taught that the provision for Army and Navy was in its vital essence the insurance toward international peace; that there was no other moral or just foundation upon which to lay the expenditures for armament but the insurance of national peace.

No man here, I believe, will take the sordid ground that the purpose of the purchase of armament is to provide enrichment to certain localities and certain businesses in the country. Nor will any man here take the position openly before this House that armament is a means of offense and oppression of other nations. But each man when he analyzes it in the light of his own conscience will realize that armament rests upon no other moral ground than insurance of peace. In other words, every dollar of expense of this Nation, or any other, is justified on the ground of insurance; that it avoids and guards against the danger, the loss, and the pain and suffering which may come to an unpro-

tected country.

When we recognize that clearly, and confront our conscience with the fact that the purchase of armament is not for the purpose of encouraging private enrichment; that it is not a subsidy toward private businesses; that it not a means of building up favored industries or favored communities, but that it is demanded, and the burden to pay for it is laid upon the entire Nation under the one moral principle, that without it the Nation might be subjected at the hands of some ruthless, irresponsible, and unprincipled foe to loss and danger which it might otherwise avoid; then we must admit that only under those circumstances and upon that principle are appropriations

for armament justifiable by civilized nations.

We come now to this proposition, that one civilized Government in this world, one of the great civilized Governments, in fact, our own mother country, speaking our language, and having a common literature, a common law, and a common tradition with ourselves, the Government of Great Britain, has seriously proposed to the other civilized nations of the world to suspend by mutual agreement for the period of one year the construction of new battleships, that nations may insure their peace without the burden of armament upon the private citizen. Are we not ready to meet that humane proposal? How much are we expending now for armament, for the preparation for war and for the result of wars past? Somewhere, roughly speaking, in the neighborhood of 65 per cent of all of the national revenue gathered from the toil of American citizens goes annually for preparation for possible future war and for the payment for past wars. This leaves only about 35 per cent, roughly speaking, for all of the great civil business of the Government, for all of the conservation of the Nation, for all of the development of the country, for the expenditures to make this country a better and a bigger and a brighter land for our citizens. Of that amount, my recollection is, something less than 12 per cent goes toward the great basic industry of agriculture. Twelve per cent for all the various activities relating to the Agricultural Department, and 65 per cent for armament and for war. I have often thought in looking at this fevered race which nations are running for bigger battleships, more battleships, bigger guns and stronger guns, guns that will shoot a little farther than the other man's gun, that there is no limit to the ingenuity of man. The man who makes the unsinkable battleship can pervert the same God-given talent and ingenuity to making the guns or the destroyer that will destroy that battleship. The man who makes the dreadnought can plan the superdreadnought.

The nation that builds the dreadnought must find that its rival is building a superdreadnought, for there is no limit to the ingenuity of man. No limit has been set to the marvelous inventive genius of man in any mechanical direction, and least of all in the direction of securing the armaments of war. Let us take, for instance, one of the most ordinary of our coast defenses, a 12-inch gun. We now have a larger gun, the 14-inch gun, but let us take the 12-inch gun, our common form of coast armament. A single charge of ammunition in a 12-inch gun costs between \$800 and \$900, and, counting the expense of the wear and tear on the guns and the limited number of shots that can be fired until the metal crystallizes and becomes useless, every shot of that gun costs between \$1,200 and \$1,400. Every time that gun is boomed out, if it be only in military salute to some officer of the Federal Government, from \$1,200 to \$1,400 of the money of the American toiler has been cast out in white smoke. Every time that gun is fired—puff! goes a comfortable

cottage for an American workingman. There is no limit to it. A \$1,200 shot out of a 12-inch gun, a \$1,500 or \$1,600 shot out of a 14-inch gun, and, when you get to larger guns, \$2,000 might not be the limit, or \$2,500 or \$3,000. You would soon get to the point where the salary of a Member of Congress for 12 months would not pay for the single firing of a gun. If there be, then, no limit, we must now come to a sane, sensible proposition that this Nation, recognizing the moral stand which it has among the nations of the earth, recognizing the fact that it is the elder sister of the nations of this hemisphere, recognizing the fact that it is now, as the President has said, enjoying an era of cordiality and universal peace with its neighbors and with foreign countries across the water, now, when there is no temptation or stress of political excitement or national patriotism, it can place before the nations of the world its willingness to enter into an engagement that this burden shall be taken off the people.

the people.

Why, the recommendation for appropriations for the Navy this year is \$145,000,000, and the estimates of the British navy are about \$220,000,000. The United States stands second to Great Britain in the annual cost of its Navy. France and Germany both run over the \$100,000,000 mark, and so on down to the nations that spend \$50,000,000. Our Nation even in its isolated condition—even with its shore line of 3,000 miles from a possible foe—our Nation, with the pledge of friendship of Great Britain in its 3,000 miles of exposed territory to the north of us, with its most powerful neighbor absolutely pledged to friendly relations and a continuation of peace in the Western Hemisphere, even under those circumstances \$145,000,000 is the estimate for naval expenditures for a single year. How much longer ought this matter to go along? How much is asked for the internal improvement of our territory as compared with that \$145,000,000?

Mr. RUSSELL. Mr. Speaker, will my friend yield for a

The SPEAKER. Does the gentleman from Missouri yield to his colleague?

Mr. BORLAND. I yield.

Mr. RUSSELL. I understood my friend from Missouri to state that about 12 per cent of the revenues of the Government are appropriated for agricultural purposes. My understanding is that it is only about 2 per cent. There was appropriated last year less than \$18,000,000 for agriculture. That was less than 2 per cent of the revenues of the country.

Mr. BORLAND. Mr. Speaker, I have no doubt my colleague from Missouri is correct, and that my estimate is very largely exaggerated. I was making the estimate entirely from memory. I had no idea it ran as low as 2 per cent, because the rough calculation had led me to believe it was nearly 12 per cent.

Mr. RUSSELL. The gentleman can see at once what 2

Mr. RUSSEIL. The gentleman can see at once what 2 per cent on the annual revenues would be. It would be \$18,000,000, and we appropriated less than \$18,000,000 last year.

Mr. BORLAND. The gentleman is entirely correct. I have no doubt his figures are accurate. That activity of the Government in the Agricultural Department includes the inspection of beef animals on the hoof, the Bureau of Plant Industry, the Bureau of Animal Industry, and the Bureau of Forestry. recollection is the Bureau of Forestry alone takes \$5,000,000 out of the \$18,000,000 of annual appropriations, and all of these activities of the great Department of Agriculture are embraced within the \$18,000,000, or 2 per cent, as the gentleman from Missouri puts it. Now we are confronted with the necessity of increasing, as a matter of justice not only to the farmers but the bread eaters in the cities, the amount that is expended toward the development of the agricultural interests, and we are confronted in every turn by these enormous fixed expenses for armament and for war. We must provide for the develop-ment of our agricultural interests and conservation of our natural resources; we must extend the aid of the Federal Treasury to the construction of good roads; we must have an agricultural banking system; we must enlarge and improve the Bureau of Mines. All of those matters that are brought before us, which can not be taken up without first providing for that fixed expense for armament and military preparations. Gentlemen, it seems to me that the time is very favorable now for the adoption of this resolution and for the declaration that the sense of this House of Representatives, of this administration, and of the people of this country is in favor of universal peace; that we recognize that the only power a nation has to assemble an army or a navy is for the protection of its own honor and the integrity of its territory and for the safety of its citizens. [Applause.] If this object can be secured by peaceful means, by solemn treaties between the great powers; if the expense which now comes out of the pockets of the toiler can be left in the pockets of the man who earns it, it will tend to a development of the country much more than the enrichment of a few special interests which flourish by the furnishing of armament to the country. And, in closing, I simply want to call attention, as the keynote of my remarks, to the line or sentence of the speech of the President of the United States:

More and more readily each decade do the nations manifest their willingness to bind themselves by solemn treaty to the processes of

Do we believe in that, gentlemen? Are we prepared to follow that ringing declaration?

And further:

So far the United States has stood at the front of such negotiation. Do we believe that? Do we believe that so far the United States has stood at the front of such negotiations?

this House of Representatives, by a practically unanimous vote, will pass this resolution asking the President to negotiate with our sister Government of the United Kingdom of Great Britain for the insurance of universal peace. [Applause.]

Mr. BARTHOLDT. Before the gentleman takes his seat, may

ask him a question?

Mr. BORLAND. Yes; I yield.

Mr. BARTHOLDT. Has the gentleman given any attention to the actual saving that would be effected if building operations in the Navy were suspended for a year by the different nations?

Mr. BORLAND. No, Mr. Speaker. I am going to leave that part, and I purposely so leave it, to the gentlemen of the Committee on Naval Affairs. My colleague from Missouri [Mr. HENSLEY] and others who are on the Naval Committee have become familiar, I have no doubt, with those figures in the course of their investigation. So I would not hazard any statement beyond such ordinary estimate as a Member of Congress could place upon it

Mr. BARTHOLDT. I have tried to estimate it, and I think the saving would be in the neighborhood of \$250,000,000 a year.

Mr. SLOAN. Will the gentleman yield?

Mr. BORLAND. I yield to the gentleman from Nebraska

[Mr. SLOAN].

Mr. SLOAN. Referring to the President's statement as to entering into peace treaties, the gentleman will probably recall, or the President will probably recall, the treatment recent treaties received at the other end of this Capitol, especially by members of the gentleman's and the President's party, by turning down three or four great international treaties all designed to establish peace on earth.

Mr. BORLAND. Mr. Speaker, it would not be proper for me, even if I had any inclination so to do, to discuss the action of the correlative body at the other end of the Capitol, or the very features of those treaties which rendered them unacceptable. It is enough for us to sound the sentiment of the House of Representatives as the direct, popular body of the American Representatives as the direct, popular seems of our people is in people, and the sentiment of our body and of our people is in people, and the sentiment of our body and of our people is in people, and the sentiment of our body and of our people is in

Now, Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. Foster]. I reserve the balance of my time.

[Applause,

Mr. FOSTER. Mr. Speaker, I desire to congratulate the gentleman from Missouri [Mr. Hensley], who has offered this resolution at this very opportune time, as we are approaching the Christmas celebration when we commemorate the birth

of the great Peacemaker of the world.

We are now called upon by the Secretary of the Navy to appropriate on his estimate \$145,000,000 for the expenses of the Navy for the coming fiscal year. We find that for the support of the Army we are asked to appropriate \$106,000,000, and for other purposes of defense of our country many million dollars more; and for the result of war, for taking care of those who are dependent upon the Government, those who have served in time past, a good many million dollars more. So with this burden upon our country it is proper and right that a resolution of this kind should be considered to see if there is not some way of lessening this enormous expense on the National Treasury.

I am glad to be able to vote for a resolution that indicates to the world in a substantial way that our Government is in favor of disarmament. It is true that this resolution provided only that there shall be a holiday of one year in the building of battleships. I observe by the report of the Secretary of the Navy that he says 10 years ago our largest battleship cost \$5,382,000. The next dreadnought will cost \$14,044,000, nearly three times the amount that was required to build a dread-nought when one was built 10 years ago.

It has been a strife among nations for years and years as to which one could build the largest battleship, which one could equip that battleship with the largest guns that could do the most effective work in destroying the fleet of the enemy. By

destroying the fleet of the enemy it means not only that they shall send to the bottom of the sea this vessel that cost \$14,-000,000, but that there shall go with it the lives of those who man that vessel.

The time has arrived in this country in which we live when we should stop and ask ourselves as a civilized nation of the world if we are not ready to stop the loss of life, the sending of armies against armies that we may see which can kill the greatest number of men and thereby win the battle.

Nations are only aggregations of individuals. No municipality, county, or State government within our borders would say to its citizens, when there comes a dispute between them, that they should take their pistols or their knives and go upon the field and see which one is the best man physically—and that is what war means. Battles are won because one nation is

able to destroy the most property and kill the most men.

I am glad to know that my good friend from Missouri [Mr. BARTHOLDT], who sits before me to-day, favors this resolution. When I first came to this body he was speaking, in season and out of season, for the peace of the world, and has stood upon this floor, and not only upon this floor, but has gone across the ocean to speak peace to those in foreign lands, for what he believes to be right and just treatment from one nation to

another for the peace of the world. [Applause.]

I observe further by reading the report of the Secretary of

the Navy that he says:

I venture to recommend that the war and navy officials and other representatives of all the nations be invited to hold a conference to discuss whether they can not agree upon a plan for lessening the cost of preparation for war. It is recognized that the desired end of competitive building, carried on under whip and spur. could not be effective without agreement between great nations. It ought not to be difficult to secure an agreement by which navies will be adequate without being overgrown and without imposing overheavy taxation upon the industry of a nation. I trust the tentative suggestion for a naval holiday by the strongest of the powers will be debated and the matter seriously considered by an international conference, looking to reduction of the ambitious and costly plans for navy increase. I trust that this country will take the initiative and that steps will be taken by a conference of all the powers to discuss reduction of the heavy cost of the army and navy.

Mr. MOORE Mr. Speaker, will the gentlemen yield?

Mr. MOORE. Mr. Speaker, will the gentleman yield? The SPEAKER. Does the gentleman from Illinois yield to the gentleman from Pennsylvania?

Mr. FOSTER. Certainly.

Mr. MOORE. Is that the report of the Secretary of the Navy, Mr. Daniels?

Mr. FOSTER. Yes; that is the report of Secretary Daniels.

The Secretary further says:

The growing cost of dreadnoughts, of powder, and of everything that makes an efficient navy gives reason for pause. This heavy expense commands national and international consideration. The naval appropriation has doubled in 13 years, and yet this country has not joined the expensive competition and race for overlarge navies to the rame extent as have some other great nations. Ten years ago our largest battleship cost \$5,382,000. The next dreadnought will cost \$14,044,000.

I observe by this report that the naval board has recommended that there be authorized for the coming year 4 battleships, 16 destroyers and 1 destroyer tender, 8 submarines and 1 submarine tender, 2 oilers, 2 gunboats, 1 transport, 1 supply ship, and 1 hospital ship. This naval board would have our Government go to much greater expense for war.

Mr. WILLIS. Whose recommendation is that, I will ask the

gentleman?

The SPEAKER. Does the gentleman yield to the gentleman from Ohio?

Mr. FOSTER. I do. This is the recommendation of the general board on the proposed construction for 1915, and I will say not a very modest request for increasing the Navy

We are called upon to make these large appropriations year after year and to authorize the construction of these battleships, and yet at the end of 10 years, after we have built one battleship costing \$14,000,000 or \$15,000,000, it must go to the scrap heap, and then we must authorize the construction of new and greater ships than those that have been discarded.

I had hoped that when the Panama Canal should have been completed we might have entered into an agreement with the nations of the world to make that canal a great commercial highway, and that it should not have been necessary to expend the millions of dollars that this country has spent for its fortification, but that there might have been that good feeling and peace among all the nations that would guarantee the use of that canal to the nations of the world. [Applause.] But this Congress decided otherwise, and there we must continue to incur an annual expense of millions of dollars so long as this armament must be kept up-an expense and a burden upon the

people of our own country.

It was well said by the gentleman from Missouri [Mr. Russell] a while ago that only 2 per cent of our revenues goes for

the benefit of agriculture. To-day we have heard a message by the President of the United States, calling our special attention to something that we ought to do to help along the farming conditions of our country, because, as he said, from the farm must our people be fed. To-day from one end of the land to the other is going up the cry of the high cost of living, yet only 2 per cent of our revenues goes to the benefit of agriculture, while more than 60 per cent goes toward defraying the cost of past wars and preparing for future wars.

Mr. WILLIS. Mr. Speaker, will the gentleman yield for a

question?

The SPEAKER. Does the gentleman yield?

Mr. FOSTER. I do. Mr. WILLIS. I attach great weight to what the gentleman says, therefore I want to be sure that I understand him correctly. Do we understand the gentleman to say that he is in favor of a policy whereby the commercial ships of all the earth shall have the right to use the Panama Canal absolutely free from the payment of tolls?

Mr. FOSTER. Oh, no.
Mr. WILLIS. What did the gentleman say as to that?
Mr. FOSTER. What I said was that I hoped this canal would be the highway of all the ships of the world, not that they should go through there free of tolls, but that a guaranty might be given that that canal should be preserved in such a way that it would not be necessary to fortify it, at great expense to our own people.

Mr. WILLIS. Will the gentleman yield for another question?

Mr. FOSTER. Yes.

The SPEAKER. The time of the gentleman has expired.

Mr. WILLIS. Give him some more time.

Mr. HENSLEY. I yield to the gentleman from Illinois five minutes additional.

The SPEAKER. How did the gentleman from Missouri [Mr.

HENSLEY] get possession of the floor?

Mr. HENSLEY. My colleague [Mr. Borland] told me to handle his time in his absence.

The SPEAKER. How much time does the gentleman yield? Mr. HENSLEY. Five minutes. Mr. WILLIS. Now, will the gentleman yield for a further

question?

Mr. WILLIS. I understand this resolution, as it was explained by the gentleman from Missouri [Mr. Borland], conplained by the gentleman from Missouri [Mr. Borkland], contemplates that an agreement be made between this country and the United Kingdom particularly. Now, would the gentleman from Illinois be in favor of a naval holiday limited to these two nations? If so, after the heliday was over, would not this naval board say, "Now, in order to make up for past time we have got to build six battleships instead of four"?

Mr. FOSTER. As I understand the idea of Mr. Churchill, it was that these two nations should take the lead; that he had invited the nations of the world, and now that we had responded to that invitation, the nations of the world should get together and endeavor, if possible, to have a naval holiday for at least one year. I am not able to say, but I hope if the agreement is made that that holiday may be extended in-

Mr. WILLIS. What I want to get at is this: If we are not able to get the other nations of the earth to agree to this holiday, is the gentleman in favor of a holiday established by these two nations, with the possibility that thereafter it will be said, "We must increase our annual program in order to make

up for lost time"?
Mr. FOSTBR. Oh, no; the idea of Mr. Churchill was that this should be done in connection with all the other nations

who are now building navies.

Mr. WILLIS. Not that it should be done by these two courses unless all the others are agreed to the same holiday? Not that it should be done by these two coun-

Mr. FOSTER. Oh, no; not unless the others agree to it also. Mr. HARDY. Will the gentleman yield to me for one suggestion?

Mr. FOSTER. Yes.
Mr. HARDY. That is, the utter impossibility of England agreeing to such a holiday unless Germany also agrees to it.

Mr. FOSTER. I think the gentleman is correct about that. Now, Mr. Speaker, just a word in conclusion. I desire to say that the people of this country have been asking Congress to appropriate more money for internal improvements. They are They are asking us as Members of Congress to make appropriations for these needed improvements. Those of us who represent rural districts have been asked to do something for good roads, and we realize how important to our people it is to have better roads, and we hope that we may be able to assist in this work.

There are thousands of acres of swamp and overflowed lands this would not be saved. He argues that this money that goes

that ought to be reclaimed for the benefit of agriculture. prevention of the disastrous floods on our rivers is an impor-tant matter and one in which the National Government should do its part. Rivers and harbors need improvement for the benefit of navigation. All these would be of vastly more benefit to the people than the building of battleships and the expenses of the Army. If only the world could agree to a peaceful settlement of differences. Let us hope and pray for the time to hasten when "nations shall beat their swords into plowshares, and their spears into pruninghooks: nation shall not lift up sword against nation, neither shall they learn war any more. Yet, when we come here to consider these questions we are confronted with this great expense for armament. I am not one of those who believe that when we have a Navy it ought to be inferior in men or battleships to the needs of our country; but, I do believe that the time has come when our great Govern-ment ought to take the lead of all the nations of the world in this effort for peace, in this effort to secure, with the cooperation of other nations of the world, a cessation of this great expenditure, in order that we may lift from the people of our country the burden of this increasing cost of the Army and Navy, and that when differences arise between nations they may be settled in a civilized, humane, and intelligent way by arbitration between those nations. [Applause.]

Mr. HENSLEY. I yield 10 minutes to my colleague [Mr.

DECKER 1.

Mr. DECKER. Mr. Speaker, it gives me keen pleasure to speak in favor of this resolution which has been presented by my worthy colleague from Missouri, Mr. Hensley. I hope that he may live long and do great good; but if he lives long and participates in many important affairs I doubt if he will ever participate in a more important matter than the one which we are considering now. [Applause.] I believe he has introduced a resolution here which, if adopted—and I believe it will be adopted—will make him known throughout the United States and will make him loved at every fireside in Missouri, the State

from which he comes. [Applause.]
Why the need of all these battleships? There is just one reason for these battleships that you and I are called upon to vote the money to build, and that is because other nations of this world are building battleships. One nation builds more battle-The other nations, fearing to fall behind in naval prestige, builds more battleships. So the mad race goes on. The appropriations increase by leaps and bounds. The people of this country and the people of the world—I mean the people who bear the burdens-do not realize the cost of war. As Senawho bear the burdens—do not realize the cost of war. As sena-tor Burton has pointed out, the "civilized nations are spend-ing \$2,500,000,000 on wars, past, present, and prospective. For the current fiscal year the United States has appropriated in round numbers \$535,000,000 for the prospective wars and be-cause of wars that have terminated." Thus two-thirds of all the money we raise by taxation is spent for war and one-third for the ordinary functions of government. Do our people realize the enormity of our naval expenditure? Do they realize that our naval expenses for the present fiscal year will be over \$140,000,000? I live in the greatest zinc-producing region of the world. The value of all the zinc produced in that district in 1912 was \$15,500,000. The largest dreadnought will cost \$15,-000,000—that is, just to build the hull. The population of Joplin, the city where I live, is about 35,000. Its assessed valuation is about \$10,000,000. It costs \$5,000,000 more than that to build the hull of the largest battleship, the maintenance of which for one year costs \$1,000,000. One thousand dollars will build a comfortable cottage for a miner or a carpenter.

Every time one of the largest guns on these dreadnozghts is fired more than \$1,000 goes up in smoke. From the time their keels are laid these costly monsters become obsolescent and in a few years they are worthless. But in spite of cost the mad race goes on. England burdens her people to maintain the "two-power naval standard." Germany watches England and France watches Germany, and the gentleman from Alabama contends that we are lost unless we maintain an "equilibrium" on the Atlantic and Pacific. The mad race goes on; the toilers stagger Atlantic and Facine. The mad race goes on, the toners stagger under taxation, and the governments of the earth hurry toward bankruptcy, and still the relative naval strength is little changed. Why, then, should we not have a naval holiday for one year? This resolution does not involve the question of how many battleships we should build if other nations continue to build. The proposition is: Why should not all stop for one year, at the end of which time the relative strength is unchanged? Why should not the people of the United States get the benefit of this \$50,000,000 which my colleague [Mr. Bartholdt] estimates would be saved?

But the gentleman from Pennsylvania [Mr. Moore] says that

for the battleships is not wasted, even though a naval holiday would make them unnecessary. He argues that these battleships make a market for our lumber and our iron and give employment to laboring men, and that this makes for prosperity. If this be true, let us tear down this Capitol, levy taxes, and build another, that there may be a market for stone and work for masons. It is the old cry, "Let us tax ourselves into pros-perity." It can not be done. When money and labor are employed in useless and unnecessary channels it is just that much diverted from the avenues that supply the necessaries of life. It is an economic waste, and results in scarcity and exorbitant prices of those things that are useful and necessary. money, if left in the pockets of the people, would find its way into avenues that would make for prosperity. If it is to be collected as taxes by the States or Nation, it could be spent for better purposes than battleships. We could use it to stop the devastating floods, improve navigation, to irrigate the deserts, protect our forests, to fight tuberculosis, to build schoolhouses, to erect hospitals, to lessen crime, to foster agriculture, to build roads over plains and hills and mountains. Would not such enterprises make markets for our products, labor for our toilers, and also add to the permanent comfort, progress, and prosperity of our country?

Some few here show little enthusiasm for this resolution because they fear it may be ignored by those who control the destinies of other nations and bring humiliation to us. humiliation can come from attempting to do good, even if we fail. I believe this proposition will receive the cordial consideration of those in authority in our sister nations. And even though it might not coincide with the ideas and plans of those in authority, yet in other lands, as in our own, those who pay for battleships have a voice, and sooner or later that voice is heard and heeded. The national debt of France is to-day \$6,286.435,000. Russia has a war debt of \$3,507,071,000; Austria-Hungary, \$6,612,389,000; Germany, \$3,500,000,000; Great Britain, \$3,389,577,000; Italy \$2,614,183,000; Spain, \$1,886,221,000; Japan, \$1,325,198,000. It is not the rich who bear these national burdens. In these lands, as in our own, these burdens fall most heavily upon the toilers. Sooner or later this proposition we make here will reach the toilers, the men who work on the farms and in the factories; who work in the mines and the quarries; at the forge and the foundry; the men who dig the ditches, lay the rails, and run the engines; the men who fell the trees and build the houses; it will reach the men who live on the hillsides; it will reach the multitudes who live in crowded cities; those who know want and squalor and sickness; those whose children seldom see a green field or hear the song of a bird. When our proposition, the proposition of 92,000,000 people, a proposition that can not lessen the safety of other nations, but will lighten their burdens-when our proposition reaches these toilers the answer will come, and it will be heard,

The gentleman from Ohio asked, "How long should this holiday last?" If it lasts no longer than a year it is worth the effort. I am not a prophet, but I firmly believe that if we are instrumental in bringing about this naval holiday, participated in by the leading nations of the earth for one year, then the blessings and advantages will be so apparent that this naval holiday will be extended until that hour for which we all should work, that good hour of which the poet dreamed, when-

The war drum throbs no longer and the battle flags are furled in the parliament of man, the federation of the world.

I say this is the place from which the proposition of a naval holiday should emanate. We, of all the world, are most able to build battleships. Our resources are unlimited; our wealth can not be measured. Our national debt is smaller than that of any leading nation of the earth. What is more, we need battle-ships less than any other nation. Our geographical location is a protection that other nations do not have.

We hear men speak of the importance of the Louisiana Pur-They speak of the wonderful Commonwealths carved from this great territory. They speak of its rivers, its mountains underlaid with minerals, its fertile plains, and its farms, its factories, its railroads, and its mighty cities, but we sometimes forget the thing that made it most important to our Nation, and that is that when Napoleon signed that deed he made it forever impossible for any other nation to separate us from Pacific Ocean. He made it forever unnecessary for the United States to maintain a standing army which would be a burden to our toilers. We need no battleships to protect our 3,000 miles of border to the north. I had forgotten, until reminded by the eloquent speech of my worthy colleague [Mr. Hensley], that we had no gunboats on the Great Lakes. And why? Simply because Great Britain and the United States said, "We will build no gunboats on the Great Lakes"; and

that is the reason they are not there. For a hundred years we have lived in peace with our neighbor to the north, and next year we will celebrate that peace. Despite the cloud that hangs in the direction of the south, we need no battleships to protect us from a neighbor toward which in these troubled times we maintain the attitude of a stalwart brother toward a fretfal child. Thus, separated from the world upon the east and west by thousands of miles of open sea, with nothing to fear from the north and nothing to fear from the south, we need battleships less than any nation of the world.

Again I say this is the place from which such a proposition should come. No one will suspicion us of having an ulterior motive in saying to the world, "Let us stop this awful expenditure, this needless expenditure of money." No one will say that it is because we are afraid to fight, for every nation knows that America is made up of men and women from every land and every clime. Will Germany say we are afraid, when 20,000,000 from the Fatherland are living on our soil and ready to fight and die for the Stars and Stripes. [Applause.] Will they of France say we are afraid to fight because we say to all the world, "Let us have peace." No; because millions of men, descended from those who followed Napoleon when he made the eagles of France mingle with the eagles of the crags," are living on American soil and have sworn allegiance to that flag. Will England say that America is afraid because we vote for peace. No; not while the sons of those who fought with Wellington at Waterloo and on many other bloody fields are living on the hillsides and in the hamlets and in the cities of this great Republic. From the sun-kissed hills of Italy, from hardy Norway, from sturdy Sweden, from plucky Holland, from the frozen plains of Moscow-aye, from all the world-brave men are gathered here in the great melting pot of civilization, and from us, the center of the modern world, should come the message, "Let us have peace. Let us build no more battleships for a year." [Applause.] [Applause.]

This is not only the place from which such a resolution should come, but this is the best time in all the year, in the beginning of this great session, which all believe will be a historic one, approaching, as we are, the time that brings cheer to all the world, approaching the time when we shall celebrate the birth of Him who brought not a message of greater battleships, not a message of tramping armies, not a message of groaning men, not a message of dying boys, whose mothers weep for sons who are gone, but who brought a message of peace and who died that men might live. [Applause.] So, Mr. Speaker, from this place, at this good time, let us send forth to all the world by this resolution which my colleague from Missouri has introduced, the message in which we all believe—"Peace on earth, good will toward men." [Applause.]
Mr. HENSLEY. Mr. Speaker, I yield 15 minutes to the gen-

tleman from Wyoming [Mr. MONDELL].

Mr. MONDELL. Mr. Speaker, I wish to thank the gentleman from Missouri, but since I made the request of him for time I have concluded that I would prefer to secure more time later on in the day, and I will yield back that time to the gentleman

from Missouri.

Mr. HENSLEY. Mr. Speaker, then I yield 15 minutes to the gentleman from Tennessee [Mr. Sims].

Mr. SIMS. Mr. Speaker, I am not versed in technical learning with reference to naval equipment. I am not going to try to use that character of language that gives the impression that a man has studied the technique of this thing, but it has developed in this debate that one of these ships to be constructed is to cost practically \$15,000,000. It does not take technical knowledge of naval affairs or naval construction to know that \$15,000,000 is \$15,000,000, and when we owe \$1,000,-000,000 it does not take a man technically equipped to know that you can pay \$15,000,000 of that debt with what it will cost to create one of these instruments of destruction by which the national debt will be further augmented. We will make no mistake if we do not build a single battleship, and if we have money to build instruments of destruction, then we have the money to pay that much of our national debt and stop the interest thereon. I see in the newspapers that to-day we celebrate the ninetieth anniversary of the utterance of the Monroe My recollection is that the population of the United States at that time was less than 20,000,000 of people. We were scattered all over this country, and yet the expression by the President of the United States, the little United States, speaking relatively as to population and power at that time, that we would regard as unfriendly any attempt to further set up European authority not only in the United States but in the whole of Central and South America stands to-day, and since that time that doctrine has never been controverted by any foreign nation.

The simple expression of the President of the United States 90 years ago has prevented the embattled nations of the whole world to this hour from attempting to do that which that declaration was intended to check. And now we are told at this day and time, after we have grown to be a Nation of 100,000,000 people, measured man for man, of more power-intellectual, physical, scientific, commercial, and in every way greater than the people of any nation on earth-and now we talk that we are going to be eaten up and destroyed by nations that practically have to destroy themselves commercially in order to prepare themselves to keep tugging away at each other's throat. 500 years ago there was a strip of a girl in a far-off town of France conceived the idea that God was on the side of the French, and that the English, who had practically destroyed France at that time, must be driven from her Provinces. the Dauphin of France was far off in an obscure portion of the Empire, a young girl, who could neither read nor write, who knew nothing about the rules of war or the implements of destruction, but who believed that God had called her to drive the English from France, never stopped until she met the Dauphin, until men at arms were furnished her. She led those menwarriors, soldiers-against every rule of war that had ever before been established to the successful relief of the French at Orleans. So that child, that strip of a girl, led both technically trained soldiers as well as volunteers against the veterans of England and drove them from France. [Applause.] By what power did she do it? Would any military or naval board have directed that girl to lead anything? Why, facts fly in the face of technical knowledge. They have always done so and always will do so. Why did she do it, and how did she do it? By making the people who believed in God believe that she was the voice of God; that the voice of God had come to her. This is the only instance in the world's history where a man or woman only 17 years old was placed at the head of all the military forces of a great power and led them to victory. It was because she believed in God. Does anybody believe for a moment, sincerely believe, that we are in the slightest danger of any European power, that any such power will have little enough sense to ever attack us? What European wars have we had? Have we ever had one in which we were not the aggressors? war have we ever had with a foreign country that we did not bring on? Yet we are asked to be scared to death for fear some foreign power will attack us, when to do so is to invite selfdestruction. What constitutes being prepared? Building battleships? No; they rust out; one becomes practically obsolete during the period of construction. I will tell you what will prevent European armies from landing on these shores. Schoolhouses, intelligence, general education, and a higher development of individual citizens. What does Europe want to destroy us for? Europe wants to sell us what they have to sell, and we want to sell them what we have to sell. We do not want by wars to render us and them less able to produce, to buy and sell. War puts a load on commerce that it can not carry.

Now, my friends, it is time we thought of something besides increasing interest-bearing obligations to be paid by taxation. Taxation in the last analysis must be paid by the producer, must be paid by those creating wealth instead of those destroying it. We had an institution in the United States oncethat of chattel slavery, property in man. What was property in man? Property in man was simply the power to control his services, simply to control what he could do by way of production. Now look at the indebtedness of the world for military purposes. Look at it in Europe and in this country, young and fresh as we are. You are bringing about a source of slavery by forcing a condition upon this country of a form of nontaxed property in the form of bonds issued by municipalities, States,

and nations

The bondholder holds an untaxed bond, and the creator of wealth by the sweat of his brow pays the bond and the interest. And while it is not a bill of sale, like the bill of sale for the slave, in many respects it is better for the owner than the old bill of sale for the slave was, because the man who owned the slave had to feed, maintain, and protect him, take care of him in sickness; but the untaxed bondholder of Government bonds does not have to feed those who feed him by paying the taxes pledged for payment of his bonds. Let us pay debts instead of creating them, pay what we owe instead of increasing our obligations, especially when those obligations are not those for the promotion of the public welfare, to make life easier, to increase the power of the people to earn a living, but to provide the implements of destruction of both life and property.

Look at our young men in the Army and in the Navy who are devoting their lives to the science of destruction. Why should we follow the foolish example of the European nations, who have nothing between them but an imaginary line or a river. We are protected by geographical location and situation, and the only dangers that we have from European interference are those created, first, by those who have theories of these things and want a war to prove that their theories are right, and, second, those who earn a living by reason of the industries created by this policy. How does it happen, my friends—and I do not wish to make the insinuation, as we are all creatures of environment-how does it happen that the people who live where armor plate is made, where shipbuilding is done, have the greatest fear of foreign aggression? Why is They are just as brave as anybody else; they are just as well protected by nature as any of us, and yet they are having a chill for fear Japan will attack us or that Germany will attack us-one imaginary fear after another.

The day must come, and it must come soon, when the people will realize that they pay out of their own pockets every Government expense and Government obligation, and when they do realize that your \$15,000,000 battleship, your useless, unnecessary, destructive battleship will not be worth one copper in their estimation. Why, in the same Book in which Joan of Arc believed, it is said that there is a time coming when the lion and the lamb shall lie down together, when the instruments of war shall be converted into instruments of industry and peace. How much do you believe in God and believe in the truths of the Bible when you are trying every day to further make a lie of that prophecy? Now, some of you are not willing to have one little year of recess from manufacturing implements of destruction and death.

Mr. SLOAN. Will the gentleman yield?

The SPEAKER. Does the gentleman from Tennessee yield to the gentleman from Nebraska?

Mr. SIMS. Yes. Mr. SLOAN. Speaking of the time for this vacation, when does the gentleman propose it to be?

Mr. SIMS. Just as quick as we can vote on the resolution.

Mr. SLOAN. But with the gentleman's permission I will

There can be no certain prospect of peace in America until Gen. Huerta has surrendered his usurped authority in Mexico; until it is understood on all hands, indeed, that such pretended governments will not be countenanced or dealt with by the Government of the United

Can we properly submit an invitation to enter upon this vacation while we are practically ready for war against our most immediate neighbor?

Mr. SIMS. Now, the gentleman from Nebraska has fallen way down from the dizzy heights that his colleague from Missouri [Mr. Bartholdt] occupies and seeks by partisan reference to get an advantage in party politics.

Mr. SLOAN. I simply read from the President's message.
Mr. SIMS. How many \$14,000,000 battleships would be needed to attend to Gen. Huerta if we had to do it to-day?

The very fact that we want to be prepared for aggression and wrong must be analyzed by every man who analyzes our intentions, that somewhere deep down in our hearts we have the in-tention of doing wrong. When will you have your plowshares made out of spears and your pruning hooks out of swords if you listen to the naval and military fortification boards?

The time of the gentleman from Tennessee The SPEAKER.

[Mr. Sims] has expired.

Mr. HENSLEY. How much time remains, Mr. Speaker? The SPEAKER. Two minutes.

Mr. HENSLEY. Mr. Speaker, I ask that every person who speaks upon this resolution be given five legislative days in which to print his remarks.

The SPEAKER. The gentleman from Missouri [Mr. HENS-LEY] asks uninimous consent that all gentlemen who speak on this resolution shall have five legislative days in which to extend their remarks.

Mr. MANN. Mr. Speaker, reserving the right to object, I do not know that I shall object to it after the debate is finished. but I have seen gentlemen so often take the floor for a minute or half a minute, and then extend their remarks that at present I shall object.

The SPEAKER. The gentleman from Illinois [Mr. MANN] for the present objects. What does the gentleman from Missouri [Mr. Hensley] desire to do with his two minutes' time? Does he wish to reserve it?

Mr. HENSLEY. Yes; to reserve it.

The SPEAKER. The gentleman from Missouri HENSLEY] reserves the balance of his time, and the gentleman from Pennsylvania [Mr. Moore] is recognized for one hour.

Mr. MOORE rose.

Mr. MANN. Mr. Speaker, will the gentleman from Pennsylvania yield? Mr. MOORE. I do.

Mr. MANN. Does the gentleman from Pennsylvania desire to proceed this afternoon?

Mr. MOORE. I am not particular as to that.

Mr. MANN. Does the gentleman from Missouri HENSLEY] know whether anyone else desires to proceed this afternoon?

Mr. HENSLEY. One gentleman, the gentleman from Mississippi [Mr. Sisson], said to me that if the opportunity presented itself to him he desired me to send a page for him. He is now out in the room of the Committee on Appropriations. He desired to be heard.

Mr. MANN. I would suggest to the gentleman from Missouri that we shall not have other business in the House probably Thursday or Friday, or likely on Saturday, and inasmuch as gentlemen had not expected this to come up to-day the gentleman from Missouri might well move that the House adjourn, with the understanding that the resolution shall come up on

Mr. HENSLEY. I will say to the gentleman from Illinois that the gentleman from Alabama [Mr. UNDERWOOD] requested me to send a page for him as soon as the time arrived for adjournment.

Mr. MANN. Then I suggest that the gentleman send a page for Of course, I have no objection to anyone proceeding now. him.

Mr. HOBSON rose. Does the gentleman desire to make a The SPEAKER. motion?

Mr. HOBSON. I suggest, Mr. Speaker, that the gentleman from Pennsylvania take part of his time and give me some time. Mr. MANN. Let the gentleman from Alabama [Mr. Hobson]

go ahead. Mr. Speaker, I reserve the balance of my time. The SPEAKER. The gentleman from Pennsylvania [Mr.

Moore] reserves the balance of his time.

Mr. SLAYDEN. Mr. Speaker, last June one of our colleagues, Mr. Montague, of Virginia, delivered a speech entitled "International Neighborliness," which is exceedingly pertinent to this It was delivered at the celebration of the one hundredth anniversary of the signing of the treaty of Ghent, which made peace between the United States and Great Britain. that that speech be inserted in the RECORD because of its historical value and its pertinency to this discussion.

The SPEAKER. The gentleman from Texas [Mr. SLAYDEN] asks unanimous consent that the speech made last summer by Mr. Montague, of Virginia, a Member of the House at present, on this side, be printed in the Congressional Record.

Mr. MANN. Reserving the right to object, Mr. Speaker, is the gentleman from Texas sure that this speech has not already been printed in the RECORD?

Mr. SLAYDEN. I am pretty sure it has not been.

Mr. MANN. I take the gentleman's statement for it, but my recollection was that I had read it in the RECORD.

Mr. SLAYDEN. The gentleman from Virginia assures me that it has not been printed.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

Mr. HOBSON rose.

The SPEAKER. Does the gentleman from Alabama desire recognition?

Mr. HOBSON. If the Chair pleases.

The SPEAKER. The Chair will recognize the gentleman for

Mr. HOBSON. Mr. Speaker, I recognize that the House does not desire further extended consideration of this resolution to-day, and I shall not intrude to the extent of taking the full hour of my time, probably reserving the balance.

Mr. Speaker, I believe that the United States can contribute more than any other nation in the world to the permanent cause of universal peace. The great possibilities of this contribution should cause all Americans to approach the question with care and with full information on the conditions that exist in the world and on the forces that really determine the evolution of peace between nations.

I shall introduce my remarks by pointing out at the outset that for many years the great military nations of the earth bave been engaged in a heated contest of naval construction while America has practically been at a standstill, so that today, measuring navies by up-to-date ships of the first class—battleships of the dreadnought type and battle cruisers—the naval powers of the world in vessels built, building, and authorized, have the following relative strength. This relative strength can be fairly accepted, since the highest type ship is stands amongst substantially the same in all of these countries: Great Britain with four others.

has 42, Germany 26, the United States 12, France 11, Russia 11, Japan 10, Italy 9.

In other words, Mr. Speaker, it shows three distinct classes: Great Britain comprising the first, Germany the second, and the United States, France, Japan, Russia, and Italy practically tied

Comparing the relative strength of Germany and England, it shows that the proposition for a cessation of authorizing battle-

ships came with easy grace from the English.

Mr. HENSLEY. Mr. Speaker—

The SPEAKER. Does the gentleman from Alabama yield to the gentleman from Missouri?

Mr. HOBSON. Certainly.
Mr. HENSLEY. Is it not a fact that in the last 10 years the United States Government has spent more than \$1,000,000,000 in excess of that spent by Japan for naval armament? And if that be true, will you explain what has become of the billion dollars, together with the other which has been spent within this time?

Mr. HOBSON. I will say to the gentleman that matters of expenditure involve many elements of which it is impossible to take account, but that battleships built, building, and authorized, of a uniform high class, represent the relative naval power of nations at any particular time, and are so accepted by great powers when they shape their foreign policies.

Mr. BUCHANAN of Illinois. I should like to have the gentleman explain why he says the United States is practically tled with France and Japan, when the gentleman's figures show that the United States is ahead of them?

Mr. HOBSON. I put them in a class together. America stands with 12, France and Russia with 11 each, Japan with 10, and Italy with 9. The differences are very small, so that these nations make a class apart. When you pass from America to the nation three numbers below it there is a difference of only 2 battleships. When you pass from America to the next higher, Germany, there is a difference of 14 battleships, and when you pass from Germany to England you have a difference of 16 battleships. It is the wide gaps in the numbers of battleships that create the classes.

Mr. BUCHANAN of Illinois. As a class, yes; but the gentleman stated that we were practically tied; but giving the percentages of relative strength of battleships in tonnage, between

Japan and the United States, what would it be?

Mr. HOBSON. I should say it would be about 17 per cent. Of course, narrow margins of percentage are not of great importance.

Mr. BUCHANAN of Illinois. I do not understand why the gentleman says we are practically tied with Japan.

Mr. MOORE. Does the gentleman have before him statistics showing the relative strength of the navies of the various coun-

Mr. HOBSON. Yes. This is the official report of the office of naval intelligence, of date December 1, 1913.

Mr. MOORE. Will the gentleman tell us what is the status of the various nations, in one, two, three order?

Mr. HOBSON. Great Britain stands first, with 42 capital vessels, and is almost double the next highest.

Mr. MOORE. Great Britain is first? Mr. HOBSON. Great Britain is first and Germany is second, with 26 capital vessels, being more than double the United States.

Mr. MOORE. Which is next? Mr. HOBSON. The United States, with 12 battleships. Mr. MOORE. The United States ranks third among the

naval powers?

Mr. HOBSON. Yes; without being in the class of those above her, but being in the same class as the next three below

Mr. MOORE. What are the next three? Mr. HOBSON. The next three are France and Russia, with 11 each, and Japan with 10. My classification is correct. Great Britain in the first class alone, Germany in the second alone, and the United States in the third class with France, Russia, Japan, and Italy.

Mr. SLAYDEN. I want to ask the gentleman what he means by saying that the United States is third and not in the same class as those above? I did not get the significance of his defi-

nition of classes.

Mr. HOBSON. What I mean is that when there is a very narrow margin of difference in the number of battleships you put them in the same class; but that if there is a gulf of difference, then you put them in different classes; so that the United States stands amongst the third-class powers, practically on a par

Mr. SLAYDEN. Does the gentleman really believe that the United States ranks in naval and military matters as a third-

Mr. HOBSON. I believe that the man behind the gun is a

greater factor than the gun.

Mr. SLAYDEN. And do you not think that the resources

behind the people are as great a power as battleships?

Mr. HOBSON. Yes; the resources behind the man behind the guu settle the question, provided you have a chance to bring those resources to bear; but you must have a chance to bring those resources to bear. There is no doubt in the world that the resources of China are greater than those of her neighbors, and yet she has never been able to bring them to bear. It is possible that the resources of France in the Franco-Prussian War may have been greater than those of Germany, but she was never able to bring them to bear. I think the resources of Austria were quite equal to those of Prussia in the war of 1866, but she was unable to bring them to bear. In the Balkan War the resources of Turkey were very much greater than those of the Balkan States, but Turkey had been neglecting national defense for a number of years and really did not bring her resources to bear. So that when the gentleman takes up the question of resources he must take account of modern wars where nations fight with the preparations made in advance and conclude the war before the tax is put upon the limit of resources, as in ancient wars.

Mr. SLAYDEN. If the gentleman will allow me, I would like to ask him if the resources of Turkey were not exhausted by

the war with Italy before the conflict with Bulgaria?

Mr. HOBSON. I think that her military strength had been dissipated by the conditions in Constantinople that for many years had neglected the question of national defense. completing my answer, I want to say one thing further. I hope the gentleman from Texas will not think that I have a mean conception of my own country. If modern wars were wars of exhaustion I would not hesitate to say that the United States, with her location, and having seventeen billions out of thirty-five billions of the world's banking capital, and with one American producing on an average as much as three Europeans, that these resources ultimately being brought to bear, would enable America to stand up against the whole world combined. I do not for an instant look upon any future war as embracing at all the question of our survival as a Nation. The question of war may decide the survival of our free institutions. If we were to be engaged in a very long war for lack of preparation at the outset of the war, during the course of the war there would be a very great tendency toward militarism among the people. We would have to give the executive branch more power, tending to concentration; our young men would go into the Army, we would hear the drum and see the uniform, and it would tend to bring to the surface that heritage we have in common with all human ity of a hundred generations of fighting, where success in war was the chief test for survival.

Now, particularly, if we should lose the modern war because of being unprepared and allow peace to be concluded with the idea of getting ready in time of peace to fight the war over again, we should find that it would probably require about a generation to get fully ready, and during the generation the youth of America would have hatred in their hearts, looking forward to revenge, and in the vast military preparations our youth would develop the military spirit, so that by the time the second war was finished we would have a new generation of Americans as military as any generation of Europe, and we would be in danger of going back-reversion to type as it is called in biology-run a serious danger of reverting back to the military system from which we sprang, whereas now we are promoting a new type, a civilization of the producer, not the

soldier-a civilization of industrialism.

The danger in lack of preparation is not in the survival of the Nation, but in the survival of our distinct civilization. If America, through lack of preparation, were to suffer defeat, a new premium would be placed on being prepared when war comes, the fierce race of armaments would be intensified, militarism would stalk unchecked over the whole face of the earth, and the cause of peace set back for generations.

I will now yield to the gentleman from South Carolina for a

Mr. JOHNSON of South Carolina. Mr. Speaker, the gentleman has in his philosophizing got a long way from what I wanted to talk about. I want to ask the gentleman what he means when he says that the United States has 12 ships?

Mr. HOBSON. Built, building, and authorized, of the highest

Mr. JOHNSON of South Carolina. You do not count the other ships at all?

Mr. HOBSON. No. sir. Mr. JOHNSON of South Carolina. As compared with the other nations of the world, how do we stand as to other ships? Mr. HOBSON. That is all in the tables here, but I do not think it worth while to cite the figures

Mr. JOHNSON of South Carolina. But not worthy of count-

Mr. HOBSON. Not until you get up to the highest type of

Mr. JOHNSON of South Carolina. And all the ships that we have been building, except the last 12, are not worth counting when you come to estimate our naval strength. Is that the gen-

tleman's position?

Mr. HOBSON. I think when we come to count the relative strength of nations in the world to-day and in the near future it is best to eliminate the ships that are obsolete and obsolescent. Some are obsolete, and those that are not are obsolescent.

Mr. JOHNSON of South Carolina. Every ship is obsolescent. Mr. HOBSON. Just as every piece of machinery in every factory. My idea about a fleet is that on the whole the depreciation in battleships is a good deal like the depreciation of a wellequipped manufacturing plant employing complicated machinery. You ought to write off at least 10 per cent a year if you are a wise proprietor. If we would write off 10 per cent a year on the total tonnage of our fleet to-day, and would make it good by battleship tonnage, it would require three battleships a year to make up for the rust. Has the gentleman from South Carolina any further questions?

Mr. JOHNSON of South Carolina. Mr. Speaker, at this point will yield to my distinguished colleague from Missouri [Mr.

BARTHOLDT

Mr. HOBSON. Mr. Speaker, I yield to my colleague from Mis-

souri, so eminent in this great work of universal peace.

Mr. BARTHOLDT. If the United States continues to build battleships, and England, Germany, and France do the same, will not the relative strength of those nations be the same at the end of the period specified in the gentleman's resolution as it is now?

Mr. HOBSON.

Mr. HOBSON, No. Mr. BARTHOLDT. Then the second part of my question is this: If we adopt this resolution and the President of the United States should succeed in securing an agreement with the other nations to suspend for one year the construction of battleships, would not the relative strength be the same at the end of one year as it is now, and would we not be saving in the meantime about \$50,000,000 of the taxpayers' money, England sixty million, and Germany thirty million, and so on? What does the gentleman estimate the loss to be if such a resolution were put through by the united powers of the world?

Mr. HOBSON. Mr. Speaker, the answers to the gentleman's questions, most of them, are self-evident, except the first, which was very pertinent, as were the others. The answer to the first is that unquestionably the nations of Europe in their race for war equipment would remain pretty nearly in the same relative position they are in now, except that Germany's population developing more rapidly than that of her neighbors and Germany's commerce and manufacturing developing more rapidly than that of her neighbors; on the whole, Germany will nat-urally forge ahead, something like the old test of survival by numbers and strength; but America's relative position if no such agreement is entered into will very radically change in the next generation.

Mr. MOORE. Mr. Speaker, will the gentleman yield? And that brings us really to the point of this Mr. HOBSON. question. I yield to the gentleman from Pennsylvania.

Mr. MOORE. Mr. Speaker, this resolution presumes that a declaration was made by the Lord of the Admiralty of Great Britain, the Hon. Winston Churchill. Does the gentleman know whether any such declaration contemplating an agreement was made or whether an agreement has been actually

Mr. HOBSON. I only speak from memory. My recollection is that Great Britain, standing in the position of a class by herself, where practically she is on a par with any three naval powers in the world, very readily recommended that all should stop construction.

Mr. MOORE. The gentleman does not get my idea. Mr. HOBSON. And that the recommendation was

And that the recommendation was made to Germany specifically. The German Government, evidently recognizing that they have only 26 to Great Britain's 42 of firstclass type, did not feel that that was a fit relative strength. My memory is that Germany has either ignored or declined the proposition. I speak only from recollection. I am not aware of any proposition whatsoever being made to the United States,

since we have not been racing at all and are the seventh

nation in vessel building.

Mr. MOORE. That is the very point. This Congress of the United States is about to act upon a newspaper report of a declaration made by a distinguished Britisher, and we have no official information with regard to this agreement, no agreement is before any department of this Government, and no agreement is before this House, and no official information is before the House.

Mr. HOBSON. That is my impression.

Mr. MOORE. And yet we propose to volunteer to accept a

reported agreement suggested by a distinguished foreigner?

Mr. HOBSON. Mr. Speaker, I am inclined to think that before we get through it possibly might be wise to have a substitute for this resolution, which would commit our country to the principle of universal peace, and which would commit us to a balance and equilibrium of the nations, and when that equilibrium upon which they can agree is attained, then all who attain that equilibrium to stop building.

Mr. MOORE. Now, will the gentleman from Alabama yield

for one more question?

Mr. HOBSON. I will. Mr. MOORE. The gentleman from Missouri [Mr. Bartholdt] asked whether there might be a tremendous saving if such an agreement should be entered into by the nations of the earth, the President acting for the United States, so far as this resolution of request to him is concerned. Does the gentleman from Alabama believe the President of the United States will effectuate any such understanding with the nations of the world?

Mr. HOBSON. Well, I will say to the gentleman that the United States, being a friend of all and being absolutely disinterested in the rivalries of Europe, stands more in a position to be the advisor of all and, as it were, an umpire as to what would be just for all than any other nation in the world, and I would hate to see the United States lose any opportunity to offer its good offices if even only to present a precedent in that

Mr. DECKER. Mr. Speaker, along the line of the question asked by the gentleman from Pennsylvania, I would like to ask what the gentleman thinks of this proposition, as to whether or not, even if there had not been any official statement from England, or even if there had not been any newspaper comment, in his judgment would it be anything wrong if this resolution

came from the United States? [Applause.]
Mr. HOBSON. I am very glad the gentleman asked that question, and I think a substitute resolution would be very appropriate. I think that the resolution in its present form would not be quite fair to our own country, though I will say to the gentleman that my feeling is when we make a proposition we can afford to do it at a great personal sacrifice, relatively,

to ourselves.

Mr. HARDY. Will the gentleman yield for a suggestion? Mr. HOBSON. Certainly. Mr. HARDY. The gentleman has suggested that in all propriety battleships ought to have 10 per cent written off every year for depreciation. Now, I want to suggest that if we want to get rid of the equilibrium, if we pass this resolution and continue it for 10 years you will have written off 100 per cent for England and Germany and all would be even.

Mr. HOBSON. Pretty nearly.
Mr. HARDY. Then why not continue it for 10 years?
Mr. HOBSON. I want to say to the gentleman that involuntarily and by a sequence of coincidences that is what happened a few years ago.

Mr. HARDY. And ought to happen again.

Mr. HOBSON. I will tell the gentleman how it came about. It was not an arrest in building, but an evolution in the type of

Mr. SLAYDEN. It was the change from wood to steel. Mr. HOBSON. The result of leaping from the 16,000-ton type to the dreadnought type. The moment the dreadnought and superdreadnought appeared the fleets of all nations were obso-Now, Germany took advantage of that to start practically on the same footing as Great Britain. That is one reason why Germany is not willing to lose that advantage. Germany took advantage of the fact the British navy as well as the German navy was obsolete, and proceeded to build on a parity with the new British ships.

Mr. SLAYDEN. If the gentleman will permit—
Mr. HOBSON. Certainly.
Mr. SLAYDEN. The gentleman says he thinks a resolution in some other form should be substituted for this, and then he suggested that that should be a sort of platonic declaration, as, for instance: "Resolved, That the United States believes in universal peace." I have heard the gentleman from Alabama say-

I do not want to make a speech in his time, and I propose to give him time-

Mr. HOBSON. The gentleman is perfectly welcome.

Mr. SLAYDEN. I do not want to trespass on his courtesy. I have heard the gentleman make many speeches declaring himself for peace and battleships; declaring himself for peace and an augmented armament; declaring himself for peace and a policy which spells bankruptcy. I think the gentleman was president of an association to which Mr. McCreary, of Kentucky, belonged— Mr. HOBSON.

I had the honor to be vice president.

Mr. SLAYDEN. Well, I think the gentleman was the moving spirit in that association, and the gentleman was recognized by

Mr. HOBSON. I did not know I had such an honor.

Mr. SLAYDEN. And while, as a matter of fact, masquerading under the name of the "dove of peace," he was an "eagle," was he not?

Mr. HOBSON. If the gentleman will permit me, I will give

him an interpretation.

Mr. SLAYDEN. I wanted to ask the question, because everybody says he is for universal peace, and why under such circumstances take up the time of Congress by making the declaration?

I will say to the gentleman that a suggestion Mr. HOBSON. to be permanently helpful to the nations ought to be based on instice.

Mr. SLAYDEN. I am with you.
Mr. HOBSON. And it ought to be based on fairness to all, and that a proposition to stop building or to begin disarming should permit a starting point where there would be a just balance. And my point is that the United States of America is not at that point in a just balance. And I will show the gentleman a little later, if I have time, that that balance in the hands of a disinterested friend, in the hands of the nation that voluntarily announces that it will never annex another foot of territory by conquest, is of supreme importance in the great general evolution of universal peace and ultimate disarmament. And that will bring me to the point now which will conclude my introduction.

Mr. SLAYDEN. I thought the gentleman had reached his peroration.

Mr. SIMS. Will the gentleman from Alabama [Mr. Hobson]

Mr. HOBSON. Yes.

Is it your position that the United States should keep on building battleships until she is equal to Great Britain? Mr. HOBSON. I am reaching that point. My discourse is divided, like Gaul, into three parts. The question of difference in relative strength shows that if the cessation should be inaugurated now the United States would be left in the category of a third-class power along with nations of the resources of Italy, Japan, and France, and that it would leave her almost doubled by Germany and more than trebled by Great Britain. When it is realized that the United States is the one great power in all the world having its vital territory on both of the great oceans, it must be recognized at once that an adjustment of equilibrium of naval power under present conditions would not be fair to the United States.

If you look upon the Navy as you do upon the police, apportioned according to the property exposed, then, on our Atlantic seaboard and our Pacific seaboard and on our bays and harbors and our navigable rivers that could be either blockaded or entered by hostile ships, leading up from the sea, you will find that the United States has within gunshot of the water about 30,000,000 of people and about \$37,000,000,000 of property. Taking the same calculation for Europe, Asia, and Africa, it will be found that America has more lives and property exposed to naval attack than has all the rest of the world combined. Evidently it is not wise or just to condemn America to the grade of a single third-class power in naval protection-

Mr. HENSLEY. Now, right there—
Mr. HOBSON. Certainly.
Mr. HENSLEY. The gentleman from Alabama beyond doubt is familiar with the negotiations that were carried on between Great Britain and this country which brought about the disarmament of the Great Lakes. Are you not familiar with the fact that the representatives of the British Government in that connection made the same character of argument against the disarmament of the Lakes that you are making here now, and that if it had not been for the persistence of the Jefferson administration, with Mr. Monroe as Secretary of State, and Mr. Adams, who was the representative of this Government at Great Britain, we never would have brought about the disarmament of the Great Lakes, which has thereby saved this

Government hundreds of millions of dollars? Do you not appreciate that fact? Have you gone over and read the arguments made by the representatives of Great Britain in those

Mr. HOBSON. I have looked carefully into this question, Mr. Speaker, and I do not form my opinions from only the smooth words of diplomats who are seeking to put a foeman

at a disadvantage.

I will say to the gentleman that in a question involving Great Britain and Canala we might as well eliminate Great Britain from the equation. Great Britain is not armed along the Canadian frontier, because it would be useless.

Mr. HARDY. Mr. Speaker, will the gentleman yield?

The SPEAKER pro tempore (Mr. Russell). Does the gen-

tleman yield?

Mr. HOBSON. In just a second. It would be useless to arm, and Great Britain will never be a party to a war with America, for the reason that we have Canada as a hostage, and for the further reason that Great Britain has not an available standing army and could not on short order strike a blow of serious consequence to America.

Mr. HARDY. Will the gentleman yield right there? The SPEAKER pro tempore. Does the gentleman yield?

Mr. HOBSON. Just in a second. So that when we come to investigate and discuss the true proper relative position of America in a general question of equilibrium we can eliminate entirely the question of Great Britain. I am glad my colleague

brought that question up.

Mr. HARDY. I would like to ask just one question along that It occurred to me that a man going out to protect himself would not protect himself against somebody that he knew was not going to be hostile to him. Does the gentleman conceive that there is a possibility of England or Germany, the only two nations that have a stronger battleship fleet than we, ever making war upon the United States? And if not, then in falling to the third class, but with more battleships than any of those with whom there is a possibility of war, I believe the gentleman thinks about Japan. Now, if we have no danger of war with Germany and France and England, why is it necessary to build

fleet to compete with them? Mr. HOBSON. The gentleman has utterly misunderstood my statement. I eliminated only Great Britain from the equation. Mr. HARDY. The gentleman, then, thinks we ought to be

equal to Germany?

Mr. HOBSON. If the gentleman will wait a few minutes I will make a statement without appearing to single out any particular nation, that will enable him to realize the conditions that prevail.

Mr. HARDY. I will say further to the gentleman that I do not believe there is a possibility of Germany ever undertaking to attack the United States, and I think we are fully equal to any nation that could possibly do it.

Mr. HOBSON. I am glad the gentleman has the confidence of the Texan blood that flows in his veins.

Mr. HENSLEY. If the gentleman will yield, in that connection I will say that we have never had a serious quarrel with Germany, much less a war.

Mr. HOBSON. Will the gentleman allow me to give my con-

struction of that?

Mr. HENSLEY. Answer that question first.
Mr. HOBSON. I will answer that, and then will ask another

Mr. Speaker, if I remember correctly, it was in 1904 that Germany landed upon the soil of Venezuela and hoisted her flag. Of course it was then known that that act was in violation of the Monroe doctrine. This was undoubtedly realized in Germany, but the growing commerce with South America and the development of German colonies in South America prompted the step. Now, in 1904 Germany hoisted her flag in Venezuela. It was very fortunate that at that time-not from any concerted action on our part, not from any wisdom, but merely from the fact of the popularity of the national defense and the Navy as a result of the Spanish War—that we had a good fleet. We were the second naval power in the world, and our fleet available in the Caribbean, the Gulf of Mexico, and the Atlantic was probably 40 to 45 per cent superior to that of Germany, so that unquestionably if the man behind the gun in America was a good man-and he had demonstrated that he was-then America had undisputed control of the sea, and all Germany's armies could not send one soldier across the sea to Venezuela.

There was nothing for Germany to do, when we requested her to retire, but to retire, and she retired gracefully. But before we gave our request to her to retire we were human enough to assemble our whole fleet at Guantanamo, put it on a war footing, and dispatch Admiral Dewey from the Navy Department to take

command; and when he was there with the whole fleet we very courteously requested Germany to retire, and she retired gracefully. [Applause.]

Now, let us compare that with what happened with France, because the same question might be asked me about France as has been asked of me about Germany. What happened in the early sixties when we became embroiled in our Civil War? The

French invaded Mexico. We protested vehemently.

Our Secretary of State advised war. Our President, with great judgment, remarked, "One war at a time." The French ignored our protest. Maximilian remained in Mexico and proceeded to the conquest. When the war was over, as a result of that war, we had built the greatest fleet in the world. We had undisputed control of the sea, and furthermore the south-ern Confederacy was not dissevered, but was an integral part of the Union, and the way was clear for the armies to march to Mexico, and for the Navy to cut off all reenforcements from Our Government promptly dispatched Gen. Sheridan to the Rio Grande, organized for the invasion, had our fleet mobilized, and then courteously requested the French Govern-ment to retire, and the French Government promptly retired in peace. [Applause.]

Mr. MURRAY of Oklahoma. And Maximilian got his head

cut off.

Mr. HOBSON. Yes: France left him there to his fate, and

you know the rest.

Now, Mr. Speaker, say four years hence, when the proposition of all bands stopping naval construction had been carried out, and all the ships building and authorized had been completed. the obsolete and obsolescent ships put in ordinary, and Germany stood with 26 battleships and the United States with 12, what would be the situation? Germany would be in absolute control of the sea. Some may say that Eugland's strength in Europe would debar Germany taking advantage of this situation. Of course, fortunately for America, there has always been an equilibrium in Europe upon which, as statesmen know, depends the peace of Europe. But there have been various times in history when the great nations of Europe could, under European conditions, exert their power freely at a distance. It is very poor policy for any nation to rest its peace and security and its vital interests upon the equilibrium of other powers. China has done that, to her great discomfort. Turkey has really done it until she has been very nearly partitioned. It is not wise, it is not really patriotic, for Americans to leave their own country's defense hinging upon the balance of power and the equilibrium of Europe. With Germany in absolute control of the sea, a repetition of the Venezuelan incident would be full of grave danger.

Mr. SAUNDERS. Will the gentleman yield?
Mr. HOBSON. I will gladly yield in a moment. Now, I assume that the desire for the expansion of German commerce in South America has not declined since 1904. The immigration into Brazil and into Argentina of German settlers has been increasing in vast numbers, so that there would be the same motive behind Germany now as then to hoist her flag in Venezuela, or somewhere in Brazil, or somewhere in Argentina. With the Panama Canal completed the value of territory in Venezuela and the West Indies, and Central and South America, would be vastly enhanced, and a foothold on this continent would be of vast strategic value to any great military power of Europe. Assuming that for these reasons Germany hoisted her flag somewhere near the Panama Canal, or somewhere in South America, and violated the Monroe doctrine, I submit to the lovers of peace that when America called on Germany to haul down her flag. America should not stand in the relative position of 12 capital ships to 26, with Germany in absolute control of the sea, so that not only could her ships take the aggressive against our coasts, but her troops would be available to land and ours would for a long time be powerless to offer effective resistance. The Panama Canal would fall into their power, Porto Rico and Cuba

Mr. SAUNDERS. What I wanted to ask was this. I gather from what the gentleman says that the United States is to-day decidedly inferior to Germany in naval strength.

Mr. HOBSON. Yes. I have given the gentleman a statement

Mr. SAUNDERS. That being so, if Germany wanted to land in Venezuela to-day we could not hinder her?

Mr. HOBSON. We would make a pretty good showing now, because she has not finished building these ships. Germany is

now building 9 of these 26.

Mr. SAUNDERS. And we are building two. The gentleman is taking our figures of those building, as well as those of Germany? Mr. HOBSON. I am including ours that are building. Ger-

many is building nearly twice as many as we are.

Mr. SAUNDERS. Since there is nothing to hinder Germany should she feel disposed to do it, she could land in Venezuela

Mr. HOBSON. I would hate for America to have the task

of preventing her.

Mr. SAUNDERS. That being so, having reference to the relative building program of the two nations, the program of two battleships a year for us continues our inferiority.

Mr. HOBSON. I think two is entirely inadequate, but it is

not nearly as bad as none.

Mr. SAUNDERS. So if we want to prepare ourselves against Germany, our naval program ought to go much ahead of two battleships a year; that is the logical conclusion from the figures the gentleman has given?

Mr. HOBSON. I would be glad to tell the gentleman what our

duty is in relation to that matter, and I am coming to that

Mr. HAMLIN. Will the gentleman yield for a question? Mr. HOBSON. I will yield to the gentleman.

Mr. HOBSON.

Mr. HAMLIN. I want to ask the gentleman if he is opposed to this resolution, which would provide for the cessation of the building of battleships on the part of all the great nations of the earth, on the ground that Germany has now 26 to our 12? What assurance is there that if we go on and build until we have 26 Germany will not have built 40, and when are you ever going to stop?

Mr. HOBSON. I am glad the gentleman brings that up. That is the interesting point. My friends and colleagues, the race will stop as soon as America enters the race.

Mr. HAMLIN. England and Germany have been competing

a good while.

Mr. HOBSON. And they have pretty nearly the same resources. Their budgets put a heavy drain on those resources, but in America the question of our battleships is not more than the weight of a little finger on the Nation. Now, I will show the gentleman how the evolution will work. As long as the peace nations that produce with their industries and commerce remain with little power upon the sea, then the military nation that has got the force can go over the sea and get the spoils of war. There is a premium upon armaments. But if the nations of peace, the commercial, industrial nations establish an equilibrium on the seas so that the nation with a great armament can not pass over at will, then those armaments work a tremendous handicap, and they would not get the compensation, the spoils of war. We can make armaments unprofitable by establishing an equilibrium on the Atlantic and on the Pacific. so that the competitive forces of commerce and industry of all nations not borne down by armaments will put the military nations in the second and third class and compel their disarma-

Mr. HAMLIN. I can not understand or believe that these nations that already have the advantage the gentleman talks so eloquently about are going to give up that advantage. If we continue to build battleships they will continue to build until they become bankrupt.

For years we have not continued to build. Mr. HOBSON.

Mr. HAMLIN. But we are building now.

Not to amount to anything. You find us pass-Mr. HOBSON. ing down from double the strength of Germany in 1904 to onehalf the strength now.

Mr. HAMLIN. They might have doubled if we had kept on building

Mr. HOBSON. They have gone on building at a furious rate when America has stopped. Whether we build one or none a year, it is not going to help; but if we actually enter on the race we can say to the nations of Europe and Asia, "As we have pledged ourselves never to annex a foot of territory by conquest, so you shall never have a foot of the territory annexed by conquest in the Western Hemisphere." If we make that proposition, acting under the equilibrium I will mention in a moment, America on a parity with any nation of Europe in the Atlantic and with any nation of Asia in the Pacific, then, my friends, practically the two oceans—the oceans of destiny, the and the Pacific-will be under the condition of equilibrium, with the Monroe doctrine in the Atlantic and the opendoor policy in Asia both securely protected. The open-door policy in Asia and the Monroe doctrine in America would put all the nations of the world on a footing of equality of opportunity, and then the military nations, out of joint with modern times, nature having doomed them, would the more readily, almost instantly, agree that there can be found a substitute for war in the adjustment of international affairs. [Applause.]

This substitute will be an international organization for peace analogous to the national organizations within civilized peoples.

And the greatest promotion of the evolution of peace through international organization adequate for peace will be realized by America's performing this great, disinterested service to the world of establishing and maintaining equilibrium in the Atlantic and in the Pacific as against the great military powers of Asia and Europe.

Mr. BARTHOLDT. Mr. Speaker, will the gentleman yield?

Mr. HOBSON. Certainly.
Mr. BARTHOLDT. I have reference to something the gentleman said before. Comparisons are odious, and I think a comparison of the naval strength of the United States and that of Germany is most odious, because while we are celebrating a hundred years of peace with England we can celebrate perpetual peace with Germany. From the beginning of this Gov-ernment Germany has been our friend, and when the gentleman assumes that Germany ever had an intention of hoisting the German flag on South American soil he knows that is a most

unjust assumption to Germany.

Mr. HOBSON. Mr. Speaker, I happened to be at Manila during the concluding days of the War with Spain, and if there ever was anything clearly upon the cards of the nations it was German interference. It would be unnecessary for me to discuss that now. I hope that the gentleman will not infer that I do not believe every word that I have said—that our Government did not believe it when Germany hoisted her flag in Venezuela—and I will tell the gentleman, if he will recall just about that time, that Germany hoisted her flag at Kiaochow, in China, and said that she did it only to revene the murder of a Germany and said that she did it only to revenge the murder of a German missionary, practically with German pledges of going no fur-

Mr. MANN. Mr. Speaker, I hope the gentleman will not say anything that might involve us in a war with Germany.

Mr. BARTHOLDT. The gentleman is aware that Germany was the first European nation to support the open-door policy of Mr. Hay

Mr. HOBSON. Yes; and then went into the open door and

seized Kiaochow.

Mr. MANN. Mr. Speaker, partly for the purpose of diverting the subject, may I ask the gentleman a question? The gentleman a moment ago made a comparison of the fleets of Great Britain, Germany, and the United States, and what he said in reference to it seemed to lead to the proposition that the United States, because it has greater material prosperity or wealth, resources, could outbuild the other two countries.

Mr. HOBSON. I will tell the gentleman just exactly what The moment America announced that she proposes to maintain an equilibrium in the Atlantic Ocean as against the military nations of Europe, and that she proposes to maintain an equilibrium in the Pacific Ocean as against any military nation of Asia, that day that equilibrium will be accepted by all.

Mr. MANN. That is a pure assumption. Let us get at cer-The gentleman assumes that. I do not agree with tain facts.

him as to the facts.

Mr. HOBSON. I assume this, that any one of those military nations of Europe or Asia hearing a nation with our resources, to which I have referred, announce a determination which they knew was deep-seated in the hearts of our people, like the Monroe doctrine, they would readily recognize that we would make it good.

Mr. MANN. I do not want to get away from the proposition that, as I understand the gentleman, it is evident, if the United States enters into competition with these other countries, we can outbuild them, because we have the greater wealth be-

hind us

Mr. HOBSON. That is self-evident, and that is the conten-

Mr. MANN. Assuming that to be true, the gentleman says the other nations will all quit building.

Mr. HOBSON. No; the gentleman is mistaken in that.

Mr. MANN. That is what I understood the gentleman to say, that the moment we announced that we are going to cap the climax the others would quit?

Mr. HOBSON. If the gentleman will permit me, I will tell him what I did mean to say. I may have said what he thought I said, but I meant to say that we ought in the Atlantic and in the Pacific to lay down two simple propositions. I base them on self-preservation, because international law recognizes that, and does not recognize altruism.

Having no army ourselves and since it requires so many years to develop a great and efficient army, a period greater than the duration of modern wars, we could not be aggressive against any nation in the world, even if we had control of the

sea, as the fleet could not be aggressive, could not go ashore. But a great military nation, gaining control of the sea, could strike us with its army before our Army could be prepared. Therefore, having no army of our own, we are entitled to have a fleet on the Atlantic Ocean at least equal to the fleet of any power of Europe that has a great army behind its fleet, and a fleet in the Pacific Ocean at least equal to the fleet of any power of Asia that has a great army behind its fleet. On account of the vast distances we should, in spite of the Panama Canal, have this equilibrium in both oceans at the same time. Applying this to the conditions of to-day, our fleet in the Atlantic should be equal to that of Germany, and our fleet in the Pacific should be equal to that of Japan. In fact, before the world we would be entitled to have a superiority in both oceans. No nation could question our right to announce that we propose to control the seas in the Atlantic and in the Pacific with regard to any single military nation on either of those continents that has a great army that could strike us if we had not that control.

Mr. MANN. Will the gentleman yield further?
Mr. HOBSON. I will.
Mr. MANN. If I understand the position of the gentleman, it is that we ought to have a fleet on the Atlantic Ocean at least equal to the German fleet and that we ought to have a fleet on the Pacific Ocean at least equal to the German fleet-

Mr. HOBSON. The Japanese.
The SPEAKER. The time of the gentleman from Alabama has expired.

Mr. SLAYDEN. Mr. Speaker, I ask that the gentleman be

allowed-how much time?

Mr. HOBSON. Let me go a while, and I will get through as soon as I can.

Mr. SLAYDEN. That his time be extended for half an hour. The SPEAKER. The gentleman from Texas [Mr. SLAYDEN] asks unanimous consent that the gentleman from Alabama [Mr. Hobson] may have his time extended for 30 minutes. Is there objection? [After a pause.] The Chair hears none.

Is not the statement correct?

Mr. HOBSON. That is what I was coming to, and that is

what I believe is the sound policy of this Government.

Mr. MANN. Then I want to get really to this point; if this is the position the gentleman takes, and which he thinks this Government ought to take, is not the necessary corollary of it that Germany will keep on increasing its fleet and that in the end each nation will proceed until one is bankrupt, and that there is no stand between the two; it is competition until bankruptcy. [Applause.]
Mr. HOBSON. I will say to the gentleman this. I will say

to the gentleman that it is competition until America establishes that equilibrium, and then competition ceases, for no nation with heavy armies would think for an instant that the bank-

ruptcy could fall anywhere but on itself.

Mr. SLAYDEN. Mr. Speaker, will the gentleman— Mr. HOBSON. When America announces that proposition that no matter what the size of the navy of any military power

on the Continent of Europe or Asia we propose, having no army, to have a navy of equal size in the Atlantic and of equal size in the Pacific, respectively—that day we are practically left out, for they know there can be no race with America. Then it is that the nations of the earth would not take America into account in their competitions. Then it is, I am persuaded, that we would soon find that the Monroe doctrine would be a reality. That brings me to my second part. When we have that position, the Monroe doctrine would be accepted in the Atlantic and the open-door policy would be accepted in the Ariante and the open-door policy would be accepted in the Pacific by all nations. Then the great competition, not of the sword but of production, would begin, the civilization of the bayonet would fall, undermined in its own stronghold. The very weight of the unprofitable burdens would bring these nations in the shortest time to seek an organization for peace that will take the place of armaments. Equilibrium in the Atlantic and the Pacific through American fleets is, then, the shortest cut to general disarmament

and universal peace. Mr. MANN. Does the gentleman mean early bankruptcy is

necessary? Is that the shortest cut?

Mr. HOBSON. Yes; if the European nations go on as they are now, and as, clearly, Germany intends to go on, irrespective of propositions from Great Britain and others.

And we must outbuild her two to one until she

Mr. HOBSON. I have never suggested that proposition—
Mr. MANN. You say that we should have a fleet on the Atlantic Ocean equal to Germany's, and on the Pacific equal to Germany's fleet.

Mr. HOBSON. On the Pacific equal to Japan's fleet.

Mr. MANN. The gentleman said a fleet in each ocean equal to any fleet that had an armament.

Mr. HOBSON. Equal to the fleet of any military nation on that ocean.

Mr. SLAYDEN. Mr. Speaker, I would like to ask the gentleman whether, if there are two kinds of equilibrium, one of which is so expensive that it means bankruptcy, which he confesses it does, and the other an inexpensive equilibrium, which is suggested by the Hensley resolution, if it would not be in the interests of the people to adopt the inexpensive one? [Applause.

Mr. HOBSON. I will say to the gentleman from Texas that Mr. HOBSON. I will say to the gentieman from Texas that if we could get universal peace by signing a parchment, of course we want it that way, but what we are talking about is how to really get at it. I will develop that in a moment. But here is a point I want to reply to in response to the gentleman from Illinois [Mr. Mann]: When America made the open-door policy effective in the Pacific as the result of her unquestioned right to have a fleet there equal to that of Japan, and made the Monroe doctrine effective on the Atlantic by having there a fleet equal to that of Germany, then with the rights of the weak protected beyond the oceans and equality of opportunity for trade guaranteed to all, the German Government would lose speedily the hope, if it entertains any, of despoiling the British Empire, whether in territory or in commerce, and the German Government and other Governments then, and, in my judgment, not until then, would give serious consideration to the cessation of the armaments.

Mr. SAUNDERS. Now, the gentleman says, suggesting a line of policy, that we could make the Monroe doctrine effective in the Atlantic. May I ask him if it is not effective there

to-day?

Mr. HOBSON. It is not.

Mr. SAUNDERS. Why not? Has it not been effective from the moment it was announced?

Mr. HOBSON. It has not.

Mr. SAUNDERS. When has it been broken into or overridden by any nation across the water?

Mr. HOBSON. I told you it was when Maximilian came into Mexico.

Mr. SAUNDERS. But Maximilian got out. [Applause.]

Mr. HOBSON. Yes; when we got control of the sea. Mr. SAUNDERS. Was it not made effective?

Mr. HOBSON. As the result of having control of the sea-Mr. SAUNDERS. It is effective.

Mr. HOBSON (continuing). And we will make it effective again when we get control of the sea, and not until then.

Mr. SAUNDERS. We will make it effective whenever it is necessary to do so.

Mr. HOBSON. It is necessary now.

Mr. SAUNDERS. What threatens us now, I would like to know?

Mr. BUCHANAN of Ilinois. The nations of the world must secure their men who fight the battles of the nations from the poor people of the country, as the great mass of the people are poor people, and they bear the burden of the expense of war. I think the gentleman will not deny it. Does he take into consideration the fact that the peoples of all countries are becoming better educated, with a higher standard of civilization, and does he not understand that we are getting to that point in civilization that the masses of the people are not going to any longer permit themselves to be used in bearing the burden or the ex-pense of the Government, or to be shot down in battle, in a war that is for the pursose of greed or power or wealth, but only in a war based on grounds of justice?

Mr. HOBSON. I am very glad the gentleman asked me that question, and it brings me to the third part of my discussion,

and then we can gather up the butchered parts when I get a

chance to make my speech.

Mr. HENSLEY. I desire to ask you whether or not this will in any particular affect the status of the different nations of the world if an agreement should be entered into by and between these countries, whether or not in this connection Mr. Churchill's declaration is clearly applicable, which is as follows: That at the end of the year you might have all of these great countries just as safe and just as strong as they will be if they build all the ships they have in mind at the present time, and a vast treasury of many millions or scores of millions would have been arrested for the progress and enlightenment of mankind? Our positions, then, would be unchanged relatively if, by adopting this proposi-

tion, we take a year off.

Mr. HOBSON. I understand the gentleman's contention, and if Germany were willing to accept with England she would accept irrespective of America's suggestion. If she were not

willing to accept the proposition from England, America's suggestion would be of little or no moment. But I agree with the gentleman that America ought not to lose any opportunity to put itself in the light of being the friend of all.

Mr. HENSLEY. Now, one more question in that connection, I would rather the gentleman would not go further before I ask it. The gentleman from Alabama is familiar, beyond doubt, with the negotiations between this country and Great Britain that brought about the disarmament of the Great Lakes, and is he not aware of the fact that it required nearly three years of persistent efforts on the part of this Government to bring about the disarmament of the Great Lakes, and does he not think this is the proper time for this Government to get active and do everything in its power to bring about a thing for which all good citizens should hope? The process is an intricate one.

Mr. HOBSON. If the gentleman will allow me to sum up in one word just about where his resolution stands in fact, I would say, modified slightly, to have America recommend to European nations the cessation of building operations.

Mr. HARDY. Will the gentleman allow me one question right there?

The SPEAKER pro tempore. Does the gentleman yield?

Mr. HOBSON. Yes.
Mr. HARDY. Does not that remind the gentleman of the two boys who were hitting each other on the head, and one was hallooing to his mother to "come and make Bill stop," all the while hitting Bill on the head as hard as he could? [Laughter.]

Mr. BUTLER. Mr. Speaker, will the gentleman yield?

Mr. HOBSON. Certainly.

Mr. BUTLER. The gentleman from Alabama and I have fought many battles side by side in favor of naval armaments. We have, and we have lost a good many.

Mr. BUTLER. We have, and we have been grievously disappointed when we lost them.

Mr. HOBSON. But we have only begun to fight, have we

[Laughter.]

Mr. BUTLER. That will only be determined by circum-I have advocated large armaments for 17 years, in order that we might preserve the peace of the world and help to do it. Now, will not my friend agree with me that if we can do it by resolutions, it is better and cheaper to do it in that way than with cannon?

Mr. HOBSON. Yes; and I will say to the gentleman that right there it brings me to an interesting point. a resolution could not have more than the binding effect of a treaty, a solemn treaty.

Mr. BUTLER. That is true; but is it not a good thing, and

leading in the right direction?

Mr. HOBSON. Certainly it is; and I will tell in a few minutes, if you will permit me, about the value of a resolution, and even the value of a treaty. About the most important treaty that ever was entered into was the treaty of Berlin, in 1878, all of the European powers being party to it; a treaty that was going to protect the integrity of the Ottoman Empire. Now, then, Austria-Hungary proceeded to seize Bosnia and Herzegovina, Austria being a signatory to that treaty, and yet not a single power raised an objection. In fact, Germany and Italy backed her up in doing it. Turkey depended upon the solemn treaty for security.

Take, likewise, the open-door policy. It was solemnly agreed that Manchuria should not be seized, or any part of China; and yet Russia went through Manchuria and came to Port Arthur. When we called upon her to retire, she laughed in our faces and would not even let our consuls go to the ports in Manchuria where the Chinese Government had given them credentials to They had to remain over in Japan. As a matter of fact, if we had had this equilibrium in the Pacific Fleet that I am referring to, Russia would never have gone into Manchuria or Port Arthur; or, if she had, she would have gotten out when we made the request, just as Germany got out of Venezuela, and there would have been no war between Russia and Japan.

Now, that brings me down to my third proposition-the real evolutionary road to peace: There are certain obligations that every living thing owes to its Maker. Self-preservation is the first, and until there is some joint or associate provision made for self-preservation superior to individual means an individual can not, under the laws of nature and of nature's God, give up the individual means. Now, study the evolution of peace. Families used to fight each other up to the time when they found that they were menaced as a whole by stronger families, and then families with blood relationship got together and formed a The families did not disarm when they formed a clan until after the clan armament demonstrated that it could give them better security than the family armaments. The clans

finally stopped fighting each other for various reasons, chiefly because of a common menace. Then they came together and formed a tribe for a better united capacity for self-preservation.

But the clans never gave up their armament until the tribe protection was demonstrated to be better than the clan protection. And at last, when the tribes, for instance in the British Isles, gave up fighting amongst themselves in the face of a common enemy and laid the foundations of a nation, it was not until the nation's power to protect those tribes had been fully dem-

onstrated that the tribes gave up their armaments.

Even to-day in any civilized community there is no government in the world that asks an individual to surrender the right to protect himself. Even the carrying of weapons is not prohibited, but only regulated. Any man may go armed to the teeth, if he wishes; if he will simply not carry weapons concealed, so as to take advantage of somebody else. But men do not go armed. Why? Because the community protection has been found more effective for self-preservation than individual protection. Now, Mr. Speaker, we have reached a new stage in the evolution of humanity, and this stage is coming very much more rapidly than the pages of history would indicate. The earth has recently changed from a cold-blooded creature with slow circulation by osmosis into a warm-blooded creature with a warm, vibrating circulation. It is all bound up together. Now, those are two far different types of creatures, and far different characteristics are found in them. In the warmblooded creatures it is quickly realized that a harm to any part is a harm to the whole, and the world is fast beginning to realize that it is not to the advantage of any to harm any other. Advantage actually comes in cooperation; and the very contest for survival in the new era that is upon us is not the power of might and brute force to destroy, but it is the capacity and the

willingness to cooperate and actually to serve.

A new era is upon the world, and the possibility of disarming is before us. Do not let us make a mistake. Do not let us give disarmament and peace a setback for generations by trying superficial and temporary makeshifts. Let us proceed in the evolutionary method of nature and find the shortest road. Armaments are out of joint, for the reason that it is productiveness that now counts, and just as soon as you can take away the power of armaments to gain anywhere spoils the equivalent of which they could not produce in peace then the complete unprofitableness of armaments will be demonstrated, and then you will have very little difficulty, my friends, in bringing the nations of the earth to join in developing an international organization. The time is really at hand for laying the foundation of the merging of the nations of the earth into a great universal brotherhood. I do not mean all at once, but, to start with, to have this united condition of the world able to guarself-preservation, able to guarantee the rights and the vital interests of individual nations, and then to show the capacity to settle the differences that arise between nations by recourse to justice instead of to might and to war. that is demonstrated, and not until then, can you ask any nation to give up what to it appears to be the necessary provision individually for self-preservation. Without such a condition any concerted disarmament would be but momentary and would retard real progress.

The shortest road toward world organization and then peace can be cut out by America. It is really wonderful how we stand on the apex of the world, to bring in this new era upon the earth. We ourselves in our own tissues represent the coming together of all the other nations that now hate each Even the Jew and the Gentile are reconciling their other.

differences here.

Take the Saxon and the Slav, take the Teuton and the Latin nations, and the rest of Europe with their inherited hatreds of the ages; they are all mingling their blood in America, demonstrating that they do not have to destroy, that practically they can give up their hatreds and get together on a common

basis for the common good.

And bear in mind that we embody in our own institutions the principle of equality of opportunity, of a fair chance for all, and only when that eternal principle is established over the face of the earth can you have the basis for peace.

My friends, America's every move in the councils of the world will project outwardly this principle of our institutions, that of equality of opportunity. And if we will simply do our duty at this juncture to establish in the Atlantic a fleet commensurate with our necessity of self-preservation and our obligations under the Monroe doctrine, an equality of opportunity will prevail in the whole Atlantic Ocean.

If we do the same with the Pacific and the open-door policy will prevail, then, under these two policies, there will be an opportunity for the peace conferences of the world to operate without the demoralization of war. They will not be dis-turbed by the powerful nations across the Pacific pillaging the East, for instance. The great organic forces of commerce and industry, the educational forces, and the moral and religious forces of the world will speedily destroy militarism, and the nations will find that armaments are really unprofitable and not necessary for self-preservation and not available for spoils.

With such a condition prevailing we could with assurance of success call on the nations to give progressively more and more authority to their delegates to the succeeding Hague confer-

Heretofore the delegates to The Hague conference have had practically no authority, and the military nations would not agree to give them even advisory powers. We have the embryo in The Hague conference from which to develop an adequate international parliament. We have in The Hague Tribunal the elements for developing an international judiciary. If there were appointed at a Hague conference an adequate committee, with power to codify what is known as international law in an authoritative way and practically lay down precedents of international obligations, and establish a basis of international common law, then at some future Hague conference, through proper powers delegated by all the nations, actually giving jurisdiction to The Hague Tribunal, we would have an evolutionary process going on for developing an adequate international judiciary. But even that will not be adequate. There never yet has been any permanent basis of peace under any civilized laws, however good those laws, until there was some power behind the law that could make the law good. So that we must ulti-mately fulfill a condition where there will be a council of the nations, an executive council, practically, with supreme power and authority, to which the nations would send their armaments and tend ultimately to pool their armaments, giving that council of the nations greater power than any individual nation, subordinating to that degree the individual sovereignty of the nations, and then when that international organization-legislative, judicial, and executive—demonstrates fully that it can protect individual nations in their rights and vital interests, when it is demonstrated by experience that it can settle the disputes and differences that arise between the nations of the earth by recourse to justice instead of war, then it is that you will have general and universal disarmament.

But even then it will be voluntary. You never yet disarmed a man by law, and you can not disarm the nations of the earth by a resolution or by treaty. If you did, having no organiza-tion for justice, they would soon fall out and begin over the struggle of armaments. Individual nations of the earth will never disarm and can not be asked to disarm until their vital

interests are guaranteed by some common agency.
Mr. BUTLER. Will the gentleman yield?

Mr. HOBSON. Certainly.
Mr. BUTLER. Is it not better to do good than to do bad?
My friend and I know that it is a bad thing to appeal to the brute force as we have been doing when building battleships. am going to vote for more ships, and I do not think voting for this resolution prevents me; but if other nations will agree to put down their armaments I will readily agree.

Mr. HOBSON. The gentleman can well see that Germany

has not agreed.

Mr. BUTLER. That is true, and Germany must agree; all the other nations must agree.

Mr. HOBSON. Japan has not agreed. Mr. BUTLER. But is not this in the right direction; is it not an appeal to them to agree with us, that we will omit the business of building ships of war with which to destroy each other?

Mr. HOBSON. I think if it were extended over 10 years, with America building one battleship a year, it would be a period long enough to put us on an equality, taking account of the obsolescence that would set in. If they would agree to 10 or 20 years under these conditions, then we could start all over again; even then what would be the gain in the long run? As long as human nature continues I do not care whether you agree or not by treaty or resolution, there would be fallings out, like neighbors do, in the most civilized community, and, having no international law and no power to enforce justice, you would not have peace in the world, but a quick recession to the same strifes and struggles as of old.

Next to doing away with law, the poorest way on earth to get peace in any neighborhood is to do away with the power that is there behind the law, and when you go out on the frontier. as the nations of the world are to-day upon the frontier, where there is no law, no police, the poorest way in the world to establish an organization that will work toward peace and establish

law and order would be for the good people, the law-abiding and peaceful citizens to disarm themselves and let the others, the semicivilized and those inclined to disorder, control the destinies of that community. The real, practical road toward peace on any frontier is for the good people to get together and have more power than the bad, and not until then can you restrain the bad and get a chance for your schools and churches to convert the bad and educate them. As sure as the gentleman lives, unless you provide a working means among the nations of the earth to give to each nation that vital protection to which it is entitled under nature and under the obligation of nature's God, until you can supply the machinery that will settle the differences between nations that must arise, by recourse to law, founded on justice, until that time, no matter what you do about armaments, you will not have laid the foundations of peace.

The poorest thing that an advocate of peace can do is to have the one peaceful nation of the world, the one nation that only wants equality of opportunity, the one nation that re-nounces any desire for conquest, the one nation that is the friend of all, the friend of the weak as well as of the strong, the one nation that embodies the elements and truths of the new era—the poorest thing that an advocate of peace can do is to have that nation kept impotent in the world's councils by being without power as compared to the military nations of the world. If you want to promote the real cause of peace. to have it evolve out of human nature, then help us to have our country respected when she proclaims that the Monroe doctrine shall be a reality and the open-door policy a truth. It all means, Mr. Speaker, that an adequate Navy for America, as called for by the Democratic platform of Baltimore, is not only the surest, cheapest, simplest, the only way for peace and security at home, but is the shortest, quickest, effective path leading ultimately to voluntary disarmament in the peace of the world.

### ADJOURNMENT.

Mr. UNDERWOOD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 4 o'clock and 46 minutes p. m.) the House adjourned until to-morrow, Wednesday, December 3, 1913, at 12 o'clock noon.

### EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows

1. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on examination of Muskegon Harbor, Mich., with a view to closing the gap in the south revetment (H. Doc. No. 352); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

2. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, report on examination of Old (Trinity) River, in Chambers County, Tex., with a view to securing increased depth (H. Doc. No. 351); to the Committee on Rivers and Harbors and ordered to be printed.

3. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on examination and survey of Hudson River at Ossining, N. Y. (H. Doc. No. 350); to the Committee on Rivers and Harbors and ordered to be printed, with illustration.

4. A letter from the Secretary of the Interior, transmitting an itemized statement of expenditures made by the department and charged to the appropriation "Repairs of building, Department of the Interior," for the fiscal year ended June 30, 1913 (H. Doc. No. 349); to the Committee on Expenditures in

the Interior Department and ordered to be printed.

5. A letter from the Secretary of the Interior, transmitting an itemized statement of expenditures made by the department and charged to appropriation "Contingent expenses, Department of the Interior," for the fiscal year ended June 30, 1913 (H. Doc. No. 348); to the Committee on Expenditures in the

Interior Department and ordered to be printed.

6. A letter from the Secretary of the Navy, transmitting a list of officers and employees of the Navy Department, who, during the fiscal year ended June 30, 1913, traveled on official business from Washington, D. C., to the points named (H. Doc. No. 347); to the Committee on Expenditures in the Navy Department and ordered to be printed.

7. A letter from the Secretary of the Treasury, transmitting the statement of contingent expenses of the Treasury Department for the fiscal year ended June 30, 1913 (H. Doc. No. 354); to the Committee on Expenditures in the Treasury Department and ordered to be printed.

A letter from the Secretary of the Interior, transmitting, with a letter from the surgeon in chief of the Freedmen's Hos pital, statement of expenditures for salaries, etc., for fiscal year ended June 30, 1913 (H. Doc. No. 346); to the Committee on Expenditures in the Department of the Interior and ordered to be printed.

9. A letter from the Secretary of the Interior, transmitting, with a letter from the surgeon in chief of the Freedmen's Hospital, a detailed statement of the receipts and expenditures on account of pay patients received in the Freedmen's Hospital during the fiscal year ended June 30, 1913 (H. Doc. No. 344); to the Committee on Expenditures in the Department of the Interior and ordered to be printed.

10. A letter from the Secretary of the Interior, transmitting. with a letter from the Superintendent of the Government Hospital for the Insane, a detailed statement of the expenditures of said hospital for the fiscal year ended June 30, 1913 (H. Doc. No. 342); to the Committee on Expenditures in the Department of the Interior and ordered to be printed.

11. A letter from the Secretary of Commerce, transmitting detailed explanations in regard to certain items in the Book of Estimates of Appropriations for 1915 (H. Doc. No. 345); to the Committee on Appropriations and ordered to be printed.

12. A letter from the Secretary of War, transmitting a signed copy of the Twenty-third Annual Report of the Board of Ordnance and Fortifications covering the fiscal year from July

1, 1912, to June 30, 1913 (H. Doc. No. 341); to the Committee on Military Affairs and ordered to be printed.

13. A letter from the Secretary of War, transmitting statements submitted by the Chief of Ordnance, United States Army, of the expenditures and of arms, components of arms, and appendages fabricated, altered, and repaired during the fiscal year ended June 30, 1913, at the Springfield Armory, Springfield, Mass., and at the Rock Island Arsenal, Rock Island, Ill. (H. Doc. No. 340); to the Committee on Military Affairs and ordered to be printed.

14. A letter from the Secretary of the Treasury, transmitting an abstract of the official emoluments of officers of the customs service received by them during the fiscal year ended June 30, 1913 (H. Doc. No. 426); to the Committee on Expenditures in the Treasury Department and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. PADGETT, from the Committee on Naval Affairs, to which was referred the bill (H. R. 8667) to promote the efficiency of the Naval Militia, reported the same with amendment, accompanied by a report (No. 94), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. HAY, from the Committee on Military Affairs, to which was referred the bill (H. R. 7138) to provide for raising the volunteer forces of the United States in time of actual or threatened war, reported the same with amendment, accompanied by a report (No. 95), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. WATSON, from the Committee on Labor, to which was referred the bill (H. R. 1933) to limit the effect of the regulation of interstate commerce between the States in goods, wares, and merchandise wholly or in part manufactured, mined, or produced by convict labor or in any prison or reformatory, reported the same without amendment, accompanied by a report (No. 93), which said bill and report were referred to the House Calendar

Mr. LEWIS of Maryland, from the Committee on Labor, to which was referred the bill (H. R. 29) to regulate the hours of employment and safeguard the health of females employed in the District of Columbia, reported the same without amendment, accompanied by a report (No. 96), which said bill and report were referred to the House Calendar.

### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials

were introduced and severally referred as follows:
By Mr. LLOYD: A bill (H. R. 9574) to authorize the Missouri, Kansas & Texas Railway Co. to construct a bridge across the Mississippi River near the city of Hannibal, in the State of

Missouri; to the Committee on Interstate and Foreign Commerce.

By Mr. MONTAGUE: A bill (H. R. 9660) providing for the appointment of a board of survey for the purpose of selecting a suitable site for a naval armor plant at or near Richmond, Va., and submitting an estimate of the cost thereof; to the Committee on Naval Affairs.

By Mr. TRIBBLE: A bill (H. R. 9661) to repeal section 9 of an act entitled "An act to reorganize and increase the efficiency of the personnel of the Navy and Marine Corps of the United States," approved March 3, 1899; to the Committee on Naval approved March 3, 1899; to the Committee on Naval

By Mr. HOWELL: A bill (H. R. 9662) to establish a mining experiment station at Salt Lake City, in the State of Utah; to the Committee on Mines and Mining.

By Mr. PALMER: A bill (H. R. 9663) providing for the survey of the Delaware River from Trenton, N. J., to Easton, and Phillipsburg, N. J.; to the Committee on Rivers and Har-

By Mr. McKELLAR: A bill (H. R. 9684) regulating trials by

Jury; to the Committee on the Judiciary.

Also, a bill (H. R. 9665) to construct a road from the na-

tional cemetery in Shelby County, Tenn., to the eastern boundary line of the city of Memphis, Tenn.; to the Committee on Military Affairs.

Also, a bill (H. R. 9666) to authorize a survey of Hatchie River, in Tennessee; to the Committee on Rivers and Harbors.

By Mr. CARY: A bill (H. R. 9667) taxing area, vault, or cistern space in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. McKELLAR: A bill (H. R. 9668) to authorize a survey of the Memphis (Tenn.) Harbor; to the Committee on Riv-

By Mr. LIEB: A bill (H. R. 9669) for the erection of a Federal building at Mount Vernon, Ind.; to the Committee on Public Buildings and Grounds.

By Mr. HEFLIN: A bill (H. R. 9670) for the establishment of a fish-cultural station for the propagation of fish at or near Prattville, Ala.; to the Committee on the Merchant Marine and Fisheries.

Also, a bill (H. R. 9671) to appropriate \$25,000 to erect a suitable monument on the battle grounds at the Horse Shoe, on the Tallapoosa River, in the State of Alabama; to the Committee on the Library.

Also, a bill (H. R. 9672) for the disposition of the proceeds of the illegal cotton taxes collected in 1862, 1864, and 1866; to the Committee on War Claims.

Also, a bill (H. R. 9673) providing that agents be sent into the South American Republics and into China and Japan for the purpose of inquiring into our trade relations with those countries and urging the use of American cotton goods; to the Committee on Interstate and Foreign Commerce

Also, a bill (H. R. 9674) prohibiting labor on buildings, etc., in the District of Columbia on the Sabbath day; to the Com-

mittee on the District of Columbia.

Also, a bill (H. R. 9675) providing that the street car companies of the District of Columbia shall provide separate street cars or separate compartments for white and negro passengers; to the Committee on the District of Columbia.

Also, a bill (H. R. 9676) to prevent gambling in cotton futures; to the Committee on the Judiciary.

Also, a bill (H. R. 9677) to authorize and require the Solicitor of the Treasury to convey by quitclaim deed all the right, title, and interest that the United States have in certain lands in Clay County, Ala., to Osceola Evans; to the Committee on the Judiciary.

Also, a bill (H. R. 9678) to regulate the shipment of cotton in bales between the States and Territories and foreign countries, and requiring the marking of the tare on each bale, and prescribing penalties for deducting excess of weight as tare; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 9679) to secure fair jury trials in criminal cases in the United States district and circuit courts; to

the Committee on the Judiciary.

Also, a bill (H. R. 9680) to provide for the pensioning of descendants of certain soldiers; to the Committee on Pensions.

Also, a bill (H. R. 9681) to require the delivery of cotton sold on contracts and to require a public record to be kept of all sales of cotton on the exchange, together with the grade and the amount of cotton actually delivered and the amount and grade of cotton on hand at the exchange from time to time; to the Committee on Agriculture.

Also, a bill (H. R. 9682) to require agents, brokers, and members of cotton exchanges and other persons in reporting or

publishing notices of interstate or foreign sales of cotton to state specifically whether the sale is that of cotton futures or of actual cotton; to the Committee on Agriculture.

By Mr. FERRIS: A bill (H. R. 9683) to make June 17 in each year a public holiday, to be called "National Roads Day";

to the Committee on the Judiciary.

By Mr. STEENERSON: A bill (H. R. 9684) to authorize the acquisition of a site and the erection of a Federal building at Thief River Falls, Minn.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 9685) to authorize the acquisition of a site and the erection of a Federal building at Detroit, Minn.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 9686) to authorize the acquisition of a site and the erection of a Federal building at Breckenridge, Minn.;

to the Committee on Public Buildings and Grounds.

By Mr. GRIFFIN: A bill (H. R. 9687) changing the designation, fixing the status of and granting an increase in pay to certain clerks employed with the Army at headquarters of departments, divisions, brigades, districts, Army service schools, and posts commanded by general officers, and heretofore known as "headquarters clerks"; to the Committee on Military Affairs.

By Mr. SCULLY: A bill (H. R. 9688) making provision for the construction of a canal across the State of New Jersey to connect the Delaware River with New York Harbor; to the Com-

mittee on Rivers and Harbors.

By Mr. PORTER: A bill (H. R. 9689) incorporating the Veterans of Foreign Wars of the United States; to the Committee on the Judiciary.

By Mr. OLDFIELD: A bill (H. R. 9690) appropriating the sum of \$25,000 for improvement of navigation at Jacksonport, Ark.; to the Committee on Rivers and Harbors.

By Mr. HEFLIN: Joint resolution (H. J. Res. 154) to provide for the printing of 250,000 copies of the special report on

the diseases of horses; to the Committee on Printing.

By Mr. STEPHENS of Texas: Joint resolution (H. J. Res. 155) extending time for completion of classification and appraisement of surface of segregated coal and asphalt lands of the Choctaw and Chickasaw Nations and of the improvements thereon, and making appropriation therefor; to the Committee on Indian Affairs.

By Mr. HEFLIN: Joint resolution (H. J. Res. 156) to require separate reports on cotton ginned and linters from the

seed; to the Committee on the Census.

ment; to the Committee on Rules.

By Mr. GARDNER: Resolution (H. Res. 324) directing the Secretary of the Department of Labor to furnish the House of Representatives certain statistical information relative to aliens arriving in the United States during the month of October, 1913; to the Committee on Immigration and Naturalization.

By Mr. GOODWIN of Arkansas; Resolution (H. Res. 325) providing for the appointment of a commission of five qualified citizens to inaugurate improvements in the methods of transacting the public business in the departments of the Govern-

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions

were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 9691) granting an increase of pension to Thomas Jones; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9692) granting an increase of pension to Otho E. Gepler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9693) granting an increase of pension to William C. George; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9694) granting an increase of pension to Nathan Hirshberg; to the Committee on Pensions.

Also, a bill (H. R. 9695) granting an increase of pension to

John B. Stults; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9696) granting an increase of pension to

Thomas Klugh; to the Committee on Invalid Pensions.

By Mr. ANTHONY: A bill (H. R. 9697) granting an increase of pension to Mary E. Taylor; to the Committee on Invalid Pensions.

By Mr. ASHBROOK: A bill (H. R. 9698) for the relief of Farley Connerty; to the Committee on Claims.

By Mr. BARTHOLDT: A bill (H. R. 9699) granting a pen-

sion to Henry Ostman; to the Committee on Pensions.

Also, a bill (H. R. 9700) granting a pension to Andrew J. Briggs; to the Committee on Pensions.

By Mr. BRUCKNER; A bill (H. R. 9701) for the relief of F. W. Theodore Schroeter; to the Committee on Claims.

Also, a bill (H. R. 9702) granting an increase of pension to Fredericka Kremser; to the Committee on Invalid Pensions.

By Mr. BURKE of Wisconsin: A bill (H. R. 9703) for the relief of Thomas S. Johnson; to the Committee on War Claims. Also, a bill (H. R. 9704) granting a pension to Emile J. Fye;

to the Committee on Invalid Pensions.

By Mr. BYRNS of Tennessee: A bill (H. R. 9705) for the relief of the estate of T. Y. Dixon; to the Committee on War Claims.

Also, a bill (H. R. 9706) for the relief of the heirs of William

Allen; to the Committee on War Claims.

By Mr. CAMPBELL: A bill (H. R. 9707) granting a pension to Margaret A. Land; to the Committee on Invalid Pensions.
Also, a bill (H. R. 9708) to correct the military record of
James Anderson; to the Committee on Military Affairs.

By Mr. DONOHOE: A bill (H. R. 9709) granting an increase of pension to Bridget A. McCann; to the Committee on Invalid

Pensions.

By Mr. FESS: A bill (H. R. 9710) granting an increase of pension to William H. Warner; to the Committee on Invalid Pensions

By Mr. HAMMOND: A bill (H. R. 9711) granting an increase of pension to James W. Alton; to the Committee on Invalid Pensions.

By Mr. HENSLEY: A bill (H. R. 9712) granting an increase of pension to Mary A. Stitzel; to the Committee on Invalid Pen-

By Mr. KEY of Ohio: A bill (H. R. 9713) granting an increase of pension to Thomas W. Davis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9714) granting an increase of pension to James M. Kelsey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9715) granting an increase of pension to

John Finkle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9716) granting an increase of pension to

Israel Walterhouse; to the Committee on Invalid Pensions.
Also, a bill (H. R. 9717) granting an increase of pension to Philander Jones; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9718) granting an increase of pension to Robert A. Powelson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9719) granting an increase of pension to George F. Woods; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9720) granting an increase of pension to

Cephas P. Taylor; to the Committee on Invalid Pensions.

By Mr. KONOP: A bill (H. R. 9721) granting an increase of pension to George S. Sheldon; to the Committee on Invalid ensions.

By Mr. LEWIS of Maryland: A bill (H. R. 9722) granting an increase of pension to Benjamin F. Kreps; to the Committee on Invalid Pensions.

By Mr. McKELLAR: A bill (H. R. 9723) granting an increase of pension to Robert G. Knox; to the Committee on

Also, a bill (H. R. 9724) granting an increase of pension to John A. Scranton; to the Committee on Invalid Pensions

Also, a bill (H. R. 9725) for the relief of Capt. John Briggs; to the Committee on Claims.

Also, a bill (H. R. 9726) for the relief of E. B. McHenry, receiver of the Bank of West Tennessee; to the Committee on War Claims

Also, a bill (H. R. 9727) for the relief of Thomas J. Hunt, surviving partner of Mosby & Hunt; to the Committee on War Claims.

Also, a bill (H. R. 9728) for the relief of the heirs of Earl Pate; to the Committee on Claims.

Also, a bill (H. R. 9729) for the relief of heirs or estate of John Rabb, deceased; to the Committee on War Claims

Also, a bill (H. R. 9730) for the relief of the estate of Samuel Mosby, deceased; to the Committee on War Claims.

Also, a bill (H. R. 9731) for the relief of heirs or estate of Thomas G. Neal, deceased; to the Committee on War Claims,

Also, a bill (H. R. 9732) for the relief of the legal representatives of Jesse A. Brown, deceased; to the Committee on War Claims.

By Mr. MONTAGUE: A bill (H. R. 9733) for the relief of J. N. Whitaker; to the Committee on Claims

By Mr. MOSS of West Virginia: A bill (H. R. 9734) for the relief of Victoria Coffman; to the Committee on Claims. By Mr. RAUCH: A bill (H. R. 9735) granting a pension to

James F. Duke; to the Committee on Pensions.

Also, a bill (H. R. 9736) granting a pension to Williamson Swift Wright; to the Committee on Pensions.

Also, a bill (H. R. 9737) granting an increase of pension to John R. Kingman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9738) granting an increase of pension to Perl Holman; to the Committee on Pensions.

Also, a bill (H. R. 9739) granting an increase of pension to Edward S. Boylan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9740) granting an increase of pension to John D. Sims; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9741) granting an increase of pension to

John H. Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9742) granting an increase of pension to

Also, a bill (H. R. 9742) granting an increase of pensions.

By Mr. RUSSELL: A bill (H. R. 9743) for the relief of
Samuel Gentry; to the Committee on Military Affairs.

Also, a bill (H. R. 9744) granting an increase of pension to

James R. Power; to the Committee on Invalid Pensions. Also, a bill (H. R. 9745) granting an increase of pension to

Philip Johnson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9746) granting an increase of pension to John M. Dodd, sr.; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9747) granting an increase of pension to

John R. Rogers; to the Committee on Invalid Pensions. By Mr. SMITH of Minnesota: A bill (H. R. 9748) granting an increase of pension to George W. Chilson; to the Committee

on Invalid Pensions.

Also, a bill (H. R. 9749) granting a pension to Edward Baker; to the Committee on Invalid Pensions,

By Mr. STEPHENS of California: A bill (H. R. 9750) for the relief of A. E. Wagstaff; to the Committee on Military Affairs.

Also, a bill (H. R. 9751) granting an increase of pension to Albert McMaster; to the Committee on Invalid Pensions.

By Mr. TRIBBLE: A bill (H. R. 9752) for the relief of the heirs at law of J. R. Welch; to the Committee on War Claims. Also, a bill (H. R. 9753) making an appropriation to pay the legal representatives of the estate of John H. Christy, deceased, to wit: E. J. Christy, Mary L. Christy, Sallie A. Christy, W. S. Christy, T. J. Christy, and Julia H. Bryson, and the estates of J. R. Christy, W. D. Christy, and H. P. Christy, heirs at law of John H. Christy, late of the State of Georgia, in full for any claim for salary and allowance made by reason of the election claim for salary and allowance made by reason of the election of the said John H. Christy to the Thirty-ninth Congress and his services therein; to the Committee on Claims.

By Mr. WOODRUFF: A bill (H. R. 9754) to remove the charge of desertion against Orison Kingman; to the Committee

on Military Affairs.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Memorial of the directors of the Merchants' Association of Honolulu, favoring passage of a bill amending the present franchise held by the Honolulu Rapid Transit & Land Co.; to the Committee on the Territories.

Also (by request), petition of the First Methodist Episcopal Church of Louisiana, Mo., favoring the passing of an amendment to the Constitution of the United States prohibiting the manufacture, sale, etc., of alcoholic liquors; to the Committee on Alcoholic Liquor Traffic.

By Mr. ANDERSON: Petition of Rev. James B. Lyle and congregation of Presbyterian Church of Albert Lea, Minn.; to the Committee on the District of Columbia.

By Mr. ASHBROOK: Papers to accompany bill (H. R. 9307) for the relief of Jacob M. Chaney; to the Committee on Pen-

By Mr. BYRNS of Tennessee: Papers accompanying bill for the relief of the heirs of William Allen; to the Committee on War Claims.

By Mr. CURRY: Petition of the Woman's Council of the city of Stockton and San Joaquin County, Cal., protesting against the granting of the Hetch Hetchy water and power supply to San Francisco, Cal., by Congress; to the Committee on the Public Lands.

By Mr. DALE: Petition of the McAllister Steamboat Co., of New York, N. Y., protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

By Mr. DONOHOE: Petition of citizens of Philadelphia, Pa. favoring passage of pension bills for reward of the United States Military Telegraph Corps services in the Civil War; to the Committee on Pensions.

By Mr. HINDS: Memorial of the Gorham Dames of Portland, Me., favoring legislation for the preservation of singing and plumage birds; to the Committee on Ways and Means.

By Mr. HOWELL: Petition of citizens of Hyrum, Richmond, and Garland, State of Utah, favoring legislation taxing mailorder houses; to the Committee on Ways and Means.

Also, petition of the Commercial Club of Salt Lake City, Utah, favoring appropriation for the United States assay office

in Utah; to the Committee on Appropriations.

By Mr. KAHN: Petition of Mrs. Isabella Hughes, Jennie B. Cable, and Gilmartin, San Francisco, Cal.; also the San Francisco (Cal.) Fire Department Mutual Aid and Widow and Orphans' Association (Inc.), all favoring the passage of legislation to grant to the city of San Francisco the right to use the waters of the Hetch Hetchy Valley and the Tuolumne River; to the Committee on the Public Lands.

By Mr. KIESS of Pennsylvania: Evidence in support of bill (H. R. 4918) for the relief of Daniel Robb; to the Committee on

Invalid Pensions.

Also, evidence in support of bill (H. R. 2385) for the relief

of Jacob B. Sheid; to the Committee on Invalid Pensions. By Mr. KONOP: Memorial of citizens of Kewaunee, Wis., protesting against the passage of the seamen's bill (S. 136); to the Committee on the Merchant Marine and Fisheries.

By Mr. LLOYD: Petition of the pastor and clerk of the Presbyterian Church of St. Louis, Mo., favoring the passage of joint resolution No. 145, prohibiting the manufacture, etc., of alcoholic liquors in the bounds of the United States; to the Com-

mittee on the Judiciary.

By Mr. LONERGAN: Petitions of the Central Labor Union of Meriden and of the Waiters' and Cooks' Union of Hartford, Conn., favoring passage of House bill 1873 and Senate bill 927;

to the Committee on the Judiciary.

By Mr. SCULLY: Petition of property owners and residents of the third congressional district, the Board of Trade of the Borough of Sea Bright, the Board of Trade of Atlantic Highlands, and the residents and property owners of Atlantic Highlands, all in the State of New Jersey, protesting against the passage of Senate bill 136, known as the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. SMITH of Texas: Petition of sundry citizens of El Paso, Tex., favoring passage of bills to grant pensions to the United States Military Telegraph Corps for services rendered in the Civil War; to the Committee on Pensions.

By Mr. SUTHERLAND: Papers to accompany bill (H. R. 9515) for the relief of John P. Fox; to the Committee on War

Also, paper to accompany bill (H. R. 9055) granting an increase of pension to William E. Long; to the Committee on Invalid Pensions.

By Mr. STEPHENS of California: Petition of Stephen Jackson Post, No. 191, Santa Monica, Cal., favoring the passage of legislation requiring the Pension Office to issue monthly certificates to the comrades instead of quarterly; to the Committee on Invalid Pensions.

Also, petition of the Redondo Beach (Cal.) Chamber of Commerce, favoring the passage of legislation for the building of four new battleships and necessary auxiliary boats; to the Com-

mittee on Naval Affairs.

By Mr. UNDERHILL: Petition of the Manufacturers' Association of New York, favoring certain modifications to the Federal reserve act; to the Committee on Banking and Currency.

Also, memorial of the board of directors of the Second National Bank, favoring certain changes in the currency reform bill; to the Committee on Banking and Currency.

Also, memorial of the National Farmers' Educational and

Cooperative Union of America, favoring legislation preventing gambling in cotton futures; to the Committee on the Judiciary.

Also, memorial of the Philadelphia Board of Trade, Chamber of Commerce, Commercial Exchange, and Philadelphia Bourse, protesting against certain provisions in the Owen-Glass banking and currency bill; to the Committee on Banking and Currency.

Also, memorial of the Board of Trade of Tampa, Fla., favoring passage of a bill to establish a drainage fund for protection against floods; to the Committee on Rivers and Harbors.

Also, memorial of mass meeting of People's Institute, favoring widening the limits of the parcel post to reduce the high cost of living; to the Committee on the Post Office and Post

Also, petition of the Buffalo Chamber of Commerce, favoring the passage of the Ransdell-Humphreys bill for the prevention of floods in the Mississippi Delta; to the Committee on Rivers and Harbors.

Also, memorial of the various business associations of north-eastern section of Philadelphia, favoring passage of bill for appropriations for Frankford Arsenal improvements; to the Committee on Appropriations.

## SENATE.

# Wednesday, December 3, 1913.

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D. The Journal of yesterday's proceedings was read and approved.

REPORT OF THE ISTHMIAN CANAL COMMISSION (H. DOC. NO. 426).

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was rend and referred to the Committee on Interoceanic Canals and ordered to be printed:

To the Senate and House of Representatives:

Pursuant to the requirements of chapter 1302 (32 Stats., p. 483), "An act to provide for the construction of a canal connecting the waters of the Atlantic and Pacific Oceans," approved June 28, 1902, I transmit herewith the annual report of the Isthmian Canal Commission for the fiscal year ended June 30, 1913,

WOODROW WILSON.

THE WHITE HOUSE, December 2, 1913.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the bill (S. 2318) authorizing the appointment of envoys extraordinary and ministers plenipotentiary to each Paraguay and Uruguay.

MARITIME CANAL CO. OF NICARAGUA (H. DOC. NO. 362).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, the report of the Maritime Canal Co. of Nicaragua, submitted December 1, 1913, which, with the accompanying paper, was referred to the Committee on Interoceanic Canals and ordered to be printed.

SPRINGFIELD ARMORY AND ROCK ISLAND ARSENAL (H. DOC. NO. 340).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of War, transmitting, pursuant to law, a statement submitted by the Chief of Ordnance, United States Army, of the expenditures for arms, components of arms, appendages fabricated, altered, and repaired during the fiscal year ended June 30, 1913, at the Springfield Armory, Springfield, Mass., and at the Rock Island Arsenal, Rock Island, Ill., which, with the accompanying paper, was referred to the Committee on Military Affairs and ordered to be printed.

REPORT ON ORDNANCE AND FORTIFICATIONS (H. DOC. NO. 341).

The VICE PRESIDENT laid before the Senate the twentythird annual report of the Board of Ordnance and Fortifications for the fiscal year ended June 30, 1913, which was referred to the Committee on Military Affairs and ordered to be printed.

TRAVEL OF EMPLOYEES OF INTERSTATE COMMERCE COMMISSION.

The VICE PRESIDENT laid before the Senate a communication from the Interstate Commerce Commission, transmitting, pursuant to law, a statement'showing the travel of officials and employees of the commission on official business from Washington to points outside the District of Columbia during the fiscal year ended June 30, 1913 (H. Doc. No. 369), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

He also laid before the Senate a communication from the Interstate Commerce Commission, transmitting, pursuant to law, a statement of expenses incurred by officers and employees in connection with meetings or conventions under written authority of the Secretary of the Interstate Commerce Commission (H. Doc. No. 363), which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be

printed.

BUZZARDS BAY BUOY, MASSACHUSETTS (S. DOC. NO. 254).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of Commerce, transmitting, in response to a resolution of the 25th ultimo, certain information relative to the placing of buoys and the marking of that part of the public navigable waters of the United States in Buzzards Bay, Mass., etc., which, with the accompanying paper, was referred to the Committee on Commerce and ordered to be printed.

T. L. LOVE V. UNITED STATES (S. DOC. NO. 255).

The VICE PRESIDENT laid before the Senate a communication from the Chief Justice of the Court of Claims, requesting that the findings and opinion of the court in the case of T. L. Love, surviving partner of Robert Love & Son, v. United States

be returned to the court for further examination, which was referred to the Committee on Claims and ordered to be printed.

BRIG "LITTLE JOHN BUTLER" (S. DOC. NO. 256).

The VICE PRESIDENT laid before the Senate a communication from the chief justice of the Court of Claims, requesting that the findings of the court in the French spoliation case of the brig Little John Butler, Smith, master, be returned to the court for further examination, which was referred to the Committee on Claims and ordered to be printed.

#### SAN FRANCISCO WATER SUPPLY,

Mr. GALLINGER. Mr. President, I find in my mail numerous letters and telegrams in the nature of memorials relating to the Hetch Hetchy bill, which is now under consideration. not ask to burden the RECORD with these letters and telegrams, but I will ask unanimous consent to have one of the telegrams read.

There being no objection, the telegram was read and ordered to lie on the table, as follows:

BOSTON, MASS., December 2, 1913.

Hon. JACOB H. GALLINGER, Senate Chamber, Washington, D. C.:

Senate Chamber, Washington, D. C.:

I respectfully urge the importance of voting against Hetch Hetchy bill, and thus helping to prevent an irreparable injustice from being committed against the American Nation. This is not a plea put forth by mere sentimentalists or enthusiasts, but the best intelligence and forethought of the entire country are against the proposed scheme. Other practicable sources of supply are available for San Francisco. Hetch Hetchy Valley, which would be ruined by reservoir scheme, is the essential key to northern half of Yosemite National Park. It can be made readily accessible. This is not a passing question of to-day, but for all time. I respectfully and earnestly urge you to oppose such a dangerous precedent as giving away without real necessity an essential part of a precious national possession.

G. F. Schwarz,

G. F. Schwarz, Hampton Court, Brookline, Mass.

Mr. PERKINS. Mr. President, I have had sent to me by mail from San Francisco petitions signed by 20,000 representative citizens of that city, praying for the passage of the bill giving San Francisco the right to use the waters of the Hetch Hetchy reservoir site. I ask that one of the petitions may be

read and that they may all lie on the table.

The VICE PRESIDENT. Without objection, one of the petitions will be read, omitting the names.

The Secretary read as follows:

YOUR DUTY IS TO LET SAN FRANCISCO HAVE THE WATER SUPPLY IT NEEDS POR ITS FUTURE PRESERVATION.

To the Senate of the United States:

We, the undersigned citizens of California, ask your favorable action on the bill giving San Francisco the right to use the water of the Hetch Hetchy reservoir site.

The Tuolumne River in the Hetch Hetchy Valley furnishes the only available water supply not under private ownership. San Francisco owns three-fourths of the land in that valley in fee simple and it only requires your favorable action on this bill to let us utilize our ownership of that land so that it will procure for us a water supply without which the future of San Francisco is endangered.

San Francisco's need of this water supply is urgent and imperative. Without it the city is throttled; its health menaced; its development blocked.

The Government of the United States has completed the Panama

The Government of the United States has completed the Panama Canal. One of the principal benefits looked for from this magnificent enterprise was the development of the western edge of the United States, of which San Francisco is the metropolis. No benefit can accrue to San Francisco through the Panama Canal if there is withheld from it a water supply capable of sustaining the health and life of the com-

it a water supply capable of sustaining the health and life of the community.

Senators of the United States, San Francisco asks you for simple justice; for fair play. You have already granted to Seattle, to Portland, and to Los Angeles the use of Federal reserves which gave those cities the water supplies they needed.

The need of no city ever has been so great as the need of San Francisco in this emergency.

We ask your favorable vote on this bill, which will give San Francisco the only available water supply adequate to supply its present and future needs.

The VICE PRESIDENT. The petitions will lie on the table.

Mr. PERKINS. I present a petition of citizens of Alameda County, Cal., praying for the passage of the pending Hetch Hetchy bill. It is signed by several hundred citizens. I ask that it may be read.

There being no objection, the petition was read and ordered to lie on the table, as follows:

PETITION TO THE SENATE OF THE UNITED STATES.

PETITION TO THE SENATE OF THE UNITED STATES.

The undersigned citizens of Alameda County carnestly ask that you act favorably on the bill giving San Francisco the right to use the Hetch Hetchy Reservoir site.

We ask this for several reasons.

San Francisco, through the Spring Valley Water Co., is now taking from this county its water supply, doing our county great damage, and if the Spring Valley Co. is allowed to perfect present plans will destroy the future prosperity of both Washington and Pleasanton Townships, one of the most fertile sections in California.

The People's Water Co., supplying the city of Oakland, is also drawing its principal water supply from Washington Township, adding to the damage already done and now being done by the Spring Valley

Co. Our underground water levels are now the lowest in their history, having gone down steadily with the increasing demands made upon them by the two big companies.

Millions of dollars worth of property in this county are threatened with destruction if the bay cities are permitted to continue their demands upon our water supply.

This county needs all the water its watersheds afford right now. It will need much more in the immediate future. The Hetch Hetchy supply is necessary to save our county from further destruction. It is our only hope. only hope.

Mr. WORKS. I submit a telegram from John E. Williams, secretary of the water users' association, which I ask may be read.

There being no objection, the telegram was read and ordered to lie on the table, as follows:

CERES, CAL., December 2, 1913.

CERES, CAL., December 2, 1913.

Senator Works,
Care W. C. Lehane, Congress Hall Hotel,
Washington, D. C.:

Mass meeting held December 1. Unanimous opposition to attitude and acts of board of directors in supporting in any way the Raker bill. Unanimous in condemning the attitude of the board refusing to appropriate \$2,500 asked by the people of Turlock district to fight Raker bill. Unanimous in condemning adoption by board of resolution of appropriate to the Raker bill. Contrary to the belief and wishes of a great majority of water users and taxpayers. Committee appointed to compel appropriation of money. Probable demand for resignation of directors or recall proceedings.

JOHN E. WILLIAMS,

JOHN E. WILLIAMS, Secretary of Water Users' Association.

Mr. WORKS. I also submit a telegram from T. C. Hocking, of the Modesto Morning Herald, on the same subject, which I ask may be printed in the RECORD without reading.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

Modesto, Cal., December 2, 1913.

Modesto, Cal., December 2, 1918.

Senator Works.

Washington, D. C.:

October 6 I signed with others telegram published in Congressional Record October 7, page 6072. Modesto Morning Herald, of which am owner and editor, is by far largest circulated paper Stanislaus County, embracing Modesto-Turlock irrigation districts. Line up in Congress and Cabinet at that time seemed to leave us no hope beyond Raker bill compromise, although I have ever contended no water should be taken from this semiarid valley when can be obtained (and at less cost) from nonarid sources. Since October 6 San Francisco Chronicle and other influences there, assuming victory for Raker bill, have repeatedly declared bill of no effect save for grant to San Francisco, and that promptly on passage action be brought to set aside all but grant.

Further, now find full 95 per cent water users opposed to bill. If bill passed, limits our resources and leaves to perpetual aridity 200,000 acres additional. We have added 20,000 prosperous people because of irrigation to Modesto-Turlock districts in less than 10 years, and have room in same districts 20,000 more. Bill should be killed. San Francisco can get three times present supply from Spring Valley sources and more water at less cost from nonarid sources than from Hetch Hetchy power. Opportunities and rich pickings therefrom for politicians through leasehold privileges represent milk in coconut.

T. C. Hocking, Modesto Morning Herald.

Mr. WORKS. I also submit a memorial of water users within two of the irrigation districts—the Modesto and Turlock districts—opposing the passage of the Hetch Hetchy bill. I ask that the memorial may be read, omitting the names.

There being no objection, the memorial was read and ordered to lie on the table, as follows:

To the honorable Senators of the United States, Washington, D. C .:

The present serious needs of our districts and the agricultural development of our great valley absolutely require the preservation of our entire watershed.

The undersigned water users of the Modesto irrigation district hereby petition and ask you not to pass any bill granting to San Francisco or any other party the right to divert any of the waters of the Tuolumne River from the San Joaquin Valley.

San Francisco has no necessity which can not be met from other sources. We appeal to you to protect our homes and farms from this injustice.

Data supporting our position will be placed in the hands of each Senator in due time.

NOVEMBER 17, 1913.

Mr. WORKS. The memorials which I now present remonstrating against the passage of the bill are signed by 1,865 of the water users within the Turlock irrigation district and over 900 of the water users within the Modesto irrigation district. I ask that the memorials lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered. Mr. WORKS. I present a number of memorials opposing the passage of the Hetch Hetchy bill. I ask that they may be received and laid on the table.

The VICE PRESIDENT. That action will be taken.

Mr. WORKS. In this connection I also submit with the memorials the certificates of various persons who procured the signatures showing that they are the original and authentic signatures of the water users within the districts. I ask that the certificates lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. THOMAS. I desire to offer in this connection a letter from the president and secretary of the Widows and Orphans' Mutual Aid Associations of the San Francisco Fire Department (Inc.), and I ask that it be read.

There being no objection, the letter was read and ordered to lie on the table, as follows:

WIDOWS AND ORPHANS' MUTUAL AID ASSOCIATIONS OF THE SAN FRANCISCO FIRE DEPARTMENT (INC.), San Francisco, November 24, 1913.

Hon. CHARLES S. THOMAS, United States Senate, Washington, D. C.:

United States Senate, Washington, D. C.:

We, the undersigned officers of the Widows and Orphans' Mutual Aid Associations of the San Francisco Fire Department (Inc.), in behalf of said associations most earnestly ask for your vote and support in favor of giving to our beloved city of San Francisco the right to use the much-needed water supply, and the only supply adequate to meet its present as well as its future needs.

We ask your favorable vote on this bill as a matter of justice, humanity, and fair play, as the present supply is absolutely inadequate to meet even the present demands. We pray you therefore to grant us the use of the waters of the Hetch Hetchy Valley and the Tuolumne River.

Respectfully submitted.

Capt. WILLIS E. GALLATIN, Jr., President. GEORGE F. BROWN, Secretary, Captain Engine Co. No. 39, 2136 Geary Street, San Francisco, Cal.

### PETITIONS AND MEMORIALS.

The VICE PRESIDENT presented resolutions adopted by the Merchants' Association of Honolulu, Territory of Hawaii, favoring the enactment of legislation confirming the act of the Legislature of the Territory of Hawaii, amending the franchise held by the Honolulu Rapid Transit & Land Co., which were referred to the Committee on the Pacific Islands and Porto Rico.

He also presented a memorial signed by sundry teachers of Belmont, Mass., and a memorial of the Connecticut Woman's Suffrage Association, remonstrating against the passage of the so-called Hetch Hetchy bill, which were ordered to lie on the table.

He also presented a telegram, in the nature of a petition, from the executive board of the San Francisco district of the California Federation of Woman's Clubs, praying for the passage of the so-called Hetch Hetchy bill, which was ordered to lie on the table.

Mr. THOMPSON presented petitions of the United Trades and Labor Council of Pittsburg, Kans.; of the Kansas Society of California, of San Francisco, Cal.; and of the California Club, of San Francisco, Cal., praying for the passage of the so-called Hetch Hetchy bill, which were ordered to lie on the table.

Mr. GRONNA. I have received a number of memorials from

what is known as the Pennsylvania Association Opposed to Woman Suffrage. I ask that the text of one of the memorials may be printed in the RECORD, and that they may be referred to the Committee on Woman Suffrage.

There being no objection, the text of one of the memorials was ordered to be printed in the Record, as follows:

AMERICAN WOMEN DO NOT WANT TO VOTE—PENNNSYLVANIA ASSOCIATION OPPOSED TO WOMAN SUFFRAGE,

PHILADELPHIA.

To the Hon. Asle J. Geonna, Senator from North Dakota, United States Senate, Washington, D. C.

United States Senate, Washington, D. C.

Dear Sir: I am strongly opposed to extending the franchise to women, thereby depriving them of their rights as women and putting apon them the burden of government.

Only a very small portion of the women of this country are making this demand, and I think, moreover, it is a question for the States, not the National Government, to decide.

Hoping you will aid the women of America in their fight for the preservation of our homes, our Nation, and our civilization by voting against any resolution providing for such an amendment to our Constitution, believe me,

Very truly, yours,

Mary C. Knowles,

555 Pelham Road, Mount Airu, Philadelphia.

MARY C. KNOWLES, 555 Pelham Road, Mount Airy, Philadelphia.

Mrs. A. C. KNOWLES.

Mr. OWEN presented a memorial signed by the faculty and students of the University of Oklahoma, Norman, Okla., remonstrating against the passage of the so-called Hetch Hetchy bill, which was ordered to lie on the table.

Mr. PERKINS presented a petition of sundry citizens of San Francisco, Cal., praying for the enactment of legislation granting relief to persons who served in the Military Telegraph Corps of the Army during the Civil War, which was referred to the Committee on Pensions.

He also presented a petition of United Laborers' Union No. 1, of San Francisco, Cal., praying for the enactment of legislation to make lawful certain agreements between employees and laborers and persons engaged in agriculture or horticulture and to limit the issuing of injunctions in certain cases, and for other purposes, which was referred to the Committee on the Judiciary.

ADDRESSES BY JUDGE S. A. LINDSEY.

Mr. SHEPPARD. Mr. President, I have here three short addresses by Judge S. A. Lindsey, of Tyler, Tex., entitled, respectively, "The cooperative agricultural plan," "Rural life and farm problems," and "The building of a State."

They are very short and very valuable, and I ask that they

may be printed as a public document.

Mr. SMOOT. I did not hear the request of the Senator from

Mr. SHEPPARD. My request was for the printing of three short addresses on farm life and other problems by Judge Lindsey, of Texas, chairman of the Texas Farm Life Commission. They are not very long, and I ask that they may be printed as public document.

Mr. SMOOT. Where were the addresses first published? Mr. SHEPPARD. They were first published in Texas. Two addresses were delivered by Judge Lindsey, and one was pub-

lished in the Rice Journal and Southern Farmer.

Mr. SMOOT. May I ask the Senator if he will allow the addresses to go to the Committee on Printing, and we will examine them?

Mr. SHEPPARD. I will. I ask that the addresses be re-

ferred to the Committee on Printing for action.

The VICE PRESIDENT. Without objection, the papers will be referred to the Committee on Printing.

PRESIDENTIAL PRIMARIES.

The VICE PRESIDENT. Reports of committees are now in order.

Mr. BRISTOW. Mr. President, I have been waiting for Senators on the Democratic side representing the Committee on the District of Columbia to appear, but I notice they are not here. I desire to bring a matter to their attention, and, in order that they may be invited to attend, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

O'Gorman Overman Owen Page Perkins Pittman Pomerene Reed Robinson Ashurst Bacon Brady Brandegee Goff Simmons Gronna Hollis Hughes Smith, Ariz. Smith, Ga. Smith, S. C. Bristow Smoot Bryan Burton Chamberlain Sterling Sutherland Thomas Thompson Johnson Johnson Kenyon Kern La Follette Lane Lippitt McCumber McLean Martine N Chilton Thompson Thornton Townsend Walsh Warren Weeks Williams Root Saulsbury Clapp Clark, Wyo. Clarke, Ark. Saulsbury Shafroth Sheppard Sherman Shields Shively Colt Cummins Martine, N. J. Nelson Dillingham Gallinger

Mr. THORNTON. I desire to announce that my colleague [Mr. RANSDELL] is necessarily absent on public business. I ask that this announcement stand for the day.

Mr. KENYON. I desire to announce that the senior Senator from Idaho [Mr. Borahl] is detained from the Chamber on account of illness. I hope he may be here during the day, but if not, this announcement will stand for the day.

Mr. WEEKS. I wish to announce that my colleague [Mr. Lodge] is absent on account of illness and to have this announcement stand for the day. He has a general pair with the

Senator from Georgia [Mr. Smith].

Mr. SHEPPARD. I wish to announce the unavoidable absence of my colleague [Mr. Culberson] and to let this announcement stand for the day. He is paired with the Senator from Delaware [Mr. DU PONT]

The VICE PRESIDENT. Sixty-four Senators have answered

to the roll call. There is a quorum present.

Mr. BRISTOW. Mr. President, I desired the attendance of the senior Senator from Virginia [Mr. MARTIN] and of the senior Senator from Maryland [Mr. SMITH], but I see they are not present, and probably they are detained. I want to read a brief extract from the President's message, on page 74 of the

RECORD:

I turn to a subject which I hope can be handled promptly and without serious controversy of any kind. I mean the method of selecting nominees for the Presidency of the United States. I feel confident that I do not misinterpret the wishes or the expectations of the country when I urge the prompt enactment of legislation which will provide for primary elections throughout the country at which the voters of the several parties may choose their nominees for the Presidency without the intervention of nominating conventions. I venture the suggestion that this legislation should provide for the retention of party conventions, but only for the purpose of declaring and accepting the verdict of the primaries and formulating the platforms of the parties, and I suggest that these conventions should consist not of delegates chosen for this single purpose, but of the nominees for Congress, the nominees for vacant seats in the Senate of the United States, the Senators whose terms have not yet closed, the national committees, and the candidates for the Presidency themselves, in order that platforms may be framed by those responsible to the people for carrying them into effect.

I desire to say that the President in this recommendation has practically copied the Kansas State primary law, for the primary law of the State of Kansas, which has been in operation now for many years, conforms identically with the recommendations made in the message. I want to express my appreciation of the indorsement given by the President to the lawmakers of Kansas, for I believe that was the first State to embody these principles into a legislative enactment in the form suggested here by the President; and I want to call the attention of the Committee on the District of Columbia to the fact that on May 11, 1911, I introduced a bill into the Senate providing for direct primaries for the expression of the choice of the people of the District of Columbia for candidates for President. That bill provided that the people shall express their preference for President and select delegates to carry out their wishes so expressed.

This bill was referred to the Committee on the District of Columbia and reported adversely by the senior Senator from Virginia [Mr. MARTIN], who, I see, has now appeared in the Chamber. I made a strenuous effort to get this bill taken up by the Senate during the last Congress, but every effort I made was blocked by those who were unfriendly to the legislation. The Senator from Virginia, who reported the bill adversely,

seemed to be the leader of the opposition.

On April 7 of this year I introduced the same bill (S. 154) into the Senate and had it referred again to the Committee on the District of Columbia, and it there sleeps at this time. I wanted to inquire of the Senator from Maryland [Mr. SMITH], the chairman of that committee, but, he being absent, I now direct the inquiry to any member of the committee who may be present on the majority side, to learn when we may expect a report upon this bill from that committee.

Mr. POMERENE. Mr. President—

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Ohio?

Mr. BRISTOW. Gladly.
Mr. POMERENE. I am not the chairman of that committee and am not in a position to speak for it, but in reciting the history of the bill introduced by the Senator from Kansas he has failed to call attention to the fact that a favorable report was made on that bill at one time when I was a member of the subcommittee having it in charge. I think the Senator will remember that fact.

Mr. BRISTOW. Did I understand the Senator to say that a favorable report was made to the Senate?

Mr. POMERENE. That is my recollection of it.
Mr. BRISTOW. No; the Senator is mistaken. An unfavorable report was made by the Senator from Virginia [Mr. Martin]. I think the Senator from Ohio [Mr. POMERENE] favored it in the committee; I was so advised at least, that in the deliberations of the committee the Senator from Ohio was in favor

Mr. POMERENE. Mr. President, I speak only from memory now, subject to correction. I was a member of the subcommittee that had that bill in charge and we made a favorable report. It may be that it was only to the committee, but my present recollection is that it was to the Senate. However, the RECORD will correct me if I am wrong in the matter.

Mr. BRISTOW. The RECORD will correct the Senator, for the Senator from Virginia knows well that it was an adverse

report.

of the bill.

Mr. MARTIN of Virginia. Mr. President, I was absent from the Chamber, and do not know exactly what the Senator is discussing. Now, I understand him—
Mr. BRISTOW. Mr. President—

Mr. MARTIN of Virginia. Just wait a moment until I ask my question. Does the Senator say that the Committee on the District of Columbia had under consideration a bill for a national primary?

Mr. BRISTOW. For a primary for the District of Co-

Mr. MARTIN of Virginia. Oh, well-

Mr. BRISTOW. To elect delegates to the national conven-

tions and to express a choice for President.

Mr. MARTIN of Virginia. I do not recollect it, but I have no doubt I thought then as I think now. I had no willingness to have the District of Columbia start in and pursue a policy, so far as the Democratic Party, with which I am affiliated, was concerned, on that line at all differentiating itself from the policy of the Democratic Party, and having a primary here in the District of Columbia for representation in a Democratic national convention at the instigation of the Senator from Kansas. I no doubt was opposed to that, and still would be.

Mr. BRISTOW. I do not doubt that the Senator from Virginia would oppose almost anything that might be instigated by

the Senator from Kansas.

Mr. MARTIN of Virginia. If the Senator from Kansas will excuse me, he is mistaken. I have great respect for his opinion along certain lines, but not as a guide for the Democratic Party.

Mr. BRISTOW. Since the guide, the true guide, the titular

head of the Democratic Party, has spoken in favor of legisla-tion of this kind, I hope now that the opinion of the Senator from Virginia will change and that this legislation may have his hearty support.

Mr. MARTIN of Virginia. I am in entire accord with the titular head of the Democratic Party and the actual leader of the Democratic party; there is no difference between him and myself on that subject.

Mr. CUMMINS. Mr. President-

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Iowa?

Mr. BRISTOW. I do.

Mr. CUMMINS. In this connection I desire to remind the Senate that 18 months or more ago I introduced a bill providing for the nomination of candidates for President and Vice President by direct vote throughout the country in a primary election established by the bill. That bill was referred to the Committee on Privileges and Elections, and therefore I am not accusing the Senator from Virginia of any delinquency in this I was unable to get any consideration for the bill in the committee during the last Congress. Immediately upon the assembling of this Congress I reintroduced the bill, and it was again referred to the Committee on Privileges and Elections, the distinguished Senator from Indiana [Mr. Kern] being chairman of that committee. I have done everything in my power since that time to secure consideration of the bill by the committee as it is now constituted, but in vain; and I join my friend from Kansas in the hope that, under the inspiration and the impulse of the admirable message of the President delivered to Congress yesterday, we may be able to induce the Committee on Privileges and Elections to consider that bill, and either report it favorably or report some modification of it that will accomplish the same purpose. It is delightful to know that the whole country is now becoming progressive and that we have a little hope of legislation that will really benefit the people of the United States.

Mr. BRISTOW. I desire to add to the remarks that have just been made by the Senator from Iowa [Mr. CUMMINS] that it does give hope to those of us who have been for many years advocating the nomination of President by primaries to think

that the country is progressing.

Mr. CLAPP. Mr. President, will the Senator pardon me?

Mr. BRISTOW. I yield to the Senator.

Mr. CLAPP. It gives us something more than hope; it gives us respectability, for I have been called an anarchist for several years because I advocated the right of the American people to nominate their candidates for the Presidency. longer be characterized as anarchists. We will no

Mr. GALLINGER. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas

yield to the Senator from New Hampshire?

I yield to the Senator from New Hampshire. Mr. BRISTOW. Mr. GALLINGER. Mr. President, the mutual felicitations on the part of our Progressive friends are mighty interesting to some of us. I simply want to put in the Record the suggestion that if we shall go to the primaries for presidential candidates, and if it does not work out any better than it is working out in some States of the American Union at the present time for the nomination of other candidates, the Senator from Kansas will have occasion to change his view after a little while. It is a scheme, Mr. President, to give the rich man the advantage over the poor man; it is a scheme to make bribery easier than any other scheme possibly could do. I trust as a progressive conservative [laughter] that the President's suggestion will not find a lodgment in the hearts of the legislators of this country, and that we may never be subjected to such an ordeal.

Mr. BRISTOW. Mr. President, I regret that a discordant element should have been injected into the discussion here this morning by the distinguished senior Senator from New Hampshire.

Mr. SHERMAN. Mr. President, will the Senator from Kansas yield to me?

Mr. BRISTOW. I yield.

Mr. SHERMAN. As long as this seems to be a time for a general collection of primary statistics, I will ask the indulgence of the Senator from Kansas for a moment in order that I may add to the collection.

I know from personal experience with many of the Senators on the other side of the aisle what their views are on converting an indissoluble union of indestructible States into a pure | Every one of the 58 delegates from the State in which I live

democracy. I think I would have considerable support from my Democratic brethren in opposing any such effort. I am in sympathy with them. I range down in my part of the country where I can look over on the old Kentucky shore, so that I am quite sure I am in sympathy with many of their hopes in that direction.

I do not believe in obliterating State lines, either in primaries or in elections. The fathers did not. I will say to the Senator from Kansas that I shall pay due attention to the clock. The fathers did not create this a pure democracy. The Republic as now existing is formed by a proper union and recognition of States.

In obedience to the original impulse giving governmental vitality to this Republic, I prepared last summer a bill known as Senate bill 2309. It struck what I hope is a happy medium. It neither continues the rule of what I call overtraining or overorganization in politics, nor does it provide for a pure democracy and an obliteration and ultimate destruction of the identity of the States, either in the primary elections or, finally, in the general elections, if the same principle should be projected that far.

If I may be allowed, very briefly, without consuming too much of the time which properly belongs to the Senator from Kansas, I will state that the bill recognizes existing conditions. plies a remedy without destroying any proper condition that exists at this time. It recognizes, first, the rule of the congressional district as the unit established in 1880 in the Republican convention at Chicago, in which the struggle between Grant and Blaine was fought out to a conclusion. The congressional district is recognized there as the proper unit for the selection of delegates, the delegates at large to be selected either by a State convention or on a State-wide blanket vote. It restricts the number of delegates to the number of Senators and Representatives multiplied by two. It provides for a diminution in Republican conventions of what I have regarded for some time as an improper representation, so as to be hereafter based on the voting strength of 10 or 11 Southern States.

It provides for curbing the power of national committees. It does not permit to remain longer in the hands of national committees the power to prepare arbitrarily a temporary roll in conventions. It transfers the power of issuing credentials to the hand of the voter. When, under any State primary, delegates are elected, either at large or by congressional districts, those delegates are thereby clothed with unassailable credentials, sacred from the interfering hand of national committees, and they take their seats on temporary rolls in the convention by virtue of the mandate of the voters in their several congres-

sional districts or in the States.

In addition to that, if the Senator from Kansas will permit me, I provide in the bill what I consider at least a fair movement toward an adequate remedy of the conditions that led to the unhappy division of the Republican Party at the polls last November. In the bill it is provided that delegates shall no longer be unseated at the arbitrary will of the committee. recognizes and adopts the primary laws of the States where the voters are heard. It respects the conditions that exist in the actual administration of the affairs of great political parties. It preserves the identity of every State in the Union.

If the principle embodied in the bill should be carried out, it

would be no longer possible for delegates elected in congressional districts or by a State-wide vote, on a blanket ticket in accordance with State-enacted laws, to be unseated in a convention contrary to the will of the voters of the State. There will be no more California cases if that rule is recognized. There will be no more unhappy differences, made necessary by the exigencies of the hour, in the unseating of delegates, if that be the rule. In other words, it proposes by an act of Congress to give recognition and adoption to State primary laws permitting a fair expression of the voters of the States

When delegates are so selected, their seats are valid and immune from attack, and they remain as delegates in the conven-The bill recognizes the lawful province of the States. It recognizes their State-enacted laws for the purpose of securing a fair expression of the voters. For my own part, I prefer to adhere to the congressional district. I prefer to adhere to some lawful way of selecting delegates at large either by a State-wide vote or by a State convention. But there are 11 States in the Union, most of them Western States, which have selected their delegates, and have done so since 1910 or 1912, in accordance with State-enacted primary laws, on blanket tickets, by a State-wide vote. One hundred and six of those delegates sat in a certain convention I know about. Every one of them was as liable to be unseated and denied recognition as the two from the fourth California district who were unseated.

was liable to be unseated by the same power. Every one of them was selected in flat contradiction to the call of the convention.

If the Senator from Kansas will permit me to take a little more time, in our State we have some old-fashioned notions about who ought to vote in a primary. I have not any business thrusting my personality or my political nose into the affairs of the Democratic Party. I stay out. It is not my business. I deplore the necessity that has existed in days past to thrust a number of self-sacrificing and patriotic Democrats into the councils and primaries of the Republican Party in my State.

During the 12 years that I served in the Illinois Legislature I led an unceasing warfare against that reprehensible practice. Finally it was forbidden by statute. In the face of that, a national committee issued a call that all electors who believed in the policies and indorsed the principles of the Republican Party should join in the selection of delegates. That is flatly contrary to the primary law of our State, where we have sought to preserve the integrity of political parties. In many of our western States we confine our family troubles to the members of the family, and all outsiders are invited to stay out in the road until we settle them. We get along better that way.

The bill I have introduced will do no violence to the views of any of our Democratic brethren who believe in the integrity of the State and who believe in confining political activity within lawful lines. They recognize the right of a State to provide election laws as a matter of local sovereignty, and that those laws for the selection of delegates to a national convention, when so provided, ought to be respected. If there is not enough power or self-control in the management of a political party and its committees to make us respect those laws, two alternatives are presented to us. One is to suffer the penalty at the polls; and we have paid that penalty, the Lord knows, Mr. President. We have paid it in seeing a majority on the other side of this Chamber and in the body at the other end of the Capitol. have trodden the wine press alone down to disastrous defeat. I do not want any more of it myself in the little while that I am likely to stay in this august body. I have got enough of it. I think—if the Senator from Kansas, begging his pardon, will permit-that probably the country will get enough of it before very long, judging from the indications that come rumbling up from the northern end of my State and from a certain city that lies on the shore of one of the Great Lakes.

We can take our choice of finishing our troubles in that way or curing them by legislation. It will take an act of Congress to do it. For myself, speaking exclusively and confidentially to my Democratic friends, I do not think you want the plan outlined by your President. The next thing there will be a message sent in here on the initiative and referendum and the recall of judges, and your pure democracy so proposed will go

to everlasting chaos before you get through.

I know where that horse is headed when I see him plunging toward the cliff. That is a runaway rig. If some of you folks do not have a little bit of pride in managing your own States and a little bit of pride in your local sovereignty and do not think every time you get into trouble that you have got to run down to the men on the hill to get help; if you do not get a little local independence and a little revival of the old recollections and the old glory; if you can not arouse yourselves now, you will later on.

This can not be a pure democracy. I am opposed to a nation-wide primary law. It will not work. Why, once we had township government in south Chicago, and in a single New England township organization there we had 16,000 voters and more than 80,000 people. The moderator of the meeting in the old New England township called the house to order, and they had a town meeting and levied taxes in the good old-fashioned way. However, nobody could get into the hall, representing the 16,000 voters, unless he had a ticket from a political club and could get past the club of the policeman. The rest of the 16,000 exercised their rights as citizens in a pure democracy by staying outside and thinking about it. I helped legislate a pure democracy out. That was the best thing that ever was done for the benighted constituency who were members of the air-tight organization that ran that township where it existed.

This will not be a pure democracy for a thousand years unless it becomes an unmitigated tyranny, with the rights of the minority lost, and a Government often by an inconsiderable but active minority. Do not forget that nowadays a man who is wrong can make a greater disturbance and attract more attention and get more space in the newspapers than one who is right. The world always takes more interest in an active devil than it does in a saint down with nervous prostration. It is the active devil that gets the headlines nowadays. This is not yet entirely a Government of the saints; and it will be a long

time, my Democratic brethren, before you get to that happy goal if you elect every President for the next 100 years.

What you have got to do is to preserve the lawful rights of the States. The proposition for a nation-wide presidential primary tends to lead to the destruction of the Union of the States. It ignores States lines, and makes every one of the 48 States of the Union a mere outlying election province, to foot up the returns, and see how many votes are cast in Texas, how many in Rhode Island, and so on.

I would preserve the States in the spirit that the fathers wrote the first charter of liberty. They gathered together the thirteen original States so that not only would individual rights be preserved, but the identity of the Colonies, manifest afterwards when the Revolution was successful and the States were knit together in this indissoluble bond. My bill does not do all this, but it is a premeditated stagger in the right direction. [Laughter.]

I wish to say, in conclusion, that I have had written out ever since last May the notes of a speech on this subject. It is lying on the desk over in my office, and at some opportune time I will inflict it on you and give you a chance to go to lunch. [Laughter.] It was written out in cold blood long before the President delivered his message. I have a message on the subject that I will get to you some time.

Mr. KERN. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas

yield to the Senator from Indiana?

Mr. BRISTOW. I should like to get through, and then I will yield the floor. I have just a few remarks that I hope to make.

Mr. KERN. If the Senator will allow me, I think, out of respect to the Senator from Illinois, that I shall have to call for the regular order.

Mr. BRISTOW. If the Senator from Indiana desires to take me off my feet in that way, I wish to say to him that I will have my say at some other time; but it is a discourtesy that is not frequently extended to Members of this body. I have yielded to every Senator—

Mr. KERN. If the Senator feels that way about it, I withdraw the request for the regular order; but I hope this discussion will be concluded some time in the next hour or two.

Mr. BRISTOW. The Senator might have made that request when other Senators were occupying the floor through my courtesy.

I desire to say that I had no idea of precipitating a long and continued debate when I made these simple inquiries from the members of the Committee on the District of Columbia, who have now the custody of this bill. The speech of the Senator from Illinois [Mr. Sherman] might have been delivered to the Committee on Privileges and Elections, to the Republican national committee, or to the public at large. It was a good one from his point of view. But since the President has suggested a piece of genuine progressive legislation, I hope the zeal of the Senators on the Democratic side of this Chamber for its enactment will be equal to the zeal which they manifest for the enactment of legislation that is sham progressive, such as the present currency bill that is now before the body.

Mr. THOMPSON. Mr. President, since my distinguished colleague, the senior Senator from Kansas [Mr. Bristow], has been so long without a definite party home, I am certainly glad to have his acknowledgment this morning that he has at last found refuge in the good old Democratic Party. Since he has so graciously and handsomely indorsed the President of the United States in the matter of primaries for the selection of candidates for the Presidency, I hope he will go a little further and adopt some more good Democratic doctrine and indorse the President in a matter which is of greater importance to the people of Kansas and the Nation to-day than any other piece of legislation. I refer to the pending currency bill, of which the President says in his message:

You already have under consideration a bill for the reform of our system of banking and currency, for which the country waits with impatience, as for something fundamental to its whole business life and necessary to set credit free from arbitrary and artificial restraints. I need not say how earnestly I hope for its early enactment into law. I take leave to beg that the whole energy and attention of the Senate be concentrated upon it till the matter is successfully disposed of.

Mr. President, I regret very much to disagree with my distinguished colleague on a matter of procedure in the Senate.

Mr. SMOOT. Mr. President, may I ask the Senator what currency bill the President refers to in his message?

Mr. THOMPSON. The pending currency bill before the Senate.

Mr. SMOOT. Which one? The President virtually made the same statement when the so-called Glass bill passed the House.

Mr. THOMPSON. I think he clearly means the bill commonly referred to as the Owen-Glass bill.

Mr. SMOOT. Is it the House bill, the Owen first or second amendment to it?

Mr. THOMPSON. The pending bill, known as the Owen-Glass bill.

Mr. SMOOT. Does the President want us to pass the bill as it passed the House?

Mr. THOMPSON. He wants the legislation and does not dictate the terms of the legislation.

Mr. SMOOT. No matter what the measure is, he wants a currency bill passed?

What he demands is what the people Mr. THOMPSON. demand, which is immediate action upon the currency question.

Mr. SMOOT. If we are to take the public press as a guide, the President indorsed the currency bill as it passed the House, and he wanted action upon it as quickly as possible. I ask the Senator from Kansas if in his message that is the bill the

President requests immediate action upon.

Mr. THOMPSON. I simply refer the Senator to the language of the President himself in the matter of immediate action by the Senate, which has been delaying the legislation for some four or five months since its attention was originally called to this subject

Mr. SMOOT. That is upon the pending bill, the House bill? Mr. THOMPSON. Yes, sir; the Owen-Glass bill.

Mr. SMOOT. The House bill?

Mr. THOMPSON. The House bill, with such amendments as the Senate may see fit to make. What he demands is exactly what the people demand-action and not delay.

Mr. BRANDEGEE. I call the attention of the Senator from Kansas to the fact that since the committee reported the bill without recommendation the Senator from Ohio [Mr. Burton] has introduced a bill which is pending, and it may be that one the President is in favor of.

Mr. THOMPSON. That is a matter the Senate can decide in its own way. What the President asks is action, and we have not taken that yet.

Mr. BRANDEGEE, If the Senate prefers the Burton bill, I have no doubt the President will be satisfied with that action. Mr. THOMPSON. He will be satisfied with whatever bill the Senate finally passes, I think I can assure the Senator.

Mr. ROOT. May I ask the Senator from Kansas whether he speaks with authority when he says that the President will be satisfied with whatever bill the Senate sees fit to pass?

Mr. THOMPSON. I have no authority to speak for the President, but I have reason to believe that we will pass a bill that will be satisfactory to the President.

Mr. BRANDEGEE. The Senator has implicit confidence in the understanding that is assumed to exist as a result of the

conference of the Democratic Senators?

Mr. THOMPSON. I have implicit confidence in the Demo-

cratic Party which has charge of the currency measure—
Mr. BRANDEGEE. That it will pass a bill satisfactory to the President?

Mr. THOMPSON. And is trying to fulfill its pledges to the people of this country.

Mr. KERN. Mr. President-

Mr. CLAPP. Will the Senator from Indiana yield to me for just a moment?

Mr. KERN. The Senator from Kansas has the floor. Mr. CLAPP. I supposed the Senator had finished.

Mr. THOMPSON. No, sir; I have been interrupted. I will be through in a moment.

Mr. CLAPP. I desire to say a word when the Senator con-

Mr. THOMPSON. I started to say that I regret very much to disagree with my distinguished colleague on a mere question of procedure in the Senate, but his opposition to speedy action on the pending currency bill, seconded by his Republican brethren, is so contrary to the wishes of our constituency that I desire to say a few words in their behalf.

My colleague, in his opposition to the resolution, does not reflect the sentiment of the people of Kansas. The people of Kansas, from one end of the State to the other, are practically unanimous in demanding immediate currency legislation. They want immediate action and will not tolerate any unnecessary I have dozens of letters and resolutions, written and passed by the business men and bankers of my State, expressing this sentiment. I have just received a letter this morning from a distinguished progressive Republican of the State, a business man and ex-banker, Mr. H. D. Crosby, of Wichita, which I desire to read to the Senate as reflecting the true sentiment of the people of the State.

Mr. GALLINGER. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from New Hampshire?

Mr. THOMPSON. I do. Mr. GALLINGER. I observe the Senator just said that the President demanded immediate action and would not tolerate any delay. Will the Senator kindly tell me what course the President will pursue to prevent delay if this body sees fit to delay the bill?

Mr. THOMPSON. I was speaking of the people of my State, and I desire to show by this letter, and other letters and resolutions if necessary, the sentiment in Kansas.

Mr. GALLINGER. But I thought the Senator made the particular statement that the President would not even tolerate delay in the passage of the currency bill. Did I understand the Senator correctly?

Mr. THOMPSON. I said the people of Kansas would not

tolerate delay.

Mr. GALLINGER. I beg the Senator's pardon. Mr. THOMPSON. This letter is dated November 29, 1913, and is as follows:

WICHITA, KANS., November 29, 1913.

Senator W. H. THOMPSON, Washington, D. C.

Washington, D. C.

Dear Senator: Why can't the United States Senate determine upon a currency bill and pass it? Everyone knows the necessity of currency reform. Those now having it in their power to give the country relief have known for months or years that they would be called upon to act. Have they not had ample time for investigation? Business will mark time or worse than that until action is taken. Why not give the country relief without further delay?

H. D. Crosey.

Mr. President, this is the general sentiment as expressed in all the letters and resolutions from prominent business men and bankers, regardless of party, from every section of the State. In face of this sentiment I am surprised that my colleague would resist the resolution. For my part, I shall use all my power to aid the people of Kansas in carrying out their wishes in this respect. The Kansas farmer, for whom my colleague always claims a special tender regard, goes to work willingly every day at sunrise and works all day and until late at night, and he will not understand why a Senator who represents him and his interests is unwilling to do so for a short time, especially in cases of serious emergency. The currency bill is an emergency measure. The people of the United States throughout the country are demanding it.

We are not by this resolution, as claimed by my colleague, attempting in any way to shut off freedom of debate, but we are simply trying to force expedition by requiring that the debate shall begin and shall continue until completed. The greatest disappointment I have found since entering the Senate is in the apparent inability of the Senate under its present standing rules to act with expedition. By the adoption of this resolution and acting within its spirit we can accomplish more in the next three weeks than we could under the ordinary rules of the Senate in three months. So I earnestly hope that the resolution will pass and that my distinguished colleague will change his mind and join me in its support in compliance with the wishes of the people of our State and of the Nation.

Mr. CLAPP. Mr. President, the President of the United States does not stand in need of any defense at my hands, or that of anyone else probably, but I think the trend of the discussion this morning requires a statement as to his position

upon the primary question, as indicated by his message.

I do not think that the President's message can be construed as advocacy of a nation-wide primary. It has to be read in the light of the history and traditions of the country. A reading of the language, it seems to me, would not warrant the assumption that has been taken here that he stands for a nation-wide primary, obliterating all State lines in the primary, and its result. This is the President's language:

I feel confident that I do not misinterpret the wishes or the expecta-tions of the country when I urge the prompt enactment of legislation which will provide for primary elections throughout the country at which the voters of the several parties may choose their nominees for the Presidency without the intervention of nominating conventions.

Then follows his suggestion as to a convention to prepare a platform based upon the present basis of representation.

As I said, while I do not think the President requires any defense in the matter, it does seem to me the impression ought not to go out unchallenged in the declaration that he stands for a nation-wide primary, obliterating State lines and, in effect, the States, in their representation in nominating conventions.

Mr. KERN. I hope now, without wounding the sensibilities of any Senator, I may be permitted to call up the regular order.

The VICE PRESIDENT. If there are no reports of committees, the introduction of bills is in order.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. OWEN:

A bill (S. 3534) granting a pension to Emma Cain (with ac-

companying papers); and A bill (S. 3535) granting an increase of pension to Edward P. Champlain (with accompanying papers); to the Committee on Pensions.

By Mr. PAGE:

A bill (S. 3536) granting an increase of pension to Edward B. Sawyer (with accompanying paper); to the Committee on Pensions.

By Mr. WARREN:

A bill (S. 3537) granting a pension to Ellen Murphy (with accompanying papers); and

A bill (S. 3538) granting an increase of pension to Henry H. Helphenstine; to the Committee on Pensions.

By Mr. KERN: A bill (S. 3539) granting a pension to Harry A. Benedict (with accompanying papers);

A bill (S. 3540) granting an increase of pension to Mary J.

Peirce (with accompanying papers);
A bill (S. 3541) granting an increase of pension to Alfred

DeArmy (with accompanying papers); and A bill (S. 3542) granting an increase of pension to John E. Spratt (with accompanying papers); to the Committee on Pensions.

By Mr. DU PONT:
A bill (S. 3543) granting an increase of pension to Charles W. Stigers (with accompanying paper); to the Committee on Pensions.

By Mr. BURLEIGH:

A bill (S. 3544) granting a pension to Josie W. Witham; to the Committee on Pensions.

By Mr. GORE:

A bill (S. 3545) to provide for the highway-improvement work by the United States Department of Agriculture in cooperation with the highway departments of the several States; to the Committee on Agriculture and Forestry.

THE INITIATIVE AND REFERENDUM IN SWITZERLAND (S. DOC. NO. 253,)

I ask that a paper by Carl S. Vrooman, being a memorial relative to the initiative and referendum in Switzerland, or a political pilgrimage on the initiative and referendum

in practice, be printed as a public document.

The VICE PRESIDENT. Without objection the request of

the Senator from Oklahoma will be complied with.

# PRINTING OF MATTER AS DOCUMENTS.

Mr. SHEPPARD. Mr. President, a short while ago I asked permission to have certain matter referring to rural life and related problems made a Senate document. On the suggestion of a Senator I consented that the proposed matter should be referred to the Committee on Printing for a report. Shortly after that another Senator offered matter relating to another question and requested that it be published as a Senate document and no suggestion or objection was made,

I simply wish to say that hereafter I shall ask that all matters proposed to be printed as documents shall be referred to

the Committee on Printing.

Mr. SMOOT. I will ask the Senator who the Senator was to whom he refers as having had matter printed as a public document?

Mr. SHEPPARD. The Senator from Oklahoma [Mr. OWEN]. Mr. SMOOT. I will state frankly that I did not hear the request. I wish to assure the Senator that I did not hear it, or I would have objected.

Mr. SHEPPARD. I think it is a better practice that requests

for the printing of public documents shall go to the Committee on Printing, and I shall be glad to join the Senator from Utah in seeing hereafter that this course shall be taken.

Mr. SMOOT. I am very thankful to hear it.

### HOUR OF DAILY MEETING.

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be

The Secretary read Senate resolution 225, submitted by Mr. KERN on the 1st instant, as follows:

Resolved, That the hour of daily meeting of the Senate be 10 o'clock a. m., and that the Senate shall on each day at 6 o'clock p. m. take a recess until S o'clock p. m. and adjourn at 11 o'clock p. m., until otherwise ordered.

The VICE PRESIDENT. The pending question is on the amendment proposed by the Senator from New Hampshire in line 2 to strike out the word "ten" and insert "eleven."

Mr. GALLINGER. Mr. President-

Mr. BRISTOW. Will the Senator kindly yield to me for just a moment?

Mr. GALLINGER. With pleasure.

Mr. BRISTOW. Mr. President, my colleague seems to be laboring under a misapprehension as to my attitude. I want to assure him that I have not the slightest desire to delay currency legislation. I think I am just as anxious as he that the legislation should be enacted, but I am exceedingly desirous also that when enacted it shall be the right kind of legislation.

He read a letter from a Mr. Crosby, a very worthy gentleman in our State. I also have had communications from the same gentleman, and he is just as anxious that the present bill shall be amended so that it will be a good measure as he is that

after being amended it shall pass.

My colleague refers to the Kansas farmer. I hope that he will join with me in a joint effort to amend the bill so as to make it helpful to the Kansas farmer. Under the provisions of the bill, as it passed the House and as reported to the Senate by the Senate committee, headed by the chairman [Mr. Owen], it does not permit the paper of the Kansas farmer to be rediscounted, because he knows as well as I that three months' paper is not the kind of paper that the Kansas farmer gives to

If my colleague will join with me in making the bill useful to the people of our State, I certainly will be delighted to join with him in hastening legislation.

Mr. OWEN. Mr. President-

The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from Oklahoma?

Mr. GALLINGER. I yield for any matter that will not take much time.

Mr. OWEN. The Senator may proceed.

Mr. GALLINGER. Mr. President, the resolution submitted by the Senator from Indiana [Mr. KERN] I proposed to amend by changing the hour from 10 to 11 o'clock. Some other Senator on the Democratic side proposed an amendment providing for evening sessions, and I think that it might be well for us in the beginning to understand whether that is to be the program,

Mr. President-

Mr. GALLINGER. Has the Senator modified his resolution? Mr. KERN. As the mover of the resolution, I accepted the amendment offered by the Senator from Mississippi [Mr.

Mr. GALLINGER. The Senator can not of his own volition accept an amendment. That is for the Senate to do. But the Senator can modify his resolution in any way he sees fit.

Mr. KERN. It is so modified.
Mr. GALLINGER. Mr. President, I dislike exceedingly to take a single moment of the time of the Senate. I am trying in every way to expedite the business of the Senate, and yet I feel constrained to say a few words on the resolution that is now before the Senate.

For the first time in our history, Mr. President, one session of Congress has merged into another. I judge from the ambitious program credited to the President that there is little hope of the adjournment of this session until late in the year, if indeed the experience through which we have passed is not to be repeated. As I understand the matter, it is not at all likely that there will be any holiday recess, and on yesterday the senior Senator from Mississippi [Mr. Williams] plainly told us that it was the purpose of the majority to hold sessions of unusual length with a view of exhausting the minority, and in that way forcing an early vote on the currency bill.

I realize, Mr. President, the futility of opposing a resolution

that was adopted in the Democratic caucus, and for that reason

will content myself by making a brief statement.

Mr. President, we were kept here during the entire summer on the plea that a tariff bill must be speedily passed so as to lift the burdens of taxation from the American people. I recall the fact that one distinguished Democratic Senator put the burden at \$400,000,000, and the consuming public was to be relieved of that burden through the legislation of the Democratic Party.

It will also be recalled in that connection that the new tariff law, among other things, was to reduce the high cost of living. In the Democratic national platform that boon was promised the American people, just as the boon of plentiful money and good times is now being promised if we rush through a currency

The President of the United States and the Senator from Oklahoma wanted the so-called Glass-Owen bill passed at railroad speed when it came to the Senate, but since then it has been so changed that those who wrote it must have difficulty in recognizing it in its present form.

The tariff bill was passed, and what is the result? Have Democratic predictions and promises come true? Let us see. Has the high cost of living been reduced by that legislation, which occupied our time during the heated term of the last summer to the detriment of the health of some of us and to the great inconvenience of all of us? I clipped from the Washington Post of Thanksgiving morning an item headed as follows:

DINNER COST A RECORD-THANKSGIVING FOOD IS HIGHEST HERE FOR 25

Thanksgiving dinner will be the most expensive meal the average American has eaten during the last 25 years. It will cost from 35 to 100 per cent more than it did 10 years ago, and from 15 to 50 per cent more than any Thanksgiving Day during the last six years, according to recently gathered Government statistics.

I also clipped from a recent issue of the Washington Times an editorial which reads as follows:

#### CANADA'S FOOD SUPPLIES.

When our new tariff took effect and Canadian meats were given admittance to the United States, an interesting thing happened. We had opened the way for cheaper meat by tariff changes, and what was the

Canadian meat animals came into our border States, but instead of pushing down the American price the free flow merely served to raise Canadian prices to our level.

It was as if a siphon connection had been established between the Atlantic Ocean and a municipal reservoir, in the hope that the reservoir would pipe in enough of the ocean's water to reduce the level of the ocean. Instead, it raised the level of the smaller to that of the vastly larger body, and otherwise had no effect at all.

Sir Wilfrid Laurier in a keynote political speech has presented the Canadian view of this situation in a striking way. The new tariff policy of the United States had drained away the food products of Canada, with the result that prices there have gone up to the United States standard. On this side the line we know that prices have not gone down because of the introduction of supplies from Canada. We have discovered that there is little chance that they will.

Mr. GRONNA. Mr. President, will the Senator from New Hampshire yield to me?

The VICE PRESIDENT. Does the Senator from New Hamp-

shire yield to the Senator from North Dakota?

Mr. GALLINGER. I yield to the Senator from North Dakota. Mr. GRONNA. Has the Senator from New Hampshire any information whether the price of cattle has advanced or decreased since the passage of the so-called Underwood-Wilson-Simmons tariff bill?

Mr. GALLINGER. I have only the information that I get from those who are making purchases, that the meat price has increased in the retail market. Beyond that I do not know.

Mr. GRONNA. Mr. President, if the Senator will permit me, want to say that since the passage of the Democratic tariff bill the price of cattle and hogs in our western country has

decreased from 1 to 2 cents a pound.

Mr. GALLINGER. That may be so; but, if so, the middleman and the retailer have not yet discovered that fact, though we were promised by our Democratic friends that the middleman and the retailer would discover it, so that we would have cheaper food products. Hundreds of thousands of men voted for President Wilson believing that the promise for lower food prices would be fulfilled; but, alas, the promise remains not only unfulfilled, but prices have increased.

Mr. McCUMBER. I hope also the Senator from New Hampshire will recognize the fact that every cereal in the Northwest has depreciated in price from 15 to 20 per cent since the tariff bill went into effect, and that while the raw food products of the farmer have depreciated the cost to the consumer

in the city has gone steadily up.

Mr. GALLINGER. That is a very significant fact, and it proves conclusively that this tariff law, which it was prophesied was going to lift these enormous burdens from the shoulders of the American people, has been a total and ignoble failure. It has reduced the income of the farmer, and it has increased the cost of living to the ultimate consumer; and that was prophesied during the debate. What a spectacle that is!

Mr. GRONNA. Mr. President—
The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from North Dakota?

Mr. GALLINGER. I yield to the Senator from North Dakota.

Mr. GRONNA. I wish to say to the Senator from New Hampshire that the products of the farm—what the Democrats call raw material I call the farmers' finished product, such as wheat, barley, rye, oats, and potatoes; in fact, everything that is produced on the farm-has declined in price.

I also wish to say to the Senator from New Hampshire that almost in one single day after the passage of the Democratic

tariff bill the price of barley was reduced 10 cents per bushel.

Mr. GALLINGER. Mr. President, that is only cumulative
evidence of the suggestion I made a moment ago that this wonderful tariff law has reduced the price of the farmer's products and at the same time has increased the cost of living to those of us who consume them.

Mr. GRONNA. That is correct.

Mr. GALLINGER. A few days ago, Mr. President, I took a little clipping from the Washington Post, a paper that is accurate in its statements as a rule, calling attention to a very remarkable fact. We have heard a great deal from our Democrtic friends about a free breakfast table, and there is one article that is frequently seen upon the breakfast table of Americans in the form of mackerel. This editorial says:

#### CONCERNING THE FREE LIST.

Mackerel was put on the free list, thus relieving that prized article of food from a tariff burden of \$2 a barrel. The catch this year was tremendous, being almost without a parallel in American waters, and the eastern markets report the receipt of exceptionally large quantities of the fish from packing points, indicating an oversupply. Nevertheless, the price of mackerel has gone up \$3 a barrel instead of going down \$2, as Congress counted on in framing a free list that purported to reduce the cost of living. The keeping qualities of salted mackerel make it the mainstay of the consumer in the spring months, particularly those who have no easy access to a daily supply of fresh meats.

Everybody is nonplused over the contrariwise operation of the new tariff, whereby prices are soaring upward not only at home, but in the markets of the countries of production. Canada is staggered to find that the open sesame to our markets gives her producers and middlemen an excuse for marking up prices to near the American level. In some lines of goods the European countries are similarly affected, owing, it is asserted, to the increased demand from America.

It thought Mr. Prayldent it might be improved in the table to the countries of the increased demand from America.

I thought, Mr. President, it might be important just at this time, when we are not only cautioned, but from certain quarters are threatened that we must rush through other legislation that is going to greatly benefit the American people, to take a moment to consider the result of the new tariff law, which we were over and over again told must be passed with great speed, because the American people demanded it and the welfare of the American people was at stake. And now, Mr. President, it is gravely proposed by the majority to keep the Senate in session 11 hours per day on the plea that the immediate passage of the currency bill is an absolute necessity. They are indulging the hope that the bad results of the tariff legislation may be antidated by currency legislation. My impression is that they will be disappointed in that regard.

The hours proposed in the resolution are unusual, unnecessary, and oppressive. They prevent Senators from attending committee meetings and giving proper attention to their cor-respondence. Night sessions, Mr. President, are especially to be deprecated, and they ought not to be insisted upon; but, as I have already suggested, the caucus flat has gone forth, and resistance on the part of the minority will be unavailing. that reason I propose to submit to the resolution without any special opposition.

The tariff bill has failed to justify the claims of its friends. Last month it produced a deficit of more than \$4,000,000 in our national revenues. The reduced duty on wool has just become operative, and the duty will soon be reduced on sugar. much the deficit will be when those two products are taken into consideration I am unable to tell. The fact is, however, that the high cost of living has not been reduced, but has been increased. The national revenues are being reduced to an alarming extent, and the new tariff law, which was claimed to be the great panacea for the ills that afflict the American people, is not working out to the satisfaction of anybody who is

willing to look at facts with an open mind.

Mr. President, while we are all anxious to hasten the passage of the currency bill, the probabilities are that that legislation will fail to accomplish the roseate results that are predicted by the Senator from Oklahoma [Mr. Owen] and those who agree with him.

gree with him. When that happens—
Mr. MARTINE of New Jersey. Will the Senator permit me just there?

Mr. GALLINGER. I am always delighted to yield to my good

friend from New Jersey.

Mr. MARTINE of New Jersey. The distinguished Senator from New Hampshire has pictured a horrible condition because there has not been a satisfactory result to his mind from the operations of the new tariff law in the time of about a couple of months, when the burden has been piled up on the American people by the handiwork of the Republican Party during 40 years of operation. The Senator says that everything is going to chaos. I have to-day in my hand the New York Journal of Commerce, devoted to the mercantile and commercial interests, and I find here that everything has not gone to ruin in Oregon City, Oreg., for in Oregon City they have subscribed \$200,000 to build a new flax mill.

The Senator says we will try a new banking plan, and apropos of his thought as to the tariff law I suppose he would like to see that bring ruin and a failure of our best hopes to materialize in the way the interests of the people have been demanding.

Mr. GALLINGER. The Senator from New Jersey is diverting me from the very brief observations I intended to make.

Mr. MARTINE of New Jersey. Oh, Lord, I would not for a farm divert the Senator. [Laughter.]

Mr. GALLINGER. That new flax mill in Oregon City, Oreg.,

will not reduce the cost of living.

Mr. MARTINE of New Jersey. But the Senator refers to the banks. He has gotten away from the controversy as to the high cost of living. Of course he is disappointed that it did not go down, but there are millions of people who are still hanging on tenterhooks praying for its reduction. Give us a little chance and we will reduce the cost of living.

Mr. GALLINGER. I fear the prayers of the Senator's friends will be as futile as the Democratic promises made during the tariff debate. The Senator is displaying a newspaper. Does the Senator intend to put that newspaper in the Record in the

midst of my speech?

Mr. MARTINE of New Jersey. No; I do not want to put it in the Record, but I want to put it in the Senator's mind that the proposed new banking system is not going to prove the failure he has been praying for. I see here at the head of a column in the New York Journal of Commerce of December 3, this headline:

Big banks to join new Federal system. Some which have criticized the plan will accept it. Situation pressing on account of impending adoption of bill.

Now, in Heaven's name, do not utter this horrid cry of desolation, murder, sadness, and woe, but join in the cry of frater-

nity and keep up with the march of the times.

Mr. GALLINGER. Mr. President, I knew when I yielded what I was "up against," and I am not disappointed at all. I have not denounced the currency bill or severely criticized it. I have simply taken the Democratic promises in their platform and their promises made in this Chamber and on the floor of the other House that the new tariff bill would reduce the cost of living, and I have shown that it has not done so; that the cost of living has increased and that the national revenues are being very severely depleted because of it; and I have merely suggested that there is no certainty that the Democratic promises about the currency bill will be any more realized than were their promises concerning the tariff bill.

Now, I will proceed. As I said a while ago, while we are all ready to hasten the passage of the currency bill, the probabilities are that that legislation will fail to accomplish the roseate results that are predicted by the Senator from Oklahoma and those who agree with him. When that happens we will then be told, as the President told us yesterday, that "private monopoly" is the evil that must be destroyed, and we will be kept here all next summer legislating against that enemy of good government. Probably the propaganda will be as successful as the prosecutions against the Standard Oil Co. and the Tobacco

Trust.

We were told, Mr. President, that those prosecutions were going to be of the greatest possible value to the American people, but I have failed to observe that the product of the Standard Oil Co. has been reduced in price, either in the matter of oil or gasoline. I observe that the same men who were running the Standard Oil Co. before those prosecutions were instituted are in command to-day. I understand that they are now making more money than they were before those prosecutions were inaugurated, and the ultimate consumer is the loser. So I say as to the program that is promised us for the heated months of next summer, that we are to do all sorts of things to private monopolies—and I suppose public monopolies as well—that the results may possibly be as disappointing as the results have been up to the present time from the passage of the new tariff law.

But, Mr. President, the Democratic Party is in power in the Senate, and as I believe in majority rule, I propose to submit without further comment to the resolution that was agreed upon in the Democratic caucus and which the Senator from Indiana has proposed. It ought not to pass; it is an unnecessary burden that is being placed upon the membership of this body to be kept here from 10 o'clock in the morning until 11 o'clock at night. Notwithstanding I happen to be the second oldest in years in the Senate, I think I can endure it, as I have

endured long sessions before; but I want to predict to my Democratic friends that their attempt to hold this body in session three hours after 8 o'clock in the evening will not be a phenomenal success, as they will discover after they have tried

it for a few days.

Mr. President, this resolution or any proposition that comes from the other side of the Chamber can not be successfully opposed unless those of us on this side should indulge in filibustering. That I have never done, and I trust I may never do, and for the reason, as I have stated, that the Democratic Party is in power in this body, and they can do with the minority pretty much as they please in the matter of hours of meeting. It would be futile for us to undertake to reverse any decision of the Democratic caucus. Feeling that way, Mr. President, I withdraw the amendment that I offered to the resolution and am prepared to vote on the resolution as it stands.

Mr. BRANDEGEE. Mr. President, yesterday I started to make a few brief observations upon the resolution of the Senator from Indiana [Mr. Kern], when that Senator, with his characteristic winning way, prevailed upon me to suspend, and we listened to the President's address. The Senator from New Hampshire [Mr. Gallinger] this morning has so well stated some of the things I intended to say, and perhaps more than I would have said had I continued yesterday, that I shall be ex-

ceedingly brief in what I have now to say.

On yesterday I stated that the resolution as submitted, with the amendments proposed and accepted, will necessitate that Senators leave their residences in the city at 9 o'clock in the morning, come to the Capitol, adjourn at 11 o'clock in the evening, and not return to their homes until 12 o'clock, and that that procedure shall be kept up continuously by this body until this legislation shall have been finally agreed upon.

legislation shall have been finally agreed upon.

In order that it may be clear exactly what the resolution is, I will ask the Secretary if he will kindly read to the Senate the

resolution as amended.

The Secretary read the resolution, as follows:

Resolved, That the hour of daily meeting of the Senate be 10 o'clock a.m., and that the Senate shall on each day at 6 o'clock p. m. take a recess until 8 o'clock p. m., and adjourn at 11 o'clock p. m. until otherwise ordered.

Mr. BRANDEGEE. I notice that one of the local papers last evening, in referring to the brief utterance I was privileged to make upon the subject yesterday, stated that I rose to oppose the resolution. I do not blame the paper for having drawn that inference from the part of my statement which I made, because

I did not have time to complete it.

I had no intention of opposing the resolution. I was calling attention to the terms of it, and drawing the attention of the Senate to exactly what it meant. The Senator from New Hampshire has amplified that. It means that every committee meeting must be absolutely cut out or else Senators can not be upon the floor to attend to the very duties provided by the resolution. It means that Senators can not attend to their correspondence; that they can hardly get the amount of sleep necessary between the debates of the Senate to keep their bodies and brains in condition to do decent work for their constituents and for the Government.

Personally, I do not think there is any necessity for the passage of this resolution at this time. The procedure of the Senate during the last few days shows there is no necessity for it. We have met at 10 o'clock, or at 11, and have adjourned along in the evening, sometimes at 11 o'clock and sometimes at 10.30, without any trouble. I do not think it is necessary to have a hard and fast binding rule upon us, as provided by the resolution. Nevertheless, I am not going to oppose it. I realize perfectly well that it is the wish of the majority, and I believe in

majority rule.

I do not think we shall do as good work for the country under the terms of this resolution if we are compelled to stay here until 11 o'clock every night, whether we feel in condition to perform our duties properly or not, or whether the time shall be occupied in continually calling the roll to demonstrate the presence of a quorum. I do not think we shall make any haste; and I think the fatigue and the dissatisfaction which will proceed from the enforcement of the order will detract from the fruits which we ought to anticipate from a full, free, fair, and comforting debate upon this question, if that word can be used in connection with the matter.

I am going to vote for the resolution if it is put to a vote;

I am going to vote for the resolution if it is put to a vote; for one reason, to show the majority that there is not the slightest disposition upon this side of the Chamber, so far as I have been able to ascertain, in any way to delay unnecessarily the proper consideration and speedy passage of such legislation as

a majority of the Senate decide upon.

I hope that if the resolution shall be found unduly oppressive the last three words of the resolution will be taken advantage of and that the condition that the hours provided by the resolution shall be observed "until otherwise ordered" may serve as a safeguard and a remedy to relieve us from the hard and fast conditions imposed in the other part of the resolution.

I think as the Senator from Colorado [Mr. Shafroth] said yesterday. He said:

Now, when we are perfectly willing to have debate without limit, having long sessions each day, to say that that is attempting to throttle any debate, it seems to me, can not be sustained.

Of course there is no accusation by anybody, as I understand, that there is any intention to throttle debate here. I think the Senator from Colorado is quite correct about that. I think the disposition of the other side will be to allow every Senator to take the proper amount of time to give the Senate the views he has upon this question. Of course the ordinary courtesy that prevails between gentlemen would dictate that policy, for one Senator stands upon an equality with another. Because a majority have met in caucus and have laid out their program, I do not think, and I do not believe any Senator on this side thinks, that it is their intention to deprive anyone of the minority of a chance to speak at such length as he chooses in order properly to present his views upon this subject to the Senate.

I will say, since I have the floor, that I hope the suggestion of the Senator from Colorado that this debate shall proceed without limit foreshadows a disposition on the part of his colleagues not to ask for unanimous consent for fixing a day or an hour for the final vote upon the currency bill, all amendments pending, and all amendments to be offered, without further debate, to its final disposition. I venture to express that hope, because I think one of the vicious practices of this body, or, if not one of the practices, one of the incidents which at times have been indulged in which I regard as bad practice, is the agreement to such unanimous consents. I have repeatedly seen here upon the floor, under such agreements, Senators not very faithfully attend the long-drawn-out debate of a week or so until the last day, and then all appear and all want recognition, some of them with lengthy addresses. Within 15 minutes of the time the gavel was to fall and debate thereupon terminate I have seen Senators in the past rise in this body and offer as amendments to the bill under consideration entire bills upon subjects entirely unrelated to the matter which had been discussed and drive Senators to a yea-and-nay vote—nail them to the cross, so to speak, "yes" or "no"—on a complicated bill that the Secretary had hardly had time to rattle through, fast as he might have read it. Sometimes they have been submitted without reading and just the general substance stated.

think it is unfair to Senators and unfair to the country to indulge in a practice of that kind. Legislation in this deliberative body, where debate has always been free, should not be jammed down the throats of Senators or of the country at the last minute like that—wadded into wads and rammed down through legislative processes when there has been no time for debate or even for explanation. Under that sort of unanimous-consent agreement a Senator is not allowed to state why he votes. He is not even allowed to say that he is in favor of the proposed amendment but is against its adoption as part of the pending bill because he may think it will kill the bill. He is not even allowed to say that. In order to prevent misinterpretation of his views and votes by his constituents, by the press, and by the country at large, he is compelled to stand up here subsequently, whenever he can get the floor, and explain his action. It may be that if that process has been indulged in upon the last day of a session he will have to wait six or eight months before he can get an opportunity to put in the RECORD a statement as to why he voted as he did on the bill.

So I say I shall object, if nebody else does, to unanimous consent being given for the taking of a final vote upon this bill and amendments to it, at least until it has been very fully and freely discussed and until we can see somewhere near the finish of it. Even then I think I shall object to voting upon amendments to be offered unless there is some condition attached that so many minutes shall be allowed to each Senator at least to explain his vote upon the question.

Mr. GALLINGER. Mr. President, just a word.

In reference to unanimous-consent agreements, I wish to say that no unanimous-consent agreement hereafter will be made on any important bill unless some such proviso as this shall be attached to it:

Provided, That on the day on which the vote is to be taken no Senator shall speak more than once nor for a longer time than 10 minutes.

There has been a very great and serious grievance when amendments have been pushed in here almost at the last moment. Frequently a Senator has taken the floor on the day on

which the vote was to have been taken, criticizing other Senators and occupying the entire time. So far as I am concerned, propose to endeavor to remedy that by some such proviso as have just read.

Mr. SMOOT. Mr. President, I do not rise to object to the resolution, for I intend to vote for it. If I did offer an amendment to the resolution, it would be to exclude from it the recess from 6 to 8 o'clock. As I said before, there is no Senator in this body who wishes to reach a vote upon the currency bill earlier than I do.

Last evening I had an appointment, made some 10 days ago, that required my absence from the Senate. I could not well break the appointment, or I would have been here. I noticed in the RECORD this morning, however, that my absence was referred to, as I am informed, in rather a sneering way.

Mr. OWEN. Mr. President

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Oklahoma?

Mr. SMOOT. I have only a few minutes, and I will yield the floor in a very few minutes.

I find in the RECORD this statement:

Mr. Owen. Mr. President, at 1.55 p. m. to-day the Senator from Utah [Mr. Sutherland] made the point of no quorum. There were 61 Senators present. At 2.45 p. m. the Senator from Utah [Mr. Sutherland] again made the point of no quorum. There were 65 Senators present. At 4 o'clock p. m. the Senator from Utah [Mr. Smoot] made the point of no quorum. There were 56 Senators present. The Senator from Utah [Mr. Smoot] again made the point of no quorum at 12 minutes past 5. There were 58 Senators present. Neither of those Senators is in his seat to-night.

Mr. Shively. Mr. President, does the Senator think he ought to make these observations in the absence of the Senator from Utah [Mr. Smoot]?

SMOOT]?

Mr. OWEN. It is very painful to make observations of this character in the absence of the Senator.

Mr. President, for the sake of truth and for the RECORD. I wish to make just a few observations in reference to that part of the Record just read.

When the Senator from Utah [Mr. SUTHERLAND] first called for a quorum there were 7 Democratic Senators in the Chamber, and there were not 61 Senators present. When the Senator from Utah [Mr. Sutherland] called for a quorum the second time there were 2, and only 2, Democratic Senators in the Chamber. In fact, the Senator from Utah thought there was only 1, and that was the Senator from Colorado [Mr. THOMAS . He had overlooked the Senator from North Carolina [Mr. Overman], as he was upon this side of the Chamber. The Senator from Oklahoma was not one of them.

The first time I called for a quorum-and I have never yet called for a quorum without having some purpose in it, and I do not propose to call for a quorum without a purpose-there were 7 Democratic Senators in the Chamber. time I called for a quorum there were 5 Democratic Senators in the Chamber. The Senator from Oklahoma, however, was here both times, as he was in the chair.

Mr. KERN. Mr. President, will the Senator allow me for a moment?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Indiana?

Mr. KERN. I desire to ask a question.
Mr. SMOOT. I will yield just for a question, if it is short. I have only a minute or two.

Mr. KERN. It is now within five minutes of the time when the resolution must go over. I wish to ask the Senator whether it is his purpose to force the resolution to go over without a vote?

Mr. SMOOT. It is not. I want a vote on the resolution, and I

assure the Senator now that I will close before 12 o'clock.

Mr. CUMMINS. Mr. President, there are others who desire to discuss the resolution. I know of at least one Senator who wishes to do so, and he has had no opportunity whatever to be heard so far.

Mr. KERN. Mr. President, it seems to me the discussion this morning, which has taken the range of every subject, from the high cost of living and the tariff to the presidential primary, indicates a willingness, and will indicate to the country, that there is a purpose here to defeat the passage of this resolution.

Mr. SMOOT. As far as I am concerned, I deny that charge. I do not believe there is a Senator on this side of the Chamber who has any such intention and no desire or intention of fili-bustering against the resolution. The Senator from Indiana ought to know that he can make a motion to meet at 10 o'clock to-morrow, and he can hold the Senate until 12 o'clock to-night if he desires. So a failure to act on the resolution to-day would not at all interfere with the proceedings of the Senate.

Mr. WILLIAMS. In that case the Senator could make a

motion to keep a quorum present every minute, as he knows.

Mr. SMOOT. Mr. President, I wish to go on and conclude

what I have to say.

I have been a Member of this body for nearly 11 years. I think the first time I was ever out of the city when the Senate was in session was during last September, when I went home to attend the marriage of my daughter. I should not have gone then if there had been any business requiring my presence in this body; but there was none. A year ago my married, but I did not go home to attend his wedding. Ever since I have been a Member of this body I have tried to be in my place when the Senate was in session; and it ill becomes Senator from Indiana or the Senator from Oklahoma to call attention to my absence last night in the way that it was done. If they had been as constantly in attendance in the Senate Chamber as I have been in the past, I think they would have been in the city a great many more months each

I have no feeling over this matter. I simply wanted to call attention to the way in which it was brought to the attention of the Senate, as I have been informed. I do not believe there is a Senator here who does not know that, as far as my attendance in this body is concerned, it can be compared most favorably with that of any other Senator of the United States not only during this session but during every session since I

have been a Member of the Senate.

Mr. CUMMINS. Mr. President, I am entirely willing that the time for the discussion of this resolution shall be extended so that we may dispose of it to-day, and in order to show that I am entirely sincere about that, I ask unanimous consent that the time within which the resolution may be discussed and considered shall be extended for 30 minutes.

Mr. WORKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from California?

Mr. CUMMINS. I do.

Mr. WORKS. I shall be compelled to object to the extension of time to discuss the resolution. I do not want to take the Senator from Iowa off the floor, but I shall certainly object to further delay in taking up the bill that has been set for this time by unanimous consent. There is bound to be considerable discussion on that bill; it is a very important bill, and I think it ought not to be laid aside for the discussion of this resolution,

Mr. CUMMINS. It is of course not for me to say what disposition the Senate shall make of its time. I have a few words

to say with regard to the subject.

The VICE PRESIDENT. The hour of 12 o'clock having arrived, the Chair is compelled to lay before the Senate the un-

finished business, which is H. R. 7837.

Mr. GALLINGER. Mr. President, had I supposed that the few minutes I occupied this morning would have prevented a vote upon this resolution, I would not have said a word, because I think the resolution ought to be passed, as it is the wish of the majority. I feel quite sure that there will not be so much time occupied to-morrow morning, and I want to repeat the request I made yesterday, which was graciously granted, that the resolution may go over without prejudice until tomorrow, instead of going to the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it will be so ordered.

## BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

The VICE PRESIDENT. In accordance with the ruling of the Chair heretofore made, the unfinished business, at the suggestion of the Senator from California [Mr. WORKS], will be temporarily laid aside, retaining its place as the unfinished business of the Senate, and the Chair now lays before the

Sepate House bill 7207.

# SAN FRANCISCO WATER SUPPLY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

Mr. WORKS. Mr. President, it was said yesterday by the senior Senator from Mississippi [Mr. Williams] that these long hours which are being imposed upon us were intended to wear out the minority Members of the Senate. If it is any

satisfaction to the Senator, I want to say that they came very near having that effect on me yesterday and last night. I am not feeling as fresh and vigorous this morning as I should like to feel for the further presentation of this important question, but I shall do the best I can.

Mr. BACON. I think the Senator ought to recognize the fact that, last night, when he stated that he preferred the Senate should adjourn in order that he might have rest, it was

acquiesced in, half an hour before the usual time.

Mr. WORKS. I do recognize that fact, Mr. President, and I express my appreciation of the courtesy of the Democratic Members of the Senate in allowing me to suspend my remarks. I was referring to the general proposition which has been advanced here by another Senator, and I am not saying that in any sense of complaint, either.

Mr. BACON. While advanced by another Senator, it was not acquiesced in by all.

Mr. WORKS. That may be.

Mr. President, I had supposed when I suspended my remarks last night that I had concluded all I desired to say upon the subject that I then had under consideration, but this morning I have received a little additional information that I desire to submit to the Senate. One of the documents received is a resolution by the board of directors of the Modesto irrigation district, which reads as follows:

#### Resolution.

Resolution.

The board of directors of the Modesto irrigation, in behalf of said district, hereby protest against the passage of the Raker bill, now pending before the United States Senate.

If the bill passes it will leave the water users of our district without sufficient water and it will seriously injure our district.

The amount of water needed by the water users of our district is far in excess of the amount allowed them by the Raker bill.

If San Francisco takes 400,000,000 gallons of water daily out of the Tuolumne River it will leave us without sufficient storage water to supply us in the last half of the season, and without sufficient water out of the natural flow of the river during the first half of each season. We doubt the sincerity of San Francisco in her pretense of protecting our interests. The utterances of her influential papers and citizens indicate that San Francisco will not be bound by the terms of the bill, but will test their legality in the courts.

If the Hetch Hetchy Valley is to be given away, the Modesto irrigation district and adjoining land will gladly take it and construct the necessary dam and public roads required by Congress, as we are amply able and willing to do so.

Eminent engineers inform us it is well within our means and financial ability to build the dam and public roads. It is the cheapest dam site on the Tuolumne River.

We therefore urge Congress to refuse to pass the Raker bill, or any similar bill which takes water out of this valley.

I, C. S. Abbott, secretary of the Modesto Irrigation district, do hereby certify that the annexed resolution was duly introduced and adopted at an adjourned meeting of the board of directors of said Modesto irrigation district, held on the 25th day of November, 1913, by a unanimous vote of all the directors of said district.

In witness whereof I have set my hand and affixed the seal of said district this 25th day of November, 1913.

C. S. Anbott.

I have another communication here in the form of a position.

Secretary Modesto Irrigation District.

I have another communication here in the form of a petition by Mr. William C. Alberger that discusses these questions and contains some information that I should like to bring to the attention of the Senate, and, if the Senate will allow me, I will have it read by the Secretary.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

# Petition.

To the Senate of the United States:

The undersigned respectfully petitions you in opposition to the pending bill (H. R. 7207), which proposes to grant Hetch Hetchy Valley in Yosemite National Park to the city of San Francisco for use as a reservoir site, and respectfully asks your consideration of the following grounds of opposition to this grant:

1. THE MAIN PURPOSE OF YOSEMITE NATIONAL PARK WILL BE DESTROYED BY THE USE OF HETCH HETCHY VALLEY AS A RESERVOIR VALUE OF THE USE OF HETCH HETCHY VALLEY AS A RESERVOIR STANDARD WAS GREATED HETCH WAS AS A RESERVOIR STANDARD WAS GREATED HETCHY VALLEY AS A RESERVOIR STANDARD WAS GREATED HETCHY VALLEY AS A RESERVOIR STANDARD WAS ASSETTED TO THE WAS GREATED HETCHY VALLEY AS A RESERVOIR STANDARD WAS GREATED HETCHY WAS GREATED HETCHY WAS GREATED HETCHY WAS GREATED HETCHY WAS GREATED WAS GREATED WAS GREATED HETCHY WAS GREATED WAS GREAT

STROYED BY THE USE OF HETCH HETCHY VALLEY AS A RESERVOIR.

Yesemite National Park was created to preserve Hetch Hetchy Valley in its natural state for the enjoyment of the people forever similarly as Yosemite Valley is preserved for their enjoyment.

Without Hetch Hetchy Valley in its natural state Yosemite National Park is shorn of its unique feature, which puts it in the same class of natural wonders with Yosemite Valley. There are many beautiful meadows in the high sierras of California. There are a number of places where the granite cliffs are awe inspiring by their height. But only in Hetch Hetchy Valley and in Yosemite Valley are they together—the high granite cliffs rising sheer from beautiful mountain meadows.

II. San Francisco Does Not Need Hetch Hetchy Valley in Order To Have an Adequate Water Supply.

There are several other sources from which San Francisco can obtain, when required, the same quantity, 400,000,000 gallons daily, which it is estimated the use of Hetch Hetchy Valley as a reservoir will provide, or a larger supply should 400,000,000 gallons daily become inadequate.

provide, or inadequate.

SPECIFICATION 1 The report of the Army board of engineers indicates that there are alternative sources to Hetch Hetchy Valley available to San Francisco for a supply of 400,000,000 gallons daily or a larger quantity, as follows: (1) Sacramento River.

(2) Feather River.
(3) Yuba River.
(4) American River.
(5) McCloud River.
(6) Yuba and American River tributaries combined.
(7) American, Cosumnes, and Mokelumne River tributaries combined.
(8) Sacramento River combined with tributaries of either of the Feather, Yuba, or American Rivers.
(9) Eleanor and Cherry Creek tributaries of the Tuolumne River combined with Stanislaus, Mokelumne, and Cosumnes Rivers, and a tributary of the American River.
(10) South Fork of Eel River supplemented with water from one or more of the other mentioned streams.

#### SPECIFICATION 2.

A water supply from any one of the eastern tributaries of the Sacramento River, should it ever become inadequate, can be supplemented continuously with water taken out of the Sacramento River, where it is crossed by the conduit from the tributary. This applies particularly to consideration of the use of tributaries of the Feather, Yuba, and American Rivers as the primary source of the city supply.

## SPECIFICATION 3.

There are other reservoir sites suitable for a very large storage of water available for San Francisco in place of Hetch Hetchy Valley.

The report of the Army board of engineers mentions Indian Valley, with 120 feet height of dam. making 600,000 acre-feet of storage capacity, and Big Meadows, with 85 feet height of dam, making 450,000 acre-feet of storage capacity, compared with Hetch Hetchy Valley, with 325 feet height of dam, making 344,000 acre-feet of storage capacity.

Within the limit of the 325 feet height of dam estimated for Hetch Hetchy Valley reservoir, there may be one or more other available reservoir sites which have never yet been considered. The report of the Army Board of Engineers indicates that they were not informed of the reservoir storage possibilities, if there are any, of very extensive areas in the Feather, Yuba, and American River watersheds.

#### SPECIFICATION 4.

The reports on alternative sources to Hetch Hetchy Valley farnished by the Army board of engineers by the San Francisco authorities are incomplete and did not thoroughly inform the Army board concerning them. The report, page 19, says:

"The reports have covered all sources of water supply that are considered as available. Some of the reports notably those on the Tuolumne and Sacramento Rivers, have been thorough and complete. Others have been much less so, due largely, it is thought, to the lack of importance and impracticability, from the point of view of the city authorities, of any source of supply other than the upper Tuolumne."

HI. SAN FRANCISCO DOES NOT NEED HETCH HETCHY VALLEY IN ORDER TO SAYE \$20,000,000 IN CONSTRUCTION COST BY USING IT INSTEAD OF ANY OTHER SOURCE FOR ITS WATER SUPPLY.

There are several projects of water supply available to San Fran-

To Save \$20,000,000 in Construction Cost by Using it Instead of any Others for its Water Suffly.

There are several projects of water supply available to San Francisco which will give the city more water, or as much water, as the Hetch Hetchy project at a less outlay of money.

This conclusion appears incontrovertible when the reports furnished the Army board of engineers by the city authorities on the various projects are completed by including omissions and excluding overstatements of estimates of cost.

The construction cost of the Hetch Hetchy project has been understated by the city authorities to the Army board approximately \$10,000,000 for the supply of 160,000,000 gallons daily, and proportionally more for the supply of 240,000,000 gallons daily, and proportionally more for the supply of 240,000,000 gallons daily, and proportionally more for the supply of 240,000,000 gallons daily and 400,000,000 gallons daily.

The explanation of the understatement is that the city authorities did not report to the board of Army engineers the estimated construction cost of Hetch Hetchy waterworks delivering water in San Francisco and in Oakland, but furnished their report on the estimated cost of construction of Hetch Hetchy waterworks delivering water into Crystal Springs reservoir of the Spring Valley Water Co., 23 miles short of San Francisco, and delivering water into Chabot Reservoir of the People's Water Co., 12 miles short of Oakland.

With \$10,000,000 added to cover the cost of extending the city authorities' project of Hetch Hetchy waterworks into San Francisco and into Oakland, the estimated construction cost of the Hetch Hetchy project for 160,000,000 gallons daily will be about \$47,500,000, in place of about \$37,500,000, stated in the summary of comparative construction costs in the Army board report (p. 49).

### SPECIFICATION 2.

The same omissions and consequent understatement of estimate of construction cost appears to be the case with the statements of estimated cost in the summary of comparative construction costs in the Army board report (p. 49) for the Eleanor-Cherry-Stanislaus-Mokelumne and American-Cosumnes-Stanislaus-Mokelumne projects.

On the other hand, the estimates of construction cost in the same summary of comparative construction costs for the McCloud River, Sacramento River, and Yuba River projects are for waterworks making the delivery of the water in San Francisco and Oakland.

SPECIFICATION 2

### SPECIFICATION 3.

The construction cost of the Sacramento River project has been over-ated by the city authorities to the Army board of engineers

The construction cost of the Sacramento River project has been overstated by the city authorities to the Army board of engineers \$19,725,000.

The explanation of this overstatement is that the city authorities included in their report on this project furnished the Army board of engineers as one of the items of cost an assumed capitalization of assumed operating expenses for filtration and pumping.

This guessed capitalization of guessed operating expenses is not money. San Francisco would not have to outlay it nor issue bonds on account of it.

Cutting out the overstatement, the real estimate of construction cost

account of it.

Cutting out the oversfatement, the real estimate of construction cost to supply San Francisco with one hundred and thirty-three and a third million gallons daily of water from the Sacramento River is only \$19,679,900, in place of \$39,404,900 stated in the summary of comparative costs in the Army board report (p. 49).

### SPECIFICATION 4.

The construction cost of a Yuba River project to supply 162,000,000 gallons daily has been overstated by the city authorities to the Army Board of Engineers between \$15,000,000 and \$20,000,000.

The explanation of the overstatement is, first, that the report of the city authorities furnished to the Army board estimates a double pipe line across the Sacramento Valley for a Yuba River project (p. 137 of Army board report), whereas their report furnished for the Hetch Hetchy project estimates a single pipe line across the San Joaquin

Valley (p. 130 of Army board report), the difference of estimated cost being about \$10,000,000 against the Yuba River project. There is no excuse for this. The quantity of water is the same. The altitude of the lalet to the pipe is lower on the Yuba project than on the Hetch Hetchy project, and the pressure heads are less on the Yuba project pipe line across the Sacramento Valley. And second, that the city authorities estimated on a very roundabout line for a Yuba River project conduit (p. 92 of report of Army board), about 30 miles longer than a direct line, the difference of estimated cost being between \$7,000,000 and \$10,000,000 in favor of the direct line which was avoided by the plan on which the estimate was made. There is no excuse for this. The crossings of Suisula Bay and San Francisco Bay for a direct Yuba River conduit line would be in the same places, or could be, of the Sacramento River project, so there is no reason in assumed insuperable difficulties for estimating on the roundabout line.

Cutting out the overstatement of the estimates of construction cost, a Yuba River project of water supply is possible for San Francisco at a cost between \$40,000,000 and \$45,000,000, in place of \$61.944,000 stated in the summary of comparative costs in the Army board report

#### SPECIFICATION 5.

The construction costs of Feather River and American River projects of water supply for San Fran isco, on which no reports were furnished by the city authorities to the Army board, should be little more or less than a Yuba River project. The Feather River is a few miles farther away and the American River a few miles nearer to the city. SPECIFICATION 6.

Increasing the construction cost of the Hetch Hetchy project, as reported by the city authorities, by the omissions from the estimate of their report and squeezing the "water" put by the city authorities in the estimates of their reports on the Sacramento River and Yuba River projects, the comparative construction-cost estimates are: \$47, 500, 000 10, 766, 000 42, 500, 000 Hetch Hetchy, about\_\_\_\_\_\_Sacramento River\_\_\_\_\_

Yuba River, about 42, 500, 000

Instead of being as stated in the summary of comparative costs in the report of the Army board of engineers: Hetch Hetchy \_\_\_\_ Sacramento River\_\_ Yuba River \_\_\_\_

#### SPECIFICATION 7.

The estimates on alternative sources to Hetch Hetchy Valley, and to the Hetch Hetchy Valley as well, furnished to the Army board of engineers by the San Francisco authorities are not reliable estimates of the costs of these projects. The report, page 51, says:

"Finally, the board wishes again to emphasize the fact that it does not present the various estimates given as reliable estimates of the different projects."

WM. C. ALBERGER.

#### SAN FRANCISCO, November 26, 1913.

Mr. WORKS. Mr. President, I come now to one of the most important questions involved in this controversy. I regret that it comes at a time when Senators are at their luncheon. It is the question whether San Francisco is now needing more water and whether she is able to procure it in adequate quantities from other sources than the Hetch Hetchy Valley. To my mind this is the vital question involved. If San Francisco is in need of water for domestic purposes and can not procure it elsewhere, she is entitled to this grant and should have it.

In that respect it makes no difference whether she has a prior or a subsequent filing upon the stream, because under the express terms of the law of California a claim upon the stream for domestic purposes takes precedence of a claim for irrigation, no matter whether the filing was first in time or not; and if this question were presented to the water commissioners of the State of California as between the irrigation districts, in so far as they propose to use the water for irrigation purposes, and the city of San Francisco, under the laws of California the board would be bound, as a matter of law, to recognize the rights of San Francisco as against the claim of water for irrigation purposes

Not only that, but as a matter of justice, as a matter of humanity, the waters of the State must of necessity go to domestic use to the entire exclusion of the use of water for irrigation purposes, no matter how great the loss to the irrigationist

But it is my purpose, Mr. President, to show in the first place that San Francisco has at her very door and under the system that is now in existence ample facilities for supplying her present needs and all her needs for years to come, and therefore that she has no just claim upon the Government to grant to her the right to the use of the Hetch Hetchy Valley for present

In addition to that, it would be impossible for San Francisco to procure a water supply from this source for at least 10 years if the grant were made at the present time. I think all the engineers who have expressed themselves upon the subject have agreed to the proposition that it would take the city at least 10 years to construct this system and conduct the water to the city. The conditions in San Francisco just now are peculiar. They have a water system known as the Spring Valley Waterworks. That system has been supplying water to the city for a half century. When this agitation commenced for the securing of another and different supply of water, naturally the Spring Valley Waterworks ceased to expend money for the

mere purpose of increasing the water supply for San Francisco for the future, because the confiscation of this plant stared it in the face, which would have resulted if San Francisco, as it threatened to do, put in a new distributing system through which it might supply water that it proposed to develop in the mountains

For that reason and for no other San Francisco, in some parts of the city, is short of water. If any arrangement had been made five years ago by which the city could take over the plant of the water company, it could have extended it and would have been amply supplied with water. That is what San Francisco is now endeavoring to do. It expects to secure its supply from the Spring Valley system. It has gone to this extent: It has entered into an agreement with the Spring Valley Waterworks to purchase its system. They have not been able to agree upon the price to be paid. They have agreed, however, that the city shall bring a condemnation suit and that three judges, to be agreed upon between them, shall sit and that three judges, to be agreed upon between them, shall sit and determine the one single question of the amount to be paid for the system of the water company. They have gone to the extent of bringing that condemnation suit. They have agreed upon the three judges who shall fix and determine the price to be paid for the water company's system, and they have prepared now and will undoubtedly within a very short time acquire the title to that water system, with all its water rights, that I am going to show the Senate are amply sufficient to supply San Francisco with all the water it needs for quite a number of years to come.

There has been one unfortunate feature of the investigations that have taken place in this matter. The water company has ceased to have any interest in making any kind of showing as to what water can be produced by this system, because it has agreed to sell its plant to the city. Nobody else has had any interest in all the investigations and hearings in the effort to show the present ability of the city to supply itself with water from that source. That has been mentioned, and we shall find it in different reports to which I propose to call attention; but that has not been a question regarded as of vital importance in dealing with this matter. I think it is exceedingly important that the Senate should know, when it comes to pass upon this question, whether San Francisco has some other source not only from which it can supply itself to-day, but from which it can supply itself permanently, without taking away from the farmers of the San Joaquin Valley the supply of water that is necessary for the irrigation of their lands and which they can not procure anywhere else. I call attention in this connection to a showing which was made by the Spring Valley Water Co. at a time when it was interested in this question as to its ability to supply the water. That was on an occasion when an investigation was proceeding before the then Secretary of the Interior, when a permit was being sought from the Interior Department of the Government to use the Hetch Hetchy. Then the water company had a vital interest in the controversy, and it made this showing to the Secretary of the Interior. As a result of the showings that were made at that time and subsequently the several Secretaries of the Interior have uniformly refused to give a permit to use the Hetch Hetchy for this purpose. If we had time to go into it, we should find that there was a most ex-baustive and complete examination at that time of the question as to whether San Francisco could procure water elsewhere, and it was doubtless upon the understanding of this by the then Secretaries of the Interior, that she could procure the water else-where, that these permits were refused. They subsequently made their appeal to Congress, and upon the basis of the showings that were made in that connection Congress refused to grant them the right to enter the Hetch Hetchy and construct a dam for the use of the city.

There are Members of this body who are more familiar with the proceedings that took place in Congress at that time than I, because some of them, at least, served upon some of the committees which then investigated this important question. I know that is true with respect to the Senator from North Dakota [Mr. GRONNA].

Now, let me call your attention to some of the evidence that was submitted at that time. I shall read from an abstract of reports made by F. C. Herrmann, chief engineer of the Spring Valley Water Co., and other engineers, relating to this subject It would be impossible to bring before the Senate a report of that entire investigation, covering hundreds of pages, which, if Senators desired to investigate the matter, might be found in the office of the Secretary of the Interior. I only want to bring to the attention of the Senate sufficient of this evidenceand I will confirm it by the report of the board of Army engineers and by other evidence—to prove to the Senate con-clusively that there is another source of supply of water for present needs, as well as for a permanent supply. I now read

from the report made by F. C. Herrmann, chief engineer Spring Valley Water Co., October 1, 1912—not so very long ago. He

THERE WILL BE ENOUGH WATER FOR SAN FRANCISCO UNTIL BEGINNING OF NEXT CENTURY.

NEXT CENTURY.

The purpose of this report is to present an estimate of the safe, dependable amount of water that may be delivered daily to the people of San Francisco by the complete and intelligent development of the present resources of the Spring Valley Water Co., and to determine at what time in the remote future additional water supply must be obtained elsewhere.

These resources extend over large areas adjacent to the region of San Francisco Bay, and although the most important of these will be operated in harmony, each assisting the other to the best advantage, they are divided into the following component parts for the purpose of analysis in this report:

Peninsula system:

Bay Slope, nearly complete, 35 square miles—

That is the drainage area:

Coast streams, reserved for future supply, 65 square miles.
Alameda system, partially developed, 620 square miles.
Coyote system, reserved for future supply, 115 square miles.
Alviso-Ravenswood wells, partially developed, subterranean.
Lake Merced, nearly complete, subterranean.
The Spring Valley Water Co. has secured water resources for the people of San Francisco that when completely developed will safely produce year in and year out 210,000,000 gallons daily.

That is more water than the city of San Francisco is entitled to take out of the Hetch Hetchy stream if its filings upon that stream were recognized as legal and valid. As I have said to you more than once in the course of this discussion, San Francisco at the present time is only legally entitled to take out of this stream, under the filings it has made upon it, 161,000,000 gallons of water daily, while this report shows that the city can procure from sources right at its door practically 210,000,000 gallons daily, or over five and one-half times

the present needs of the city.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER (Mr. BRYAN in the chair). Does the Senator from California yield to the Senator from Washington?

Mr. WORKS. I vield.

Mr. POINDEXTER. I have not closely enough followed the reading of the document which the Senator from California is now reading to understand whether it covers the Calaveras

source of supply.

Mr. WORKS. It has not done so thus far.

Mr. POINDEXTER. I refer to the Calaveras Dam. I am informed that the development of that additional source of supply by the Spring Valley Water Co. has been begun; that the dam is in process of construction; and that the Calaveras supply will add 40,000,000 gallons a day to the Spring Valley water supply in addition to what the Senator from California has stated

Mr. WORKS. It may be that that is commented upon further along in this report, but it is not included in the sources of supply that are named up to the present time. This statement continues:

In addition to this, other sources have been secured, which may be depended upon to supply 42,000,000 gallons daily for use within the proposed metropolitan district, making a grand total of 252,000,000 gallons daily, as fellows:

For the city of San Francisco.

(In million gallons.)		
Peninsula system: Crystal Springs, San Andreas, and Pilarcitos Reservoirs, as at present daveloped. Additions from coast streams and West Union Creek. Lake Merced.	19, 5	
Total	- Contract	74. 20
Alameda system: Calaveras		3 - 22 (200
That, I presume, is the source referred to by from Washington.	the !	Senator
San Antonio Sunol gravels Arroyo Valle and Livermore gravels	8. 92 11, 36 55, 38	
	Charles of the Control of the Contro	135. 80
Total		210.00
Additional for metropolitan district:  Coyote system Aiviso and Ravenswood	21.00	
211100 000 2001000000000000000000000000		42.00
Grand total		252.00

(In million gallons, ultimate.)

102, 500 80, 504 9, 100

192, 104

If no rain whatever fell for over 14 years, this storage would be sufficient to care for the present needs of the city during that time.

That is up to the end of the century.

Extensive underground storage, which is the source of subterranean waters at Pleasanton, Sunol, Alviso, and Ravenswood, is not included in the above, and in the aggregate furnishes storage in excess of the enormous storage of the surface reservoirs.

MR. MULHOLLAND'S ESTIMATE OF THE WORK OF F. C. HERMANN. (By Wm. Mulholland, chief engineer, Los Angeles Aqueduct, and J. B. Lipplicott, assistant chief engineer of the Los Angeles Aqueduct, p. 232b, same report.)

I know both of these gentlemen intimately, and have worked with them in various ways in dealing with water questions. Mr. Mulholland, with Mr. Lippincott as his assistant, has built the Los Angeles Aqueduct and the series of reservoirs that have just been completed to supply that city with mountain water. He is an able engineer and recognized by everyone who knows him as honest and reliable. He has no interest whatever in this controversy. I heard, when I was in Los Angeles, that he had made a report upon this question, and I took the matter up with him personally. He told me that he had made a full investigation of the waterworks system and stated that a large additional supply could be derived from that source. He did not say so to me, but I was told by others, that he had stated that the amount of water could be doubled through that system. The statement continues:

There has been presented to the board of Army engineers, as requested by the Secretary of the Interior, a number of reports dealing with the resources of the Spring Valley Water Co., of which one report by Mr. F. C. Herrmann, chief engineer of the Spring Valley Water Co., fully discusses the available water supply owned and controlled by the

### THOROUGH STUDIES MADE OF ALAMEDA SYSTEM.

Mr. Herrmann was born and raised at San Jose and received his engineering training at Berkeley, all practically in the district under discussion. His professional work has included official water-supply investigations for the Federal Government and responsible charge of extensive hydraulic works. He is surrounded by a corps of engineers, some of whom have spent years of study and observation of the Spring Valley system. To assist this regular engineering organization he has called in consultation Dr. J. C. Branner, vice president of Stanford University, and Dr. A. C. Lawson, professor of geology of the University of California, both eminent geological study thereof. He also has had in consultation the engineering staff of J. G. White & Co.; Mr. George G. Anderson, an eminent engineer of Denver; Capt. A. O. Powell, civil engineer of Seattle; and Gen. Hiram M. Chittenden, retired, of the Corps of Engineers of the University of Engineers of the Unived States Army. Gen. Chittenden has specialized for years on the hydrography of arid America. All of these gentlemen, together with Mr. Mulholland and Mr. Lippincott.

That is, together with Mr. Mulholland and Mr. Lippincott-

That is, together with Mr. Mulholland and Mr. Lippincott—have gone over the districts under discussion in the reports in detail with Mr. Herrmann and have conferred with him both in the field and in the office. The deliberations have been extensive, and a mass of data has been compiled by Mr. Herrmann and his assistants, which is presented in their reports. It therefore follows that the conclusions reached by Mr. Herrmann are worthy of respectful consideration and should be given weight in reaching final judgment.

Mr. Herrmann has presented a report which is a clear and concise review of much detailed matter contained in several appendixes and many maps and diagrams which are referred to therein. It is not in the nature of a report produced under high pressure in the short period of two or three months time by one who is a nonresident and but briefly familiar with Pacific coast conditions, and the ordinary sources of our domestic water supplies, covering one-third of the second largest State in the Union, involving estimates of construction cost running into staggering figures and unprecedented plans, but is rather the findings of men who have made good in their life work in this particular locality.

SAN JOAOUIN RIVER

(Page 82 of same report.)

The San Joaquin River is one of the largest rivers in California. It serves a catchment area of 6,000 square miles, carrying to the San Francisco Bay all the waste waters from that portion of the Sierra Nevada Mountains lying south of the Calaveras River.

ALWAYS AVAILABLE FOR DISTANT FUTURE.

It lies about 20 miles east of the Livermore Valley, and at such time in the remote future, when the needs of San Francisco shall have become equal to the safe, dependable yield of the resources of the Spring Valley Water Co., an almost unlimited supply of water may be readily obtained from this source.

By pumping and conveying only 20 miles this water may be delivered into the Livermore Valley, whence it may be filtered by the unlimited natural filtration gravels and conveyed to the city of San Francisco.

CONSUMPTION OF WATER,

The average daily consumption of water in San Francisco for the year 1911, as indicated by the records of the Spring Valley Water Co., was 37,700,000 gallons daily.

In the hearings which took place the present city engineer of San Francisco testified that the amount of water being used by that city at that time was about 42,000,000 gallons daily.

Mr. WEEKS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Cali-

fornia yield to the Senator from Massachusetts?

Mr. WORKS. I yield to the Senator. Mr. WEEKS. Mr. President, at this time there are 13 Democratic Senators on the floor and 13 Republicans. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Massachusetts suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Smith, Ariz. Smith, Ga. Smith, S. C. Smoot Stephenson Sterling Sutherland Ashurst Bacon Bankhead Hollis O'Gorman Overman James Johnson Owen Brady Brandegee Page Perkins Pittman Poindexter Kenyon Kern La Follette Bryan Burton Chamberlain Chilton Poindexter Reed Robinson Root Saulsbury Sheppard Sherman Shields Shively Simmons Lane Lewis Lippitt McLean Thomas Thompson Thornton Vardaman McLean Martin, Va. Martine, N. J. Myers Nelson Norris Wash Warren Weeks Works Cummins Dillingham Gallinger Goff Gronna Simmons

Mr. KENYON. I have already made announcement of the absence of the Senator from Idaho [Mr. Borahl] on account of illness, and will let that announcement stand for the day.

Mr. KERN. The senior Senator from Mississippi [Mr. WIL-LIAMS] has been called from the Chamber on a pressing matter of important public business, and will be absent for a short

The PRESIDING OFFICER. Sixty-three Senators have answered to their names. A quorum of the Senate is present.

Mr. WORKS. Proceeding with the reading of this report:

Mr. WORKS. Proceeding with the reading of this report:

During the last few years the consumption has increased at the average rate of about 1,500,000 gallons daily per annum. For many years the future requirements for San Francisco have been the subject of careful analysis and thought by all investigators of the water supply of this city, and many elaborate compilations and deductions have been made. These results are based upon estimates of increased population and of industrial activity, and at best can be only approximations.

In estimates of the future consumption of water it has been customary to allow 100 gallons per capita per day, though in his report on "New York's water supply," Mr. Freeman estimated that with proper inspection and meters on all taps, from 42 to 67 gallons per capita per day would be ample. Similarly, in 1904, Mr. Dexter Brackett, chief engineer of the metropolitan water district, of Boston, in his report on "Measurement, consumption, and waste of water," said that the quantity actually required for all uses in the Boston district was 554 gallons per inhabitant per day, and that all use above that amount was waste.

We believe that an allowance of 100 gallons per capita per day is

was waste.

We believe that an allowance of 100 gallons per capita per day is a liberal one. At this rate of consumption, the 210,000,000 gallons daily of the Spring Valley Water Co. available for the city under complete development will serve a population of 2,100,000 people.

## PLENTY OF WATER FOR METROPOLITAN DISTRICT.

PLENTY OF WATER FOR METROPOLITAN DISTRICT.

If we take, in addition to this amount, that additional quantity available for the metropolitan district from Spring Valley Water Co. sources of 42,000,000 gallons daily, making a total of 252,000,000 gallons daily, and apply it at the rate of 100 gallons per capita per day to Mr. Freeman's estimate of the future population of the metropolitan district, as given on page 76 of his report above referred to, we find that water available from the Spring Valley Water Co. resources alone will serve this metropolitan district until the year 1975.

Mr. President, I want to say that this element of a metropolitan district in this controversy and in all of these investigations is a false quantity. There is no such metropolitan district, and in my judgment there never will be. They are undertaking to drag into this investigation the needs of 25 other cities which have no interest whatever in this controversy and could get no water from this source under the filings of the city of San Francisco.

Further, if to the ultimate development of the Spring Valley Water Co. we add that amount of water available from other sources serving, or available to serve, other communities within this metropolitan district, as indicated by reports for the city of San Francisco, it will make a grand total of about 350,000,000 gallons daily, which, when applied to Mr. J. R. Freeman's population curve at the rate of 100 gallons per capita per day, will supply this metropolitan area until about the year 2000.

EXCERPTS FROM A REPORT.

(By Hermann Schussler, consulting engineer Spring Valley Water Co.)

I know Mr. Schussler also, and have known him for a good any years. He was at the head of the engineering force of many years. the Spring Valley Waterworks for something like 40 years. He is one of the ablest hydraulic engineers in California and is thoroughly familiar with local matters of this kind.

THE SAN JOAQUIN RIVER AS A FUTURE ADDITION.

This latter source, which I investigated from time to time since 1877, and early came to the conclusion that by using the Alameda system, with its unparalleled gravel deposits acting as natural filter systems, and with its compact artesian and reservoir system lying just to the west of the San Joaquin Valley, through which latter from four to six months in spring and summer of each year a vast amount of waiter passes on its way from the melting snows of the Sierra to the sea, the natural next step of a successful water supply having the present Spring Valley system as a basis would be to make the floodwaters of the San Joaquin River tributary to the filter and reservoir systems of

the Alameda Creek region and to the Crystal Springs and San Andreas Reservoirs, on the peninsula.

Owing to the subterranean natural filtering system of the company in both Livermore and Sunol Valleys, and owing to the facility with which the waters from the San Joaquin could either be passed through the natural filtering process in Livermore and Sunol Valleys direct, or passed partly through the filtration and artesian process of the Livermore Valley, and partly (with or without the waters from Arroyo Valley Reservoir) into the San Antonio Reservoir, and from there to and through the company's natural filtering process in operation in Sunol Valley, this proposed addition of the San Joaquin during its freshet stage offered to the owners of the Spring Valley Water Co.'s properties on the Alameda system and on the peninsula a most effective, rapid, and economical addition to its works with a supply capacity of almost unlimited extent.

Before proceeding with a description of the proposed method of developing the San Joaquin branch of the system, and also before touching on the proposed preliminary development of the Alameda system and its ultimate development in connection with the San Joaquin River as a feeder, I shall quote from the records of the United States Senate Land Committee, before which, on February 12, 1909, I briefly referred to the San Joaquin River as the nearest additional large source of water supply to be connected with the present and proposed works of the Spring Valley Water Co.

I shall here quote from page 70 et seq, of the official record of this meeting in Washington in 1909:

HETCH HETCHY RESERVOIR SITE.

Hearing before the Committee on Public Lands, United States Senate,

HETCH HETCHY RESERVOIR SITE.

Hearing before the Committee on Public Lands, United States Senate, on the joint resolution (S. J. Res. 123) to allow the city and county of San Francisco to exchange lands for reservoir sites in Lake Eleanor and Hetch Hetchy Valley, in Yosemite National Park, and for other

purposes.

Question (by Senator Smoot). Is the Sacramento River feasible?

Answer (by Mr. Schussler). Yes; but it would be very expensive.
You would have to go a long way. But there is one source probably as good as any, except that the quality has been doubted, and that is the San Joaquin River. Now, the San Joaquin River lies right to the east of part of our headwaters on the Alameda Creek system. I discouraged our directors years ago not to make any investment whatsoever in the Sierra Nevada, because it was too expensive and because we could get all the water for many decades nearer home; but I have said to them if you want to increase your water supply over and above the capacity that we can develop the works, which with the coast streams on the Pacific coast is somewhere in the neighborhood of 135.000,000 gallons a day—

Senator Smoot. That is the San Joaquin?

Senator FULTON. No; he says that they could develop from what they have.

Senator Fulton. No; he says that they could develop from what they have.

Mr. Schussler. I have told them that if they wanted to go far beyond that, then they could go to the San Joaquin River across the range, not far from our easterly boundary, and do just the same that the city proposes to do—pump the water over Livermore Pass and run it onto the company's filter bed that we have—1,300 acres of deep gravel beds where we now filter our water. (The Sunol filter beds.)

Senator Smoot. Out of the San Joaquin, how much could you develop?

Mr. Schussler. One hundred and fifty million to two hundred million gallons a day.

Senator Newlands. Would that be less expensive?

Mr. Schussler. Very much less; but nobody could handle that comfortably unless they had the big filtration works that we have.

Senator Newlands. Are those filtration works natural or artificial?

Mr. Schussler. Natural filtration works. We simply ran a tunnel underneath this prehistoric lake bottom, which is filled with gravel, and which tunnel we have lined with concrete, and put in a good many thousand 1½-inch galvanized pipes, and through this tunnel we draw now (early in 1909) 14,000,000 gallons a day, which we can increase easily to 80,000,000 or 90,000,000 gallons a day.

Senator Newlands. And the filter bed would be adequate to all requirements for the future?

Mr. Schussler. We can filter 150,000,000 to 200,000,000 gallons daily.

daily

Mr. President, if the Senator will indulge me a moment, I think I will now put upon record the fact that there are seven Democratic Senators present in the Chamber and nine Republicans, not counting the Senator from Washington [Mr. POINDEXTER].

Mr. LEWIS. Mr. President, I desire to say, if I may in-

terrupt-

The PRESIDING OFFICER (Mr. BRYAN in the chair). The Chair thinks the Senator from New York has, in effect, suggested the absence of a quorum. The Secretary will call the

Mr. LEWIS. I desire simply to suggest that it being the luncheon hour, five minutes after 1, that fact very naturally explains the absence of Senators on both sides.

Mr. BRANDEGEE. Let us have the regular order.

The PRESIDING OFFICER. The Secretary will call the

The Secretary called the roll, and the following Senators answered to their names:

Perkins

Reed Robinson

Root Saulsbury Sheppard Sherman Shields

Ashurst Bacon Hollis James Bankhead Johnson Brady Brandegee Kern La Follette Bryan Lane Burton Chamberlain Chilton Clark, Wyo, Clarke, Ark, Dillingham Lewis Lippitt Martin, Va. Martine, N. J. Myers Nelson Norris O'Gorman Overman Gallinger Goff Gore Gronna Owen

Stephenson Sterling Sutherland Pittman Poindexter Thomas Thomas Thompson Thornton Vardaman Walsh Warren Weeks Williams Shively Simmons Smith, Ariz. Smith, Ga. Smith, S. C.

The PRESIDING OFFICER. Sixty-one Senators have responded to the roll call. A quorum of the Senate is present.

Mr. BACON. Mr. President, as the senior Senator from New York was very pointed in his enumeration of the number of Senators present, I wish to call attention to the fact that, as previously stated, most of the Senators were at lunch. Before the call of the roll was completed the Senator from New York himself disappeared from the Chamber to go and get his lunch, and he is now absent.

Mr. SMOOT. It might also be added that not a word has been spoken by the Senator from California, who has the floor, since the roll was called, and I notice there are but 10 Democratic Senators in the Chamber now.

Mr. O'GORMAN. Mr. President, in this connection I suppose it might be fair to call attention to the circumstance that there

may be about 10 Republicans in their seats.

I do not know what purpose is to be served by these frequent objections regarding the absence of a quorum, but it will be remembered that under the practice of the Senate no midday recess is taken, and Senators must leave at about this hour-it being now quarter after 1-to go to the lunch room to get luncheon. There is little excuse, it seems to me, for bringing Senators up from the restaurant during the 5 or 10 or 20 minutes they may take for luncheon.

Ten minutes ago the absence of a quorum was suggested by the junior Senator from Massachusetts [Mr. WEEKS]. Just as soon as a quorum was produced he vanished, and only a moment ago I was with him downstairs, having luncheon, just as I think my distinguished colleague, who a moment ago made this objection, has himself vanished, and is now taking his lunch. I propose now to take mine.

Mr. WILLIAMS. And there are 15 Republican Senators in

the Chamber at this moment.

Mr. O'GORMAN. A very fair average.

Mr. BRANDEGEE. I wish to state that the Senator from New York [Mr. Root] did not suggest the absence of a quorum. He called attention to the number of Democratic Senators and the number of Republican Senators who were in their seats. Chair himself stated that in the opinion of the Chair that was equal to the suggestion of the absence of a quorum. I do not think the senior Senator from New York intended to have a roll call.

Mr. O'GORMAN. No; I think it is very useless. much we may respect the learning of the distinguished Senator from California, who is entitled to the attention of the Senate at this time, I know that Senator is inclined to make allowance for the need of the temporary absence of his colleagues at this time of day.

Mr. SUTHERLAND. Mr. President, I should like to sug-

The PRESIDING OFFICER. The Senator from California is entitled to the floor. Does he yield to the Senator from Utah?

Mr. SUTHERLAND. I understood the Senator from California had yielded the floor.

Mr. WORKS. No; I have not yielded the floor. Mr. SUTHERLAND. Then will the Senator from California

indulge me for just a moment?

Mr. WORKS. Certainly; I yield to the Senator from Utah. Mr. SUTHERLAND. I should like to suggest to the Senator

from New York that his party associates, not to include himself, appear to be very hearty and deliberate diners, because yesterday there was a period of at least three hours when there were not to exceed four or five Senators present upon the Democratic side. I hope he does not insist that they were taking that time to satisfy the needs of the inner man.

Mr. O'GORMAN. If the junior Senator from Utah had happened to favor the Senate with his presence last night, he would know that for a period of three hours, from 8 o'clock on, there was a very considerable attendance, and the Senator from Callfornia received every attention in the presentation of his views. Of course, I am aware that the absence of the Senator from Utah last night may be very properly accounted for. I make no comment; but inasmuch as he called attention to the condition during part of yesterday I think to have it complete I might call attention to the condition during the three hours he was absent

Mr. SUTHERLAND. The Senator from Utah is not accountable to the Senator from New York for his absence. I think the records of this body will show that the Senator from Utah is in his seat, attending to his duties, quite as often as is the Senator from New York.

Mr. O'GORMAN. Then the Senator has a very fair average. Mr. SUTHERLAND. The Senator from New York happens to belong to the majority party, which has insisted upon rather unusual attendance, and he and his party associates ought not to break the rule they have themselves laid down.

Mr. O'GORMAN. Why, Mr. President, to show the favor with which the great majority of the Senators on the other side of the Chamber regard the program of the Democrats with respect to these long sessions, on Monday afternoon, when the proposal was made that we should have a night session, only five Republican Senators opposed it. All the rest of the Republican Senators acted in harmony with the Democrats, and voted for a night session. In view of the approval thus given by the great bulk of the Republican Senators to the program of long daily sessions, I marvel at the efforts made now and again by some few Republican Senators to interfere with this program of expedition respecting a very important piece of constructive legislation.

Mr. THOMAS. Mr. President, it seems to me we can make more progress, after the roll call is over and the presence of a quorum is disclosed, by proceeding with the business of the

Senate.

The PRESIDING OFFICER. The Senator from California

is entitled to the floor.

Mr. WORKS. Mr. President, at the beginning of my address this afternoon I expressed my regret that I was called upon to take up a very important branch of this discussion at a time when Senators would be absent at their lunch. I have had enough experience to know what is going to happen in the Senate Chamber about that hour of day. I should be very sorry to inconvenience any Senator at that time, but I remind Senators that this is a very important question, and its discussion upon both sides, in the interest of right and justice, should be listened to by Members of this body.

I do not suppose for a moment that any Senator has left the Chamber on account of any disrespect for me. It is 'not a question of importance to me personally. It is a question as to whether or not this important bill shall be passed, affecting, as it does, the interests of the people of California.

I will now proceed with the reading of this report.

I will now proceed with the reading of this report.

As will be seen from the above quotations, when on the subject of filtering the San Joaquin water I alluded solely to the proposed enlargement of the filtering capacity of the present Sunol filter beds, in order not to draw undue attention to the proposed extensive additional use of the San Joaquin water in the gravel beds and sinks of the Arroyo Mocho and Arroyo Valle, in Livermore Valley, which sinks are tributary to the company's artesian belt near Pleasanton, in the westerly portion of the Livermore Valley, and especially to the landholdings on and over this artesian belt, to which the Spring Valley Water Co., since the above-mentioned meeting of the Senate Land Committee, on February 12, 1909, has added many thousands of acres of artesian and other water-bearing land.

I also read an excerpt from the Report on the Water-Supply

I also read an excerpt from the Report on the Water-Supply System of the Spring Valley Waterworks, by H. M. Chittenden, who, as the report shows, is an Army engineer of long experience, and with personal knowledge of conditions in California:

ence, and with personal knowledge of conditions in California:

Because of the general roughness of the country, and particularly of the ground on which the city of San Francisco is located, the cost of delivering water under proper pressure to all portions is necessarily much greater than where the water can be pumped from an inexhaustible near-by source under practically uniform heads for the whole city, as in Chicago and Buffalo. The serious feature of this Sierra proposition is the large addition which it will make to a cost of service already unavoidably high.

The Spring Valley development involves no such increase. It can be taken up gradually in strict conformity to growing needs. But the initial cost of the Sierra project will be so great that the interest alone well suffice for the permanent development of the Spring Valley system. These are matters which the rate payer and the taxpayer should candidly consider whatever may be their desires under the enthusiasm of the moment.

SUMMARY OF CONCLUSIONS.

There is no substantial reason to believe that the consumption of water in San Francisco County will exceed 92,000,000 gallons daily by 1950, or 235,000,000 gallons daily for the five bay counties, apart from the supply from private wells.

The three main divisions of the Spring Valley system—the Peninsula, the Alameda, and the Coast streams—by careful development into a single unified system, are capable of a dependable supply of over 200,000,000 gallons daily.

By resort to the company's other sources and to the San Joaquin River the supply may be indefinitely increased.

So far as quantity is concerned there is no present necessity for a resort to the Sierra, and will not be for an indefinite period to come.

If there were no Sierra San Francisco could still face the problem of a future water supply with perfect equanimity.

As to quality the Sierra supply is softer but hygienically no purer and is less palatable as drinking water than the Spring Valley supply. The extra cost of the Hetch Hetchy system will virtually be the price paid for a gain in the quality of softness.

Whatever source is ultimately adopted, the great reservoir group proposed by the Spring Valley Water Co. should be made the mainstay of the system as a certain insurance against disaster.

The question discussed in the foregoing report is not that of the sufficiency or desirability of the Hetch Hetchy supply in itself, but that of the present necessity of such an outside vicinity. The resuit of the investigation has been to show that such a necessity does not now and possibly may never exist; that the supply would be in the nature of a luxury rather than a necessity, and a very costly luxury at that.

If this finding is correct, it involves a question of public policy of fundamental importance. The backbone of California's greatness is the agricultural development of her great central basin—a development impossible without water. Its claim upon the mountain supply is a preminent one. Metropolitan needs are perhaps supreme, and if San Fran

San Joaquin Valley, even those which already have priorities of flow, as the Turlock and Modesto districts, might have to step aside; but if it be a fact that the bay cities have a supply near at home in the Coast Range that is amply capable of serving their needs, and if there be not enough in the Slerra for both, then it would surely be wrong to deprive the valleys of the only source of supply which is available to them. The rights of the existing irrigation districts are not alone to be considered, but the future demands of the San Joaquin Valley on both sides of the river.

EXCERPT FROM THE REPORT OF THE PRESIDENT OF THE SPRING VALLEY WATER CO., SAN FRANCISCO, CAL., FOR THE YEAR ENDING DECEMBER

WATER CO., SAN FRANCISCO, CAL., FOR THE YEAR ENDING DECEMBER 31, 1908.

Since October, 1865, Mr. Hermann Schussler has devoted his able brain and his untiring energy to the creation of a water supply for San Francisco. Over 40 years he has spent in economically securing the best reservoir sites, the best sources of supply, riparian rights, watersheds, rights of way, and everything that could suggest itself to a most able engineer. It does not require an expert on value to realize that property thus acquired must have enormously increased in value. The actual expenditures for holdings and plant during the past 40 years amount to over \$28,000,000. January 30, 1903, City Engineer Grunsky estimated its value at \$28,024,389. Since then capital expenditures amounting to \$2,589,167 have been made. Large elements of value were eliminated by Mr. Grunsky, and since his original estimate of value was made, in 1901, there has been a very great increase in basic and other values. The value of the property is estimated at from \$48,000,000 to \$52,000,000.

The policy of the management that prevailed some years ago of keeping the resources of the company from public knowledge is in some degree responsible for existing conditions. That policy exists no longer. Representatives of civic associations, representatives of the public, and all those who desire will be afforded opportunity to learn for themselves all matters pertaining to the water supply of San Francisco. When knowledge takes the place of prejudice and misrepresentation, we have full confidence that the existing water supply of San Francisco when solves all matters pertaining to the water supply of San Francisco of pride to the community, which will then pay the tribute to Mr. Schussler that his work deserves.

The plant is now developed to supply San Francisco with 35,000,000 gallons per day, and this delivery can be quickly increased to more than 40,000,000 gallons per day. The water division can now supply more than 50,000,000 gallons per day and the resources now

Mr. President, these reports from distinguished engineers, who have thoroughly investigated this question, show with absolute certainty that San Francisco does not need any water from Hetch Hetchy, and that it will not need any for at least 50 years. Under the circumstances, why should we now be granting a privilege to this city that will absolutely deprive all of these broad acres in the San Joaquin Valley of the water they need for their cultivation? Whenever San Francisco reaches the point where it needs the water, it can apply for it just as well as it can now. As I said awhile ago, the fact that its filing upon this stream or its application for a permit to the water commissioners comes later than that of the irrigation district does not affect the question in the least, because under the laws of the State of California, no matter when a city applies for water for domestic purposes, its claim is superior to the claim of the district for irrigation. So San Francisco loses

Mr. THOMAS. Mr. President—
The PRESIDING OFFICER (Mr. Brady in the chair). Does the Senator from California yield to the Senator from Colorado?

Mr. WORKS. I yield to the Senator from Colorado. Mr. THOMAS. If the Senator will allow me to make a suggestion, while that is true, the municipality which needs water for a domestic supply can not take water theretofore used for irrigation without condemning it and paying the consequent damage. It goes without saying that 50 years from now water for irrigation in California will be many times more valuable and

expensive than it is at present.

Mr. WORKS. It is claimed, Mr. President, that the water which can be produced from the Spring Valley district is not as good water as that which can be obtained from the mountains. The statement has been made in this report that the only difference between the two is that water from the mountains is softer water than that produced by the Spring Valley system. To confirm that view of it I read a short extract from the report of Mr. Freeman, who has conducted the investigation for San Francisco in the attempt to secure the supply from the Hetch Hetchy. He says, under the heading "Quality of present supply of San Francisco":

The ground waters from Sunol and Pleasanton constitute nearly half the entire supply, and being purified by natural filtration, are exceptionally attractive in appearance, white and brilliantly clear, but, as elsewhere stated, rather too hard.

The surface supplies from the peninsula sources are given exceptionally good care at the gathering grounds of Crystal Springs, Pilarcitos, and San Andreas, and intercepting drains have been built for diverting surface drainage coming from the streets and populous regions near Lake Merced.

The bugs and algoe from the surface waters are carefully strained.

Lake Merced.

The bugs and algae from the surface waters are carefully strained out through cotton cloth near the Honda Reservoir, with a care not often given to public surface-water supplies, and so this surface water reaches the consumer in an acceptable condition, but in future, with the general tendency of the public to be more exacting as to the quality, all of this surface supply, including whatever is gathered in the Calaveras Reservoir, will require filtration.

The present quality of the water furnished by the Spring Valley Water Co. is, I believe, thoroughly wholesome and safe from the sanitary point of view, but mountain water will be softer and better, and to be kept at its best will require separate delivery, as elsewhere explained.

The fact is, according to this showing, that the only legitimate reason for attempting to secure the water from the mountains instead of using that from the Spring Valley system is that by

so doing the city of San Francisco can get water a little softer than that now in use by the city.

Mr. President, a good deal has been said in this discussion about the hearings which took place before the House Committee on Public Lands. I am going to review that hearing somewhat, but I want to say in the beginning that the hearing was a good deal of a farce. I am not meaning by that to cast any reflection upon the Members of the House constituting the committee, but as the question was presented to the House committee it was practically one-sided. The irrigators who are now here pressing their claim were not heard at that hearing.

The delegation that was sent here for the purpose of opposing this bill concluded rather to compromise the matter, and between them and the representatives of San Francisco and the Secretary of the Interior this bill was drawn, with the idea that the irrigationists would be protected, and everybody else, including the owners of 200,000 acres of land in the valley, were left practically without any defense or any hearing upon this question except a single statement made by one individual.

With respect to the claim, it was asserted by the committee that that was a matter of no consequence, because that 200,000 acres of land had no filings upon the stream and therefore the committee considered that they had no claims upon it whatever. The hearing commenced with a statement of the chairman of

the committee, in which he used this language:

The bill (H. R. 6281) represents the culmination of ideas of the departments, the representatives of the city of San Francisco, and the irrigation people of the San Joaquin Valley fully who have certain prescribed rights in the water. The chairman is informed that the record will show that this is the agreed bill between them.

The committee started out in its investigation of this question with the understanding, stated by the chairman of the committee, that this was a bill which was agreed upon, and therefore there was very little left to investigate or hear with respect to it. He says, further:

The bill involves the construction of a dam at the Hetch Hetchy dam site in California to catch the flood waters of the Tuolumne River. This is not a new matter. This bill in one form or another has been before Congress and the departments for the past 12 years. It has been investigated by numerous engineers, and within the past 2 years has been carefully and painstakingly investigated by a board of Army engineers headed by Col. Biddle, with two associate engineers, Col. Taylor and Col. Cosby.

Mr. President, you may search these hearings from beginning to end and you will find none of the facts I have disclosed in what I have been saying to the Senate with respect to the present water supply of San Francisco or its efficiency, except as they appear in the reports of the Army engineers, to which I propose to call attention a little later on.

Then followed the taking of the testimony of Franklin K. ane. Mr. Lane's office in this matter was as a representative of the National Government and to protect its interests. He makes

this statement in the course of his examination:

In the first place, the Turlock-Modesto irrigation people have met in conference with the San Francisco people and they have agreed upon those provisions of this measure which protect the irrigation districts and insure to them a continued flow of water. As I understand it, there is no objection now on the part of the irrigationists, and that was an absolutely overwhelming argument against the position taken by the city in times past, so far as Secretary Hitchcock was concerned.

And I may remark, Mr. President, that ought to be an overwhelming objection at the present time in the Senate.

That question of the irrigation of the lands below the dam seems to be out of the way. The question of the injury to the valley, I think, a question of judgment. My judgment is unequivocally in favor of the use of the floor of the valley. If San Francisco does not get it, one one else must; it is too precious a reservoir site to remain

It will be seen that in the very beginning of this investigation the Secretary of the Interior declared that the whole question as to the right of irrigation below this proposed dam had already been settled and that matter was no longer in controversy.

I refer to this further statement of the Secretary of the Interior:

Mr. Fergusson. At the first hearing I attended I was greatly perplexed by the fact that there seemed to be a conflict between the parties as to an insufficient supply of water for the irrigated lands and for the city, but I understand that is now no longer an issue; that that has been adjusted as between the city and irrigators.

Secretary Lane. I understand so.

Mr. Fergusson. Then, if that is true the only issue before us is whether we will go ahead now and vote to pass this bill or encourage a delay until next December in order to hear from those who oppose the making of a lake in this park on account of destroying the beauty of the park and certain other evils which might occur.

Secretary Lane. Yes.

Mr. Fergusson. The only thing before us is whether this part of the national park shall be devoted to a private enterprise; that is, supplying water to the city of San Francisco and other communities, with proper safeguards as to the rights of the Government and the public generally. Is not that the only question for us to act upon? Secretary Lane. I think that is the real question.

Now, this committee entered upon its hearings with the understanding that there was no question as to the rights of the irrigators. The evidence has shown beyond any sort of question that there were at least 200,000 acres of irrigable land in that valley that were not touched by the agreement that was made with respect to the passage of the pending bill.

It has further developed that this agreement was made without any authority from the water users, the real parties in interest, that they had no right to make a compromise with the city of San Francisco, and now we are to deal with it with that opposition in full force.

There is a very singular phase of this hearing to me. They called as witnesses the Secretary of the Interior, the Secretary of Agriculture, the head of the Geological Survey, and Gifford Pinchot. Mr. Pinchot did not know anything about it. Mr. Lane testified distinctly that his object was to protect the National Government, which was very proper, and that he did not know anything about the engineering features of the question. He did not undertake to deal with that question at all. Mr. Pinchot, who I suppose was called because of the supposed influence his name might have in a question of conservation, made this statement at the beginning of his testimony:

In this statement at the beginning of his testimony:

I presume that you very seldom have the opportunity of passing upon any measure before the Committee on the Public Lands which has been so thoroughly thrashed out as this one. This question has been up now, I should say, more than 10 years, and the reasons for and against the proposition have not only been discussed over and over again, but a great deal of the objections which could be composed have been composed, until finally there remains simply the one question of the objection of the Spring Valley Water Co.

That was a remarkable statement to make when the Spring Valley Water Works had already been compromised with by an agreement, as I have already said, with that company on the part of San Francisco to purchase the plant of the company, and it was no longer making any objection to the passage of this

I understand that the much more important objection of the Tuclumne irrigation districts have been overcome. There is, I understand, objection on the part of other irrigators, but that does not go to the question of using the water, but merely to the distribution of the water.

I do not know what Mr. Pinchot means by that statement, but it shows that Mr. Pinchot had no conception of the real question that was before the committee. He removed from it every question except that of the objection of the Spring Valley Waterworks, which was making no objection at all, and what are called the outsiders in this valley, whose interest he assumed amount to nothing whatever. I quote this further extract from the testimony of Mr. Pinchot:

The CHAIRMAN. I know you have given a great deal of attention to these matters, and I would like to know what you think of this bill from the standpoint of properly preserving the rights of the Federal Government in the matter of the power which is granted?

Mr. Pinchot. I think they are very well safeguarded. As I understand it, no charge is to be made for the power San Francisco uses for its own purposes; but as to power which it may dispose of commercially—that is, requires somebody else to pay for—the Government would get the benefit of the usual charge which is made in all other commercial cases.

The CHAIRMAN. Have you examined the bill sufficiently to say whether you approve of the provisions in reference to that particular point?

Mr. PINCHOT. In its present form it seems very good to me.
Mr. TAYLOR of Colorado. Ought there not to be some provision in the
bill regarding the rates or charges?
Mr. PINCHOT. I think it decidedly unwise to fix rates in this kind of
a bill.
Mr. TAYLOR of Colorado Ought.

a bill.

Mr. Taylor of Colorado. Ought we not to reserve such power in Congress?

Mr. Pinchot. Congress would always have the right, I judge, to fix the rates if it chose to avail itself of that right, but the bill simply authorizes the Secretary of the Interior to do that for Congress.

Mr. Taylor of Colorado. Would it not be better, if there is any question about it, to have such a reservation in the bill rather than to leave it to some other possible construction whereby some courts might hold they had a vested right and that there could not be any interference hereafter by Congress?

Now. Mr. Pinchot is just about as far off on the law of the

Now, Mr. Pinchot is just about as far off on the law of the case as he was upon the facts. He has been interesting himself very generally in the attempt to secure the passage of this bill. I imagine if a Senator should step out of the door of the Chamber into the corridors of the Capitol he might find Mr. Pinchot, now using his influence to bring it about. I know he was here only a very short time ago to-day engaged in that business.

Mr. THOMAS. Mr. President—
The PRESIDING OFFICER. Does the Senator from California yield to the Senator from Colorado?

Mr. WORKS. I yield. Mr. THOMAS. I merely wish to suggest that Mr. Pinchot is not the only man in the Marble Room or in the corridors upon this bill. For example, I met this morning Mr. Theodore Bell, who, I understand, is extremely active. While I have no doubt of the fact stated by the Senator, Mr. Pinchot has abundant company in the undertaking and on both sides.

Mr. WORKS. There is no doubt about that, Mr. President. There has been one of the most active lobbies in the corridors of this Capitol for months past that has ever been known in the history of the country attempting to force the passage of this

Mr. THOMAS. And opposing it,
Mr. WORKS. Part of the time only.
Mr. THOMAS. All the time, so far as my experience goes.

Mr. KENYON. I have ofttimes thought, Mr. President, the last week or so that the lobby investigating committee, not having closed their sessions, should devote a portion of the time to investigating the lobby that the Senator has referred to.

I think that is a most excellent suggestion. Mr. THOMAS. I hope that the lobby committee will heed the suggestion and

And I, Mr. President, join in the request. Mr. WORKS. am not attempting to defend Mr. Theodore A. Bell for any effort he is making to influence the action of an individual Senator.

Mr. THOMAS. I should not have mentioned Mr. Bell's name had not the Senator mentioned the name of another gentleman.

Mr. WORKS. I read further from the testimony of Col. John Biddle, of the Corps of Engineers of the Army. Col. Biddle was the chairman of the board of Army engineers that has been so much talked about in this discussion. In the beginning of his testimony he makes this statement:

The board met for a month in San Francisco in 1911 and for another month in 1912 and inspected the reservoirs within the Yosemite Valley and several other proposed sites, making a very comprehensive inspection of the available sites. In addition, Mr. H. H. Wadsworth, assistant engineer, United States Engineer Service, was secured by the board to make further investigations and examinations. Mr. Wadsworth has been in the employ of the engineer department in California and is largely familiar with the rivers and reservoir sites in central California, He spent about a year and a half on duty in this connection. The board submitted its report in February, 1913.

While the city of San Francisco makes the application, the other cities on the bay are also vitally interested, as in most cases the water supply in those communities is nearing its limit of development, and the more important ones have already taken such steps as seem desirable to join San Francisco in obtaining a new water supply.

It will be seen that the chairman of the war board, who was entering upon the investigation, did it with the understanding that they were investigating the rights of these other cities, not alone the rights and necessities of the city of San Francisco; but, as I have pointed out, those cities had no right under any circumstances to participate in the water that is appropriated by the city of San Francisco. Col. Biddle makes this further statement, after referring to different sources of supply:

There remain as possible sources the following:
The McCloud River.
The Sacramento River.
The Tuolumne River.
Any one of these would in itself give a sufficient supply.
The American-Cosumnes.
The Mokelumne.
The Stanislaus

The Stanislaus.
None of these latt latter would give an adequate supply, but might be

The mistake in declaring that these three last named would not furnish the necessary supply is that he was not dealing with the needs of San Francisco alone, the only matter that they had any reason to investigate at all. If that question alone had been submitted the probability is that the colonel would have said those three sources of supply would also have been amply sufficient for San Francisco. Again he says, on page 55:

page 55:

The Chairman. Did you examine all of the available sources of supply for San Francisco?

Col. Biddle. I have been to all of them.
The Chairman. You have been to practically all of them.
Col. Biddle. Not to practically all of them, but to all of them.
The Chairman. You have been to all of them?
Col. Biddle. Yes, sir.

The Chairman. How many rivers or water supplies did you find which would furnish an adequate supply of water, suitable in quality and quantity, other than Hetch Hetchy, for the city of San Francisco?
Col. Biddle. Four, anyhow.
The Chairman. You think there are four others from which an adequate supply could be obtained?
Col. Biddle. Yes, sir.

The chairman of the board says that there were at least four 'additional places from which San Francisco could obtain its supply, while they have been contending all along that the Army board determined that there was only this one source from which San Francisco could secure the water she needed. Mr. GALLINGER. Mr. President-

The VICE PRESIDENT. Does the Senator from California yield to the Senator from New Hampshire?

Mr. WORKS. I yield.

Mr. GALLINGER. The lunch hour has passed, and there are only 15 Senators in the Chamber. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators

answered to their names:

Ashurst Bacon Brady Gronna Hollis Hughes Smoot Stephenson Sterling Owen
Page
Perkins
Pittman
Poindexter
Robinson
Root
Sauisbury
Shafroth
Sheppard
Shields
Shively Sterling
Sutherland
Thomas
Thompson
Thomton
Townsend
Vardaman
Walsh
Warren
Weeks
Williams
Works Brandegee James Brandegee
Bryan
Burton
Chamberlain
Chilton
Clapp
Clark, Wyo,
Clarke, Ark,
Cummins
Dillingham Johnson Kenyon Kern Lane Lewis Lippitt Martin, Va. Martine, N. J. Shirely Smith, Ariz. Smith, Ga. Smith, Md. Smith, S. C. Dillingham du Pont Gallinger Goff Myers Nelson Norris O'Gorman Gore Overman

Mr. SMITH of Maryland. I desire to state that my colleague [Mr. Jackson] is absent on account of illness.

The VICE PRESIDENT. Sixty-five Senators have answered to the roll call. There is a quorum present. The Senator from

California will proceed.

Mr. WORKS. Mr. President, I read further from the testimony of Col. Biddle. I am not proposing to take up what the colonel has said about all four of these systems:

The CHAIRMAN. What is the third supply you would say is sufficient a quality and quantity?

Col. BIDDLE. McCloud River.

The CHAIRMAN. Is it in any bark?

Col. BIDDLE. No, sir; although it rises in a forest reserve.

The CHAIRMAN. What would be the total expense of installing that

The CHAIRMAN. What would be the total expense of installing that system?

Col. BIDDLE. It would vary between \$58,000,000 and \$64,000,000, according to the place that it would cross San Francisco Bay.

The CHAIRMAN. What would be the conflicting rights there with which we would have to contend?

Col. BIDDLE. You know where the McCloud River is, do you not? The CHAIRMAN. I have seen the map.

Col. BIDDLE. It rises on Mount Shasta and empties into the Sacramento River. The water rights are estimated at \$5,000,000, and the total expense, you said, was \$58,000,000?

Cql. BIDDLE. It varies from \$58,000,000 to \$64,000,000.

Again, on that same subject in the cross-examination by Judge RAKER, the author of the bill, Col. Biddle has this to say: Mr. RAKER. Coming back to the McCloud River source of supply, understand from the report that the water would be taken from the cCloud River alone without any estimate or figuring as to the Pitt

River?

Col. Biddle. Yes, sir.

Mr. Raker. The water would be taken higher up on the McCloud River, and above the junction of the McCloud and Pitt Rivers?

Col. Biddle. Yes, sir; the water would be taken from the river higher up, about a mile above where it joins the Pitt River.

Mr. Raker. And you have not figured on locating it so as to take the water from the McCloud and Pitt Rivers together?

Col. Biddle. No, sir. Our estimate was made on the McCloud River.

Mr. Raker. Why was not the estimate made on both rivers?

Col. Biddle. Because there is plenty of water in the McCloud River for all needs. You see, that river comes from Mount Shasta, and the least flow is twice what San Francisco needs.

Mr. Raker. It is a continual flow, is it not?

Col. Biddle. In its lowest stages it is nearly twice as much as San Francisco needs.

Mr. Raker. There is no necessity for a reservoir on the McCloud for holding back the water?

Col. Biddle. No.

As the question of the appropriation of San Francisco has

As the question of the appropriation of San Francisco has been mentioned in this discussion, I will say that the notice of the filing of Mr. Phelan, from which the city obtained its rights by an assignment of rights under that notice, was set out in these hearings. It will be found on page 90 of the hearings. I am not going to read it all, though it is not long, but it shows the filing made to the extent of 10,000 miner's inches measured under a 4-inch pressure. I am informed, although I have not myself made the calculation, that that amounts to 161,000,000 gallons of water per day. I will also read a short extract from the testimony of M. M. O'Shaughnessy, who is the present engineer of the city of San Francisco, as to the amount of water that San Francisco is now using. He says:

At the present time the Spring Valley Water Co. is supplying about 41,500,000 gallons per day. Last year they supplied on an average of 39,124,000 gallons per day, and in 1911, 37,400,000 gallons per day. In addition to that source there is drawn from private, wells in various parts of the peninsula about 8,000,000 gallons per day.

I believe, Mr. President, that that is all I desire to call attention to in the report of the committee, which shows conclusively by the evidence taken that there are at least four different sources from which San Francisco can get an adequate supply, a much larger supply than it can get from the Hetch Hetchy Valley, and that probably there are half a dozen more, if you deal simply with the question of the rights of San Francisco.

I come now to a short consideration of what has been referred to so often as the report of the Army board upon this question. I want to say in this connection that at the beginning of this investigation, and before I had made a thorough inves-tigation in my own behalf in the effort to ascertain what I ought to do under the circumstances, I was told over and over again that the Army board had determined that San Francisco must have more water and that it must have it through the Hetch Hetchy Valley because there was no other source from which an adequate supply could be obtained. Now, I venture the assertion that every Member of this body has been told just that thing for the purpose of influencing his mind with respect to it; and I said, just as I think any other Senator would say, if the Army board, acting independently, having no interest in this matter whatever, had determined and reported that the city of San Francisco must have this water, I would support the bill if the objectionable features of it were removed; but, to my amazement, when I came to examine the report for myself I found that the Army board reached no such conclusion as that; that it had made no such statement as had been carried to me time and again. I think Members of this body have been misled by relying upon this report as entitling San Francisco to this amount of water.

If I were trying this matter in a lawsuit in a court of justice, I would be willing to submit the whole case upon this Army board report, and I want to call the attention of the Senate to some of the things that may be found in the report itself.

In the beginning, Mr. President, on page 11 of the report, it will be found upon what the board of Army engineers relied in reaching its conclusion. There are a number of reports from various sources affecting the Hetch Hetchy, the McCloud River, the Eel River, and various others of these sources of supply, many of whom were anxious to dispose of their interest to the city of San Francisco, and numerous other reports that have been made by various city engineers and assistant city engineers of the city of San Francisco. The Army board never made any surveys of its own; it was only out there about two months; it took the data that were furnished by other people, made its culculations on those data, and, with the exception of the fact that Col. Biddle had been stationed at San Francisco and had some personal knowledge of the various sites for a water supply, all of which he states in his testimony which I have quoted, he has seen at different times, and investigations that were made by Mr. Wadsworth—and I will call attention to them—none of the members of the Army board had any knowledge, except by riding around, as somebody says, in an automobile and looking at these places where it is proposed to develop the water, as to the value of any of these systems. I am not going to read the recital of the different sources of information that were resorted to by the board, but I am going to read a part of the report immediately following it, showing just the course that was taken by the board of engineers. They say in this report:

was taken by the board of engineers. They say in this report:

Besides the reports mentioned, a number of communications have been received bearing on the several phases of the investigations. In order to enable the board to carry out its instructions as to independent investigations, the services were secured of Mr. H. H. Wadsworth, assistant engineer, Engineer Department, United States Army. Mr. Wadsworth had been employed for about seven years previously under the Engineer Department, United States Army, on work in connection with the California Débris Commission and with river work in California, and is familiar with the general water-supply conditions in California, A general examination was made by him of all sources of water supply, and he personally inspected all the more important sources and surveyed many of the proposed reservoir sites; his report, prepared under instructions from the board, is appended. The board has considered carefully the data given in this report, as well as the documents submitted by the city and by the various opposing parties.

During the summer of 1911 the board personally visited the Spring Valley water system, the Hetch Hetchy and Lake Eleanor reservoir and dam sites, Lake Vernon, Cherry Creek, the principal reservoirs on the Mokelumne River, the suggested reservoirs on the Yuba, the Sacramento and the San Joaquin Rivers.

During August, 1912, the board inspected the People's Water Co.'s plant for supplying Oakiand and the other transbay cities, the Hetch Hetchy reservoir and dam sites accound time, the Tuolumne Meadows and other camping sites in the Tuolumne watershed, and the Turlock-Modelou watershed and the Feather River Watershed.

PRESENT WATER SUPPLIES OF SAN FRANCISCO AND OTHER BAY CITIES IN PROPOSED METROPOLITAN WATER DISTRICT.

PRESENT WATER SUPPLIES OF SAN FRANCISCO AND OTHER BAY CITIES IN PROPOSED METROPOLITAN WATER DISTRICT,

While the order of May 27, 1910, is directed to the city and county of San Francisco, and while most of the work done has been by San Francisco, yet the order contemplates that the water supply of the adjoining bay cities shall also be included in the investigation.

As I have a number of times stated, these other bay cities have no interest in this matter whatever, and there was no reason why an investigation should have been made of the water rights of those cities with respect to the granting of this permission to construct a dam.

This will comprise the territory from San Francisco around the bay, including San Jose, to the city of Richmond. While this includes a number of political entities which may always remain distinct, they are so topographically related that a common water system would doubtless prove of great benefit, and steps are being taken by some of them at least to consolidate into a general metropolitan water-supply district.

So far as I know, there is no foundation for the statement in the report that some of these cities are undertaking to consolidate. There has been some steps taken, as I understand, by the cities of Oakland, Berkeley, and Alameda for the purpose of securing their water supply jointly, but that does not include San Francisco or San Jose or any other of these cities.

Several of the communities, such as Oakland, Berkeley, Alameda, San Jose, Redwood, Palo Alto, have, through their mayors and councils, already indicated their desire to participate in the benefits of a common Slerra or mountain supply.

There is no doubt about that. These other cities around the bay would be awfully glad to have San Francisco spend \$100,000,000 of its good money, drawn from the taxpayers of the city, to bring down from the Sierra Mountains water in which they might participate; and I do not wonder that they are encouraging this movement or that they have expressed their willingness to render every aid possible to the bringing down of the water from the mountains.

Here is a summing up in this report with respect to the quantity of water that can be developed and procured from the systems already in operation in the city of San Francisco. in reading the statement of other engineers that I would confirm what they said with respect to it by the report of the Army board. They say in this respect:

To sum up: (a) All present near-by sources of water supply for the bay communities are now drawn on nearly to their economical limit with the exception of the Alameda system of the Spring Valley Water Co. and the coast streams; and (b) the total estimate of the economical development possible, including the amount now used, is:

(In million gallons daily.)

Spring Valley Water Co. resources.

Now, remember that at the present time the city of San Francisco is only using 42,000,000 gallons of water per day—less than one-third of the amount that the Army board finds can be produced and supplied by the Spring Valley water

San Mateo County-

Which is also a part of the Spring Valley water system and owned by it-

San Mateo County \_\_\_\_\_\_ Santa Clara County \_\_\_\_\_ Parts of Alameda and Contra Costa Counties \_\_\_\_\_

Yet they are telling the Senate that San Francisco is in need of water; that she is unable to procure it; and that the children of San Francisco are actually famishing for water.

The board wishes to emphasize the fact that it accepts these figures as to possibility of development of local sources only in the most general way. Sufficient data are not available to enable definite estimates to be made nor has the board had the time or facilities to make independent investigation.

The board does not, however, consider it essential for the purpose of this report to have accurate knowledge of quantities. There are sufficient data for the board to be able to state that outside sources of water supply must be obtained to provide the bay communities—

Now, mind you, the bay communities, not the city of San Francisco-

with sufficient water before the year 2000 A. D.

The city of San Francisco assumes the additional amount necessary as 400,000,000 gallons daily—

Remember, not for San Francisco; nobody claims that; no-body has claimed, so far as I know, that more than one-fourth of this quantity of water is necessary for the needs of San Francisco, but they are dealing all the time, as this statement shows, with the quantity of water necessary to supply all of the cities, amounting to 400,000,000 gallons daily—

being the difference between 540,000,000 gallons daily estimated as needed in the proposed metropolitan water district and the amount that it claims can be developed from near-by sources. The city also states that in time 500,000,000 gallons daily additional from outside sources might be used with advantage.

Again the report says, on page 19:

(d) McCloud River rises on the south side of Mount Shasta and, uniting with the Pitt River, forms the principal tributary of the upper Sacramento. Its least flow is about 1,200 cubic feet per second, or about 770,000,000 gallons daily, amply sufficient for all possible needs. The water appears to be good and pure. No reservoir would be necessary as far as quantity is concerned. If desired to hold in reservoirs for sanitary reasons, suitable sites could doubtless be found in Contra Costa County if not in the McCloud River basin. This source is considered a feasible one and it will be discussed in greater detail later in this report.

In this immediate connection they mention in the report as available sources of supply Eel River, Putah Creek, Clear Lake, and Cache Creek, McCloud River, Sacramento River, Feather River, Yuba River, American River, Lake Tahoe, Mokelumne River, Stanislaus River, San Joaquin River, and the Tuolumne River, and each of them is discussed in this report. I can not take up the time of the Senate to read all of the comments, but I think it would be good reading for any Senator who wants to inform himself on this subject. Then, they say in this reportFrom the above descriptions the practically available sources are considered to be as follows:

(In million gallons daily.)	
1. McCloud River	400 +
2. Sacramento River	
8. Tuolumne River	400 +
4. Yuba River	
5. American-Cosumnes	220
6. Mokelumne River	128
7. Stanislaus River	57

It will be seen by this enumeration that from every one of those sources, except the last two, San Fraucisco could procure all of the water that it needs for its purposes, leaving out the other cities which are not interested. Then, the report pro-

ceeds:
Thus from each of three possible sources the full supply of 400,000,000 gallons daily could be obtained. In the other cases, combinations could be made, such as the American-Cosumnes, Mokelumne, and Stanislaus, or else Lake Eleanor, Cherry Creek (tributaries of the Tuolumne), Stanislaus, and Mokelumne.

It is understood that these figures do not represent the total flow of these streams. Each of the four last named, except perhaps the Stanislaus, would probably give enough water for the city if the total flow were utilized. Due to existing rights, to location of reservoirs, to questions of pumping and filtration, etc., it is considered that it would be more economical for the city to combine several of these rivers rather than to take all the supply from a single one. Therefore the cost under the latter assumption has not been considered necessary to determine.

under the latter assumption has not been considered necessary to determine.

It is further understood that the seven sources named are not the only possible sources. They appear to be the most available and it is, therefore, among them that a supply would be sought. There would seem to be no necessity then of determining with further accuracy the cost and conditions of other sources as they would not be the sources developed if the Tuolumne River became unavailable.

#### M'CLOUD RIVER.

M'CLOUD RIVER.

The McCloud River is a branch of the Pitt River, which itself is a tributary of the Sacramento. McCloud River rises on the southern and southeastern slopes of Mount Shasta. It flows in part from glaciers and in part from large springs. The water is clear, cold, and palatable. The inhabitants of the valley drink it at any point and consider it of first-class quality. At some times of the year, said to be for only short intervals, it assumes a milky appearance. This seems to be due to a small tributary, Mud Creek, which at times carries considerable lava sand. On the day of the inspection by a member of the board, Mud Creek was carrying a large amount of this sand and the river was quite milky in appearance. It is not thought that this affects the hyglenic qualities. It seems probable that by damming Mud Creek and forcing the water to percolate through the soil this sand could be held back, or the water could be confined in a reservoir and allowed to settle. The minimum discharge of the McCloud River being about 1,200 cubic feet per second, or 770,000,000 gallons daily, the flow is ample without storage.

Again the report says:

Again the report says:

The city of San Francisco presented unfavorable reports on this source, and it is further unfavorably commented on by Mr. John R. Freeman. The reports are not, however, either comprehensive or complete.

Mr. Freeman dwells upon the possibility of infection of the water. With a large part of the watershed owned in fee by the city and another part within the national forest, proper policing should present no great difficulties, and additional protection will be given by the proposed storage reservoir north of Berkeley. There would be no power development under the plan submitted, though possibly some could be obtained by dams in the McCloud River, which question has not been thoroughly investigated.

While it is thought that in time most of the waters of the valleys of California will be needed for irrigation, the Sacramento Valley is better provided with water than is the San Joaquin Valley, and has a somewhat higher rainfall. As far as known there are no irrigation rights which would seriously interfere with the use of the water by the city for domestic purposes.

There is also, Mr. President, a statement in the report of the amount of water used by the irrigation districts, found on page 34 of the report, which I will ask to insert without reading

The VICE PRESIDENT. Without objection, that action will be taken.

The matter referred to is as follows:

The matter referred to is as follows:

4. Use of water at present claimed by other districts or companies for irrigation and power: The only definite figures for water rights before the board are the 2,350 cubic feet per second for the Turlock-Modesto Irrigation district, reserved in the Garfield permit, when there is that much water flowing in the river, and 60 cubic feet per second used by the La Grange Water & Power Co.

The city, in accordance with instructions from the Secretary of the Interior, submitted a statement by Mr. Percy V. Long, city atforney. In his conclusion Mr. Long states that it has been shown to a reasonable degree of certainty that 39,400 miner's inches, equivalent to 985 second-feet of water, reduced to beneficial use, is all that need seriously concern the city. Mr. Long further states that, considering even uncertain and probably invalid claims, the amount to be reserved would amount to but 115,400 inches, or 2,885 second-feet, and that the total discharge of the Tuolumne will provide for this and the city if adequate storage is provided.

Claims for water rights by other parties have been made. These, however, are for the city to consider and cut out, if necessary, and the city appears willing to accept the responsibility.

Mr. WORKS. Then follows a statement under the head

Mr. WORKS. Then follows a statement under the head "Comparison of costs of various projects":

The costs of these projects are difficult, if not impracticable, to determine with accuracy. Sufficient data are not available and the opinions of engineers as to unit costs vary greatly. For example, Mr. Freeman, basing his estimates on costs in the construction of the Los Angeles aqueduct, assumes for certain tunnels a cost of about

\$70 a linear foot. Messrs, Mulholland and Lippincott, who constructed the Los Angeles aqueduct, estimate the cost of the same tunnels at \$120 per linear foot. As the cost of the tunnel is nearly half of most of the projects, this would naturally affect the total cost. The engineers vary in their estimates as to size and cost of steel pipe, cost of concrete, difficulties of construction, and consequent contingent expenses to be allowed, etc. While actual estimates of costs present many difficulties, the comparison of relative cost is easier, as practically all the sources would be affected by the same considerations.

The board, therefore, submits its estimates are relative rather than actual.

And on the opposite page will be found a statement of cost in tabulated form, giving the number of millions of gallons of water produced, the cost of different portions, the total cost, the present amounts required for financing projects, and so forth. That is an estimate that would be interesting to Senators, I think. ators, I think. It shows very conclusively, to my mind, that the statement that it is going to cost the city of San Francisco a much larger sum of money to develop some of these other sources than this one is absolutely disputed in this table of figures given by the Army board itself. Quoting a little further the conclusions of the board:

The board is of the opinion that there are several sources of water supply that could be obtained and used by the city of San Francisco and adjacent communities to supplement the near-by supplies as the necessity develops. From any one of these sources the water is sufficient in quantity and is, or can be made, suitable in quality, while the engineering difficulties are not insurmountable. The determining factor is principally one of cost; in some cases, however, such as the Sacramento, sentiment must be taken into consideration.

#### And again:

The board further believes that there will be sufficient water if adequately stored and economically used to supply both the reasonable demand of the bay communities and the reasonable needs of the Turlock-Modesto irrigation district for the remainder of this century.

That is disputed from various sources, but I submit it to the Senate as a statement made by the Army board on the subject.

Further:

The water situation that will confront the communities around San Francisco Bay if the plan proposed by the city of San Francisco is adopted may be recapitulated as follows:

Purchase of Spring Valley Water Co., \$25,000,000 to \$40,000,000. Further development of this company's system to about half the extent proposed by the company, \$10,000,000.

Purchase of water systems of communities outside of San Francisco, no estimate made.

Construction of Tuolumne system as proposed by city of San Francisco, to be extended over about 50 years, \$77,000,000.

Against the above expenditures there will be developed 115,000 horsepower having an estimated capitalized net value of \$45,000,000.

Finally, the board wishes again to emphasize the fact that it does not present the various estimates given as reliable estimates of the cost of the different projects. Sufficient data are lacking as well as time and funds for making adequate investigations. The board believes, however, that the estimates are sufficient to permit such comparisons as are necessary to be made for judging the relative cost and merits of the different projects.

So far as this particular report is concerned, taken as a whole, it is against the contention made by the city of San Francisco, but at the same time the board of engineers say that they can not be definite, because the investigation has been insufficient for the purpose.

Then there is appended to the report of the board of engineers the report of Mr. Wadsworth, mentioned in the report itself, which contains a little data which I should like to call to the attention of the Senate. He says:

The "conservative" estimated growth of Greater San Francisco by John R. Freeman, consulting engineer, according to report submitted July 15, 1912 follows

duly 10, 1012, 1010WS.	
1939	1, 500, 000
1956	2,000,000
1975	2, 500, 000
1995	3, 000, 000

That calculation, like all of the others, does not relate to the city of San Francisco. It relates to the proposed municipal district, comprising 26 different cities.

## He says further:

This shows that for the metropolitan district a supply of 100,000,000 gallons daily will be needed by 1919, 200,000,000 gallons daily by 1938, 300,000,000 gallons daily by 1950, and 400,000,000 gallons daily by

That relates to all of the cities.

## He says:

For San Francisco alone there will be needed 100,000,000 gallons daily in 1936 and 200,000,000 gallons daily in 1955.

I have shown conclusively that the 200,000,000 gallons of water daily, and more, is right there in the Spring Valley water system at the present time.

Mr. Freeman's report contained an estimate of the future demands of the proposed metropolitan water district made by Prof. C. D. Marks, of Stanford University, showing a city consumption by the end of the century of 441,000,000 gallons daily, or, including water for irrigation within the district, a total of 550,000,000 gallons. On page 70 of the report he makes this further statementThe results as to the quantity of water from local sources which can be conserved for water supply for a metropolitan water district, includ-ing San Francisco and the bay cities, may be summarized as follows:

(In million gallons daily.) Peninsula system of Spring Valley Water Co...

Alameda Creek system of Spring Valley Water Co., or Spring Valley
Water Co. and Bay Cities Water Co...

People's Water Co... To this might be added such portion of the peninsula coast stream drainage as may prove to be reasonably economical, say\_\_\_\_\_Additional pumping from wells\_\_\_\_\_ 12 180

Making a total of. ADDITIONAL SUPPLY REQUIRED.

Comparing these figures with the diagram (fig. 5) showing the future needs of the district, it appears that if the local supply as given above were first developed there would be needed in addition 50,000,000 gallons daily in 1942, 100,000,000 gallons daily in 1942, 100,000,000 gallons daily in 1953, 200,000,000 gallons daily in 1955, 250,000,000 gallons daily in 1955.

If the population should increase as shown by figure 3 and the per capita consumption, by reason of metering and otherwise reducing waste, should not exceed 100 gallons per day, it would then be necessary to secure from other than local sources 200,000,000 gallons daily by the year 1974 and 400,000,000 gallons daily by about the year 1998.

Mr. Preseident I submit the case upon the report of the Army

Mr. President, I submit the case upon the report of the Army board. It shows conclusively that there is no necessity for San Francisco to resort to this source of water supply. It shows that it is not necessary for San Francisco to expend its money for any outside system for years to come. When it does, under the laws of the State of California it is entitled to develop only the additional amount of water it may need and will be compelled to use that which it has on hand at the present time and may develop in its present system.

I stated in the beginning that what I should say on this subject would be said in behalf of the city of San Francisco. The man who insists upon burdening that city with \$100,000,000 of indebtedness for what she can get out of this water supply is no friend of San Francisco. The Government of the United States, in granting the privilege to erect this costly dam upon the property of the National Government, is not befriending the city of San Francisco. It would involve that city in millions of dollars of expense. It would involve it in years of litigation. It will receive practically no benefit from the additional source of supply that it will obtain by the granting of this privilege.

Mr. President, I have occupied the peculiar position of being the only representative from the State of California who opposes this grant. The story has been circulated that perhaps I am influenced to oppose it because my home is in Los Angeles, a so-called "rival" city. Los Angeles is not the rival of San Francisco. The friends of the bill have procured from various of the civic organizations of my home city petitions asking that this grant may be made to the city of San Francisco. The pros-perity of San Francisco is a part of the prosperity of the city of Los Angeles. The prosperity of these two great cities, nearly 500 miles apart, is a large part of the progress and prosperity of the State which in part I represent on the floor of the Senate.

I represent in my official capacity the city of San Francisco. I have a right to defend her from the imposition upon her people of this enormous and useless debt. I should be derelict in my duty as her representative if I did not do so.

I am afraid some of the other representatives of the State have lacked the courage to stand up in the face of the state that are made to Congress in behalf of the city and defend the rights of her people. Not only am I here defending the city of San Francisco, but I am as well the representative of the farmers of the San Joaquin Valley, one of the richest valleys in my State and in patural advantages one of the richest valleys in my State and in natural advantages one of the richest valleys in all this country, thousands of acres of whose land, if this project is carried out, will be deprived of the only source of water to which they can resort, and their land will become barren and practically useless. I am here as a representative of the great State of California, in which these interests are to be found. I protest in the name of California that there should be no such disposition of the waters of the State as would deprive thousands of acres of land of irrigation for a useless purpose that would be of no value to the city of San Francisco.

Now, sir, I have performed what seems to me to be my duty in dealing with this question. The result must be left to the Senate of the United States, as the bill has already passed the House. But I desire to say that if the men who have been pursuing this matter and attempting to bring about this grant shall induce the city of San Francisco to embark upon this enterprise and spend its millions of dollars they will live to see the time when they will regret that they placed their city in this condition.

I have endeavored to the best of my ability to present fairly to the Senate the facts and data bearing upon this question, so that the Senate might intelligently determine whether there is sufficient reason for the granting of this privilege to the city of San Francisco. I am sorry, not on my own account, but on account of the interest of my State in the solution of this great problem, that so few Senators have honored me with their presence in the Senate during the discussion of this important question. I hope they may feel that at least they should look to these data when they appear in the RECORD before casting their votes.

Mr. PITTMAN. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst Bacon Brady Brandegee Gronna Hollis Hughes Page Perkins Pittman Stephenson Sterling Stone Sutherland James Poindexter James
Kern
La Follette
Lane
Lewis
Lippitt
McCumber
Martin, Va.
Martine, N. J. Thomas Thompson Thornton Bristow Robinson Root Saulsbury Sheppard Sherman Shively Simmons Smith, Ariz. Smith, Ga. Smith, Md. Smith, S. C. Robinson Burton Chamberlain Chilton Townsend Vardaman Clapp Clark, Wyo. Clarke, Ark, Colt Warren Weeks Williams Cummins Nelson Works Dillingham Gallinger O'Gorman Overman Owen Smoot

The VICE PRESIDENT. Sixty-one Senators have answered

to the roll call. A quorum of the Senate is present.

Mr. CLARK of Wyoming. Mr. President, I ask leave, out of order, to submit a proposed amendment to the pending bill, and

The VICE PRESIDENT. That action will be taken.

Mr. THOMAS. Mr. President, in his opening remarks upon this measure the Senator from California [Mr. Works] referred to a report that had reached him to the effect that it was an administration measure. He disavowed any belief in that statement, and it was of course very promptly disavowed upon this side of the Chamber. The fact that such rumors have been afloat, however, justifies me at the outset in assuring the Senate that if this bill is an administration measure, I am wholly ignorant of the fact.

My own experience with members of the executive departments concerning the bill is limited to a short conference with the Secretary of the Interior, which was held at my request. For my part, I have no other than a desire to cast my vote, when the time arrives to do so, in accordance with what seems to me to be my duty as a Senator under all the circumstances.

I may say that when this project was first brought to my attention by the bill which passed the House all of my impressions were against it. It contained some provisions which, candidly, I did not think should be there; and I felt that the excision of those provisions ought to be accomplished, if possible, before the bill was crystallized into a statute. Therefore I approached the examination of the questions involved with a mind somewhat adverse to the measure, and sought to give it the same careful scrutiny which an attorney should give to the examination of a measure submitted to him for an opinion.

With that end in view, I read the hearings before the House committee, familiarized myself with the report of the Army engineers, and also conferred with some of the Members of the House from the State of California. The first thing which impressed upon me a favorable view of the bill was the fact that every Member of the House from the State of California indorsed it and voted for it; also, after full hearings, the House

committee, without exception, reported it favorably.

That is somewhat unusual, I believe, not only as to an important measure like this, but as to any measure which becomes

the subject of the earnest consideration of a great committee.

Mr. CLARK of Wyoming. Mr. President—

The VICE PRESIDENT. Does the Senator from Colors Does the Senator from Colorado yield to the Senator from Wyoming?

Mr. THOMAS. I do. Mr. CLARK of Wyoming. Do I understand the Senator to say that every Member of the House committee favored the passage of this bill?

Mr. THOMAS. Such is my information.

Mr. CLARK of Wyoming. Do I understand the Senator to say that every member of that committee was in favor of the passage of the bill when it came up for passage in the House?

Mr. THOMAS. Oh, no; I would not say that, because I have no information upon it. The information which I possess may be inaccurate, but I give it as it reached me. Of course I was not present during the House committee discussion.

If my information be true, or substantially true, that fact in itself should rob this measure of every partisan aspect, because of course we know that the California delegation is composed of both Democrats and Republicans, and, as the Senator from North Carolina [Mr. Overman] suggests, a Progressive, while the House committee is made up of members of all parties.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Nebraska?

Mr. THOMAS. I do.

Mr. NORRIS. I should like to suggest to the Senator that in addition to the California delegation being composed of Republicans, Democrats, and Progressives, it has also one member who is independent of all those parties.

Mr. THOMAS. The Senator from Arizona [Mr. SMITH] expresses, sotto voce, a wonder as to what party that gentleman

Mr. NORRIS. He was not elected as a member of any party. He is absolutely independent.

Mr. THOMAS. We have then a consensus which includes one entire party upon the committee and that of course strengthens the conclusion which I stated before the Senator from

Nebraska interrupted me.

It may be, Mr. President, that my conclusions are erroneous; it may be that I have not grasped properly all or any of the facts appertaining to this subject, but as far as it has been possible for me to acquaint myself with them in connection with the demands of other important duties upon my time I have been impressed with the fact that this is not only a just measure but one most essential to the future welfare of the city of San Francisco and the other great urban communities which cluster around San Francisco Bay.

My judgment may perhaps have been warped to some extent by the fact that I come from an arid State and therefore appreciate the great value of water, which, while a necessity of life everywhere, is there absolutely indispensable to the existing civilization, and that I have also experienced what it means to the people of a great American city to be dominated by a water supply whose source lies in personal ownership and private control. But, on the other hand, this very experience, in my judgment, should confirm instead of weakening the conclusions arrived at after full consideration.

San Francisco, Mr. President, is located upon the northern extremity of a peninsula. It is bounded on the west by the Pacific Ocean and on the north by the Golden Gate, while along its eastern boundaries the waters of San Francisco Bay extend southward for about 100 miles. It is surrounded on three sides by salt water, and of course its supply of fresh water, as it continues to grow and expand, must be obtained, prima facie at least, from other than local sources. It is so peculiarly located, geographically, that every element of judgment and experience unite in requiring its citizens to safeguard against the future in their supply of water.

From its earliest beginnings San Francisco has been one of the prominent cities not only of the United States but of the world. It is our farthest western gateway and our greatest Pacific coast community. For many years it was the sole portal of our entire Pacific Ocean commerce. Therefore it grew and expanded more rapidly for a long period of time than any other city on the continent. It has a present population of about 425,000 people, the census of 1910 having given it something like 416,000 in round numbers. And it has barely reached the

threshold of its unrivaled career.

The climate of western California is somewhat peculiar. It is an arid country, but it has a wet season. Climate and geographical situation both bear very strongly therefore upon the water problem, not only as it affects the city of San Francisco but the great growing urban and agricultural population surrounding it whose united demand upon the water supply are of course much greater than those of the city itself.

In an arid country with a rainy season the water needs are much more urgent than in countries not similarly situated climatically. It is a fact, I think, which none dispute, that sometimes one and sometimes two years consecutively pass without any rainfall to speak of. Of course, I do not mean to say that there is no precipitation, but the normal supply is withheld, and this important fact must be taken into consideration in determining what maximum supply is sufficient for the future needs of a great municipality.

When the wet seasons do occur they result in large accumulations of flood waters, which run unused to the sea, save where impounded in reservoirs by the erection of dams. These, howimpounded in reservoirs by the erection of dams. ever, always involve large expenditures, so large indeed as to be prohibitive, generally speaking, to the owners of small quantities of land. A reservoir of any respectable size necessarily requires an impounding dam, which costs money, whether it be constructed of concrete or of stone or of earth. Dams are

enormously expensive in the aggregate, and as a consequence they can be constructed only by the use of huge aggregations of capital. This, to my mind, is one of the most important facts to be carried in the mind while considering this record.

Of course, when the waters are once impounded they become a great asset in the material development of an arid country. The demands upon water for irrigation during the past 25 years have been so enormous in California, Nevada, Utah, Colorado, and in other arid and semiarid States that huge sums have been expended in private reservoir enterprises, and the Government has inaugurated a reclamation system which in its general features have been, I think, of great benefit to the West, to the end that every drop of this precious element may be stored and utilized for the benefit of man. More valuable than our mines of gold and silver, more valuable than all our forest

resources, are the waters of the arid West.

Now, of course, all of what is called the "flow" of these streams has long ago been appropriated and utilized by the ranches and the farms along the valleys of the principal streams and their tributaries. So imperious is the demand for water that the old common-law rule of riparian rights never secured a foothold in any State west of Kansas and Nebraska, and does not apply to the extreme western portions of those Commonwealths. The man who has the water by prior appropriation and who makes a beneficial use of it is the owner of that water, even though the riparian owner is thereby denuded of the entire supply, illustrating the fact that the common law is flexible and that the Anglo-Saxon race accepts and also rejects every principle of that great code of unwritten rules governing human conduct as the needs and requirements of their particular communities demand.

Of course in the pioneer days of San Francisco's growth the supply from local sources was sufficient. It obtained it from Lobos Creek, piped around the shores of the Golden Gate, and obtained also, I think, a local supply within the precincts of the Presidio. But as the city grew and the pressure of population upon the water supply continued, a private company was organized, called the Spring Valley Co., which, through private capital, undertook the very laudable purpose of furnishing, and did furnish, the water supply. I can not conceive of a more attractive investment for capital than supplying the water needs of a great city in the semiarid region; but, of course, it inevitably leads to the private monopoly of a necessity of life, and San Francisco proved no exception. She and her people have been in the grasp of the Spring Valley Water Co. for many years and obliged to submit to whatever exactions this company has seen fit to impose in the cost and distribution of water to the consumers.

I am informed that the price of water in San Francisco has been larger than in almost any other city of any size in the country. I do not vouch for its accuracy, for my sources of information may or may not be infallible; but I never have known of a local proprietary control of the water supply of a city anywhere which did not result, whatever its benefits, in producing four undesirable conditions—high prices, poor service, insufficient supply, and, what is worse than all, municipal corruption. It may be that there are exceptions somewhere, but I have neither experienced them nor read of them.

Of course San Francisco, during the years that have gone by, has not been growing alone. The country has expanded; the State has expanded. The people have entered her valleys and occupied her lands. They have diverted the waters of her streams, spread them over her deserts and made them fruitful. They have made California one of the great States of the Union, in some respects the greatest of them all; but its greatest and most precious asset is its splendid population; and that should be the first item of conservation in every scheme or enterprise worthy of the name.

Of course the demands upon water for irrigation have increased pari passu with the demand for domestic uses by the cities, both of which increased the pressure upon the supply of this Spring Valley Co., which may not be altogether to blame for all the exactions to which they may have subjected the people of San Francisco, since it has been forced by these

conditions to consume as little as possible.

Now, Mr. President, I am told that as early as 1871 and 1872 farseeing officials of San Francisco began their first tentative investigation of sources of municipal water supply. knew that the future of the State was a splendid one, and they realized, as thinking men do, that time should be taken by the forelock and a necessity of municipal life provided against for the future. Beyond obtaining much information they accomplished no definite results. Then came the Spanish-American War, which gave to San Francisco an impetus en-joyed by no other city in the Union. It became the great

center of distribution for the Philippine campaigns. Through its portals passed practically everything that left the United States for the seat of war. The victorious troops of the Republic returned to their homes through its hospitable portals. It was headquarters for the Navy. It was the Nation's capital upon the Pacific seaboard. Its prosperity was unbounded. You could almost see it grow. In 1899 I visited the city as the governor of my State to welcome our troops back to their homes. The business and residence sections of the city readily suggested comparisons with previous recent years. It had fairly leaped forward, so to speak, in its march of progress. It was populous; it was prosperous. It was verifying the most enthusiastic prophecies of its future greatness.

But of course the pressure upon its water supply increased

in proportion to its own progress and growth and brought the problem of water to an acute phase, so that in 1900 and 1901, under the new charter which was about that time adopted, preliminary steps were taken to ascertain what other sources of

water supply might be found and secured.

Mr. President, I want to refer to manuscript matters in this discussion as little as possible. I am aware of the fact that all these hearings are available to Senators, and also of the fact that reading is at best very tedious, but some references are unavoidable.

Mr. GALLINGER. What year was that?

THOMAS. This was 1900 and 1901. I shall read from page 95, Senator, of the first part of the House committee hearings, the testimony of the Hon. Percy V. Long, city attorney of

The sum of \$50,000 was then set apart for that purpose, and the

The sum of \$50,000 was then set apart for that purpose, and the sources which were examined were:

First, the Spring Valley waterworks supplies, with 12 separate sources; second, Lake Tahoe; third, the Yuba River; fourth, the Feather River; fifth, the American River; sixth, the Sacramento River; seventh, the Eel River; eighth, Clear Lake; ninth, the San Joaquin River; tenth, the Stanislaus River; eleventh, the Mokelumne River; twelfth, the Tuolumne River; thirteenth, the Bay Shore gravels—in and around San Francisco and Alameda County; and, fourteenth, the Bay City Water Co,'s reserve.

These 14 different sources of supply were fully investigated at municipal expense 22 years ago, and the engineers reported in favor of the Tuolumne River project. At that time there certainly were not in active operation those elements of competition and opposition which have since been and are now so active in this matter. Possibly the Spring Valley Co. may have objected, but I think I am safe in asserting that the engineers of San Francisco then operated with a free hand and with an eye single to the welfare of the city. The first reason given for recommending this source of supply was "absolute purity by reason of the uninhabitable character of the entire watershed tributary to the reservoirs and largely within a forest reservation." That is a most excellent reason; as true to-day as it was then. The uninhabitable character of the source of supply of water to a great municipality is the surest guaranty for its permanent and continued purity. I think it will be conceded that the ultimate source of the streams covered by this bill is in an uninhabitable country away up in the Sierras near, if not beyond, the line of timber growth.

Second. Abundance far beyond possible future demands for all pur-

poses.

Third. Largest and most numerous sites for storage.

Fourth, Freedom from complicating "water rights." Right here let me say, lest I forget it, Mr. President, that every complication which the Senator from California [Mr. Works] has urged against this enterprise, and springing from the existence of water rights and water needs for irrigation is equally present and inseparable from every source of water supply. I think I can easily show that in the State of California there is not and for years there has not been a single drop of water in any of its flowing streams that has not been overappropriated for purposes of irrigation. I hope Senators will bear in mind the important and unavoidable fact that this problem of competitive irrigating conditions confronts every source of supply to which the city may be compelled to resort; it is not peculiar to the Tuolumne, but it is universal not in California alone but in every part of the arid West, and must always be so unless climatic conditions undergo a radical and

Fifth. Power possibilities outside the reservation.

It has the drawback of distance to overcome, requiring the construction of conduits aggregating 142 miles in length. But considering the partial pollution and the rapid rate of pollution to which all other sources may in the future be subjected, particularly near-by sources, the Tuolumne River is far superior to any other.

That report was made in 1901. The mayor of the city at that

time was the Hon. James D. Phelan. Municipalities could not then make direct appropriations of water in California, and so the mayor, as trustee for the city, under the laws of the State of California, on the 29th day of June, 1905, filed his notice of appropriation of 10,000 miner's inches upon the Tuolumne and 5,000 inches upon Lake Eleanor, making a total of 375 secondfeet, approximating 240,000,000 gallons daily.

Mr. SMOOT. To 160,000,000 gallons?

Mr. THOMAS. No; the appropriation from the Tuolumne alone is 160,000,000 gallons, on a calculation of 645,000 gallons

per day per second-foot.

Mr. WARREN. What were the figures the Senator from

Colorado gave in gallons per foot?

Mr. THOMAS. Six hundred and forty-five thousand gallons per day of 24 hours to the second-foot, which, I think, are Elwood Mead's figures.

Mr. SMOOT. That is near enough.

Mr. THOMAS. It is approximately, as the Senator from

Utah suggests, correct.

Of course, Mr. President, these appropriations were upon flood waters-please do not forget that. Long before that time all of the flow of the stream had been appropriated and utilized. They must, therefore, have been upon flood waters and entirely subordinate to every legitimate senior appropriation, whether of flood waters or of flowing waters. In other words, the rights of the city of San Francisco took their origin from the date of the location under the statute, and these were at once, or very shortly afterwards, assigned by the mayor to the city of San Francisco.

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Utah?

Mr. THOMAS. I do.

Mr. SMOOT. I desire to ask a question in order that I may understand the position of the Senator. I should like to ask him does he hold that San Francisco is entitled to any more water than she or her trustee has appropriated or filed upon?

Mr. THOMAS. No.
Mr. SMOOT. That is all I wanted to know.
Mr. THOMAS. But I shall show hereafter that she has acquired over 1,100,000 inches of water by her own appropriation, supplemented by a purchase she was compelled by certain public functionaries to make.

I want Senators to bear in mind also that not until 1905, four years after these filings, did Hetch Hetchy Valley become a part of the Yosemite Park. That is a very important fact, for when San Francisco exercised her right of appropriation, through her mayor, she went upon the public domain and there located her points of diversion and of storage. It probably was a forest reserve, for God knows there is very little of the national domain west of Kansas and Nebraska that is not comprised within a so-called forest reservation.

Mr. SMOOT. Mr. President, I did not quite understand the Senator's statement in relation to Hetch Hetchy not being in

the Yosemite Park.

Mr. THOMAS. I said that Hetch Hetchy did not become a part of the Yosemite National Park until 1905, and then not by any recession from the State of California, but through the mere extension of its boundaries so as to include that valley. Before then this identical dam site had been recommended and referred to by various official reports as one of the most favorable locations for impounding the water to be found in the If it be true, as some contend, the Almighty made Sierras. Hetch Hetchy for some definite thing; he made it for the use of man above all other considerations, and if in forming the Sierras that gap was created designedly, it was not to be looked at through the centuries, but to use. And such use of it, to my mind, in no way interferes with the privilege of inspecting it nor mars or injures its natural attractions.

Let me say right here that the waters coursing through this valley do not belong to the United States, but have been the property of the people of the State of California since its admission into the Union. Of course, I do not forget the general proposition concerning national control of navigable waters, nor the fact that as to public lands in the Territories, unless there may be an appropriation, the waters may be said to appertain to the ownership of the soil; but it is a fundamental fact, and Senators must not overlook it, that the waters of the arid States belong to the people by the provisions of their constitutions duly accepted by Congress. It is true of Utah as it is true of California. Consequently, when San Francisco appropriated this water under the State statute it became hers, provided, of course, she followed up her appropriation by compliance with the requirements of the statute in regard to its application to beneficial uses.

Mr. CUMMINS. Mr. President—
The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Iowa?

Mr. THOMAS. I do.

Mr. CUMMINS. I should like to understand a little better than I do about the distinction between flood waters and what the Senator from Colorado has called "the natural flow.

Well, it is perhaps difficult, Mr. President, to say where one ends and the other begins, but

Mr. SMOOT. Both have to be appropriated.

Mr. THOMAS. They both must be appropriated, but in my State the natural flow of the stream is the normal flow of the stream, and the flood waters are the surplus contents of due to storms, wet season, cloudbursts, and so forth.

Mr. CUMMINS. But the natural flow in August would be

very different from the natural flow in April.

Mr. THOMAS. But it can be appropriated any time in the

Mr. CUMMINS. Under the law of California, in appropriating water, must the appropriator designate whether he is appropriating natural flow or storm water?

Mr. THOMAS. I will not speak confidently of California, but I think it is the case in my State. If all of the waters of the normal flow have been previously appropriated, then later ones must be upon the flood waters.

Mr. CUMMINS. The words "normal flow" do not convey any meaning to me. What would be a normal flow at one time of the year would be very different at another time of the year.

Mr. THOMAS. I am very sorry that I am unable perhaps to give a more distinctive view of the subject.

Mr. PITTMAN. Mr. President—— Mr. THOMAS. Just a moment—but in the State which I here in part represent the normal flow of a stream is found by determining the averages of the flow, except when unusual floods

Mr. CUMMINS. Then, the normal flow, as the Senator from Colorado understands, is the average flow throughout the year, which, of course, embraces the storm waters as well as the waters of the drier periods.

THOMAS. Well, throughout the irrigation season, would say. Of course, the Government has its gauges and the States have their gauges, and "the normal flow" may in some States be regulated by statute.

Mr. CUMMINS. I asked for information purely, because I do not live in a State in which there is any distinction made between storm water or flood water and water in a drier season.

Mr. PITTMAN. Mr. President—— Mr. THOMAS. I yield to the Senator from Nevada, who may

answer the Senator's question.

Mr. PITTMAN. I will state that, from my investigation of the laws of California on this subject, I find that the distinction between flood waters and normal flow never becomes material, except where there is a claim that some prior locator has appropriated all of the normal flow of the stream. Then, the question becomes material as to whether the flow has been increased from normal to an unusual flow.

I will state that in the application made on behalf of the city of San Francisco no reference is made to any particular flow, but it has, I believe, 260,000,000 gallons daily appropriated under the laws of California, which it contends to be prior to all claims, except those claims admitted as prior in this bill.

Mr. CUMMINS. Mr. President, I am very much obliged to the Senator from Nevada, because we now ascertain that there is really no legal difference between the two, and a notice of appropriation is not required to discriminate between the two.

My question was prompted by a statement that has been made. if not upon the floor of the Senate at least in the literature on the subject, that in 1889, 12 years before San Francisco, through her mayor, attempted to appropriate any water at Hetch Hetchy, the irrigation district below appropriated, or gave notice of the appropriation, of 9,500 feet of water, more, as almost everybody agrees, than runs in this stream at any time.

Mr. THOMAS. Oh, no; at some times there are thirty or

forty thousand feet of water there.

Well, I mean more than has hitherto been Mr. CUMMINS. used, and a great deal more than the 2,350 feet provided for in Now, I ask the Senator from Colorado, because I this bill. know his knowledge of the law on this subject is accurate as well as profound-

Mr. THOMAS. I thank the Senator.

Mr. CUMMINS. Have these districts the right to use 9,500

feet of water, and if not, why not?

Mr. THOMAS. It depends entirely upon whether the appropriations have been followed by diversion and application to beneficial purposes within the time limited by the statute. record, if the Senator will read it, will show that the maximum limit of the canals supplying these districts under their appropriation is 2,000 cubic feet; hence the other 7,500 feet never were applied to a beneficial use.

Mr. CUMMINS. It is admitted that these districts have not yet used 9,500 feet. I think it is very well established that their improvements are not sufficiently large to enable them to use 9,500 feet, but I do not find anything in the law of California that fixes the time within which an appropriation must be made, and I find a decision which seems to imply that the time may be a reasonable time. Now, what is a reasonable time under the circumstances that surround these people? It is understood perfectly that they can not utilize these waters, or all of the waters upon which they have filed, without some kind of impounding dam. Does not the same circumstance that will prolong the right of San Francisco to use these waters operate to prolong the time that will enable these landowners to use these waters, and therefore ought we to do anything that will interfere with or embarrass these landowners if they desire to take out of this stream by the erection of an impounding dam the 9,500 feet for which they filed in 1889?

That is the question that has been bothering me, because I fully appreciate the strength, indeed the conclusiveness, of the argument made by the Senator from Colorado with respect to the necessity of furnishing San Francisco water. If the city can not secure it from any other source reasonably, then she must have it from this source; but I do not want to cast a vote that would seem to interfere with the working out of a legal right which these districts may have to the use of the

water for which they originally filed in 1889.

Mr. WALSH. Mr. President-The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Montana?

Mr. THOMAS. I am more than willing to yield for a question, Mr. President, but I do not care to surrender the floor for a long discussion, as my strength to-day is somewhat over-

taxed. I yield to the Senator from Montana.

Mr. WALSH. I did not know that the Senator from Colorado was occupying the floor. I desire to address a question to the Senator from Iowa for the purpose of enlightenment. did not quite understand what is the feature of the bill that he apprehends might result in disaster or detriment to the rights of the irrigationists.

Mr. CUMMINS. Mr. President, I think there are features in the bill that will, if not destroy, at least embarrass the owners of the land if they are entitled to more water than the 2,350 feet, and, at certain seasons of the year, the additional 1,650 I do not want to take the time of the Senator from Colorado to go into an analysis of the bill to show why I think the parts of the bill that I have in mind will have that effect. I can not conceive of a legal procedure by which these people can get the water after it is impounded in this dam-a dam built by the capital and with the means of the city of San Francisco—without paying for the use of the dam, and paying for the structure which impounds the water for their use.

They say it is not necessary to incur this expenditure in order that the water may be impounded at another place. am not sure I am right about it. I want to hear what the facts are, or, rather, what the law of California is in regard to this water. That is the reason I asked the Senator from Colorado with respect to the right of these districts to have 9,500 feet of water.

Mr. WALSH. I think the Senator from Colorado certainly will be able to dispel any doubts that may be in the mind of the Senator from Iowa with respect to the matter, because there should be none, under the law.

Mr. THOMAS. Mr. President, I have no doubt the State of California has a statute which places a limitation upon the time after the filing of notice within which work of some sort must be bona fide commenced and completed. The Senator from Utah [Mr. Smoot] very kindly informs me that the limit in his State is four years. My recollection of the laws of my State is that there is a limit of one year from the approving of the plans; but it stands to reason that a reasonable time, whatever it may be, is not the long period elapsing from 1889 to the present. If it were otherwise, it would be perfectly easy for anybody to appropriate all the waters of a stream by complying with the first requirement of the law, and then developing them whenever it might suit his pleasure or his convenience or his pocketbook, no matter how much others might be in pressing need of them.

Mr. SMOOT. The city appropriation is in the same shape.

Mr. THOMAS. Yes; except that in California there is a statute on the subject, to which I will refer in a moment. Before doing so, I will call the attention of the Senator from Iowa to section 1416 of the Civil Code of California, which provides that within 60 days after the notice is posted the claimant must commence the excavation or construction of the works in which he intends to divert the water, or the survey, road or trail building necessarily incident thereto, and must prosecute the work diligently and uninterruptedly to completion, unless temperarily interrupted by snow or rain.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Nebraska?

Mr. THOMAS. I yield to the Senator from Nebraska.

Mr. NORRIS. I wish to call the attention of the Senator from Colorado to what is my recollection, that it was admitted before the Senate committee by those who are asking for this additional water that at the present time they have all the water to which they are entitled under the law of California.

Mr. THOMAS. I intended to refer to that matter later on. Section 1422 of the statutes of California reads as follows—

and this applies to the San Francisco appropriation:

and this applies to the San Francisco appropriation:

If the place of intended diversion or any part of the route of intended conveyance of water so claimed be within and a part of any national park, forest reservation, or other public reservation, and be so shown in the notice of appropriation of said water, then the claimant shall have 60 days, after the grant of authority to occupy and use such park or reservation for such intended purpose, within which to commence the excavation or construction of said works: Provided, That within 60 days after the posting of said notice of appropriation, as provided in section 1415 of the civil code, the claimant shall in good faith commence (and thereafter diligently and continuously, except when temporarily interrupted by snow or rain, prosecute to completion) such surveys and other work as under the regulations governing such park or reservation may be required as preliminary to or for use with an application for such authority; And provided also, That the claimant shall in good faith on completion of said survey and preliminary work apply to the officer, board, or body having charge of such park or reservation for such authority, and shall thereafter prosecute said application for such authority, and shall thereafter prosecute said application with reasonable diligence.

Mr. CUMMINS. Does that apply to a municipality alone?

Mr. CUMMINS. Does that apply to a municipality alone?

Mr. THOMAS. Oh, no.
Mr. CUMMINS. Then, of course, if the dam for the municipality could not be put in the Hetch Hetchy Valley without the consent of the Government, which we all agree, and if that fact had the effect of extending the time for the municipality, why does it not extend the time for the irrigators?

Mr. THOMAS. Because there is no record of any evidence that the other appropriators ever made application to the In-

terior Department for any privilege whatever.

Mr. CUMMINS. I accept the statement, because, of course, the Senator has examined the matter; but what led to my question was this

Mr. THOMAS. What is the Senator reading from?

Mr. CUMMINS. I am reading from a pamphlet I found on my desk this morning

Mr. THOMAS. What is the title of it? Mr. CUMMINS. It is called "Hetch-Hetchy." It is a pamphlet signed by Theodore A. Bell, attorney for the county of Stanislaus, the Modesto irrigation district, the San Joaquin Valley Water Problem Association, and the Turlock-Modesto Water-Users' Association. It contains this statement with reference to the law of California:

Section 1416 of the same code requires that—
"Within 60 days after the notice is posted, the claimant must commence the excavation or construction of the works in which he intends to divert the water."

Mr. THOMAS. I have just read that to the Senator.

Mr. CUMMINS. Yes. Now, suppose it to be true that within the 60 days these districts did commence their work at a point on the river below Hetch Hetchy and have prosecuted that work with reasonable dispatch-

Mr. THOMAS. Then they ought to have shown it before the

committee

Mr. CUMMINS. I have not quite finished my question. Is it true that the lapse of time would work a forfeiture of their rights to the 9,500 feet of water because they had not commenced the construction of a dam upon Government land in the Hetch Hetchy Valley?

Mr. THOMAS. No; not for that reason, but because they had not prosecuted the work to completion under the statute from

the time of its commencement.

Mr. CUMMINS. Suppose they have been going on as rapidly as they could under the circumstances, and in such a way as would fulfill the demands or requirements of this statute?

Mr. THOMAS. Of course, if the appropriator of water for irrigation tries to comply with the law, bona fide, and continues it for the amount of his appropriation, he ought to be protected by any system of laws applicable to the subject. I think I am safe in assuming, however, that such is not the case here, because, as was aptly stated by the Senator from Nebraska [Mr. Norris], it was conceded at the hearings before the Senate and House committees that the legal appropriation of water senior to the Phelan appropriation was 2,350 feet, plus 60 feet to the La Grange Water Power Co. In my State and in Utah I think it is entirely within reason to say that the appropriations filed upon the waters of the running streams are 1000 per cent

greater than the normal flow of the streams and very much more than the total flood waters.

Proceeding with the argument, I think this large filing was essential to the future needs of all the bay cities. The Senator

from Utah asked a very pertinent question the other day.

Mr. NELSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Minnesota?

Mr. THOMAS. I yield.
Mr. NELSON. I desire to say that I do not think we need give ourselves any concern about the rights of the water users for irrigation purposes. Whatever rights they have acquired have been acquired not only under the laws of California but under the laws of the United States, and there is nothing in the pending bill that can divest them of those rights.

I desire to call the attention of the Senator from Colorado to section 2330 of the Revised Statutes, which is a reenactment of

the old law of 1866:

Whenever, by priority of possession, rights to the use of water for mining, agricultural, manufacturing, or other purposes have vested and accrued, and the same are recognized and acknowledged by the local customs, laws, and the decisions of courts, the possessors and owners of such vested rights shall be maintained and protected in the same; and the right of way for the construction of ditches and canals for the purposes herein specified is acknowledged and confirmed.

The next section shows how careful the Government is to protect these rights:

All patents granted or preemption or homesteads allowed shall be subject to any vested and accrued water rights or rights to ditches and reservoirs used in connection with such water rights.

Therefore, if the Senator from Colorado will allow me, under this statute I do not think we need give ourselves any concern about the rights of these farmers or irrigators. Whatever rights they have acquired by appropriation can not be taken away by any legislation of Congress, nor can we increase those rights. They can increase them only by prior appropriation.

Mr. THOMAS. Mr. President, I think that conclusion is absolutely correct, although I am informed that the Circuit Court of Appeals for the Eighth Circuit recently intimated that these sections have been repealed by subsequent statutes upon the same subject. I do not believe that opinion to be sound, and I fervently pray it will not receive the sanction of the Supreme

Court of the United States.

I have stated that these filings were made in 1901, for the city, by Mr. Phelan; that they antedated the extension of the boundaries of the Yosemite Park to include the Hetch Hetchy Valley; and when interrupted I was about to refer to the fact that during the course of the discussion the other day the Senator from Utah asked whether an appropriation could be made for a greater quantity of water than the city needed. In response to that question I interjected another, to this effect: "Is a city limited, in a filing upon water, to its immediate needs?"

This brings me to the assertion of what I think, under the statutes, a municipality has the right to do, and what it is its duty to do. It should make provision, as a prudent man does for his own old age and well-being, for a supply for future needs, taking into consideration its value, its growing scarcity or abundance, the prospective growth of the city, and the general

needs and welfare of posterity.

When San Francisco determined to increase its water supply, on the one hand, and to relieve itself from the exactions of this private monopoly, upon the other, it had the right to look far into the future. In this instance, with a clearness and generosity of vision that should be commended instead of condemned, it assumed as well some responsibility for its sister cities, clustering on the other shores of San Francisco Bay, to the end that some day they might become a great common municipality, like Greater New York, and all receive an abundant supply of water at its initial expense.

Mr. SMOOT. Mr. President—
Mr. THOMAS. That may not be a proceeding strictly under the law. I think it is, however. At any rate, it is certainly prudence, common sense, and the exercise of that ordinary precaution which every man gifted with common perceptions exercises with reference to his own private affairs.

I now yield to the Senator from Utah.

Mr. SMOOT. Mr. President, the Senator has virtually answered in his last remark what I was going to ask him. It was this: Does the Senator think San Francisco can file upon the waters of the State with the view of furnishing some other city or cities with water?

Mr. THOMAS. Yes; I do. Let me qualify that, however. Mr. SMOOT. Of course I can not agree with the Senator in

that position.

Mr. THOMAS. We disagree in a great many things, but it is certainly always a pleasure when the Senator from Utah and I can agree upon others. As a general principle I do not think she can do this; but here is a cluster of cities, municipal jewels, strung around the shores of the Golden Cate and San Francisco Bay, and yet one great municipality, all of them enjoying the same climatic conditions, suffering from the same climatic disadvantages, all of them subject to common impulses and ambitions, all of them growing and expanding. The consolidation of municipalities, like the consolidation of everything else, seems to be progressing in this country. Why may not San Francisco provide for the same needs that are now existent for herself prospectively for all who may be embraced within her future boundaries?

The Senator will admit that if San Francisco herself, based upon her past and present rate of growth, would upon the peninsula have 2,500,000 people in the year 2000, she could make appropriations of water commensurate for that growing population. What is the difference between that and extending her municipal boundaries so as to take in these other cities?

Mr. SMOOT. Upon the same argument, any citizen could make an appropriation of water in a stream to take care of his unborn son or his unborn relatives.

Mr. THOMAS. He frequently does it or ought to do it. Mr. SMOOT. I do not think the Senator will approve of such proposition.

Mr. THOMAS. Oh, of course, I make a distinction between the rights of appropriation for the use of a private individual and that by and for the needs of a great section of the Government, which this municipality is. We have heard a great deal about Los Angeles in this argument and perhaps we shall hear Los Angeles knocked at the doors of Congress in 1906, I think, for a similar concession and got it. She ought to have had it, and I am glad she got it. She has expended some \$25,000,000 in constructing a magnificent water supply and has more than she now needs. She is supplying the inhabitants of the San Fernando Valley with her surplus water for irriga-She has a perfect right to do it. She has more water than she now needs, and, of course, it is needed by agricultural consumers in that valley. Certainly the Senator will not say that the appropriation of Los Angeles was illegal beyond the point of its own necessities. It seems to me that this bill presents to some extent the same conditions.

Besides, Mr. President, who can gauge accurately the future needs of a population for a prime necessity of life? It is better to err on the side of abundance than on the side of insufficiency.

Mr. SMOOT. That question can only be decided by the appropriators themselves. I do not want the Senator to receive the impression that I am questioning the right of San Francisco to use all the water that she has appropriated. no question about her right; but I do say that San Francisco can not appropriate three times or five times the amount of water that she can use for a beneficial purpose and hold it against other citizens of the United States, compelling all arid lands from future development by irrigation.

Mr. THOMAS. I am coming to that phase of this question later on. While I am not presumptuous enough to imagine that I can change the opinion of my distinguished friend I certainly will give him the benefit of my own.

Just here and in this connection I want to repel the contention-I will not say that it is a contention upon this floor, but a contention nevertheless in the literature of the subject, if I may so dignify all the printed matter that has reached my -I want to repel the contention that San Francisco is a mendicant, knocking at the doors of the United States for favors, for something that it wants to get and does not want to pay for. San Francisco is either entitled to this water supply as a right That splendid city has never been a mendicant or or it is not. suppliant at the doors of any patron for privileges or advantages of any character. Her name has always been synonymous with openheartedness and generosity. She has financed the greatest modern exposition of the times at her own expense without asking for a dollar of assistance from the Government. In this particular she has complied with the statutes of her State, has knocked at the door of the Interior Department time and time again for permits to which the laws of the Nation entitle her, and is here asking for justice at the hands of the Senate, because the Interior Department sent her here.

I do not want any Senator to cast his vote for San Francisco upon the idea that he is conferring some benefaction upon her to which she is not legally entitled. I have no right to speak for the city of San Francisco, but I have a right to express my conviction that upon this phase of the subject I am correctly interpreting her attitude.

Mr. SMOOT. I want to say to the Senator that I approve of every word that he says relating to that particular point.

Mr. THOMAS. I am sure the Senator does from the bottom of his heart.

Mr. SMOOT. I believe that San Francisco ought to be protected in every right. I wish to ask the Senator this one question: Why not make this bill a direct grant to San Francisco of a right of way for pipe lines and canals over the public domain and grant her the right to build and construct a dam, and then let her secure the waters through the State law by appropriation, whether it be 100,000,000 gallons a day or 400,000,000 gallons a day

THOMAS. The Senator's question is a double one. San Francisco is proceeding under the laws of the State of California. In answer to the first part of the Senator's question I will say that nothing would please me better, but I am conscious of the fact, and I think the Senator is also, that such a bill can not be enacted; it can not pass the two Houses of

Congres

Mr. SMOOT. Why not, pray?

Mr. THOMAS. Simply because these requirements, many of which I object to most strenuously, have been imposed as precedent conditions in the bill; many of them by the very men who object to the bill now because they have been so That is the reason, and one which I hope to touch upon before I am through with this discussion.

Mr. President, there is another phase of this matter to which I must refer. I believe that the city of San Francisco, if the statutes of the State permit her, has the right to go into the courts of the country and condemn the Hetch Hetchy dam for her use. I have given a good deal of study to the question of the extent to which the States can exercise the power of eminent domain over the public domain, and as the result of such examination I am of the deliberate opinion that the States have the same right of eminent domain over the land of the United States-not, of course, our public-building sites and other local premises needed for public administration-that the United States has over the land of the States and their citizens. It has been so determined by some of the highest courts of the country, both State and National. As a consequence, San Francisco is simply asking for what she has the right under the constitution and laws of California to take by condemnation. Of course, that is an involved proceeding.

Among the other questions that would have to be predetermined would be the existence right itself. That takes time. She has waited long enough. She has preferred to proceed along the usual channels, and therefore prepared and filed maps, asking for the control of these rights of way and for this She proceeded as rapidly as possible. In 1903, after these assignments were made to the city, she made application for the approval of the maps and plats to Secretary Hitchcock. At that time the present Secretary of the Interior was her city attorney. He came down here and personally presented his application to Secretary Hitchcock. The Secretary declined to give the permit because the city of San Francisco had not asked the Spring Valley Co. to place a price upon its property. In other words, the actual decision of the Secretary of the Interior was that San Francisco should first get on its knees to a supply company which had it by its throat and ask permission to purchase its property before appealing to the Department of the Interior. The city attorney called the attention of the Secretary to the fact that under the charter of that company it was required to make a proposal of sale to the city every year, which it had consistently ignored. Now, the Senate can draw its own conclusion, but if that was the course of the then Secretary of the Interior with reference to the administration of the affairs of that department I can sympathize with the remark made by the late Representative Cushing when that Secretary was removed, and when the news of his removal reached that region of the country there was not a dry throat west of the Missouri River within half an hour afterwards.

Mr. President, this discloses the fact that San Francisco was diligent in making its application for relief. Mr. Hitchcock's ostensible reason for refusing the application was that he had no power under the statute to grant the request of the city of San Francisco, although the law upon the subject is perfectly

There occurred a significant thing very shortly after Secretary Hitchcock denied this application. The boundaries of the Yosemite National Park were enlarged so as to take in Hetch That may have been a coincidence, I do not know; but I am giving these things in their order of sequence, and we Mr. President, that the invisible government, like the Almighty, moves in mysterious ways its wonders or its blunders to perform. I mention it for the consideration of the Senate without any comment beyond the suggestion just made.

Then came the disaster of 1906, when, without a moment's warning, the foundations of the earth were shaken underneath that mighty metropolis, followed by the most awful municipal

conflagration of history, when its people, roused from their slumbers by the earthquake's convulsion, were stripped of all their possessions within the short space of a day and driven from their homes by rolling billows of consuming fire and gathered shivering and hungry on the following morn upon her hillsides to look down upon an appalling scene of waste and desolation. With bitter despair they perceived that it was not the shock of nature but the improvidence of man which had visited this article of the control visited this awful calamity upon them. It was not the earth-quake that destroyed San Francisco. It was lack of water, and lack of water due largely to the inefficient and decaying system of a private company, whose greed disdained to note the terrible contingencies and demands of a country subject

to these great geological convulsions, which are inevitably followed by widespread and devouring flames.

But San Francisco did not despair. Her indomitable people rose to the seriousness of the occasion—girded their loins and began the supreme task of reconstruction. And what a task it was. I was there in the succeeding August; I passed through what were once the streets of a mighty city. Ashes marked the sites of palaces and hovels alike and ruin stared stark and desolate from the midst of blackened walls and the accumulated rubbish heaps marking the sites of splendid edifices. But the people—the people, Mr. President—they were pressing onward. Hope, ambition, the joy of reconstruction all beckoned them to the performance of a welcome duty. The sound of saw and hammer and anvil filled the air with the sweet music of municipal resurrection. Men spoke and women sang of the future. Their hearts, quickened with joy and gratitude by the abundant generosity of a great people, had room for no other sentiment than progress, and their minds could not contemplate the contingency of any obstacles to the consummation of measures designed to meet and overcome the

contingency of the recurrence of similar catastrophes.

And their initial difficulty and problem was water supply. Some of this literature informs the Senate that these rights were at that time abandoned by a resolution of the San Francisco supervisors, and as a consequence they ceased to have any existence. Here is the sordid story: A group of men foregathered about that time and organized under the name of the Bay City Co., at the head of which was one of San Francisco's most prominent millionaires. This company acquired a collection of so-called water rights and privileges and then undertook to sell them to the city through the agency of the city boss, who is now enjoying a forced leisure at the expense of the State, for \$10,000,000, one-third of which should be his fee when duly earned. The city was then in the grip of the so-called Schmidt-Ruef machine. Pursuant to this plot an attempt was made to pass a resolution abandoning San Francisco's water rights in Hetch Hetchy as a prelude to the Bay City project. I am told that it did not succeed. It came very near it, but the conscience of the people even in that sordid situation was aroused sufficiently to protest against the universal corruption of the city government at that time, with the result that there was some sort of reformation effected by processes of indictment; and this is the abandonment,

Senators, of this important water right.

Will you confirm it by refusing to pass this bill, because a set of scoundrels in possession of a city government assume to exercise their power and authority for gain by legislating through a scheme in the interests of some of the wealthiest of

the people of that city? I do not think so.

Mr. President, there is nothing like a bitter experience to warn men and municipalities of their duty. San Francisco, after cleaning house, made haste to press this location of its water rights in the Hetch Hetchy and get it beyond the possibilities of further assault as soon as possible. Just here let me ask what we would think of ourselves if, while San Francisco is asking vainly for relief and with nothing but a 37,000,000gallon water supply daily, another convulsion of nature should occur and the new city again exposed to the disasters of certain conflagration? Some might roll their eyes to heaven and thank God because the mosquitoes of Hetch Hetchy survived the awful catastrophe and still stand guard over the battlements of that mighty pass, and that the verdure of the park still contrasts and harmonizes with the sublimity of their surrounding rocks for the delight and rapture of 279 visitors per annum; but we could not escape much of the responsibilities for the results of disaster by pleading that we should possess more information before taking final action.

We want to give the city what she wants now or tell her absolutely that she can not have it, that she may at once take

sky being the engineer who made the examination of 1900 and 1901. In 1908 Secretary Garfield issued a permit to the city, which is given at page 173 of the House record. I am not going to read it all to the Senate; I simply want to refer to it for a moment. The terms of the permit are set out very fully, and I want to emphasize its reference to San Francisco's ownership of real estate in Hetch Hetchy Valley. Provision was then made whereby San Francisco is permitted to construct a dam at Hetch Hetchy and another at Eleanor Lake, but upon the condition that the dam at Eleanor Lake should be first con-This was after a hearing held by the Secretary in 1907. So the Senate will perceive that the city lost no time in pressing her claims.

If Senators will read that permit and then apply what I am now going to say about it, I think they must draw the conclusion that it amounted to a contract between the United States of America, acting through the Interior Department, and the city of San Francisco. It required San Francisco to safeguard all vested irrigation rights, which it did; to supply them with electric power; to pump water at cost, which it is anxious to do.

Now, let me read before I forget it that underneath this magnificent valley at depths of 7 to 10 and 12 feet there is a large underground flow, needing only cheap power to bring it up to the surface for use and make it one of the most productive valleys in the world. They do not need dams and reservoirs so much as they do cheap power for the purpose of overcoming the laws of gravitation and bringing to the surface this water which nature has supplied so near to the surface.

Another condition of this permit required San Francisco to obtain all the lands held in private ownership in the park for itself. That was the term of the contract imposed by its language upon San Francisco. Yet we hear talk about San Francisco gobbling up a section of the national park for private pur-What it bought it was obliged to buy under the require-

ment of Mr. Garfield's permit.

Also, it was required that the proposition should be submitted to the people for ratification. What proposition? Eel River? McCloud River? Oh, no. That the Hetch Hetchy plan should be submitted to the people for ratification. It was submitted in the shape of a bond proposition and ratified by five to one, its principal opponents, strange to say, being the Spring Valley Co. And just here let me say, Mr. President, that both bond issues were required by Government authority to be validated by a vote of the people. Both are therefore for Hetch Hetchy; no other proposition at all has been submitted to the popular vote.

The other bond issue was one of \$45,000,000 and ratified by the voters of San Francisco under a similar requirement by Secretary Ballinger. If this measure is rejected, all that San Francisco has done toward voting bonds for this scheme amounts to nothing. Its expense was, of course, considerable, but there is no recourse; and other bond propositions for other schemes must necessarily be submitted and voted upon if they are to have any bond issues at all. Is it moral, is it just, is it right, Mr. President, for the Interior Department to require these things of San Francisco and then itself afterwards to repudiate its contract?

Let me proceed. Of course, as soon as San Francisco was required to purchase these grounds, they assumed a remarkable value. Some patriotic gentlemen, influenced more by selfish than by public motives, managed to get hold of them. Seven hundred and twenty acres of the land is right in the floor of the valley and has been a ranch for 50 years, held in private ownership; it never was a part of the National Park; it could not be; but San Francisco was required to pay for those 720 acres \$174,311.30. What the 30 cents were for I do not know, but it is quite evident that \$174,311 was a very considerable

price to pay for a practically worthless ranch.

San Francisco was also required to buy lands and water rights held in private ownership in and around Lake Eleanor. and here is where the other water rights were secured. The Senator from California called attention to and emphasized several times the fact that San Francisco is only entitled to 161,000,000 gallons of water per day under its appropriation. It is entitled, under its appropriations and the water rights which the Interior Department compelled it to buy, to over 18,000,000,000 gallons per day. It was required to get 1,100,000 inches, and at prices dictated by the owners. Of course, these appropriations have no value beyond the amount required for the water scheme.

Mr. GRONNA. Mr. President-

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from North Dakota?

such other steps as may be necessary.

Mr. President, every step that has been taken by San Francisco has been along the lines of the Grunsky report, Mr. Grun- information. May I ask the Senator from Colorado to what

he is referring when he states that San Francisco had to pay over \$175,000 for land? Was it for land in the Hetch Hetchy Valley

Mr. THOMAS. It is a part of the floor of the Hetch Hetchy

Valley, patented many years ago to private parties.

Mr. GRONNA. That, of course, was bought from home-steaders, people who secured the land under a patent from the Government of the United States.

Mr. THOMAS. Oh, no; it was patented by homesteaders, but it was bought from some gentlemen who got to the homesteaders before San Francisco did.

Mr. GRONNA. What I meant was that this was land that

had been patented by the Government of the United States to homesteaders

Mr. THOMAS. Yes, sir; that is correct.

So San Francisco had to hold a conference with the owners of land and water rights around Lake Eleanor, and finally got off by the payment of \$600,000. Then it was required to buy from the Government \$13,128.70 worth of timber, which it paid for, but the timber has never yet been delivered.

Mr. SMOOT. The Government was not to deliver it. Mr. THOMAS. Well, San Francisco has not got the timber, but the Government has got its money.

Mr. SMOOT. But San Francisco can go and get her timber.

Mr. SMOOT. But San Francisco can go and get her timber.
Mr. THOMAS. It then discovered that there were ranches
and land appertaining to the Cherry Creek reservoir site, with
sections of land below, and that San Francisco was also required to purchase, because it was in the Stanislaus Forest Reserve. There again it was required to pay \$600,000 more, not voluntarily, but by the mandate of the Interior Department. Its other expenses, exclusive of the cost of the land, amounted to about \$200,000.

I may say in passing that when the Interior Department afterwards required a general examination of the whole country by a board of Army engineers and also by other engineers, the city employed Mr. Freeman, and its general expenses in connection with these examinations were about \$350,000.

Let me say right here that Mr. Freeman, whom I have known for a long time, in my judgment is the greatest hydraulic engineer in this or any other country, and his work speaks for itself. He has been for years in charge of the great improve-ments which New York City is making for her future supply, and has been identified with many of the greatest engineering projects of his time. After a full examination he has pronounced in favor of this project as preferable to all others. am not going to read pages and pages of his report, but it is open to the inspection of everyone. From my knowledge of the man-and it gives me a great deal of pleasure to speak of him as a personal friend-his judgment appeals to me more strongly with reference to the expediency of this particular scheme than that of all the other engineers combined.

These items of expenditure, Mr. President, amount to a total of \$1,937,444.07, every cent of which is gone if you defeat this bill. It might just as well have been put into the bottom of the sea. Yet San Francisco was compelled to make these expenditures by the Government of the United States.

Mr. LIPPITT. I wish to ask the Senator a question, if I may be permitted to do so. He says these expenses were compelled by the Interior Department.

Mr. THOMAS. Yes, sir.
Mr. LIPPITT. Just how were they compelled?
Mr. THOMAS. By the permit. The Senator was not here when I explained that matter.

Mr. LIPPITT. Does the Senator mean the permit to which he previously referred?

Mr. THOMAS. They were compelled by the permit and by regulations and rules or requirements which the permit au-

Mr. SMOOT. The Senator will admit that not a dollar of that would be lost if we simply passed a bill granting the right of way, without all the other unnecessary regulations in the bill, which I do not believe the Senator himself thinks it should contain.

Mr. THOMAS. Not a dollar would be lost if the gentlemen who have got the money in their pockets would pay it back, and not a cent would be lost if the Treasury Department would reimburse the city of San Francisco, and not a dollar would be lost if it could get the money to buy the water somewhere else; but I am unable to perceive where it is going to get it. I submit the matter just as one of plain, common, everyday justice to honest men whether this municipality should have been dealt with in this way and now left in the lurch.

Mr. SMOOT. I do not think the Senator intends to leave San Francisco in the lurch, and I do not.

Mr. THOMAS. I know the Senator does not, because his objections to the bill are not as to the purpose which is sought to be subserved, but as to certain provisions in it.

Mr. SMOOT. There are provisions in the bill for which I

could not vote.

Mr. THOMAS. I understand that fully.

Mr. SMOOT. I do not want Congress to impose upon California a law that I would not vote to have imposed upon my

own State, to be pointed to as a precedent hereafter.

Mr. THOMAS. I understand that, and I shall have something to say upon that subject before I shall have concluded.

Mr. Ballinger became Secretary of the Interior afterwards. I do not know what reason impelled him to do so, but Mr. Ballinger, becoming dissatisfied with this permit of his predecessor, went to San Francisco, instituted an investigation, and then determned to revoke the permit. One of his objections, as I gathered from the record, was that the people might not be behind this immense expenditure—that they might not approve of the plan; and he required this \$45,000,000 bond issue to be submitted to the people for a popular vote. The election was held, and the taxpayers voted upon the question, which may be thus substantially formulated: Shall this bond issue be authorized for the building of the Tuolumne water project? There were some 2,100 votes against it, in round numbers, out of a total, as I now recall, of 30,000. That answered Mr. Ballinger's objection; but still Mr. Ballinger was not satisfied, and consequently he had further hearings. Before his mind was ultimately made up, however, he was succeeded by Mr. Fisher. It was Mr. Fisher, I think-although perhaps I am mistaken as to that-who required the Army engineer board to examine the project. Mr. Fisher required further examination by outsiders, by a board of Army engineers, presumably impartial, absolutely upright and honorable. Thank God, whatever may be said of other portions of our people, we all know that there is a standard of honor and integrity in the officers of the Army and Navy of this country that can not be surpassed anywhere in the civilized world. This board was headed by Col. Taylor, as I remember, and consisted of himself and two others of equal probity. Mr. Wadsworth, under them, also an Army engineer, made a careful, comprehensive, complete, exhaustive examina-tion of this entire problem, and all of them reported in favor of Hetch Hetchy. I have yet to recall the name of a single engineer of known prominence, who was not in private employ with reference to some other plan, who has not turned to the Hetch Hetchy source of supply, just as the needle turns to the pole.

Mr. CLARK of Wyoming. Mr. President, before the Senator passes from the bond issue, for my information—I am not informed as to the bond issue, except as I have heard it from the Senator-do I understand that a vote was taken on the question

of the issuance of \$45,000,000 of bonds?

Mr. THOMAS. Yes, sir.

Mr. CLARK of Wyoming. Now, I want to ask the Senator whether or not the project which was under consideration at that time was the project that is under consideration in this bill, or whether

Mr. THOMAS. It was the identical project.

Mr. CLARK of Wyoming. Or whether it did not refer to the exercise of the permit which had been given by Secretary Gar-

Mr. THOMAS. The permit covered what this bill does.

Mr. CLARK of Wyoming. The permit covered what this bill does?

Mr. THOMAS. Yes; the difference being that the permit required San Francisco first to improve the dam and reservoir at Lake Eleanor.

Mr. CLARK of Wyoming. Has the Senator anywhere in his papers-I know he has made a very close examination of this subject-a copy of the permit?

Mr. THOMAS. The Garfield permit?

Mr. CLARK of Wyoming. Yes. Where can that be found? Mr. THOMAS. That will be found on page 103 of the first number of the hearings before the House committee.

Mr. CLARK of Wyoming. I thank the Senator for the information.

Mr. THOMAS. Secretary Fisher, before he left office and after this report came in, sent the whole matter to Congress. He would not presume to pass upon it; and it was by his direction, Mr. President, and not of her own volition, that San Francisco has come to the Congress of the United States. She was forced to come here after appealing to every Secretary of the Interior who held office after these filings were made. Granted certain rights by some Secretaries, accompanied by the imposition of large expenditures, they were repudiated by others, and,

finally, kicked out of the Interior Department completely, she must come to Congress, and come she did, as her last alter-

Mr. SMOOT. Mr. President, as I understand the reason why San Francisco came to Congress it was that under the laws of the United States the Secretary of the Interior has no right to grant an irrevocable permit. All permits now granted are revocable, and San Francisco did not want a revocable permit; and I do not blame her.

Mr. CLARK of Wyoming. A revocable permit.
Mr. SMOOT. A revocable permit; and I do not blame her.
Mr. THOMAS. I do not, either.

Mr. SMOOT. And I believe the reason that she came to Congress was that it was necessary that she should have an irrevocable permit or she could not place her bonds.

Mr. THOMAS. The record does not show that, Mr. President. Mr. SMOOT. I have been so told, and I think this is the fact

of the case.

Mr. THOMAS. The record shows that she came here because

Secretary Fisher directed her to do so.

I have referred to Mr. Freeman and to the board of engineers. Mr. Grunskey, Mr. O'Shaughnessy, and Mr. Manson, all eminent engineers—city engineers of San Francisco—in their various investigations also reported in favor of this particular plan.

If Senators can find in the record any single instance of noncompliance by San Francisco with every requirement imposed upon her, I will agree to vote against this bill. If she has failed to comply with every requirement as fast as she could after the requirement was made, the record ought to disclose it; I have been unable to discover the fact.

The other sources were all objectionable for reasons that were satisfactory to the engineers; and if they were not satisfactory, certainly San Francisco would be very unwise if she did any-

thing but follow their recommendations.

Just here, lest I forget it, let me digress by calling the attention of Senators to a formidable physical obstacle which encounters every other project proposed, the Spring Valley project alone excepted; and that is that the pipes or conduits of any water supply, other than Hetch Hetchy and the Spring Valley, must either be laid under the waters of Carquinez Straits and San Francisco Harbor before they reach the city, or else make a detour of over a hundred miles to Dumbarton Point, and then across the bay at that point. These things, I presume, can be done, because nothing is impossible in modern times to engineering science; but think of the expense, particularly the expense of repairs, of such a system. In the event of an earthquake shock, however slight, the pipes would be wrenched to pieces, in all probability, and the city would be left without any water supply whatever. To my mind that is an absolute obstacle—I will not say "obstacle," I will take that back; but a most formidable obstacle, sufficiently so to amount to an insuperable objection to a resort of any other supply unless it is absolutely necessary to resort to it.

think, if we lived in San Francisco and were taxpayers there, we would feel very much about it as these engineers do. My reading of the reports of the engineers has caused me to emphasize this particular obstacle, which stands out as a feature of practically all of these alternate sources, and, of course, it

is very prominent and should be avoided.

Mr. President, a great city in search of a water supply will always encounter certain obstacles. There are those who oppose the acquisition of the supply she determines to secure; there are those who have other sources of supply for sale; and there are still others who own the present sources of supply. In this instance there is another element of opposition, which comes from good people all over the United States, who seem to feel that nature will be desecrated and the refined sensibilities of the people outraged by converting a mosquito swamp into a lake.

Mr. President, I shall not spend any more time than I am obliged to spend in a detailed reference to these particular matters, and perhaps what I say will not be presented in anything like systematic order. But before leaving the subject I wish to emphasize the fact that this land and timber which San Francisco has been obliged to purchase have no intrinsic value except for the purposes for which she was obliged to pay

extortionate and speculative prices.

Lest I forget it, let me call attention to the fact that if San Francisco wanted to do so she could go into the Hetch Hetchy Valley to-morrow and cut every standing tree and shrub from her patented property in that valley. It has no protection whatever from the Government of the United States. The city It has no protection has the same right in that regard that the Senator from Utah would have if he owned the timber in fee. As a consequence,

the desecration of which we hear so much might come about independently of this bill if San Francisco were so minded. Certainly she would commit no such act of vandalism either in a spirit of malice or resentment or otherwise, but as a matter of right she might easily accomplish the very thing which it is said will be accomplished by the enactment of this bill.

In addition to that the city will be deprived of its water filings if this bill be rejected, because if it can not use them its appropriation fails. If its right be denied to devote them to the beneficial purpose for which the appropriation was made,

the filings are lost.

Mr. President-The PRESIDING OFFICER (Mr. SAULSBURY in the chair). Does the Senator from Colorado yield to the Senator from Indiana?

Mr. THOMAS. I do. Mr. KERN. If the Senator from Colorado will yield to me for the purpose, which he has consented to do, I will ask unanimous consent that when the hour of 6 o'clock arrives the Senate shall take a recess until 8 o'clock.

The PRESIDING OFFICER. Is there objection? The Chair

hears none, and it is so ordered.

Mr. CLARK of Wyoming. Mr. President—
The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from Wyoming?

Mr. THOMAS. I do. Mr. CLARK of Wyoming. I should like to ask the Senator from Colorado a question right on that point. I understood from the remarks of the junior Senator from California [Mr. Works] that San Francisco has an appropriation of something like 160,000,000 gallons of water per day of this water supply.

Mr. THOMAS. Yes. The Senator spoke of the appropriation

Mr. SMOOT. Those are the only waters involved in this case.
Mr. THOMAS. Oh, no; those of Lake Eleanor are involved, and of Cherry Creek as well. They are in the Hetch Hetchy

Mr. CLARK of Wyoming. I do not know but that he also spoke of the Lake Eleanor appropriation. I am not sure whether What I wish to ascertain, however, is this: How much does the Senator from Colorado understand to be the present appropriation, under the law of California, for the purpose of the proposed water system of San Francisco and the bay

Mr. THOMAS. The appropriations made by San Francisco, or by her mayor for San Francisco, plus the water rights she was compelled by Mr. Garfield to buy from private sources

Mr. CLARK of Wyoming. And which she did buy. Mr. THOMAS (continuing). And which she did buy, exceed 100,000 inches. There are 40 inches to a second-foot. The 1,100,000 inches. Senator can make the calculation. It is over 18,000,000,000

gallons per day. It is over 1,100,000 inches.

Mr. CLARK of Wyoming. How much?

Mr. THOMAS. Eleven hundred thousand inches—infinitely more than she could use or wants to use or that could be secured from the watershed.

Mr. CLARK of Wyoming. Is the Senator familiar with the laws of California with relation to the appropriation of water?

Mr. THOMAS. Only in a general way. Mr. CLARK of Wyoming. Of course in some of the States, and in the State which I have the honor in part to represent

Mr. THOMAS. To be precise, she has appropriated and acquired 1,159,000 inches, 200,000 inches being on the Tuolumne, 207,000 inches on Eleanor Creek, and 752,000 inches on Cherry River.

Mr. CLARK of Wyoming. How many gallons does the Sena-

Mr. CLARK of Wyoming. How many gallons does the Senator say that figures out per day?

Mr. THOMAS. According to a rough calculation which I made, it is over 18,000,000,000 gallons per day.

Mr. CLARK of Wyoming. Does the Senator know what the supposed capacity of that watershed is?

Mr. THOMAS. No; I do not. I do not think it has any capacity like that, except possibly in times of extreme flood. San Francisco does not contend that she has a legal right to that water to use it for mynicipal purposes. San Francisco was that water to use it for municipal purposes. San Francisco was obliged by the Interior Department to buy these water rights.

Mr. CLARK of Wyoming. Does the Senator understand that under any system of water laws in any State more water can be appropriated than it is possible to store or more than is run-

ning in a natural stream?

Mr. THOMAS. I do not think any person can or ought to appropriate any more water than he can apply to beneficial uses; but I do think a municipality has and ought to have the power to provide against future contingencies, just as Los Angeles has made an appropriation for the use of very much more water than she now uses

Mr. CLARK of Wyoming. I confess I am astounded at the figures the Senator gives.

Mr. THOMAS. So was I. Mr. CLARK of Wyoming. I can hardly think it possible that such an appropriation as that has been legally made.

Mr. THOMAS. I do not think it was. I do not pretend it I am simply calling attention to the fact that it was physically made, and that the Secretary of the Interior compelled San Francisco to buy it whether worth anything or not.

Mr. SMOOT. Mr. President, the total amount of 400,000,000 gallons of water a day is what we all agree this project will

develop.

Mr. CLARK of Wyoming. I understand that.

Mr. SMOOT. Now, according to the Senator, San Francisco has appropriated forty-five times more than the whole project is capable of developing.

Mr. THOMAS. Oh, no; the Senator misstates me. I did not

say she had appropriated it.

Mr. SMOOT. Then she has purchased it.

Mr. THOMAS. She had to purchase it. She purchased it

under duress

Mr. CLARK of Wyoming. My question is this, in short: I do not care whether it is by appropriation or by purchase from prior appropriators who lawfully made the appropriation. der the laws of California, how much water is the city of San Francisco entitled to draw from this water supply?

Mr. THOMAS. She is and ought to be entitled to draw every bit of water that she needs to supply herself for the coming

century, or longer.

Mr. CLARK of Wyoming. I assume, then, that the Senator is not informed as to the amount she can legally draw from this

supply?

Mr. THOMAS. I can not answer that question any more definitely. I will answer it as definitely as I can. I do not think any city, especially in a country like that, ought to be limited to an appropriation merely for her immediate purposes.

Mr. CLARK of Wyoming. Of course; but the Senator knows very well that all appropriations of water are not made in a lump, but are made as appropriations of so much water, either in inches, acre-feet, gallons, or in some other way.

Mr. THOMAS. Yes; almost all of them.

Mr. PITTMAN rose.

Mr. CLARK of Wyoming. What I am trying to ascertainand perhaps the Senator from Nevada can answer my inquiry, which I make in absolutely good faith-is, how much that amounts to?

Mr. PITTMAN. I will state for the Senator's information that there is an act of the State of California which anticipates just such conditions.

Mr. CLARK of Wyoming. I shall be very glad to hear what it is.

Mr. PITTMAN. The statute prescribes that when a municipality has acquired water it may dispose of the surplus water until it is required for its own use.

Mr. CLARK of Wyoming. That still does not relieve my mind. I wish to know exactly how much right San Francisco has, legally, in the waters of this watershed.

Mr. PITTMAN. San Francisco has all of the water that it has appropriated, or so much of it as the stream will supply.

Mr. CLARK of Wyoming. How much has it appropriated?

That is what I am trying to ascertain.

Mr. PITTMAN, The Senator from Colorado has correctly stated the appropriation, because the appropriations of others inured to its benefit when it purchased them. The amount that the engineers estimate will be actually supplied is about 260,-000,000 gallons daily.

Mr. CLARK of Wyoming. Then do I understand from the Senator from Nevada, who is in charge of the bill, that the appropriation of San Francisco in this water supply is 260,000,000

Mr. PITTMAN. No; that is not the appropriation.

Mr. CLARK of Wyoming. Can the Senator inform me what the appropriation is?

Mr. PITTMAN. The appropriation has been accurately stated

by the Senator from Colorado.

Mr. CLARK of Wyoming. Will the Senator from Colorado please state it accurately again?

Mr. THOMAS. I do not know that I understand the Senator's question. Possibly the answer I gave was based upon a misconception.

Mr. CLARK of Wyoming. My question is simply this, and I ask it of the Senator the same as I would ask him if it were an

much a certain rancher had appropriated out of the waters of a river, he might answer me either in inches, or in acre-feet, as they do in some places, or in gallons per day, as they do in others.

What I want to ascertain is, how much has the city of San Francisco, under lawful appropriations or by purchase of other appropriations lawfully made, in the water supply of the Hetch Hetchy Valley?

Mr. THOMAS. I can not give a mathematical answer to the question; but I will say that she has a right to appropriate as much as her engineers' estimates tell her is necessary for the municipal purpose for which the appropriation is made.

Mr. CLARK of Wyoming. What has she made in the way of

such an appropriation?

Mr. THOMAS. She has made an appropriation which, to-gether with a part of her purchase—and, of course, the greater part of this purchase is of fictitious water, because it is not there, never was there, and never will be there—is the equivalent of a supply of 400,000,000 gallons per day.

Mr. CLARK of Wyoming. I can not understand the fictitious

appropriation of water.

Mr. THOMAS. I do not say it is a fictitious appropriation

made by San Francisco.

Mr. CLARK of Wyoming. I am not speaking of that. I am speaking of the appropriation that San Francisco bought. The Senator says it is a fictitious appropriation.

Mr. THOMAS. Anybody who knows anything about the western rivers knows that billions of inches of water are appropriated. It is like the watered stock in some of the modern

corporations

Mr. CLARK of Wyoming. Mr. President, I do not assume to know accurately much about the appropriation of water under the laws of California, but I do assume to know that in some jurisdictions an appropriation of water is not allowed unless the water is in the stream or can be put into the stream. If this fictitious appropriation of water was made, it is certainly valueless under any jurisdiction and in any State. In the Senator's own State a fictitious appropriation is valueless. What I am trying to find out is how much of real appropriation San Francisco has in the water of the Hetch Hetchy Valley,

Mr. THOMAS. I have answered that question as best I could,

and I think I have answered it correctly.

Mr. CLARK of Wyoming. I think probably I am obscure in my way of asking for the information.

Mr. THOMAS. No; I said it was the equivalent of 400,000,000 gallons. I think that can be easily made a matter of calcula-

Mr. WALSH. Mr. President, I think the matter can be cleared up by a suggestion. The Senator from Wyoming evidently is governed in his views by the law of his State. law requires every one desiring to appropriate to go to the State engineer and there make his filing. The State engineer determines how much water there is in the stream, and he will allow no appropriations or filings to be made in excess of the amount he finds to be flowing in the stream. That system does not pre-vail generally throughout the West, as the Senator doubtless recognizes. The prevailing system is that anyone may go and make a filing on water to any extent that he cares to do so. It does not make any differences how much it is. That system is apparently the one which has prevailed in the State of California, so the filings upon this water have accumulated to the enormous amount given by the Senator from Colorado.

An appropriation under that system consists, first, of the filing; second, of the construction; third, of the appropriation to the beneficial use. When those three elements are combined, an appropriation is made. When the Senator asks how much has been appropriated in the State of California he wants to know the result of those three elements.

So much has been filed on. The appropriation, of course, when it is completed, never can exceed the amount of water that is in the stream, so the actual appropriation completed never can exceed the amount of flow in the stream. If the beneficial use is less than that, the appropriation will be reduced to correspond to the amount which can be subjected to beneficial

So at the present time it is utterly impossible to answer the Senator's question as to how much the city of San Francisco has appropriated, because it has neither developed the works nor applied the water to a beneficial use. The only answer the Senator from Colorado can make to the Senator from Wyoming is to give him the figures of the filings,

Mr. CLARK of Wyoming. Mr. President, that is a new way to appropriate water. To say that, without any intention of applying the water to beneficial use, I can go in and keep out appropriation of water in his own State. When I asked how men who want to apply it by appropriating or making a claim

to all the water running in the stream is a new thing to me. Of course, I have to put it to beneficial use at some time, I suppose; but in every place I know anything about—of course, my experience is very largely confined to my own State—no man is allowed to appropriate the waters of the State and turn them over at his sweet will to others, whether he wants to use them or whether they want to use them or not.

I am sure there is some way of determining under the laws of California just how much of the water running in the Tuolumne River and in that watershed the city of San Francisco has a right to. There must be some way of finding out. I shall try to ascertain it in some way. I hope I shall be successful, because it will go a long way toward determining my

attitude on this bill.

Mr. THOMAS. Mr. President, I venture the assertion that in the Senator's own State the waters of the flowing streams have been appropriated four or five times over, so far as filings are concerned. The actual appropriation made in that State is just as it is in others and, as the Senator from Montana states,

it is the amount that is applied to beneficial use.

Mr. President, there is a strong family resemblance between the irrigation codes of all the Western States. They have their origin in the early life of California and Colorado. It is a universal principle everywhere that appropriations must be initiated by filings, and must be followed by beneficial use and practical application.

Mr. CLARK of Wyoming. Why, of course. Nobody denies

that.

Mr. THOMAS. Those are the tests; and if a man makes a filing in the Senator's State, with all due respect to his view, I think it becomes effective to the extent to which it is bene-

ficially applied.
Mr. WALSH.

I can add something to that. I had occasion to examine the laws of the State of Wyoming some time ago, in a case I presented to the Supreme Court. The law to which the Senator refers, as my recollection now serves me, was en-acted in the year 1890. Since that time you must proceed, as I have indicated, by making your application to the State engineer, who will not permit you to make a fixing for water beyond the capacity of the stream. Prior to 1890—and I dealt with rights acquired prior to that time-the rule in the Senator's State was exactly the same as in all the other States. There was no specific law of his State upon the subject, and the customs of the Western States prevailed there as well.

Mr. CLARK of Wyoming. Mr. President, in order that I may not be entirely overwhelmed by the legal opinions of the Senators from Colorado and Montana, and that it may not be assumed that I know nothing about the early dealings in

Mr. THOMAS. O Mr. President, I do not think either of us intimated that. On the contrary, I wish to bear testimony to the Senator's knowledge of the law and understanding of the

situation in the arid States, including his own.

Mr. CLARK of Wyoming. I want to make it perfectly clear, so that there will be no misunderstanding between the Senator from Montana and myself, that in all those States, in the early years, much difficulty arose over the conflicting claims to the waters running in the various streams. The fact of the matter is that one reason why this bill is so important is because I think it involves the principle of regulation of the waters of a State. In the early years in all those States much difficulty occurred, much hard feeling occurred, much bloodshed occurred, over the distribution of water, and provisions were gradually crystallized into statute law, until, I think, about the year which the Senator suggests, perhaps a little before that time, the State of Wyoming began a measurement of the flow of all the streams in the State. It was no inconsiderable job, but wherever the State of Wyoming found that water flowing in a stream of the State was overappropriated they began to adjudicate the rights of every man upon that stream. They adjudicated it with reference to individual rights, the one to the That has gone on from that time to this. There never has been a permit allowed for the appropriation of a drop of water that the stream did not carry, either from its natural flow or of surplus flood water. That was, of course, for the purpose of avoiding strife, lawsuits, and bloodshed over the water. I was trying to ascertain from the Senator from Coloradoand I am sure it must appear somewhere-just how much water has been appropriated by San Francisco and how much water she has acquired by purchase from other legal appropriations.

Mr. THOMAS. Mr. President, the Senator has not only vindicated himself, but I think he has vindicated me. I followed him pretty closely and yet falled to perceive any great difference between the irrigation code of Wyoming and those

with which I am better acquainted than in that State. It goes without saying, I should think, that as a general proposition everywhere one can not gauge with mathematical accuracy the amount of water San Francisco needs. Those are matters concerning which much latitude must necessarily be given.

Now, with reference to the statutes of California, I am told that much of the statute law which was read here by the Senator from California [Mr. WORKS] is not the law at all, by which I mean that the statute is the subject of a referendum and depends upon its ratification or rejection at the next gen-

eral election for taking effect.

Proceeding, Mr. President, let us assume that San Francisco is denied the rights that are desired under this bill and is driven to some other source of supply, is there a single objection urged against this measure, a single conflicting water condition, a single line of protest from other users, that it would not encounter all over the State in its effort to obtain a supply, not encounter an over the state in its enor to obtain a sapply, no matter where that supply is? If it is required to go to Mc-Cloud River, to Eel River, to the Mokelumne, to any of the sources of supply, it is confronted by the same conditions. All the running waters of the stream are appropriated and used upon the ranches and farms of the people.

The same swelling procession of agriculturists insisting that their rights are being disregarded, their property destroyed, their valleys made desolate, must come, no matter where it gets its water. It must therefore encounter and overcome these con-

ditions.

The Senator from California, in expatiating upon the extent of the resources of the Spring Valley Co., ignored completely the fact that every additional gallon of water which that system acquires is taken at the expense of the agriculturists of the valleys around San Francisco and San Jose. I am told the drain at present is so great that the level of the subsurface water has been lowered several feet, requiring additional pumping to secure the surface flow. It is threatening the source of the water supply. If the pressure upon that supply is doubled and the magnificent orchards and farms in that section of the country are consequently destroyed, where is the saving to San Francisco or to the people of the State, and where is there any avoidance of litigation by resort to this source?

The Senator's own city took the waters of Owen River for

its own needs, and every ranchman upon that river, from one end of it to the other, was up in arms, declaring—I think with much truth—that it meant absolute destruction to the valley itself, making it practically uninhabitable. I have no doubt Los Angeles did justice to all those claimants who were bona fide. She got the water, but she encountered the eternal fact that whenever any great municipality needs an added water supply it can only acquire it for domestic and municipal purposes by depriving other users of water of the right to it, which

means controversy and litigation, perhaps bloodshed.

In my State, and, with great deference to my friend from Wyoming, I think in his State as well, while the domestic is superior to the agricultural interest in water, you can not take it for a domestic supply without condemning the value of its use to the owner of the water for agricultural and power purposes and compensating him for it. So it is an expense everywhere. San Francisco has been for 13 mortal years trying to get this source of supply-persistently, consistently, continuously. Are we to tell her now that she has other sources of supply nearly as good, or equally as good, and expect her to resort to them without encountering the same troubles, difficulties, and the same delay that has occurred in her pursuit of this one?

Mr. SMITH of Arizona. And then get inferior water. Mr. THOMAS. And then get inferior water. I will come to that. She would be like the Ancient Mariner, with-

Water, water everywhere, Nor any drop to drink.

In fact, I have been amazed and delighted by the assurances that have poured in my office from people who are, of course, disinterested of the existence of magnificent supplies of water around San Francisco. Neah's flood was an ordinary affair compared with the abundant waters of the multitudes of swelling streams that are now running waste to the sea, and from which San Francisco could easily supply herself without money, without price, without objection, and without opposition.

Mr. GRONNA. Mr. President-

The VICE PRESIDENT. Does the Senator from Colorado yield to the Senator from North Dakota?

Mr. THOMAS. Certainly. Mr. GRONNA. The Senator from Colorado referred to inferior water. I do not suppose the Senator pretends to leave the impression that water from the McCloud River is inferior to water from the Mokelumne River. Mr. THOMAS. I do not think it is.

Mr. GRONNA. If the Senator will permit me, I should like to read a short extract from the report of the Army engineer. Mr. THOMAS. Certainly.

Mr. GRONNA. It is found on page 19 of the Army engineer's report, and is as follows:

(d) McCloud River rises on the south side of Mount Shasta, and uniting with the Pitt River forms the principal tributary of the upper Sacramento. Its least flow is about 1,200 cubic feet per second, or about 770,000,000 gallons daily, amply sufficient for all possible needs. The water appears to be good and pure. No reservoir would be necessary as far as quantity is concerned. If desired to hold in reservoirs for sanitary reasons, suitable sites could doubtless be found in Contra Costa County, if not in the McCloud River Basin. This source is considered a feasible one and it will be discussed in greater detail later in this report.

Mr. THOMAS. Mr. President, as I remember it, the initial cost of that source of supply is less than Hetch Hetchy, but there are three fundamental differences between the two sources of supply, and perhaps more. One is that from the McCloud source the entire system must be constructed at once, instead of in units, as is the case with Hetch Hetchy, requiring an immediate outlay of \$54,000,000.

Mr. GRONNA. If the Senator will permit me, I will say that that is less than the cost of the Hetch Hetchy project.

Mr. THOMAS. It is some \$13,000,000 or \$14,000,000 less that is, on the face of it-but the other system can be constructed in units, and the unit first constructed will assist in paying for the second and the outlay be distributed over a large number of years. There is one immense advantage, which more than equalizes the difference in first cost.

Another difference is that there are no power possibilities from the McCloud source of supply. San Francisco needs electric power, and California needs development in electric power just as much as she needs ownership in water, not only for her own purposes, but for the uses to which I have referred, and also for the purpose of paying or assisting to pay the expense of operation.

San Francisco owns a street railway system. Her people are engaged in many diversified industries requiring cheap power. She is anxious to extend her spheres of municipal usefulness, but she is in the grip of a power monopoly as well as that of

the Spring Valley Co.

That is true. The third is—and I direct the attention of the Senator from North Dakota to it-that the supply from this source must be carried under the waters of Carquinez Creek and San Francisco Bay at very considerable expense, involving vast engineering difficulties and menaced with practical destruction by the slightest convulsion of nature.

Mr. NORRIS. Mr. President

THOMAS. As a consequence, I do not hesitate to say that the engineers were right, for those three reasons, in re-jecting this particular source of supply. There is another reajecting this particular son to which I wish to refer. son to which I wish to refer. Does the Senator from Colorado

yield to the Senator from Nebraska?

Mr. THOMAS. Certainly.
Mr. NORRIS. The Senator has just called attention to what was going to call attention to-that the engineers who wrote the report from which the Senator read rejected that proposi-

tion in favor of Hetch Hetchy.

Mr. THOMAS. McCloud River supplies the Sacramento River, if my recollection serves me right, with about onefourth of its water supply. The Sacramento River is a navigable river, and, to use a western expression, it is "sure enough navigable." It is used for purposes of commerce, and boats actually ply upon its waters as far as Redbluff

Now, with all due deference to the Government of the United States, let me say with much truth that whoever in the West appropriates water or demands a supply of it for beneficial use and comes in contact with the commerce clause of the Constitution of the United States needs for the attainment of his ends all the help he can get from the Lord and from other sources, if there are any, because, Mr. President, there are more intricate, expensive, and foolish obstacles interposed by the departments through the exercise of this so-called power over navigable streams and their tributaries in determining the privilege as they call it, the right as I insist, of diverting waters to beneficial use than are found anywhere else in the administration of public affairs.

I can illustrate what I mean perhaps better than I can explain it. Some time last March the engineers of the Dolores River, or the Dolores Valley Land Co., the property of the company being located near the headwaters of the Dolores River in my State, and the Dolores River being a tributary of the San Juan, which in turn is a tributary of the navigable Colorado, applied to my colleague and myself to aid the company in securing permits for the diversion of some of the waters

of the Dolores River into their ditches. He informed us that the plans and plats of this enterprise had two years before been approved by the State engineer, and had then been sent to Washington for approval by the Interior Department, and not getting satisfactory information as to causes of delay he was sent to the city of Washington for the purpose of ascertaining what the trouble was. We discovered that the field notes and plans had been submitted to the Geological Survey, and the Geological Survey after careful and prayerful deliberation had determined that there was nothing objectionable in them so far as that bureau was concerned.

The survey then sent the papers and plats to the Reclamation Bureau, and there, after more careful and prayerful consideration, the Reclamation Bureau determined that the Nation's welfare would not be permanently endangered by approving them. It did so, and sent the documents to the Forestry Reserve Bureau of the Agricultural Department, where they rested serenely on the occasion of the engineer's visit to Washington.

We got some affirmative action there, and were then blandly informed one morning that the Forestry Reserve Bureau had approved the plans and had sent them to the Secretary of War. because the Dolores was a tributary of a navigable stream, and that the diversion from it of a little water for farming purposes from a tributary 2,000 miles away from the head of navigation might seriously affect the navigability of the stream, and that in consequence of this, the War Department would have to be consulted in order to determine whether, in the opinion of the Secretary, this diversion could be made without imperiling the navigability of the great Colorado River.

We got to the department before the papers did, and the new Secretary of War could hardly credit us when we informed him that it was his duty under his oath of office to pass upon this tremendous question. He sent for the papers. They did not immediately come. He gave orders to have them laid upon his table at once. About that time we discovered that the company had another formidable step to take, because the Dolores was not only a tributary of a navigable stream, but of an international navigable stream, and as a consequence the offices of the Secretary of State must be invoked as a final determination of this water right.

In this instance, Mr. President, we secured a conference with quartet of Secretaries one afternoon in the Department of War-the Secretary of the Interior, the Secretary of Agriculture, the Secretary of War, and the Secretary of State. great functionaries spent an hour in determining whether the diversion of a few inches of water from an insignificant tributary way up in the Rocky Mountains, 2,000 miles away from the head of navigation, according to the meanderings of the stream, should be permitted to a few citizens of the United States for the fertilization of their soil; and inasmuch as very serious problems, both economic and political, were involved which might result in international complications of a farreaching order, to say nothing of the possible destruction of navigation in the Colorado River, the matter went over to another session, which thus far has not been held.

Mr. President, do you wonder why the people of the West have some question about the soundness or expediency of socalled conservation? If the Dolores Co. has any money left after incurring all the expense consequent upon this series of appeals and counter appeals, it is luckier than most of them are. We of the West, Mr. President, do not propose, if we can avoid it, to permit conditions of that kind to continue any longer than are absolutely necessary.

Now, let us suppose that San Francisco is relegated to the McCloud River for its water supply. What must it do? I have given you the course of procedure, and I think that by the time it got an ultimate favorable opinion the year anno Domini 2,000 will have arrived and the question of its water supply still remain an unsettled problem, for San Francisco would still be without an adequate water supply. So much or that particu-

lar source of supply.

There are some other sources. I refer at this juncture to one which has been sprung upon the city somewhat recently. It is called the Putah Creek and Eel River enterprise, which seems to be fostered by a gentleman of Scotch origin by the name of McDonald, and which we are told with great solemnity and seriousness will furnish San Francisco with a better and cheaper supply than she can get here, and thus leave the irri-

gators of the San Joaquin Valley absolutely undisturbed.

This, I say, is something new in so far as its present aspects are concerned. It is true that this system has been hitherto the subject of investigation, but it has only recently assumed the attractive proportions of a desirable municipal enterprise. Mr. Henry M. McDonald is at its head, and I shall refer to it at some little length on account of the prominence which it has had

in the discussion of the Senator from California [Mr. Works]. Mr. McDonald wrote a letter to me upon the subject, and I pre-gume that a similar one was transmitted to other Members of this body, bearing date of November 25, 1913. It is so eminently fair, it breathes such a spirit of patriotism and disinterestedness, that perhaps the Senate will pardon me for reading it into the RECORD. Mr. McDonald says:

Recorp. Mr. McDonald says:

Referring to an argument against the selection of Hetch Hetchy as a source of water supply for San Francisco, which I recently had the honor of submitting for your consideration, I may say that, while the question of the source from which San Francisco shall obtain a supply of water is strictly economic, considerable partisan politics has apparently been developed in connection with the consideration by the Senate of the Hetch Hetchy proposition as embraced in the provisions of House bill 7207, known as the Raker bill. At least Mr. J. O. Davis (a Democrat), collector of the port of San Francisco, who recently returned from Washington, was quoted a few days ago by the San Francisco newspapers as stating that "all the Democratic Senators were, with one or two exceptions, lined up for Hetch Hetchy." Ex-Congressman J. C. Needham, a Representative from California for several congressional terms, told me, upon his return from Washington about 30 days ago, that the Raker bill had been made a Democratic Party measure, and that President Wilson had indicated that he would, if necessary to secure the enactment of the bill, send a message to the Senate recommending its enactment.

I controverted the statement of Mr. Needham saying that my knowledge of President Wilson's method of procedure upon public and other questions, derived from a three years' acquaintance with him when we were—1875 to 1878—costudents at Princeton College, and from some familiarity with his record as president of Princeton University and as governor of New Jersey, assured me that the President would "keep an open mind" on the Raker bill, as well as all bills considered by Congress, until a measure should, if enacted, be placed before him for official action.

In view of the statements of Mr. Davis and Mr. Needham, I think it

governor of New Jersey, assured me that the President would "keep an open mind" on the Raker bill, as well as all bills considered by Congress, until a measure should, if enacted, be placed before him for official action.

In view of the statements of Mr. Davis and Mr. Needham, I think it can be said that the impression—no doubt to a certain extent fostered by Republican politicians—that the Raker bill has been made a Democratic Party measure is widespread throughout the country.

To the point, the Democratic platform adopted by the Baltimore convention, under the caption "Conservation," declares: "We believe in the conservation and development for the use of all the people of the natural resources of the country." Water, particularly in a semiarid State like California, is unquestionably a natural resource in the fullest possible sense of the term.

I have endeavored to show conclusively in my argument (pp. 11 and 12) that if San Francisco is given Hetch Hetchy either about one year in five the crops upon more than 250,000 acres of fertile land will be ruined, involving a loss of \$25,000,000 or more, or that if the water diverted by San Francisco were applied to the irrigation of 157,000 acres of land not embraced in the Modesto and Turlock irrigation districts, but tributary to the Tuolumne River, these lands would produce yearly crops worth in the market not less than \$15,000,000. Does not the maintenance of the party's declaration upon the conservation of natural resources demand that the entire flowage of the Tuolumne River be conserved for use in irrigating the lands tributary to the Tuolumne as well as other lands in the San Joaquin Valley, which will otherwise remain unirrigated and unproductive—particularly when we can not defend the diversion of the Tuolumne River water for use by San Francisco on the ground that Hetch Hetchy furnishes the only adequate source of supply for that city?

It should be borne in mind that the question of the enactment of the Raker bill has become one of Nation-wide interes

Whatever that is-

in every doubtful congressional district and would undoubtedly lose us many of these districts.

Possibly that may appeal to my friend from Utah [Mr. Smoot] and prompt him to change his mind with reference to this bill. Of course, that is jocular.

In conclusion, I should state-

And this is what I want to impress upon Senators-

And this is what I want to impress upon Senators—
In conclusion, I should state that I have not written you with a view of influencing in the least your judgment upon the merits of the Raker bill, but simply thinking that by bringing to your attention the political results which will attend the passage of the bill by the Senate you may possibly deliberate more carefully upon its provisions when the measure is being considered than otherwise might be the case. I may add that the sole reason which has impelled me, as a life-long Democrat, to address you on the subject of this letter is an overweening desire that the Democratic Party, through wise action of the legislative department of the Government on all important questions of public policy, shall so merit the confidence of the voters of the country that the administration of its Government shall be committed to our party for many years.

Yours, very truly,

This is the same gentlement where convectioned area introduced.

This is the same gentleman whose correspondence was introduced into the Record the other day, who, after this bill was postponed and fixed for determination for the present week, employed an engineer to investigate this water supply, and who employed an engineer to investigate this water supply, and wild promised to double his compensation if Mr. McDonald could succeed in making the city of San Francisco buy it, who afterwards defaulted upon his check, and who, after that, on or about the 10th of November, employed a Mr. Nickerson to make "a preliminary report" upon this thirty-eight or forty million dollar

scheme, which report I hold in my hand, and which I received about 10 days afterwards. That is the most comprehensive 10-day report I ever saw. I think that even my distinguished friend from Utah would hardly object to my putting it in the Record, which I do not propose to do, however, as an illustration of what a 10-day engineer can do when he is hard pressed, and particularly when a \$38,000,000 job is involved. That comes to us, Mr. President, and behind it are gentlemen who have been employed—and I presume that the employment is legitimate—to convince individual Senators that San Francisco should be turned out of doors and made to resort to this particular scheme to supply with water the people of the coming century who inhabit the shores of San Francisco Bay.

Mr. President, I am somewhat weary, and I therefore ask the consent of the Senate, promising them that I will read very little more than this in the course of my remarks, that the Secretary may be permitted to read in my behalf a report upon this particular enterprise, which I personally requested Mr.

O'Shaughnessy to make.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read.

The Secretary read as follows:

PUTAH CREEK IRRIGATION LANDS.

Putah Creek is a tributary of the Sacramento River, which has dependent on it an area of delta lands 30 miles long by 10 miles wide, or 192,000 acres, for irrigation requirements. Only a small portion of this land has now been brought into use for this purpose, but a very comprehensive plan for extending the limits of same has been designed by the Sacramento Land & Water Co., a corporation organized under the laws of the State of California, for the purpose of irrigating the delta lands of Putah Creek in the counties of Yolo and Solano.

WATER NEEDED FOR IRRIGATION,

The quantity of water necessary for irrigation purposes is about 2 feet in depth each year on the soil. It will be necessary to provide 384,000 acre-feet of water yearly to adequately irrigate the land. In order to provide this quantity of water, arrangements have been designed by this company to develop it from two sources—first, by building a dam across Putah Creek at Devils Gate, elevation 230 feet above the sea, and storing water in what is known as the Monticello Res ervoir.

UNITED STATES GEOLOGICAL SURVEY STUDIES,

UNITED STATES GEOLOGICAL SURVEY STUDIES.

This project has previously been considered by the United States Reclamation Service in their fifth annual report (p. 95), in which they state that with a dam 150 feet high a reservoir of 130,000 acre-feet capacity could be constructed, from which the probable annual amount of water to be obtained would be 130,000 acre-feet.

As this quantity of water would be inadequate to serve the agricultural lands tributary to Putah Creek, this company very wisely procured a permit from the Army engineers, in the name of R. T. Stone, its general manager, to take out 800 second-feet of water from the Sacramento River near the mouth of Feather River, about 12 miles above the city of Sacramento.

This project is described in the report of the advisory board of Army engineers on the Hetch Hetchy Valley on page 24.

To utilize this latter water it is the intention to pump it by a succession of low-lift pumping stations separated at different points up to an elevation of about 100 feet, and thus relieve the shortage of water supply which reliance on Putah Creek alone would provide.

HENRY M'DONALD.

HENRY M'DONALD.

At a recent public meeting in San Francisco Mr. Stone, the promoter and creator of this project, only denounced one Henry M. McDonald, who is now advocating this source as a supply for San Francisco. Mr. Stone stated that he employed McDonald as a broker to sell the bonds of his project, and that while ostensibly serving him he enparties file on same.

OBJECTIONABLE CHARACTER OF PUTAH CREEK WATER,

The waters of Putah Creek while suitable for irrigation uses are objectionable in quality for domestic supply. The sources are polluted by quicksilver and other mines, as well as by dense farming conditions, so that the water from this source is of a very inferior character and would not be acceptable for an expensive development for a pure domestic supply of water. The word "Putah" is of Spanish origin, implying filth, so that the earliest inhabitants of California were very familiar with the objectionable character of this supply.

DEFICIENT SUPPLY.

During the season 1911-12 only 51,000 acre-feet ran off the shed. During 1912-13 only 50,000 acre-feet was the run-off, so that not alone was there not enough for irrigation, but there was hardly an adequate supply for drinking purposes for the people living along the stream. With the requirements of the farming lands below, between the Devil's Gate dam site and the Sacramento River, who desire now to take every drop of this water that is available for use, it is a piece of the boldest effrontery on the part of irresponsible promoters to attempt to introduce this source as being adequate for the use of San Francisco.

EEL RIVER DEMANDS.

In order to confuse the Issue, it is suggested that Eel River might be combined with Putah Creek, but Col. Biddle disposes of this possibility on page 91 of the hearing before the Committee on Public Lands, Sixtythird Congress, H. R. 6281, when he states that the Russian River Valley will need not only all the water from Russian River but a part of the supply of Eel River. At the present time there are many towns such as Petaluma and Santa Rosa, containing over 10,000 people, that have now inadequate supplies of water, as during the past year there was a water famine in Petaluma, and that town is now in dire straits for want of water. They would be perpetually deprived of the possibility of securing some of the waters of Eel River which they are now using if they were diverted, as suggested in the proposed scheme of Engineer Nickerson. The waters of Eel River are now diverted through a tunnel a mile long into Potter Valley where there is a drop of 470 feet and an expensive hydroelectric plant of 7,150 hersepower installed.

N'ONALD PROJECT.

Nickerson's scheme suggests the abandonment and destruction of this plant and constructing a new diversion of feel liver waters through a sign River of the possibility of ever getting any Bel River water which it new so badly needs. One of the most humorous features of Nicker and the property of the possibility of ever getting any Bel River water which it never so badly needs. One of the most humorous features of Nicker Lake, which are filthy from decaying tule weeds, besides being heavily charged with salts of magnesia. So objectionable is the character of Nicker and Controlled the property of the property of the purplying San Francisco with water, thought to secure this supply for that purpose. They purchased in fee the lands which controlled the onticle of Clear Lake at Cache Creek, some 500 acres, but after water they relinquished same on account of its absolute lack of merit, and the controlled on Cache Creek, the original owners of shore lands surrounding the lake water they relinquished same on account of its absolute lack of merit, and the controlled on Cache Creek, the original owners of shore lands surrounding the lake and the controlled on Cache Creek, the original owners of shore lands surrounding the lake and the controlled on Cache Creek, the original owners of delta lands at the mouth of Cache Creek, and the owners of shore lands surrounding the lake and the controlled on the co

The whole project as described in the preliminary report submitted by George S. Nickerson, consulting engineer, under date of November 12, 1913, addressed to Mr. Levi Winklebleck, president of the Modesto Water Users' Association, bears the unmistakeable impress of inexperi-ence in municipal water supply design on a large scale, and is plainly visionary and full of absurdities and unworthy of serious considera-

visionary and full of absurdities and unworthy of serious consideration.

No engineer of any large experience in building water supplies for cities or for irrigation projects, other than those engineers employed by promoters, has criticized the reports submitted by the city of San Francisco. San Francisco's investigations were made by the most noted professional men obtainable, and their work was supervised and analyzed by Army engineers, two of whom had been previously charged with the responsibility of directing the water supply of the city of Washington, and one—the chairman—had had long experience with the rivers of California.

After all this work had been done and the committees of the House and Senate had acted thereon delay was occasioned, whereupon unknown and untried engineers suggested another alternative source—the Putah Creek-Eel River project.

It is ridiculous to suppose that the proponents of this project could make any kind of showing which is creditable in the short time in which they have undertaken to do the work. Engineers started out with a typewriter and a surveyor's compass to upset the result of 12 years' earnest, scientific investigation. Isn't it absurd that this sort of engineering should be given even momentary consideration? The Putah Creek promoter is building paper dams and does not know anything about the geological conditions and other factors which enter into an engineering project of this magnitude, and the chief foundation of his engineer is the hope of a contingent fee.

Mr. THOMAS. Mr. President, it appears from that report,

Mr. THOMAS. Mr. President, it appears from that report, which is absolutely reliable, that the waters of this proposed system are unfit for domestic use. Some of them contain quicksilver, others salts of magnesia. It also discloses the fact that the very name of the stream is the Spanish derivative of the word "filth"—"Filthy Creek." It is filthy water from a filthy source. It bears a filthy name, and is the appropriate asset of a filthy and malodorous enterprise.

Of more importance certainly from an engineering standpoint are the two facts prominently mentioned—the one that in the short space of time this engineer has had to give to the matter it has been impossible for him to make any borings whatever, or to determine even superficially the situation of the country with reference to the proposed dam; and the other the construction of an unknown, unheard of, and impossible conduit under the waters of San Francisco Harbor into the city of

San Francisco.

Besides, Mr. President, we must not overlook the fact that this scheme conflicts with a praiseworthy and legitimate enterprise. I refer to the Sacramento Valley Land & Water Co., the owner of much of this water useful and necessary for irrigation, but wholly unserviceable for municipal purposes. Mr. McDonald knew of this enterprise, for he undertook to market its securities. He now seeks to stab it in the back.

What I said with reference to the McCloud River project and the obstacles which it would present in connection with Government interference through its control for navigable purposes is equally applicable to the Sacramento River itself. course the city of San Francisco, upon settling with the irrigators in the Sacramento Valley, could utilize that source of supply. There again, however, there is a lack of any power facilities; while the system itself must be built as a single unit, which includes both filtration and pumping, and at certain seasons of the year in all probability would interfere with navi-gability, the expense of operation and maintenance would make the cost of it, everything considered, out of all proportion to the

plans which these engineers have agreed upon.

In connection with the Putah Creek proposition, however, and before leaving it I wish to read a very short letter from Mr. H. A. Powell, a citizen of San Francisco, a very reputable man, who knows by actual experience and residence of what he speaks. This letter is addressed to Hon. John E. Raker, a Member of the House, and is dated November 21 of this year.

It is as follows:

SAN FRANCISCO, CAL., November 21, 1913.

Hon. John E. Raker, House of Representatives, Washington, D. C.

House of Representatives, Washington, D. C.

Sir.: I have just received a communication from the city of Stockton urgently advocating a water supply for San Francisco from Eel River and Putah Creek. The project is absurd.

Putah Creek is dry in ordinary years in much of its length and Eel River at points reachable from San Francisco is nothing but a small creek. The Eel River-Putah Creek project can not be made in good faith by anyone who knows those streams.

I have lived in northern California for over 50 years and know the streams of both the Coast Range and Sierra Nevada. Hetch Hetchy is the only practical supply adequate for the cities around the Bay of San Francisco.

Yours, truly,

H. A. Powelle.

During the hearings before the House committee it received one day a dispatch from a man by the name of Sullivan, who informed the committee that a great scandal over Hetch Hetchy was in its incipient stages in San Francisco, and who desired to be heard. As a consequence, the committee adjourned to accommodate this gentleman, who subsequently appeared before it.

After accusing everybody of improper motives, after attacking the integrity of all the engineers, both in the Army and outside of it, and accusing them of bad faith, and accusing officials of the city of San Francisco of suppressing a certain report, it developed that this gentleman had a water scheme of his own called the Sierra and Blue Lakes Water Co., which he also declared to be more capacious in the amount of its water flow than Hetch Hetchy. In addition to that, he claimed that it could be built much more cheaply and was in many respects much more reliable.

In order to dispose of that proposition, to which no one thus far has called attention, which does not surprise me, and also, as far as possible, to forestall any reference to it, I will expose the nature of the scheme and the character of the man by reading a letter found on page 350 of the House hearings. letter is written by the firm of Cullinan & Hickey, a reputable firm of attorneys in San Francisco, and is addressed to the mayor, on the 30th of June, 1913. It is as follows:

firm of attorneys in San Francisco, and is addressed to the mayor, on the 30th of June, 1913. It is as follows:

Hon. James Rolfi, Jr., Mayor, San Francisco.

Dean Sur: In response to your inquiry we send you the following statement of the facts regarding the loan made by the late Mand M. Treadwell to Eugene J. Sullivan, concerning the interest of Mand Treadwell in the alleged water rights and other property of the Slerra Blue Lakes Water & Power Co.

Maud M. Treadwell was an unmarried woman who had some good real property in San Francisco and Eugene J. Sullivan was apparently her business agent. At the suggestion of Eugene J. Sullivan supparently her business agent. At the suggestion of Eugene J. Sullivan supparently her business agent. At the suggestion of Eugene J. Sullivan supparently her business agent. At the sum of \$30,000 loaned to Eugene J. Sullivan sullivan, was apparently and the said Eugene J. Sullivan, Malter E. Sullivan, was apparently and the said Eugene J. Sullivan, was agreed within two years of that date, namely, by November 11, 1912, to refund to Maud Treadwell the \$30,000 which had been advanced as a loan to Eugene J. Sullivan.

The agreement provided that the said \$30,000 should be used to pay off judgments and claims existing against the Sierra Nevada Water & Power Co. They agreed also to give to Maud Treadwell the sum of \$100,000 upon the saie of the property known as the Sierra Nevada Water & Power Co. Jocated in Calaveras County, Cal. The agreement provided that in case no sale was made of said property within the property in the sum of \$100,000 upon the saie of the property known as the Blue Lakes, situate in Alpine County, Cal., said property, comprising all water rights in an area of 384 square miles." Upon the death of Maud Treadwell, Public Administrator M. J. Hynes was appointed administrator of her estate. In the matter of the estate this

CULLINAN & HICKEY,
Attorneys for Public Administrator M. J. Hynes.

Here is the agreement. Bear in mind, now, that this man was acting as confidential agent of the woman with whom this agreement was made.

RECESS.

The PRESIDING OFFICER. The hour of 6 o'clock having arrived, the Senate will stand in recess until 8 o'clock.

The Senate thereupon, at 6 o'clock p. m., took a recess until 8 o'clock p. m.

## EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.

Mr. BRANDEGEE. Mr. President, noticing that there are only about six or eight Senators on the floor, I would suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SAULSBURY in the chair)

The absence of a quorum is suggested. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Kenyon	Page	Smith, Ariz.
Bacon	Kern	Pomerene	Smith, Ga.
Brady	Lane	Reed	Smith, Md.
Brandegee	Martin, Va.	Robinson	Smith, S. C.
Bryan	Martine, N. J.	Saulsbury	Smoot
Clapp	Myers	Shafroth	Thomas
Colt	Nelson	Sheppard	Thompson
Gallinger	O'Gorman	Sherman	Thornton
Hollis	Overman	Shively	Vardaman
Johnson	Owen	Simmons	Williams

The PRESIDING OFFICER. Forty Senators have answered to their names-less than a quorum.

Mr. GALLINGER. Let the absentees be called.

The PRESIDING OFFICER. The Secretary will call the names of the absentees

The Secretary called the names of the absent Senators. The PRESIDING OFFICER. There have been no responses on the call of the absentees. There are only 40 Members of the Senate present.

Mr. BACON. I move that the Sergeant at Arms be directed

request the attendance of absent Senators.

Mr. GALLINGER. Pending that motion, as it is now 16 minutes past 8, and we lack a good many of a quorum, I move that the Senate adjourn.

The PRESIDING OFFICER. The Senator from New Hampshire moves that the Senate do now adjourn.

The motion was not agreed to.

Mr. OWEN. I call attention to the fact that there are only Members of the opposite party on the floor.

Mr. BRANDEGEE. I think it is up to the Senator to produce

his quorum. [Laughter.]

Mr. SMOOT. I think that is about one more than the number present on the other side when the Secretary commenced calling the roll.
Mr. BACON.

Mr. BACON. Let the question be put on my motion. The PRESIDING OFFICER. The Senator from Georgia moves that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

Mr. Chilton, Mr. Warren, Mr. Lewis, Mr. Goff, and Mr. Hughes entered the Chamber and answered to their names.

After a little delay, Mr. Weeks, Mr. Pittman, Mr. Shields, and Mr. Walsh entered the Chamber and answered to their names. The PRESIDING OFFICER (at 8 o'clock and 45 minutes p. m.). Forty-nine Senators being present, there is a quorum for the transaction of business. The Senator from Colorado is recognized.

Mr. BACON. I move that the order directing the Sergeant at Arms to request the presence of absent Senators be vacated.

The motion was agreed to.

## AMENDMENT OF THE RULES.

Mr. BACON. Mr. President, before the Senator from Colorado resumes, I beg leave to submit out of order a resolution proposing an amendment of the rules, notice of which I gave on the 10th of June last. I ask that the resolution be referred to the Committee on Rules.

Mr. SMOOT. Mr. President, I am not going to object, but I simply wish to call the attention of the Senator from Georgia to the fact that it is against the rules to submit a resolution at this time

Mr. BACON. No; the Senator from Colorado has not taken

Mr. SMOOT. The Senate has been in recess; an adjournment was not taken; and he is still upon the floor of the Senate.

Mr. BACON. He is not upon the floor until he addresses the Chair.

Mr. SMOOT. I am not going to object.
There being no objection, the resolution (S. Res. 227) was read and referred to the Committee on Rules, as follows:

Resolved by the Senate, That Rule XIV of the standing rules of the Senate be amended as follows, to wit:

At the conclusion of the second paragraph of said Rule XIV, strike out the period and insert a semicolon in lieu thereof, and add the following proviso, to be thereafter a part of said second paragraph, to wit:
"Provided, That the first or second reading of each bill may be by title only, unless the Senate in any case shall otherwise order."

### SAN FRANCISCO WATER SUPPLY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

Mr. THOMAS. Mr. President, when the recess was taken I was about to read the agreement between Eugene J. Sullivan and his associates and Mrs. Treadwell. That agreement is as

This agreement, executed this 11th day of November, 1910, between Eugene J. Sullivan, Walter E. Sullivan, Adelaide F. Sullivan, and A. F. Martel, of San Francisco, Cal., parties of the first part, and Maud Treadwell, of the same place, party of the score witnesseth:

That the said parties of the first part in consideration of the sum of \$30,000 cash in hand, to them paid this day, the receipt whereof is hereby acknowledged, and for other good and valuable considerations, covenant and agree to give said party of the second part, or her helf, the sum of \$100,000 upon the sale of the property known as the Sierra Nevada Water & Power Co., located at Calaveras County, State of California.

Nevada Water & Power Co., located at Calaveras County, State of Sornia.

The parties of the first part further agree to refund to party of the second part, within two years from date hereof, the said \$30,000, which has been advanced as a loan to said Eugene J. Sullivan, and it is distinctly understood that said \$30,000 is to be used by said parties of the first part in paying off judgments and claims now existing and against the Sierra Nevada Water & Power Co.

In case no sale is made of said property within two years from date hereof, then and in that event the said parties of the first part agree to deed to said party of the second part, or her heir, one-sixth interest in the property known as the Blue Lakes, situated in Alpine County, Cal., said property comprising all water rights in an area of 364 square miles.

EUGENE J. SULLIVAN.

W. E. SULLIVAN.

ADELAIDE F. SULLIVAN.

That enterprse was represented as being one sufficiently adequate to supply the city of San Francisco with all needed water for her purposes. It is one of the sources of supply which was examined by the board of engineers, and upon investigation it was ascertained to be practically of no value whatever; for, while there was a water supply, the Blue Lakes Co. had no reliable title. In spite of this, it has been attempted—at least by the circulation of literature-to impress the Members of this body with the fact that the Sierra Blue Lakes Co. could furnish the city of San Francisco with a sufficient water supply at a much less price and in more adequate volume and without the disturbance of any rights whatsoever.

I believe I have referred to the greater portion, and certainly as fully as the time at my disposal justified, to practically all the sources of supply to which San Francisco is invited by the opponents of this bill to resort, and by that means to make it unnecessary to build the dam for which this bill provides or to

obtain any supply from this source.

So far as the Spring Valley Co. is concerned, it is true, as was stated by the Senator from California [Mr. WORKS], that the city of San Francisco proposes, as a part of its general scheme of water supply, to take over the affairs and property of that company. I am informed that at the present time a hearing is in progress and not yet completed, known as the "water-rate hearing," before the courts of San Francisco, the purpose of which is to determine the value of this property, after which the negotiations doubtless will be concluded be-

tween the city and the company.

But it is not true, Mr. President-at least I think I am justified in making the statement from the facts in my possessionthat the company itself has ceased its opposition to this measure, because, of course, as long as it is in the enjoyment of its franchise, as long as it can dictate and control the situation, so long is its property valuable and profitable. If this bill is defeated, the value of that property will be enhanced to the extent to which it may be more difficult to procure the necessary supply from any other source than Spring Valley. Therefore it is perfectly natural, it is human, for the company to be interested now, as it has been interested heretofore, in preventing San Francisco from obtaining its supply from any other source than the one which has been furnishing it with water for so long.

The other cities of the bay, or at least the larger ones, receive their supplies from the People's Co. The People's Co. is also a private corporation, and of course if this supply is obtained by San Francisco and the ultimate design is carried out by which the supply will be available to all the cities around the bay the system of the People's Co. must be either absorbed or its value greatly decreased. Therefore it, too, is interested in defeating the project now before the Senate, its reasons, of course, being identical with those of the Spring Valley Co.

Something was said by the Senator from California about outside influences being exerted here in favor of the measure. Something was said also by myself in response about influences

which were opposed to the measure.

I am sorry that matter was mentioned on this floor, notwithstanding that the statement is an accurate one, but inasmuch as it has been brought to the attention of the Senate I think I am justified in making some further statements with reference to the People's Co. I am informed that yesterday morning the engineer of that company in the rooms of the Committee on I

Public Lands, mistaking the city clerk of San Francisco for the clerk of that committee, introduced himself and declared that he was here in the interests of the People's Co., that the interest of the People's Co. in defeating this measure was second only to that of the Spring Valley Co. The Senate can imagine his confusion when he was informed that he was addressing his remarks to the city clerk of San Francisco.

These statements are preliminary to the assertion that the source of the opposition to this bill, whether working in concert or separately, are interested not so much in this, that, or the other project as they are in the defeat of this particular measure. The owners of other sources, the owners of land valuable only in proportion as it can be irrigated, the owners of water power developing electric energy which are knit together in that State in a close system of unification, and the so-called nature lovers, each for different reasons, perhaps, are all bent upon the accomplishment of the same object; and as a consequence Senators have been flooded with literature bearing upon the general situation coming from every section of the Union and appealing to Senators from different viewpoints to defeat this measure.

Mr. President, I believe that those who oppose the grant to the city of San Francisco of the right to construct a dam at Hetch Hetchy because of their belief that it will destroy the natural beauty of the valley, thus permanently injure a part of a great national park set aside for and belonging to the public, are perfectly sincere in the opposition which they have made to this bill. I believe that they are actuated by the loftiest of motives and spurred by the honest belief that they are discharging a great public duty in their efforts to deprive San Francisco of this valuable right. But I do not think that that excuses them for lending themselves to so much misrepresentation and misstatement as has been made upon this subject. I am convinced that the great flood of literature, the vast number of contributions to the newspapers, which have in turn been circulated all over the country and sent here to Washington day by day, has been inspired by the sinister motives of those who have a direct personal property interest in the defeat of this measure.

Generally speaking, the crook has a natural affinity for the sentimentalist. He knows that he can utilize the sincerity of the latter's conviction and the simplicity of his nature by making it a commercial asset. I recall some time ago a citizen of Colorado of somewhat shadowy reputation, when reproached for simulating religious fervor, said that he always attended prayer meetings when in the East, because his prayers powerfully promoted the stock market. I have no doubt that wherever the sentiments, the conscientious belief of an individual possessed of lofty ideals and convictions of duty, come in contact with those who for selfish and sinister purposes desire to accomplish the same end, the combination is not only complete, but the former becomes the best possible instrument in the hands of the latter for the purpose of effecting the general object.

Mr. SMOOT. Mr. President—
The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Utah?

Mr. THOMAS. I do.

Mr. SMOOT. I think I have received more than 4,000 protests from the so-called nature fakers the Senator refers to.

Mr. THOMAS. Nature lovers.

Mr. SMOOT. I misunderstood the Senator.

Mr. THOMAS. I did not say "fakers."

Mr. SMOOT. I beg the Senator's pardon; I misunderstood him. He said lovers of nature. I thought he said nature fakers.

Mr. THOMAS. I did not.

Mr. SMOOT. I will correct that and say lovers of nature. I know over a thousand of those people, and I do not believe, beginning with R. U. Johnson and going down the list, that any are influenced in any way whatever by the Spring Valley Water Co., or the People's Water Co., or any sinister motive what-

Mr. THOMAS. I agree to that. Mr. SMOOT. I know how interested they are in preserving the natural beauties and wonders of this country, and it is for that reason only that those people have been protesting against

Mr. THOMAS. The Senator and I are at one. Absolutely, I believe as he does. But the very enthusiasm of such gentlemen makes them easy and credulous instruments in the hands of sinister interests.

Mr. SMOOT. What I wanted to say is that I do not believe they are in the hands of any sinister influence. That is the only point that the Senator and I disagree upon,

Mr. THOMAS. I hope that is the only point we shall ultimately disagree upon.

Mr. SMOOT. I have reference to this particular question. do not believe that those good people have been approached by a single person in the United States who has a cent of interest in the question as to whether the city of San Francisco

should be granted this right or not. Mr. THOMAS. Now, let us see. It was Mr. Sullivan who made the charge that a report of an engineer by the name of Bartels had been intentionally suppressed and was not exhibited to the Army engineer by the city of San Francisco. He had to admit upon his cross-examination that the Army engineer had access to everything in the possession of the city of San Francisco. He had to admit that Mr. Wadsworth had Mr. Bartels before him and questioned him thoroughly concerning his information and experiences, and that as a consequence his charge was a cruel slander upon both the city of San Francisco and the Army engineer. Yet Mr. Johnson in some of his circulars and in his statement before the Senate committee deliberately repeated that charge and founded it upon the testimony of a man absolutely without character and without standing in his own community, if one may judge from the testimony which he gave.

Now, what I say is not intended as any reflection upon any person here involved. I assert a general proposition I believe to be universally applicable under similar conditions. The enthusiast is everywhere the unconscious instrument of the designing when both are bent upon obtaining the same object. Somebody has paid for this great mass of literature.

Mr. SMOOT. I was a member of the Public Lands Committee at the time of the hearings some seven years ago, before ever the gentleman the Senator referred to was heard of, and I know that Mr. R. U. Johnson then appeared before that committee in opposition to granting San Francisco the same privileges as contained in this bill.

Mr. THOMAS. Oh, I have no doubt this gentleman has been active for a long time in his opposition to this measure, as he is active, and commendably so, in his opposition to anything that looks like a desecration or injury to any of the national parks in the country.

Such men are useful citizens. They have their place in society, and it is a most honorable one, but their enthusiasm always causes them to overshoot the mark and become in

consequence, as I have stated, the instrument through which men not possessing such lofty motives operate.

In proof of this I shall refer to two or three matters bearing upon that subject. The New York Independent is a weekly magazine of very high standing and character. In its issue of the 30th of October, 1913, it has an illustrated article entitled "Save Hetch Hetchy." The headnote makes the statement that "the San Francisco dailies alone are favorable to the project," thus carrying the inference that all the press of the United States, with the single exception of the daily papers in San Francisco, were a unit against this project. It also publishes an outline map of the Yosemite National Park, consisting of 788,000 acres, and then shades more than one-half of it and marks the shaded half as "the part of the park that will be destroyed as a public playground in the event that this bill shall be passed"; that we are going to take almost 400,000 acres, fully one-half of a great national park, and that the rights of the Government and of the people over this great public heritage are going to be surrendered in order to give San Francisco a water supply which she can get somewhere else.

The fact is that this reservoir will cover less than 1,400 acres, which is an infinitesimal portion of the great Yosemite National The city is required to exchange acre for acre from its other holdings with the Government, for every acre that it does not now own in the park which will be submerged by its

Bear in mind that it was required to purchase all private holdings in the Stanislaus Forest Reserve near the park and all private holdings in that portion of the park which will be covered by the proposed reservoir. Is it fair, is it just, to thus slander and belie the purposes and the effect of this measure?

Upon the next page is a beautiful picture showing the Wampana Falls, which it is said "will be destroyed by the San Francisco plan." The fact is that the surface of the water of the proposed lake will be below the foot of the falls; it not only does not destroy the falls, but it does not touch them. They are preserved in their natural condition and are just perfect after as before the construction of the dam and the filling of the reservoir.

Some time after that number was issued a constituent of mine wrote asking me to oppose this measure.

Mr. THOMPSON, Mr. President-

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Nebraska?

THOMAS. I do.

Mr. THOMPSON. In order that the record may be straightened as to the figures, I think the Senator will recall that the evidence shows that only 1,320 acres will be covered by the reservoir when it is flooded, and more than one-half, 720 acres, are owned in fee simple by San Francisco.

Mr. THOMAS. Only 720 acres are owned in fee simple by San Francisco in the Hetch Hetchy Valley. The balance of its ownership is around Lake Eleanor and also includes what is called the Tiltill Meadows. They are to be surrendered to the Government and used as camp grounds or for any other pur-

poses that may be desired.

Mr. BRANDEGEE. Let me ask the Senator was this article

Mr. BRANDEGER. Let me ask the Senator was this article from which the Senator has been quoting signed by anyone?

Mr. THOMAS. I think it was not. That is my recollection.

I would be glad to have the Senator examine it. When interrupted, I was about to say that I called the attention of my correspondent to the fact that the falls would not be destroyed; that we only took less than 2,000 acres of land; and that we made good to the Government acre for acre every acre of land not already possessed. My letter was sent to the Independent. Its reply to that letter was that while it was true that the falls would not be touched, they could not be seen after the lake was constructed.

Mr. President, here is Bulletin No. 2 of the National Committee for the Preservation of the Yosemite National Park. It is a somewhat formidable looking document, but it contains the same diagram that appeared in the New York Independent. If gentlemen who have also received it doubtless care to examine it fully and closely, it will be discovered that there are just about the same exaggerations and misstatements and ignorance of the character and purposes of this bill as in the general run of literature upon this subject. I quote from my letter:

Sixth. The statement that the building of the dam and reservoir will injure Wampana Falls is entirely without foundation. The level of water will be below the bottom of the falls.

The comment is:

There will, however, be no place from which to see the falls, for the valley floor will be flooded, and the opposite wall is too precipitous for

I might occupy the time of the Senate at great length-

Mr. SMOOT. I will ask the Senator before he leaves that subject, Is not the comment of the New York Independent

Mr. THOMAS. No. Its first statement was false. Its second

begs the question.

Mr. SMOOT. That it will be impossible to see the falls. The floor of the Hetch Hetchy Valley, of course, will be covered by the lake, and the sides of the valley, after it becomes a lake, are so precipitous that it will be impossible for a road to be built. People will at least travel on or stop in the valley above the lake

Mr. THOMAS. There is no question, Mr. President, but that the walls of the mountains are very precipitous, but this bill requires the city of San Francisco to construct and keep in repair roads around the lake or at least upon one side of it. That will give every needed opportunity for views of the falls as well as the rest of the valley, and will for the first time make the valley accessible to the public. I do not know whether it is true or not, but I am satisfied that it will not be necessary to embark in boats upon the surface of the lake in order to view the falls of Wampana.

Mr. LIPPITT. Mr. President—
The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Rhode Island?

Mr. THOMAS. I do. Mr. LIPPITT. I should like to ask the Senator how far above

the dam the falls are?
Mr. THOMAS. The falls are 1,700 feet high, and the bottom of the falls is considerably above the level of the lake, but I can not give the Senator the number of feet.

Mr. LIPPITT. I mean how much farther up the stream are

the falls than the dam?

Mr. THOMAS. My information is that they are up some distance, but they are not above the eastern end of the lake.

Mr. LIPPITT. The lake is about 4 miles long, I understand? Mr. THOMAS. Yes; I would say, speaking roughly, it would

Mr. THOMAS. Yes; I would say, speaking roughly, it would be perhaps halfway.

Mr. SMOOT. About 2,000 feet?

Mr. THOMAS. About halfway.

Mr. SMOOT. Then there is provision, as I remember, that no one is allowed within 300 feet of the lake.

Mr. THOMAS. Oh, no. There are regulations for sanitary purposes that extend for 300 feet from the lake, but that does

not prevent people from going on the lake. They can not camp in this zone or utilize it for any purpose that would render the water itself insanitary or expose it to any sort of

pollution, which is a perfectly proper and necessary safeguard.

Mr. MARTINE of New Jersey. I presume it is about the same sort of a regulation that is applied to other reservoirs.

Mr. THOMAS. I presume that is applied to other reservoirs.

Mr. THOMAS. I presume that is the case.

Mr. MARTINE of New Jersey. You can not sail on the reservoir of the city of Washington, neither can that be done in that of the city of New York.

Mr. THOMAS. There are a great many cities in which it is done, especially when the reservoirs are far distant from the

place of distribution.

Mr. MARTINE of New Jersey. The cases are very rare, Mr. THOMAS. I do not think so. I think it is quite frequently the case. But it makes no difference whether that be so or not, the fact remains that the falls are not destroyed or injured, and that the park will be accessible for the first time in all its history.

Another complaint made by these gentlemen who are interested in the preservation of the national park is that San Francisco is endeavoring to secure a great water power gratis from the Government and that that is the secret of the scheme. In this connection I was surprised as well as amused to receive a copy of the Pelham Record, of Pelham, N. Y., through the columns of which the public is informed that—

An important portion of this wonderful park is the Hetch Hetchy Valley (through which flows the Tuolumne River), the Tuolumne Grand Canyon, and the camping grounds of the Tuolumne Meadows. Some San Francisco politicians, with some railroad water-power interests lurking in the bankground, seek the privilege of constructing a great dam and converting the Hetch Hetchy Valley into a reservoir to supply San Francisco with water. There are nearer and more economic sources of supply, but for some reason that does not appear on the surface a great agitation has arisen and powerful aid summoned to destroy the beautiful valley in the interest of only one of the many cities of the Nation, and, more than probable, in the interests of the Southern Pacific Railroad, which covets the water power and its resultant economic electric power in the operation of the railroad.

Mr. SMOOT. Is that a failw one greatly on a greatly of the summand.

Mr. SMOOT. Is that a daily or a weekly or a monthly?

Mr. THOMAS. I never saw it before, and I hope I will never see it again.

Mr. SMOOT. I never saw it.

Mr. THOMAS. I should imagine, replying directly to the Senator, that it is a weekly, spelled with an "a." Its contribution might be called the straw that breaks the camel's back. The city of San Francisco, the half-century victim of the Southern Pacific Co., one of the great centers which it has exploited for many years, the nucleus of all its political and material power, is now charged with being its ally for the purpose of robbing the United States of a great power property of enormous value.

Mr. President, the Government of the United States owns no such power, in my judgment, either in the waters of the Tuolumne River or in any other river in this country. It is true that the Supreme Court of the United States has recently decided to the contrary as regards the waters of a navigable stream, but it is a principle which can not be recognized or admitted without giving the Government of the United States an ownership in the waters of this country that is ultimately destructive of private ownership, and through the exercise of which it could acquire universal power, irrespective of the States, everywhere. The Senator from California quoted some remarks of mine which I made upon that subject last February, which he said were good law. I believed it was then. I might retort by quoting from the decision of the Supreme Court of the United States since then, but I will not do so, because I entertain the same views on this subject now that I entertained then. Hence I make the assertion that the city of San Francisco is not attempting, and could not if it would attempt, to secure a grant from the Government of the United States of any water power whatever.

The source of that charge, to my mind, is easily perceivable. It comes from the great hydroelectric power companies of the State of California, who are directly interested in preventing that competition with their monopoly which will come from a great municipal hydroelectric power plant dispensing power at cost to the consumers of the bay cities and to the irrigators in the valley. That power, Mr. President, comes from the storage of water belonging to the city of San Francisco. If these appropriations are good for anything, they belong to the developer of the power they contain, and waters are subject to appropriation for that purpose under the laws of the State of California.

When Mr. Phelan filed upon this water he expressly declared that he did so, among other things, for power purposes. pages 96 and 97 appear these filings:

The water is claimed for irrigation, manufacturing purposes, water power, and domestic use, and the place of intended use is in and near

the city and county of San Francisco, Cal., and along the line of the proposed conduit.

It is the most valuable part of this enterprise, of this particular water scheme, and by virtue of its possession the city of San Francisco is invested with an ownership that will enable it to utilize that power for the purpose of meeting the expenses of operation of its perfected system.

Mr. SMOOT. Mr. President, does not the Senator from Colorado think that if the power question were eliminated entirely, San Francisco would not care very much about the water from

the Hetch Hetchy Valley?

Mr. THOMAS. No; I would not say that, because San Francisco needs the water; but I do think that one reason why her engineers determined on this particular source was the hydroelectric-power possibilities connected with it that were not to be found in conjunction with any other scheme. I think that.

So, Mr. President, the construction of the dam, the impounding of the water, and the law of gravitation combine to give to the city of San Francisco what it is here charged with trying to filch from the Government of the United States, some going so far as to say under false pretenses. To my mind, the most attractive feature, from the standpoint of a public utility, of this source of supply is its hydroelectric-power possibilities. Among its other uses, there is nothing in the irrigation world outside of water which is so valuable as cheap and abundant power.

Underneath many portions of this magnificent San Jeaquin Valley, at a distance of from 7 to 10 feet beneath the surface, nature has stored great quantities of water, which only needs bringing to the surface to make those acres fruitful and valuable, and the city of San Francisco is required by this measure to furnish that power at cost, which means much to the owners of land that can not be otherwise irrigated except by the expenditure of enormous amounts of capital in building

dams and reservoirs.

It is claimed that this water is needed for irrigation. There is no doubt about that. There is not a drop of water in the State of California that is not needed for irrigation. If the waters of the Pacific Ocean could be distilled, as suggested in a question to Mr. Robert U. Johnson, and half the distillation could by some process be lifted from the sea and spread upon the land, there would be use for it. So there is no dispute between us about the need of this water for irrigation; but, Mr. President, it is equally necessary for municipal purposes and for community life. These irrigation conditions are no more true now than they always have been, and, if carried to their logical consequence, San Francisco never should have taken up any water at all, and Los Angeles should have been denied by the Congress of the United States the privilege of constructing that magnificent water system which has been so expensive, but, at the same time, so beneficial and so profitable to her citizens now and hereafter.

Something was said this afternoon by the Senator from Iowa [Mr. CUMMINS] about previous appropriations of 9,500 feet of water for irrigation prior to the San Francisco appropriations. Much of it must be flood water. Why were not those appropriations carried out and made effectual?

The answer to a western man is perfectly easy. The cost of reservoir and dam construction is usually prohibitive to private enterprise unless it be made collective through the formation of irrigation districts; and, even then, such an undertaking as the Hetch Hetchy reservoir dam is practically beyond the reach of private capital except in such large quantities as would make the hydroelectric power development the chief attraction. Consequently these appropriations necessarily lapsed, the cost of using them being prohibitive, its average cost per acre making the interest that the acreage might possibly earn too small to attract the needed expenditure. But, Mr. President, this bill makes provision by means of which every previous legal agricultural appropriation has been more than cared for.

I now reach that part of the bill from which my friend from Utah [Mr. Smoot] totally dissents. Why were these provisions inserted in the bill? It was not done at San Francisco's instance. It was done by the insistent demands of the owners of these rights.

Mr. SMOOT. Some of the owners.

Mr. THOMAS. By the owners of these rights themselves, speaking through their organized districts and their duly employed attorneys. That is the reason they were put there, and also because the Interior Department seems to have insisted upon a recognition of these rights as a precedent condition to their approval of the bill itself.

If the position taken by the Senator from California [Mr. Works] is correct, and if it be true that the rights of these irrigators have been sacrificed or disregarded or neglected, then the charge is a grave one against two of the most eminent members

of the California bar. It reflects directly upon their professional character and integrity. I do not know either of them very well. I only know one of them slightly. Mr. Needham has been a Representative in the Congress of the United States from his district for a great many years. Presumably he is an honorable, reputable, capable, and conscientious gentleman; presumably his associate, Judge Fulkerth, is equally above suspicion; and yet, if it be true that the rights of these irrigators have been neglected and disregarded and sacrificed, then it must follow that these two gentlemen have been guilty of professional misconduct, have betrayed their clientage, and have failed in the discharge of the highest duty that can fall upon the shoulders of an attorney.

The statement of Mr. Needham is very short, and it is due to

him, irrespective of what the Senate may do with this bill, that he should be heard upon this subject. This is his statement:

him, irrespective of what the Senate may do with this bill, that he should be heard upon this subject. This is his statement:

Mr. Needham. Mr. Chairman and gentlemen of the committee, speaking for those present, after consultation with them who represent the Turlock and Modesto irrigation districts, and without intending in any way to violate the good faith which has entered into the negotiations between the representatives of the city of San Francisco and the irrigation districts. I desire to state as a matter of record the reasons why we are not at this time opposing this measure.

Heretofore the irrigation districts have always opposed the legislation which has from time to time been presented in behalf of San Francisco for a water supply upon the Tuolumne watershed, and although I have followed this matter very closely, both in Congress and in the Department of the Interior, the city has never before come to a point where it has been willing to make the concessions which it has now made and which are incorporated in this bill. We are not at this time opposing the bill because it specifically sets forth in the bill conditions which we feel protect the prior rights of the Turlock and Modesto irrigation districts. As long as our prior rights are fully recognized and protected and the city agrees never to interfere with these rights, we feel that the districts themselves, in behalf of the territory within their limits, possibly could not consistently object or present an objection which will permit the water to be taken from the Tuolumne watershed to a distant territory which is not adjacent to it or directly dependent upon it. We simply leave this question with this committee and Congress, in so far as Congress has jurisdiction.

The theory of this bill is that the Congress of the United States grants to the city of San Francisco certain rights of way for conduits and dams within the Yosemite National Park and over the national forests and public lands upon certain expressed conditions. Those conditions which

Now, that is precisely the position, as I understand, of my friend from Utah.

We would be unalterably opposed to such a grant, and we take the position that the grant, if made, should be made upon conditions, and if these conditions, which are embodied in the bill, should be in any way materially modified so far as they relate to the rights of the irrigation districts, such modification might, of course, compel us to object to the bill.

In other words, the men who are now asking the Senate of the United States to reject this measure are the men who before that committee took the position that if these provisions were not put in the bill they would fight it in the House of Representatives and before that committee. And so they were put in to prevent a fight there. Now it is demonstrated that by putting them in we have a fight here. It seems to me to be a perfect case of "You shall and you shan't; you will and you won't; you will be damned if you do, and you will be damned if you don't."

If the bill should be passed without conditions-

Without these conditions, of course-

it might mean long, tedious, and expensive litigation-

The Senator from California says if the bill passes with these conditions it will mean long, tedious, and expensive litigation. The assumption, therefore, must be that litigation is bound to follow, no matter what sort of bill we pass

follow, no matter what sort of bill we pass—
possibly involving a Federal question, which might make it necessary to
take the matters in issue to the Supreme Court of the United States,
and we feel that if the prior rights which we have and claim are fully
recognized and made a condition precedent to the grant, that we are
protected and unnecessary litigation will be avoided.

Another reason, and a very strong reason, why we are willing to
withhold objection to the bill, is because the issue between the city of
San Francisco and the irrigation districts as to the water of this watershed has been in constant agitation for 10 years or more, to the great
detriment of the irrigation districts, causing uncertainty and depreciation of land values in the irrigation districts. This agitation has been
used by other communities to the great disadvantage of these districts,
and we have felt that if the matter could be definitely settled in such
a manner as to safeguard our rights and to obtain from the chief party
claiming against us an admission of our priorities, and safeguarding our
rights in the waters of the Tuolumne watershed, especially in an act of
Congress, that it would be to the great advantage of the districts.

Mr. Needham adds:

Mr. Needham adds:

In conclusion I desire to add that the representatives of the city of San Francisco, Mr. Long, the city attorney, and Mr. O'Shaughnessy, the city engineer, while persistent in advocating the rights of the city

of San Francisco, have evinced a spirit of fairness toward the irrigation districts.

Judge Fulkerth's statement was practically to the same effect. I am informed that these gentlemen kept constantly in touch with the officers of the districts which employed them, and only consented to the final arrangement when their clients authorized them to do so.

Mr. President, I do not think I speak too severely when I say that the present attitude of the irrigators in those districts is one of perfidy and bad faith, and that they do the gentlemen who represent them a most irreparable wrong in thus practically reflecting upon their professional integrity and

sincerity of purpose.

Mr. SMOOT. Mr. President—
The PRESIDING OFFICER. Does the Senator from Colo-

rado yield to the Senator from Utah?

Mr. THOMAS. I do.

Mr. SMOOT. The Senator is a member of the Public Lands Committee, is he not?

Mr. THOMAS. Yes. Mr. SMOOT. I want to ask the Senator if he ever before attended a public hearing given by any committee of Congress where there were present proponents and opponents of a measure, and at the first meeting, when the chairman of the commit-tee notified the opponents of the measure that they would be heard, a representative arose and said that they had nothing special to say; that there had virtually been an agreement reached; and that, therefore, they would not oppose the bill if it passed in the form in which the House of Representatives sub-

passed in the total sequence sequently passed it?

Mr. THOMAS. My experience—

Mr. SMOOT. While I am on my feet I will ask another questions. The sequence of tion, so that I will not interrupt the Senator again: Is it not true, as the Senator from California [Mr. Works] said on the floor of the Senate yesterday, that when the representatives of the irrigation districts reported to the farmers of those districts the agreement that was made and the amount of water granted to them under this bill, immediately opposition sprang up; that at least one of the irrigation districts put in operation the recall as to their representatives and elected a new set of directors; and that they immediately, on learning the conditions as they really existed, began to protest by wire and by letter to every member of the committee against the action of their representa-

tives in reaching the compromise or agreement?

Mr. THOMAS. Mr. President, I do not believe I can give a satisfactory answer to the Senator's first question. I have not had the good fortune that has attended him, and have been in public life but a very short time. I have attended very few committee meetings. I think, however, if the Senator wants my opinion about it, that the attitude taken by these gentlemen was the only one they could have honorably taken before our committee. They had contended that certain things should be placed in the bill. Their contention had been fingle, closed placed in the bill. Their contention had been finally allowed. The bill had passed the House in consequence of their agreement that if those provisions were placed in the bill they would not oppose it. They simply came before us to say that much. It was the only thing they could honorably do.

With reference to the other question, my information is that it appeared from the testimony in the water-rate case, now pending in San Francisco, that attorneys were sent down into these districts in the interest of the Spring Valley Water Co. for the purpose of stirring up this identical strife, and they succeeded

beyond their fondest hopes.

With reference to the "recall," my information is that the Senator is mistaken, and that the officers who were in office then in the districts occupy those offices now. Whether it be true or not I am not prepared to say, but I do not think it cuts any figure whatever in this matter. I believe these two gentlemen did what they were expected to do. I believe they got all that they demanded, and they reported the fact to their clients. That is my belief about it.

Mr. SMOOT. So that there will be no misunderstanding with the Senator or with the Senate in regard to my position, I will state that I believe the two gentlemen mentioned acted in accordance with the desires of the directors of the Water Users' Association; but if I am informed correctly, and if the Senator from California made the statement correctly upon the floor of the Senate, they in turn did not represent the sentiments of the farmers in the two water districts.

Mr. THOMAS. In other words, they represented the corpora-tion but not the stockholders. I do not see how they could have appeared here in any other capacity than as attorneys for the districts.

have another item of information, which I will give for what it is worth, and that is that these water users' associations came into existence after this bill passed the House of Representatives or about that time.

Mr. SMOOT. Does the Senator mean to say— Mr. THOMAS. I refer to the voluntary associations that are represented down here. I do not mean the districts.

Mr. SMOOT. I understood the Senator to say "the districts." Mr. THOMAS. Oh, no; I do not mean the districts at all. Mr. SMOOT. The reason they were organized into a water users' association was for the purpose of raising the money necessary to pay the expenses of their representatives in coming to Washington to look after legislation affecting their interests. The Senator would not for the world, I think, condemn the farmers of that district because they felt that their homes were in jeopardy, and they organized in a mutual water users' association for the purpose of having their case represented here in

Mr. THOMAS. Oh, no; I have not condemned the farmers for that, but I certainly would condemn the influences that produced such a state of mind in the communities where these farmers lived in order to attack this bill from the rear, by appealing to the natural sentiment which all of us entertain and which prompts us to stand by the farmer and by the individual in his unequal fight, and using it as a means of defeating this measure, fearing, perhaps, that all other influences might fail.

Now I come to the provision itself.

The residents of these districts had made legal appropriations of 2,350 second-feet of water prior to the San Francisco appropriation. They had constructed conduits and reservoirs with a capacity of 1,800 second-feet of water—550 feet less than their lawful appropriation—and had actually cultivated 119,000 acres of land. The districts include 300,000 acres of land, however; and the city of San Francisco agreed to recognize their prior right in this bill to the entire 2,350 feet of water to which they are entitled before San Francisco can use a solitary drop, and, in addition to that, have made provision for 4,000 secondfeet of water during the flood seasons of each year as soon as they would establish reservoirs sufficiently large to hold it.

Mr. SMOOT. The Senator does not believe San Francisco

Mr. Saloot. The Schalt does not believe Sala Francisco has that right, does he?
Mr. THOMAS. What right?
Mr. SMOOT. The right of saying how the waters of the State of California shall be distributed. San Francisco could not say that any irrigation district shall have so much water. People do not get from San Francisco the right to the water. The only way they secure a right to the water is by filing upon it, appropriating it, and using it. If they have made that filing, that appropriation, and that beneficial use, San Francisco can not take it away from them, nor can any other city or corpora-

Mr. THOMAS. That is quite true, Mr. President. Mr. SMOOT. I think it is wrong in principle for Congress to say that San Francisco shall have the power to distribute the waters of any stream within the State of California. Congress has not the right, San Francisco has not the right, and Con-

gress can not give San Francisco the right.

Mr. THOMAS. Mr. President, I do not know of anything that has occurred so far that justifies the Senator in becoming so excited. I have not asserted, and I do not propose to assert, that San Francisco has the right to say how much water these districts shall have. What I say is that the districts made this demand and San Francisco yielded, and the provision went into the bill.

Mr. SMOOT. The Senator said San Francisco granted them

all they asked.

Mr. THOMAS. If I used the words "granted them all they asked," I did not mean that it made a grant of the water, but a grant of the request. If the Senator should ask me for almost anything I have, except my wife and children, I should be glad to grant it to him—any sort of a privilege. I might grant him something that I did not even possess, if it would be That would be a matter of contract-a request on the one side and a grant on the other.

Of course, San Francisco does not own these water rights,

but San Francisco is subject to them if they are senior to her own. Consequently, I can perceive no objection to the situa-One thing is certain, however, San Francisco does have and did have the right to grant and to give out of her own water supply, in flood season, this extra 4,000 second-feet of water.

That is my conclusion. I may be mistaken, of course. I am not infallible; neither is the Senator. But I think if I had a reservoir containing a certain amount of water and my friend the Senator should want some of it, and I should let him have it, that would be a grant of something which I possessed.

As far as San Francisco was able to act, therefore, I say she has been overgenerous with these farmers. She has granted them all they asked and more than they ever had used or claimed.

Mr. SHEPPARD. Mr. President—
The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Texas?

Mr. THOMAS. I yield. Mr. SHEPPARD. Is all the land in this valley included in existing irrigation districts?

Mr. THOMAS. Oh, no. The valley contains 6,000,000 acres. Mr. SHEPPARD. What provision is made for the land that is not included in the existing irrigation districts?

Mr. THOMAS. None, except that they can all get power at cost for pumping the subterraneous waters. I will say to the Senator from Texas that that is the only way they ever can get water for the purpose, because the waters are all appropriated. The people living in a valley lying beyond the reach of water supply with all the waters appropriated will not get any water at all unless the Almighty changes the arid condi-

tion of the country or unless it can be obtained by pumping.

Mr. THOMPSON, Mr. President—

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Kansas?

Mr. THOMAS. Yes; I yield. Mr. THOMPSON. Is it not true that only a very small portion of this tract is irrigable, anyhow?

Mr. THOMAS. Not much of it is irrigable, in the sense that

as compared with the extent of land the supply of water is very

Mr. THOMPSON. Only a small amount would be irrigable

from the natural streams?

Mr. THOMAS. Yes. There are millions of acres in my State, and in the State of the Senator, that are irrigated; but when compared with the amount of land that might be cultivated if you could get water for it, they look like little ribbons upon the map, hugging the banks of the streams, and running with them in every direction.

The contention is made that San Francisco has no right to

400,000,000 gallons a day under its appropriation.

Mr. BRANDEGEE. Before the Senator passes to that branch of the subject, will he state whether there is any evidence as to whether or not the provisions in the bill reserving certain amounts of water to these irrigation districts, as agreed to by their directors and by their representatives, are sufficient?

Mr. THOMAS. Sufficient for their lands?

Mr. BRANDEGEE. That is what I mean.
Mr. THOMAS. Yes; provided they will construct the necessary reservoirs for the excess amount of water. In other words, the concession is equal to the area of the two districts.

Mr. SMOOT. The area that is under cultivation to-day? Mr. THOMAS. No, no. There are only 119,000 acres under I refer to the area of the entire districts. cultivation to-day.

Mr. BRANDEGEE. So that, in the Senator's opinion, the farmers themselves—who, if I understand the Senator correctly, have repudiated the action of the directors of their companies and their attorneys-are mistaken in claiming that they have

not been amply protected?

Mr. THOMAS. Yes, as far as this bill can protect them. Of course, it is claimed, and there is much merit in the contention, that these provisions are ultra vires. If so, of course San Francisco might not be held to anything that it is beyond the power of Congress to do. As I say, there may be some strength in that contention, but the position of the proponents of the bill is that San Francisco should not be punished in the Senate for consenting to the insertion in the bill of provisions demanded by the very interests that now seek to defeat the bill because they are

Mr. BRANDEGEE. In the opinion of the Senator, would it not be true that whatever the authority of the Government may be to make this grant, if San Francisco accepts it she is bound

by the conditions of the grant?

Mr. THOMAS. I think so. I think San Francisco could not be heard to question it. My general recollection of the law is that if an unconstitutional law is passed for the benefit of a particular individual or interest, that individual or interest can not question the legality of the statute.

Mr. STERLING. Mr. President—
The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from South Dakota?

Mr. THOMAS. I do.

Mr. STERLING. Mr. President, I do not think I heard the statement as to the number of acres of irrigable land in the Modesto and Turlock districts.

Mr. THOMAS. About 300,000 acres.

Mr. STERLING. As I understand the Senator now, there are about 119,000 acres of that area under cultivation?

Mr. THOMAS. That is the amount given in the House hearings.

Mr. STERLING. Is the Senator able to state what proportion of the irrigable land can be irrigated by this 2,350 feet of

Mr. THOMAS. If 1,800 feet irrigate 119,000 acres, 2,350 feet would irrigate a proportionately increased amount. I can not give the Senator the figure offhand. It would not be the

total 300,000 acres, however, nor anywhere near it.

Mr. STERLING. If the Senator will permit me, I should like to ask another question, although I had expected to ask it at a later time. I note this statement on page 51 of the report of the Board of Army Engineers, in the summary made by the

Purchase of Spring Valley Water Co., \$35,000,000 to \$40,000,000. Further development of this company's system to about half the extent proposed by the company, \$10,000,000.

I understand that the Spring Valley Water Co.'s supply is the only supply of water that the city of San Francisco now has.

Mr. THOMAS. That is correct.
Mr. STERLING. I should like to ask the Senator if he can say whether or not the plant of the Spring Valley Water Co. is purchasable by the city?

Mr. THOMAS. The city is now arranging to purchase it by

condemnation, but it is not sufficient to supply the future needs

Mr. STERLING. With the extension of that plant as pro posed, would there be a sufficient supply for the city? Adding \$10,000,000 for extension purposes to the amount of the pur-

chase money of the Spring Valley Water Co.'s plant, would that be sufficient to supply the city?

Mr. THOMAS. No. It might be sufficient to supply it immediately, but only immediately. As far as my view of the matter is concerned, however, I think that is immaterial. San Francisco has a right to take the water from this place if she has legally appropriated it, especially in view of the fact that by direction of the Government she has spent \$2,000,000 in the acquisition of other water rights and properties.

Mr. STERLING. For information, I should like to ask the Senator a further question in connection with this statement of

the board of Army engineers:

The Tuolumne River could, if not used for city supply, be used to irrigate a large amount of fertile land, as could almost any river in the Valley of California if means are found economically to store the

Suppose means could be found economically to store the water. From the economic standpoint, and for the future welfare of San Francisco as well, if San Francisco could get a water supply from other sources, would not that be better than to rely on this source?

Mr. THOMAS. Mr. President, if means could be found, as I stated before, we could distill enough ocean water to irrigate all the land in California. When the Senator places the little word "if" before his proposition the entire proposition disap-

Does not the Senator understand that this system is going to cost somewhere in the neighborhood of \$77,000,000? Distribute that over this land, and what is it worth per acre? Is it economically possible? If it is, why has it not been done some time ago?

Mr. STERLING. I have seen the statement that it will cost

probably \$77,000,000.

Mr. THOMAS. Yes; and let me press this matter upon the Senator's attention: A great part of the objection to this measure is applied as much against the use of the water for irrigation as it is against its use by San Francisco. A great part of it is based upon the proposition that we should not use it at all; that we must not desecrate the park; that it is better to go up there occasionally and be eaten by mosquitoes for two months in the year and wither under the heat of the remaining summer months and look at the falls and listen to nature's sounds than

Mr. STERLING. Mr. President, I am aware of that objection to the use of Hetch Hetchy, but it does not appeal to me nearly so strong as the other objection, namely, that from the economic standpoint. If San Francisco can derive a sufficient water supply from other sources, it would be better than to take the waters from the Tuolumne River if they can be used for irrigation purposes and if the means can be found to divert the waters

for such a purpose.

Mr. THOMAS. I think if means could be found to make this great improvement and make it economically profitable, they would have been found some time ago. But the Senator must not lose sight of the fact that wherever San Francisco goes to increase her water supply she is going to deprive farmers of water. Do not forget that. And she will, relatively speaking, deprive more farmers of water by enlarging the Spring Vailey Mr. THOMAS. I beg the Senator's pardon; I supposed he Co.'s supply to a sufficient extent to provide for her present and had some apprehension that that might be the result,

future wants than there are farmers in the valley of the Tuolumne, because they are near by; it is an older part of the State, and already the drain upon their supply has reduced the water level below the surface a number of feet.

Mr. STERLING. Not depending, now, upon the Spring Valley Water Co.'s supply or the sources from which it furnishes a supply, may there not be a sufficient supply furnished by going to the McCloud River at an additional cost of \$20,000,000?

Mr. THOMAS. I am afraid the Senator was not here when I

discussed that phase of the matter.

Mr. STERLING. I will say to the Senater that I did not hear his discussion upon that point; but I will not ask him to repeat any statement already made,
Mr. THOMAS. If the Senator will do me the honor to read

my remarks when they are published, he will find what I had to

say on that subject.

I come now to a consideration for a short time of the contention that San Francisco has no right to the water because it does not need it.

Mr. LIPPITT. I wish to ask the Senator a question. understand the conditions which are made in this bill, the authority which the United States gets for exacting those conditions in regard to furnishing the water to the two water districts is that they are as a return payment for certain rights of way.

Mr. THOMAS. Oh, no.

Mr. LIPPITT. Perhaps I do not make my question clear. Mr. THOMAS. I think the Senator can say that that is one

of the conditions granted.

Mr. LIPPITT. What I wanted to ask the Senator is whether in making that condition the United States necessarily assumes any right to control the waters of the State of California? As I understand the way the act is drawn, the United States gives a right of way to the city of San Francisco, and that is substantially all it gives.

Mr. THOMAS. And the dam site.
Mr. LIPPITT. And the dam site. I understand, as a condition of giving that right of way, the act says that the city of San Francisco must do certain things with a pertion of the water which it obtains.

Mr. THOMAS. No.
Mr. LIPPITT. I would be glad to have the Senator explain

Mr. THOMAS. It must recognize the prior appropriation of

water belonging to others.

Mr. LIPPITT. That is another way of stating the same thing.

Mr. THOMAS. No; it does not require San Francisco to give any of the water. I will take that back, with reference to the excess of 4,000 feet of water during the two months of flood

time. Yes; the bill does require that.

Mr. LIPPITT. And the bill requires that San Francisco shall recognize the rights of the irrigation districts to the

regular flow of the river.

Mr. THOMAS. To the extent of 2,350 feet plus 60 feet to a power company.

Mr. LIPPITT. I understand that the basis of the right of the United States to make that stipulation is because it gives the right of way and not because the United States necessarily claims legal power over the waters of the State of California.

Mr. THOMAS. It has no power over the waters of California at all.

Mr. LIPPITT. That is what I understand. I also understand that it is not necessary for her to make any stipulation.

Mr. THOMAS. In making that stipulation she puts into the

law an agreement of the parties interested in the distribution of

Mr. LIPPITT. I should like to ask the Senator whether in his opinion, that being the situation, there is any ground for the fear that on account of steps the United States does take in this matter she thereby puts herself in the position of claiming control over the waters of a State?

Mr. THOMAS. If the Senator will read the eleventh and last section of the bill I think he will find that it answers his question. There it is expressly provided that there shall be no interference with the laws of the State of California.

Mr. LIPPITT. I merely wanted to ask the Senator for his opinion.

Mr. THOMAS. My opinion is that the eleventh section provides against the very thing the Senator may apprehend.

Mr. LIPPITT. I will say to the Senator I did not apprehend it; I only wanted the Senator to state it.

Now, with reference to this supply of 400,000,000 gallons of water, I do not think it is at all excessive for the city of San Francisco, and particularly for the other bay cities, when you contemplate the fact that she is making provision for the next century to come. As I stated, that is an arid country. quently, for two successive years there will be hardly any water Unless the reservoirs are of that capacity it would be difficult to furnish the supply to the city of the water that is actually needed. Reserve water for a community supply is a good deal like a reserve in a bank, of which we have heard, and which for the next few weeks we will hear so much. might not need it, but, like the old saying of the man with a pistol in Texas, "You may never need it, but if you should need it you will need it badly." The reservoir should be ample, so that it may respond to every possible demand for an extra supply, which will be the test of the capacity of the system. I think it is the exercise of the highest degree of prudence to provide a sufficient supply of water, the climate and conditions and possible sudden demands upon the supply being considered.

Mr. President, I think there will be no difference between my friend the Senator from Utah and myself upon the fundamental proposition that the water which San Francisco owns, if she does own it, is due to her appropriation under the laws of California, and that is the only way she can get it, unless she gets it by purchase of some legal right from some other party. But the Government of the United States owns the land upon which the dam is to be erected, and it also owns the land through which the flumes and tunnels and the rights of way are to be constructed. What this bill gives is not water to San Francisco, but an easement in territory owned by the United States in fee.

If I am right in that assumption, I think I am right in its postulate, that the Government may attach to the use of that easement, to the enjoyment of that easement, such conditions as it sees fit. They may be onerous, they may be unjust, they may be unnecessary, but we can not escape from the fact that a Government's proprietary ownership of land and an individual ownership of land are practically identical. If my friend the Senator from Utah owned that dam site and San Francisco came to him to bargain for it and he proposed to give them a perpetual easement in it and wrote into the contract the matters that appear in this bill, they would be legal. Therein lies the distinction between this situation and the Connecticut River dam situation, as I understand it, a distinction so fundamental to my mind that the two do not belong to the same class.

Mr. SMOOT. I can not agree with the Senator on the second proposition, but I can on the first. The case of an individual owning a dam and the water is hardly to be compared with the present position of the Government of the United States in this case. The Government of the United States does not own any water.

Mr. THOMAS. I said nothing about the water. I said the Government owns the land,

Mr. SMOOT. San Francisco could purchase from an individual a dam site and water rights and then do with both as she pleases, but she can not purchase water from the Government of the United States, as the Senator knows, of course. We agree upon that.

Mr. THOMAS. If I have said she could, I want to make haste to take it back. I did not know I had said it, and I do not think I did.

Mr. SMOOT. I do not think the Senator did say that.

Mr. THOMAS. No; I do not think I did.

This scheme appeals to me, Mr. President, so far as the power is concerned, because the city of San Francisco as a municipality will be the owner of it, the manufacturer, the distributer of it. During the discussion of the Connecticut River dam case the Senator from Connecticut [Mr. McLean] asked me a question which I think is appropriate in connection with the quotations from the speech made by the Senator from

Mr. McLean. Before the Senator passes to the other objection, I should like to ask if he would be willing to give us his opinion as to how he would circumvent this impending monopoly of water power? Do I understand him to say that he thinks such corporations should be under State ownership and State control?

Mr. Thomas. My own belief as to this and kindred matters, Mr. President, is that no public utility whatever should be committed to the keeping of private individuals. I believe that this, being a natural monopoly, should be under the control, if not the ownership, of the respective States where the power plants are located. I will go further and say that if the States should prove to be unable to control the monopoly, and it should appear that the power of control can only be found in the Government of the United States, then measures should be taken, if necessary, by an amendment to the Constitution, whereby the American people in their sovereign capacity should take charge of and control them; and, if necessary to such control, ownership appears

to be essential, then such ownership should follow on the general proposition that the welfare and the necessities of the public and of the individual should be the supreme consideration of the national authority.

I have no doubt that this quantity of water, the 400,000,000 gallons daily capacity, is desirable for the generation of the large amount of horsepower mentioned in the bill, and every part of which can be made serviceable to these communities and these irrigationists. I regard it the most beneficent provision of the entire measure, and one which makes it so superior to all other sources of supply as to give it a unique position of its own.

Now, Mr. President, a word as to the effect of this improvement upon the valley. Of course there are differences of opinion concerning it. But what is the Hetch Hetchy Valley? think it is the most talked of and the least frequented place on this continent. It is practically inaccessible and always has Few people can get there. Few people do go there. is divided from the Yosemite by a range of mountains, not in-accessible, but nearly so. It is 20 miles away. It is infested by mosquitoes during the earlier months of the summer, and the heat is almost unbearable the rest of the season. tionably it is a beautiful spot, but it is not unique. I am satisfied that in my own State and in the Senator's State of Utah there are bits of mountain scenery that surpass Hetch Hetchy and equal anything in the Yosemite Valley. The natural bridges in the southern part of the Senator's State are among the most wonderful of the natural formations of this country. When I say that I do not detract from the beauty of the place.

But this bill provides that San Francisco, in consideration of this easement, shall expend \$600,000 in the construction of roads and trails, making this valley for the first time accessible to all sorts and conditions of men. Young and hardy adventurers can perhaps find some pleasure in going to Hetch Hetchy now, but it is as useless in its present condition to the general mass of mankind as though it were not in existence at all.

In addition to that, the city of San Francisco must pay after the lapse of five years \$15,000 a year for the next five years, and after that \$13,000 per year, to be used in keeping these roads and trails in repair. Every cent must be expended for that purpose.

Beyond this immediate valley are the Tuolumne Meadows, the Tiltill Valley, and a number of other places that will be accessible at all times when these roads are completed to Hetch Hetchy. I want to say right now to my friend, the Senator from Utah, that if this bill exacted a farthing from the city of San Francisco, going to the Treasury of the United States as rent or royalty, I should feel about the bill very much as he does.

Mr. SMOOT. I was going to ask the Senator if he was going to differentiate between the money going to the Government of the United States and to the development of roads within a State?

Mr. THOMAS. I do, Mr. President.

Mr. SMOOT. But is not the principle the same?
Mr. THOMAS. No; I think not. These roads are given by
San Francisco to the Government and the city is to keep them in repair.

Mr. SMOOT. I want to say, so that the Senator will under-

stand my position— Mr. THOMAS. I think I understand it quite fully by this time.

Mr. SMOOT. I would prefer a thousand times to vote for an appropriation every year to the State of California for the building of roads than to vote for the regulating provisions in the bill, thus setting a precedent for the Government of the United States to charge for water or for the right of way over the public lands within any of our land States.

Mr. WALSH. Mr. President-

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Montana?

Mr. THOMAS. I do.

Mr. WALSH. I should like to understand the Senator's position with regard to that matter. What is the difference whether the city of San Francisco pays \$500,000 for this land now or pays the same amount in installments annually, as specified in the bill?

Mr. SMOOT. I did not understand the Senator's question. Mr. WALSH. What is the difference between the city of San Francisco paying \$500,000 for the land that is to be utilizedthe easements that are granted here—in one lump sum and paying \$15,000 and \$30,000 annually to be spent on roads? In either case it is the consideration which San Francisco pays for the land which she gets.

Mr. SMOOT. The principle is entirely different. Mr. WALSH. In what respect?

Mr. SMOOT. In this respect, that San Francisco should not be charged one dollar more than any individual asking the same privileges from the Government. In other words, San Francisco should not be compelled to pay any more than the land that she uses is worth.

Mr. WALSH. These lands are very valuable.
Mr. SMOOT. Oh, not at all, Mr. President; the mere right of way over Government lands within forest reservations is not very valuable.

Mr. WALSH. No; but we are speaking about a dam site.

I do not think the value of the land on which Mr. SMOOT. the dam site is to be located amounts to-oh, it is so insignificant it is not worth consideration.

THOMAS. What would the Senator take for it if he

owned it'

Mr. WALSH. What would a similar dam site in the Senator's State cost?

Mr. SMOOT. That is not the question. We are talking now

about the value of the land.

Mr. WALSH. That is what I am talking about. Suppose

you had land in that situation in your State, and you owned the land on both sides of a great valley of that kind that was capable of producing power, the basis for a great dam site, what would you like to ask for it?

Mr. SMOOT. I would prefer to answer that by asking the Senator a question. I would like to ask whether the Senator believes that the Government of the United States ought to charge a man who enters land the value of the lands based on

their value after cultivation and development?

Mr. WALSH. Mr. President, I will answer that question very The Government of the United States can sell the land which it owns on the Pend Oreille River in my State easily for \$2,000,000. It is just a strip on each side of the river.

Mr. SMOOT. I can not see that that answers my question,

Mr. THOMAS. I am very much obliged-

Mr. SMOOT. I will not interrupt the Senator from Colorado any further.

Mr. THOMAS. I am very glad to yield to both the Senators,

because it gives me a little respite.

Mr. BRANDEGEE. Does the Senator from Utah contend that this bill imposes conditions that are too onerous upon the city of San Francisco; that the Government ought to be more liberal with them than it is?

Mr. SMOOT. I certainly think so. I think that the Government has no right to impose a charge upon San Francisco for waters owned and controlled by the State of California.

Mr. BRANDEGEE. The grant runs forever, I suppose. Mr. SMOOT. The grant does, but under the provisions of the bill after a certain number of years Congress can change the amount that is to be paid each year.

Mr. THOMAS. In that respect I quite agree with the Sen-

ator. I myself think the provisions of the bill are too onerous. I would very gladly see them simplified and reduced; but I am unable to deny the power of the Government to make these conditions to accompany the enjoyment of the easement.

Mr. WARREN. If I may interrupt the Senator a moment, it may not be important, but a moment ago the question of the amount of this annual rental came up, and my observation was that it was \$15,000 a year, but the Senator from Utah said it

was \$10,000 a year. I do not find that in my copy of the bill.

Mr. THOMAS. The amounts are progressively advanced. Mr. WARREN. But they commence at \$15,000 after five

Mr. THOMAS. That may be, but my recollection is that

the amount is \$10,000 after five years.

Mr. WARREN. All the roads to be constructed under this project are assigned free to the United States, and, in addition, after five years the grantee commences to pay the United States \$15,000 a year for 10 years, then \$20,000, and then \$30,000.

Mr. THOMAS. I accept the Senator's correction. There are three installments. The first payment is to be \$15,000 for a five-year period; the second \$20,000; and after that \$30,000 for

the preservation and repair of the roads.

Mr. BRANDEGEE. I apologize for interfering with the Senator or for interrupting him, because he has been very courteous and I know he is tired, but I will be very brief if he will allow me to interrupt him.

Mr. THOMAS. On the contrary, Mr. President, I have got to

the point now where I welcome interruptions.

Mr. BRANDEGEE. The Senator, I thought, complained a while ago that he was tired.

Mr. THOMAS. I was tired then, but I am weary now; so I gladly yield to the Senator.

Mr. BRANDEGEE. I shall try not to add to the Senator's weariness, which is not in his mind I know from what he says; but he referred to the fact that he could support this proposition in this bill imposed by the Government, to wit, that certain money should be paid annually for the construction of roads, whereas he could not support the proposition embraced in the bill authorizing the construction of a dam across the Connecticut River because payments were provided by the Government. I fail to see the distinction which he attempts to make between those two cases, because, if I recall it correctly—and I think I do-the provision in the Connecticut River bill was that the moneys that were to be paid to the Government were to be at once spent upon the improvement of the navigation of the river immediately adjacent to where the dam was proposed to be built, just as this money is to be spent upon the roads upon the site.

Mr. THOMAS. The difference is this, Mr. President: In the Connecticut River dam case the Government was leasing or disposing of what it did not own, while in this instance it is selling or disposing of what it does own.

Mr. BRANDEGEE. Of course, Mr. President, the Senator from Colorado will not claim that the Government was disposing of any property in the granting of a permit to maintain a dam across a navigable river.
Mr. THOMAS. Not at all.

Mr. BRANDEGEE. Nobody claims that the Government

owned any property there.

Mr. THOMAS. Not at all. My contention was that the company which constructed that dam was entitled to the water power as its property, or that it belongs to the riparian owners and not to the Government of the United States.

Mr. BRANDEGEE. Whatever may have been the truth about that, it certainly was not entitled to build a dam without

getting the consent of Congress.

Mr. THOMAS. I think that is true.

Mr. BRANDEGEE. Then the question arises whether, in granting the permit, the United States might attach any condition to the issuance of a permit?

Mr. THOMAS. It might attach any conditions, of course, to the building of a dam, provided that the conditions did not involve the sale or the lease of any property that it did not

own. That seems to be the distinction.

Mr. SMOOT. In order that I may understand precisely the position of the Senator, I should like to ask him a question. Does the Senator claim that the United States Government has a right to impose a charge upon power created by water that is within a State if perchance to develop that water it is necessary

that they should have a right of way over the public domain.

Mr. THOMAS. Well, that is a very close question.

Mr. SMOOT. I understood the Senator to say that there was no doubt about it, and that is the reason why I asked whether I correctly understood him.

Mr. THOMAS. There is no doubt about the power to do so?

whether I correctly understood min.

Mr. THOMAS. There is no doubt about the power to do so?

Mr. SMOOT. Yes.

Mr. THOMAS. I do not think I so stated.

Mr. SMOOT. I wanted to ask the Senator so that there would be no question about his position.

Mr. THOMAS. I do not think I so stated.

But, Mr. President, proceeding with the discussion of the bill, I believe that, as a general proposition, the construction of improvements which will make this national possession accessible and therefore enjoyable is a desirable thing to do, and I believe that to supplant the surface of the ground with a beautiful lake blending its waters with the surrounding mountains would be to enhance and immeasurably improve the beauty of the place.

I am aware of the fact that others entertain a different opinion, but the photographs which were here in evidence when this bill was first considered, showing the valley with and the valley without this reservoir, to my mind proved beyond per-adventure the added attractions and beauty which this spot will possess if this bill is enacted and the improvements are made.

Some time ago one of our painters sketched this valley, and to make it more attractive he sketched the lake within it. presence of water appealed to his artistic sense, and the improvement suggested by it to my mind immeasureably enhanced its attractiveness. But, if there is any question about it, it ought to be resolved in favor of the utilization of it for the benefit of the people of the State.

Water is a scarce article in that country, and the first consideration ought to be to impound it, so far as possible, to the end that it can be made to supplement the natural flow of the streams, increase the fertility of the acreage of the State, and add to its wealth.

The campaign of the men and women all over the United States against this measure has been a powerful adjunct to the local interests which are united against the bill. Their protest against the invasion of what they call a natural park and what they declare to be the destruction of its beauties, appeals to a sentiment that is entertained by every properly constituted human being; but I think these sentimental considerations should always be taken in connection with the purposes to be effected, the necessities of the situation, and the general benefit to the people who are interested in the improvement.

I think I have said enough to demonstrate the fact that the waters of these streams are not the property of the owners of the park; that they are not the property of the Government of United States, but are the property of the people of California, and, while I would object as strenuously as anyone to an unnecessary invasion of the national parks of this country, I do not hesitate to say, Mr. President, that when the uses of man require it every drop of water in every national park in the United States should be taken and devoted to the service of mankind. That time may never come, but I believe it will come, for it so happens that these spots are in the arid or semiarid regions of the country, where larger drafts are made upon the water resources than are made in the more humid parts of the country. The waters are perhaps more essential to the growth and well-being of the State than is the soil itself.

A few years ago the British Government built the greatest dam in existence. It stretches across the stream bed of the Nile. It has impounded an enormous reservoir of water and brought under cultivation hundreds of thousands of acres of land in Egypt. It has transformed that ancient country and made it one of the wealthiest, most fertile, and productive regions of the world; but, Mr. President, in order to accomplish that great and essential improvement it was necessary to submerge the ruins of Philæ, which stand upon an island in the Nile and which are said by good judges to have been the most exquisite and beautiful of all the ruins of antiquity. The same note of protest arose against the submergence of that marvelous survival of antique architecture that we hear with reference to the Hetch Hetchy; but the British Government, intent upon the accomplishment of a great humanitarian purpose, with its eye fixed singly upon the economic welfare of an ancient people, proceeded with its mighty task, heeded no protest against its delay or its accomplishment, and brought the work to completion. The verdict of the British Empire and of the world has approved its course. We should follow the same policy here and make man and his needs the chief object of conservation. We should make his welfare, his well-being, and his happiness the principal object and purpose of all social and political and economic endeavor; and that is what is sought to be done, in my judgment, by the provisions of this bill.

Now, Mr. President, I want to notice for a moment what seem

to me two most incongruous objections to this measure. One is that San Francisco is trying to get a very valuable concession for nothing; that she is too niggardly to pay for it; and that if this bill is passed the Government will endow her with hydro-electric-power possibilities of enormous dimensions and enormous value. Another objection is that if this bill passes, it will saddle upon San Francisco a debt that will probably put her into bankruptcy. Both of these propositions can not be true. She can not be trying to obtain a valuable property for nothing on the one hand and inviting bankruptcy by assuming a huge burden of debt upon the other.

Another incongruous position taken, at least by the lovers of nature, which denies to San Francisco the right to build this dam because it will desecrate the park, and at the same time declares that the water is needed for the irrigation of the land. If there is to be any destruction of the natural beauties of the park, it will follow just as certainly the construction of a reservoir for the irrigation of the land as will follow the construction of a reservoir for supplying the city of San Francisco with its needs.

I was very much impressed, Mr. President, with a statement made by one of our Secretaries of the Interior, and, I think, emphasized by the report of the Army board, to the effect that the strategic and splendid advantages of this gorge for reservoir purposes will make the demand for its use so irresistible that sooner or later the Government must yield and permit its use for that purpose; in other words, the people of California, the public needs, and the requirements for this water behind them must necessarily bring about and force a pressure of public opinion upon the Government which will make the construction of this dam absolutely inevitable sooner or later. The people of California will never permit, and ought not to permit, this splendid source of wealth and of prosperity to remain idle and

unused while populations are crowding upon that arid soil, anxious and willing to develop it.

Mr. President, I wish now to refer for a moment to another phase of this matter. I shall not detain the Senate very much That is impossible, both because the hour of adjournment is approaching and because I have reached the limit of my endurance. Inasmuch, I owever, as the Senator from California [Mr. Works], as one of the representatives of that State, appealed so eloquently before taking his seat, and appealed in behalf of San Francisco, not to inflict this bill upon her, I think I am justified in calling the attention of the Senate to the fact that while some sentiments adverse to this measure have proceeded from the Senator's own city of Los Angeles, the officials of that city, with a generosity and public spirit which is commendable, have cordially indorsed this splendid enterprise. The same is true of the mayors and presidents of the chambers of commerce of many of the cities of southern California.

I should like to insert, without reading all of it, the document I have in my hand, which refers to and quotes from the statements of many of these officials. The name of the paper in which it was printed does not appear.

The PRESIDING OFFICER. In the absence of objection,

permission is granted.

The matter referred to is as follows:

SOUTHERN CALIFORNIA TO HELP SAN FRANCISCO IN FIGHT-MAYORS, CHAMBERS OF COMMERCE, BOARDS OF TRADE, AND BUSINESS MEN A UNIT IN APPROVING HETCH HETCHY BILL.

Los Angeles, December 1, 1913.

CHAMERS OF COMMERCE, BOADES OF TRAINS, AND BUSINESS MEN A UNIT IN APPROVISO HEFCH HEFCHY HILL.

LOS ANGELES, December 1, 1918.

Prominent men and officials of the great civic and commercial bodies of every city in the south are unanimously firm in the belief that the passage of the Hetch Hetchy bill will harm no one, that it will do a great and necessary good for San Francisce and posterity, and that its passage will be only ample justice toward the San Franciscans. Following the commerce of the control of the commerce of the control of the commerce is an experiment of the Hetch Valley which insure a good water supply to our northern neighbor. I hope that the Senate sees fit to take a favorable action on the matter. There is plenty of other space available for a national park without that few acres of fand which the city needs to store water from the Sierra Mountains."

Secretary C. W. McLeod, for the Santa Moniea Bay Chamber of Commerce: "Those who oppose the Hetch Hetchy project are not the people who have the interest and welfare of the Hetch Hetchy bill and those everything to gain by the passage of the Hetch Hetchy bill and everything to gain by the passage of the Hetch Hetchy bill and the secondary of the passage of the Hetch Hetchy bill and the secondary of the passage of the Hetch Hetchy bill and the secondary of the passage of the Hetch Hetchy bill and the secondary of the passage of the Hetch Hetchy bill and proper and adequate water supply. Los Angeles Federated Improvement Association: "Tossibly the greatest question that the West and Southwest half to december 1, 1918.

H. S. McCallium, president of the Los Angeles Federa

W. A. Zimmerman, president of the Orange County Savings and Trust Association, Associated Chambers of Orange County: "The people of San Francisco demonstrated by their vote on the bond issue to provide funds for bringing the waters of the Hetch Hetchy to that city for domestic use that it was a matter of serious and important moment, and the United States Senate should not block or delay them in acquiring the needed supply of pure water."

William L. Peters, mayor of Riverside: "I am heartily in sympathy with the justice of the position assumed by the people of San Francisco, and desire to see the United States Senate pass the Hetch Hetchy bill giving to San Francisco the right to construct a storage reservoir in the Government preserve."

W. A. Vandergrift, mayor of Pomona: "There are perhaps no people who can sympathize more keenly with San Francisco in her fight to bring the Hetch Hetchy plan to a reality than the people of southern California. We give the most hearty indorsement to the action being taken by the Hearst papers in thus coming to the aid of our sister city in her fight."

Charles F. Johnson, president Kern Board of Trade: "It seems a pity that San Francisco should have to fight for the right which should be hers for the asking, for no city in the world needs an adequate water supply so much as she does. I am heartily in sympathy with San Francisco's fight for an adequate municipal water system."

H. H. Rose, mayor of Los Angeles: "I am for it strong. San Francisco is just as much entitled to secure a water supply as Los Angeles is. We got the Owens River, now San Francisco is after a supply. I hope San Francisco will be successful in this undertaking."

Mr. THOMAS. Let me say that the Mr. Mulholland re-

Mr. THOMAS. Let me say that the Mr. Mulholland referred to in one of these statements is the identical engineer whose report upon the Spring Valley possibilities was read by the Senator from California [Mr. Works].

Mr. President, I believe the hope expressed by Mayor Rose is the hope of a majority of the Senator. I believe the

Mr. President, I believe the hope expressed by Mayor Rose is the hope of a majority of the Senate. I believe they are impressed, as I am, with the fact that San Francisco seeks to carry out and perfect a greatly needed public improvement. I believe they realize that it is not only a greatly needed public improvement, but one which is absolutely essential to the welfare and future of San Francisco and the other great cities that cluster around the shores of San Francisco Bay.

There are to-day 750,000 people living in those cities. the years go by they will increase and multiply. If they increase proportionately as they have increased during the past quarter of a century, the year 2000 will find more than 2,000,000 inhabitants, all perhaps gathered under one great, magnificent

municipality.

The water supply of that city has been extremely small for years. Of recent years it has been so small that part of the city has no water, but must depend for its supply upon the carriage of water by hand and by wagon into their dwellings. The Spring Valley Water Co. has been compelled to lay an interdict upon the use of its water supply beyond the absolute necessities of the inhabitants.

These cities occupy a part of the country sometimes visited by earthquake shocks, which are nearly always followed by great conflagrations. Their need for water therefore is immeasurably greater than that of other cities, because of these unfortunate geological conditions. The people of these cities are a splendid type of American citizenship. They are progressive in business, in social and in political affairs, and in economic growth. They crown the most magnificent harbor upon the Pacific Ocean.

Mr. President, in future years, when they are in the enjoyment of a splendid and adequate water supply, when their highways and habitations are filled with prosperous and happy men and women, looking into the faces of smiling children, may they look back in grateful remembrance of the Sixty-third Congress of the United States and bless its Members for conferring upon them this great measure, which will surely guarantee their prosperity, their growth, their welfare, and their happiness.

### BANKING AND CURRENCY.

Mr. OWEN. Mr. President, it is within a few minutes of 11 o'clock, and I suppose no Senator is ready to go on to-night with the discussion of the Hetch Hetchy bill. I should like to call up House bill 7837, with a view to moving the printing of an amendment on page 25, line 13, of the amendment I have heretofore offered and modified.

Mr. SMOOT. There is no necessity of calling up the bill. The Senator can offer it as a proposed amendment to the bill.

Mr. OWEN. I wish to have it printed simply as an insert. It is not worth the while to reprint the bill, I take it. It is just a short amendment.

Mr. SMOOT. The Senator can simply make the request, then. Mr. OWEN. I ask unanimous consent that my amendment

shall be considered a part of the bill when it comes up.

The PRESIDING OFFICER (Mr. ROBINSON in the chair) The Senator from Oklahoma asks unanimous consent to modify his own amendment. Without objection, it will be so ordered.

### ELECTION OF SENATORS.

Mr. WALSH. Mr. President, before adjournment I desire to give notice that to-morrow, at the conclusion of the morning moneys at Eureka, Cal., vice George H. Kimball, term expired.

business and before the regular order is taken up, I shall ask unanimous consent for the consideration of Senate bill No. 2860, the bill in relation to the election of United States Senators reported from the Committee on Privileges and Elections some time ago. In all probability it will give rise to no discussion.

Mr. SMOOT. I wish to say to the Senator from Montana that it will be impossible at that time to consider the bill under the unanimous-consent agreement we have. At the conclusion of the morning business the Hetch Hetchy bill will be laid before the Senate under the unanimous-consent agreement.

Mr. WALSH. During the morning hour, then, it would be

proper, would it not?

Mr. SMOOT. The Senator can call up the bill during the morning hour, but I understood the Senator to say "at the conclusion of morning business.'

#### BANKING AND CURRENCY.

Mr. OWEN. Mr. President, I wish to give notice to the Senate that at the first moment the business of the Senate will permit I expect to call up the banking and currency bill for consideration and action.

#### EXECUTIVE SESSION.

Mr. BACON. Mr. President, if there is no desire on the part of any Senator to proceed immediately, there is some little business for us to attend to in executive session. It will take but a few minutes. I therefore move that the Senate proceed to the consideration of executive business.

Mr. SMOOT. I wish to ask the Senator one question before that is done. The Senator does not desire an executive session

for any confirmations?

Mr. BACON. No; there are none on the calendar. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

Mr. KERN. I move that when the Senate adjourns to-day

it adjourn to meet at 10 o'clock a. m. to-morrow.

The motion was agreed to.

Mr. BACON. I move that the Senate adjourn.

The motion was agreed to; and (at 10 o'clock and 55 minutes p. m.) the Senate adjourned until to-morrow, Thursday, December 4, 1913, at 10 o'clock a. m.

### NOMINATIONS.

Executive nominations received by the Senate December 3, 1913.

### AMBASSADOR.

Henry M. Pindell, of Illinois, to be ambassador extraordinary and minister plenipotentiary of the United States of America to Russia, vice Curtis Guild, resigned.

## MINISTERS.

Brand Whitlock, of Ohio, to be envoy extraordinary and min-

ister plenipotentiary of the United States of America to Belgium, vice Theodore Marburg, resigned.

George Fred Williams, of Massachusetts, to be envoy extraordinary and minister plenipotentiary of the United States of America to Greece and Montenegro, vice Jacob Gould Schurman, resigned.

## MEMBER OF THE PHILIPPINE COMMISSION.

Winfred T. Denison, of New York, to be a member of the Philippine Commission and secretary of the interior, vice Dean C. Worcester, resigned.

## PROMOTIONS IN THE ARMY.

### FIELD ARTILLERY ARM.

First Lieut. Henry S. Kilbourne, jr., Fourth Field Artillery, to be captain from November 22, 1913, vice Capt. William I. Westervelt, Second Field Artillery, detailed in the Ordnance Department on that date.

Second Lieut. Albert K. C. Palmer, Sixth Field Artillery, to be first lieutenant from November 22, 1913, vice First Lieut. Henry S. Kilbourne, jr., Fourth Field Artillery, promoted.

### INFANTRY ARM.

Second Lieut. Seth W. Scofield, First Infantry, to be first lieutenant from November 25, 1913, vice First Lieut. Hugh M. Kelly, unassigned, who died November 24, 1913.

## RECEIVER OF PUBLIC MONEYS.

# HOUSE OF REPRESENTATIVES.

Wednesday, December 3, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the fol-

lowing prayer:

Great God our Father, source of all good, we seek Thy wis dom, power, and goodness that we may think clearly and act nobly in the drama of life. The scenes are continually shifting, the call for action is insistent, the thought of yesterday is inadequate to meet the demands of to-day. We must move forward or retrograde. So fill us with wisdom, so guide us by Thy power, and quicken every noble impulse that we may keep step in the onward march of progress that our souls may be satisfied and Thy demands fulfilled. In the Christ spirit. Amen.

The Journal of the proceedings of yesterday was read and

approved.

#### CALENDAR WEDNESDAY

The SPEAKER. This is Calendar Wednesday, and the unfinished business is Senate joint resolution No. 5, providing for the appointment of a commission to consider the need and report a plan for national aid to vocational education.

Mr. MANN. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. MANN. Is there any unfinished business which comes up automatically?

The SPEAKER. The Chair did not understand the gentleman

exactly.

Mr. MANN. Is there any unfinished business which comes up automatically?

It has been decided by Speaker Cannon and The SPEAKER. It has been decided by Speaker Cannon and the present occupant of the chair, both, that where a bill or anything was unfinished on Calendar Wednesday that on the next call of Calendar Wednesday it came up as unfinished business.

Mr. MANN. Will the Speaker permit me to call his attention to the situation, then? I fear such a ruling might land us in confusion hereafter. There was unfinished business from the Committee on Education, and the call of the committees was proceeded with. That bill came up automatically and the House went into the Committee of the Whole automatically. Thereupon, the gentleman in charge of the bill moved that the committee rise. The committee rose, and the Speaker directed that the call of committees proceed, and the call of committees did proceed. I am not sure but there has been a call since then. I know there was a further call that day.

The SPEAKER. That was the last call.

Mr. MANN. Now, if a committee declines to call up a bill when it is reached, which is unfinished business, does that give prior right over the other committees? The Chair will see where it will land us. Suppose a chairman of a committee, when the committees were called, called up a bill and as soon as the House went into the Committee of the Whole moved that the committee rise and decline to further call it up, and then another committee was called and the same procedure was followed. We might have a dozen bills as unfinished business on the calendar so that we never could proceed further with the committee calls, so that it seems to me that when a committee declines to proceed with its right and the Chair directs that the call of committees proceed and other committees were called, that committee lost the right to call up its bill until it was reached in order again. The call now rests with the Committee on the Judiciary.

The SPEAKER. Well, the Chair will state-

Mr. FITZGERALD. Will the gentleman yield for a question?

Mr. MANN. Certainly.
Mr. FITZGERALD. Does it not make considerable difference that no other committee has been called?

Mr. MANN. But other committees were called. I beg the gentleman's pardon; that is just it, the committee call was pro-

ceeded with and the committees were called around.

The SPEAKER. The Chair will state that he was unfamiliar with the facts about this. It happened to be the only day the Speaker was absent during that extra session, and that was when he was sent, along with 14 others, to go to the Knox-ville Exposition. The Chair will see what the RECORD shows: VOCATIONAL EDUCATION.

Mr. HUGHES of Georgia rose.

Mr. FITZGERALD, Mr. Speaker, the gentleman from Georgia [Mr. HUGHES] did not call up his bill.

I will read what the Speaker pro tempore said. The Speaker

Mr. FITZGERALD. Mr. SHERLEY of Kentucky.

The SPEAKER. Here is really where it begins:

VOCATIONAL EDUCATION.

The Speaker pro tempore. On the last Calendar Wednesday the House had under consideration Senate joint resolution No. 5. Under the rule the House automatically resolves itself into Committee of the Whole House on the state of the Union for the further consideration of said resolution as the unfinished business on Calendar Wednesday, and the gentleman from Tennessee [Mr. Garrett] will take the chair.

Now, there is no dispute between the Chair and the RECORD and the gentleman from Illinois [Mr. MANN] so far.

Mr. Hughes of Georgia rose.
Mr. Fitzgerald. Mr. Speaker, the gentleman from Georgia [Mr. Hughes] did not call his bill up.

That is, this vocational education bill.

That is, this vocational education bill.

The Speaker pro tempore. The understanding of the Chair is that automatically on Calendar Wednesday the House resolves itself into the Committee of the Whole House on the state of the Union for the purpose of considering unfinished business in order on Calendar Wednesday.

Mr. Fitzgerald. It does not, Mr. Speaker.

Mr. Mann. It does.

Mr. Fitzgerald. Under the rule the committee must be called, and the gentleman has not called his bill.

Mr. Mann. The gentleman from New York is mistaken.

The Speaker pro tempore. The Chair thinks that the gentleman is mistaken, but would be glad to hear him if he can cite any authority.

Mr. Hughes of Georgia. Mr. Speaker, I move that we lay that resolution aside temporarily.

The Speaker pro tempore. The gentleman's motion is not in order. The Chair holds that automatically the House resolves itself into Committee of the Whole House on the state of the Union for the further consideration of Senate joint resolution No. 5.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of Senate joint resolution No. 5, with Mr. Garrett of Tennessee in the chair.

The Chairman. The House is in Committee of the Whole House on the state of the Union for the further consideration of Senate joint resolution No. 5, which the Clerk will read by title.

The Clerk read as follows:

"Joint resolution (8. J. Res. 5) providing for the appointment of a commission to consider the need and report a plan for national aid to vocational education."

Mr. Hughes of Georgia. Mr. Chairman, I move that the committee do now rise.

The Chairman. The gentleman from Georgia [Mr. Hughes] moves that the committee do now rise. The question is on agreeing to that

now rise.

The Chairman. The gentleman from Georgia [Mr. Huches] moves that the committee do now rise. The question is on agreeing to that

The CHAIRMAN. The gentleman from Georgia [Mr. Hughes] moves that the committee do now rise. The question is on agreeing to that motion.

The question was taken, and the Chairman announced that the ayes seemed to have it.

Mr. Mann. A division, Mr. Chairman.

The committee divided; and there were—ayes 119, noes 35.

Accordingly the committee rose; and the Speaker pro tempore [Mr. Sherley] having resumed the chair, Mr. Garrett of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration Senate joint resolution No. 5, and had come to no conclusion thereon.

The Speaker pro tempore. The Clerk will preceed with the call of committees.

Mr. Mann. Mr. Speaker, a parliamentary inquiry.

The Speaker pro tempore. The gentleman will state it.

Mr. Mann. The call of committees having passed beyond the committee that called up that vocational educational bill, I suppose that is dead until that committee is reached again.

The Speaker pro tempore. The Chair will rule on that matter when it is presented, and would not care to express an opinion prior to that time.

The Clerk proceeded with the call of committees.

it is presented, and work time.

The Clerk proceeded with the call of committees.

The Committee on Appropriations was called

Mr. Garrett of Tennessee. Mr. Speaker, I make the point of order that there is no quorum present.

Mr. HUMPHREYS of Mississippi. Will the gentleman withhold that for a moment?

moment? Mr. Garrett of Tennessee. I will.

So the statement of the gentleman from Illinois [Mr. MANN] as to what happened that day is correct. The Chair will repeat that he was not here at that time. It seems to the Chair that the Committee on Education lost its footing.

Mr. TOWNER. A parliamenary inquiry, Mr. Speaker.
The SPEAKER. The gentleman will state it.
Mr. TOWNER. This bill, I believe, is on the Union Calendar, carrying appropriation. Upon the call of the committees, if it should be the regular order to-morrow, would it be the unfinished business when this committee is called, or will the committee have to wait until the Calendar Wednesday when it can be reached?

The SPEAKER. That is just exactly what the Chair was deciding. He had not quite finished. One can not call up a bill on the Union Calendar on the ordinary call of committees in the morning hour. You can wait until the call is exhausted or at the end of 60 minutes and make a motion to go into the Committee of the Whole House on the state of the Union. That is under the ordinary call of committees in what is called the morning hour.

Mr. TOWNER. Then the only way in which this will be unfinished business will be that it will be unfinished on the call of committees on Calendar Wednesday?

The SPEAKER. Oh, no; it would not. It must be called

Mr. MANN. Mr. Speaker, I did not raise the point for the purpose of endeavoring to prevent the consideration of the bill.

The SPEAKER. The Chair understands that perfectly well. If the gentleman from Georgia [Mr. HUGHES] at that time had

so desired, the Chair thinks it would have been competent for him to have asked and got the consent of the House to have it continued as unfinished business, and if the committee should have risen and under that arrangement had quit considering that bill at that time it might have come up as unfinished business on next Calendar Wednesday. But he did not do anything of the sort. As the gentleman from Illinois [Mr. Mann] suggested, if, when the Committee of the Whole House on the state of the Union is considering a bill on Calendar Wednesday, it simply rises without any agreement as to what is to happen to the bill it has under consideration; if you were then to make that the unfinished business you might clutter up this Calendar Wednesday business so that you would never get anywhere. So the Chair holds that that committee lost its privilege that day on that bill, and that the call now rests with the Committee on the Judiciary. The Clerk will call the committees.

The Clerk proceeded with the call of the committees.

MINISTERS TO PARAGUAY AND URUGUAY.

Mr. FLOOD of Virginia (when the Committee on Foreign Affairs was reached). Mr. Speaker, I am directed by the Committee on Foreign Affairs to call up Senate bill 2318, an act authorizing the appointment of envoys extraordinary and ministers plenipotentiary to each Paraguay and Uruguay.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

An act (8, 2318) authorizing the appointment of envoys extraordinary and ministers plenipotentiary to each Paraguay and Uruguay. Be it enacted, etc.,

Mr. MANN. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. MANN. This bill being on the Union Calendar, is it to be read in full in the House before we go into committee?

I think not. It is a Union Calendar bill.

The SPEAKER. That is true. The House automatically resolves itself into the Committee of the Whole House on the state of the Union, and the gentleman from Georgia [Mr. CRISP] will take the chair.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. Crisp in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill S. 2318, which the Clerk will report.

The Clerk read as follows:

The Clerk fead as follows:

An act (S. 2318) authorizing the appointment of envoys extraordinary and ministers plenipotentiary to each Paraguay and Urugnay.

Be it enacted, etc., That the President is hereby authorized to appoint, as the representative of the United States, an envoy extraordinary and minister plenipotentiary to Paraguay, who shall receive as his compensation the sum of \$10,000 per annum.

SEC. 2. That the President is hereby further authorized to appoint, as the representative of the United States, an envoy extraordinary and minister plenipotentiary to Uruguay, who shall receive as his compensation the sum of \$10,000 per annum.

Mr. FIJOOD of Virginia Mr. Chairman, the purpose of this

Mr. FLOOD of Virginia. Mr. Chairman, the purpose of this bill is to create a legation at both Paraguay and Uruguay. At present this country accredits one minister to these two countries. He lives in Uruguay, at the capital, Montevideo, and occasionally visits Paraguay; very occasionally, though. The result of this is that Paraguay is practically without a representative from this country.

If this bill, which was passed by the Senate last summer, is passed it will remedy this condition. It is the policy of this country to encourage in every way possible the friendly feelings that exist between this country and all our Latin-American neighbors to the south of us, to strengthen the ties of friendship as far as it can be done. We have paid less attention to Paraguay than to any other country in South America. The administration is anxious that this bill be passed and that this consideration be shown to Paraguay.

The Government and people of Paraguay are anxious that we send a minister to them. Nearly two years ago they accredited a minister to this country. A number of years ago we had a minister to Paraguay, but not for quite a number of years has that country had a representative from this country.

The people of Paraguay are particularly anxious that this country should give them this recognition. They have great faith in the ability of the United States to help them, and believe that if our country will take a proper interest in their development many of the evil conditions under which they have

suffered will be remedied.

Mr. GOULDEN. Mr. Chairman, will the gentleman pardon me for an interruption?
The CHAIRMAN. Does the gentleman yield?

Mr. FLOOD of Virginia. Certainly.
Mr. GOULDEN. What is the distance between the capitals of the two republics concerned?

Mr. FLOOD of Virginia. About a thousand miles.

Mr. BURNETT. Mr. Chairman, may I ask the gentleman a question?

Mr. FLOOD of Virginia. Certainly.
Mr. BURNETT. What is the population of Paraguay?
Mr. FLOOD of Virginia. The population is 750,000.

Mr. BURNETT. What evil conditions could be remedied by having a minister down there?

Mr. FLOOD of Virginia. I will explain to the gentleman.

That is a wonderfully rich country, and—
Mr. BURNETT. Is that the evil condition to which the gen-

tleman refers? [Laughter.]

Mr. FLOOD of Virginia. No. sir. I do not expect to answer any question that the wisdom of the gentleman from Alabama may propound in one sentence. [Laughter.]

Mr. BURNETT. Certainly.
Mr. FLOOD of Virginia. That is a wonderfully rich country, but the people there are very ignorant, and they have been isolated-

Mr. BURNETT. I know; but-

Mr. FLOOD of Virginia. I can not answer any question the

gentleman may propound even in two sentences.

Mr. BURNETT. Then had we not better send them a missionary instead of a minister?

Mr. FLOOD of Virginia. I leave that to the church to which the gentleman belongs, and I will add I think his missionaries

will accomplish much good.

Mr. BURNETT. I belong to the Methodist Church, which not only believes in falling from grace, but practices the faith.

Mr. FLOOD of Virginia. The gentleman is a living illustra-

tion of the faith which he professes. [Laughter.]

Mr. MURRAY of Oklahoma. Mr. Chairman, will the gentleman yield for a question?

Mr. FLOOD of Virginia. I will.

Mr. MURRAY of Oklahoma. I want to ask the gentleman if we have not consuls in Paraguay?

Mr. FLOOD of Virginia. We have one at Asuncion.

Mr. MURRAY of Oklahoma. What representative has Great Britain there?

Mr. FLOOD of Virginia. No diplomatic representative. Very few of the countries of the world have diplomatic representatives in Paraguay. I believe Italy is the only European power that has.

Mr. MURRAY of Oklahoma. I want to ask if Great Britain quit the country in 1868, or about that time, when they put the consul on a mule, face backward, and compelled him to ride through the streets in that way?

Mr. FLOOD of Virginia. Great Britain has never taken her consuls from Paraguay. They have been there all the time. The trade of Great Britain with Paraguay is many times what the trade of this country is with Paraguay. In the interest of our trade we ought to encourage this struggling little nation in South America. [Applause.]

As I began to say, it is a wonderfully rich country. It has a remarkably fertile soil. It produces every known food produet that is produced in any other country of North or South America. It is sparsely settled because it is isolated and has not attracted the character of people that my friend from Alabama [Mr. Burnett] wants to keep out of this country

Mr. BURNETT. Do not you also want to keep out the same class?

Mr. FLOOD of Virginia. I want to keep out some of those that the gentleman from Alabama wants to keep out.

Mr. CANDLER of Mississippi. Will the gentleman yield for

a question?

Mr. FLOOD of Virginia. I will.

Mr. CANDLER of Mississippi. I notice that this bill provides for the appointment of a minister to Paraguay and a minister to Uruguay. At this time we have only one minister to both countries?

Mr. FLOOD of Virginia. That is true. Mr. CANDLER of Mississippi. What is the salary of this minister?

Mr. FLOOD of Virginia. Ten thousand dollars a year. Mr. CANDLER of Mississippi. And this provides for a minister to each country at \$10,000?

Mr. FLOOD of Virginia. It does.

Mr. CANDLER of Mississippi. Does the gentleman think

that would be a good investment down in Paraguay?

Mr. FLOOD of Virginia. I think so; the President of the United States thinks so; the Secretary of State thinks so; the Senate of the United States thought so; the Committee on Foreign Affairs thought so. The bill is here, having passed the Senate, having been reported by the Committee on Foreign Affairs.

Mr. CANDLER of Mississippi. Has this bill passed the

Mr. FLOOD of Virginia. It has passed the Senate and has been on our calendar for three or four months.

Mr. CANDLER of Mississippi. Did it pass the Senate by a pretty unanimous vote?

Mr. FLOOD of Virginia. I understand that it passed the Sen-

ate by a unanimous vote.

Mr. CANDLER of Mississippi. Do you think the trade relations existing between that country and this will justify the ex-

Mr. FLOOD of Virginia. I think the possibilities of trade between this country and Paraguay are enormous. It is a rich country that can be developed.

Mr. BURNETT. How much in the way of imports have we received from that country in the last 12 months?

Mr. FLOOD of Virginia. The amount is rather small com-

pared to what it ought to be, probably \$100,000. Mr. BURNETT. And what are our exports to that country? Mr. FLOOD of Virginia. About \$200,000.

Mr. BURNETT. And their exports to this country are prac-

Mr. FLOOD of Virginia. Oh, no. Compared with what we export to them, they export to us a very respectable quantity, probably \$100,000 worth of product.

Mr. MOORE. Will the gentleman yield for a question?

Mr. FLOOD of Virginia. I will.
Mr. MOORE. The report of the committee does not indicate whether the State Department has made any suggestion concerning these appointments. Has the committee any informa-

tion from any of the departments in regard to it?

Mr. FLOOD of Virginia. The committee has information from the Secretary of State that the State Department desires

to have this bill passed.

Mr. MOORE. The report does not indicate that the bill originated anywhere except with the committee. I wanted to know whether there was anything to support the proposition in the way of information from the department.

We did not originate the bill; it

Mr. FLOOD of Virginia. came to us from the Senate.

Mr. MOORE. It proposes to create two ministers, with a compensation of \$10,000 each?

Mr. FLOOD of Virginia. It proposes to create one additional minister at \$10,000 a year. The gentleman says that the report does not indicate that it originated anywhere but in the committee. The bill shows on its face that it passed the Senate, and I have stated that I know that the Secretary of State is anxious that it shall become a law, and I believe the President is also.

Mr. MOORE. Did the committee have any information from

the Secretary of State?
Mr. FLOOD of Virginia. It did have information from the

Secretary of State.

Mr. MOORE. I am exceedingly anxious to develop South American trade, but I would like to ask the gentleman how far two ministers at \$10,000 each would encourage United States trade with Uruguay and Paraguay?

Mr. FLOOD of Virginia. The gentieman knows that that is a problematical question. We can speculate on it. I believe it will greatly increase the trade.

Mr. MOORE. That is true of both countries; they are both

rich in soil.

Mr. FLOOD of Virginia. Yes; but I refer to Paraguay because the additional minister will go there. The industrial developments of Paraguay have been retarded by lack of people and encouragement from its richer neighbors.

Mr. MOORE. I think that condition holds throughout entire Will the gentleman kindly indicate how we South America.

are represented in Uruguay and Paraguay now?

Mr. FLOOD of Virginia. In Uruguay by a minister, who is also accredited to Paraguay, at a compensation of \$10,000 a

Mr. MOORE. And he performs both functions at the com-

pensation of \$10,000 a year?

Mr. FLOOD of Virginia. He does, but he rarely goes to Paraguay because it is 1,000 miles by the river, and the result is we practically have no representative in Paraguay.

Mr. MOORE. Then we are creating a new place at \$10,000

a year for Paraguay?

Mr. FLOOD of Virginia. Yes; that is it.

Mr. MOORE. Will the gentleman state how we have been represented in Paraguay heretofore?

Mr. FLOOD of Virginia. By this minister to Uruguay and Paraguay, who lives in Montevideo, visiting Paraguay occasionally. casionally.

Mr. MOORE. Have we a consular service in Paraguay? Mr. FLOOD of Virginia. Yes; we have one consul in Para-

And it has a population of about 700,000?

Mr. FLOOD of Virginia. Seven hundred and fifty thousand. Mr. MOORE. About twice as many as we have in the District of Columbia, and you propose to give a representative \$10,000 a year to look after the trade of a people whose population is not in excess of twice the number in the District of Columbia?

Mr. FLOOD of Virginia. I do not know that we are creating this minister to look after the trade; perhaps the consuls would do that. Sending a minister there would have a good moral effect and would make the people of that country feel more kindly to us, and probably in that way we would derive a good deal of trade from it. Germany gets the great bulk of the trade now, and England gets much more than we do.

Mr. MOORE. Does the gentleman from Virginia know what

the pay of the minister to Holland is?

Mr. FLOOD of Virginia. Twelve thousand dollars.

Mr. MOORE. And the minister to Belgium? Mr. FLOOD of Virginia. Twelve thousand dollars.

Mr. MOORE. Can the gentleman state the population of those countries?

Mr. FLOOD of Virginia. I will say that we pay no envoys extraordinary and ministers plenipotentiary who get less than extraordinary and ministers plenipotentiary who get less than \$10,000, and the compensation of the proposed minister to Paraguay is to be at \$10,000, the lowest salary paid.

Mr. STAFFORD. Will the gentleman yield?

Mr. FLOOD of Virginia. Certainly.

Mr. STAFFORD. Can the gentleman inform us what the practice of other governments is as to having a minister in

practice of other governments is as to having a minister in

Paraguay and Uruguay?
Mr. FLOOD of Virginia. I think a great many governments have ministers to Uruguay, but only a few of them have ministers to Paraguay.

Mr. STAFFORD. And the minister to Uruguay performs the

duties as to Paraguay? Mr. FLOOD of Virginia. As to representatives of other countries? No; I think not. Some have no kind of a diplomatic representative there.

Mr. STAFFORD. Is it not the custom to have a representa-

tive at Paraguay?

Mr. FLOOD of Virginia. Very few countries have a representative there

Mr. STAFFORD. A further inquiry: I assume that there is a substantive law for an American minister at Uruguay and Paraguay.

Mr. FLOOD of Virginia. For the two.

Mr. STAFFORD. As carried in the diplomatic bill?

Mr. FLOOD of Virginia. Yes.

Mr. STAFFORD. If you provide for a minister to Paraguay and also a minister to Uruguay, the question arises whether you would not have on the statute books a provision for a minister designated to both countries unless you repealed that substantive provision?

Mr. FLOOD of Virginia. I think this would repeal that.
Mr. STAFFORD. There is substantive law providing for a
minister to both Paraguay and Uruguay, and would not this
still be in existence? Would it not be better legislation to insert a repealing clause as to that former minister acting for both countries?

Mr. FLOOD of Virginia. I do not think that is necessary. Mr. STAFFORD. I submit the idea to the gentleman. Mr. GILLETT. Mr. Speaker, will the gentleman yield?

Mr. GILLETT. Mr. Speaker, Mr. FLOOD of Virginia. Yes.

Mr. GILLETT. Mr. Speaker, I would like to ask the gentle-man if this bill should pass, if he thinks that would give us any assurance that there would be enough patronage then to go around, so that incidents like the Pindell incident of dividing up an ambassadorship between two different men would not have to again occur?

Mr. FLOOD of Virginia. Mr. Chairman, the gentleman from Massachusetts need not be alarmed about the patronage ques-Massachusetts need not be alarmed about the patronage question. The Democratic administration, which is likely to stay in power for many years to come, will attend to that without the aid of the gentleman from Massachusetts. [Applause on the Democratic side.]

Mr. MANN. Mr. Chairman, I would like to call the attention of the House to the full and elucidating report which has been reader may be held by the House Committee on February.

been made upon this bill by the House Committee on Foreign Affairs. It is Report No. 38, first session of the Sixty-third Congress. That report is as follows:

The Committee on Foreign Affairs, to which was referred the bill (S. 2318) authorizing the appointment of envoys extraordinary and

ministers plenipotentiary to each Paraguay and Uruguay, having had the same under consideration, reports it back without amendment and with the recommendation that the bill do pass.

Having received that great amount of information from the House report, I sent for the Senate report upon the same bill, and I will read to the House the very elucidating and full Senate report. It is as follows:

The Committee on Foreign Relations, to which was referred the bill (S. 2318) authorizing the appointment of envoys extraordinary and ministers plenipotentiary to each Paraguay and Uruguay, having had the same under consideration, report said bill favorably.

The House report is a little fuller than the Senate report. The Senate report occupies four lines on a report page, and the House report occupies five lines, and I congratulate the distinguished gentleman in charge of the bill for the additional information furnished in his report over the information furnished in the Senate report.

Mr. PAYNE. Mr. Chairman, will the gentleman yield?

Mr. MANN. Certainly.

Mr. PAYNE. What more does the gentleman want? How could either of these committees state that there was a gentleman waiting to take this extra job? It would not look well in a report. [Laughter and applause on the Republican side.]

Mr. MANN. Mr. Chairman, I first wondered why the House committee or the Senate committee had not filed a more complete report and furnished additional information. When it is proposed to establish two ministries, appoint two officers in place of one to these two Republics, every Member of the House would naturally be prompted to inquire what commerce had they with the United States, what reasons are there for the United States being represented at each of the capitals, what business is being conducted in these countries, what relations have we with these countries? Yet when you investigate a little bit you will learn the reason why the committee did not give this information. We have no commerce with them; we have no possibility of any commerce to speak of with those

The country of Paraguay is principally noted, I believe, for the fact that owing to frequent revolutions in that country and the disasters which accompany those revolutions that they have 13 women to each man and boy, and old men and boys-13 women to each. I do not know whether the distinguished gentleman from Alabama [Mr. BURNETT], in charge of the immigration legislation of the House, desires to establish relations so that we may help out Paraguay by importing the surplus women there into the United States. There can be no other women there into the United States. There can be no other excuse. We have now one minister to those two countries. That minister is not overburdened. He has no work to perform except to kill time and draw his salary. Now, I appreciate the fact that with a new administration the desire for office is very great. We have already acted on one bill in the House reported from this distinguished committee to increase the salary of our diplomatic representative to Spain from \$10,000 to \$17,500, and perquisites. A distinguished citizen of the United States of eminent ability is waiting at the threshold of this door for the appointment as minister to Paraguay.

Mr. FLOOD of Virginia. May I interrupt the gentleman?

Mr. MANN. Certainly.

Mr. FLOOD of Virginia. Is the party to whom the gentle-man refers a constituent of the gentleman?

Mr. MANN. He is not. Mr. FLOOD of Virginia. I would like to know who he is. Mr. MANN. I would like to tell the gentleman and I would

be very glad to tell him privately.

Mr. FLOOD of Virginia. I have not heard of the gentle-man; if so, I will say to the gentleman he has been waiting a long time, because this bill has been on the calendar here for several months.

Mr. MANN. And the distinguished gentleman waiting for the place has been so impatient that even I have learned who he is. [Laughter on the Republican side.] That is not anything against him. I think if the place were to be filled that distinguished gentleman, and there may be a number of them, I do not know how many they have promised it [laughter], will fill the bill as well as anybody else. Why, Mr. Chairman, there are a great many functions and duties to be performed by these representatives of ours in foreign lands. For instance the distinguished gentleman-and he is a distinguished gentlemannow ambassador to Germany is having his difficulties there owing to his great popularity socially, and I read from a dispatch from Berlin dated November 29, two days after Thanks-

Thanks to Ambassador James W. Gerard's tact the friendly rivalry between the American colonies in Berlin and Hamburg as to which was to have the honor of entertaining him Thanksgiving Day was stilled most agreeably. most agreeably.

Think of it! We have a very distinguished ambassador to Germany, and the only duty which he has to perform is to "still" the rivalries between the American colonies in the different cities who desire the privilege of entertaining him. What a wonderful thing it is to have an opportunity to look at his face, to feed him with food, and let him drink the wine furnished by our people there. Oh, we ought to establish a new minister to Paraguay so that the one American citizen who may penetrate that country, in addition to the one now there, may have their rivalries stilled when they desire the privilege of entertaining the minister. [Applause on the Republican side. 1

Mr. Chairman, I reserve the balance of my time.

The CHAIRMAN. The gentleman has used 10 minutes. Mr. MURRAY of Oklahoma. Mr. Chairman and gentlemen, the chairman of the committee who offered this bill gives some information touching the peculiar purpose of this bill, but not all of it. So far as Uruguay is concerned, we ought to send to that country a minister. It is a country densely populated, with a great commerce, with a great Government. It is the only Government in the world where the paper money is worth more than the American gold dollar, so perfect is their system of paper money. But so far as Paraguay is concerned, a country, to compare concretely, which is more than half the size of Texas with something like 500,000 people.

Mr. MANN. Mr. Chairman, will the gentleman yield for a

question?

Mr. MURRAY of Oklahoma. I will.

Mr. MANN. I understood the gentleman to state that the Uruguay paper money was worth more than American gold.
Mr. MURRAY of Oklahoma. Yes, sir.
Mr. MANN. May I ask how that measure of value is fixed

and what it is measured in?

Mr. MURRAY of Oklahoma. It is measured in gold. [Laughter.]

Mr. MANN. I thought possibly it was worth more because

it was so bulky.

Mr. MURRAY of Oklahoma. I could give the gentleman that information, but I am not discussing the money question just now.

Mr. MANN. I thought the gentleman always discussed the money question as one which is uppermost in his mind.

Mr. MURRAY of Oklahoma. I do when it is important. think of it every day, especially when I want to pay my debts. But, Mr. Chairman, if this creation of an extra office is for the purpose of promoting commerce, then we are going at it The duty of a minister is not to look after the commercial interests of a country. The prime object of a minister is to look after the political side, the treaty-making side, the protection of citizens in foreign countries, and keeping tab upon the secret diplomacy of the prince and cabinets of the countries to which he is sent. Commerce is built up through our consuls and consular agents and mercantile agents from this country to other countries. We have these officers, and perhaps we may need more, but I can not see the necessity for sending a minister to a country like Paraguay, that has no railroad, that has, as stated by the gentleman from Illinois [Mr. MANN], 13 women to one man. As a matter of fact, they were compelled to pass a law providing that every Paraguayan woman that had two children by a foreigner should have a pension for life, in order to prevent imbecility as a result of the war spoken of by the gentleman from Virginia [Mr. FLOOD], which lasted for 20 years. I do not see the necessity from any standpoint for our appropriating extra money to create an office that can be of There is certainly no need for watching the diplomacy around the capital of Paraguay. There is no need certainly, of showing any particular good will when, as a matter of truth, they think more of us now than any other South American country does, due to the fact that there are less of Germans and English and other foreigners there, while the papers down in Uruguay are teeming with statements that the United States could not intervene in Mexico, as they stated months ago, because it would take 30,000 soldiers. That absurd statement cause it would take 30,000 soldiers. was made by foreign influence in order to break us down in But that feeling does not exist in Paraguay. The Uruguay. people of the latter country have heeded the wishes of this Government more than any other, and it occurs to me that the wisest policy is to let well enough alone, since the appointment of an additional minister would not result in the increase of commerce or increase of trade. Now, there could be only one good purpose in sending a minister to Paraguay, and that is, if we want to work off a surplus population in a country that is rich, where they grow tobacco wild, and the women make cigars which they sell at 1 cent apiece, and where wine is cheaper than water; if we want to work off a surplus popula-

tion, we could well afford the creation of this office, but, so far as the increase of commerce is concerned, there is nothing in the proposition. Therefore for one I shall vote against this bill. I happen to know a good deal about that country, because there are men, citizens of my section, who live there now. Others have gone and have returned during the present year. I understand that country thoroughly, and, knowing it, I do not bow to the wishes of any man, however great, who requests me to vote for this bill when I know that it is an expenditure of money for a mere show without any beneficial

return therefor. [Applause.]
Mr. MANN. Mr. Speaker, I yield to the gentleman from Pennsylvania [Mr. Moore] 10 minutes.
Mr. MOORE. Mr. Chairman, if our well-read and learned friend from Oklahoma [Mr. MURRAY] had made that speech two months ago, I would have suspected that it had induced a very distinguished citizen of the United States to visit that most interesting country. What he has said to-day has already whetted the appetites of some of the younger Members of Congress, who are inclined, in view of the paucity of compensation for serving the people here, to take advantage of this festive, this cheap, and happy life that he attributes to the people of

Mr. MURRAY of Oklahoma. I have no assurance "that

some one" of these men will be appointed.

Mr. MOORE. Some of them are on the other side, and have been considering the matter since the gentleman began to speak. But I thoroughly agree with the gentleman from Oklahoma [Mr. MURRAY] that there is too much of tinsel in some of our foreign diplomatic representatives and too little of the real commercial spirit to promote the industries of the United States.

What would be the effect of appointing a minister to a country like Paraguay, such as the gentleman, after all his careful reading, has described? It would be to put there one who would merely extend and be the recipient of courtesies at the hands of the people; one who would stand for show and glitter, and who perhaps would not remain in that country at all, but would find it convenient to be away on vacation most of his

A minister is not the man to promote the commerce of this country. He is a man to deal with social and diplomatic ques-He is very much in the class of the retired rear admiral. It is the consular representative who does the commercial work, and it is the consular representative who gets the least attention

when it comes to an increase of salary.

But the proposition here is this: That notwithstanding we hear much against "dollar diplomacy" just now, we find, after pretenses on that line have made their impress upon the country, that the party making them proposes, when men are beginning to ask for work in the mills, to create new places at \$10,000 a year for gentlemen to bask in with dress suits and gold tinsel and braid. If we are going to promote trade with Paraguay, let us see that we have a consular representative there whose business it will be to promote trade and improve our commercial interests. But if any gentleman in this House believes that it is necessary to appoint a \$10,000 man to do the society act down in Paraguay, where they have just twice as much population as there is in the District of Columbia, it seems to me he is breaking away a little bit from the true, oldfashioned Democracy about which we hear so much.

Now, I desire to ask the gentleman from Virginia [Mr. Flood], the chairman of this committee, for whom I have a high regard, what is the extent of our trade and commerce with Paraguay?

Mr. MURRAY of Oklahoma. Mr. Chairman, will the gentle-

man yield?

The CHAIRMAN. Does the gentleman from Pennsylvania yield to the gentleman from Oklahoma?

Mr. MOORE. I do.

Mr. MURRAY of Oklahoma. I want to call the gentleman's attention to the fact that the Democratic Party has usually said that we are in favor of "few or no diplomatic establish-

I understand that is the old theory of the Democratic Party, but now you need places in which to put \$10,000 men; and whereas the workingmen of the country, in my State and elsewhere, are beginning to ask where they will get their daily wage, you propose to create new places at \$10,000 per annum for high-grade men who never promoted trade at home, in order that they may have fine and dignified positions abroad.

Now will the gentleman from Virginia [Mr. Flood] tell us about the commerce and trade that we now have with Paraguay? Mr. FLOOD of Virginia. I would say to the gentleman from

Pennsylvania that I stated to the gentleman from Alabama [Mr. BURNETT] what our trade with Paraguay was.

Mr. MOORE. I did not so understand the gentleman.

Mr. FLOOD of Virginia. And I did not understand that the gentleman from Pennsylvania asked me that question.

Mr. MOORE. But if the gentleman from Alabama [Mr. BURNETT] asked it, I did not hear him. Since that question has arisen, however, and it is a vital question in connection with \$10,000 places, I will try to answer it. I have looked up the record and so far as I have been able to find it regarding Paraguay, and the statistics are very meager about that country, I find that in 1911, which is the latest statistical abstract can get on the subject, we exported to Paraguay just \$86,986 worth of goods for the year. Why, gentlemen, there is not a first-class business house on Pennsylvania Avenue that does not do more business than that within its own walls.

Mr. HARRISON. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman from Pennsylvania

yield to the gentleman from Mississippi?

Mr. MOORE. Certainly.

Mr. HARRISON. Is it not true, though, that the commerce between Paraguay and the United States has increased within

the last few years?
Mr. MOORE. Within the last two years?

Mr. HARRISON. Within the last few years.
Mr. MOORE. That may be. I should hope so, because the figures for two years ago are so deplorable as to make it ridiculous to propose to send a \$10,000 minister down there to perform under the pretense of creating or improving trade. I find that not only was the total of our exports to that country the paltry sum of \$86,000, but that we imported from Paraguay goods to the value of only \$34,516. Now, that sort of a business would not reflect at all upon a 5-cent lunch counter in the District of Columbia; it would not reflect at all upon any of the 10-cent stores in any of the large cities. Any one of them would probably do more business than that, yet it is proposed, in spite of Democratic simplicity, to send a \$10,000 gold-braided official down there to encourage that trade. If the Democratic Party wants to take the responsibility, let it do it. I believe that such a minister ought not to be appointed at this time.

Mr. FLOOD of Virginia. I yield five minutes to the gentleman from Mississippi [Mr. Harrison].

Mr. HARRISON. Mr. Chairman, I am surprised that my friend from Pennsylvania [Mr. Moore], who has graced the Foreign Affairs Committee and who now graces the great Committee on Ways and Means in this House, should take the position that this bill was introduced for the purpose of sending certain young men from this country into Paraguay because there were a lot of ladies there. Certainly the gentleman does not believe that. Certainly the gentleman has a higher notion of the purposes of the Democratic administration than that. The gentleman ought to go further and not present here such puerile arguments as that

Mr. MOORE. Will the gentleman yield?

Mr. HARRISON. Yes. Mr. MOORE. The subject of ladies in Paraguay was introduced altogether by the gentleman from Oklahoma [Mr. Murbay], who knows much more about the subject than I do.

Mr. HARRISON. Ah, the gentleman from Illinois [Mr. MANN] first made that argument, and the gentleman from Penn-

sylvania [Mr. Moore] was backing him up in it.

Not long ago in the city of Mobile the President of the United. States made a great speech, in which he advocated closer and more friendly relations with South American countries. He pleaded for that ideal in this country that would bring about a closer relationship with all South American countries—not with any country in particular, but with all of them. It was a won-derful speech, a speech that will go down in history as one of the greatest ever made by any President in this country. And at this time, when we are trying to build up such a relationship with these countries, I can not for the life of me understand how such men as the distinguished leader of the Republican Party [Mr. MANN] and his friend from Pennsylvania [Mr. MOORE] can use such arguments as they have in opposition to this bill. You know that it is not for the purpose of creating some job for some man who desires it. You know that the Democratic administration would have no such idea, because if they had we would have to create thousands, and, I might say, millions of jobs. I know from experience in my own district. [Laughter.]

Gentlemen, in every South American country except Paraguay we have a minister. I can not understand why you can object now to us trying to build up this closer relationship with

those countries in commercial matters and object to sending this minister to Paraguay.

Mr. MANN. Will the gentleman yield for a question?

Mr. HARRISON. Yes.

Mr. MANN. Do we not have a minister to Paraguay now? Mr. HARRISON. We have, but he is also the minister to Uruguay.

But we are not without representation there? Mr. HARRISON. In no other instance do we send a minister to two countries jointly.

Mr. MANN. That may be, but the gentleman's statement would leave the inference that we were not represented in Paraguay by a minister.

Mr. HARRISON. We are not represented by a resident minister. I understand that we have a minister to Uruguay and

Paraguay who serves both of those countries.

I appeal to the membership of this House not to vote against this bill on any party grounds or because you think some fellow is going to get a job, that one more Democrat is going to get a position. That has not entered into our consideration at all. It is because we want to accept the opportunities now offered to us by South America and build up a closer relationship with those countries that we desire this ministry created, and I ask the membership of this House to vote for this resolution.

Mr. FLOOD of Virginia. I promised to yield to the gentle-man from Texas [Mr. Slayden], but he does not seem to be

in the Hall at the present moment.

Mr. Chairman, I listened with interest to the remarks of the gentleman from Oklahoma [Mr. MURRAY] on this subject, and what he said reminded me of a book I have read on the subject of South America, written by a Mr. Boyce, who took a trip to South America and who was in Paraguay only a short time. The book is very readable, but is not entirely accurate, nor is the information of the gentleman from Oklahoma, which was evidently obtained from this book, entirely accurate. The gentleman from Oklahoma is mistaken as to the extent of the bad conditions in Paraguay, although I recognize that they are bad enough. This war the gentleman speaks of did not last 20 years. It did last five years, and it was carried on with such devotion to country by the people of Paraguay that when it ended it was estimated that three-fourths of the men had been slain in battle or had died as an incident to the war.

Mr. MURRAY of Oklahoma. Will the gentleman yield for a

question?

Mr. FLOOD of Virginia. Yes.

Mr. MURRAY of Oklahoma. It depends on what the gentle-man means by the word "war." There was a bandit warfare going on for 20 years during the reign of Lopez and Lynch. Lopez was the President, or dictator, and Lynch was his paramour from France, and they destroyed the family as a unit of state, and that condition lasted for 20 years

Now, if he means actual battles in the field he is right about it, but I insist that there was a bandit warfare going on for 20

years such as we find to-day in northern Mexico.

Mr. FLOOD of Virginia. The gentleman refers to Lopez the

Second, who was not on the throne 20 years.

Mr. MURRAY of Oklahoma. It began before he went upon the throne.

Mr. FLOOD of Virginia. No; it did not. His father was the dictator of Paraguay until he died, and they had peace with the world. Uruguay is a prosperous and rich country, but a country that has constantly been at war among themselves and with the surrounding nations for several hundred years. But in Paraguay there has been no war but this one. It was brought on by Lopez and his French paramour. It was aggressive and resulted in the destruction of the male population, and that is the reason there are so many more women than men, Now, the weakness of the gentleman's argument lies in this: This great Nation ought to extend help to the weak and not to the strong. It is a fixed policy, a wise policy, of this Government to encourage in every way the Republics of South America. Those that need the most encouragement are those that are weak, not those that are strong. · [Applause.]

The gentleman from Pennsylvania says that we want it for the patronage that is in it. The action of the present administration in applying civil-service rules to the consular and lower diplomatic officers is a sufficent answer to such an argument. The gentleman from Pennsylvania says that our commerce in 1910 was only \$68,000. I want to call his attention to the fact, as did the gentleman from Mississippi [Mr. Harrison], that in the past two years that commerce has trebled and more than trebled, but the gentleman is of that stand-pat character of politician who does not keep abreast of these progressive times and does

not know that the world is moving.

I want to tell him that in 1910 Great Britain, by reason of her kindly offices to this isolated country, had a commerce of over \$1,000,000. It is time that this country was taking advantage of the work that we are doing to uplift and help these people to get what advantage we can for our commerce.

It is true the diplomatic representative is not the business agent of a country. The consul is supposed to do that, but, as the gentleman from Mississippi [Mr. Harrison] so well said, if we send this representative there not dressed in gold braid, as the gentleman from Pennsylvania has pictured him, but send him there as a plain American citizen, it will encourage the people of that country to look to this country for their trade and exchange and will tend to establish good will, good feelings, and commerce between these countries.

Mr. MOORE. Will the gentleman yield?

Mr. FLOOD of Virginia. I do. Mr. MOORE. Speaking of the commerce of Great Britain, does Great Britain have a minister there?

Mr. FLOOD of Virginia. No; they have consuls there, and

have had them for many years.

Mr. MOORE. That is just the point. The consul is the business agent and the minister is not. It seems that Great Britain has got this trade in spite of the fact that she has not had a minister there.

Mr. FLOOD of Virginia. We want to do what we can to aid the country. We know its weakness, and we want the moral effect it will have on the people of that country for this great Nation to recognize them and return the compliment of their sending a minister here.

Mr. Chairman, I see nothing in the arguments that have been advanced against the passage of this bill.

Mr. KINDEL. Will the gentleman yield? Mr. FLOOD of Virginia. I will.

Mr. KINDEL. I would like to inquire of the gentleman what are the freight rates with reference to commercial conditions between Paraguay and this country?

Mr. FLOOD of Virginia. I suppose the merchant marine of

England has something to do with the great commerce that they have had there, and that their rates are lower than ours.

Mr. KINDEL. I want to say to the gentleman that the freight rates are about one-half of our rates, and we would not be in it at all.

Mr. FLOOD of Virginia. We hope to establish a merchant marine of our own.

Mr. KINDEL. How about the parcel post? What international arrangement have we upon that question?

Mr. FLOOD of Virginia. I will let the gentleman find that out from others.

Mr. KINDEL. I would like to know before I vote upon this matter, for as I feel now I would vote against it. Mr. MURRAY of Oklahoma rose.

The CHAIRMAN. Does the gentleman from Virginia yield to the gentleman from Oklahoma?

Mr. FLOOD of Virginia. Certainly.

Mr. MURRAY of Oklahoma. Mr. Chairman, I wanted to ask the gentleman from Virginia if he was not aware that Brazil holds the bonds for many hundreds of thousands of dollars of that little country Paraguay, which are due?

Mr. FLOOD of Virginia. I am aware of that fact.

Mr. MURRAY of Oklahoma. And that Argentine Republic stands in exactly the same relation?

Mr. FLOOD of Virginia. Yes.

Mr. MURRAY of Oklahoma. And that each of these great countries has said, "Pay me what they owe me and take the country"? I ask the gentleman if he does not think that is one of the reasons why we have not tried to busy ourselves in the policy affairs and diplomacy of Paraguay, for fear that we would bring on a difficulty and occupy the same relation to them that we have now with Mexico—have an obligation that we can not meet?

Mr. FLOOD of Virginia. Mr. Chairman, I do not, because I believe in all of South America there is not a population as

peaceable and peace loving as that in Paraguay. Mr. MURRAY of Oklahoma. If his object is to main-

Mr. FLOOD of Virginia. Oh, let me answer the gentleman's question.

Mr. MURRAY of Oklahoma. Very well.

Mr. FLOOD of Virginia. In the 300 years or more that that country has been settled by white men it has had but one war.
Mr. MURRAY of Oklahoma. That is true.
Mr. FLOOD of Virginia. And that was the war to which the

gentleman alluded, which was a war of extermination carried on by the most powerful countries of South America. exact these bonds, but they do not expect to collect them. I think that we would remove the possibility of any such obligation as that to which the gentleman refers by giving that coun-

try proper recognition.

Mr. MURRAY of Oklahoma. If the purpose of this country is to maintain as an integral republic the Republic of Paraguay

as against Argentina and Brazil, your minister is all right; but if you do that it carries with it the responsibility to back it with arms and not follow the policy that befalls us now in Mexico; and when you do it you bring on these new obligations that you can not meet.

Mr. FLOOD of Virginia. Mr. Chairman, I do not understand the gentleman's argument. He has just stated that neither the gentleman's argument. Brazil nor Argentina would have Paraguay, and in the next breath he states that if we extend this recognition to Paraguay we will have to maintain the integrity of her territory with our Army.

Mr. MURRAY of Oklahoma. The gentleman misunderstands what I said about either country. They can not agree upon the separation. I apprehend that under the A B C alliance of South America there will be a partition of this country, or that one of those large countries will pay the other for it and take it.

Mr. FLOOD of Virginia. I do not think there is any ground

for the gentleman's fears.

Mr. MURRAY of Oklahoma. Evidently the gentleman from Virginia never read anything about South America except the newspaper report, but I happened to have found other authorities upon the subject.

Mr. FLOOD of Virginia. I think I have studied the history

of South America very carefully.

To sum up the situation, I will make a brief statement, some

of which may be a repetition.

Paraguay has an area of 171,204 square miles and had a population in 1910 of 752,000. Spanish rule in Paraguay continued until 1811, when Paraguay declared its independence. ernment from 1811 to 1840, under the direction of Dr. Francia, pursued a policy of isolation, and this policy was continued by Carlos Antonio Lopaz, who was elected President in 1844. Upon his death, in 1862, his son, Francisco Solano Lopaz, succeeded to power and began a dispute with Brazil which resulted in war and the union of the Argentine, Brazilian, and Uruguayan forces against Paraguay. After a struggle of more than five years Lopaz was defeated and killed in 1870. A new constitution was proclaimed, the legislative authority was vested in a Congress of two houses, and the executive authority intrusted to a President elected for a term of four years. The war devastated the country, and in it most of the men were either killed or died of hunger and sickness.

The country has great possibilities in an agricultural way and offers an excellent field for cattle raising. It also possesses very extensive forests of valuable woods. It exports dried meats, hides, Paraguayan tea, oranges, tobacco, timber, and quebracho extracts, and imports textiles, provisions, hardware, spirits, drugs, and clothing. The imports for 1910 amounted to spirits, drugs, and clothing. The imports for 1910 amounted to \$6,247,987.42, and the exports for the same year amounted to \$4,785,623.64. The exports to the United States for 1912 amounted to \$161,661, as against \$51,917 in 1906, showing a large increase in the trade with this country. The imports into Paraguay from the United States for 1911 amounted to \$86,986. The exports of Great Britain to Paraguay for 1910 amounted to \$1,066,478.88. The Brazilian Steamship Co. is understood to be extending its service, which is already in operation between New York and Buenos Aires, about 3,000 miles up the Plata River, carrying passengers and cargo, and stopping at Asuncion, the capital of Paraguay. The bulk of the trade of Paraguay is with Germany, Argentina, Brazil, and Great Britain, in the order named.

Not only is there opportunity to increase trade with Paraguay, but already there are large American investments in that country, which will likely be added to in the near future.

The United States sent Edward A. Hopkins as special agent to Paraguay on June 10, 1845, and on April 27, 1852, it empowered John S. Pendleton, then charge d'affaires of Argentina, and Robert C. Schenck, then minister to Brazil, to negotiate a treaty of commerce. On August 5, 1856, it empowered Richard Flizpatrick to exchange the articles of ratification of the treaty concluded by Pendleton. On September 9, 1858, James B. Bow lin was made commissioner to Paraguay. He was succeeded June 8, 1860, by Cave Johnson, as commissioner to adjust certain claims of the United States and Paraguay Navigation Co. On June 8, 1861, Charles A. Washburn was made commissioner and afterwards minister resident to Paraguay.

On June 27, 1868, Martin T. McMahon was made minister resident, and he was succeeded on April 28, 1870, by John L. Stevens, who was accredited as minister resident to both Uruguay and Paraguay. He was succeeded on January 8, 1874, by John C. Caldwell as minister resident to Uruguay and Paraguay. On September 23, 1890, George Maney was appointed envoy extraordinary and minister plenipotentiary to Uruguay and Paraguay, and this Government has continued

ever since to accredit its minister to both countries, the minister

There are many reasons why the United States should accredit a separate mission to Paragnay. The United States maintained separate diplomatic representation to Paragnay practically from 1844 to 1869. Since 1912 Paraguay has maintained an envoy extraordinary and minister plenipotentiary and legation staff in the United States, which had been discontinued since 1893. Brazil, Argentina, Italy, and Peru all maintain separate missions in Paraguay. Each of the South American Republics feel a certain degree of pride in having a mission Paraguay is the only Latin-American country to which the United States does not send a separate minister.

Paraguay is a wonderland; the soil is rich; the rainfall is

normal and sure; the elevation makes a healthful and pleasant climate; and it produces nearly every variety of food products

raised in any country of South or North America.

Oranges and bananas grow in great profusion; corn is produced wherever planted; grass is fresh and green the year around; cattle are free from disease and can be produced in great numbers; the lumber supply is of the finest character and is almost unlimited in quantity.

The population is sparse, there being only about 750,000 people in a territory of 170,000 square miles—a territory larger than the States of Iowa, Indiana, and Illinois combined, but

they come of patriotic and heroic stock.

When this thinly settled country thought her rights were being invaded by Brazil, Argentina, and Uruguay, she declared war and bravely carried on that war until probably three-fourths of her men were killed. Greater patriotism and heroism has never been displayed by any nation in the world's

These people are now to a great extent ignorant. Outside aid must assist in the uplift of the people and the development of the resources of the country, and this Nation could do no better act—no act that would accomplish more for humanity and be of greater service to Latin-America-than to lend every

aid and encouragement possible to Paraguay. [Applause.]

The CHAIRMAN. If no other gentleman desires to address the committee, the Clerk will read the bill for amendment under

the five-minute rule.

The Clerk read the bill.

Mr. FLOOD of Virginia. Mr. Chairman, I move that the committee do now rise and report the bill with the recommendation that it do pass.

The CHAIRMAN. The gentleman from Virginia moves that the committee do now rise and report the bill with the recom-

mendation that it do pass. The question was taken, and the Chairman announced that

the ayes had it-Mr. MURRAY of Oklahoma. Division, Mr. Chairman.

The CHAIRMAN. Does the gentleman from Oklahoma insist on a division?

Mr. MANN. This is in Committee of the Whole House on the state of the Union.

Mr. MURRAY of Oklahoma. Then let it go.

The motion was agreed to.

Accordingly the committee rose, and Mr. Hay having assumed the chair as Speaker pro tempore, Mr. Caisp, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill S. 2318, and had directed him to report it back to the House without amendment, with the recommendation that the bill do pass.

The bill was ordered to be read a third time; was read the

third time.

The SPEAKER pro tempore. The question is on the passage of the bill. The question was taken, and the Chair announced the noes

seemed to have it. On a division (demanded by Mr. Flood of Virginia) there

were—ayes 64, noes 62.

Mr. MANN. Mr. Speaker, I ask for the yeas and nays.

Mr. MURRAY of Oklahoma. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 162, nays 155, answered "present" 3, not voting 114, as follows:

	Y	EAS-162.	
Abercrombie	Bailey	Beall, Tex.	Bryan
Adair	Baker	Booher	Bulkley
Allen	Barkley	Brockson	Byrns, Tenn.
Ansberry	Barnhart	Brodbeck	Cantor
Ashbrook	Bathrick	Bruckner	Caraway
Austin	Beakes	Brumbaugh	Carew

Carr Carter Carter
Casey
Church
Claypool
Clayton
Cline
Condy
Collier
Crisp
Deitrick
Don't Dent Dershem Dickinson Difenderfer Dixon Donohoe Donovan Dooling Doremus Doughton Eagan Fairchild Fergusson Fields Fields Finley Fitzgerald FitzHenry Flood, Va. Foster Francis Gallagher Garner Garrett, Tenn. Garrett, Tex. Glass Godwin, N. C. Goeke Goodwin, Ark, Gordon Goulden Gregg Griffin Gudger Hardwick Harrison Hart Hay Heffin Henry Hill Hobson Houston Hughes, Ga. Hull Igoe Jacoway Johnson, S. C. Kettner Kinkead, N. J. Kirkpatrick Kitchin Knowland, J. R. Konop Korbly Lafferty

Lee, Ga. Lee, Pa. Lesher Levy

Lobeck Lobeck
Logue
Lonergan
McAndrews
McKellar
Maguire, Nebr.
Mitchell
Montague
Moon Moon
Morgan, La.
Morgan, Okla.
Morgan, Okla.
Morrison
Moss, Ind.
Murray, Mass.
Neely, W. Va.
O'Hair
Oldfield
O'Leary
Padgett
Page, N. C.
Palmer
Park
Patten, N. Y. Moon Patten, N. Y. Peters, Mass. Peterson Phelan Post Pou Quin Rainey

Rogers Rothermel Rogers
Rothermel
Rouse
Sabath
Scully
Sharp
Sherwood
Slayden
Smith, Md.
Smith, N. Y.
Stedman
Stephens, Nebr.
Stephens, N. H.
Stone
Sumners
Talbott, Md.
Taylor, Ala,
Thacher
Townsend
Tribble
Tuttle
Underhill
Underhill
Underwood
Vaughan
Walsh
Watkins
Whalay Walsh Watkins Whaley Whitacre Wilson, Fla. Wilson, N. Y. Young, Tex,

Shackleford

Smith, Idaho
Smith, J. M.C.
Smith, Saml. W.
Smith, Saml. W.
Smith, Minn.
Smith, Tex.
Stafford
Steenerson
Stephens, Cal.
Stephens, Miss.
Stout
Sutherland
Switzer
Talcott, N. Y.
Tavenner
Taylor, Ark.
Taylor, Colo.
Taylor, N. Y.
Temple
Thomas
Thompson, Okla.
Thomson, Ill.
Treadway
Volstead
Wallin
Walters
Williams
Williams
Williams
Willis
Wingo
Winslow
Witherspoon

Woods

Young, N. Dak.

Sherley

Sinnott Sisson Slemp

Sloan

Riordan

# Reilly, Conn. Reilly, Wis. NAYS-155.

Raker Rauch

Anthony Aswell Avis Baltz Barton Barton Beil, Cal. Blackmon Borchers Browne, Wis. Browning Buchanan, Ill. Buchanan, Tex. Burke, S. Dak. Burke, Wis. Burnett Burnett Burnes, S. C. Byrnes, S. C. Calder Callaway Campbell Candler, Miss. Cary Cooper Copley Cox Cramton Curry Danforth Davis Decker Doolittle Dyer Eagle Elder Esch

Evans

Floyd, Ark. Fordney Frear French Gardner
Gallett
Good
Graham, Ill.
Gray
Green, Iowa
Greene, Mass.
Greene, Vt.
Griest
Hamilton, Mich.
Hammond
Haugen
Hawley
Hayes
Helgesen
Helvering
Hensley
Hinds
Hinds Gardner Hinebaugh
Hulings
Humphrey, Wash.
Johnson, Ky.
Johnson, Utah
Johnson, Wash.
Kahn
Keating
Keister
Kelley, Mich.
Kelly, Pa.
Kennedy, Iowa
Kennedy, R. I.
Kless, Pa.
Kindel Hinebaugh

Kinkaid, Nebr. Kreider La Follette Langham Lazaro Lenroot Lewis, Pa. Lindbergh Lloyd McGillicuddy McGillicuddy
McKenzie
MacDonald
Madden
Manahan
Mann
Mapes
Mondell
Moore
Mott
Murdock
Murray, Okla.
Nelson
Nolan, J. I.
Paige, Mass,
Patton, Pa.
Payne Payne Peters, Me. Plumley Powers Prouty Ragsdale Rayburn Reed Rubey Rucker Rupley Russell Scott Sells ANSWERED "PRESENT "-3. Sims

Butler Adamson

NOT VOTING-114.

Aiken Ainey Alexander Barchfeld Bartholdt Bartlett Bell, Ga. Borland Bowdle Bremner Britten Browssard Brown, N. Y. Brown, W. Va. Burgess Burke, Pa. Cantrill Carlin Chandler, N. Y. Clancy Clark, Fla. Connelly, Kans. Connolly, Iowa

Conry

Crosser Cullop

Davenport Driscoll Dunn Dupré Edmonds Edwards Estopinal Faison Faiconer Fowler Gard George Gerry Gilmore Gittins Goldfogle Gorman Graham, Pa. Graham, Pa.
Guernsey
Hamill
Hamilton, N. Y.
Hamilin
Hardy
Hayden
Helm
Holland
Howard
Howell
Hoxworth Hoxworth

Hughes, W. Va. Humphreys, Miss. Jones Kennedy, Conn. Kent Key, Ohio Langley L'Engle L'Engle
Lever
Lide
Lindquist
Linthicum
Loft
McClellan
McCoy
McDermott
McGuire, Okla.
McLaughlin
Mahan
Mahan
Mahar
Martin
Merritt
Metz
Miller
Morin
Moss, W. Va.
Neeley, Kans,
Norton
O'Brien

Oglesby O'Shaunessy Parker Pepper Platt Platt Porter Richardson Roberts, Mass. Roberts, Nev. Saunders Seldomridge Shreve Small Sparkman Stanley Stevens, Minn. Stringer Taggart Ten Eyck Towner Vare Walker Watson Weaver Webb White Woodruff

So the bill was passed.

The Clerk announced the following pairs:

For the session:

Mr. Adamson with Mr. Stevens of Minnesota.

Mr. BARTLETT with Mr. BUTLER. . Until further notice:

Mr. AIKEN with Mr. AINEY. Mr. ALEXANDER with Mr. DUNN.

Mr. Bell of Georgia with Mr. Graham of Pennsylvania.

Mr. Brown of West Virginia with Mr. Barchfeld, Mr. Burgess with Mr. Britten.

Mr. Cantrill with Mr. Falconer.
Mr. Clark of Florida with Mr. Guernsey.
Mr. Carlin with Mr. Howell.
Mr. Covington with Mr. Hughes of West Virginia.

Mr. Curley with Mr. Langley. Mr. Dale with Mr. Martin.

Mr. Dupré with Mr. Lindquist.
Mr. Edwards with Mr. McGuire of Oklahoma.
Mr. Faison with Mr. McLaughlin.
Mr. Goldfogle with Mr. Miller. Mr. HAMLIN with Mr. MORIN. Mr. HARDY with Mr. NORTON.

Mr. Hardy with Mr. Norton.
Mr. Helm with Mr. Parker.
Mr. Holland with Mr. Platt.
Mr. Howard with Mr. Poeter.
Mr. Humphreys of Mississippi with Mr. Roberts of Nevada.

Mr. Lever with Mr. Roberts of Massachusetts.

Mr. McCoy with Mr. SHREVE. Mr. McClellan with Mr. Vare. Mr. Sparkman with Mr. Towner. Mr. WEBB with Mr. WOODRUFF.

Mr. Connolly of Iowa with Mr. Moss of West Virginia.

Mr. O'BRIEN with Mr. BARTHOLDT. Mr. TEN EYCK with Mr. EDMONDS.

Mr. CLANCY with Mr. HAMILTON of New York.

Mr. METZ with Mr. MERRITT.

Mr. BUTLER. Mr. Speaker, did the gentleman from Georgia,

Mr. BARTLETT, vote?

The SPEAKER. He did not.
Mr. BUTLER. Mr. Speaker, I have a general pair with him. I voted "nay." I wish to withdraw that vote and vote "present."

The name of Mr. BUTLER was called, and he voted "Present."

Mr. EAGAN. Mr. Speaker, I wish to vote "aye."
The SPEAKER. Was the gentleman in the Hall listening

when his name should have been called?

Mr. EAGAN. I was not.

The SPEAKER. The gentleman does not bring himself within the rule and can not be recorded.

The result of the vote was announced as above recorded. On motion of Mr. Flood of Virginia, a motion to reconsider the vote by which the bill was passed was laid on the table.

VOLUNTEER FORCES OF THE UNITED STATES.

The SPEAKER. The Clerk will resume the call of committees. Mr. HAY (when the Committee on Military Affairs was ciled). Mr. Speaker, I call up House bill 7138, a bill on the called). Union Calendar.

The SPEAKER. The House automatically resolves itself into Committee of the Whole House on the state of the Union,

with the gentleman from Tennessee [Mr. Houston] in the chair.
Mr. HAY. Mr. Speaker, pending the action of the House in
going into the Committee of the Whole House on the state of the Union, I ask unanimous consent that general debate on this bill be for two hours, one hour to be controlled by the gentle-man from California [Mr. Kahn] and the other hour to be controlled by myself.

The SPEAKER. Pending the going into Committee of the Whole House on the state of the Union, the gentleman from Virginia [Mr. Hav] asks unanimous consent that general debate on this bill be limited to two hours, one hour to be controlled by himself and the other by the gentleman from California [Mr. KAHN]. Is there objection?

Mr. MURDOCK. Reserving the right to object, Mr. Speaker, I would like to ask the gentleman from California [Mr. KAHN]

if I can have some of that time.

Mr. KAHN. I have no demands for time as yet. I can give the gentleman some time, certainly.

Mr. MANN. Reserving the right to object, Mr. Speaker, I will ask the gentleman from Virginia whether, after this bill is passed, it is the intention that the House then adjourn, or proceed further with the call of committees?

Mr. HAY. I presume that the House will then adjourn, as it will be 5 o'clock at least, with two hours for general debate

and then reading the bill for amendment.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The gentleman from Tennessee [Mr. Hous-TONI will take the chair.

The House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill H. R.

7138, with Mr. Houston in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 7138, which the Clerk will report,

The Clerk read the title of the bill, as follows:

A bill (H. R. 7138) to provide for raising the volunteer forces of the United States in time of actual or threatened war.

Mr. HAY. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Virginia [Mr. HAY] asks unanimous consent that the first reading of the bill be spensed with. Is there objection?
Mr. SLAYDEN. Mr. Speaker, I object. I would like to have dispensed with.

the bill read.

The CHAIRMAN. Objection is made. The Clerk will read

The Clerk read as follows:

The Clerk read as follows:

\*\*Be it esacted, etc., That the land forces of the United States shall consist of the Regular Army, the organized land militia, and such volunces stated in the state of the Regular Army, the organized land militia, and such volunces of the Regular Army, the organized land militia, and such volunces of the Regular Army, the organized land militial, and such volunces of the Regular Army, the organized land militial, and such volunces will even is imminent, and only after Congress shall have authorized the President to raise such a force: \*Provided\*, That all calistments in the War of the War of

officers so appointed, including all such officers of the Organized Militia called into the military service of the United States, shall not exceed the ratio of 1 officer to 200 enlisted men for all militia and volunteer forces called into the military service of the United States: Provided further, That the number of volunteer staff officers appointed in any grade in the various staff corps and departments shall not exceed in any staff corps or department the proportionate strength of regular officers of the corresponding grade as established by law for the corresponding staff corps or department of the Regular Army: Provided further, That the President may appoint, by and with the advice and consent of the Senate, volunteer chapians at the rate of one for each regiment of Volunteer Infantry, Cavalry, and Field Artillery, and one for every 12 companies of Volunteer Coast Artillery raised, with rank corresponding to that established by law for chapians in the Regular Army.

sponding staff corps or department of the Regular Army; Provided further, That the President may appoint, by and with the advice and consent of Volunteer Classification, by and with the advice and consent of Volunteer Classification, and the provided of the provided further classification of the provided further classification of the provided further. That is appointing the volunteer officers authorized by this act the President may select them from the Regular Army, from those duly qualified and registered pursuant to section 23 of the act of Congress approved January 21, 1903, from the country at large, from the organized land militia of the District of Columbia, and, upon the recommon of the several States and Territories in proportion, as far as practicable to their respective populations, and as far as compatible with the interers of the military service, from the localities from which the troops with which the officers appointed upon said recommendation are to the country at large preference shall be given those who shall have had shonorable service in the Regular Army, the National Guard, or the volunteer forces, or who shall have been graduated from educational right, and the sample of the country at large preference shall be given those who shall have had shonorable service in the Regular Army, the National Guard, or the volunteer forces, or who shall have been graduated from educational right, and not to exceed four Regular Army officers shall, at the property of the property vacuates their field and staff; And provided further, That Regular Army officers appointed as officers of Volunteers under this act shall not thereby vacuate their field and staff; And provided further, That Regular Army officers appointed under the result of the Regular Army, through appointments of the Regular Army, through appointments and the property vacuates in the field and staff; And provided fur

ized land militia organizations in the service of the United States from said State or Territory.

Sec. 11. That in the organization of a recruiting system, after Congress shall have authorized the raising of volunteer forces, the President is authorized to employ retired officers, noncommissioned officers, and privates of the Regular Army, either with their rank on the retired list or, in the case of enlisted men, with increased noncommissioned rank; or he may, by and with the advice and consent of the Senate, appoint and employ retired officers below the grade of colonel, with increased volunteer commissioned rank not to exceed one grade above that held by them upon the retired list, or retired enlisted men

with volunteer commissioned rank not above the grade of first Heutenant: Provided, That retired officers and enlisted men while thus employed shall not be eligible for transfer to the field units, but shall receive the full pay and allowances of the respective grades in which they are serving, whether volunteer or regular, in lieu of their retired pay and allowances: Provided jurther, That upon the termination of the duty or, in case of those given volunteer rank, upon muster out as volunteers the officers and men shall revert to their retired status.

SEC. 12. That, except as otherwise specifically prescribed by law, all officers provided for in this act shall be subject to such assignments of duty and such transfers as the President may direct: Provided, That medical officers of Volunteers when detailed as consulting surgeons shall not exercise command over the hospitals to which they may be assigned for duty, except that by virtue of their commissions they may command all enlisted men: Provided further, That medical inspectors shall be detailed for duty with each army, army corps, and division, and for the base and lines of communications, and that no officer shall be detailed for duty as a medical inspector except he be experienced in military sanitation.

SEC. 13. That all officers and enlisted men of the volunteer forces shall be in all respects on the same footing as to pay, allowances, and pensions as officers and enlisted men of corresponding grades in the Regular Army.

SEC. 14. That the commander of a division or higher military unit is authorized to appoint, from time to time, military boards of not less than three nor more than five officers of the volunteer forces to examine into the capacity, qualifications, conduct, and efficiency of any commissioned officer of said forces within his command: Provided, That each member of any such board is adverse to the continuance of any officer, and if the report be approved by the President, such officer shall be discharged from service in the volunteer forc

With the following committee amendments:

With the following committee amendments:

Page 3, line 15, strike out the capitals in the words "Organized Militia," and write the words "organized militia," and after the word "respect," line 16, insert the words "to promotion or."

Page 7, line 20, insert a comma after the word "rank," and strike out the word "from "and insert the word "of."

Page 8, line 10, strike out the word "does" and insert the word "shall."

Page 8, line 11, after the word "occur," insert the word "beyond," and insert a comma after the word "thereof."

Page 9, line 10, after the word "war," insert the words "or while war is imminent."

Page 9, line 11, after the word "forces," insert the words "in the military service of the United States."

Page 10, line 23, after the word "exceed," insert the words "in the case of any officer."

Page 10, line 23, strike out the word "them" and insert the word "him."

Page 11, line 8, strike out the word "the" after the word "volunteers," and insert, before the word "officers," the words "said retired," and insert, before the word "men," the word "enlisted"

Page 11, line 19, before the word "army," insert the words "field army or."

Page 12, strike out section 14 and add as a new section the following:

Page 12, strike out section 14 and add as a new section the fol-

lowing:
"Sec. 14. That all laws and parts of laws in conflict with the provisions of this act be, and the same are hereby, repealed."

Mr. HAY. Mr. Chairman, this is a bill for the purpose of raising volunteer forces in time of war or when war is threat-It will not cost a cent in the event there is no war, but nobody can say what it will cost if there should be a war.

The necessity for a law of this kind has been recognized ever since the Spanish War, and from time to time efforts have been made to pass a law of this character. A bill of this character was introduced in the Fifty-ninth Congress, also one in the Sixtieth Congress, and one in the Sixty-first Congress, and one in the Sixty-second Congress which was reported from the Senate Committee on Military Affairs but did not pass the Senate.

The advantages of the proposed law are that it makes certain and puts into operation a scheme by which, in the event of war, volunteer troops may be called out without confusion. Those of us who were here when the Spanish War began remember that the volunteer law at that time was adopted only three days before the war began and was very imperfect and unsuitable to the occasion, and that amendment after amendment was necessary to be made while the war was going on.

This bill has been very carefully studied by the War Department, by the War College, and by the Committee on Military Affairs, and is so drawn as to meet all the emergencies and contingencies that may occur in the event of war.

This law, as I have said, will not cost a cent, and it has these advantages, which have been pointed out by the War College:

(1) It will enable plans to be formulated and put in workable shape, so that Volunteers can be speedily organized at the outbreak of war.

(2) It should prevent the payment of bounties.

(3) It will do away with short-term service with all its evils.

(4) By procuring the necessary number of men at the beginning of a war for a long period drafting should not be necessary.

(5) The law should contribute toward the saving of men and money during a war and a decrease in the pension list thereafter.

(6) No appropriation of money is involved in the proposed law.

Some features of this bill are a little different from those of any other Volunteer bill which has ever been passed. For one thing the period of enlistment is for the war.

Gentlemen will remember that during the Spanish War the period of enlistment was for two years. The result of it was that during the Philippine insurrection a great many regiments were depleted. Some men came home, although there were those who stayed beyond their term of enlistment to perform a patriotic duty.

But it has been the history of every war, from the Revolutionary War down to the present time, that short enlistments were most detrimental to the Army and to the cause for which the Army was fighting. In the Revolutionary War the continental troops of the line did not become effective and veteran soldiers until Congress enlisted them for the war. The same was true during the Mexican War. The same was true during the Civil War. They had to come at last to enlisting men for the war. So in the light of the experience of the past this bill provides that the enlistment shall be for the war.

There are other features in the bill which I shall be very glad to explain if anybody desires to ask me any questions on

the subject.

Mr. MURDOCK. Will the gentleman answer a question?

Mr. HAY. I will if I can.

Mr. MURDOCK. It is a very simple question, and yet I want to be certain about it. This bill does not interfere, either by inference or otherwise, with the State militia?

Mr. HAY. Not at all. It has nothing to do with the State militia. The State militia will continue as an organization.

Mr. MURDOCK. In the event of war would not the present officers of the State militia be rather cut out and eliminated in view of this new volunteer force?

Mr. HAY. As the law now stands and under the Constitution, if there was a war, the only way that the Organized Militia could get into it would be by volunteering.

Mr. MURDOCK. I understand that.
Mr. HAY. And therefore they would have to come under the provisions of this bill.

Mr. MURDOCK. But ordinarily, as in the case of the Spanish War, do not the officers of the State militia pass into the

service of the United States?

Mr. HAY. They do not unless they volunteer.

Mr. MURDOCK. Did not that happen in a great many cases in the Spanish War?

Mr. HAY. It happened under the provisions of the bill of April 22, 1898, in which there was a provision that where units came in, for instance, a company or a battalion or a larger unit, then they came into the service of the United States, and the United States accepted all of them as they came in with the rank that they had.

Mr. MURDOCK. Is a repetition of that precluded by this

Mr. HAY. It is not, for the reason that it was found by the experience of that war that it was not a good thing to do; that a great many of the officers who came in in that way were not as efficient as they ought to have been; and that it did not work well; and, besides, a volunteer army is a Federal force and not a State force.

Mr. MURDOCK. I understand that.

Mr. HAY. It is absolutely a Federal force, and therefore should be officered by the President of the United States.

Mr. MURDOCK. Under this bill, in case of war, the gift of

colonelships and majorships, and so forth, will be in the Presi-

dent and not in the governors of the States?

Mr. HAY. That is true, except that there is a provision in this bill which recommends to the President that he select these officers from officers of the National Guard or Organized Militia and from military schools.

Mr. MURDOCK. I noticed that paragraph in the bill as the Clerk read it. How binding is the expression in the bill that preference shall be given to them?

Mr. HAY. The gentleman can answer that as well as I can. I presume that the President, whoever he might be, when a war occurred would feel himself bound not only by the language of

the bill but by the exigencies of the situation-Mr. MURDOCK. I suppose the latter more than the former.
Mr. HAY (continuing). That he would feel bound to appoint men who had been in the National Guard and who had received instruction at our school at Fort Leavenworth and the service schools throughout the country generally.

Mr. BURKE of Wisconsin. I should like to ask the gentle-

man a question.

Mr. HAY. I yield to the gentleman.

Mr. BURKE of Wisconsin. If the bill now pending before the committee becomes a law, can the gentleman tell me if it is within the purpose of his committee to sidetrack or smother the so-called Federal pay bill?

Mr. HAY. Does the gentleman mean the bill for the pay of the Organized Militia?

Mr. BURKE of Wisconsin. Yes.

Mr. HAY. I will state to the gentleman that this bill has nothing whatever to do with the Organized Militia, nor does the committee intend to smother any bill. But the gentleman will observe that this bill will only go into effect in time of war. The militia-pay bill proposes to begin now, in time of peace, to pay the members of the Organized Militia a certain per cent of what is paid to the Regular Army.

Mr. BURKE of Wisconsin. One question more. The gentle-

man does not consider that this bill in any way conflicts with

the so-called militia-pay bill?

Mr. HAY. It does not in any way.

Mr. GOULDEN. Will the gentleman yield for a question? Mr. HAY. I will yield to the gentleman from New York.

Mr. GOULDEN. On page 2, line 20, there is this provision:

Provided further, That all enlisted men received into the service in the volunteer forces shall, as far as practicable, be taken from the several States and Territories and the District of Columbia in proportion to the respective populations thereof.

I want to ask the gentleman, suppose one or more of the States fail to give the quota which is required of them in order to comply with this condition, would a draft be instituted by the Government?

Mr. HAY. A draft could not be instituted under this bill. There is no provision by which any draft could be put into

Mr. GOULDEN. How would you make up the deficiency? Mr. HAY. That would be for Congress then in session to determine. This bill is a purely volunteer bill, and no man

could be drafted under any provision in it.

Mr. GOULDEN. As an illustration, one-half of the States might fail to fill their quotas, and something would have to be

Mr. HAY. Something would have to be done by the Congress then in session.

Mr. GOULDEN. There is no provision in the bill for it Now, another question: Is there any proposition in your bill which provides for properly officering the various regiments and companies of the volunteer forces except that you say preference should be given to those in the National Guard?

Mr. HAY. No. There is a provision in the bill which says, on

page 6, line 22:

Provided, That in appointments from the country at large preference shall be given those who shall have had honorable service in the Regular Army, National Guard, or the volunteer forces, or who shall have been graduated from educational institutions in which military instruction is compulsory.

Mr. GOULDEN. That answers my question. I think it is a very wise provision and the bill, as I understand it now, an excellent one.

Now, Mr. Chairman, unless somebody else desires Mr. HAY.

to ask a question, I reserve the balance of my time.

Mr. KAHN. Mr. Chairman, I have no requests for time on this side except from the gentleman from Illinois [Mr. Mann] and the gentleman from Pennsylvania [Mr. HULINGS]. now yield five minutes to the gentleman from Illinois [Mr. MANN].

Mr. MANN. Mr. Chairman, with reference to a bill of this kind I am quite willing to follow the advice of the distinguished gentleman from Virginia [Mr. HAY] and the distinguished gentleman from California [Mr. KAHN] and the rest of the Committee on Military Affairs who, I suppose, have been properly aided by the military authorities of the Government.

It seems to me that perhaps this bill comes in at a rather apt time. I have refrained during the year from any discussion of the Mexican situation, and I do not intend to discuss it now. Of course, the gentleman from Virginia [Mr. Hay], the administration, and all other gentlemen connected with the bill will deny vigorously that this bill is presented now because it is

preparing for a war with Mexico.

I remember very well when the first proposition was presented to this House in reference to the War with Spain. The gentle-men from Illinois, my colleague, Mr. Cannon, chairman of the Committee on Appropriations, arose one day in the House and presented a bill to appropriate \$50,000,000 and place it in the hands of the President of the United States. I was one of the new Members of the House. I received one minute of time. I took that one minute of time to say that at least there was one man in the House who was not attempting to deceive himself, while all the others had said that this was not in expectation of war, but to prevent war, I knew that it was because we were expecting war.

I fear that the same situation arises now. I should greatly regret a war with Mexico. I have no complaint to make of the attitude which the President has taken in his dealings with Mexico, although I confess that I can see no end to the road which he is now pursuing. He said yesterday to us that the Huerta government in Mexico would fall soon. Very likely; I think that any government in Mexico which does not receive the moral support of our Government will not last a great length of time, and I doubt whether any government in Mexico constituted by the so-called constitutionalists, or the other revolutionists, will last with or without the support of our Govern-

I do not see any escape from chaos and anarchy in Mexico under the plan which we are now pursuing. Of course, if that runs on very long it means war; so that I think the gentleman from Virginia [Mr. Hay] is justified in introducing this bill on the first day of the session-if that is when it was introducedcalling his committee together at least on the second day of the session, ordering it reported on the second day of the session and calling the bill up for consideration on the third day of That haste, it seems to me, is justified by theory of the administration. Of course I am aware that this bill is not an orginal measure in this Congress-that a bill like it has been introduced heretofore-and I will ask the gentleman from Virginia if I am not correct in supposing that a bill like this has been floating around in Congress for a number of years?

Mr. HAY. I just stated that ever since the Fifty-ninth Congress a bill of this character had been before Congress.

Mr. MANN. That only emphasizes what I am saying. we have a bill like this which has been floating around Congress since the Fifty-ninth Congress, which was not considered in the last Congress, although that House was Democratic, as is this House; yet in this session is reported on the second day of the session and called up for passage on the third day, following the message from the President of the United States on yesterday.

Mr. Chairman, I hope that we will avoid trouble with Mexico, but I do not believe we will if we follow the lines we are now

pursuing.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. KAHN. Mr. Chairman, I yield 10 minutes to the gentle-

man from Pennsylvania [Mr. HULINGS].

Mr. HULINGS. Mr. Chairman, this bill, as I understand it, is designed to provide a volunteer force in case of the imminence of war or on the declaration of war. It will, if put into effect, provide a body of raw troops that will be of little or no account for six or nine months after they are enrolled.

Under the Constitution of the United States, when the President makes a call for troops, of which he is the Commander in Chief after they get into the service, the governor of each State is empowered to appoint the officers. That is a constitutional provision that would be hard to get around except by amending the Constitution. That fact, throughout all these years, has created a jealousy between regular officers and officers of the militia or of the National Guard.

By act of Congress, after war was declared in 1898, it was provided that the National Guard organizations could be enlisted in a body, providing that the officers, below the rank of general officers, should be the officers of the troops enlisted, but in every case it still required the man individually to enlist, and when they were mustered in the officers who had been their former National Guard officers were commissioned. That state of affairs created considerable friction. It was only natural that a man who had given up his whole life to the profession of arms, and who had achieved the rank of captain or of first lieutenant, should feel somewhat rankled when he went into the service to find himself in company with a lot of youngsters, volunteer officers, superior in rank who obviously were deficient in military knowledge.

The Dick Act attempted in a way to provide for the service of the Organized Militia in case of war, but the Attorney General has decided that under the present law and the Constitution National Guard troops who consider themselves in the first line of defense can not be sent out of the country. They could be used within the country, but they could not be sent

abroad.

A bill has been before Congress for years which asked for payment of the National Guard troops during attendance at drill. Everyone appeared to be in favor of that, but when the War Department got hold of it it put into the bill amendments which practically gave the Secretary of War the veto power over the constitutional right of the governors of the different

States to appoint the officers. This would seem to be entirely reasonable were it not for the constitutional inhibition, for without doubt there are many officers in the National Guard who are not proficient, who are not as good as the average trained Army officer. Nor should they be expected to be, for they have spent all their lives in civil life, and the knowledge

of arms and military science is merely incidental,

We have now this bill, and it simply sidesteps that situation. It takes away from the governor the right to appoint the officers. It puts into the power of the President the appointment of the officers, and although he may appoint from where he chooses, as I understand it, the whole bill simply means to put into the hands of the President the officering of the troops who may volunteer in case of war. It is true he may appoint but four regulars to any regiment, but in case of war there would not be enough regulars to officer a large army, and the President would appoint the others from whence he liked, and with the Presidential appointments in the Spanish War in recollection, I am thoroughly of opinion that governors of States would be quite as qualified to make good appointments as a President. If the House is ready to take the appointments from the governors, here is their opportunity. For my part I do not see that this bill in any particular is an advantage over the present law and the present situation. This bill does not propose to organize troops until war is declared-

Mr. HAY. Or imminent.

Mr. HULINGS. And then they are to be enrolled and mus-red. The same thing can be done now with the National Guard that is already organized. Those same men could be enlisted and sent to a foreign war, and the only difference would be that the governors would appoint the officers. Under the law as it is at present any volunteer force can be enlisted under the call of the President, but the governors of the States would appoint the officers.

Mr. HAYDEN. Will the gentleman yield?

Mr. HAYDEN. Whi the gentleman to say it was a Mr. HAYDEN. I understood the gentleman to say it was a provision of the Constitution of the United States that the governors of States should name the officers of volunteers.

Mr. HULINGS. The officers of the militia.

Mr. HAYDEN. There was some confusion, it seems to me, between volunteers and militia. There is no doubt about the right of governors of States to name the officers of the militia.

Mr. HULINGS. If I am to understand a volunteer is only militiaman who does volunteer, then there would be no difference.

Mr. HAYDEN. That is the point I desired to bring out.
Mr. HULINGS. But with a bill of this kind, where a distinction is made between Organized Militia, between the militia and the Organized Militia, and between both of them and a volunteer force such as is provided for in this bill, then there would be a distinction-

Mr. HAYDEN. The gentleman does not insist-

Mr. HULINGS (continuing). But until this bill is passed there is no such distinction, and the governor does have the right to appoint officers. The bill when passed, as I understand it, only changes the situation by giving the appointment of officers to the President of the United States instead of-

Mr. HAY. I would like to say to my friend that he misunder-stands the purposes of the bill. The bill provides that these officers shall be named by the President, and the recommendation is put in there as to which people he should prefer in naming them; but in the present law, the law of 1898—the law under which we are now living—there is no provision in that law where governors of States can name officers of volunteer organizations. The only proment of the National Guard-The only provision of that bill is when a regi-

Mr. HULINGS. Enlist in a body.

Mr. HAY. Volunteers in a body; then the governor can name the officers. Here they could come in and be named by the President, not the governors.

Mr. HULINGS. I was not speaking of the act of 1898-

Mr. HAY. What other act is it? Mr. HULINGS. But of the Constitution itself.

Mr. HAY. The Constitution never provided, and there is no clause in it which provides, for the naming of officers of the volunteer force, a Federal force, by the governors of States. If the gentleman can show me, I would like to see it.

Mr. HULINGS. The only reference, as I understand it, in

the Constitution is to the militia.

Mr. HAY. Of course not. Mr. HULINGS. It is all militia or Regular Army.

Mr. HAY. Of course not. This bill is under the provisions of the Constitution which authorizes the Congress to raise armies. Mr. KAHN. Will the gentleman yield?

Mr. HULINGS. Certainly.

Mr. KAHN. It has been the experience in the five great wars that this country has had that only 71 per cent of the men who went into the wars were Regular Army men. Twenty-two and a fraction per cent were Organized Militia men and 69.7 were volunteers, volunteers of the character that are provided for in this bill, so that more than two to one of the men who have fought our battles have come into the service at the outbreak of the war, and have gone, not into the Regular Army, not into the Organized Militia, but into the volunteer forces of the United States. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAY. Does the gentleman desire more time? Mr. HULINGS. Yes.

Mr. HAY. How much? Mr. HULINGS. Five minutes.

Mr. HAY. I yield the gentleman that much time.

Mr. TRIBBLE. Mr. Chairman, I am opposed to this bill, unless it is amended. The Army is seeking and receiving too

much power from legislation in this House. here I propose to resist these encroachments on the rights of the private citizen. I would like to ask the gentleman if it is not a fact that these military organizations in the past in this country have been raised by young men usually who aspire to military honor, and if it is not the purpose of this bill to exclude the private citizen from sharing military honors?

Of course, in entering the service they are inspired by a feeling of patriotism; but, after all, they wish to rise to military honor and afterwards to rise to honor in the community in which they live by reason of the fact that they have served with so much distinction in the Army. Is not that usually the case of the leaders who raise these companies in the various

communities?

Mr. HULINGS. Very likely, sir.

Mr. TRIBBLE. That is usually the case. This bill provides for the appointment by the President of all officers for the volunteer forces and requires that preference in their selection be given to those who have had military training and instruction in the Regular Army, National Guard, or military schools.

Now, is it not a fact that, if this bill is passed, the young men who raise the companies in volunteer service—get up the companies, work them up, and volunteer, expecting the governor to issue them a commission-will be absolutely excluded from any military honor by being officers of the companies

which they raise? Mr. HULINGS. I do no think they would be excluded. I think many of them would be selected. The President of the United States in making these appointments would naturally choose the appointees from those who would be best qualified.

Mr. TRIBBLE. The bill says that he shall give preference to these men who have been given military service and trained in the schools. That is what the bill says.

Mr. HULINGS. The bill says "from the Regular Army,"

and that, I think, is the purpose of the bill.

Mr. TRIBBLE. Yes, sir; to turn the whole thing over to the Regular Army.

Mr. HULINGS. That is it; exactly.

Mr. TRIBBLE. Have the Regulars or the Volunteer soldiery

fought the battles of this country in the past?

Mr. HULINGS. Well, in a country where we do not have much of a Regular Army, if we ever do have a war, of course, it must be the volunteers, as it always has been, who will do the fighting.

Mr. TRIBBLE. Yes; the volunteer soldiers should share the honor and glory of the service as well as bear the burden at I have a letter on my desk in my office from a the front. distinguished young man in Texas, written in the last 70 days, asking me to notify him of the fact as quickly as I can if we have war with Mexico. He is a private citizen. He says, "I desire to raise a company. I desire to go to the front. I want to be captain of that company." Is that not the spirit and the feeling that inspires almost all young men who go to the front? Is it not a feeling and a hope that they will be promoted or that they will be advanced in the future, and is it not a fact that they have received distinction in the past by honorable, patriotic service, and is it not a fact that they raise these companies with that hope, desire, and expectation?

Mr. HULINGS. That may very likely be true, but I notice these companies are raised when there is not any prospect of In all of the great States there is a National Guard, whose proficiency is the continuing wonder of the inspecting officers

of the Regular Army.

Mr. TEMPLE. Will the gentleman yield?

Mr. HULINGS. Yes.

Mr. TEMPLE. I would like to call attention to the provision on page 7, lines 6 and 7, as follows:

And not to exceed four Regular Army officers shall, at the same time, hold commissions in any one regiment of Volunteer Cavalry—

Now, that is not turning the whole regiment over to the

Regular Army.

Mr. HULINGS. Which simply means, Mr. Chairman, that the colonel and the three battalion commanders in all these organizations will hold these field offices. The others may and probably will be political appointees.

Mr. McKENZIE. I would like to ask the gentleman a ques-

The CHAIRMAN. Will the gentleman from Pennsylvania [Mr. HULINGS] yield to the gentleman from Illinois [Mr. Mc-

Mr. HULINGS. I will.
Mr. McKENZIE. You have had an experience in Army life?
Mr. HULINGS. Very little.
Mr. McKENZIE. I want to ask you if in your judgment, after having had that experience, it would not be the part of wisdom to have at least one regular officer in every regiment

of volunteer soldiers?

Mr. HULINGS. Well, I do not know but that the gentleman is right. It is just the most natural thing in the world that men who devote their whole lives to the profession of arms will be more competent at any time than the ordinary average man who would enlist. That is his trade. And yet at the beginning of the Spanish War, if there was ever any such hopscotch, loose-ended work that was ever done in any military expedition in the whole world, it was in that expedition that went to Santiago from Key West.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. HULINGS] has again expired.

Mr. HULINGS. I would like enough time to say this—

Mr. KAHN. Mr. Chairman, I yield two minutes to the gentle-

man from Pennsylvania. The CHAIRMAN. The gentleman from Pennsylvania is rec-

ognized for two minutes more.

Mr. HULINGS. I want to say this, that I have a realizing sense of the work that is being done by the officer of the Regular Army. He has made enormous progress since 1898. I do not believe there is a body of trained soldiers in the world equal to the Regular Army officers of to-day, but there is not enough of them to officer even a small army, and the deficiency would be

made up of political appointees.

If a force led and officered by such men as the trained officer of the Regular Army were the issue here, I would say pass the bill. You can get the same kind of men in the ranks without passing this bill—men who have already had long training in the National Guard, already officered by men of high military spirit. You can weed out the incompetent officers, but if you pass this bill, I think you will find difficulty in enlisting men who have no voice in choosing their officers.

Mr. GOULDEN. Mr. Chairman, I would like to ask the gen-

tleman from Pennsylvania just one question.
The CHAIRMAN. Does the gentleman yield?

Mr. HULINGS. Certainly.
Mr. GOULDEN. As an old and experienced national guardsman who knows what he is talking about, and is therefore familiar with the formation of regiments, battalions, and companies, does not the gentleman think that it is a wise provision to have these Regular Army officers take charge of a regiment or of the three battalions until those Volunteers are whipped into line and properly disciplined?

Mr. HULINGS. That depends altogether on whom you pick out. I think you can pick out volunteer officers who are just as good battalion officers as any you could get from the Regular Army; but what is far more to the point, I think the average militia officer is far superior to the average man who would

be appointed under this bill.

Mr. GOULDEN. The experience of the Civil and the Span-

ish-American Wars does not carry out my friend's contention.

Mr. KAHN. Mr. Chairman, I now yield 10 minutes to the gentleman from Pennsylvania [Mr. TEMPLE].

The CHAIRMAN. The gentleman from Pennsylvania [Mr.

TEMPLE] is recognized for 10 minutes.

Mr. TEMPLE. Mr. Chairman, this bill divides the land forces of the United States into three classes—the Regular Army, the Organized Land Militia, and such volunteer forces as Congress may provide.

This bill has to do with the third of these classes; not with the Regular Army, not with the Organized Militia or National | he saw after he was appointed.

Guard, but with the volunteer forces which are to be raised by enlistment from the unorganized militia. It further provides that the raising of the volunteer forces shall not take place until after the Organized Land Militia, known as the National Guard, has been called into the military service of

the United States.

The bill does not provide for the transfer of any Regular Army officers to State troops-that is, to the National Guardbut provides that each of these volunteer regiments yet to be organized may have not to exceed four Regular Army officers. Now that will not interfere with any young man who wishes to raise a company and perhaps to get a commission as captain of that company, provided he has had any military experience either in the Regular Army or the National Guard or is on the list of eligibles which the existing law provides shall be made

or has had training in a military school.

Mr. TRIBBLE. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Pennsylvania

yield to the gentleman from Georgia?

Mr. TEMPLE. Yes. Mr. TRIBBLE. But he must have had that training. he has not had that training, he can not get in under this bill. Mr. TEMPLE. He must be competent, and I think that is a

very wise provision. Mr. KAHN. Mr. Chairman, will the gentleman yield? Mr TEMPLE. Certainly.

Mr. KAHN. Does the gentleman think that the young man who desires to be an officer of a company, who "seeks the bubble reputation at the cannon's mouth," but has had no training whatever, should be given charge of a company or a regiment of men? Is it not a fact that most of the deaths that have occurred in our wars have been due to the fact that untried officers have been appointed over men and have not been able to take care of the men? And is it not much better for the service that men who have had some military training should be appointed to those positions?

Mr. TEMPLE. I should think that is undoubtedly the right

policy.

Mr. MURDOCK. Mr. Chairman, will the gentleman yield to

The CHAIRMAN. Does the gentleman from Pennsylvania

yield to the gentleman from Kansas?

Mr. TEMPLE. Very willingly.
Mr. MURDOCK. Does the gentleman intend to say in what he has said here to us that a young man in a community who gets up a troop or company and gets into the State militia can, under the provisions of this bill, become a volunteer colonel?

Mr. TEMPLE. Certainly; the thing is possible. But it de-

pends on the man and on circumstances.

Mr. MURDOCK. I understood from the statement of the gentleman from Virginia [Mr. Hay], the chairman, that these officers would be appointed by the President from the Regular Army officers of the United States.

Mr. TEMPLE. Not to exceed four from the Regular

Mr. GOULDEN. In any one regiment.
Mr. TEMPLE. Yes. Some appointments may be made from the Regular Army, but there can not be more than four of them to any one regiment of volunteers. The other officers of the regiment, more than 50 of them, must be men who have had experience in the National Guard, or training in a military school, or must have had their names enrolled, according to the law already existing, on the eligible list. So long as those men last, they are to have the preference, and then the President, if he needs to do so, may appoint men who have not had military training.

Mr. TRIBBLE. Mr. Chairman, will the gentleman yield? Mr. TEMPLE. Yes. Mr. TRIBBLE. If this bill had been on the statute books when Col. Roosevelt got up his regiment or when Mr. Bryan was appointed as a colonel, could either one of them have received a commission as colonel in the Spanish-American War?

Mr. TEMPLE. I think Mr. Roosevelt had had experience in the National Guard of New York.

Mr. TRIBBLE. When?
Mr. TEMPLE. Previous to that time.
Mr. PLATT. He did not receive his commission as colonel. Mr. TRIBBLE. And what experience had Mr. Secretary Bryan for military service?

Mr. TEMPLE. I do not know whether he had any experience. Mr. TRIBBLE. He would have been excluded under this

Mr. TEMPLE. I think very likely he would, and he would have seen just about as much service if he had been excluded as

Mr. TRIBBLE. He would have seen service in the Spanish-American War if he had been given the opportunity.

Mr. LOBECK. Does the gentleman think that John A. Logan had had any military experience before the Civil War?

Mr. TEMPLE. I do not know.

Mr. LOBECK. He had not, and there was no better leader than Black Jack John A. Logan, of Illinois.

Mr. TEMPLE. I have no objection to men without experi-

ence having an opportunity to get experience.

Mr. LOBECK. And you would not have finished the Civil War so soon if it had not been for the men without military experience, but with unlimited patriotism and commanding ability as leaders, whose efforts induced the boys to enlist.

Mr. TEMPLE. I will ask the gentleman if he is in favor of abolishing West Point because there are occasional men like

John A. Logan? Mr. LOBECK. There is no intention to abolish West Point.

Mr. TRIBBLE. Nobody wants to abolish West Point. Mr. LOBECK. You are anxious to get your boys in there.

Mr. TEMPLE. I see I should have made my point a little

Now, I should like to ask the chairman of the committee, Mr. Hay, whether I misunderstood his statement a little while ago in which, as I understood him, he said that the present National Guard can not get into the service of the United States

without volunteering?

Mr. HAY. I said so; in time of war, yes; except, of course, under the provisions of the Constitution which authorized the President to call them out to enforce the laws of the United States, to suppress insurrection, and to repel invasion; but the present National Guard can not go into the service of the United States for the purposes of war, to be sent out of the country, unless they volunteer.

Mr. TEMPLE. To be sent out of the country?

Mr. HAY. Yes.

Mr. TEMPLE. I do not know whether the law of May 27, 1908, has been repealed.

Mr. HAY. It has not.

Mr. TEMPLE. The law of May 27, 1908, section 3, amending section 4 of the law of 1903, provides:

That whenever the United States is invaded or in danger of invasion from any foreign nation, or of rebellion against the authority of the United States, or the President is unable with the regular forces at his command to execute the laws of the Union, it shall be lawful for the President to call forth such militia of the State or of the States or Territories or of the District of Columbia as he may deem necessary to repel such invasion, suppress such rebellion, or to enable him to execute such laws and to issue his orders for that purpose through the governor.

Section 4 of the law of May 27, 1908, amending section 5 of the law of 1903, provides:

That whenever the President calls forth the Organized Militia of any State, Territory, or the District of Columbia to be employed in the service of the United States he may specify in his call the period for which such service is required, and the militia so called shall continue to serve during the period so specified, either within or without the territory of the United States, unless sooner relieved by order of the President.

The same law, amending section 7 of the law of 1903, pro-

That every officer and enlisted man of the militia who shall be called forth in the manner hereinbefore prescribed shall be mustered for service without further enlistment, and without further medical examination previous to such muster except for those States and Territories which have not adopted the standard of medical examination prescribed for the Regular Army: Provided, That any officer or enlisted man of the militia who shall refuse or neglect to present himself for such muster, upon being called forth as hereinbefore prescribed, shall be subject to trial by court-martial and shall be punished as such court-martial may direct ject to trial may direct.

Mr. HAY. Mr. HAY. The gentleman is referring to the Dick law? Mr. TEMPLE. The Dick law as amended by the law of May 27, 1908.

Mr. HAY. I understand that is the law, but so far as it provides for the service of the National Guard outside the limits of the United States that law is unconstitutional, and the late Attorney General gave an opinion that it was unconstitutional.

Mr. TEMPLE. There has never been any court decision on

that point, has there?

Mr. HAY. There has never been any court decision, because there has never been any occasion for it; but anybody who reads the Constitution is bound to come to the conclusion that you can not send the Organized Militia of the country without the limits of the United States.

Mr. TEMPLE. Now, I should like to call attention to the fact that this bill is not to be put into operation at the pres-

ent time.

Mr. HAY. You mean the bill now under consideration? Mr. TEMPLE. The bill under consideration. Mr. HAY. Of course not; because it can only be put into operation in time of war.

Mr. TEMPLE. Or when war is imminent.

Mr. HAY. Or when war is imminent. Mr. TEMPLE. But the point I want to make is this: That even then the President can not put this law into operation until Congress authorizes him to do so. On page 2, line 24, of this bill it is-

Provided further, That when the raising of a volunteer force shall have been authorized by Congress, and after the organized land militia of any arm or class shall have been called into the military service of the United States, volunteers of that particular arm or class may be raised and accepted into said service in accordance with the terms of this act, regardless of the extent to which other arms or classes of said militia shall have been called into said service.

After Congress authorizes the President of the United States, when the emergency arises, and after the Organized Militia has been called into the service, then this plan which we prepare now at our leisure can be put into operation with speed. We shall not have to wait at that time until we invent a system.

Mr. KAHN. The gentleman understands that the President of the United States would not have any money to pay the

Volunteers unless Congress acts.

Mr. TEMPLE. Exactly so. It seems to me that there is a great deal of wisdom in this bill. It may not be the best bill that can be devised, but I feel, if I am competent to express any opinion, that it is the best plan that has yet been devised, and think it is very well worth a trial.

Mr. KAHN. Will the gentleman from Virginia now use some

of his time?

Mr. HAY. Mr. Chairman, I have had no request for time on this side. When the gentlemen get through I may say a

few words myself.

Mr. KAHN. Mr. Chairman, I believe that some of the criticisms that have been aimed at the bill by several gentlemen are not based upon facts. The volunteer forces of the United States in our wars heretofore have been the backbone of the American Army-not the organized State militia, not the Regular Army, but the volunteers. At the present time, under the law of 1898, the President is allowed to appoint one Regular Army officer to a regiment of volunteers. That is a serious defect in that law. Under the provisions of this bill he is permitted to appoint one to each separate battalion of volunteers, and not to exceed four Regular Army officers to each regiment of volun-It has been the experience of this country in time of war that great numbers of enlisted men have died in the military camps because the officers did not know how to take care of them. One of the complaints that I heard after the Spanish War when the volunteer regiments returned from the field of operations was that the volunteer officers, or rather the officers of the militia companies who had been placed in command of enlisted men, did not know, in many cases, how to look after the welfare of those enlisted men. I believe that under the provisions of this bill there will be no complaints of that kind in the future. I believe that the officers will be men who will have had enough military training and experience to know how to take care of the enlisted men who are under them, the fight-

The main advantages that will accrue to the country under this bill were explained quite fully by the chairman of the

committee

Mr. HULINGS. Will the gentleman allow an interrogatory?

Mr. KAHN. I will; yes.
Mr. HULINGS. I would like to ask the gentleman from California in what respect the volunteer forces, if we should declare war to-morrow-in what respect the volunteer forces when enlisted under this bill would differ from those if enlisted under the law as at present, except as to the appointment of officers?

Mr. KAHN. There are quite a number of differences, which are set out in the report.

Mr. HULINGS. I mean, as to the method of getting the men. Mr. KAHN. As to the method of enlisting the men there is practically no difference. The men would enlist under this bill just as they have enlisted heretofore; but the men who will be appointed to commissioned rank, in my judgment, will be better trained men than those who have heretofore been appointed to commissioned rank whenever we have had a war on our hands.

Mr. HULINGS. Does the gentleman understand that the Santiago expedition, manned by regular officers almost entirely, regular troops, some 17,000 of them, who were down there two or three weeks, did not know how to take care of their men and keep them from getting sick; and did not they sign a round robin to get the whole of them sent back?

Mr. KAHN. I am perfectly familiar with the conditions that prevailed down there at that time. But this country has made wonderful progress in military affairs since that war. That war certainly educated our officers and enabled them to realize the defects of our military system. In addition to that, when there have been wars in other parts of the world since then we have had American officers attached to the contending armies for the purpose of observation, and the reports they have made to this Government on the military operations of the contending forces have been of inestimable value to the officers and the men who are in the Army.

Mr. HULINGS. Does the gentleman understand that in these great advances in knowledge, especially of camp sanitation, that has taken place since the War with Spain, the regular officers got very many of their ideas of camp sanitation from the Na-

tional Guard of Pennsylvania?

Mr. KAHN. I am glad to hear that they did; but if any Member of this House has had an opportunity to attend one of the joint maneuver camps of Regular Army and Organized Militia organizations that Congress has provided for since the War with Spain, and has had an opportunity of seeing how modern sanitary methods are employed in the field, he will realize the great advance that has been made in camp sanitation since the Spanish War.

I do not have the apprehension that the distinguished leader of the minority [Mr. Mann] has about war with Mexico. I do not fear that there is anything of that kind in prospect. Personally, I am absolutely opposed to intervention in Mexico. [Applause.] But I also believe that we have absolutely no right to interfere in the internal affairs of any sister Republic or of any foreign country. [Applause.] I feel that this bill has been demanded for many years. I believe it to be a step in the right direction, and I earnestly hope that the House will pass it without much delay. [Applause.]
Mr. HAY. Mr. Chairman, is the gentleman from California

through upon his side?

Mr. KAHN. Yes; I do not desire to take up any further

Mr. HAY. Mr. Chairman, I do not desire to take up any further time in respect to this bill, as there seems to be very little opposition to it. However, I wish to correct an erroneous impression sought to be made by the gentleman from Illinois [Mr. Mann] that this bill is brought in now because of the conditions which now exist in Mexico. I desire to say that this bill was introduced last August, and if there had been any need for it it would have been brought here long before this. It seems to me from what the President said to us on yesterday, and from the conditions now prevailing, that war is much further away from us now than it was last August. I do not believe that there is going to be any war with Mexico, and the introduction of this bill and its early passage has been because I am anxious to get through the work which is imposed upon my committee as soon as I possibly can, in order that we may get away from here at some decent time next summer and not sit here all of the year. [Applause.] For that reason I pre-pared this bill, I got the War Department to make a report upon it, and I asked the committee to act upon it as soon as possible. If the committee had had the power, under the conditions prevailing during the extra session, I should have asked for action then, and, as I say, action is not taken now with a view to the conditions in any other country. Mr. Chairman, I ask the Clerk to read the bill for amendment under the fiveminute rule.

The Clerk read as follows:

The Clerk read as follows:

SEC. 4. That the volunteer forces shall be subject to the laws, orders, and regulations governing the Regular Army in so far as such laws, orders, and regulations are applicable to officers or enlisted men whose permanent retention in the military service, either on the active list or on the retired list, is not contemplated by existing law; and no distinction shall be made between the Regular Army, the Organized Militia while in the military service of the United States, and the volunteer forces in respect to the conferring upon officers or enlisted men of brevet rank, medals of honor, certificates of merit, or other rewards for distinguished service, nor in respect to the eligibility of any officer of said Army, militia, or volunteer forces for service upon any court-martial, court of inquiry, or military commission: Provided, That the organization of all units of the line and of the signal troops of the volunteer forces shall be the same as that prescribed by law and regulations for the corresponding units of the Regular Army: Provided further, That when military conditions so require the President may organize the land forces of the United States into brigades and divisions and such higher units as he may deem necessary, and the composition of units higher than the regiment shall be as he may prescribe: Provided further, That to each regiment of Infantry, Cavalry, and Artillery, and to each battalion of Engineers and Signal Corps troops organized under this act, there shall be attached the same personnel of the Medical Department as are attached to like organizations of the Regular Army: Provided further, That the organization of the Coast defenses, of machine-gun detachments, establishments of the Medical Department, remount depots, military trains, secret-service agencies, military prisons, lines of communication, including their supply depots, and of other adjuncts that may be necessary in the prosecution of war, and the organization of which is not otherwise provided for by l

The CHAIRMAN. The Clerk will report the committee amendments.

The Clerk read as follows:

Page 3, line 14, strike out the words "Organized Militia." and insert e words "organized militia."

Mr. HAY. Mr. Chairman, the purpose of that amendment is simply to strike out the use of the capital letters in the spelling of the words "Organized Militia."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was ageed to. The Clerk read as follows:

Page 3, line 16, after the word "respect," insert the words "to promotion or."

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

The Clerk read as follows:

The Clerk read as follows:

Sec. 6. That to provide the staff officers that will be necessary in the various staff corps and departments in time of war or white war is imminent, and that are not otherwise provided for in this act, the President is authorized to appoint, by and with the advice and consent of the Senate, such number of volunteer staff officers of grades authorized by law for the Regular Army as he may find necessary for such corps and departments: Provided, That the total number of such staff officers so appointed, including all such officers of the Organized Militia called into the military service of the United States, shall not exceed the ratio of one officer to 200 enlisted men for all militia and volunteer forces called into the military service of the United States; Provided further, That the number of volunteer staff officers appointed in any grade in the various staff corps and departments shall not exceed in any staff corps or department the proportionate strength of regular officers of the corresponding grade as established by law for the corresponding staff corps or department of the Regular Army; Provided further, That the President may appoint, by and with the advice and consent of the Senate, volunteer chaplains at the rate of one for each regiment of Volunteer Infantry, Cavalry, and Field Artillery, and one for every 12 companies of Volunteer Coast Artillery raised, with rank corresponding to that established by law for chaplains in the Regular Army. Regular Army.

Mr. KAHN. Mr. Chairman, I desire to call to the attention of the chairman of the committee that on page 5, line 17, the "Organized Militia" are spelled with capitals and assume, to conform with the practice in the early part of the bill, he would want to have that changed to small letters.

Mr. Chairman, I offer that amendment,

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 5, line 17, strike out the capitals in "Organized Militia" and insert lower case type.

The question was taken, and the amendment was agreed to. The Clerk read as follows:

The Clerk read as follows:

SEC. 8. That the temporary vacancies created in any grade not above that of colonel among the commissioned personnel of any arm, staff corps, or department of the Regular Army, through appointments of officers thereof to higher volunteer rank, shall be filled by temporary promotions, according to seniority in rank from officers holding commissions in the next lower grade in said arm, staff corps, or department; and all temporary vacancies created in any grade by temporary promotions shall in like manner be filled from, and thus create temporary vacancies in, the next lower grade; and the vacancies that remain thereafter in said arm, staff corps, or department, that can not be filled by temporary promotions, as prescribed in this section, may be filled by the temporary appointment of officers of such number and grade or grades as shall maintain said arm, corps, or department at the full commissioned strength authorized by law: Provided, That officers temporarily promoted or appointed under the terms of this section shall be so promoted or appointed by the President, by and with the advice and consent of the Senate, for terms that shall not extend beyond the termination of the war or, if war does not occur, the passing of the imminence thereof, as defined by the President's proclamation, and upon the expiration of said terms said officers shall be discharged from the positions held by them under their temporary promotions or appointments: Provided further, That officers temporarily promoted under the provisions of this section shall not vacate their permanent commissions, nor shall they be prejudiced in their lineal or relative standing in the Regular Army under permanent commissions, by reason of their services under temporary commissions authorized by this section.

The committee amendments were read, as follows:

The committee amendments were read, as follows:

Page 7, line 20, strike out the word "from" and insert in lieu thereof the word "of."

Page 8, line 10, strike out the word "does" and insert in lieu thereof the word "shall."

Page 8, line 11, after the word "occur," insert the word "beyond."

The question was taken, and the amendments were agreed to.

The Clerk read as follows:

The Clerk read as follows:

Sec. 10. That in time of war all organizations of the land forces shall be recruited and maintained as near their prescribed strength as practicable. For this purpose the necessary rendezvous and depots shall be established by the Secretary of War for the enlistment and training of all recruits, and in order that officers may be available for recruiting duty the President is authorized, by and with the advice and consent of the Senate, to appoint officers of Volunteers of the proper arm of the service, additional to those elsewhere herein authorized, in numbers not to exceed at the rate of 1 major, 4 captains, 5 first lieutenants, and 5 second lieutenants for each organized regiment of Cavalry, Field Artillery, or Infantry, each 3 battalions of Engineers, or each 12 companies of Coast Artillery; that for purposes of instruction and discipline the troops at recruit depots herein authorized may be organized into companies and battalions, at the discretion of the Secretary of War, with noncommissioned officers and privates of such grades and numbers as may be prescribed by the President. The recruit rendezvous and recruit depots herein prescribed shall be under the direct control of the Secretary of War, and shall render their reports and

returns to The Adjutant General of the Army: Provided, That to maintain the organized land militia organizations in the military service of the United States at their maximum strength the recruiting rendezvous and depots in any State or Territory may, at the request of the governor thereof, enlist and train recruits for the organized land militia organizations in the service of the United States from said State or Territory.

The committee amendments were read, as follows:

Page 9, line 10, after the word "war," insert the words "or while war is imminent."

Page 9, line 11, after the word "forces," insert the words "in the military service of the United States."

The question was taken, and the amendments were agreed to. The Clerk read as follows:

The Clerk read as follows:

SEC. 11. That in the organization of a recruiting system, after Congress shall have authorized the raising of volunteer forces, the President is authorized to employ retired officers, noncommissioned officers, and privates of the Regular Army, either with their rank on the retired list or, in the case of enlisted men, with increased noncommissioned rank; or he may, by and with the advice and consent of the Senate, appoint and employ retired officers below the grade of colonel, with increased volunteer commissioned rank not to exceed one grade above that held by them upon the retired list, or retired enlisted men with volunteer commissioned rank not above the grade of first lieutenant: Provided, That retired officers and enlisted men while thus employed shall not be eligible for transfer to the field units, but shall receive the full pay and allowances of the respective grades in which they are serving, whether volunteer or regular, in lieu of their retired pay and allowances: Provided further, That upon the termination of the duty or, in case of those given volunteer rank, upon muster out as volunteers the officers and men shall revert to their retired status.

The committee amendments were read, as follows:

The committee amendments were read, as follows:

Page 10, line 24, after the word "exceed," insert the words "in the case of any officer."

Page 10, line 25, after the word "by," strike out the word "them" and insert the word "him."

Page 11, line 9, after the word "volunteers," strike out the word "the" and insert the words "said retired."

Page 11, line 10, after the word "and," insert the word "enlisted."

The question was taken, and the amendments were agreed to. The Clerk read as follows:

SEC. 12. That, except as tollows:

SEC. 12. That, except as otherwise specifically prescribed by law, all officers provided for in this act shall be subject to such assignments of duty and such transfers as the President may direct: Provided, That medical officers of Volunteers when detailed as consulting surgeons shall not exercise command over the hospitals to which they may be assigned for duty, except that by virtue of their commissions they may command all enlisted men: Provided further, That medical inspectors shall be detailed for duty with each army, army corps, and division, and for the base and lines of communications, and that no officer shall be detailed for duty as a medical inspector except he be experienced in military sanitation.

The committee amendment was read, as follows:

Page 11, line 20, at the beginning of the line, insert the words "field army, or."

The question was taken, and the amendment was agreed to. The Clerk read as follows:

Sec. 14. That the commander of a division or higher military unit is authorized to appoint, from time to time, military boards of not less than three nor more than five officers of the volunteer forces to examine into the capacity, qualifications, conduct, and efficiency of any commissioned officer of said forces within his command: Provided, That each member of any such board shall be superior in rank to the officer whose qualifications are to be inquired into: Provided further, That if the report of any such board is adverse to the continuance of any officer, and if the report be approved by the President, such officer shall be discharged from service in the volunteer forces, at the discretion of the President, with one month's pay and allowances.

Mr. HAY. Mr. Chairman, there is a committee amendment to strike out the section.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 12, strike out all of section 14.

The question was taken, and the amendment was agreed to. The Clerk read as follows:

SEC. 15. That all laws and parts of laws in conflict with the provisions of this act be, and the same are hereby, repealed.

The committee amendment was read as follows:

Strike out all of section 15 from lines 16 to 18, inclusive, and insert in lieu thereof the following:
"Sec. 14. That all laws and parts of laws in conflict with the provisions of this act be, and the same are hereby, repealed."

Mr. MANN. Mr. Chairman, may I ask the gentleman, are there any laws on this subject now?

Mr. HAY. Oh, yes. Mr. MANN. Which would be repealed? Mr. HAY. Yes; the law of 1898 and four or five other laws passed since then to amend the law.

The question was taken, and the amendment was agreed to. Mr. HAY. Mr. Chairman, I move that the committee do now rise and report the bill to the House with the recommendation that the amendments be agreed to and that the bill as amended

do pass. The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Houston, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 7138, and had directed him to report the bill with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the amendments will be put in gross.

The question was taken, and the amendments were agreed to. The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. Har, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. Linthicum, for three days, on account of serious illness in his family.

To Mr. Merritt, indefinitely, on account of illness.

To Mr. Jones, indefinitely, on account of serious illness.

WITHDRAWAL OF PAPERS-FREDERICK BITTMANN.

Mr. O'Brien, by unanimous consent, was granted leave to withdraw from the files of the House, without leaving copies, papers in the case of H. R. 21476, Sixty-second Congress, a bill for the relief of Frederick Bittmann, no adverse report having been made thereon.

#### ADJOURNMENT.

Mr. HAY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 38 minutes p. m.) the House adjourned until Thursday, December 4, 1913, at 12 o'clock m.

#### EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Postmaster General, transmitting the annual report of the board of trustees of the postal savings system for the fiscal year ended June 30, 1913 (H. Doc. No. 359); to the Committee on the Post Office and Post Roads and ordered to be printed.

2. A letter from the Secretary of the Smithsonian Institution, transmitting a statement showing in detail what officers and employees of the branches of the Government service under the direction of the Smithsonian Institution have traveled on official business from Washington to points outside of the District of Columbia for the fiscal year ended June 30, 1913 (H. Doc. No. 366); to the Committee on the Library and ordered to be printed.

3. A letter from the Clerk of the House, transmitting his annual report for the fiscal year ended June 30, 1913 (H. Doc. No. 357); to the Committee on Accounts and ordered to be printed.

4. A letter from the Librarian of Congress, transmitting his annual report and the annual report of the superintendent of the Library Building and grounds for the fiscal year ended June 30, 1913 (H. Doc. No. 399); to the Committee on the Library and ordered to be printed.

5. A letter from the Librarian of Congress, transmitting statement of travel expenses incurred during the fiscal year 1912-13 (H. Doc. No. 367); to the Committee on the Library and ordered

to be printed.

6. A letter from the Secretary of the Treasury, transmitting his annual report on the state of the finances for the fiscal year ended June 30, 1913 (H. Doc. No. 358); to the Committee on Ways and Means and ordered to be printed.

7. A letter from the Clerk of the House of Representatives, submitting a list of reports to be made to Congress by public officers during the Sixty-third Congress (H. Doc. No. 356); to

Committee on Accounts and ordered to be printed.

8. A letter from the Secretary of the Treasury, transmitting statements from the several offices and bureaus of the Treasury Department showing in detail what officials and employees traveled on official business for the department to points outside of the District of Columbia for the fiscal year ended June 30, 1913 (H. Doc. No. 365); to the Committee on Expenditures in the Treasury Department and ordered to be printed.

9. A letter from the Postmaster General, transmitting statements showing in detail what officers and employees other than special agents (and others who are required to constantly travel on official business) traveled from Washington to points outside of the District of Columbia during the fiscal year ended June 30, 1913 (H. Doc. No. 368); to Committee on Ex-penditures in the Post Office Department and ordered to be printed.

10. A letter from the Secretary of War, transmitting a letter from the Chief of Ordnance, United States Army, submitting

statements of the cost of all type and experimental manufacture of guns and other articles and the average cost of the several classes of guns and other articles manufactured by the Government at the several arsenals during the fiscal year ended June 30, 1913 (H. Doc. No. 360); to the Committee on Military Affairs and ordered to be printed.

11. A letter from the chairman of the Interstate Commerce Commission, transmitting a statement of expenses incurred by officials and employees of the commission on account of travel when absent from Washington, D. C., on official business during the fiscal year ended June 30, 1913 (H. Doc. No. 369); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

12. A letter from the Secretary of the Smithsonian Institution, transmitting a detailed statement of the expenditures for the fiscal year ended June 30, 1913, under appropriation for "International exchanges," "American ethnology," the "Astrophysical Observatory," the "International Catalogue of Scientific Literature," the "National Museum," the "National Zoological Park," etc. (H. Doc. No. 355); to the Committee on the Library and order to be printed.

13. A letter from the president of the Board of Commissioners of the District of Columbia, transmitting the annual report of the commissioners for the fiscal year ended June 30, 1913 (H. Doc. No. 403); to the Committee on the District of Columbia and ordered to be printed.

14. A letter from the Secretary of the Interior, transmitting a report of the receipts from the rentals, extension of the Capitol Grounds, for the period beginning December 1, 1912, and ending August 1, 1913 (S. Doc. No. 251); to the Committee on Public Buildings and Grounds and ordered to be printed.

15. A letter from the Secretary of the Interior, submitting a report of the disbursements for the fiscal year ended June 30, 1913, made in the States and Territories under provisions of the act approved August 30, 1890, providing for the endowment and support of colleges for the benefit of agriculture and the mechanic arts (H. Doc. No. 361); to the Committee on Agriculture and ordered to be printed.

16. A letter from the Secretary of the Interior transmitting a report of the Maritime Canal Co. of Nicaragua, in accordance with section 6 of the act of Congress approved February 20, 1889 (H. Doc. No. 362); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

17. A letter from the secretary of the Interstate Commerce Commission, transmitting a detailed statement of the expenses incurred by officers and employees, in connection with meetings or conventions, under written authority and direction of the secretary of the commission, for the fiscal year ended June 30, 1913 (H. Doc. No. 363); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

18. A letter from the Secretary of War, transmitting a report of the travel expenses incurred by officers or employees of the War Department during the fiscal year ended June 30, 1913 (H. Doc. No. 364); to the Committee on Expenditures in the War Department and ordered to be printed.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. GREGG, from the Committee on War Claims, to which was referred the bill (H. R. 8846) making appropriations of certain claims in accordance with findings of the Court of Claims, reported under the provisions of the acts approved March 3, 1883, and March 3, 1887, and commonly known as the Bowman and the Tucker Acts, and under the provisions of section 151 of the act approved March 3, 1911, commonly known as the Judicial Code, reported the same with amendment, accompanied by a report (No. 97), which said bill and report were referred to the Private Calendar.

# PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HEFLIN: A bill (H. R. 9755) to appropriate \$500,000 for the purpose of carrying on demonstration work on public roads in the United States; to the Committee on Agriculture.

By Mr. STEPHENS of Mississippi: A bill (H. R. 9756) to provide for highway-improvement work by the United States Department of Agriculture in cooperation with the highway departments of the several States; to the Committee on Roads.

By Mr. BYRNES of South Carolina: A bill (H. R. 9757) to provide for highway-improvement work by the United States
Department of Agriculture in cooperation with the highway
departments of the several States; to the Committee on Roads.
By Mr. LEE of Georgia: A bill (H. R. 9758) to provide for

Also, a bill (H. R. 9782) granting a pension to Frederick A.
Rolff; to the Committee on Invalid Pensions.

highway-improvement work by the United States Department of Agriculture in cooperation with the highway departments of the several States; to the Committee on Roads.

By Mr. CANDLER of Mississippi: A bill (H. R. 9759) to provide for the construction, maintenance, and improvement of public roads and rural delivery routes through the cooperation and joint action of the National Government and the several States or counties in which such public roads or rural delivery routes may be established; to the Committee on Roads.

By Mr. MAHAN: A bill (H. R. 9760) authorizing preliminary examination and survey to be made of the Mattabessett River, in the State of Connecticut; to the Committee on Rivers and

Also, a bill (H. R. 9761) authorizing survey of the Connecticut River from the Sound to the head of navigation at Hartford; to the Committee on Rivers and Harbors.

Mr. ADAMSON: A bill (H. R. 9762) to amend section 20 of the act to regulate commerce, approved February 4, 1887, as amended by subsequent acts; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 9763) to provide for a commercial directory and the regulation of transactions of individuals, partnerships, and corporations engaging in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWNING: A bill (H. R. 9764) to provide for a preliminary survey of Delaware River from the mouth of Cooper River to Fishers Point Dike, on the New Jersey shore; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 9765) providing for the appointment of a board of survey for the purpose of selecting a suitable site for a naval armor plant at or near Camden, N. J., and submitting an estimate of the cost thereof; to the Committee on Naval Affairs.

By Mr. CAMPBELL: A bill (H. R. 9766) for the purchase of site and the erection thereon of a public building at Oswego, Kans.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 9767) for the purchase of a site and the erection thereon of a public building at Columbus, Kans.; to the Committee on Public Buildings and Grounds.

By Mr. JOHNSON of Washington: A bill (H. R. 9768) to authorize the Secretary of Commerce to lease a portion of Ediz Hook Lighthouse Reservation, Wash; to the Committee on the Public Lands.

By Mr. ASHBROOK: A bill (H. R. 9769) authorizing the retirement from active service, with increased rank, of officers now on the active list of the Army who served in the Civil War; to the Committee on Military Affairs. By Mr. WICKERSHAM: A bill (H. R. 9770) to levy and

collect an income tax on railroads in Alaska and for other purposes; to the Committee on Ways and Means.

By Mr. McKELLAR: A bill (H. R. 9771) regulating shipments of freight to foreign ports and prohibiting discrimination in the receipt and shipment of such freight; to the Committee on Interstate and Foreign Commerce.

By Mr. HINDS: Resolution (H. Res. 326) authorizing preliminary examination and survey of the mouth of Cape Neddick River, York, Me.; to the Committee on Rivers and Harbors.

# PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 9772) granting an increase of pension to Charles Free; to the Committee on Invalid Pensions. Also, a bill (H. R. 9773) granting an increase of pension to Sarah J. Blackburn; to the Committee on Invalid Pensions.

By Mr. BAILEY: A bill (H. R. 9774) granting an increase of pension to Samuel Shoup; to the Committee on Invalid Pensions. By Mr. BELL of California: A bill (H. R. 9775) granting an increase of pension to Augustin M. Adams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9776) granting an increase of pension to Howard G. Cleaveland; to the Committee on Pensions.

By Mr. BOWDLE: A bill (H. R. 9777) for the relief of George W. Platt; to the Committee on Naval Affairs.

Also, a bill (H. R. 9778) for the relief of John Nicholson; to the Committee on Military Affairs.

Also, a bill (H. R. 9779) granting a pension to Sarah M. Mounts; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9780) granting a pension to August Rumpf; to the Committee on Pensions.

Also, a bill (H. R. 9781) granting a pension to Juliet Burt Norton; to the Committee on Invalid Pensions.

By Mr. CANTRILL: A bill (H. R. 9784) granting a pension to Edward N. Cooke; to the Committee on Pensions.

Also, a bill (H. R. 9785) granting an increase of pension to J. W. Reeves; to the Committee on Invalid Pensions, Also, a bill (H. R. 9786) granting an increase of pension to David James; to the Committee on Invalid Pensions.

By Mr. DONOHOE: A bill (H. R. 9787) granting an increase

of pension to William W. Hallman; to the Committee on Invalid Pensions.

By Mr. FORDNEY: A bill (H. R. 9788) for the relief of Gustav A. Hesselberger; to the Committee on Military Affairs.

By Mr. GRAHAM of Pennsylvania: A bill (H. R. 9789) granting an honorable discharge to David Steers, alias William Johnson, alias John Hartman; to the Committee on Military

By Mr. HINDS: A bill (H. R. 9790) granting a pension to Asa Wilson; to the Committee on Invalid Pensions. Also, a bill (H. R. 9791) granting a pension to Charles Har-

ris; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9792) granting an increase of pension to Lucinda P. Brackett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9793) granting a pension to Frederick Price; to the Committee on Invalid Pensions.

By Mr. KREIDER: A bill (H. R. 9794) granting a pension to Samuel D. Hess; to the Committee on Pensions.

Also, a bill (H. R. 9795) granting a pension to J. Caroline Fitzgerald; to the Committee on Pensions.

Fitzgerald; to the Committee on Pensions.

By Mr. LANGLEY: A bill (H. R. 9796) granting a pension to Levi Salier; to the Committee on Pensions.

By Mr. LEWIS of Maryland: A bill (H. R. 9797) granting a pension to Charles E. Welker; to the Committee on Pensions.

By Mr. MOSS of West Virginia: A bill (H. R. 9798) granting

an increase of pension to Elizabeth Ayers; to the Committee on Invalid Pensions.

By Mr. O'BRIEN: A bill (H. R. 9799) granting a pension to Albert V. Lawson; to the Committee on Pensions.

Also, a bill (H. R. 9800) granting an increase of pension to

Edward Egeland; to the Committee on Invalid Pensions. Also, a bill (H. R. 9801) for the relief of Frederick Bittmann;

to the Committee on Claims.

Also, a bill (H. R. 9802) for the relief of James L. Potter;

to the Committee on Claims.

By Mr. O'SHAUNESSY: A bill (H. R. 9803) granting an increase of pension to Lizzie G. Sayward; to the Committee on

Invalid Pensions. Also, a bill (H. R. 9804) granting an increase of pension to

Adelaide H. Baker; to the Committee on Invalid Pensions. By Mr. PETERS of Maine: A bill (H. R. 9805) granting a pension to Ellen H. Russell; to the Committee on Pensions.

Also, a bill (H. R. 9806) for the relief of Samuel N. Rich; to the Committee on Claims.

By Mr. PLUMLEY: A bill (H. R. 9807) granting a pension to James E. Welch; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9808) granting an increase of pension to Henry B. Norton; to the Committee on Invalid Pensions.

By Mr. ROGERS: A bill (H. R. 9809) granting a pension to William Couture or Goodhue; to the Committee on Invalid Pen-

By Mr. STEPHENS of Texas (by request): A bill (H. R. 9810) for the relief of Pay Inspector F. T. Arms, United States Navy; to the Committee on Claims.

By Mr. STOUT: A bill (H. R. 9811) granting an increase of pension to William E. Davies; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9812) for the relief of F. A. Carnal and

R. X. Lewis; to the Committee on Claims.

By Mr. SWITZER: A bill (H. R. 9813) granting a pension

to Bertha Pratt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9814) granting a pension to Elijah Hill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9815) granting a pension to Zachariah W. May; to the Committee on Invalid Pensions.

By Mr. THOMAS; A bill (H. R. 9816) granting a pension to

William H. Jones; to the Committee on Pensions.

Also, a bill (H. R. 9817) for the relief of P. W. Whitlow; to

the Committee on War Claims.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. ASHBROOK: Evidence to accompany bill (H. R. 7525) granting a pension to Francena Brokaw; to the Committee on Invalid Pensions.

Also, petition of Dent L. Lydick and 10 other merchants of Newcomerstown, Ohio, favoring a change in the interstate-commerce laws relative to mail-order houses; to the Committee on Ways and Means.

Also, evidence to accompany bill (H. R. 9698) for the relief

of Farley Connarty; to the Committee on Claims.

By Mr. BURKE of Wisconsin: Evidence in support of bill (H. R. 6870) granting a pension to Charlle Strassburg; to the Committee on Pensions.

Also, evidence in support of bill (H. R. 9704) granting a pension to Emile J. Fye; to the Committee on Invalid Pensions. By Mr. CALDER: A petition to accompany bill (H. R. 9412)

recognizing the public services of James C. Halleck, sr., as the originator of the clearing house in America, and to promote the establishment of a universal clearing house by voluntary association; to the Committee on Interstate and Foreign Commerce.

By Mr. DONOHOE: Memorial of the Commercial Exchange of Philadelphia and the Merchants' and Manufacturers' Association, of Philadelphia, Pa., favoring Philadelphia as one of the regional reserve centers under the new Federal law; to the

Committee on Banking and Currency.

By Mr. SCULLY: Petitions of citizens of Long Branch, N. J., protesting against the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. THACHER: Petition of Leach Clark, of Bridgewater. Mass., favoring payment of pensions monthly instead of quarterly; to the Committee on Pensions.

# SENATE.

# THURSDAY, December 4, 1913.

The Senate met at 10 o'clock a. m. Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D. The Journal of yesterday's proceedings was read and approved. Mr. SMOOT. Mr. President, I suggest the absence of a

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Goff	Nerris	Smith, Ariz.
Bacon	Gronna	O'Gorman	Smith, Ga.
Borah	Hollis	Overman	Smith, Md.
Brady	Hughes	Owen	Smith, S. C.
Brandegee	James	Page	Smoot
Bristow	Johnson	Perkins	Sterling
Bryan	Kenyon	Pittman	Stone
Burleigh	Kern	Pomerene	= Sutherland
Burton	Lane	Reed	Thomas
Chilton	Lewis	Robinson	Thompson
Clapp	Lippitt	Root	Thornton
Clark, Wyo.	McCumber	Shafroth	Townsend
Colt	McLean	Sheppard	Vardaman
Cummins	Martin, Va.	Sherman	Walsh
Dillingham	Martine, N. J.	Shields	Williams
Fletcher	Myers	Shively	Works
Gallinger	Nelson	Simmons	

Mr. SHEPPARD. I wish to announce the necessary absence of my colleague [Mr. Culberson] and to state that he is paired with the Senator from Delaware [Mr. DU PONT]. This announcement may stand for the day.

Mr. THORNTON. I desire to announce that my colleague [Mr. Ransdell] is necessarily absent on public business. I ask

that this announcement stand for the day.

The VICE PRESIDENT. Sixty-seven Senators have answered to the roll call. There is a quorum present.

TRAVEL OF EMPLOYEES IN WAR DEPARTMENT (H. DOC. NO. 364).

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Secretary of War, transmitting, pursuant to law, a statement of the travel of officers and employees of the War Department from Washington to points outside the District of Columbia.

If there be no objection, the Chair proposes to refer all such communications to the Committee on Printing for the determination of the question whether they shall be printed or not. The communication will be so referred.

ANNUAL REPORT OF THE SECRETARY OF TREASURY (H. DOC. NO. 358).

The VICE PRESIDENT. The Chair lays before the Senate the annual report of the Secretary of the Treasury on the state of the finances for the fiscal year ended June 30, 1913. The report will lie on the table, as it has already been printed.

SUPPORT OF AGRICULTURAL COLLEGES (H. DOC. NO. 361).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a report of disbursements for the fiscal year ended June 30, 1913, made in the States and Territories, from the proceeds of public lands for the support of colleges of agriculture and the

mechanic arts, which, with the accompanying paper, was referred to the Committee on Printing.

ANNUAL REPORT OF THE SECRETARY OF AGRICULTURE (H. DOC. NO. 385).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of Agriculture, transmitting, pursuant to law, a detailed statement of the expenditures of the Department of Agriculture for the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Printing.

ANNUAL REPORT OF COMMISSIONERS OF DISTRICT OF COLUMBIA (H. DOC. NO. 403).

The VICE PRESIDENT laid before the Senate the annual report of the Commissioners of the District of Columbia for the fiscal year ended June 30, 1913, which was referred to the Committee on Printing.

FRENCH SPOLIATION CLAIMS (H. DOC. NO. 379).

The VICE PRESIDENT laid before the Senate a communication from the assistant clerk of the Court of Claims, transmitting a list of French spoliation cases filed under the act of January 20, 1885, which cases were dismissed by the court for nonprosecution, which, with the accompanying paper, was referred to the Committee on Printing.

ANNUAL REPORT OF THE LIBRARIAN OF CONGRESS (H. DOC. NO. 399).

The VICE PRESIDENT laid before the Senate the annual report of the Librarian of Congress and of the superintendent of the Library Building and Grounds, which was ordered to lie on the table.

TRAVEL OF EMPLOYEES OF LIBRARY OF CONGRESS (H. DOC. NO. 367).

The VICE PRESIDENT laid before the Senate a communication from the Librarian of Congress, transmitting, pursuant to law, a statement showing in detail what officers or employees of the Library of Congress have traveled on official business from Washington to points outside of the District of Columbia during the fiscal year 1913, etc., which, with the accompany paper, was ordered to lie on the table.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed a bill (H. R. 7138) to provide for raising the volunteer forces of the United States in time of actual or threatened war, in which it requested the concurrence of the Senate.

## ENROLLED BILL SIGNED.

The message also announced that the Speaker of the House had signed the enrolled bill (S. 2318) authorizing the appointment of envoys extraordinary and ministers plenipotentiary to each Paraguay and Uruguay, and it was thereupon signed by the Vice President.

#### SAN FRANCISCO WATER SUPPLY.

Mr. PERKINS. I have received a large number of petitions in relation to the Hetch Hetchy bill, praying for the passage of the bill, and they have been referred to the Committee on Public Lands. I received the following telegram this morning, which I ask to have read at the desk.

There being no objection, the telegram was read, as follows: Senator George C. Perkins, Washington, D. C.: SAN FRANCISCO, CAL., December 2, 1913.

Washington, D. C.:

San Francisco Council, No. 615, Knights of Columbus, comprising 1,500 members, in regular meeting assembled unanimously indorse bill providing for a Hetch Hetchy water supply for San Francisco. We need pure mountain water for our great and growing metropolis. Our members have summered in the Yosemite and know that the passage of the bill will not depreciate the beauty of the valley, but the plans proposed will enhance its natural grandeur. The primary object that we as San Franciscans have is to obtain sufficient pure drinking water for our citizens. The commercial objections put forward are but a subterfuge raised by misguided nature lovers.

San Francisco Council, Knights of Columbus.

By Warren Shannon, Grand Knight.

Mr. PERKINS. Mr. President, I desire to state that members of this council have visited the Yosemite annually for several years and have encamped in the park. I have personally met them on two occasions, and I know that the majority of them are more familiar with the natural beauties and scenery of the Yosemite Valley and of the Hetch Hetchy than any other organi-

ration of which I have any knowledge.

The VICE PRESIDENT. The telegram will lie on the table.

Mr. WORKS. Mr. President, in view of the fact that this grant is asked in the interest of Oakland and other cities around the bay, and it has been claimed here that the city of Oakland is favoring the grant, I submit three telegrams from that city, which I ask to have read.

There being no objection, the telegrams were read and ordered lie on the table, as follows:

OAKLAND, CAL., December 3, 1913.

Senator John D. Works, Washington, D. C.:

Civic center of Oakland held an open water convention at Oakland Hotel, lasting three days, for purpose of discussing Hetch Hetchy and other water propositions. San Francisco men and women took part in debate, ending to-day. Convention, which was largely attended by representative citizens, refused to indorse Hetch Hetchy scheme and the proposition was overwhelmingly snowed under, so far as Oakland and east bay cities are concerned. The result of convention practically means that the eastern side of bay refuses to cooperate in Hetch Hetchy scheme. Debate demonstrated fact that Oakland and eastern bay cities and San Francisco have sources of water supply sufficient to draw from that will last them for many years.

John P. Irish.

JOHN P. IRISH.

OAKLAND, CAL., December 3, 1913.

Senator Works, Senate Chamber, Washington, D. C.:

Water problem for bay cities has been discussed for three days by not less than 30 speakers representing all phases of the problem. San Francisco was given the fullest and freest opportunity to present the merits of the Hetch Hetchey scheme. It is the almost unanimous opinion that the San Francisco speakers convinced the audience that the whole scheme is intensely partisan and promoted for partisan purposes, conclusively shown, and no attempt made to deny it; that the local supply on both sides of the bay can be readily developed to supply all requirements for at least 30 years at one-tenth of the cost of Hetch Hetchy, Irrigation interests in San Joaquin Valley convinced the entire audience of the vast harm resulting from diversion of Tuolumne River from agricultural uses. You will confer a lasting benefit on all California by opposing with all your might this iniquitous bill.

W. F. Kelly,

W. F. KELLY, Bondholder People's Water Co.

OAKLAND, CAL., December 3, 1913.

Hon. John D. Works, Senate Chamber, Washington, D. C.:

to death

Senate Chamber, Washington, D. C.:

Three full days' discussion of Hetch Hetchy question before Woman's Convention, Oakland, has demonstrated that available local sources of supply are ample for years to come; that Hetch Hetchy grant would prevent development of San Joaquin Valley, upon which the growth and future prosperity of bay cities greatly depend; and that future requirement of San Francisco can be met by acquisition of other sources the use of which will not retard the development of any part of the State. Believe that you have in your opposition to Raker bill the hearty support of everyone who attended the convention except San Francisco representatives.

EDWARD W. ENGS, Attorney at Law.

EDWARD W. ENGS, Attorney at Law.

Mr. THOMAS. I should like to have the Secretary restate the signature to the second telegram which was read.

The VICE PRESIDENT. It will be stated.

The Secretary. The second telegram is signed "W. F. Kelly, bondholder People Water Co."

Mr. WORKS. I have here also a letter upon the same subject from Clay P. Gooding, of Oakland, Cal., that I ask to have printed in the RECORD, omitting certain private matter of no public interest, and also three other telegrams that I ask to have printed in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Los Angeles, Cal., November 28, 1913.

Hon. John D. Works, United States Senate, Washington, D. C.

Hon. John D. Works.

United States Senate, Washington, D. C.

My Drar Judge: My respects and regards to you. As you are the only Senator with whom I am acquainted, I write you with regard to a question in which I have taken a keen interest for five years. My knowledge of the Hetch Hetchy problem is far greater than that of the average San Francisco citizen, hence I know its broad scope too well to enter upon a general dissertation. I will touch upon but one feature, and but one side of that. I am one of the nature lovers and desire to contribute my mite to the good cause by giving you one idea or standard by which to weigh evidence that will come before you on only one question.

The nature lovers have always said that they would withdraw all opposition to San Francisco's claims "if it could be shown that the city could not reasonably obtain another satisfactory water supply."

I am in no wise lacking in loyalty to my city or State, but I believe it is not to San Francisco's best interest from any standpoint to get the Hetch Hetchy. With that belief, I think there are just two conditions to be considered. San Francisco is looking forward 50 to 100 years in relation to her water supply: First. What will be the condition and use made of the Yosemite National Park in 50 to 100 years if the city does get the Hetch Hetchy?

The one object of this letter is to convey an answer to the first, that you may judge as to the second. If my answer to the first, that you may judge as to the second. If my answer to the first, that you may judge as to the second. If my answer to the first seems tedious, I ask you to bear with me, as I believe it is vitally important to a correct determination of the Hetch Hetchy?

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The Tuolumne Meadows was pronounced several years before this controversy arose, by John Muir, to be the finest high-mountain meadow in the Sierra. Keith, the artist, and Prof. Joseph Le Conte, both now dead, held similar views, for I was in the Yosemite with all three and in the Tuolumne Meadows with the two former.

In the Tuolumne Meadows the tourist will find one first-class hotel, one lesser hotel, and several public camps. From these he will take side trips to lesser camps, which will be within easy travel range of the average tourist and established at places of rare beauty, such as Lake Tlago, Lysle Canyon, etc. Saddle horses will take others to less-frequented camps a little farther away and at more beauty, such as Lake Tlago, Lysle Canyon, etc. Saddle horses will take others to less-frequented camps a little farther away and at more beauty spots. For the more hardy but unequipped traveler there will be pack outfits and guides to take them on camping trips to more distant grandeurs, and for the still hardier who have their own outfits there will always remain within the park limits, more distant, a wild and magnificent country full of superb scenery, such as Mount Conness, Return Creek, Matterhorn Canyon and Peak, Lakes Rogers, Smedburg, Benson, etc.. Regulation Peak, and others. From the Meadows the hardy will climb Mounts Lysle, Dana, Gibbs, etc.

While standing on the peaks of several of our mountains, including Mount Lysle, I have been told by foreigners who have climbed the Alps that they found nothing there to surpass the views before us.

From the Meadows the traveler will pass down through the Grand Canyon of the Tuolumne, with its lofty walls rising in places higher than those of the Grand Canyon of Arizona; through Muir Gorge, Pate Valley, and on the way the hardy will stop to climb Rancherero Peak, from which one of the finest views of the Sierra is had. The trip down the Grand Canyon will be about 20 miles, and through a most rugged and precipitous gorge. A road or trail here will cost a lo

down the Grand Canyon will be about 20 miles, and through a most rugged and precipitous gorge. A road or trail here will cost a lot of money, but here is the place to spend it. The relative position of the Yosemite Valley, Tholumne Meadows, and the Hetch Hetch form a triangle.

Long before fils controversy was started Mr. Keith, the artist, pronounced the bed of the Hetch Hetchy more beautiful than that of the Yosemite. John Mult says it contains many more species and more magnificent species of trees than the Yosemite, more beautiful meadows, and a greater variety of wild flowers. The mosquitoes can be eradicated, and according to my conversation with Mr. Lippincott, and a greater variety of wild flowers. The mosquitoes can be eradicated, and according to my conversation with Mr. Lippincott, and the conversation with the meaning that covers the lower part of the Hetch Hetchy in the spring.

The fourist will find here two first-class mountain hotels and camps, as in the Yosemite. The hardy will take superb camping trips to Lakes Vernon, Tilden, and surrounding country. The less hardy will go to Tiltil Valley and near points.

This completes the "grand tour of the park." I have spent 30 days each of five summers in the High Sierra, and saw my first rain on the fourth trip. It lasted from 3 o'clock in the afternoon until 9 o'clock that night. On the fifth trip I saw one rainy day and night. The possibilities the superb sights to be seen, the variety of travel, the possibilities in the superb sights to be seen, the variety of travel, the possibilities the superb sights to be seen, the variety of travel, the possibilities and the property of the park. I have always said that in 50 to 100 years there will be 50,000 to 75,000 who will make the grand tour each year. And the winter sports, as in Switzerland, will call out no small number.

Mr. Freeman (city's brief, p. 152) anticipates only "a dozen solitude lovers" a year will visit the Tuolumne watershed. If the Government anticipates that, would there will be 20,000

CLAY P. GOODING, 3535 Peralta Street, Oakland, Cal.

P. S.—It is the climate of California that renders possible what will be the most unique feature of the park; that is, the camping trips, particularly in the upper portion and radiating from many points along the "grand tour."

Senator John D. Works,

Senate Chamber, Washington, D. C.:

At a meeting of the Board of Trade and the Commercial Club of the city of Whittier resolutions were adopted opposing the Raker bill and asking you to work and vote against same. On report of competent engineers it has been shown that there are other sources from which San Francisco may obtain abundant supply of water without damage to territory set apart as national park. Your efforts opposing this attempt to break up our national reserves will be appreciated.

R. B. Kennedy,

George L. Hazzard,

Committee.

Modesto, Cal., December 2, 1913.

Senator Works, Washington, D. C .:

Senator Works, Washington, D. C.:

We water users of Fairview district unanimously indorse views expressed in telegrams from mass meeting at Ceres, December 1. We water users of Fairview district appeal to you to defeat Raker bill, which would pauperize our valley and make a desert of our homes now depending upon all the water of the Tuolumne.

C. H. Moody, Chairman.
C. R. Motimer, Secretary.

MODESTO, CAL., December 2, 1913.

The United States Senate, Care of Hon. John D. Works, Washington, D. C.:

More than 92 per cent of the water users of Modesto-Turlock districts are opposed to the Raker bill. Any information to the contrary is absolutely false. If San Francisco has ever had water famine it was due to her neglect to develop her present sources of supply. The facts are she has water for 50 years. If she wants additional water, send her where she can get more water, better water, for \$20,000,000 to \$30,000,000 less and will not interfere with irrigation. How in God's name can you vote to take from us our limited amount of water and bring ruin and destruction to 300,000 acres of the finest lands in California, owned by thousands of the best home builders in the world that have their all invested in these little homes? Can it be possible that you will impose upon us, tillers of the soil, such an unjust burden in order to give to San Francisco a power proposition worth, estimated by their own engineers, \$45,000,000? We pray you to deliver us from this great enemy.

Levi Winklebleck,

LEVI WINKLEBLECK,
President Modesto Water Users' Association.

Mr. TOWNSEND. Mr. President, I have received numerous telegrams and letters in the form of resolutions both for and against this proposition, but generally against it. I have not presented them to the Senate because I am convinced that these matters, unless printed in the RECORD, are read by nobody, and they are intended largely, I understand, for my own benefit. For that reason I have not presented them to the Senate.

#### PETITIONS AND MEMORIALS.

The VICE PRESIDENT presented petitions of Local Council No. 615, Knights of Columbus, of San Francisco; of the Scandinavian Civic League, of San Francisco; and of the Municipal Ownership League, of Alameda, all in the State of California, praying for the passage of the so-called Hetch Hetchy bill, which were ordered to lie on the table.

Mr. NELSON presented a petition of the Minnesota Historical Society, praying that an appropriation be made for the erection of a monument to the memory of William S. Cox, United States Navy, which was referred to the Committee on the Library.

Mr. THOMPSON presented petitions of sundry citizens of Topeka, Waldo, and Osawatomie, all in the State of Kansas, praying for the early passage of the so-called Glass-Owen currency bill, which were ordered to lie on the table.

Mr. FLETCHER. I present resolutions adopted by the Central Trades and Labor Council of Jacksonville, Fla., favoring the passage of the Hetch Hetchy bill. I suggest that the resolutions need not be read, but I desire to present them in the

resolutions need not be read, but I desire to present them in the

nature of a petition.

The VICE PRESIDENT. The resolutions will lie on the table.

Mr. BRANDEGEE. I present a memorial of the States of Connecticut and Massachusetts, requesting approval by the Congress of the boundaries established by the agreement between these States. I ask that the memorial be printed in the RECORD and referred to the Committee on the Judiciary.

There being no objection, the memorial was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

To the Senate and House of Representatives of the United States in Congress assembled:

To the Senate and House of Representatives of the United States in Congress assembled:

The memorial of the States of Massachusetts and Connecticut represents that they have agreed upon a boundary line between said States, subject to its ratification by the Congress, which boundary line is shown on duplicate maps, one copy of which has been deposited with the secretary of the State of Massachusetts, and another copy thereof in the library of the State of Connecticut, and that an act has been passed by each State to express and confirm said agreement, and that a copy of the act passed by the State of Massachusetts has been sent to and received by the State of Connecticut, and a copy of the said act of the State of Connecticut has been sent to and received by the State of Connecticut has been sent to and received by the State of Massachusetts.

Said act of Massachusetts is entitled "An act to establish the boundary line between the Commonwealth of Massachusetts and the State of Connecticut," and was approved March 19, 1908; and said act of Connecticut is entitled "An act establishing the boundary line between Connecticut and Massachusetts," and was approved June 6, 1913, and is printed in the special laws and resolutions of the General Assembly of the State of Connecticut at its January session, 1913, on page 1003. Each of said acts contains a full description of said boundary line.

Your memorialists therefore hereby request the approval by the Congress of the United States of the boundaries established as heretofore stated.

In witness whereof, on this 22d day of November, 1913, the undersigned subscribe hereto as governors of said States, respectively.

Eugenne N. Foss,

Governor of Massachusetts.

SIMEON E. BALDWIN,

Governor of Connecticut.

Transmitted to the Vice President of the United States, President of the Senate of the United States.

Transmitted to the Vice President of the United States, President of the Senate of the United States.

## AMENDMENT OF THE RULES.

Mr. WILLIAMS, from the Committee on Rules, to which was referred Senate resolution 84, providing that any Senator upon his own request may be recorded and counted as present in order to constitute a quorum, submitted by himself on May 15, 1913, reported it with an amendment and submitted a report (No. 134) thereon.

## ADDRESS BY F. S. WASHBURN (S. DOC. NO. 257).

Mr. FLETCHER. On November 20 the Senator from Tennessee [Mr. Lea] asked unanimous consent to have printed as a Senate document an address delivered by Mr. F. S. Washburn, of Nashville, Tenn., before the National Conservation Congress, November 18, 1913, and it was referred to the Committee on Printing for action. I am authorized by the Committee on Printing to report favorably the paper submitted by the Senator from Tennessee, and I move that an order be entered that it be printed as a public document.

The VICE PRESIDENT. Without objection, it is so ordered.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NELSON:

A bill (S. 3546) to extend the time for constructing a dam by Rainy River Improvement Co. across the outlet of Namakan Lake at Kettle Falls, in St. Louis County, Minn.; to the Committee on Commerce.

By Mr. SHEPPARD (for Mr. Culberson): A bill (S. 3547) for the relief of Oscar C. Guessaz; to the Committee on Claims.

By Mr. STERLING (for Mr. CRAWFORD):

A bill (S. 3548) granting an increase of pension to Samuel E. Haight (with accompanying papers); to the Committee on Pensions.

By Mr. OWEN:

A bill (S. 3549) authorizing the President to nominate and, by and with the advice and consent of the Senate, appoint Elsworth Wilson, a first lieutenant in the Medical Reserve Corps of the United States Army, a first lieutenant in the Medical Corps on the retired list, and increasing the retired list by one for the purposes of this act; to the Committee on Military Affairs.

By Mr. BRANDEGEE:

A bill (S. 3550) ratifying the establishment of the boundary line between the States of Connecticut and Massachusetts; to the Committee on the Judiciary.

## IMPROVEMENTS IN THE HARBOR OF LIVERPOOL.

Mr. LANE. Mr. President, I have a report here which I have secured from the State Department. It relates to the improvements in the harbor of Liverpool, showing the amount of expenditures that have been made there for dredging and for dock purposes. It would be useful if printed as a public document without any of the illustrations which accompany it. request that that may be done.

Mr. SMOOT. I did not hear the request of the Senator.

Mr. LANE. I request to have published quite a lot of sta-tistics relating to the improvement of the Mersey River and Liverpool Harbor for the information of the people of the Pacific coast who are engaged in similar work.

Mr. SMOOT. There are certain illustrations? Mr. LANE. There are illustrations, but I do not ask to have them printed.

Mr. NELSON. Will the Senator from Oregon yield to me for a moment?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Minnesota?

Mr. LANE. I do.

Mr. NELSON. I suggest that inasmuch as the paper desired printed by the Senator from Oregon relates to the improvement of the Columbia River it ought to be referred to the Committee on Commerce, which has jurisdiction of the river and harbor bill. The committee can then order it printed, if it feels so disposed. In my opinion that would be the best method of procedure.

Mr. LANE. I would have no objection to that except for the fact that I am being requested to make large numbers of copies

of this report.

Mr. SMOOT. The method of disposing of this matter as suggested by the Senator from Minnesota [Mr. Nelson] will, I think, meet that condition.

Mr. LANE. That is satisfactory to me if the committee will be prompt in their action.

The VICE PRESIDENT. The Chair would suggest to the Senator from Minnesota that, if entirely agreeable to the Sen-

ator, he would prefer to refer this document for printing to the Committee on Printing.

Mr. NELSON. Mr. President, I repeat, it relates to the im-

provement of the Columbia River, and it ought to be referred to the Committee on Commerce. If that committee deem it of sufficient importance, they can have it printed for their use. The Committee on Commerce has jurisdiction over all matters relating to rivers and harbors, and there is where this matter properly belongs.

The VICE PRESIDENT. The paper will be referred, then, to

the Committee on Commerce.

#### HOUSE BILL REFERRED.

H. R. 7138. An act to provide for the raising of the volunteer forces of the United States in time of actual or threatened war was read twice by its title and referred to the Committee on Military Affairs.

#### HOUR OF DAILY MEETING.

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be

The Secretary read Senate resolution 225, submitted by Mr. KERN on the 1st instant, as follows:

Resolved, That the hour of daily meeting of the Senate be 10 o'clock a. m., and that the Senate shall on each day at 6 o'clock p. m. take a recess until 8 o'clock p. m. and adjourn at 11 o'clock p. m., until otherwise ordered.

Mr. CUMMINS. Mr. President, I make no complaint against the resolution proposed by the Senator from Indiana [Mr. Kern]. It is a logical outcome of the system adopted by the Democratic majority for legislation. It would be still more logical if it provided for a continuous session of the Senate during the 24 hours of the day. I say this seriously, because, if I understand the situation correctly, there is to be no real debate upon the banking and currency bill. That debate has already taken place, the bill has been considered elsewhere; it has been passed elsewhere. Neither am I criticizing the provisions of the bill. I am not ready to say that, as between the bill reported by the distinguished Senator from Oklahoma [Mr. OWEN] and the existing law, I would not vote for the change which has been proposed. My protest is against the caucus system, and I intend to record it now, as I have recorded it

The real legislation of this body is now taking place in a Democratic caucus. I think a debate upon this measure is a pure farce, and I hesitate myself to participate in it. I do like to give it, before the country, the color of actual deliberation, when we all know that the period of deliberation With the exception, as we are informed by the newspapers, of two Senators upon the other side, there is not an open mind in the Democratic majority; there is not a single Senator there who would vote to amend this bill in any respect upon the floor of the Senate without referring the amendment to the caucus of the party.

I have the highest regard for the men who make up the Democratic majority, but I believe in my heart that the system which these men have adopted is wrong; I believe it menace to the institutions of our country; I believe it is opposed to representative government. I can hardly imagine how any member of the majority who favors the extension of popular government, through the medium of primaries or through procedure intended to take the real sentiment of the rank and file of the people, should yet favor legislation by caucus. Until the system is changed debate upon any bill that has been decreed by the caucus is a sham, and I do not object, when once we pass the point of the caucus, to the closing of debate in any way that can be adopted under the rules of the Senate.

My friend from New York [Mr. Root] spoke the other day with regard to the rights of the minority. I will not venture to differ from him with respect to the high necessity of preserving the opportunity of the minority in debate, but the actual invasion of the rights of the minority does not occur through the adoption of this resolution. The actual overthrow of the rights of the minority has already taken place; it occurred when the Democratic caucus considered this bill and came into the Chamber under some kind of obligation to support its provisions. It seems to me dangerously near a conspiracy against the rights of all the people.

Suppose that in a great corporation in which the stockholding interest is widely diffused some great proposal was about to be laid before the directors of that corporation to be adopted or rejected for the welfare of those who might be interested in it, and suppose that it were proper to submit information and to have discussion upon the proposal, and then that a majority of the directors of the corporation should come together in secret conclave and agree with respect to the course to be pursued, agree with regard to the adoption or rejection of the proposal, and agree that the entire majority should be bound by a majority of the majority, in my opinion that kind of procedure in business would be a conspiracy against the rights of the stockholders of the corporation; and, although it is rather a sordid comparison, I see no difference between that procedure and the procedure adopted by our friends upon the other side.

If we are to have debate, it can only be of value if the minds of the Senators who are present are open to conviction; it can only be valuable if all the Senators feel free-absolutely -not only to receive argument and reach a conclusion, but

to follow the conclusion that the mind may reach.

I can not think that over a long period of time the American people will tolerate legislation by caucus. I have no doubt my friends on the other side have considered this bill; I know they have; I know they have debated it; and, if I may credit the public press, I know they have amended it. I have no doubt that debate was carried on intelligently, that it was carried on with learning: I have no doubt the amendments which were adopted were adopted conscientiously in the caucus. I do not know, of course, by what steps this conclusion was reached; but whenever the Democratic caucus took such action, expressly or impliedly, as closed the minds of the Democratic Members against the arguments that are to be produced in debate, that moment the period of debate passed. I agree, therefore, with the Senator from Indiana [Mr. Kern], that inasmuch as there is no room for debate, inasmuch as the minds of Senators are not open to conviction and their conduct can not be changed by debate, the sooner we reach a vote upon the bill-that formal vote which the Constitution of the country seems to require in order that the decree of the caucus shall become the law of the land-the better it will be for the people of the

Mr. LEWIS. Mr. President, I rise to observe that I have been from time to time exceedingly attracted by the frequent references of the distinguished Senator from Iowa [Mr. CUMMINS], as he has inveighed against two imagined evils which he fancies are afflicting this country, particularly under the present administration. At one time I hear the distinguished Senator, for whom I have great respect and whose ability is a subject always of admiration, denouncing, as he does this morning, against the vice of the Democratic Party holding what is called a caucus. At another it is to condemn the President as an intruder and

It may be conceded, Mr. President, that for the purpose of a general government it were better if all persons who are elected as representatives could assemble in some one assemblage in harmony; yet in view of the fact that there are always divergent views, and that these representatives are sent here for public representation of those views, it is very natural that one side should conflict and contest with the other. In order that one of these sides shall get an opportunity to formulate a plan of action, it brings itself together in some form of an arrangement or organization. In the business corporations referred to by the distinguished Senator it would probably be a directors' meeting, or, possibly, in a majority of cases, a stockholders' meeting; or in the church of which the distinguished Senator is an honorable member, possibly there would be those who are called either deacons or vestrymen, who would doubtlessly adjudge the course, settle upon it, and the congregation would be guided by it.

These things are parts of organization. But I wish to ask, when did my distinguished friend become so virile an advocate of this open-air government, and when did he become so ardently the apostle of condemnation of this thing called a

caucus arrangement?

Incidentally, with this accursing the caucus, I have heard my distinguished friend also condemn the President because he has sought to indicate to his party the duty which it owed under its platform. He denounces the President as dictator. I wonder if my memory serves me well, when I ask my learned friend from Iowa to recall for himself that he was governor-and an excellent governor-of the State of Iowa from something like the year 1902 to 1906, and possibly in 1905 he was an advocate of two very excellent measures. One was for a 2-cent passenger railroad fare in Iowa and one was for the general abolishment of that evil confessed by all to be pernicious, sinister, and destructive of independence of legislators—the railroad pass.

Does not my friend, the distinguished Senator, recall that his own party, in different sessions, held a caucus of the Legislature of Iowa and gave him the support that he justly had a right to demand, and through that agency of caucus gave him the support for the measure upon which he made his issue before the people. That it was such that gave him the support that subsequently carried his bills through the legislature?

Did not the Democratic Party, the minority of the Iowa Legislature, I ask the distinguished Senator, meet also in caucus to carry out the plan of the Democrats and give to the Republican governor its approval? And did my eminent friend while governor, seeking to carry out the will of the people and execute the design which it was his object to accomplish, raise his voice in protest against either his own side or that of the Democracy when they caucused, one at his behest and the other with his consent, in order to accomplish the object, worthy as it was, that he advocated; one which the people of his State at the ballot box had ordered-

Mr. CUMMINS. Mr. President——
The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Iowa?

Mr. LEWIS. Certainly; I yield. Mr. CUMMINS. The Senator from Illinois is wholly mistaken, according to my recollection. I began my fight against legislation by caucus in 1888, when I was a member of the Iowa Legislature. The Republican Party in that year sought to hold a caucus upon a very important measure then pending before the assembly. I refused to enter the caucus, and gave the very reasons for that refusal that I have now attempted to give to the Senate of the United States.

The Senator from Illinois is mistaken, again, in that I happened to be governor of Iowa, not from 1902 to 1906, but from 1902 to December, 1908. The bill to which he referred was not passed in 1905. However, that is immaterial; but, according to my recollection, there was no caucus upon the bill at all.

I should like to have the Senator from Illinois produce some proof of the holding of a caucus. If it was held, it was not held at my request; and I do not remember that there was a caucus held. However, I recognize the frailty of human memory,

and I only give the Senate my recollection about it.

Mr. LEWIS. Mr. President, I have with gladness allowed the able Senator to interpolate his defense within my impeachment, that they might go along with regularity, and that he might have such reply made within my speech, though he does this in response to his asking if he might interrogate me.

I will now refresh the Senator upon his own political history. He is correct when he reminds me that at a time when he was in the legislature there was a caucus against which he rightfully protested. He was in a minority, because he was fighting for the people; and certain gentlemen who were counsel for certain corporate interests, whose names I have no desire now to mention, had been so successful in lobbying through the Iowa Legislature from time to time that they had been able to bring about a caucus, ostensibly under the name of the Republicans, that had for its object the defeating of the will of Iowa, as the Senator rightfully comprehended it at that time. The Senator as governor protested, as he rightfully did, against entering into a caucus that had for its object at that time clearly the defeat of these measures. The protest was against the caucus not because it was a caucus, but because it was not his caucus, and because it was not a caucus in behalf of his measures, and because it was not a caucus that carried out the will of the people as he comprehended it.

I now revive the Senator's mind that it is true he was governor for a longer period than I related; but what I was bringing to his attention in the sessions to which I have alluded was his unsuccessful, nevertheless commendable, fight for the particular bills to which I allude. Then, in the latter session of his later term, when he was successful, I recall the Senator's attention to the fact that there again not only was there a caucus on the part of his own party, resulting in the election of a speaker who was friendly to his measures, when previously there had been considerable opposition, and the railroads had assembled at Des Moines, through their different agents, and had sought to defeat the projects. But the Democracy likewise caucused and offered their candidate for leader or minority candidate for speaker, and in this caucus gave to the distinguished governor, now the Senator, support for the measures for which he was fighting. I now invite his memory to recall if he protested then against the minority, which were the Democrats, caucusing then, when they were for the measures which he advocated and gave him support; whether then such caucus did not meet his approval, in so far that he made not a step nor uttered a word against it? No; because his object was for his just measure, thoroughly commendable if obtained through a caucus.

I go one step further, and ask my honorable friend, when he seeks to condemn the President of the United States— as he frequently does, sometimes designating him as being only upon the plane of Huerta, the tyrant of Mexico, and sometimes the despot intimidator of the Senate, and sometimes the invader of the Constitution, and at other times the destroyer of the fundamental liberties of free government—now, I ask, Mr. President, what has this Chief Executive, President Wilson, done? It appears that as President he has indicated to the House and to the Senate his desire that the legislative body shall carry out the will of the people as the people have expressed it at the ballot box and as the party has declared it in its platform. He has done this often and constantly-uncompromisingly and What else would be expected of the President? persistently. He was under the obligation to execute his oath and his pledge; he was under the obligation to inform Congress of its honor; he was under the duty of enforcing upon us our obligation to the people made at the ballot box.

Does the distinguished Senator forget that there was no man in the Middle West who endeared himself to the general public, as I recall the political history of that country-where I likewise played somewhat of an active, if not influential, part—more than the distinguished Senator in his struggles to force the representatives of the Republican Party in Iowa to carry out

the direction of the people?

In the latter term of the distinguished Senator, when governor, may I not now invite to his attention that not only did he address his message on the duty to the Legislature of Iowa, but, offering a precedent to the distinguished President of the United States, he personally read it before the legislature, imposing upon them their honorable obligation of carrying out the will of the people as expressed at the ballot box in Iowa. He invited to their attention that any attempt to yield to the sinister influence of lobby to defeat the will of the people or to frustrate the governor would be a violation of their solemn oaths before

Heaven and of their duty to the constituency of Iowa.

Did not the governor of Iowa, now the Senator, go further and summon these legislators to his chamber, calling them by their names, man for man, sovereign representatives of sovereign counties, so far as such could be, in the sovereign State of Iowa, and by name tell each man that he dared not lend himself to a measure that was frustrating the will of his people, dishonoring his conscience, violating his oath, debasing Iowa, and seeking to defeat the expression of the ballot box without counting on the governor as his critic and opponent? For that was he not commended by his people; was he a tyrant, or would he see himself a dictator, a despot? Sir, the Senator executed an honorable task, a righteous duty, and faithfully discharged his own honorable oath. For that he was justly praised. And now, sir, may not the conscientious President of the United States, beholding this distinguished precedent, exclaim in the language of the great Roman:

Behold, ye conscript fathers, there is the path ye trod. What other course could I take so nobly?

[Laughter.]

Yet my distinguished friend every morning, when some illtemper possesses him, or something has gone awry, produced possibly through reading disagreeable correspondence, finds a relief-something of an escape valve-in raising his voice against this awful man in the White House, and this dreaded scourgethe caucus. It must be refreshing to the Senate to note, however, that the Senator is in the line of long tho' unavailing precedents when he cries out against a President. I noticed in his speech the other morning, or my mind revived the thought, how very

eminent were his ancient predecessors.

Why, Mr. President, in 1802, in the body of the Senate, there arose a distinguished Senator and made these precise charges as now made by the Senator, almost word for word, against Thomas Jefferson, because he likewise sought to force the legislative body to execute the will of the people, and sent a message to that effect. He, too, inveighed against the representatives violating their oath, deserting the people, and by surrender or opposition de-feating the popular will. Henry Clay, almost an equally distin-guished man as the eminent Senator from Iowa [laughter], did not hesitate, of course, to speak of Andrew Jackson, the President of the United States, as the sinister shadow upon the Republic, destined by his exercise of influence to destroy the whole Republic. This because he sought to have Representatives true to their oaths, faithful to their promise, and responsive to the will of the people.

Yet we turn for a minute in reflection. The Republic has moved on, and these two eminent gentlemen have passed into These who condemned the President because he sought to have the representatives execute the will of the people are renowned, but not for their course in obstructing the democracy of their President, but for reversing their course and pursuing the will of the people by supporting the head of their Government. Those eminent Senators are embalmed in such little temporary glory as this ephemeral thing called fame permits. Yet the Government has moved to higher ideals, and the great voice throughout America to-day will be found indorsing

that manner of President or that manner of governor such as was the distinguished Senator when he was governor of Iowa, they who hold a hard hand strongly and firmly over the men who either negligently forget their duty owed as representatives or who purposely seek to violate that obligation.

I have not seen this Government inherit any of the ills which the distinguished Senator seems to think are about to come upon it, and which Senators a hundred years past prophesied under similar conditions. To the contrary, I have seen the distinguished Senator from Iowa, like a John the Baptist, go out to the people, crying from the hilltops to the valleys, arraying thousands around him in a spirit of admiration, because of the very policies advocated by him which in a Democratic President

provokes his condemnation.

Mr. President, I think the time has come when eminent men, such as the distinguished Senator from Iowa, ought to reflect that outside of this Chamber there is a great multitude of intelligence, and that the day has gone by when the littleness of partisanship on the one hand, and the narrow prejudices of geography on the other, can seriously seduce the popular mind to error. It will measure a man, not for that he is called a Republican nor because he is designated a Democrat, but it will measure him by what he does. You will be tested again by the doctrine of the Holy Law that by the works and not alone the faith professed will you be judged. "Not every man who crieth 'Lord, Lord,' will enter the kingdom of Heaven, but they that doeth the will." The distinguished Senator from Iowa will likewise find that sacred law prevailing in the precincts where hereafter he will either invade or be invited, and that he will be judged by what he does in behalf of the common interest of the common country, and not by what he cries out against a party official.

Mr. President, it will not avail in this country much longer for eminent gentlemen to profess a platform and principles Democratic or Republican, and by them array the great common mass on their side and weld them in confidant regard, and obtain office year after year and term after term, then immediately condemn the very same principles when it serves some little partisan object on the one hand or creates petty opportunity to

serve personal vanity on the other.

The great public of America will turn and demand of the man in public life that he be a man within and without. there be some display of sincerity of conduct all the way through, marked by some little rule of consistency. When the distinguished Senator thinks he may violate that law, he avoids beholding the spheres and the aspects all around him. He refuses to hearken to what is the real sentiment of the times. I prefer to invite him to contemplate his own splendid course of the past and to reflect that the great West and the spirit of democracy has been guided largely by the things he professed and the principles he advocated, against the very cabal in Iowa which had done so much to destroy free government and popular will by the very methods he lately adopts. By the very measures he professed to obtain office and which he as an official in Iowa put into force, I appeal to him to uphold, willingly and gladly, with his ability the distinguished gentleman who occupies the White House, who is now giving to the land splendid evidence of devotion to public welfare. I beseech the Senator to no longer stand as a stop guard to stay the wave of progress at this time in this country. He helped call it up. Let him launch his craft upon it, and let him move with it in harmony, and let there be a more splendid statesmanship and idealism in his senatorial career than that other—that would stamp his yesterdays with hypocrisy or his to-days with doubt of patriotism.

Mr. CUMMINS. Mr. President, the Senator from Illinois is not well informed with regard to the history of Iowa.

Mr. LEWIS. I could not hear the Senator. I apologize. Mr. CUMMINS. I repeat, the Senator, with all his plenitude of learning, is not well informed with regard to the history of Iowa, although it is a sister State with his own. The measure concerning which I spoke a moment ago and whereon I refused to enter a caucus had no reference whatever to railways. It was neither promoted nor objected to by railways or railway attorneys. It happened to be a measure relating to the liquor traffic in my State.

However, those little misstatements made by the Senator from

Illinois, of course, have no effect upon his ultimate conclusion. I rise to say only one thing. It is true the time has come when the promise of a party must be executed if the party is to retain the confidence of the people. That ought to become the most sacred motto of every man in public life.

The only question upon which I differ with the Senator from Illinois is this: I think that a promise in the Democratic platform that can only be executed through legislation ought to be performed by the Senate, ought to be performed by the House; it ought not to be performed by the President of the United The Senator from Illinois seems to think that when the Democratic Party pledges itself to the people that certain laws shall be passed it is for the President to pass those laws or say what laws are in conformity with the pledge of the platform. I should like to lift up a little the dignity of the Congress of the United States, as I sought to do in urging that when you who compose the party promise the people of the United States that a thing shall be done it is for you to see that it is done, and it is for you to determine how it shall be done. If this be not true, then I have misconceived the institutions of my country

Mr. NORRIS obtained the floor,

Mr. LEWIS and Mr. OWEN addressed the Chair, The VICE PRESIDENT. Does the Senator from Does the Senator from Nebraska

yield to the Senator from Illinois?

Mr. NORRIS. I will yield to the Senator from Illinois or I will yield to the Senator from Oklahoma if they desire to speak I will yield the floor and speak after they have finished.

Mr. OWEN. I will yield to the Senator from Illinois. Mr. LEWIS. Mr. President, I have but one observation, which I am sure will not exceed a moment, as the Senator from Oklahoma, I think, desires to address himself to the materiality of the bill. It is this: It may be, as the able Senator from Iowa said, that in the early part of his experience as governor that one instance where he refused to enter the caucus was a matter of the liquor traffic. Of that I am not able to dispute, but I also call his attention to the other I have referred to, which he does not dispute. The Senator urges that the Congress shall be brought to a high level, and what says the able Senator as his test? He says that when we, the Democrats, put into the platform a policy it is for us to carry it out right-eously. I say he is correct. Yet when we meet in an ordinary conference, which he designates a caucus, for the purpose of carrying that out he condemns us and holds us up to the country as an example of the destruction of free institutions. thing to be derided by his eloquence and condemned by the intelligence of America.

Says he now that it is for us to carry our policy out, and not the President. That is true; but I call upon the able Senator to note that in every instance where the President has sought to cooperate and where we have sought to execute we have met that sentiment of opposition and obstruction of the distinguished Senator. Instead of disclosing that he really believes it to be the right of the country that its representatives should carry out the pledged policies, he busies himself, with his splendid ability, to defeat them. If he believes what he says as his political creed, I am unable to understand the consistency or justice of his course and must commend it to his own conscience to find a defense for such an attitude. I can not

Mr. CUMMINS. How have I obstructed the policy established by the Democratic caucus? I have already said that I think in harmony with the system that has been adopted we ought to

have a vote without any debate.

Mr. LEWIS. I answer the Senator. The Senator represents a great sovereign State. He has a potent voice in this body. Yet, when the Democracy moved to carry out the popular will on the tariff bill, then, again, on the currency bill, and execute what he says was the obligation of our party to carry out, then comes the voice of this distinguished Senator, with all its influence, inviting opposition from the public on the ground that something wrong is being done in the Senate, something destructive inaugurated by the Democrats; and here and with his influence and voice, potent as it is, he protests with con-stant resistance the popular will and a necessary measure, and this is his obstruction—sinister and indefensible. That is my

reply to the Senator.

Mr. OWEN. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. NORRIS. Does the Senator from Oklahoma desire to take the floor in his own right?

Mr. OWEN. Yes.

Mr. NORRIS. If the Senator prefers, I am perfectly willing to let him precede me.

Mr. OWEN. If it be agreeable to the Senator from Nebraska, should like to answer the Senator from Iowa.

I will yield to the Senator. Mr. NORRIS.

Mr. OWEN. Mr. President, the primary criticism of the Senator from Iowa [Mr. CUMMINS], to which I wish to make a very brief response, was against what he called caucus action on the pending banking and currency bill. I do not at this time

charged with the responsibility of government by the American people have a right to accomplish that task. I insist, however, that that party shall be permitted to perform that duty in a direct, simple, and efficient way, and if it prove to be necessary to have a caucus and a binding caucus in order to carry out and make effective the pledges made by that party to the people of the United States and to overcome the obstructions and difficulties placed in their path by the minority, it is fully justified as a matter of common sense. The criticism of the Senator from Iowa has no justification, however, as to caucus action on this bill. This measure has been before the country in substance for five years. The principles of the bill are not new. The principle of concentrating the reserves of the Nation, of making them mobile and responsive to our commercial necessities, the necessity for an open market for commercial bills, the need for elastic currency in this country, has been well understood by every student of finance. When the Senate, with laggard motion and ineffective action, in 1908 passed the Vreeland-Aldrich bill; when the party of the Senator from Iowa and his party associates were in charge of the Senate, and when they had the opportunity of giving this country relief, did not avail themselves of the opportunity they had, but, on the contrary, gave us the ineffective, poor expedient, the mere temporary expedient of the so-called Vreeland-Aldrich bill, they at least did so much as to respond in a small degree to the expectation of the country by authorizing a National Monetary Commission to study this matter and inform the Senate and the country—

Mr. BORAH. Mr. President—
The VICE PRESIDENT. Does the Senator from Oklahoma ield to the Senator from Idaho?

Mr. OWEN. I yield to the Senator.
Mr. BORAH. The Senator from Oklahoma voted for the
Vreeland-Aldrich bill and made a day's speech in support of it? Mr. OWEN. The Senator from Oklahoma protested against the Vreeland-Aldrich bill. The Senator from Oklahoma voted against the Vreeland-Aldrich bill. The Senator from Oklahoma pointed out the defects of the primary draft of the Aldrich bill that did not pass the Senate; he voted for it, after it had been amended to comply in part with his demands, because it was the best he could get under the circumstances. He voted for it because it was better than nothing, and he said so on the floor.

Mr. BORAH. I understand the Senator voted for the bill. Mr. OWEN. The Senator has already answered that ques-

tion.

Mr. BORAH. I did not understand the Senator's answer. I understood him to say in the first instance that he voted against it and afterwards that he voted for it.

Mr. OWEN. I did not say that. Mr. BORAH. Then I misunderstood the Senator. I ask him now if it is not true that the Senator voted for the Vreeland-Aldrich bill?

Mr. OWEN. He did not. He voted against it. Mr. BORAH. What bill was it the Senator voted for?

Mr. OWEN. The Senator voted for the first draft that passed the Senate on the ground that it was better than nothing. Does that answer the Senator's question?

Mr. BORAH. It answers as to the vote, but I am not so

certain as to the ground.

Mr. OWEN. The Senator can consult the Record and advise himself further, because the Senator from Oklahoma expressed his opinion on the floor of the Senate.

Mr. LIPPITT. Mr. President-

The VICE PRESIDENT. Does the Senator from Oklahoma

yield to the Senator from Rhode Island?

Mr. OWEN. I should like to be allowed to continue my argument and not have it chopped to pieces by interruptions on the other side until I get through. Then I will answer any question whatever.

Mr. LIPPITT. I am sorry-

Mr. OWEN. It is the general habit in the Senate when any Senator is making an argument that has any coherence in it to have one of the Senators rise in his place and cross-question and divert him in various and different ways, so that it is almost impossible to make a coherent argument. It is a bad practice in the Senate and I express my positive disapproval of it. I do not indulge it.

This banking question and its need of amendment has been discussed over and over again. It has been discussed in the public press, it has been discussed in innumerable public meetings, and, finally, after the National Monetary Commission had printed 33 volumes for the enlightenment of the country, and incidentally for the unlimited waste of time and opportunity to desire to go into any extensive discussion of the general merits of the policy of having party caucus action, except to say in brief that I agree with the Senator from Iowa that the party

the open market for commercial bills, for elastic currency, but containing also the one vice intolerable in America, that it put in private hands the control of the credit system of the United States. It would thus have emphasized and made still worse the tremendous concentration of property rights in the United States in a few hands, so well demonstrated by the Pujo committee in its great report, showing that \$22,000,000,000 of property were in the hands of a little over 100 men. This country is not going to stand it. It is not going to submit to it, and even the Republican Party in all its pride of power did not dare to urge the Aldrich bill. It abandoned it except in form.

Then a long investigation was made by the Pujo committee only last year, thousands of pages of evidence gathered, and a wonderful report prepared and presented to the country, which every man in this body has read or ought to have read.

Then another branch of the Banking and Currency Committee of the House, under Mr. Glass as chairman, heard the views of banker after banker and business man after business man, making a record of 750 pages of printed matter, bearing upon this question.

The Senate committee, beginning on the 2d day of September, heard the evidence and the opinions of bankers and business men and men of all classes until they had a record of over 3,200 pages. Then the members of the committee, in good temper, in good humor, the Republicans and the Democrats together, discussed this matter, and, finding themselves with some irreconcilable differences, finally presented two measures to this body. It was then, and only then, that the members of the Democratic conference saw fit to consider the work done by the Democratic members of that committee. In conference were suggested various amendments which were worthy, and which were adopted. In the conference were considered the views and representations made by the Republican members of the committee, and a number of suggestions made in the so-called Hitchcock bill were adopted, because they were worthy of acceptance.

Now the Senator from Iowa rises in his place and denounces our prudent and sensible action as an amazing thing. He states that he believes we ought to have the right to carry out the wishes of the country, and yet when we exercised every precaution to do that duty wisely and well and have faithfully considered the views of the Republicans we find ourselves obstructed on the other side by call after call for a quorum. Just let me read a little record which I have been making here for the information of the country to show that the Senator's colleagues have been obstructing us at every step, not permitting us to have long hours on the ground that it was exhausting to individual Members of the Senate—who do not attend—and the Senator from Kansas [Mr. Bristow] denounces it as legislative ruffianism.

Mr. Gallinger made the point of no quorum at 5.15 p. m. on Monday. Mr. Penrose had a roll call taken on a motion for a recess, which resulted in 53 yeas and 5 nays, at 5.35 p. m. Mr. SMOOT made the point of no quorum at 8 o'clock and 1 minute p. m. on Monday. Mr. Sutherland made the point of no quorum on Tuesday at 1.55 p. m. There were 58 present on the roll call, although doubtless there were not 58 present at the time the call was made. Mr. SUTHERLAND made the point of no quorum at 2.45 p. m., and 59 were present on the roll call. Mr. Sutherland then promptly disappeared and was not present at the next roll call. Mr. Smoot made the point of no quorum at 4 p. m. and 54 were present at the roll of the point of no quorum at 4 p. m. and 54 were present at the p. m. and 54 were p. m. and 5 quorum at 4 p. m., and 54 were present on the roll call. Mr. SMOOT made the point of no quorum at 5.12 p. m., and 52 were present on the roll call. Mr. Gallinger made the point of no quorum at S o'clock p. m., and 56 were present on the roll call.

Mr. GALLINGER. Will the Senator from Oklahoma permit

me to say that at the time I made the point of no quorum there were just 8 Senators in their seats?

Mr. OWEN. Doubtless; but the Senator did not state the number of Republicans who were in their seats

Mr. GALLINGER. It does not make any difference on that point at all.

Mr. OWEN. I do not think it does.

Mr. GALLINGER. The Senator from Oklahoma has already

Mr. OWEN. The Senator from Oklahoma will continue to put in the RECORD the attitude of Senators on the other side.

Mr. GALLINGER. The Senator has put into the RECORD that when I made the point of no quorum there were 65 Senators present. They may have been in the cloakroom or on the street or somewhere else, but they were not at that time present in the Senate Chamber, as the Senator would have the country believe.

Mr. OWEN. They were in the cloakrooms, relieving themselves of the weariness of prolonged and tedious debate that ought not to have taken any such length of time. It does not

require any Senator 10 hours to tell what he knows about Hetch Hetchy

Mr. GALLINGER. Does the Senator think that either the advocates or the opponents of the Hetch Hetchy bill are filibustering? Does he not recognize it as a legitimate discussion? I have not participated in it, and I probably shall not do so; but the discussion seems to be proper and legitimate.

Mr. OWEN. I have expressed the opinion that it does not take 10 hours for a Senator to tell what he knows about Hetch

Hetchy, and nobody believes that it does Mr. GALLINGER. It might not take the Senator from Oklahoma that long, because he presumes to know pretty much

everything on every subject.

Mr. OWEN. The Senator from Oklahoma is indulging in no presumption now. He is merely stating his knowledge about these calls for a quorum; and he has some knowledge about

Mr. GALLINGER. But the Senator does not state the facts correctly

Mr. WEEKS. Mr. President—
The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Massachusetts?

Mr. OWEN. I yield to the Senator from Massachusetts. Mr. WEEKS. I should like to clear the Record as to the statement just made about the number present when the Senator from New Hampshire [Mr. GALLINGER] made the point of no quorum. The call of the roll after some time did develop that there were 54 Senators present; but when the Senator from New Hampshire made the point of no quorum I happened to be one of the Republicans on the floor. There were then 4 Democrats and 8 Republicans on the floor, making 12 Senators in sight. Of course, by taking time enough a quorum can be developed, but there was not a quorum in this Capitol when the point of no quorum was made.

Mr. SUTHERLAND. Mr. President-

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Utah?

Mr. OWEN. I yield to the Senator from Utah. Mr. SUTHERLAND. Before the Senator from Oklahoma resumes, if he will permit me, I would like to interpose long enough to say that at the time I called for a quorum upon the first occasion there were five Democratic Senators in their seats, with a very much larger number of Republicans in their seats. but there was not a quorum present. A quorum, however, did develop.

Mr. OWEN. They were near enough at hand to transact the business of the Senate, I will say to the Senator, if Senators on the other side would permit them to transact that business.

Mr. SUTHERLAND. Mr. President, no Senator is near

enough to transact business in this Chamber unless he is here; no Senator can transact the business of the Senate in the cloakrooms of the Senate.

Mr. OWEN. He is near enough to vote if permitted to do so. If the Senator will permit me, I will now continue my statement.

Mr. SUTHERLAND. Will the Senator permit me to finish what I was going to say?

Mr. OWEN. Certainly.

Mr. SUTHERLAND. It will only take a moment. The sec-

ond time that I demanded the presence of a quorum, which was nearly an hour later, I took the liberty of stating to the Senate what was the truth, that there were but two Democratic Senators upon the floor and one in the chair. Those two Democratic Senators were the Senator from Colorado [Mr. Thomas] and the Senator from North Carolina [Mr. Overman], who, owing to the lonesome condition upon the other side of the Chamber, had taken refuge upon this more populated side, though I did not at first observe him. After a while a quorum was developed; but I say to the Senator that even while the roll was being called, after the call of the roll had been completed, and at the time the announcement was made by the Presiding Officer-at no single moment was there ever a quorum present in this Chamber. Democratic Senators filed out of the cloakroom and from other parts of the Capitol, where they had been resting themselves, and filed into the Chamber for the roll call, and then immediately fled from the Chamber. So there never was a moment when there was a quorum present in this Chamber.

Mr. CLARK of Wyoming. Mr. President, will the Senator from Oklahoma permit me to interrupt him for just a moment? Mr. OWEN. In just a moment I will yield to the Senator. I will reply first to the Senator from Utah [Mr. SUTHERLAND], to say that the Democratic Members of this body are near enough to vote if they will be permitted to vote by Senators on the other side, and that the Senator himself, after twice calling for

a quorum, then fled from the tedium of the time-wasting talk

and was not present when a quorum was called immediately

Mr. Townsend made the point of no quorum at 8.25 p. m., and 48 Senators answer to the roll call. He also announced that he would call for a quorum whenever a quorum seemed to be absent. Then Mr. Townsend again called for a quorum at 8.50 p. m., and 56 Senators responded to the call of the roll. Senator Bristow made the point of no quorum at 10.24 on Wednesday morning, and 50 Senators answered "present." Senator Weeks suggested no quorum at 12.50 p. m., and there were 62 Senators who answered "present." Senator Root, although not making a point of no quorum, suggested the absence of Senators, and a call was ordered at 1.07 p. m., when 54 Senators answered to their names.

Mr. ROOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New York?

Mr. OWEN. I do.

Mr. ROOT. May I ask the Senator from Oklahoma to revise his statement slightly?

Mr. OWEN. I shall be glad to do so if it is inaccurate. Mr. ROOT. What I did was to state, in order that it might go upon record, the precise number of Senators present on each side of the Chamber. I did not suggest the absence of a quorum. Mr. OWEN. Did the Senator from New York have any ob-

ject in doing that?

Mr. ROOT. I do not know but that the Chair ruled cor-

Mr. OWEN. The Chair did quite right, I think; and the Senator from New York, having performed that important pub-

lic service, immediately left for lunch.

Mr. ROOT. Mr. President, the Senator from New York immediately left, and he holds himself at liberty to leave, because he considers that the holding of the Senate in session from 10 o'clock in the morning until 11 o'clock at night in order that speeches may be made to empty seats is farcical and absurd and is not the performance—the just performance—of public duty. It will inevitably result from such a course of procedure that we shall have empty seats.

Mr. OWEN. I think the Senator from New York was entirely justified in feeling at liberty to go to lunch even if there was something on hand of more or less importance; but when there is nothing of any importance going on, except just simply the beating of the air with empty words, I think the Senator is the more justified in retiring to the cleakroom. Nothing but a sensible rule of cloture will abate this farcical, absurd, and pre-

posterous performance.

Mr. CLARK of Wyoming. Mr. President-

Mr. SMOOT. Mr. President, I should like to say to the Senator from Oklahoma-

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Wyoming?

Mr. OWEN. I yield to the Senator from Wyoming. Mr. CLARK of Wyoming. Mr. President, I want to trespass on the time of the Senator for just one moment while I beg to dissent from his implied statement that the Hetch Hetchy is a rather unimportant matter.

Mr. OWEN. I do not think so. It is the waste of words I

Mr. CLARK of Wyoming. To many of us it is a matter of supreme importance; to many of us, with the exception, per-haps, of the tariff bill and of the currency bill now pending, it is the most important measure-

Mr. OWEN. It is not the subject; it is the time-wasting talk

that I was commenting on.

Mr. CLARK of Wyoming. It is the most important measure in its results that has been before the Senate for many a day. While I have not, to my recollection, called attention to the fact of the absence of Senators and insisted upon a quorum, I have felt all the time that such a call was justified, because of the importance of the subject and because of the most excellent, exhaustive, and convincing speech which the Senator from Okla-homa speaks of as "empty words" or as "beating the air." I can not allow a statement of that character to pass and leave the impression that I for one consider the Hetch Hetchy proposition an unimportant matter.

Mr. OWEN. I think the Hetch Hetchy measure is a very important matter; but I think a week's talk about it is ridicu-

lous when every man has made up his mind.

Mr. CLARK of Wyoming. I desire to call the attention of the Senate further to the fact that this week has been devoted by the consent of the Senator and by the unanimous consent of the Senate to the discussion and decision of this very important matter of the Hetch Hetchy and not to the consideration or decision of the currency bill, and that therefore Senators who

are interested in this very important subject are not obstructing or seeking to obstruct, nor can they be considered as obstruct ing, the course of the currency bill by taking the time of the Senate which has been unanimously granted for the considera-

tion of the Hetch Hetchy matter.

Mr. OWEN. I was referring to the calls for a quorum, and I call attention to the fact that Mr. Gallinger at 1.55 p. m. on Wednesday called for a quorum, and 56 Senators answered to the roll call. Mr. Brandeger made the point of no quorum, and it developed for the first time that there was no quorum, it being immediately after dinner and some Senators not having finished dinner. There were only 40 Senators who answered the roll call until about 30 minutes—

Mr. SMOOT. Forty-five minutes.

Mr. OWEN. Which I think is a matter greatly to be regretted. Mr. Smoot made the point of no quorum at 10.15 this morning, and I want to say, in passing, that in commenting upon the absence of the Senator from Utah [Mr. Smoot] the other evening I did not do so with any unkind intent or to indicate that he was not faithful in his attendance upon the sessions of I do not believe there is a man in this body who the Senate. is more faithful in his attendance than is the Senator from Utah, and I do not believe there is a more industrious man in this body than he. I am glad to pay that measure of respect to him, because I think he is entirely deserving of it.

Mr. THOMAS. Mr. President-

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Colorado?

Mr. OWEN. I yield to the Senator.

Mr. THOMAS. Mr. President, I merely wish to emphasize my appreciation of the last statement of the Senator from Oklahoma [Mr. Owen]. I differ radically on almost every public proposition with the Senator from Utah [Mr. Smoot], but his powers of application and industry, his close attention to public business has commanded my admiration ever since I have been a Member of this body. He is a bitter partisan, but he fights fairly and in the open. He fought the tariff bill from its beginning to its ending. It encountered his unrelenting opposition, and yet he wanted to see that bill as to its details as perfect as possible, notwithstanding that fact, since he could not prevent its enactment. I want here and now to acknowledge my sense of obligation to the Senator, because during the consideration of that bill he gave me many extremely valuable suggestions and much desirable information concerning many of the items of the bill and relating as well to its general framework, many of which I was glad to avail myself of and which were incorporated in the bill. I think the Senator from Utah is entitled to this statement and to its appearance in the RECORD, to the end that he at least may be free from the charge or imputation of needlessly filibustering against important legislation. Certain it is that no one is more attentive to his public duties than the senior Senator from Utah.

Mr. NORRIS. Mr. President, I inquire if the Senator from Oklahoma has concluded?

Mr. OWEN. I have.

Mr. NORRIS. Mr. President, it is not my intention at this time to discuss, at least at any length, the question of caucus control raised by the Senator from Iowa [Mr. Cummins]. I wish to discuss briefly another phase of the question that is immediately before the Senate, but I can not permit the occasion to pass without saying that I concur most fully and enthusiastically with everything the Senator from Iowa has said upon the question of caucus control.

In that connection I want to call attention to one or two things that were mentioned by the Senator from Illinois [Mr. LEWIS]. He said, in commending the Senator from Iowa, that those in the majority of the Senate should do the best they could to carry out their platform pledges; and the Senator from Illinois reached the conclusion that that necessarily brought about caucus control by the majority side, and he cited the action that has been taken by the Democrats in caucusing or in holding a conference on the currency measure. The Senator from Iowa, in his opposition to the caucus, would not object to the Democrats holding a conference, or to the Republicans and Democrats together holding a conference, to bring about the best means to carry out any principle of government; but let us illustrate it here and see the difference—and I think there is a difference. For instance, in the currency measure there is a contest between friends of the measure-and I am using it only as an illustration-as to whether there shall be 12 regional banks or a less number of regional banks. I think it is conceded by every man that honest Senators, honest individuals may honestly disagree as to the number of regional banks the new system should have. The theory of the Senator from Iowa and those who believe with him that the caucus should not con-

trol the votes of Senators in such matters would leave every Member of this body free when the matter comes officially before the Senate to follow his conscientious judgment after the discussion had taken place and the evidence had all been offered as to how many regional banks he wanted to vote for; but caucus control would mean that, even on that detail, a Senator should vote the decree of the caucus rather than follow his own judgment after he had listened to the evidence; and he would have to reach that conclusion before the argument was made and before there had been any official consideration of the measure. I think that illustrates the difference of opinion that exists between those who favor the caucus and those who are opposed to it.

The Senator from Illinois [Mr. Lewis] very well and beautifully said, speaking of the work of the Senator from Iowa [Mr. CUMMINS] when he was governor of Iowa, that he was a pioneer

in antipass legislation.

Suppose that we had no antipass law on the Federal statutes, and that became a question for national legislation. Here, then, is a pioneer, a man who the Senator from Illinois admits is an authority on the subject, one of the men who began the fight, and he, under the present caucus methods of the Democrats of the Senate, would be excluded from participating in any deliberation that could have any effect on the framing of any law on that subject. Under this caucus method this man, whom the Senator from Illinois admits is the best qualified to frame such a measure, would not be allowed to have anything to do with the framing of the bill. His counsel would be denied. He would be excluded from all deliberations that could have any effect. The country would not get the benefit of his advice, ability, or knowledge. When the caucus had decided all the details of the bill, perhaps in secret, and had reported it to the Senate, then it is true he could talk and talk and offer to amend, but the caucus decree would compel the majority to oppose every amendment he would offer, even though they were all convinced his proposition would improve the bill.

Mr. REED. Mr. President—
The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Missouri?

Mr. NORRIS. I yield to the Senator.
Mr. REED. The Senator from Iowa would not at all be excluded; we would welcome him at any time into a Democratic conference, listen to him with pleasure, allow him to vote, and would be glad if he would see enough of the true light so that he would permanently join us.

Mr. NORRIS. I expected that kind of a suggestion; it is

not the first time that it has been made.

Mr. REED. And, Mr. President, we likewise extend the invi-

tation to the Senator from Nebraska.

Mr. NORRIS. I have had that invitation extended many times. Senators think it is a joke, but, as a matter of fact, it is a serious proposition. The Senator from Iowa [Mr. Cum-MINS] and the Senator from Idaho [Mr. Borah], and all other Senators for that matter, have, for reasons sufficient unto themselves, aligned themselves with a certain party. There may be propositions submitted by the other side or by an Executive representing the other party, in which they most heartily concur; they ought to be, and they should be, representing, as each of them does, a constituency just as intelligent and just as patriotic as that represented by any other Senator, allowed to participate officially in such deliberations as under the Constitution can come before this body.

Mr. REED. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska

yield to the Senator from Missouri?

Mr. NORRIS. I will not yield at the present time. The reason I will not yield is because I do not wish to delay this particular question. It has been up for three days, and I am anxious to have it disposed of to-day.

Mr. KERN. May I ask the Senator if he does not know that by continuing this discussion on the subject of the caucus, which may be discussed hereafter on the bill itself, the inevitable

result will be the defeat of the resolution?

Mr. NORRIS. No. By the way, we have been meeting just the same every day at the hour the resolution provides for. I wish to submit to the Senator from Indiana that I have yielded patiently, I think, when I had a technical right to the floor, to Senators on the other side, who have consumed almost all of

The President of the United States delivered a message to the Congress the other day, and I wish to say now that with every single fundamental proposition that he laid down in that message I am in most hearty accord. I am just as anxious as any Senator on the other side, and more anxious than a good many of them, to carry out and bring about the enactment of every one of the propositions the President has laid down. There are a good many other Senators over here, I think, who feel the same way; all of them, at least, with respect to some of the propositions the President has laid down. Some of the Senators over here are pioneers on some of the propositions the President has laid down, and have given study and work for years to some of the propositions; but a caucus by the majority will exclude every one of them from any participation anywhere

that will be either beneficial or effective.

In other words, if Democratic Members caucus on any one of these propositions, and then are convinced later on in this official Chamber that some amendment offered by some of us would be effective, and would carry out in a better spirit the theory of the proposed law, they are precluded by the decree of the secret caucus from supporting it, because it is offered by some man who is not a member of their party and because it has not been passed on by the caucus. If this method is to be followed, then the best friends of these measures will not be allowed to help draft them. I want to help the President get these propositions mentioned in his message enacted into law, but if secret caucus methods are to be followed I will be excluded. I am as sincere as the President, and I ought to be allowed to make arguments and offer amendments before and to Senators who have not been controlled by secret caucus methods and bound in advance to vote against all amendments, even though they are convinced such amendments would improve the bill.

Mr. President, as I said at the beginning, I did not intend to discuss this proposition. I have discussed it a great deal more than I intended to. I wish now to come to another feature.

I am going to vote for the resolution offered by the Senator from Indiana [Mr. Kern]; and while I am not at all satisfied with it, I desire to call the attention of the Senate, and I hope of the country, to the fact that the necessity of taking that kind of action illustrates what I think is almost as important as the legislation itself; and that is, that this body ought to have some reasonable, fair, honorable, honest way of applying a cloture rule. I have taken the floor principally to call attention to that particular fact.

This resolution, like other resolutions that have been proposed in the past by Republicans when they were in the majority, and at other times by Democrats when they were in control, is really a means of reaching a cloture. If we are going to reach a cloture indirectly, why not let us reach it in a reasonable way by a direct course? It seems to me, as I said the other day to the Senator from Mississippi [Mr. Williams], that this is going to war according to the barbarism that existed in the past, when in this enlightened century we ought to have arbitration.

Years ago, if there was a dispute between two men as to

title, they settled it by wager of battle. The strong overcame the weak, and might, they supposed, made right. Here we have a proposition intended, at least by some who favor it, to

be a process by which men will be worn out.

Years ago the judge, when he instructed the jury and sent them to their room, told the bailiff that they should have neither things to eat nor things to drink until they had agreed. Why, they will agree; they must agree at some time; humanity must in the end succumb to torture; but is that a verdict for which a civilized, intelligent man or community would have

Now, we propose to put into operation about the only method the Senate has of avoiding being held up by one man, no matter who he may be. I am not complaining of the man who would hold up the Senate as long as the rule is there. not criticizing any man who takes advantage of it. I think he is justified in doing it, perhaps, often. We have a rule here, not written, but a silent rule, just as effective as though it were written, that there shall be no cloture. Then we say that the Senate shall meet and be in session under such terms and through such hours that the very physical condition of Members must fail if it is kept up for any length of time, and when they fail and become weakened some agreement will be reached. It is a barbarous method not founded on reason or intelligence, and the Senate should, by reasonable cloture rule, put an end to it.

I simply wanted to call the attention of the Senate to the fact that instead of using that ancient and barbaric method we should put upon the rules of the Senate some method by which we could reach the end of debate under reason and without resorting to means that are both ancient and uncivilized. When we do that I think it ought to be done—perhaps it will be necessary for it to be done—in a nonpartisan way. There are men on the other side who think such a rule ought to be adopted. There are those on this side and there are those on both sides who oppose it. I am not questioning their motives, but it seems to me this incident to-day ought to illustrate that something of that kind ought to be done.

Mr. GALLINGER. Mr. President, the extraordinary position In which the Senator from Oklahoma [Mr. OWEN] has put himself this morning, endeavoring apparently to bring discredit upon certain Senators on this side of the Chamber who have

called for a quorum, requires from me a single word.

Two days ago the Senator from Oklahoma called attention on the floor of the Senate to the fact that I had made the point of

no quorum, and the Senator added:

There were 56 Senators present.

Mr. President, when I made the point of no quorum I counted the Senators present, and there were just eight Senators in the Chamber at that time. The Senator from California was making a very earnest and important speech on a very important subject. It is unfair for any Senator to send out to the country a statement of that kind, that I made the point of no quorum when there were 56 Senators present. After a considerable time 56 Senators were brought into the Chamber, or brought themselves into the Chamber, and answered to their names.

The Senator from Oklahoma, in calling attention to-day to those of us who have made the point of no quorum from time to time, forgot to note the fact that on yesterday the Senator from Nevada [Mr. PITTMAN], a Senator on the Democratic side of the Chamber, raised the point of no quorum. I presume the Senator from Nevada ascertained the fact, as I have from time to time, that the attendance was very light, and that it was unfair to subject Senators to the task of making speeches to

empty benches.

Mr. THOMAS.

Mr. THOMAS. Mr. President—
The VICE PRESIDENT. Does the Senator from New Hampshire yield to the Senator from Colorado?

Mr. GALLINGER. Yes.

Mr. THOMAS. I think I should say, in justice to the Senator from Nevada, that he made the suggestion of the absence of a quorum at my request.

Mr. GALLINGER. That may be. At any rate, it came from

the Democratic side.

Last evening. Mr. President, we came here at 8 o'clock. was not agreeable to me to come, because I think I am entitled to some respite from the performance of my duties here. When we entered the Chamber, or a few minutes after entering the Chamber, the Senator from Connecticut [Mr. Brandegee] said:

Noticing that there are only about six or eight Senators on the floor, I would suggest the absence of a quorum.

What was the result? The roll was called, and it took 45 minutes to develop a quorum of the Senate. If Senators on this side of the Chamber had not been here, a quorum would not have been secured by the time the hour of 11 o'clock arrived.

If it be contended that we ought to transact the business of the Senate, sitting here 11 hours a day, in the absence of a quorum, many times only 5 or 6 or 8 or 10 Senators being present, I confess that I do not quite understand the proper procedure in the consideration of important questions that come before this body.

Mr. OWEN. Mr. President—

The VICE PRESIDENT. Does the Senator from New Hamp-

shire yield to the Senator from Oklahoma?

Mr. GALLINGER. I yield to the Senator from Oklahoma. Mr. OWEN. I would suggest that a very convenient way of accomplishing the result of having Senators present and avoiding these empty benches would be to have a reasonable cloture rule and not drive Senators out of the Chamber by prolonged and uninteresting debate.

Mr. GALLINGER. Mr. President, I remember a prolonged and uninteresting speech that the Senator from Oklahoma made not long ago, occupying six or eight hours and, by filibustering,

defeating the will of the Senate.

Mr. OWEN. It was perfectly justified, Mr. President, by such rules as we have. Any man has a perfect right to get up and use all the time he pleases and talk to the Senate until he drives every man out of it, which ordinarily is the result.

Mr. GALLINGER. Yes; but on that occasion why did not the Senator allow the regular business of the Senate to proceed, instead of "beating the air" for six or eight hours in idle

Mr. OWEN. The Senator beat the air to very fine effect on that occasion, and compelled the Senate to grant to the people of New Mexico the right to amend their own constitution. That is what it resulted in.

Mr. GALLINGER. Very well. If that be so, may there not be other occasions when equally beneficent results may be reached under the existing rules of the Senate?

Mr. SUTHERLAND. Mr. President, I intend to vote against this resolution, and because I intend to do so, I wish for a mo-

ment or two to give my reasons.

The resolution proposes that the Senate shall meet at 10 o'clock in the morning, and, with a recess of two hours, shall continue in session every day until 11 o'clock at night. That means that no other work can possibly be done except to attend the sessions of the Senate.

For more than three months the Senate and the other House of Congress have been held in session without the slightest excuse whatever. Not only have they been held in merely nominal session during that period of three months, but during that time no work at all of any character or description of any sort of importance has been transacted. It has not been permitted to be done.

I do not know who is responsible for that-whether it be some coterie that is managing the Democratic side of the Chamber or whether it be some source higher up. It is sufficient to say that for three months we have been kept here in Washington, nominally in session, nominally transacting the business of the country, but actually unable to do anything. Not only has no business been transacted upon the floor of the Senate, although the calendar is filled with bills of importance that ought to be disposed of, but even the committees of the Senate have been permitted to do nothing.

I happen to be a member of the Judiciary Committee of the Senate. During all this time, although members of that committee have been pressing for the consideration of important measures, it has been utterly impossible to secure at the hands of the committee the consideration of any measure whatsoever. Over and over again the Republican members of the committee have requested that certain bills should be taken up, and they have always been met with the proposition that we ought not to transact any business during the session except to dispose of the tariff bill; and after the currency matter had been injected into the situation, that we should do nothing else except attend to the currency bill. The humiliating spectacle was presented to the people of this country of 96 men ostensibly being held here in Washington to transact the public business and actually simply sitting about and waiting for the action of 12 men who happened to constitute the membership of the Committee on Banking and Currency.

After having wasted all that time, which kept many of us from taking needed rest, from taking some sort of a vacation after the strenuous work of the summer-and working in Washington during the heated period is strenuous, as everybody knows—having kept us from that, having worn many of us down, it is now proposed, as I view it, without any excuse or justification whatever, to compel sessions to be held here for these unreasonable hours in order to crowd through in a few days a piece of legislation which the committee has been dealing with and the whole Senate has been waiting for it to deal with

during a period of some three months.

wish to say to the Democratic side of this Chamber-and I think my observation of some nine years in this body warrants me in making the statement-that in the end they will gain nothing by passing the resolution. They will find, as I predict now, that before many days are over they will be unable to maintain a quorum here for night sessions. Men can not stand that work day after day. Not only will all other business of the Senate and of Congress be halted in the meantime, because no committee meetings can be held, no ordinary departmental business can be transacted by Senators, and their correspondence can not be properly attended to, but the hours are such that it will transpire in a very little while that Members upon your side of the Chamber will cease to attend the night sessions, and you will have to give the thing up. You will make better headway, in my judgment, and at any rate you will preserve the health of Members of this body if you will adopt more reasonable hours. If you will meet here, say, at 11 o'clock in the morning and run until 6 o'clock at night, you will find in the end that you would dispose of this legislation quite as quickly as you will under this sort of a forced order.

Mr. President, I am against any attempt of this kind. I am against it because I believe the proposition itself is unwise and because I object to the spirit in which the proposition itself is made. It has been stated upon the floor of the Senate by the Senator from Mississippi that the purpose of the order is to wear out the minority side of this Chamber; in other words, to force from them action, not after a debate but after they are tired out from these long and unreasonable hours of meeting.

Mr. President-

The VICE PRESIDENT (at 12 o'clock meridian). The morning hour having expired, the Chair lays before the Senate the unfinished business, which is House bill 7837. It will be read

The Secretary. A bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

VICE PRESIDENT. The unfinished business will be laid aside temporarily and retain its place upon the calendar, and the Chair now lays before the Senate House bill 7207.

The Secretary. A bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes

Mr. KERN. I ask that the resolution which has been pend-

ing may go over until to-morrow without prejudice.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution will go over.

Mr. CLARK of Wyoming. Mr. President— Mr. GRONNA. I ask unanimous consent that the resolution may be passed to-day.

Mr. CLARK of Wyoming. The Senator can not do that.

I desire to make a parliamentary statement or inquiry in regard to another resolution, which was introduced day before yesterday. Of course there has been no opportunity to con-It was a resolution of inquiry introduced by myself. I find by a reference to the calendar that the resolution has gone to the calendar. I think it should retain its place on the table, so that it may be considered before going to the calendar in an ensuing morning hour. I ask that that order may be made.

The VICE PRESIDENT. That order will be made. It must

have gone inadvertently to the calendar.

Mr. REED. Mr. President, we have witnessed a singular manifestation of the methods which may be employed not to make haste. The entire forenoon has been spent in discussing mere motion to fix the hours of meeting. Those who have thus taken the time of the Senate have constantly insisted they desired to make speed, yet they have consumed several hours in absolutely useless debate. We have heard complaint after complaint because the Democrats have seen fit to hold a conference on this bill. The morning has been consumed in wailings. observed to-day, as I have in the past, that denunciation of caucus action is invariably confined to those gentlemen who at the particular moment find that caucus action has interfered with their desires.

We have been told all morning that the attempt of the Democrats to pass a resolution demanding that the Senate shall hold its sessions from 10 o'clock in the forenoon to 11 o'clock at night is a wicked scheme to reduce the contest over this bill to one of mere physical endurance. It has occurred to me that those who have prolonged the debate upon the resolution have done much to tax all of our powers of endurance and patience.

Mr. President, every man in this Chamber knows that the method complained of has been adopted in nearly every great battle which has been fought out on the floor of the Senate. Time and again the majority has held the Senate in session without intermission until the Members were willing to quit talking and go to voting. I have but little patience with Senators who claim to be desirous of saving time and who then proceed to consume time in debating a simple proposition fixing the hours of meeting. I have as little patience with the pretense that the numerous roll calls which have been demanded have been for the real purpose of securing the attendance of Senators.

It frequently transpires that there are upon the floor only a limited number of Senators, and yet the business goes on. It is only when some one desires to obstruct business that the systematic plan of repeated roll calls is adopted. The plain truth is that there is now a mild sort of filibuster going on upon the other side of this Chamber. No matter how Senators may disclaim that purpose, no matter what explanations they may offer, the Members of the Senate know that a filibuster is in progress, and the country knows it.

I desire to say further that I think a great mistake was made when we granted unanimous consent to vote upon the Hetch Hetchy bill on December 8. It seems to me utterly ridiculous for the Senate of the United States to spend a week or 10 days

debating a bill of that kind.

Mr. CLARK of Wyoming. Mr. President— Mr. REED. In a moment I will yield. Some means ought to have been provided for the ascertainment of the facts in this

particular matter, and the facts having been once ascertained, a statement and argument of an hour and a half upon either side would have elucidated every disputed point.

The present situation well illustrates some peculiar things that occur in the Senate. I have heard trifling questions debated here with all the solemnity in the world for a week or ten days and the most important of matters rushed through in a

few hours. I yield now to the Senator from Wyoming.

Mr. CLARK of Wyoming. I simply wanted to ask the Senator a question. The Senator on December 2 gave notice, which is on the outside of the calendar, that at this time he would address the Senate upon the currency bill. I wish to ask him if it is in pursuance of that notice that his remarks are now being made. Is it his intention to address the Senate on the currency bill at this time?

Mr. REED. I intend to address the Senate on the currency bill at this time. I am making some remarks that have application to Hetch Hetchy, and I shall probably keep as close

to that topic as those who have preceded me.

Mr. CLARK of Wyoming. Of course, I do not want to in-terfere with the remarks or the right to the floor of the Senator upon the Hetch Hetchy proposition. I only ask the Senator if he considers it to be exactly fair to those who believe the Hetch Hetchy proposition is an important one, it having been made the special order by the unanimous consent of the Senate, to take up the time upon matters which are not now before the It seems to me-

Mr. REED. Mr. President, I will answer the Senator frankly. Mr. CLARK of Wyoming. Of course, I do not wish to in-

terfere

If the remarks I am about to make will deprive Senators on the other side of their opportunity to debate this question, I will gladly postpone the making of those remarks. But in view of the fact that we have wasted the whole forenoon in discussing matters that have no more to do with Hetch Hetchy than the history of the fall of Sodom and Gomorrah has to do with the Constitution of the United States, I felt perfectly warranted in talking upon the currency question. However, if the Senator who has the floor or other Senators will say to me that they desire this time for the discussion of the Hetch Hetchy bill, I will cheerfully step aside.

Mr. CLARK of Wyoming. Of course, personally I do not

want to interfere with the Senator's occupancy of the floor and I would not do so, but I call his attention to the fact that but 10 minutes of the time devoted to Hetch Hetchy has thus far been consumed, that having been consumed largely by the Senator himself; and I further desire to say to the Senator that while the present speaker is not desirous of going on at this time I understand that other Members of the Senate have matters which they wish to present to the Senate on the Hetch

Hetchy proposition proper.

Mr. WORKS, Mr. President—
The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from California?

Mr. REED. Certainly.

Mr. WORKS. Mr. President, I have consumed a good deal of the time of the Senate in discussing the Hetch Hetchy bill. agree thoroughly with the Senator from Missouri that that should not have been necessary. If a proper investigation had been made of the conditions in the proper way, and the Senate informed by that means, the extended remarks that I made to the Senate would have been entirely unnecessary. But it was because of the fact that the truth had not been developed with respect to this proposition by that means that I felt myself compelled to consume the time of the Senate in an attempt to bring before it certain data and facts upon which the Senate could act intelligently, because of the fact that it had not been procured in some other way.

I have no apology to make to the Senate for the time I consumed in that endeavor, but I do agree with the Senator that it should not have been done in that way. Being foreclosed by the unanimous-consent agreement, that is the only way in which the Senate has had an opportunity to procure the information it ought to have on the subject in order to act intel-

Mr. PITTMAN. Mr. President—
The VICE PRESIDENT. Does the Senator from Missouri
yield to the Senator from Nevada?
Mr. REED. I yield to the Senator.
Mr. PITTMAN. I take issue with the Senator from California with regard to the facts before the Senate in this matter. It has been examined for a number of years. There are a number of reports. I also want to call attention to the fact that a large portion of the Senator's speech consisted in reading official reports by an official board created for the purpose of investigating this subject. I think probably that he would have been saved a great deal of time if he had not devoted a large portion of his speech to reading records that had been prepared under governmental direction.

Mr. BORAH. Mr. President-

Mr. REED. In one moment, please, I will yield to the Senator from Idaho. Mr. President, nothing that I have said should be taken as a criticism of the Senator from California [Mr. Works]. That was furthest from my thought. I was discussing a wholly different proposition. I have no criticism of the Senator from California for taking the time he did. think that he delivered a very illuminating address, and in-stead of being criticized he is deserving of the thanks of the Senate.

I yield to the Senator from Idaho.

Mr. BORAH. Mr. President, I am very much interested in the Hetch Hetchy bill, and I think it a very important measure; but the Senator from Missouri gave notice upon two different occasions that he would address the Senate upon the currency question, and he is now seeking to address the Senate under his second notice. While I think the Hetch Hetchy bill undoubtedly will receive and ought to receive much more consideration, as one party greatly interested in it I do not see any reason why the Senator from Missouri should not occupy a reasonable portion of time in discussing the currency question. I think we will have a great deal of discussion hereafter upon the Hetch Hetchy bill, but I think we have plenty of time

Mr. REED. Mr. President, I am quite willing, if Senators desire to go on with the Hetch Hetchy bill and discuss it, to yield the floor. I gave notice that I would speak on the currency bill because I had no thought that all the time would be desired by those who have the Hetch Hetchy bill at heart. I have been informed since I took the floor that the Senator from Idaho had expected to speak this morning on the Hetch Hetchy bill. If that is the case, I will gladly yield the floor to him.

Mr. BORAH. No, Mr. President; I do not want the Senator from Missouri to yield to me, because that was not the expectation. I had given no notice, and I will find sufficient time, I have no doubt, to present all the views I have at hand on this subject. So far as I am concerned, I do not desire the Senator to yield.

# BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. REED. Mr. President, I invite the attention of the Senate to the pending banking and currency bill. I hope to be

brief. Permit a preliminary statement.

Some criticism has been indulged because of an alleged delay on the part of the committee in reporting this bill. It has been charged that some members of the committee were engaged in an effort to defeat the wishes and wreck the policies of the President. Just how impressions of that kind are born it is difficult to say. I do not intend at this time to do more than to refer to them in the briefest possible manner.

No honest man who knows the facts will charge that a

single member of the committee, either Republican or Democrat, has sought to amend this bill or postpone action upon it out of a desire to oppose the policies of the President. Any assertion

to that effect is groundless and infamously false.

I affirm that the President of the United States has never declared that the House bill ought to be passed without amendment. Neither has he undertaken to coax or coerce Congress into the enactment of that particular bill. The President has, within his constitutional right and in performance of his constitutional duty, recommended the enactment of banking and currency legislation. Within the same limitations he has made suggestions from time to time. But I utterly deny and repudiate the statement or innuendo that he framed a bill or approved a particular bill and insisted that the legislative branch of the Government should abdicate its duties and accept that bill without amendment or change. Those who so assert would place the President in a position he does not desire to

I am safe in asserting that the President has not only recognized the right of Congress to amend the bill, but those closest

to him have urged more than one change.

In order that I may not be misunderstood, let me, in substance, repeat: The President has advocated a reform of our banking and currency system within certain broad general lines, but he has left to Congress the task of working out the law.

The bill before us was not given to us hand made; it is the

result of development, as I shall show.

Mr. President, the forerunner of this bill was introduced into the House of Representatives by Mr. Glass on the 26th day of June, 1913. That bill was practically abandoned. A very similar bill was introduced by Mr. Glass on August 29, 1913. The latter bill went to the committee and was reported back; was repeatedly amended in the House and finally reached this body on the 18th day of September, 1913. On that day it went to the Committee on Banking and Currency.

Up to this point there had been no hearings on the bill. It is true, as has been asserted, that numerous hearings have been had in the past upon questions of banking and currency. But they did not relate to this bill, for the bill had not yet been born. They were in a large measure impertinent to this bill because the bill embraces ideas radically different from those entertained at the time the hearings were had. For that matter, hearings upon banking and currency questions have been going on for hundreds of years. A mass of knowledge has been accumulated. Students for centuries have employed their minds with these great questions. This storehouse of knowledge, of course, existed and was open to all, but it could not apply to the bill now under consideration, except in the most general way.

When the Senate committee was required to consider this particular bill, it was not justified in contenting itself with reading testimony devoted to other bills and other measures. The problem was not merely one of understanding the broad principles of banking and currency. The task which confronted us was to write a bill which would meet the requirements of

our present business and fiscal conditions.

Let it be remembered that our banking and currency systems are radically different from those of any other country on earth. The scheme outlined in the proposed bill has no counterpart anywhere in the world. The task, therefore, which we were called upon to perform was to develop a plan which could be fitted onto the existing banking and currency systems. It was, of course, necessary to understand all their intricacies and to become familiar with the laws under which the national and State banks and trust companies exist. We were then required to prepare a bill which would remedy existing evils without at the same time giving to the business interests of the country a wrench so violent as to involve us in a catastrophe.

I frankly acknowledge our indebtedness to the past. I candidly concede the value of other investigations, but the point I make is that we were called upon to ascertain exactly how the proposed bill would affect our present business conditions, not how some other bill introduced in the past and now abandoned

might have worked.

As I discuss this question, I hope I may say nothing which will be taken as a criticism of the House of Representatives. In my judgment, the authors of this bill did well. veloped a general plan in which there was much of merit. When that plan was submitted to the Senate, it became our

duty to analyze, scrutinize, and, if possible, improve it.

If, then, the Senate saw fit to give this bill careful attention, it did not violate legislative courtesies. In so scrutinizing and amending the bill the Senate simply performed its plain duty. Why did the Constitution provide for two branches of the Legislature? Manifestly, that two separate bodies, looking at questions from independent standpoints, might coordinate their judgments and criticisms upon a measure before it should become a law. To this the Constitution added a third safeguard by reposing in the Executive the right of approval or disapproval.

AMENDMENTS MADE APPROVED BY CAUCUS AND PRESIDENT.

Mr. President, the justification for the hearings needs but passing notice. It has already been debated. mitted by every member of the committee; it will be denied by no Member of the Senate; it will no longer be disputed by any sensible man who is familiar with the facts. Let me, however, call attention to a few facts:

Mr. Glass introduced his first bill on the 26th day of June. He introduced his second bill on the 29th day of August.

The second bill changed the first bill in 164 particulars. Before the second bill reached the Senate it had been amended 57 times.

As the result of the hearings, the deliberations of the committee, and the consideration of the Democratic conference, 340 additional amendments have been made.

So that it appears that since this bill found its way into

Congress it has been amended 561 times.

In the last print of the bill, which included the parts stricken out as well as the parts remaining, there is a total of 2,000 lines. In this print there appear 683 lines of the last House bill unaltered, 562 lines of the House bill have been marked out, and 755 lines of new matter added. The bill containing all of these changes has been approved by the Democratic caucus, and

doubtless will be signed by the President when it passes.

In the great majority of these changes all of the members of the committee, regardless of politics, have concurred.

The facts just recited clearly indicate that the hearings had profound effect, and, it must be presumed, were of great utility, because they produced the numerous amendments referred to.

I remark in passing that the amendments offered to the bill are in no sense a reflection upon the House of Representatives.

The general framework of the bill as we received it has been

in many important respects maintained. We have sought only to remedy defects, and to make additions to the structure as planned-and wisely planned-in the House of Representatives.

I think it but fairness to add that the great majority of the changes which I have included in the foregoing enumeration relate more to phraseology than to substance, but as I proceed with my remarks I shall clearly demonstrate that many of the changes made were not only of the essentials, but abso-Intely vital.

I desire to compliment the Republican members of the committee. It is true we arrived at a point in our deliberations when the committee divided into sections. Nevertheless, I am compelled to say that I never sat with men who appeared to be more earnest or more thoroughly imbued with a desire to write a sound measure. The members of the committee, regardless of politics, were, in my opinion, controlled by no other motives than love of country and a sincere devotion to the public welfare.

Mr. President, I desire to emphasize what I have already in substance said. I utterly deny that the President of the United States has in any particular gone a single hair's breadth beyond the limits of his prerogative. He has requested Congress to act upon this great measure; he has urged all reasonable speed; he has unquestionably ventured to suggest that the bill ought to be framed along certain lines; but in doing that he has kept consistently within his rights.

But, sir, the President needs neither defense nor encomium from me. He enjoys the confidence of the people of the United States to a remarkable degree. He has already won the profound respect of the nations of the world. I voice the universal sentiment when I assert that in force of intellect, exaltation of sentiment, breadth of learning, and disinterested patriotism Woodrow Wilson is the peer of any man who has yet occupied the executive chair. Such is the verdict of mankind,

## A COMPLICATED TASK.

Mr. President, I want very briefly to lay before the Senate the task the committee has had before it and which it has undertaken to the best of its ability to perform.

We have 7.488 national banks and approximately 13,000 State banks and trust companies. The national banks, as all know, exist under Federal statute, which embraces a complete banking plan wisely devised and for a long time followed. But State banks and trust companies exist under the separate laws of 48 different Commonwealths. Those laws differing, the character, therefore, of the institutions in each State vary as the laws vary.

One question we must answer is, How may a plan be devised which will enable all banks, existing as they do under different systems of law and possessing widely divergent powers, to become members of one system and yet retain the rights conferred by the laws under which they were created? No lawyer has ever confronted a proposition of that kind without at once realizing its gravity.

A further complication arises from the fact that the national banks are subdivided into three classes. There are 52 central reserve banks located in New York City, Chicago, and St. Louis; 315 reserve city banks located in 47 reserve cities and 6,806 so-called country banks.

The banks referred to also have different reserve requirements; country banks must have total reserves of 15 per cent, of which 6 per cent must be retained in the banks' own vaults, while 9 per cent may be deposited in the banks of reserve or central reserve cities. Reserve city banks must have 25 per cent, of which 121 may be deposited with the banks of central reserve cities.

Reserve city banks must have 25 per cent, all of which must be kept in their own vaults. It will thus be seen that we now have a system which permits what is commonly known as "pyramiding of reserves."

When, however, we turn to the State banks and trust companies, a still more complicated situation is presented. These institutions maintain reserves which vary with the laws of the States. In some instances no reserves whatever are rethe States. quired. Besides, the State institutions count as reserves national-bank notes, which are not permitted to be so counted by the national banks themselves.

Bear in mind also that the State banks and trust companies of one State can engage in certain lines of business not permitted to State banks in another State. At the same time. speaking of these organizations in the aggregate, they are permitted to do classes of business which are prohibited to the national banks. Therefore, I repeat, the difficulties confronting us have been great.

Mr. President, whatever Senators may have thought, it is undoubtedly true, that the country has understood that country banks had actually at hand at all times \$15, and the reserves and central reserve city banks \$25, out of every \$100 of deposits, sacredly set aside and constantly available to meet the demands of depositors.

But in the practical working of the system this is what transpires: The 9 per cent of the country banks' reserve which is deposited in the reserve cities immediately becomes a part of the general deposit of the reserve city banks and is loaned out or used as are ordinary deposits. In like manner the reserves of the reserve city banks, being redeposited in central reserve city banks, become a part of their general deposits and are loaned and used for commerce and business. The result is that the really available reserves of country banks do not probably exceed 15 per cent, while those of reserve city banks in like manner have dwindled to about 9 per cent, and the 25 per cent for central reserve city banks has probably not exceeded 15 to 18 per cent.

There is another feature to which I invite attention. is that these reserves, wherever held, have not been set aside and withdrawn from trade. On the contrary, they have largely constituted the working balances of the banks. The result of my investigations leads me to the conclusion that to all intents and purposes there have been no reserves kept by the banks other or different than they would have been obliged to keep if there had been no law upon the subject.

The fact I have pointed out is of great importance, because if the reserves now kept by banks are not in fact set aside and withdrawn from business, but, on the contrary, are being constantly used in business, then the withdrawal of these reserves from the banks where they are now actively employed and the placing of the reserves in Federal banks, where they must be maintained as actual reserves, involves the withdrawal of that amount of money from active business.

It is a wholly different proposition to transfer into the reserve of the banks about to be established from four to six hundred millions of dollars that are actively employed in the banking and commerce of the country than it would be to transfer the same amount if it were already retired from business and locked up as actual reserves.

One of the great difficulties confronting the committee was to work out this transfer without injury to the business of the country. If we have solved that single problem, then all the time taken by the committee is fully justified, because not to have solved it would have been to produce a constriction of cur-rency and credits calamitous in the extreme. I believe our committee has worked out the problem.

I present a table prepared by an expert of the Treasury Department, which I ask to print as a part of my remarks without reading it in full.

TABLE SHOWING CONDITION OF NATIONAL BANKS AND RESERVES ON HAND AND AMOUNT OF RESERVES TO BE HELD UNDER THE PROVISIONS OF THE FOLLOWING BILLS.

AND AMOUNT OF RESERVES TO BE HELD UNDER THE PROVISIONS OF THE FOLLOWING BILLS.

Glass bill, introduced June 26, 1913, referred to as H. R. 6454; House bill as it reached the Senate, September 18, 1913, referred to as H. R. 7837; House bill as amended by the Democratic members of the Senate Banking and Currency Committee and the Democratic conference, being referred to in table as "Senate bill."

The following table is intended to show the amount of free moneys the banks now have on hand and the amounts of free moneys they would have on hand under the various bills referred to below. By "free moneys" is meant those resources of the bank which it is at ilberty to loan or otherwise use in its general business.

In order to ascertain this we deduct from the present net deposits, first, the amount of reserves required to be kept; second, the amount of the banks will be required to take from their assets and contribute to the capital stock of the Federal reserve banks; third, the amount of reserves of other banks which the banks of central reserve and reserve eites now hold, and which will in all probability be withdrawn from them when the reserve-bank system is established.

It should be remembered that the banks are divided into three groups—central reserve city banks, reserve city banks, and country banks. The central reserve city banks hold a portion of the reserves of the country banks and the reserves of the country banks; the reserve city banks hold a portion of the reserve city banks at \$1,508,000,000, lon order to ascertain the amount of free net deposits they now have, we deduct their present actual reserves of \$392,000,000, leaving a balance of \$1,176,000,000, which constitutes the present free net deposits.

Applying the foregoing figures to House bill 6454, we find under that bill that we must deduct from the present net deposits, first, the \$243,000,000 of reserves of other banks no

banks, because this sum will, in all probability, be withdrawn, thus giving us net deposits of \$1,325,000,000; second, the 20 per cent reserves required by the bill, \$265,000,000, and the 10 per cent to be contributed to the capital stock of the Federal reserve banks, \$18,000,000, so that the free net deposits under House bill 6454 would be \$1,042,000,000 instead of \$1,176,000,000, showing a shrinkage in free net deposits of \$134,000,000.

The same method of calculation is carried through the other bills, the result being that in the national banks alone there is shown to be a shrinkage in free net deposits or loanable funds under the various bills as follows:

H. R. 6454---H. R. 7837---\$384,000,000 217,000,000 117,000,000 Senate bill"

"Senate bill"

The table also shows the shrinkage or contraction which will result if all banks come into the system.

The central reserve city banks now have \$1,568,000,000 of net deposits, of which \$243,000,000 are reserve funds of other national banks. Assuming that these reserve funds be withdrawn when the banks owning them become member banks, the net deposits of the central reserve city banks will then be \$1,325,000,000.

The reserve city banks now have net deposits amounting to \$1,946,000,000, of which \$325,000,000 are reserve funds of other national banks. Assuming that these reserves be withdrawn when the banks owning them become member banks, the new net deposits of the reserve city banks will be \$1,621,000,000.

The country banks have now net deposits of \$3,611,000,000, none of which is made up of the reserve of other national banks.

The final reserves required by the several currency bills are as follows: H. R. 6454—central reserve city banks, 20 per cent; country banks, 15 per cent. H. R. 7837 (as passed by the House)—central reserve city banks, 18 per cent; reserve city banks, 18 per cent; country banks, 12 per cent. H. R. 7837 (Senate bill)—central reserve city banks, 18 per cent; cuntry banks, 12 per cent.

In addition to the above, the investment in capital stock of the Federal reserve banks is treated as reserve. In H. R. 6454 and H. R. 7837 as passed by the House this amounts to 10 per cent of the capital and in Senate bill to 3 per cent of the capital and surplus. (In all the bills this amount can be doubled, if necessary.)

By applying these percentages to the new net deposits of the banks the reserves will be as shown in the table. The present reserves as there shown are actual reserves as given by the Comptroller of the Currency.

Currency.

The figures for national banks are based on the reports of June 4,

The figures for State banks and trust companies are based on the last available report, June 14, 1912.

#### Constriction of moneys.

	Num- ber of banks.	Net deposits.	Capital.	Capital and surplus.
Central reserve cities	52 315 6,806	1,946,000,000	\$183,000,000 264,000,000 610,000,000	452,000,000
Total national banks State banks Trust companies	7,173 13,381 1,412			636,000,000
Total national banks, State banks, and trust companies	21,966	13, 615, 000, 000	1, 935, 000, 000	3, 257, 000, 000

	Reserves.				
	Present.	H. R. 6454.	H. R. 7837.	Senate.	
Central reserve cities	\$392,000,000 486,000,000 542,000,000	350,000,000		257,000,000	
Total national banks	1,420,000,000 242,000,000 282,000,000	475, 000, 000		969, 000, 000 362, 000, 000 461, 000, 000	
Total national banks, State banks, and trust companies	1,944,000,000	2, 298, 000, 000	1,936,000,000	1,792,000,000	

	Free net deposits.					
	Present.	H. R. 6454.	H. R. 7837.	Senate.		
Central reserve cities. Reserve cities Country banks	\$1,176,000,000 1,460,000,000 3,069,000,000	1,271,000,000	1,303,000,000	1,364,000,000		
Total national banks State banks Trust companies	5,705,000,000 2,618,000,000 3,348,000,000	2,385,000,000	2, 471, 000, 000	2, 498, 000, 000		
Total national banks, State banks, and trust compa- nies	11,671,000,000	10,749,000,000	11,111,000,000	11, 255, 000, 000		

Applying these figures to the three bills, there will be constrictions of free deposits (in other words, a reduction in available funds), as shown in the following table:

CONSTRICTIONS IN FREE DEPOSITS.

Total of national and State banks and loan and trust companies.

	H. R. 6454.	H. R. 7837.	Senate.
Central reserve city banks	\$134,000,000	\$108,000,000	\$100,000,000
	189,000,000	157,000,000	96,000,000
	61,000,000	148,000,000	179,000,000
Total national banks	384,000,000	217, 000, 000	117,000,000
	233,000,000	147, 000, 000	120,000,000
	305,000,000	196, 000, 000	179,000,000
Total National and State banks and trust companies	922, 000, 000	560, 000, 000	416, 000, 000

<sup>1</sup> Indicates expansion instead of constriction.

NOTE.—The Senate bill provides that the reserve within the Federal reserve banks may consist one-half of eligible paper. This would probably free at least \$448,000,000 and would result in no constriction.

CONSTRICTION OF MONEYS AND CREDITS.

An examination of the foregoing table discloses that if all the national banks and State banks and trust companies came into the system there would be, under the various bills, an inevitable reduction in the moneys the banks are free to use, as follows: Glass bill of June 26, constriction of credits \$922, 000, 000
House bill 7837, constriction of credits 560, 000, 000
House bill 7837, as amended by the Senate, constriction
of credits 416, 000, 000

Applying the present bill to the national banks alone, it will be observed that although there is a constriction in the moneys the national banks are free to use, taken as a whole, of \$117,-000,000, there will be a surplus of \$79,000,000 in the country banks. The reason for these results is too complicated to stop now to discuss. The important fact is that the pending bill has greatly reduced the volume of constriction. It is sufficient to say that the result was worked out through changing the reserve requirements of the bill.

Notwithstanding the reduction referred to, a calamitous result would have been certain had we not gone further. Accordingly we proposed a plan which it is believed will avoid any contraction whatever. This is, accomplished by two amend-

First, we empowered the Federal board to authorize member banks to use as part of their reserves Federal reserve notes. This grant of power ought to be exercised with the extremest care and should never be employed except to meet a temporary emergency. It was believed to be absolutely necessary that the power be lodged with the Federal board in order to prevent contraction. Once the system is well under way the permission should be withdrawn.

Second, we amended the bill so that banks could meet the primary reserve requirements of the bill by turning over to the Federal reserve banks one-half of the reserves required in securities of the kind the banks are permitted to rediscount. This amendment will save the banks from the necessity of curtailing their loans, gathering the cash into their own vaults, taking it to the Federal reserve banks, and then rediscounting

If the banks avail themselves of the two privileges referred to there need be no contraction. The business of the country can go on without interruption. Instead of contraction, we shall probably have actually released about thirty-two millions of money which now is not available for business.

I have just detailed what I regard as one of the most important accomplishments of the committee. I believe the plan as worked out will be found to be wise. And I repeat, if the committee has done nothing else, the time and labor expended

by it is more than justified.

The facts to which I have referred were first suggested to the committee in the hearings, and were afterwards carefully verified. Let those who have been caviling and criticizing ask themselves this question: What would they have said of the committee had it permitted this bill to be rushed through Congress without investigation and without consideration, and then had discovered that the business of the country was paralyzed by the sudden withdrawal from the channels of commerce and trade of between four hundred and six hundred millions of dollars? Let these hypercritical gentlemen also ponder the fact that every dollar of money carries from \$8 to \$12 of credit, and let them consider the stupendous contraction which would have resulted had the committee subordinated discretion to

Mr. President, the tables I have presented are based upon the reports of all banks.

In demonstration of the fact that there is no grave error in the basis or conclusions in the foregoing tables, I will state that I had the same expert to select at random two typical banks, and from the detailed reports of these banks filed with the Comptroller of Currency, to calculate the decrease in the loan-able funds and the decrease in the profits of the banks. I present herewith his conclusions, in the form of a table:

Comparison of a typical central reserve city bank, a typical reserve city bank, and a typical country bank as to earning capacity under the present law and under the provisions of H. R. 6454, H. R. 7837 as it passed the House, and H. R. 7837 as amended to Dec. 1, 1913.

ENTRAL RESERVE CITY BANK.

	Present law.	H. R. 6454.	H. R. 7837.	H. R. 7837 (Senate). <sup>1</sup>
Capital	\$1,000,000 2,250,000 28,110,000	\$1,000,000 2,250,000 23,770,000 1,854,000	\$1,000,000 2,250,000 23,770,000 1,378,600	\$1,000,000 2,250,000 23,770,000 306,450

NET CHANGE IN EARNING POWER. [(+) indicates gain; (-) indicates loss.]

All the Control of State of the Control of the Cont	Central reserve city bank.	Reserve eity bank.	Country bank.
4 per cent locality	-\$74,160	+\$80,434	-\$12,258
	-111,240	- 82,716	- 18,387
	-148,820	-110,288	- 24,516

RES	ERVE CITY	BANK.		
	Present law.	H. R. 6454.	H. R. 7837.	H. R. 7837 (Senate).1
Capital	\$1,000,000 1,000,000 23,088,000	\$1,000,000 1,000,000 19,247,000 1,783,400	\$1,000,000 1,000,000 19,247,000 1,398,000	\$1,000,000 1,000,000 19,247,000 492,345

NET DECREASE IN EARNING POWER. [(+) indicates gain; (-) indicates loss.]

	Central reserve city bank.	Reserve city bank.	Country bank.
4 per cent locality	-\$71,336 -157,964 -147,472	-\$55,914 - 83,880 -111,840	-\$16,693 - 29,542 - 39,388
COUNTRY BANK.		STATE	A SOLOTE

	Present law.	H. R. 6454.	H. R. 7837.	H. R. 7837 (Senate).1	
Capital Surphus Net deposits Net increase in loanable funds	\$250,000 50,000 1,154,000	\$250,000 50,000 1,154,000 2 10,500	\$250,000 50,000 1,154,000 35,120	\$250,000 50,000 1,154,000 87,115	

NET CHANGE IN EARNING POWER. [(+) indicates gain; (-) indicates loss.]

	Central reserve city bank.	Reserve city bank.	Country bank.
4 per cent locality	-\$420	+\$1,405	+\$3,485
	- 630	+ 2,107	+ 5,227
	- 840	+ 2,810	+ 6,969

One-half of reserve with Federal reserve bank in form of eligible paper.

Note.—No allowance is made for any possible profits above dividends accruing to member banks from the Federal reserve banks under H. R. 6454 or H. R. 7837 as it passed the House. The Senate bill gives all profits above a 6 per cent dividend to the Government.

PUBLIC CONTROL-DANGER OF CREATING MONEY TRUST.

Now, Mr. President, passing from this phase of the bill, I invite attention to one other question of the greatest impor-tance, namely: The public control of the banking system we were about to create.

We have heard much in recent times of a Money Trust. In support of the charge that we already have what amounts to a financial trust, the chairman of the committee this morning declared that at this time a little more than 100 men con-

trol over \$22,000,000,000 in the United States. It is currently believed-perhaps the belief is exaggerated beyond the real facts-that there are certain great financial powers capable even now of largely dominating or influencing all of the important financial transactions of this country. This may be an extreme view. At the same time it is my judgment that there is too much of truth back of the opinion.

In creating any system of banks, manifestly the first duty of a legislator is to preserve the integrity and the independence of the individual bank. It is by maintaining the independence of the individual banks we can preserve that free competition which is the only real safeguard to the business of the country. So long as there is a free and open market for credits every citizen of the Republic can enjoy a fair chance of success. When we imperil or destroy that chance we have become the enemies of humanity and we commit a crime for which there should never be forgiveness. For these reasons, I have insisted, and shall continue to insist, that we shall make sure that nothing proposed in this bill shall make for the creation of a bank-

ing or money monopoly.

I pause at this point to remark that I do not believe the assertion so often made that "Ours is the poorest banking system in the world." On the contrary, I assert that we have the best banking system in existence. The cry that ours is the poorest banking system in existence. The cry that ours is the poorest banking system was raised for a purpose. It was uttered by those who hoped to set up in this country a great central bank. They intended to control the bank for the advantage of the great financial interests, already too powerful. The first step in this plan was to discredit our present banking system. The second step was to bring forward the central bank as a remedy, the expectation being that in their disgust with a system pictured as a complete failure, the people would accept the central bank as the only alternative.

I have said that ours is the best banking system in the world. But I would not be understood as saying that it is without defects of a very serious character. I do not claim that the system does not have weaknesses where other systems may have strength. I do not claim that other systems, in many respects, may not be superior to ours. What I do assert is that our system has one great virtue which makes it superior to any other. I claim that this virtue more than offsets the elements of greater strength and stability possessed by certain other banking systems.

Mr. President, it is a good thing for a country to have a fortress, if it be there for the protection of the people of the country; but it is a bad thing if the fortress is in the hands of those who oppress the people.

So it is wise to have a banking system that is strong; but it ought always to be a banking system created for the benefit of trade, commerce, and industry. Such a system promotes the happiness and welfare of the people. A country would better have no banking system than to have one able to destroy com-

merce or enforce an unjust tribute.

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When I turn to observe the banking systems of other nations, I find that while they possess elements of strength which our system lacks, they have disadvantages which far overmatch those benefits. Canada has a branch banking system. There are a few large banks in the great cities, with numerous branches extending throughout that vast domain. The branches are merely the skimmers which gather the cream of the commerce and industry of their local communities, sending it to the financial centers. There is totally lacking that local interest and spirit which has made our banks such large contributors to the welfare of the country.

Why, sir, the bankers of this country are more than mere money changers, interest takers, or financial overlords, who gather where they do not sow. On the contrary, they are part of the business lives of their respective localities, prospering as their localities prosper, and in turn contributing to their prosperity. Witness our country banker: Nearly always he is a man who is local to the community. The stockholders in the bank live in the neighborhood. They have a pride in the town or village. They are frequently engaged in commerce and agriculture in that section. Such a bank is merely the financial nucleus of the vicinage. It gathers the idle money of the region and sets it to work at home. It promotes local business, encourages thrift, inspires enterprise, and contributes to the prosperity of the place. The community in turn makes for the prosperity of the bank.

The unification of local pride, local interest, and self-interest is the dominant principle of our banking system. The result is that our banks do not drain a town of its money; they keep the money in the town. They do not prosper off the community; they thrive with the community. They are parts of its commercial life, its energy, its development, its prosperity. That

correct to

one fact lifts our banking system above that of any other country. I would not sacrifice the single advantage referred to even to gain the strength of European banks. I would rather have an occasional panic and an independent banking system than a branch system with no panics. I prefer hard times part of the time to hard times all of the time.

COMPETITION BETWEEN BANKS PRESERVED.

Even more important than the question of local interest which I have just discussed is the fact that in this country each bank is independent from and in active rivalry with every other bank. That rivalry and independence makes for the development of the country. It insures an open market for credits. toward the reduction of interest charges. It is the life of enterprise; the soul of progress.

If all the banks were under one management or subordinated to one control the evils of monopoly would at once attach. Just in proportion as we approach a common control, we make possible the destruction of legitimate business. The independence of banks lies at the basis of commercial freedom. Under existing conditions a man refused credit by one bank may go to its rivals with the certainty that he will obtain such ac-commodations as he is justly entitled to receive.

It is my judgment that the two features of our banking system to which I have just referred render it superior to that of any other country on earth, even though the others may be financial Gibraltars, and even though our system occasionally is

involved in difficulties.

The pending bill undertakes to strengthen the points of weakness and at the same time maintain the independence and the democracy of our banks. It must be manifest, therefore, that the first problem we have to solve is to concentrate the reserves and the energies of these banks and at the same time to preserve the independence of each bank from every other bank. As we draw the banks together and coordinate them into one system, we must be careful-painstakingly and prayerfully careful-lest we create a financial trust in the United States.

This problem engaged the serious attention of the committee, If it be true, as some believe, that clready, with our independent banks, there can be exerted by great financial overlords an influence upon the system as it now exists, it must be plain that when we draw all of these banks together by a common interest, when we bring them into 8 to 10 institutions, when we give them a common-stock ownership in these institutions, when we confer upon the banks the right to elect the majority of the board of directors of the institutions to be created, we are in danger of making it easy for the sinister influences that are so much feared to gain control of the system. Patently, it must be easier to control a system of 7,413 banks after they have been united than it is when they exist as absolutely independent institutions.

Therefore the question to which we gave profound consideration was how we could place in control of the regional banks practical bankers and at the same time avoid the danger of

creating a banking trust.

There were members on the committee who believed that the majority of the board of directors of the regional banks should be selected by the Government, thus insuring a governmental control at that point. There were others who insisted that while there should be a full measure of Government control it should be exercised by the Federal reserve board. Those who entertained the latter opinion argued that as the banks furnish the capital and furnish the reserves, and as banking skill, forethought, and foresight are necessary, the majority of the board of directors of the regional banks should be allotted to the banks.

CONTENDED FOR ABSOLUTE PUBLIC CONTROL.

I want to say for myself now that I contended long and earnestly in the committee for a majority control by the Government of the regional banks. I would rather have no system of regional banks than to assist in creating one which would develop into a financial Frankenstein. I want no part in the

building of a monetary monopoly.

But, Mr. President, it was argued that because the regional banks do an actual banking business, because they must daily discount paper, guard their reserves, and perform other func-tions requiring technical skill, the majority of the board should be selected by the member banks. After full consideration and debate it was determined by a majority of the branch of the committee to which I belong that this point should be granted. I was led reluctantly to concur in this conclusion, and only upon condition that certain amendments should be made which it is believed will remove all possible danger.

I invite your attention to those amendments. The bill as it

came from the House provided simply in general terms that class B directors shall consist of three members who shall be

"representative of the general public interests." We amended this language so that it provides that class B directors shall be in fact representative of the business and agricultural classes. We made it read:

Class B shall consist of three members who at the time of their election shall be actively engaged in their district, respectively, in commerce, in agriculture, and in some other industrial pursuit.

Mr. BORAH. Mr. President-

The PRESIDING OFFICER. Does the Senator from Mis-

souri yield to the Senator from Idaho?

Mr. REED. When I have finished this one sentence I will gladly yield. The difference between the two propositions is this: Under the general language employed in the House bill it might be said that a man was representative of the public interests who might at the same time come nearer being interested in the banks than in any other calling in life. To say the least the language was very indefinite.

The bill as now framed requires a Class B director to be, when selected, actively engaged in either commerce or agriculture or some other pursuit. They must be men, therefore, who are interested in the specified pursuits, and who, in voting as members of the directorates, will necessarily vote in the light and be influenced by the environment of their business and

occupation.

By another amendment we prohibited them from being either officers, directors, or stockholders of any bank.

The board as now to be constituted, therefore, may fairly be said to be representative, three of them to be bankers selected by bankers, three of them to be men actively engaged in commerce or agriculture, but selected by the bankers, and three of them selected by the Federal Government itself through its reserve

I yield to the Senator from Idahe.

Mr. BORAH. Mr. President, the Senator from Missouri has practically answered the question which I am going to ask, and that is whether there has been any change made as to the manner of selecting class B.

Mr. REED. There is none. Mr. ROOT. Mr. President-

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from New York?

Mr. REED. Certainly.

Mr. ROOT. May I ask the Senator whether it should not read, "or in some other pursuit." It seems to me that it would require them to be engaged in all as it is now. I think it must be an inadvertence.

Mr. REED. No; on looking at the language I observed that the word "and" was used intentionally. It, however, may not be the most fortunate expression, but I will say to the Senator from New York that what was intended was that one of these men should be actively interested in agriculture, one of them actively interested in commerce, and the third actively interested in some other pursuit. I think the language, perhaps, is not as apt as it might be, but that was the thought.

Mr. President, we did not stop at that point. I myself had the honor of offering an amendment prescribing or defining

the duties of these directors. It is as follows:

The board of directors shall perform the duties usually appertaining to the office of directors of banking associations and all such duties as are prescribed by law.

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks, and shall, subject to the provisions of law and the orders of the Federal Reserve Board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

Mr. President, the importance of that amendment lies in the fact that for the first time it wrote into the bill language which commanded the directors of the regional banks to treat all member banks alike. It prohibits favoritism; it forbids discrimination; it gives to member banks the right to demand impartial treatment. The member bank is not left to solicit favors; it may insist upon rights.

Mr. President, the provisions I have just discussed might be ineffectual if it were not for the fact that at the same time we enlarged the powers of the Federal reserve board so that it can compel regional banks to obey this mandate of the law. We conferred this power by providing in section 11, paragraph J, as follows: The Federal reserve board shall have power

To exercise general supervision over said Federal reserve banks.

When, therefore, we imposed the duty upon the directors of the regional banks to treat all member banks fairly and impartially and without discrimination, and gave the Federal reserve board, which is appointed by the President of the United States, authority to exercise general supervision over the Federal reserve bank, we gave the Federal reserve board power and

authority to compel the Federal reserve banks to be impartial in their dealings with member banks. The same authority empowers the Federal reserve board to protect the public against wrongs sought to be perpetrated by the reserve banks. The power conferred is sufficient to accomplish these ends, and if it be wisely exercised there is but slight danger of discrimination in favor of some bank and against others; or in favor of one section of the country and against another; or, I will add, the adoption of a policy by regional banks which will be oppressive to the public.

POWERS OF RESERVE BOARD INCREASED.

The Federal reserve board, appointed by the President, is, by the two amendments I have set out, given absolute command of the system. It can make the regional directors perform their

full duty with fairness and impartiality to all.

We followed these amendments with others of equal importance. We gave the reserve board the unrestricted right to remove any of the directors of a regional bank. Here is the language: "The Federal Reserve Board shall have power to suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal Reserve Board to the removed officer or director and to said bank." The House bill The House bill only gave a restricted right of removal,

Mr. BORAH. Mr. President— Mr. REED. I will yield in one moment. The lawyers of the Senate will observe that that power of removal is absolute. There is no trial demanded. It vests in the Federal Reserve Board the right to remove. The solitary requirement is that after removal has taken place, or coincident with it, the reason shall be put upon the public records in order that the board may be judged by its acts.

The PRESIDING OFFICER. Does the Senator from Mis-

souri yield to the Senator from Idaho?

Mr. REED. I yield to the Senator. Mr. BORAH. As I understand the change which was made as to the power of removal, it rests now solely and exclusively within the discretion of the Federal Board.

Mr. REED. Yes, sir.

Mr. BORAH. There is no one to review it and no reasons need be assigned for the removal, but after the removal the

reasons shall be communicated to the bank.

Mr. REED. That is the fact. It was intended to vest the power of removal absolutely-to give the Federal Board the right to remove, without question, any director, and the board is not compelled to specify any particulars and have trials and hearings; its mandate of removal is final.

The safeguard against an abuse of that power (and it is a very great power) is found in the fact that this board will be composed of men of the highest character. It will be the su-preme court of finance. The board will be appointed by the President himself, and must be confirmed by the Senate. It is required to state its reasons for the removal. If it states trifling reasons that do not justify its action, it will place itself in a sad position before the bar of public opinion. We need not therefore fear an abuse of its powers.

But another reason why the power will never be misused is that the board can not appoint the successor of the director removed. There is no incentive to remove a man except for real cause, because the power that removes can not, in pursuit of any scheme it may have, put some favorite man in the place of the man removed. The power may be thought to be somewhat arbitrary, but I believe that it is necessary to vest this power in the Federal Government if we give to the banks the

majority of the directorate of the regional banks.

Putting together, then, these several provisions to which I have adverted, I believe we can say to the country with a clear conscience that while we have drawn these banks together into this great system, while we have given them a common stock ownership, while we have placed the control of the regional banks in the hands of the bankers, we have at the same time so safeguarded every avenue and so locked every door that the people may be content. In the last analysis the Federal reserve board, appointed by the President and representing the entire country, has complete and absolute power, and will control the entire system and prevent discriminations, combinations, or other wrongs.

I call attention further to the increased power of the Federal reserve board, which is the one arm of this system that certainly represents at all times the public interest.

The board has power to supervise and regulate the issue and

retirement of Federal reserve notes.

It is given authority, for cause, to take possession of any Federal reserve bank, and to administer the same during the period of its suspension.

It is granted the right to authorize member banks to use as reserve Federal reserve notes or bank notes based on United States bonds to the extent that such board may find necessary.

It may permit national banks applying therefor, when not in contravention of State law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules

and regulations as it may prescribe.

Other powers not herein specified have been added to those which were given to the Federal reserve board by the House bill, so that to-day I believe we can confidently state to the country that this system can be inaugurated, and that at every step it is safeguarded by a control which springs from the people themselves, and is worked out through the instrumentality of the appointees of the President who constitute the Federal reserve board.

Mr. BORAH. Mr. President—
The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Idaho?

Mr. REED. I do.

Mr. BORAH. I do not want to interrupt the continuity of the Senator's argument; but I take it perhaps an interruption does not disturb the Senator at all, as he is making, I notice, an argument without manuscript. As I understand the bill that the Senator is now supporting-I have not had time to read it since the print came in to-day, so this is the first time I have seen it—the power which has been vested in the Federal board is sufficient to practically give the Federal board supreme control over the entire system which is to be organized as a result of this bill; that by reason of being compelled to discount the paper of one bank and another, by reason of the power to remove three of the members of the Federal reserve board, it practically gives them absolute power over the system.

Mr. REED. I think that can be fairly said, but for reasons other than those included in the Senator's remark. At the same time, the bill leaves the practical banking in the hands of men

selected by the bankers themselves.

Mr. BORAH. It centralizes the power of ultimate action with

this Federal reserve board.

Mr. REED. Undoubtedly. The power had to be centered somewhere. It either had to be left in the banks or it had to be put in the Government. Now, to state it fairly, I think this plan combines the advantages of both systems, by which I mean it combines the advantages of governmental control with some of the advantages of private business management,

I may stop a moment to illustrate that. We begin with the member bank. It is not obliged to loan a penny of its money unless the directors of that bank want the money loaned. It makes its own loans. It transacts its own business exactly as it does now. It is not obliged to go to the regional bank for anything. It never goes there unless it wants to go. When the member bank comes to the regional bank, therefore, to rediscount its paper it comes because the bankers who have been managing that bank want to come to secure an accommodation.

These bankers, then, come to a regional bank that is officered by men who have been selected by the banks themselves, and it can secure no accommodation at that point unless it brings paper which, after being inspected by the officers of that bank, entitles it to an advancement. Thus for the second time we apply the bankers' knowledge, the bankers' skill, and the bank-

ers' discretion to the transaction.

At this point, for the first time, the Government, through its representatives, completely controls the transaction. Through the Federal board it has the right to say to the bankers who control the Federal reserve bank, "You shall be fair; you shall be just; you shall not discriminate; you shall not strike down the one man and build up the other." But that is a power which But that is a power which every fair man must say ought to be reposed in the Government.

Again, the Government can say whether it will issue money to the Federal reserve bank, but the money is never issued until the banker, with his knowledge, with his acumen, with his experience, believes the business of the country to be such

as to warrant its issuance.

Thus we have given to this bill the strength which comes from the banker's knowledge and the banker's control of banking, and at the same time I confidently believe we have retained in the hands of the people through their governmental agency a power to so control the system as to make it the servant-not the master-of the country.

Mr. President, there was another power given to the Federal reserve board which I omitted to make mention of. It is found

on page 44 and reads:

The Federal reserve board may authorize the reserve bank of the district to discount the direct obligations of member banks, secured by the pledge and deposit of satisfactory securities; but in no case shall the amount so loaned by a Federal reserve bank exceed three-fourths of the actual value of the securities so pledged,

The rediscount by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange and acceptances shall be subject to such restrictions, limitations, and regulations as may be imposed by the Federal reserve board.

Thus we have given to the Federal reserve board another important function; and while it was in some measure covered by the bill of the House of Representatives, it was not as effectively covered, we think, as it is by the provisions of the present bill.

Mr. President, I have discussed these two important phases of the bill. I shall print, with the permission of the Senate, a table showing the most important changes which have been wrought in the bill, and which may be of use to Senators as a matter of reference. I do not claim that it is complete, but I think it will furnish an index at least to the changes.

The VICE PRESIDENT. Is there objection to the request? The Chair hears none.

The table referred to is as follows:

[In view of the fact that the Banking and Currency Committee of the Senate has been criticized because it granted hearings and took time to analyze and consider the pending bill, I present the following table. I hope it will be found of convenience to those who have occasion to trace the evolution of the bill. Late in its deliberations, the committee divided. That branch consisting of Senators Owen, O'Gorman, Reed, Hollis, Pomerene, and Shafroth, Democrats, reported the bill substantially as summarized in column 4. Their report, with slight changes, was unanimously approved by the Democratic conference of the Senate. The other branch of the committee, consisting of Senators Hitchcock, Democrat; Nelson, Weeks, McLean, Bristow, and Crawford, Republicans, filed a separate report, which concurs in the majority of the amendments made by the Owen branch of the committee, and, in addition, made many other changes.

A numerical summary of the changes between the Glass bill, as introduced in the House by Mr. Glass, and the Owen bill, is as follows: Between first Glass bill and second Glass bill, 164 changes. Between second Glass bill and House bill as it reached the Senate, 57 changes. Between the House bill introduced by Mr. Glass's second bill by the House of Representatives are indicated by the contrast between columns 1 and 2. The changes made in Mr. Glass's second bill by the House of Representatives are indicated in the contrast between columns 2 and 3. The changes made in the House bill after it reached the Senate, and which were ratified by the Democratic conference of the Senate, are indicated by the contrast between columns 3 and 4. The table presented only indicates the more important changes. All the amendments above indicated have been approved by the Democratic conference of the Senate, Other changes are likely to result from the debate in the Senate.]

	RESERVES WHICH BANKS ARE REQUIRED	TO MAINTAIN UNDER VARIOUS BILLS.	
House bill 6454, introduced June 26, 1913, known as first Glass bill.	House bill 7837, introduced Aug. 29, 1913, known as second Glass bill.	House bill 7837, as amended in commit- tee and House of Representatives; passed Sept. 18, 1913, by the House and reported on same day to Senate.	Substitute for House bill 7837, reported by Owen branch of Senate Banking and Currency Committee and approved by Democratic conference of Senate; printed Dec. 1, 1913. All page numbers refer to print of Dec. 1, 1913.
Country banks, 15 per cent of net deposits. Pages 30-32 Reserve city banks, 20 per cent of net deposits. Pages 30-32 Central reserve city banks, 20 per cent of net deposits. Pages 30-32 Constriction of credits if all banks enter system. \$922,000,000	Country banks, 12 per cent of net deposits. Pages 35-37 Reserve city banks, 18 per cent of net deposits. Pages 35-37 Central reserve city banks, 18 per cent of net deposits. Pages 35-37 Constriction of credits if all banks enter system. \$560,000,000	Country banks, 12 per cent of net deposits. Pages 36-38 Reserve city banks, 18 per cent of net deposits. Pages 36-38 Central reserve city banks, 18 per cent of net deposits. Pages 36-38 Constriction of credits if all banks enter system. \$560,000,000	Country banks, 12 per cent of net deposits. Pages 65-66 Reserve city banks, 15 per cent of demand liabilities and 5 per cent of time deposits. Pages 65-66 Central reserve city banks, 18 per cent demand liabilities and 5 per cent of time deposits. Pages 65-66 Constriction of credits if all banks enter system. \$416,000,000
	CAPITAL REQUIRED 1	TO BE CONTRIBUTED.	
Capital to be contributed, 10 per cent cash, 10 per cent on call. Page 3  Cash payment \$193,500,000  Page 3, line 9	Capital to be contributed, 5 per cent cash, 5 per cent in 60 days, 10 per cent on call: Cash payment \$86,500,000 In 60 days \$8,500,000  Total 173,500,000 Page 3, line 12	Capital to be contributed, 5 per cent cash, 5 per cent in 60 days, 10 per cent on call: Cash payment \$86,500,000 In 60 days \$86,500,000  Total 173,500,000 Page 3, line 12	Capital to be contributed, 3 per cent of capital and surplus; 3 per cent on call: One-sixth cash. \$32,570,000 One-sixth 3 mos. 32,570,000 One-sixth 6 mos. 32,570,000  Total 97,710,000 Three-sixths on call 97,710,000 Stock not taken by banks to be sold to the public. Page 5, lines 15-24
	NUMBER OF FEDERAL	L RESERVE BANKS.	
Not less than 12. Page 2, line 24	Not less than 12. Page 3, line 2	Not less than 12. Page 2, line 22	From 8 to 12 banks. Page 2, line 19
Not more than one branch bank for each \$500,000 capital stock of re- serve banks. Page 4, line 16	Not more than one branch bank for each \$500,000 capital stock of reserve bank. Page 4, line 19	Not more than one branch bank for each \$500,000 capital stock of reserve bank. Page 4, line 12	No limit on number or capital of branch banks. Page 10, lines 15-19
	AMOUNT OF CAPITAL EACH FEDERAL RESI	ERVE BANK IS REQUIRED TO HAVE.	
Not less than \$5,000,000. Page 3, line 21	Same as shown in column 1. Page 3, line 24	Same as shown in column 1. Page 3, line 17	Not less than \$3,000,000. Page 9, line 13
	STOCK DIVIDENDS AND D	DIVISION OF EARNINGS.	
5 per cent dividends to stockholders.  After payment of dividends one-half profits to Government, one-half profits to creation of surplus fund equal to 20 per cent capital stock, after which all profits go to Government.  Pages 12-13	5 per cent dividends to stockholders. After payment of dividends, one-half profits to Government. The remaining one-half goes to the creation of a surplus fund equal to 20 per cent of the capital of the regional bank. After the surplus has been accumulated, the one-half of the profits goes, 60 per cent to the Government and 40 per cent to the member banks in proportion to their deposits with the reserve bank. All earnings of Government to constitute a sinking fund to retire outstanding bonded indebtedness. Page 12	Same as in column 2. Page 11	6 per cent dividends to stockholders. After payment of dividends, one-half of profits goes to the creation of a surplus fund equal to 40 per cent of the capital of the regional bank, after which this one-half goes to Government. Of the remaining one-half 50 per cent (one-fourth of whole) paid to Government as franchise tax, and 50 per cent (one-fourth of whole) paid to United States as insurance fund for depositors.  Page 25

## KIND OF PAPER ELIGIBLE FOR REDISCOUNTS AND NOTE ISSUES.

House bill 6454, introduced June 26, 1913, known as first Glass bill.	House bill 7837, introduced Aug. 29, 1913, known as second Glass bill.	House bill 7837, as amended in commit- tee and House of Representatives; passed Sept. 18, 1913, by the House and reported on same day to Senate.	Substitute for House bill 7837, reported by Owen branch of Senate Banking and Currency Committee and approved by Democratic conference of Senate; printed Dec. 1, 1913. All page num- bers refer to print of Dec. 1, 1913.	
Commercial paper having not to exceed 45 days maturity, but when member bank's reserves exceed 33½ per cent it is permitted to discount paper having a maturity of 120 days.  Not more than half the paper of any one member bank to have a maturity ex-	Limited to maturity of not more than 90 days, but when member banks' reserves exceed 33½ per cent if is permitted to discount paper more than 60 and not more than 120 days.  Not more than half the paper of any one member bank to have maturity ex-	Limited to maturity of not more than 90 days, but when member banks' re- reserves exceed 33½ per cent it is per- mitted to discount paper more than 90 and not more than 120 days.  Not more than half of paper of any one member bank to have maturity ex-	Limited to maturity of not more than 90 days absolutely.	
ceeding 60 days.  Express authority given to discount paper having not to exceed 120 days maturity, issued for the purpose of trading in stocks or bonds when paper is secured by United States, State, county, or muni-	ceeding 90 days.  No paper eligible to discount which represents trading in stocks or bonds.	ceeding 90 days.  No paper eligible to discount which represents trading in stocks or bonds.	Same as in column 3.	
cipal bonds.  Acceptances may be discounted to the amount of one-half of capital of bank presenting same.  Page 19	Provision as to acceptances substantially same as in column 1. Page 24	Provision as to acceptances substantially same as in column 1. Pages 24-25	Discount of acceptances limited to one-half of stock and surplus. Federal reserve board authorized to permit reserve bank to discount direct obligations of member banks secured by satisfactory collateral. Reserve banks authorized to purchase 6 months obligations of States, counties, municipalities and political subdivisions issued in anticipation of taxes or assured revenue. Numerous other changes not noted. Pages 42-43	
CURRENCY ISSUES.				
Limited to \$500,000 in excess of amount of	No limit on amount of issue.	Same as in column 2.	Same as in column 2.	
present national-bank circulation. Receivable for taxes, customs, and other	Same as in column 1.	Same as in column 2.	Same as in column 1.	
public dues. Redeemable in gold at Treasury or any Federal reserve bank.	Same as in column 1.	Redeemable in gold or lawful money at Treasury or any Federal reserve bank.	Redeemable in gold at Treasury and gold or lawful money at any Federal reserve	
Reserves back of notes—33½ per cent gold or lawful money, held by bank in special	Same as in column 1.	Same as in column 2.	bank.  Reserves back of notes—331 per cent gold held in general funds of reserve bank.	
fund.  5 per cent of the 33½ per cent reserve kept with United States Treasurer in gold or lawful money. Page 24	5 per cent of the 33½ per cent reserve kept with United States Treasurer in gold.	Same as in column 2.	Not less than 5 per cent in gold and at much more as Treasurer may direct.	
lawful money. Page 24	Reserve banks prohibited under penalty of 10 per cent from paying out notes of other banks and required to immediately return to bank of issue or to Federal Treasury for redemption.	Same as in column 2. Pages 29, 30, 31	Same as in column 2.	
	Pages 28-29		Federal reserve agent to hold gold re- serve of bank exclusively for exchange of outstanding notes of the bank. Numerous provisions with reference to denominations of currency, bills, print- ing same, etc., added. Pages 48, 49, 50, 51	
	GOVERNMENT	DEPOSITS.		
All Government moneys in general fund	Same as in column 1.	All Government moneys in general fund	All Government moneys in general fund	
and all hereafter received to be deposited with banks.		and all hereafter received to be deposited with banks except 5 per cent fund for redemption of outstanding national-bank notes.	and all hereafter received to be depos- ited with banks except 5 per cent fund for redemption of outstanding national- bank notes, and the funds provided in this act for the redemption of Federal reserve notes to be deposited or not deposited at discretion of Secretary of Treasury.	
Secretary of Treasury to charge interest at his discretion. Page 23	Secretary authorized, subject to approval of reserve board, to charge interest at their joint discretion.	Same as in column 2.	No provision for charging interest, as all profits go to Government.	
	Funds to be distributed "equitably be- tween different sections." Page 27	Same as in column 2. Page 28	No provision requiring deposits to be made equitably, as Secretary has dis- eretion to deposit or not deposit. Page 47	
	NATIONAL-BANK CIRCULATION	N—REFUNDING OF BONDS.		
All national-bank circulation to be retired				
by following plan: No bank to take out circulation in excess of the present issue to it.	Express permission given to take out cir- culation on any bonds having circula- tion privilege at any time before 20	Same as in column 2. Pages 34-35.	All banks given privilege of surrendering circulation and retiring bonds.	
Any bank reducing circulation at any time prohibited from again increasing.	years. Provision of previous bill omitted.		Federal reserve board empowered to require Federal reserve banks to take	
No new national bank required to pur- chase bonds as basis of circulation bonds.	Same as in column 1.		over bonds. Federal reserve bank taking over such bonds required to take out new circulation equal in amount to amount of bonds. New circulation notes to be obligations of Federal reserve banks.	

### NATIONAL-BANK CIRCULATION—REPUNDING OF BONDS—continued.

House bill 6454, introduced June 26, 1913, known as first Glass bill.	House bill 7837, introduced Aug. 29, 1913, known as second Glass bill.	House bill 7837, as amended in committee and House of Representatives; passed Sept. 18, 1913, by the House and reported on same day to Senate.	Substitute for House bill 7837, reported by Owen branch of Senate Banking and Currency Committee and approved by Democratic conference of Senate; printed Dec. 1, 1913. All page num- bers refer to print of Dec. 1, 1913.		
All national-bank circulation to be retired by following plan—Continued.  2 per cent bonds bearing circulation privilege exchangeable for 3 per cent bonds without circulation privilege; national-bank circulation to be correspondingly decreased.  At end of 20 years all 2 per cent bonds exchanged for 3 per cent bonds without circulating privilege.  At end of 20 years all national-bank circulation not then retired to be called in.  Note.—Briefly, the plan contemplated a speedy retirement of all national-bank circulation and the returning of 2 per cent bonds by an issue of 3 per cent bonds.  Pages 28-29	Gives banks privilege of exchanging each year 5 per cent (\$36,000,000) of 2 per cent bonds having ofrculation privilege for 3 per cent bonds without circulation privilege, national-bank circulation to be correspondingly decreased.  Psyment at par of all outstanding 2 per cent bonds after period of 20 years.  All national-bank circulation not previously retired to be called in at end of 20 years.  Pages 33-34		Reserve bank authorized to buy outstanding 2 per cent bonds against which circulation has not been issued and to exchange them for 1-year gold notes bearing 3 per cent.		
			Note.—This plan, in contrast with the other plans, proposes absolutely to preserve the present volume of bank currency, whereas the earlier plans proposed its retirement. The plan permits the issuance of 3 per cent gold notes only to an amount of approximately \$237,000,000, whereas the other plan would have permitted the issuance of 3 per cent bonds to the amount of \$727,078,847.		
	PARRING OF	EXCHANGES.	A Company No. 1881 - 19 Up.		
Required reserve bank to receive for deposit and without charge for exchange or collected for deposit and checks drawn by or against any of its depositors (p. 27).  Note.—All the work was to be done without any charge whatever.	Same as column 1, but provision is made that nothing therein contained shall be construed to prohibit member banks from making reasonable charges to cover actual expenses (p. 32).	Same as in column 2 (p. 33).	The provision regarding charges is changed so that the charges may be made reasonable, thus making it possible for a bank to make a reasonable profit. Federal reserve board is given power, by rule to fix the charges made by member banks against their customers whose checks are cleared.		
CONTROL OF FEDERAL RESERVE SYSTEM.  Federal reserve board and directors regional bank.					
Federal reserve board:  Terms of appointive members, 6 years. (Willis Testimony Hearings, p. 3117, print of bill N. Y. Times, June 19, 1913, p. 4, sec. 11.) His bill as introduced into the House was: Reserve board, 7 members, consisting of Secretary of Treasury, Secretary of Agriculture, and Comptroller of Cur- reney, and 4 members appointed by President, one of whom to be person experienced in banking. Term of appointive members, 6 years. Secretary of Treasury to be ex officio chairman of reserve board.  One of appointive members of board to be designated governor, and one vice governor, of bank.  Governor to be subject to supervision of Secretary of Treasury. No member of Federal reserve board to continue to hold office or act as direc- tor of any reserve bank.  Note.—Mr. Glass's original proposition was a Federal reserve board of 9; 3 cabinet officers, 3 appointees of the President, and 3 members selected by Federal reserve banks.  Pages 15, 16, 17	Same as column 1 except not more than one of appointive members shall be selected from any one Federal district.  Also required to devote entire time to business. Allowed in addition to salary actual travelling expenses. Not more than two of same political party. One of appointive members to be designated by President as manager and one as vice manager, the manager to be the active executive officer of his Federal reserve board.  Manager subject to supervision of Secretary of Treasury. No member of Federal reserve board to be an officer, director, or stockholder in any bank.  Board empowered to require Federal reserve banks to discount paper of other Federal reserve banks, charging an interest rate not less than 1 nor greater than 3 per cont above the higher rates prevailing in the district. Power given to suspend all reserve requirements imposing a graduated tax upon all invasions of the reserve notes. Power to suspend, subject to approval of President, officials of reserve banks on written charges, with opportunity of hearing, for incompetency, dereliction, fraud, or deceti.  Power to appoint receiver for Federal bank.  Federal advisory council created without pay.  Federal advisory council created without pay.  Federal advisory council created without pay.  Federal advisory council created without pay.	Substantially same as column 2. Pages 17-23.	Reserve board consisting of Secretary of Treasury and 6 members appointed by President. Terms of appointive members 6 years. Not more than one from any reserve district.  Required to devote entire time to business. Allowed, in addition to salary, actual traveling expenses. Omitted. Two of appointive members to be designated by President governor and one vice governor, to be active executive officer.  Governor under supervision of reserve board. Same as column two.  Board to require rediscounts at rates of interest to be fixed each week by Federal reserve board.  Board empowered to suspend reserve requirements, both general and with reference to Federal reserve notes.  To suspend or remove any officer of a Federal reserve bank in its discretion, being merely required to state its reasons.  Power to take possession of Federal reserve bank and administer same during period of suspension. To require bonds of Federal reserve agents and to make all rules and regulations necessary. To authorize member banks to use as reserves beform notes and bonk notes when necessary. To permit national banks to act as trustee, executor, administrator, or register of stocks and bonds. To exercise general supervision over all Federal reserve banks.  Federal advisory council created, compensation to be fixed by board of directors, Federal reserve banks.		

CONTROL OF FEDERAL BESERVE SYSTEM—continued.

Substitute for House bill 7837, reported by Owen branch of Senate Banking and Currency Committee and approved by Democratic conference of Senate; printed Dec. 1, 1913. All page num-bers refer to print of Dec. 1, 1913. House bill 7837, as amended in commit-tee and House of Representatives; passed Sept. 18, 1915, by the House and reported on same day to Senate. House bill 6454, introduced June 26, 1913, known as first Glass bill. House bill 7837, introduced Aug. 29, 1913, known as second Glass bill. Directors of regional banks: rectors of regional banks:

Nine directors.

Class A: 3 members chosen by and representative of member banks.

Class B: 3 members elected by banks to be representative of general public interests of the reserve district; not to be officers or directors of any bank, and not to accept office during term of service.

Substantially as in column 1. Substantially same as column 1. Same as column 1. Class B: Same as column 1, and must be actively engaged in commerce, in agri-culture, and in some other pursuit. Substantially same as column 1. of service,
Class C: 3 members designated by
Federal reserve board, one to be
Federal reserve agent. Pages 6-9. Same as column 1, and Federal reserve agent to be person of tested banking experience. Pages 5-10 Pages 5-9 Same as column 1. No member of class B or C shall be an officer, director, or employee of any bank.

Class C: Members of class C must have been for 2 years residents of district.

Class C: Two members to be persons of tested banking experience.

Board of directors required to extend to all member banks accommodations impartially and without discrimination.

Pages 16-21

ADVANTAGES TO BANKS AND PUBLIC.

Mr. REED. Mr. President, complaint has been made by certain bankers against the proposed legislation. I am glad to say that the majority of the bankers of the country have viewed the bill from a fair standpoint. They have sought to aid in its preparation and have met it in a friendly spirit. It is, however, a regrettable fact that in certain quarters there has been manifested not only a disposition to be hypercritical but obstinate. These gentlemen constantly prate about "the banks furnishing all of the capital," and vociferously assert that "the Government is about to do something of an oppressive nature." They fill the air with wailings over imaginary confiscations and forced contributions.

I want, for a few minutes, to have a plain talk with the bank-

ers of the country.

I do not belong to that class of men who hate a man because he has made some money. So far as I am concerned, I have always had a kindly spirit for the banker. He loans me money, and so long as he continues to do that I shall continue to hold him in very high esteem. [Laughter.] Mr. President, let us look at the banking situation as it is,

Let me call the attention of the banker to his duties, his obligations, his liabilities. When a banker takes over his counter the money of the citizen, he enters into a legal obligation to return that money upon the instant it is demanded. It is his duty, not only under the law, but in all good morals, to keep himself at every moment of the day ready to respond to the demand of the depositor. If the banker were always to keep his reserves high enough, he could meet that demand. If he were reserves high enough, he could heet that demand. If he were content with smaller profits, he need never be in a position to become the victim of a panic. It is because he wants to make money rapidly that the system has grown up of loaning the de-positors' money down to the danger line. It is only when he has loaned the money down to that line he finds himself in danger. Time and again a sudden tremor has run through the financial channels; time and again the banks have been obliged to close their doors, simply and only because they had not kept themselves in a position to respond to their legal liabilities. You say, "If the banks were to so withhold their reserves, they would cut down their profits." I grant it. You say, "If they were to so withhold their reserves, credits would be con-stricted." I grant it. The fact remains, nevertheless, that the principal cause of financial disturbances is to be found in the fact that bank reserves have been kept too low.

Mr. President, no longer ago than in 1907 substantially all of

the national banks of this country repudiated for the time being their obligations. If the law had been enforced in all of its rigidity, most of them would have been placed in the hands of receivers and the entire financial structure would have been wrecked; but the law was not enforced. Manifestly, there was no moral obligation resting on anybody to enforce the law, because to have enforced it would have been to have wrought ruin and disaster. We would have destroyed the bankers, who, after all, were not greatly to blame, but we would also have

almost destroyed the country.

The inherent weakness of the banking system consists in the fact that no banker wants to keep enough money in his coffers so that he can meet every extraordinary demand.

Now comes the Government and proposes a plan to relieve the banks. In every letter, syllable, line, and paragraph this law is devised for the benefit of the banks of the country. The banks ought to receive it in the friendliest spirit of cooperation. They should not regard it as an adversary measure about to be forced upon them by a superior power, but as a beneficence intended in amity. This is of course a great benefit resulting to the public from the system, but the banks receive the benefits first.

Let us see what this bill does for the banks:

First. The reserves of country banks are reduced from 15 to 12 per cent, the reserve banks from 25 to 15 per cent, and the reserves of central reserve banks from 25 to 18 per cent.

Five-twelfths of the reserves of country banks, six-fifteenths of the reserves of reserve banks, and six-eighteenths of the reserves of central reserve banks are required to be deposited with the Federal reserve banks.

The Federal reserve banks thus become the common reservoir for a part of the reserves of all banks.

In turn the member banks are permitted to withdraw and use 65 per ceat of these reserves by simply depositing in lieu thereof commercial paper of the character defined in the bill. Thus the banks are enabled immediately to use in their ordinary business substantially two-thirds of the reserves thus deposited.

Moreover, this system of impounding reserves has the additional advantage of placing the surplus moneys of each bank where they can be used by every bank. This right, being reciprocal, will, of course, in the long run benefit all banks

Second. The reserves thus placed constitute a great element of safety, because they must always be kept on hand, unless their use is demanded by the legitimate commerce of the coun-They will not be congested in certain great centers, there be loaned out to support the gambling operations of the stock market as is now unfortunately the case.

Has any banker the right to complain of this as ungenerous treatment?

Third. We have provided in this bill for the benefit of the banks that through the Federal reserve banks they may deliver to the Federal reserve agent their 90-day commercial paper and receive in exchange for it currency of the United States Government,

To illustrate: Under the terms of this bill the member banks may rediscount their commercial paper with the Federal reserve bank. That bank in one day may take this commercial paperthese mere promissory notes-to the amount of millions of dollars to a Federal reserve agent, and thereupon the reserve agent may turn over to the reserve bank an equal amount of currency bearing the imprint of the Government upon it, and back of which stands the faith and credit of all the people of the United States.

The bill places no limit on the amount of money that may be thus issued, except the desire of the bank to obtain it and the discretion vested in the reserve board to regulate the amount issued, and the ability of the reserve bank to maintain a 33 per cent gold reserve.

The regional bank having obtained currency in this way can in turn pay it to member banks for other commercial bills

presented by them.

Surely the banks may not claim that this is harsh treatment. We do that for the banks which we have never done for any other class of people. I am content that it should be done at this time, because I want to see our banking system strengthened, and our commercial and financial systems buttressed. But I say that the banker who does not appreciate these great benefits is incapable of recognizing blessings that come in the open and undisguised.

Truth to tell, there is, in my judgment, no justification for granting these special privileges to the banks, except that it seems to be necessary at this juncture to strengthen our fiscal system, and because the benefits will undoubtedly in the end inure to the common advantage of the people through the greater security of our financial system, the reduction in the interest charges, and the steadying effect upon the prices.

Indeed, I am afraid we have been too generous in extending the circulation privilege. We may invite inflation. I shall probably discuss this feature at a later date.

Fourth. It is proposed to deposit in the regional banks the

moneys of the Federal Government.

GOVERNMENT DEPOSITS.

At this point I call attention to a distinction between this bill and the House bill. The House bill made it obligatory upon the Secretary of the Treasury to deposit all the general funds of the Government with these banks. Our committee did not deem that wise. While in ordinary times the policy of so depositing public moneys will undoubtedly be pursued, we did not regard it as prudent to impose upon the Secretary of the Treasury the legal command to deposit, under any and all circumstances, with the regional banks all of the public funds. We regarded such a provision as one fraught with danger. We therefore reposed in the Secretary of the Treasury a discretion to withhold such deposits if, in his judgment, that course was prudent. The House bill commanded the Secretary of the Treasury of the Treasury to distribute the money equitably among all the districts. If this provision had stood every dollar of the people's money collected at the Federal Treasury would have been turned into these banks and distributed among them, I presume, according to capital. The money would have been thus placed in the banks even though the exigencies of the situation might have warned against it.

We have also changed the provision, just referred to, reposing in the Secretary a discretion as to the distribution of the

moneys.

But, sir, the general intent of this bill is that we shall as a general rule take all of the money collected in taxes from the people of the United States, put it into the coffers of these Federal reserve banks, and allow the banks in turn to borrow it without requiring from the Federal reserve bank in which the money is deposited the payment of a single dollar of interest. I ask the bankers of the United States, When in the history of this round earth a government has ever treated the banking portion of its population with greater generosity?

BILL TOO GENEROUS TO BANKS-FUTURE AMENDMENT NECESSARY.

I say to you now that while I am under the present circumstances content that the provisions of this bill shall be enacted into law I hope and confidently expect that the time will come when there will be further restrictions and safeguards added to the measure. I am astonished that any banker in the United States fails to appreciate the fact that in our efforts to strengthen the banking system, in our efforts to enable the bankers to escape from the dangers now besetting them, we have gone to the very edge of the precipice by proposing to take all of the Government's money and to place them the vaults of banks that are controlled by banks, with the full knowledge and intent that this money shall in turn be loaned to member banks. We have approached the limit of danger when we propose to issue to the banks currency backed by the faith and credit of the Government. If the bankers of the country do not recognize these advantages and the spirit in which they are proffered, then they are not the intelligent and patriotic men I have always believed them to be.

Mr. President, I can not close this branch of my remarks without saying that there is, of course, vested in the Federal reserve board an ample power of control. Why should it not be there vested? Will any sane man pretend that these great advantages should be given to the banks and the Government not retain the absolute power of control? What just man will contend that the power of control should not be vested in the people of the United States, when it is considered that the money of the people of the United States is to be turned over to the banks and the credit of the people of the United States

is to be pledged for further moneys to be issued and turned over to the banks? Have the banks any right of partnership in that control?

The banks have contended that they are entitled to be represented upon the Federal reserve board. I utterly deny it. They are on one side of the table; the Government of the United States, representing the people of the country, is upon the other. The bankers represent those who demand, who ask, rights from the Government. They come to the Federal reserve board making their demands and proffering their requests. No man should sit upon that board unless he represents the people of the United States—the people of the United States alone—for it is their money and their credit which is to be granted.

Mr. President, I might prolong these remarks for hours. I have seen fit to touch this bill at only a few important points.

I do not intend much longer to take your time.

I believe, sir, that the country is face to face with an emergency. I do not intend to say that a calamity is threatened, but a real emergency exists. The banks of the country are naturally husbanding their resources in order to be prepared to comply with whatever conditions the bill may prescribe. Until it is passed there will be a period of uncertainty, both as to its requirements and the time it shall become operative. The peril of uncertainty should be as short as possible.

The bill has been studied carefully by the committee. The two branches of the committee are in the main agreed. I wish we might have been completely in accord. The business of the country is halting, and it is because of this condition of

incertainty.

I regret that Senators the other day when I made a similar remark rose to charge present depression to the tariff legislation. Every man who will inquire of the banks of his own community will find they are husbanding their resources and that they are doing so because they want to be ready to meet this bill. The bill has been carefully considered in the committee. Its defects have been remedied, its dangers avoided; it is in a condition now where it is safe for the public and safe for the banks. I certainly hope for its speedy passage.

#### THE NEW ERA.

Mr. President, we are at the open door of a splendid era.

The day has passed when business can longer hope to support itself upon the crutches of statutory privilege or industry expect to thrive from the profits of taxation.

We have discovered that energy, to be effective, must be free; that enterprise may be retarded, but never prematurely accel-

erated, by governmental regulation.

The century just closed struck the shackles from the limbs and brain of man. We have recently released American industry from the legal chains which have restricted its progress and threatened its life. We are about to back our productive power by a fiscal system possessing at once the advantages of flexibility and stability.

I venture the prediction that when these laws shall have become established the enterprise and genius of the American people will gather wealth in every land and subjugate the com-

merce of the world.

Beyond these material advantages we all confidently anticipate a speedy establishment of national policies which will make for the elevation and happiness of all our people. May we not put behind us the animosities of politics and engage together in a splendid work for our country?

# SAN FRANCISCO WATER SUPPLY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

Mr. THOMPSON. Mr. President, in view of the fact that many club women of Kansas, as well as men connected with the various State educational institutions, have written me requesting that I vote against the Hetch Hetchy bill, I feel I should offer some explanation as to the reason for my vote, which will

have to be recorded contrary to these requests.

In most cases I find that the proposition when submitted to those who have written me has been very grossly misrepresented, just exactly as it was to me when I first heard of it. In the outset, from the wild stories I heard concerning it, I was naturally very much prejudiced against the bill. It seems to have been the tactics of some of the opponents of the bill to defeat the legislation proposed, regardless of the means employed or the consequences, if accomplished.

After hearing all of the evidence relative to the matter as presented to the Senate Committee on Public Lands, of which I am a member, and after studying the evidence presented to the House committee, I became firmly convinced that I was wrong in my first impressions, caused by what I learned to be a gross misrepresentation and exaggeration of the facts. I have learned from experience in court matters that when resort is made to misrepresentation, deception, or gross exaggeration there is usually but little merit in the question presented. This I find clearly exemplified by the opponents to the Hetch Hetchy proposition. In many instances I have answered letters urging me to vote against the bill, telling the writers the facts, as I understand them from the proof in the case, and they have quickly responded, acknowledging that my position was right in supporting the bill and that they were wrong in attempting to interfere with something they did not know anything about, except what was told them by those opposed to the bill.

The record shows that San Francisco and the surrounding cities on the bay and in the valley, including Oakland, Berkeley, San Jose, and other smaller cities, have for years suffered for the lack of an adequate supply of pure water-one of God's greatest gifts to man-for drinking purposes and domestic use, thereby endangering the lives and the health of the people and greatly retarding the progress of the community. more than 10 years these people have been struggling with the water problem. Over 40 per cent of the area within the boundaries of the city of San Francisco is now without an adequate supply of water, and the people living in these sections are constantly pleading with the city authorities for water service for their families. Many districts are actually hauling water to their homes in water wagons. The officials have been doing the best they could, and have not been idle in trying to meet the needs of the people for this great necessity of life.

Mr. President-Mr. SMOOT. The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Utah?

Mr. THOMPSON. I do.

Mr. SMOOT. I have heard heretofore the statement that has just been made by the Senator from Kansas. I want to ask him upon what information he bases his statement that many of the people of San Francisco are compelled to haul water in wagons, of course, intimating that there was not water enough

In the water system to furnish San Francisco with it?

Mr. THOMPSON. I think, if the Senator will refer to the record of the case, he will find that it discloses that state of

facts throughout.

Mr. THOMAS. Mr. President, if the Senator from Kansas will allow me, I think, if the Senator from Utah will read the hearings before the House committee-I can not give him now the names of the witnesses, but I think Mr. O'Shaughnessey was one-he will find that some parts of the city are entirely without a water supply from the pipes and mains, notwith-standing the fact that they have petitioned for an adequate supply a number of times; that in many of the houses water has to be stored in bathtubs over night for domestic uses, and that in other places water must be transported in the daytime, as suggested by the Senator from Kansas.

Mr. SMOOT. I simply want to say to the Senator from Kansas that my information as to the reason why some people in San Francisco do not receive water is because the water mains

are not taken to their premises.

Mr. THOMPSON. I remember particularly the statement of

the mayor of the city to the effect that I have given.

Mr. THOMAS. The Senator from Utah [Mr. Smoot] is right, but the reason the mains are not laid is because the company

has no water with which to supply the mains if they were laid.

Mr. SMOOT. Mr. President, if the Senator has any such information as that, it is information that has not come to me; it may be right or it may be wrong; but I am told by people who live in San Francisco that the only reason why the people carry water in water wagons is because of the fact that the mains have not been extended to their places, and that if the mains were extended to those outside districts there would now be a sufficient supply to furnish those people with water.

Mr. THOMAS. I think the Senator from Utah is correct, but that raises the question, Why are not the mains laid in the populous parts of the city? Why is it that this system is incomplete? Is not the very statement an indictment of the conditions that are prevalent in the great city of San Fran-

Mr. President, as I understand, that condition exists in districts where very few people reside, so that there are not enough water takers, I suppose, to justify the expense of extending the mains; but I want to say to the Senator that it will be only a little while until San Francisco can take over

the present water system, if she so desires, either by condemnation, which I understand will be resorted to, or by transfer under a mutual agreement between the city of San Francisco and the water company. When that time comes I am quite sure that the city will extend the mains, if there is justification for so doing.

Mr. THOMAS and Mr. GRONNA addressed the Chair. The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Colorado?

Mr. THOMPSON. I yield to the Senator from Colorado.

Mr. THOMAS. I want to state, for the benefit of the Senator from Utah, that I am informed by one of the Representatives from the city of San Francisco in Congress that there are in some parts of the city pipes and mains laid which are not supplied with water, and the reason given by the water company for the purpose, water for the purpose. pany for the lack of a supply of water is that they have not the

Mr. GRONNA. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from North Dakota?

Mr. THOMPSON. I yield for a question, but I do not like

to yield for a speech.

Mr. GRONNA. I was just going to say, in connection with the statement made by the Senator from Utah, that, as I understand, there is an understanding now between the city of San Francisco and the Spring Valley Water Co. to the effect that the Spring Valley waterworks will be taken over by the selection of three judges, who will appraise or fix the value of the property of the Spring Valley Water Co.
Mr. THOMAS. Mr. President, I think that is the fact; but

it is one of the necessities to which the city has been driven for the purpose of enabling it to get the supplies it desires and

Mr. THOMPSON. Mr. President, I will say that I think the record in this case, if fairly read, will bear out every statement I have made or will make. I have taken these statements from the evidence offered in the case, the same as I would in the trial of a lawsuit; and I have simply placed the conclusions I have deduced from the evidence in these few remarks, to which I

should like to have the attention of the Senate.

Much careful study has been given by the city, the State, and the national authorities, and by public and private engineers, to learn every possible source of supply. All of the investigations have clearly pointed to the Hetch Hetchy Valley, in the Sierra Nevada Mountains, as the only practicable, economical, and certain available supply. Secretary of the Interior Garfield, after the most careful and painstaking investigation, granted the city the right to impound in the Hetch Hetchy Valley its great water floods, now flowing through the valley and on to the ocean and absolutely wasted. Under this permit San Francisco in good faith has spent about \$2,000,000 in acquiring lands from private sources and other preliminary work. In 1910 the city voted overwhelmingly \$45,000,000 in bonds for the construction of this water system.

Mr. WORKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from California?

Mr. THOMPSON. I will yield for a question.

Mr. WORKS. Does the Senator know that the \$45,000,000 was voted for this system, or was it voted to buy the Spring Valley waterworks?

Mr. THOMPSON. My understanding is, from the records in the case found on page 19 of the report of the committee, that it was voted for this system, and, as I understand, by direction of

the Secretary of the Interior.

After all this expenditure and preparation, suddenly, in 1910, Secretary Ballinger ordered the city to show cause why the Garfield Hetch Hetchy permit should not be revoked. The city was required to make further detailed investigations and reports at enormous trouble and expense. Finally, to settle the whole matter, President Taft appointed a board of able, distinguished, and entirely disinterested engineers of the United States Army to make investigations and report. These engineers spent two years in independent investigations of San Francisco's great problem. All of the evidence was placed in the hands of the board. The Army engineers, who possessed the same instinct, similar training, and service as Col. Goethals and his assistant builders of the Panama Canal, after this long, careful investigation found for the city, declaring in favor of the Hetch Hetchy Valley as the only practicable source of water supply. This board made its report to the Secretary of the Interior, Walter A. Fisher, who retired from office in March, 1913. Secretary Fisher recommended the consideration of this matter by Congress, which it has undertaken by this bill, introduced by Representative RAKER, of California.

The Army board findings particularly applicable to this matter are found on page 23 of the committee report. I desire at this point to make them a part of my remarks without reading. They have been read already in this discussion.

The VICE PRESIDENT. Is there any objection? The Chair

hears none.

The matter referred to is as follows:

ARMY BOARD FINDINGS.

[Extracts from conclusions of Board of United States Army Engineers. (H. Doc. No. 54, 1st sess. 63d Cong.)]

The project proposed by the city of San Francisco, known as the Hetch Hetchy project, is about \$20,000,000 cheaper than any other feasible project for furnishing an adequate supply.

The Hetch Hetchy project has the additional advantage of permit-ting the development of a greater amount of water power than any

The board is of the opinion that the use of the Hetch Hetchy Valley as a reservoir site is necessary if the full flow of the upper Tuolumne is to be conserved.

The board further believes that there will be sufficient water, if adequately stored and economically used, to supply both the reasonable demand of the bay communities and the reasonable needs of the Turlock-Modesto irrigation districts for the remainder of this century.

The board believes that on account of the fertility of the lands under The board believes that on account of the lettility of the lands under irrigation and their aridness without water the necessity of preserving all available water in the Valley of California will sooner or later make the demand for the use of Hetch Hetchy as a reservoir practically irresistible. The board does not think that a delay of a few years in transforming the Hetch Hetchy Valley into a reservoir is of importance, and therefore does not think it necessary to require delaying construction of this reservoir until the Lake Eleanor and Cherry sources have been fully developed. fully developed.

The board believes that the regulations proposed by the city will be found sufficient to protect the waters from pollution, and that these regulations will tend toward the protection of campers and others using the park and will not be onerous upon them. It recommends, however, that the permit to the city require the city to take other means, such as filtration, to parify its water supply if these regulations are ever deemed insufficient.

The construction of reservoirs, especially the Hetch Hetchy, will destroy a few camping grounds in the park. The construction of the proposed trails will, however, render accessible other parts of the park not now readily reached, and the number of camping places within the park is large.

Construction of Tuolumne system as proposed by city of San Francisco, to be extended over about 50 years, \$77,000,000.

Against the above expenditures there will be developed 115,000 horsepower, having an estimated capitalized net value of \$45,000,000.

Mr. THOMPSON. The Public Lands Committee of the House of Representatives gave weeks to the Hetch Hetchy hearings. Every opponent was given a chance to state any possible objection. The committee reported unanimously for the passage of the bill. The House passed it almost unanimously. The Senate committee, of which I am a member, also thoroughly investigated the matter and unanimously approved the bill.

It seems that the opponents of the measure consist mainly of the Spring Valley Water Co. and those affiliated with them in commercial interests, some irrigationists whose rights are fully protected, and the few people who call themselves "nature lovers," most of whom do not understand the situation.

Hetch Hetchy is a region of barren granite, inaccessible except for a short time during the summer, and is of no possible use to humanity except through its production of water and power, but by this development it will become vastly useful to thousands of people now living around San Francisco Bay and the millions of future generations.

Mr. CLARK of Wyoming. Mr. President, will the Senator yield to me?

I yield to the Senator from Wyoming. Mr. THOMPSON.

Mr. CLARK of Wyoming. Just to correct what might be an erroneous impression. When the Senator speaks of the Senate committee unanimously approving this bill, of course he means the members of the committee who were present at the time it was acted upon?

Mr. THOMPSON. The Senator is correct. I refer to all that were there.

Mr. CLARK of Wyoming. As a matter of fact, there are members of the committee who, although not present at that time, did not then and do not now approve it.

Mr. THOMPSON. I am not advised as to that,

Mr. THOMAS. I wish to thank the Senator from Wyoming for introducing that fact into the RECORD. I meant to have made the statement last night.

Mr. THOMPSON. I referred, of course, only to all the members there, Republicans as well as Democrats, for we have no matter of politics in this bill.

Mr. CLARK of Wyoming. None at all.

Mr. THOMPSON. All members of the committee present voted unanimously to report the bill favorably.

Mr. BRANDEGEE. Mr. President-

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Connecticut?

Mr. THOMPSON. I do.

Mr. BRANDEGEE. I will say to the Senator that I will refrain from interrupting him if he desires to proceed. There is one point at which he has just arrived about which I would like some information.

Mr. THOMPSON. I should like to proceed, and when I am through I shall be glad to answer any questions the Senator

may have in mind.

Mr. BRANDEGEE. That it satisfactory to me.

Mr. THOMPSON. It was represented to many of the people who now oppose the bill, and who asked me to oppose it, that the beautiful Yosemite Valley was in danger of being destroyed and that the Calaveras big trees would be injured by the con-struction of the reservoir. The truth is that the Yosemite Valley is not affected by this proposition at all, it being at least 30 miles distant, and there is only a very small portion of the Hetch Hetchy Valley affected, and none of it that will in any way mar the beauties or value of the national park. The Calaveras big tree grove is 50 miles distant from Hetch Hetchy and two intervening watersheds separate the valley from the grove. Hetch Hetchy Valley has an elevation of 4,200 feet and Yosemite Valley is approximately 1,000 feet higher. Hetch Hetchy Valley is separated from the Yosemite Valley by a range of mountains 8,500 feet high. So it is an absolute impossibility for any of the water from this valley to either enter the Yosemite Valley or to reach any of the beauties of that wonder-Furthermore, it has been demonstrated that the ful park. creation of a lake will greatly increase the beauties of this particular region instead of depreciating them.

In addition, the city, under the terms of this bill, is required to build roads through the valley, which will make it accessible to all the people of the country instead of to only a few who would assume the risk and hazard of going into the park afoot

or on mule back.

These people have been for more than a decade working on this proposition and have acquired from time to time from private sources most of the necessary land for this reservoir and own it absolutely in fee simple. There will be only about 1,330 acres of the valley, all told, out of 756,000 acres in the national park covered by the reservoir, and of this 1,330 acres San Francisco now owns more than one-half in fee simple, leaving only about a section of land belonging to the Government, which San Francisco will exchange about 2,500 acres of land elsewhere in the park, and the city agrees to construct roads at a cost of more than a half million dollars into this region, and will also pay to the Government within a short time \$30,000 per year for the right to construct this reservoir and use the water therefrom. The rights of all the people below the reservoir who use the water for irrigation purposes are fully protected by the express terms of the bill. There is not a single thing overlooked to protect all the interested parties, including the general public. I do not see the slightest grounds for any objection, except by those who call themselves "nature lovers," who contend that man, no matter how great the necessity, has no right to change in any way the scenery produced by nature. There are hundreds of places more beautiful than this particular spot—and many of them in this very valley, which will be undisturbed—and the plan devised at this particular place is to make it even more beautiful than it was before by the production of a beautiful lake and by making it accessible to all the people of the country by the construction of good roads to every point of interest and pleasure.

But people must have water even at the expense of a little so-called desecration of the beauties of nature. I remember as a boy in the early days in Indiana that my father and grandfather cut and burned magnificent walnut and hickory trees that were indeed beautiful to look at and always remained with me as a most pleasant memory; but there were mouths to feed, and the ground had to be cleared to raise wheat and corn in order to feed them. It is, of course, very nice and desirable to have beautiful flowers in a home, but it is far more important to have a plentiful supply of bread and butter. So it is with this water. The needs of thousands of people here now and thousands more in years to come require water, and Hetch Hetchy undoubtedly offers the largest and most available source of supply. But even if it did destroy the national park, or a considerable portion of it, and this water was necessary to supply the needs of the people of California residing in that vicinity, it would be best to destroy it, for human consumption is the highest use to which a supply of water could possibly be put. 'The conservation of human lives is indeed the highest type of conservation. Only a few years ago, largely from a scarcity of water, 43

San Francisco suffered one of the most terrible catastrophies ever visited upon a community, and the least that this Nation can now do for this unfortunate city is to heed the cry for water to quench the thirst of its people, whose throats are still parched from the effects of the awful conflagration which swept the city as the result of the terrible earthquake.

I am a believer in the conservation of natural resources, and this act seems to me as one of the greatest opportunities to demonstrate my belief in it. This project is regarded as one of the greatest efforts in legislation to conserve the natural resources. The rights granted here go to the people for their benefit, and not for the enrichment of any individual cr private

corporation.

If the bill were in the interest of any private person or corporation, it would not receive my support. As it is against private interests, that fact makes it more essential that it receive the support of all opposed to placing such valuable concessions under private control. It is sanctioned by the greatest conservationists in this country, including Gifford Pinchot, former Chief Forester; Secretary Bryan; Secretary Lane; Secretary Houston; F. H. Newell, chairman of the United States Reclamation Commission; Dr. George Otis Smith, Director of the United States Geological Survey; and many

I have heard no argument that would justify me in voting against this bill. In any event the necessities of the case and the advantages received by the Government so far outweigh the theories and notions which have been advanced in an endeavor to show how some possible injury might result to somebody, some time, that, desiring to serve the whole people of the Nation and to meet the requirements of the people of this particular section of the country to the best of my ability, I do

not hesitate to give the bill my most earnest support.

In conclusion, Mr. President, I desire to include as a part of my remarks, without reading, the resolutions adopted by the Kansas Society of California, and a memorial of the California Women's Clubs of San Francisco, favoring the passage of this

The VICE PRESIDENT. Without objection, it is so ordered. The matter referred to is as follows:

Kansas Society of California, San Francisco, November 21, 1913.

Whereas San Francisco for 12 years has been appealing to the Federal Government for such rights in the high Sierras as will enable it to provide the people of the bay counties with a pure and adequate supply of water; and
Whereas the Hetch Hetchy region offers the only source to which San Francisco can look for such an uncontaminated supply as will provide for not only the immediate but the future needs of its people; and

and

whereas San Francisco already owns outright more than half the land in the floor of the Hetch Hetchy Valley which will be flooded by the proposed reservoir, and has in good faith spent one and one-half million dollars in the development of its proposed municipal water

million dollars in the development of its proposed management system; and
Whereas all that San Francisco asks of the Federal Government is the
right to construct a dam and the grant of the uses as a reservoir of
part of the Hetch Hetchy Valley, which will in no wise be impaired
in its natural beauty by the creation of a lake; and
Whereas the natural beauties of the Hetch Hetchy region will be made
more easily accessible to thousands of nature lovers by the building of
roads and trails, which San Francisco will construct into this entire

roads and traits, which san Flancisco will constitute him the region; and hereas human consumption is the highest use to which the Hetch Hetchy water can be put, in that it will safeguard the health and supply of the present needs of a community of 800,000 people, and the future needs of many times that number: Therefore be it

Resolved by the Kansans in California, That we most earnestly go on record as approving of San Francisco's petition to Congress for the grant of certain rights in the Hetch Hetchy region; and be it further Resolved. That we declare our firm conviction that human needs are paramount to sentimental objections of so-called nature lovers, who profess to see in San Francisco's project a desecration of nature, although the work of San Francisco in the high Sierras will in reality bring this wonder region closer to the real lovers of nature and will in no wise impair the grandeur of the scenery there to be found; and be it further

further

Resolved, That we regret the campaign of misrepresentation that has been made in the effort to prevent San Francisco from obtaining that pure and adequate supply of water to which every community should be entitled; and be it further

Resolved, That we petition the Senate of the United States to grant to San Francisco the rights for which it has so long appealed, and which are embodied in the Raker bill, heretofore passed by the House of Representatives of the United States, and respectfully urge the Senators representing our home State to lend their efforts toward securing same.

Thus I Straum President

THOS. J. STRAUB, President. H. F. GOULD, Secretary.

CALIFORNIA CLUB, San Francisco, November 17, 1913.

Hon. WILLIAM H. THOMPSON.

DEAR SIR: At the present time no matter so deeply concerns the people of the city of San Francisco as the question of the Hetch Hetchy water supply now pending in Congress.

The most fundamental factor in the safety and well-being of the population of a municipality is obviously an abundant supply of pure water. The need which San Francisco has felt for several years in this respect is constantly growing more urgent with the increase and

spread of population, while people at a distance and unacquainted with actual conditions oppose the use of a supply which by the most eminent authorities has repeatedly been declared the most practicable source in the State of California.

The facts in the Hetch Hetchy matter have been clearly set out by our delegation sent from California, and as a San Francisco and a California club interested in the welfare of the whole State, we ask you to thoughtfully consider the points as presented and then believe that the transforming of this small, almost inaccessible valley into a mountain lake will in no wise decrease the natural wonders and beauty of our State.

mountain lake will in no wise decrease the natural wonders and beauty of our State.

No people are more interested or more zealous for the conservation and prosperity of California than the citizens of San Francisco, and being convinced that no real damage is to be done, and realizing only too well the vital and urgent need of abundant pure water for the 800,000 people living in San Francisco Bay district, we pray that the bill before Congress be granted.

Will you not, with a full understanding of the case, use your vote and influence in favor of this proposition to meet the vital need of a great municipality, soon to be the center of the occidental and oriental trade?

Very truly, yours,

Mrs. A. P. Black,
President of California Women's Club.
Mrs. H. C. Tiebitts,
Secretary.

Mr. THOMPSON. I have here an article appearing in a recent issue of Harper's Weekly, edited by Norman Hapgood, under the heading "The Hetch Hetchy controversy," which I desire to send to the desk and have read by the Secretary. It contains some evidence in support of the statement I made as to the inadequacy of the water supply of the city of San Francisco, and also as to some of the parties who are opposing the

The VICE PRESIDENT. Is there any objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

[From Harper's Weekly for Dec. 6, 1913.] THE HETCH HETCHY CONTROVERSY.

IFrom Harper's Weekly for Dec. 6, 1913.]

THE HETCH HETCHY CONTROVERSY.

How do you explain the fact that a fierce agitation all over the country is kept up against a measure which has had the support of Gifford Pinchot, James R. Garfield, James D. Phelan, William Kent, and a number of other conspicuous fighters for conservation in this country? Gifford Pinchot says:

"I am fully persuaded that there is no other comparable source of water supply available at anything like a reasonable cost to the cities around San Francisco Bay.

"Second. That the supply of surface water furnished by the Spring Valley Water Co. is adequate neither in quality nor in quantity.

"Third. That the injury to Hetch Hetchy by substituting a lake for the present swampy floor of the valley, all due allowances being made for whatever reduction in the height of the walls there may be, is altogether unimportant compared with the benefits to be derived from its use as a reservoir.

"Fourth. That the sanitary regulations included in the bill absolutely dispose of the plea, untenable at all times, that what San Francisco is asking for is control of half of the Yosemite Park instead of merely the Hetch Hetchy Reservoir.

"Fifth. That much of the opposition has its root in the unwillingness of water-power and transportation interests in and around San Francisco to see the city get possession of the large power it will develop if the grant goes through."

The forces in opposition are two—the water-power companies, who know exactly what they are doing, and the sentimental lovers of scenery, who do not know at all what they are doing. A very few of them, like John Muir, may know the facts and be out of perspective on the relative importance of things, but most of them are persons unaccustomed to studying exact conditions, who merely go up in the air when somebody tells them that some scenery is going to be hurt somewhere. If there is any injury to scenery at all in this case, it will be slight and the economic gain will be so great as to explain wh

Mr. BRANDEGEE. Mr. President, will it be convenient to the Senator now to let me ask him a question?

Mr. THOMPSON. Certainly.
Mr. BRANDEGEE. The Senator referred to the great and valuable power to be generated from the water after the dam is built in this location. The bill confers upon the city of San Francisco and the other corporate agencies that may be associated with it, with its consent, the right to use this power and to sell it.

If it is conceded that this is an exceedingly valuable power site and that the control of the development of the power situation is at present in the United States Government by reason of its ownership of the public lands at the point at which the dam is proposed to be built, I am not entirely clear-and 1 am asking simply for information-whether or not, in the opinion of the Senator, it is the duty of the United States, acting in this matter in a certain measure as trustee for the whole people, who own these public lands, to confer upon the city of San Francisco forever the great right and privilege which would result from the passage of this bill.

In other words, my idea-perhaps somewhat vague at present—is this: Is there any way in which this power site could be made available by the Government for the benefit of all the

people of the country or the benefit of others than those to whom San Francisco might make it available?

Mr. THOMPSON. I will say to the Senator that I know of no way, and I think this is the best available use we have at

hand at the present time. We are giving the power and the use of this park to the people for their disposition. They are

people of the United States.

Mr. BRANDEGEE. Of course I am aware of the various schools which differ about the question as to whether the Government has any right whatever to control any water power that may be developed, or to give it to anybody, or to sell it to anybody. It was not quite on that line, however, that the drift of my question lay.

Mr. THOMPSON. If the Senator will examine the case of

the Butte City Water Co. against Baker, reported in One hundred and ninety-sixth United States, I think he will satisfy himself as to the power of the Government in this matter, and that we are acting strictly within our power, as the Supreme Court de-

Mr. BRANDEGEE. Of course, if the Government is the proprietor of land I have no doubt whatever of the power of the Government to sell its land or to grant any less estate than a fee simple under whatever conditions it may attach, which are, in my opinion, the same as those which any other proprietor of land may attach, provided the Government owns the land in fee simple. That, however, was not the exact question about which I wanted information. It was whether it was wise at this time to confer upon a particular city the key of a situation which may not be entirely developed or entirely seen at present, and which controls such vast possibilities as the Senator has outlined, of which, I think, most of us are aware.

Mr. THOMPSON. There is one thing that is thoroughly settled, and that is that there are about a million people over there crying for water, and we have it within our power to aid them in securing this wonderful supply. It seems to me it is ridiculous for the Government to sit idly by and see a million people suffer for want of pure water, merely waiting to see whether at some future time, maybe in a thousand years, they can use it somewhere else, or perhaps pipe it to some city down east. I think it is proper to give it to the people whom we know need it now.

Mr. BRANDEGEE. Of course the consideration just stated

by the Senator appeals very forcibly to every man of decent impulses. Everybody will agree that the mere preservation of a beautiful, romantic, and picturesque spot on the surface of the globe purely for esthetic purposes, or to contemplate as you would a beautiful picture or any other beautiful sight, should not be allowed to prevail against the urgent needs of great masses of human beings for the necessities of life. I do not think anybody would maintain that, unless it should be some person who has become so artistic and esthetic that he has almost ceased to have any decent judgment in a practical way upon the ordinary affairs of life.

While I am deeply sensible of the necessity of preserving everything we may in this country, and in every country we control or in which we have any influence, in the way of great pictures and panoramas and wonders of nature, still that one consideration will not, I hope, make me a crank, a "nature faker," or even a nature lover in a legitimate sense to such an

extent that I can not do justice to human beings.

There is doubt in my mind, at least, about this question. have no set speech to make upon the matter, and I doubt if I shall say anything about it in the future. If I do, it will be a very brief statement. I think every Senator here wants to do right thing about this matter if he can. It is a complicated subject, and is embarrassed more or less by the different charges and claims that the two sides make against the advocates and accessories of each other-charges of lobbying. of misstatement, of greed, of wrong motives, and all such things, which are always present wherever there is a serious controversy in a

public body upon any subject.

I believe it was ex-President Roosevelt who said the other day—at least I saw him quoted in the papers as having said when somebody was criticizing some of his entourage in the political arena, that every reform movement had its penumbra of rascality. I have no doubt that wherever there is a popular movement for good many gentlemen whose past has served to intersperse their characters and reputations with dashes of heliotrope and other colors hasten into the aureole of the uplift movement," animated by mixed and to some extent commendable motives, to obtain for themselves a new certificate of character with which to pose as a power in their community, and incidentally to uplift themselves into an office of conspicuity and distinction. [Laughter.] Those things always are connected with every movement, but they do not necessarily confuse anybody about the facts of a situation.

What I should like to know, if any member of the committee or any Senator can tell me, is, What is to be done with this source of water and power if we do not treat it in some such manner as is proposed by the bill? Can it be made to subserve

a larger public use, and a more commendable one, and in a better way than is proposed by the bill?

The knights of the quill and people who pull the strings on some of them never will exert any influence on me in the consideration of a question of this kind by sending me postal cards or other means of communication in which they say, as the gist of their argument, "We demand that you stop the Hetch Hetchy grab," or this or that "steal," or the other "outrage." They simply beg the whole question in the judgment of a sensible man and bring themselves into contempt, I think-they do in my opinion, at any rate, whether they do in that of others or not-when the whole question is, Is it a steal or a grab?

That is what we want to find out. If it is, of course no Senator in this body would stand for it for a minute. If it is not, it is a mighty contemptible Senator, in my opinion, and a mighty contemptible man who will allow himself to be scared out of voting for what is right by a lot of people who do not know the facts, or who have been inspired by some other people of whose motives they were unaware, or because some newspaper says he is a "crook" or a "grafter" or associated with

some power company, or something of the kind.

Of course, each side in the present controversy claim that the other side are crooks and grafters and the agents of power interests of all kinds, and they are engaged in an unseemly bandying of epithets as between themselves. But there is some truth about this somewhere, and if the committees of Congress have been deceived about it, I hope some Senator has the information and will be able to lay it before us before we get through, so that any Senator who wants to do the right thing may do it.

I appreciate the importance of preserving beautiful natural features of a landscape as much as anybody else. I think, love them myself, and I have been chairman in the past of the Forest Reserve Committee that did something toward encouraging and preserving such places of national interest, and of

international interest, I may say.

But if one of those beautiful places can be so used as not to be abused, and if it still can be made a place of beauty, accessible and delightful, and if a great national park can be utilized and possibly ornamented by combining features of landscape and water, beautiful lakes interspersed with forest and wild scenery, would not be prevented from voting for a bill of this kind because the park might not be maintained in exactly its original natural condition. But I should like to have some Senator who is more familiar with the facts than I am give us some information upon that subject before we come to a vote. We have plenty of time for it under the unanimous-consent agreement, and I hope that feature will be fully developed before the debate

Mr. CLARK of Wyoming. Mr. President, it is not my purpose to discuss the matter at any length, but the statement that was made by the Senator who has just addressed the Senate so ably in support of the bill, following upon many other statements on the same subject matter as to the source of the opposition to the bill, I think deserves a comment just in this connection.

It has been suggested in many ways and has been openly stated in others that the main opposition to this bill comes from the Spring Valley Water Co. There are many Members of the Senate who are opposed to the bill. I am sure none of them are influenced by considerations regarding the Spring Valley Water Co. I am sure that none of them have been approached by the Spring Valley Water Co. I am sure—as sure as I can be from the information which I have-that the Spring Valley Water Co. has no interest whatever in the passage or the defeat of this The Spring Valley Water Co. is entirely indifferent as to whether this bill shall pass or whether some other bill shall pass.

I understand the situation to be that the Spring Valley Water Co. is entirely indifferent whether San Francisco shall have as the source of its water supply the Hetch Hetchy or any of the other sources of supply that have been mentioned. I understand that the Spring Valley Water Co. is about to go out of existence; that the Spring Valley Water Co. and the city of San Francisco, without respect to what may happen to this bill or any other bill, have virtually severed their connection; that the Spring Valley Water Co. and the city of San Francisco have agreed upon a transfer to city ownership of all the property and franchises which the Spring Valley Water Co. owns; that the Spring Valley Water Co. is no longer interested in any source of supply; and that whether San Francisco gets the Hetch Hetchy or gets other sources of supply makes no dif-ference whatever, as the water supply of San Francisco passes

into the hands of the municipality.

If that is not true, I want to be corrected. I understand it to be true that both parties, the city of San Francisco and the Spring Valley Water Co., have agreed to a sale of the Spring Valley Co. to San Francisco, the question of price only remaining to be settled; that the two parties have agreed upon the three judges to whom shall be submitted that question for settlement.

Now, that being the case, it seems to me that Senators who oppose this bill ought not to have the imputation set upon them that they are influenced in anyway by the Spring Valley Water Co. Inasmuch as the Spring Valley Water Co. is taking no interest whatever in this legislation, I do not think the officers of that company, whom I assume to be reputable men, should be charged with seeking to defeat a great public purpose, as has been so frequently charged and intimated.

Mr. President, there are other features entering into this bill. I suppose that no Senator here receives less than a dozen or fifteen or twenty—up to a hundred—letters a day in regard to this proposition. The Senator from Oklahoma [Mr. Owen] this morning thought it was a rather frivolous proposition for the Senate to consider. Other Senators have expressed the same view. Yet the mails of Senators are laden.

Mr. OWEN. Mr. President, the Senator, of course, does not

wish to misrepresent the Senator from Oklahoma. Mr. CLARK of Wyoming. Oh, no; not at all.

Mr. OWEN. He did not say that the Hetch Hetchy matter is unimportant. He did not say it; he did not suggest it. He only considered unimportant the enormous waste of words in

relation to Hetch Hetchy.

Mr. CLARK of Wyoming. Hetch Hetchy is a subject that demands some words. Whether they are wasted or not remains to be seen. I assume that no Senator upon the floor desires to waste words. I presume that no Senator upon the floor engages in the debate in regard to the Hetch Hetchy unless he is interested in the question and considers it a matter of public importance. I have received probably a hundred written let-I have received newspaper clippings, innumerable, marked editorials, wanting to know why it is that some of the Senators of the United States are opposed to giving an adequate water supply to the famishing people of San Francisco, intimating in every way that anyone who is opposed to this bill on the floor of the Senate or elsewhere is opposed to giving San Francisco all the water she needs to fulfill the requirements of that great and growing city. We have been told that we should not stand in the way of affording the very life to a great community for the purpose of preserving a natural beauty and

I think the real objection, the strongest objection at least, in this body comes upon grounds entirely outside of those that are suggested in these letters or editorials. I think the leading paper—that is, the paper that is taking the most conspicuous part, perhaps—in the advocacy of this bill is the San Francisco Examiner, a paper that is ably managed, a paper one whole edition of which was published in this city for the purpose of

furthering this bill.

The editorial in the Examiner says: "We want to ask Senators of the United States who are opposing this bill why it is that they are willing to grant to the city of Los Angeles, that they are willing to grant to the city of Portland, that they are willing to grant to the city of Seattle, but they are not willing to grant to the city of San Francisco?" What does that mean? What is the inference? The inference is that the Senators who are opposed to this bill are opposed to the granting to the city of San Francisco a thing which they granted to the city of Los Angeles

For one I am opposed to this bill, but I am in favor of granting to the city of San Francisco the exact thing that we granted to the city of Los Angeles; and before this discussion ends I shall introduce an amendment in hæc verba, except so far as the location is concerned, giving to the city of San Francisco the exact, identical rights and privileges that we granted to the city of Los Angeles and under which that great city has gone scores of miles into the mountains and at an expense of scores of millions of dollars has provided an adequate water supply for

that great and growing city.

The edition of the San Francisco Examiner of which I spoke, published in this city, gave interviews with very many Senators; it gave interviews with very many prominent people all over the United States; and the substance of a majority of those interviews was that they were in favor of this measure because it was necessary in order to give San Francisco the needed water supply. If there can be eliminated from the bill all features except those that guarantee to San Francisco the water supply which she needs and to which she is entitled, I believe it will have almost unanimous consent in the Senate for its passage.

I believe that San Francisco is wronged in this bill, but that is not a matter for me to discuss. She is willing, in order to

get her water supply, to pay to the Government of the United States an unconscionable price for what she is receiving. We have been told here in this debate that the land which is being granted to the city of San Francisco is worthless. We are told that when San Francisco paid \$142,000 for the land which she purchased in the Hetch Hetchy Valley it was an outrageous holdup; and yet the Congress of the United States is voting to demand from the city of San Francisco for this worthless land, but a few hundred acres in extent, more than a million dollars, for which the bonds of the city of San Francisco are to be sold.

I will go further than the proponents of this bill go. I would be willing to grant to San Francisco without price the worthless acres upon which she can store the water for her necessities. I believe that the Government of the United States, in this bill, is committing an outrage when it says that the city of San Francisco must bear an annual interest charge of \$30,000 for the land upon which this reservoir is to be constructed and a dam to be built. But that is neither here nor there. That is

a matter which San Francisco herself can settle.

If the bill can be modified so as to give San Francisco the right to construct the dam, the right to construct the necessary tunnels and aqueducts and whatever may be necessary to convey the waters over the public domain and stop there, as it stopped in the case of Los Angeles, where it stopped in the case of Portland, as I remember, and of the city of Seattle, I shall not object to the bill. I do not think anyone will. I do not think there is a person who does object to the bill who wants to deprive the city of San Francisco of whatever she needs in the

way of water supply.

Mr. President, I said that, if no one else did, I should introduce a proposed amendment or a substitute granting all these things to San Francisco. I do not know; others may have that same purpose in view. The Senator from North Dakota [Mr. McCumber] has prepared an amendment to the bill which accomplishes all the purposes which the proponents of the bill claim are desired, leaving out the objectionable features, which have nothing whatever to do with the water supply of the city of San Francisco. I shall be glad if that amendment may be adopted; and if it shall be adopted, I will very gladly vote for the bill. The amendment which has been offered by the Senator from North Dakota does not take one whit from all the rights which San Francisco herself is asking of the Congress of the United States. It gives her all she asks for. It gives her all she needs.

The senior Senator from California [Mr. Perkins] presented a petition here yesterday signed by 20,000 people. The amendment proposed by the Senator from North Dakota contains everything that those 20,000 people ask for, and if they shall receive the legislation according to the amendment proposed by the Senator from North Dakota they will have received everything that they have asked for or hoped for from this legislation. The difficulty is that this bill contains features that are objectionable to some Members of the Senate. They are features that relate not at all to the needs or wants or desires of San Francisco, but they are features which, in the opinion of some Senators at least, involve a great principle that ought not to be tried out and decided on a bill of this sort. I suppose the proponents of that principle go so far that they will not even be willing to accept an amendment that I shall hereafter offer.

To some of us at least, whether our view is well grounded or not, Mr. President, it appears that there is an effort in this bill to recognize the authority of the Government of the United States to control, supervise, and distribute the waters of a State. Some of us believe—I believe all of us believe—that the waters flowing within this stream are the absolute property of the State of California, and that over the waters flowing in this stream the Congress of the United States has no jurisdiction or constitutional right. We believe that any means, direct or indirect, that allow the gathering together and the distribution of the waters flowing in that stream is an invasion of the constitutional rights of the State of California, and that as it is an invasion of the constitutional rights of the State of California it is an invasion of the constitutional rights of every other State which owns waters within its borders.

There is no question of a navigable stream here. It is different from the Connecticut Dam Co.'s bill. It is different from the Coosa bill of last year or the year before. There is no question of the right of the general public of the United States in that water; there is no question of an interboundary stream; there is no question of a stream flowing from one State into another, but it is a pure, local stream over which California has the constitutional right of exclusive jurisdiction. Some of us do not believe that in any way, directly or indirectly, the Government of the United States should interfere with that exclusive jurisdiction.

But it is urged by many that that fear is entirely unfounded; that we do not read the bill aright; that there is nothing in the bill to warrant that suspicion; and, to make it perfectly plain, we are pointed to the eleventh section of the bill, which says:

SEC. 11. That this act is a grant upon certain express conditions specifically set forth herein, and nothing herein contained shall be construed as affecting or intending to affect or in any way to interfere with the laws of the State of California relating to the control, appropriation, use, or distribution of water used in irrigation or for municipal or other uses, or any vested right acquired thereunder.

Mr. President, we are told that, if there is an evil in the bill, will cure the evil; in other words, that, having made a condition in the bill, this provision will waive the condition. If there is an evil in the bill which this provision seeks to cure, why not reject the evil and not put it into the bill at all? the proponents of the bill if, even then, they will be willing to accept this further amendment which is printed after the word "thereunder," in line 15 on page 26, which I have just read, to insert the words:

Nor as giring or assuming to give or grant to the grantee herein any right to any quantity of water in excess of the amount by it heretofore or hereafter appropriated or owned under the laws of the State of California, nor to give to said grantee any right to impound or distribute any quantity of water in excess of such appropriation or ownership.

I apprehend that amendment will not be adopted; but it will be offered, and I hope it will be adopted.

Mr. WORKS. Mr. President—
The PRESIDING OFFICER (Mr. Kern in the chair). Does the Senator from Wyoming yield to the Senator from California?

Mr. CLARK of Wyoming. Yes. Mr. WORKS. I suggest to the Senator from Wyoming that perhaps an amendment of that kind would not be appropriate to the conditions that now exist in California, because under the laws of that State no specific amount of water could be appropriated. The amendment refers to the amount appropriated. The amount that the city might be allowed to take out of the stream would have to be determined by the water commission. Therefore an amendment of that kind would not be appropriate.

Mr. CLARK of Wyoming. The language is "appropriated or

Mr. WORKS. There can be no ownership of water.

Mr. CLARK of Wyoming. Well, the Senator from California understands the idea I have in mind.

Mr. WORKS. Yes; I understand the idea; but I was only suggesting that it might better be put in some different shape in order to meet existing conditions.

Mr. CLARK of Wyoming. I shall be very glad to comply with the suggestion of the Senator, because all I want to do is to conform to the laws of California in the use of this water.

Mr. WORKS. Mr. President, what should be done with respect to this matter, if the grant is to be made, is simply to make the grant and let the law of California do the balance.

Mr. CLARK of Wyoming. That is just exactly what the amendment which I suggested a while ago as being the law in relation to Los Angeles does. Los Angeles was simply granted the right of way for the reservoir and the canals, everything else being left as it should be left, under the operation of the laws of the State of California.

Mr. President, I have simply said this much in order to put at rest any idea that all those who are opposing this particular bill are opposed to a water supply for the city of San Francisco. I think all of us are at one that we want San Francisco to have the proper and necessary water supply. So far as I am concerned individually, I am perfectly content that it shall come from the Hetch Hetchy Valley. Others, of course, have different views. The Senator from California [Mr. Works] himself, realizing the necessity of the San Joaquin Valley to use all the water within that watershed, would have the water supply come from some other source. Personally I am not interested in that so much, because that is a matter local to the people of the State of California; I am not particularly hesitant about using the Hetch Hetchy; but I am hesitant about assuming to grant a power which I believe we have no constitutional right to grant; and I am also hesitant about the Congress of the United States assuming to impound, collect, and distribute water under any guise, whether in the guise of a condition to a grant or any other guise, and to assume authority which the State of California alone has over the waters lying wholly within the State.

Mr. WORKS. Mr. President, I suggest to the Senator from Wyoming that no Member of this body should be called upon to commit himself upon the question as to whether this water should come out of the Hetch Hetchy or should come from some other place. The Government can grant this right of way, but even after that the authorities of California might determine

that San Francisco should get her water somewhere else. That is a matter that ought to be left to the authorities of California under the laws of that State, and we should not meddle with it in any way whatever.

Mr. CLARK of Wyoming. Mr. President, I think the Senator from California is entirely right. I think all the Government ought to do is exactly what it did in the case of the Los Angeles water supply—grant the right upon the public domain, upon the lands of the Government of the United States, to place the reservoir and place the dams and the necessary right of way for ditches or canals or tunnels or whatever they may be.

Mr. POINDEXTER. Mr. President, I do not intend at this time to enter into a discussion of this bill; I hope later on, before a vote is taken, to have an opportunity of stating my views as to the merits and demerits of the bill. At this time I rise for the purpose of introducing into the RECORD, in order that they may be available before the debate is closed, certain papers and documents which have a very material bearing upon the decision of this question. As preliminary to that I want to again mention—it has been mentioned a number of times by Senators here-what seems to be a rather insidious and mysterious plan of conveying a false impression-I will use that language—in regard to the situation and the needs of the city of San Francisco for this bill or for what will come to it through this bill if it shall be passed.

I heard in the speech of the Senator from Kansas [Mr. THOMPSON] a few moments ago a repetition-no doubt in good faith on his part-of that same statement; and that is that the people of the city of San Francisco are in a state of dire need for water and that that need will be relieved by the passage of this bill; whereas the fact is-and it will be admitted by any fair-minded man who represents the city of San Francisco and is informed about the proposition-that the passage of this bill will not affect in anyway whatever any man, woman, or child in the city of San Francisco, so far as their need for water

is concerned, probably not during their lifetime.

Mr. THOMAS. Mr. President-

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Colorado?

Mr. POINDEXTER. I yield to the Senator from Colorado. Mr. THOMAS. Does the Senator from Washington mean by that statement that the city of San Francisco has a supply of water at present sufficient for the needs of the present generation?

Mr. POINDEXTER. I mean to say that the city of San Francisco has at the present time under way plans and projects for securing water, altogether independent of the so-called Hetch Hetchy, which will in all probability be sufficient for the needs

of the present generation.

Mr. THOMAS. Does the Senator refer to the contemplated condemnation of the Spring Valley Co.?

Mr. POINDEXTER. I do. Mr. THOMAS. Well, Mr. President, it is in the record, and also is the statement of the Representatives in Congress from California that the present supply is woefully inadequate. The record shows that, as a part of that general project of a water supply for the future, San Francisco has been provident enough to agree to take over this concern and make it a part of its general scheme of water supply. I think the Senator's information must be derived from other sources than those in the record as the basis of the statement he has just made.

Mr. WORKS. Mr. President—
The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from California?

Mr. POINDEXTER. I yield to the Senator from California.
Mr. WORKS. The report of the Army board, so often referred to, shows that from the Spring Valley system over 200,000,000 gallons a day can be produced. My recollection is that Mr. Freeman, the engineer of the city, fixed the amount considerably lower than that—I think at 180,000,000 gallons per day-four or five times as much as the city is now using or needs.

Mr. THOMAS. Mr. President—
The VICE PRESIDENT. Does the Senator from Washington yield further to the Senator from Colorado?

Mr. POINDEXTER. I yield to the Senator for a brief statement.

Mr. THOMAS. I shall not interrupt the Senator again. It is true, as stated by the Senator from California [Mr. WORKS], that the Army board of engineers reported that this quantity of water was available, and that Mr. Freeman has said a less quantity is available; but it is equally true that Mr. Freeman declared before the Senate committee—and I think the statement is somewhere else in the record—that this water can be obtained only at the expense of the agriculturists who are now

dependent upon it, and that to take it means to deprive them of a supply of water that is absolutely essential for their needs.

I submit that, inasmuch as the interests of the agriculturists have been made a prominent feature of this discussion, the rights and the welfare of those who are dependent upon the source of supply of the Spring Valley Co. are, or ought to be, quite as sacred in this Chamber as those in the Valley of the San

Mr. POINDEXTER. Mr. President, I was very much impressed by the slight but very material change in the form of the immediate proposition we are discussing which is contained in the reply of the Senator from Colorado. I said that plans which the city of San Francisco had under way would produce a sufficient supply of water to meet the needs of the present generation. The Senator changes that very slightly in form by stating his proposition that the present supply of the city of

San Francisco is insufficient. That is quite different.

Mr. THOMAS. Mr. President, of course, if I misunderstood

the Senator's statement-

Mr. POINDEXTER. I agree there is not any difference in opinion between the Senator from Colorado and myself as to the present situation in the city of San Francisco. I admit that

Mr. THOMAS. I misunderstood the Senator, or I would not have interrupted him at all.

Mr. POINDEXTER. I admit that there is an insufficient supply there at the present time; but the city of San Francisco, whatever the effect may be upon the irrigationists whom the Senator from Colorado has in mind, has already begun proceedings-I get that information from a consultation with the city attorney of San Francisco, who is present here now and who is interested in the passage of this bill—to take over the Spring Valley Water Co.'s property and to carry on the enlargements of that property which are now under way, including the building of a dam, called the Calaveras Dam, which will within two years afford to the city of San Francisco double the amount of

water which it now has.

Mr. McCUMBER. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from North Dakota?

Mr. POINDEXTER. I do.

Mr. McCuMBER. The Senator has given voice to an expression that has been used here several times, namely, that San Francisco has projects under way that will give her a supply for the present generation, but the presumption to be drawn from that statement is that the city of San Francisco ought not at this time to look beyond the needs of the present generation. With the known supply of water in the State of California, the known places from which it can be obtained for the use of the city of San Francisco, ought not that city to anticipate not only the immediate needs of the present generation but the needs for at least a century ahead, as to where the water will be obtainable when her population may be double or quadruple what it is to-day? I wish also to inquire why is it improper at this time to settle the question of where she will get the water to be used for her people 100 years from to-day? I could see some force in the argument, if the Senator will allow me, if the water supply of the State were inexhaustible, but there are only certain sections where water may be obtained; and it seems to me that it is a part of the duty of the present generation at least to look that far ahead, especially in a matter relating to the water supply for the future of the city.

Mr. POINDEXTER. I agree with the Senator from North Dakota; but that is putting the case upon a different basis from what it would be on if the city of San Francisco were suffering from an immediate lack of water, which would be relieved by the passage of this bill. For one thing, it removes the necessity for speedy action, which has been so much urged in the consid-eration of this bill and which was particularly urged during the extra session. It would give an opportunity for the city of San Francisco at least to consider other sources of supply and compare them with this source of supply in a way which, in my

judgment, it has not done heretofore.

There have been some comparisons, of course, but they have been comparisons somewhat like those which were made by the Army board, which went out for the purpose of examining primarily the Hetch Hetchy plan and made, as the Senator from California has stated, an automobile trip over the territory concerned in that project, and did not make a visit—even an automobile visit—to the McCloud River project. They did not visit that at all, as they set out in their report.

I do not know why San Francisco at this particular time should come to Congress and ask for a grant of national property, which grant is objected to by so many of our citizens, because it will need some water from that project 50 or 60 years

from now. We do not know what conditions may develop between now and the time when San Francisco may actually need more water than will be developed by the Spring Valley project, carried out as it is now being carried out. That is the difference between the two propositions. I only meant to put the case on its actual basis, upon the facts which actually exist and which should be considered when an attempt is being made to have it considered as an emergency matter for the relief of present necessities.

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Utah?

Mr. POINDEXTER. I yield to the Senator from Utah,

Mr. SMOOT. I find in the report of the board of Army engineers that in summing up the examinations made by the board, they make this statement:

All present near-by sources of water supply for the bay communities are now drawn on nearly to their economical limit with the exception of the Alameda system of the Spring Valley Water Co. and the coast streams; and the total estimate of the economical development possible, including the amount now used, is:

(In million gallons daily.)

Spring Valley Water Co. resources	131
San Mateo CountySanta Clara County	20 55
Parts of Alameda and Contra Costa Counties	27

With an allowance of 100 gallons per day for each man, woman, and child that will provide for a population of 2,330,000 people. At the present time San Francisco is consuming

42,000,000 gallons of water per day. So, that while the Senator states that twice the amount of water San Francisco is using to-day can be developed, according to the Army board, there can be developed nearly eight times the amount that is being consumed to-day

Mr. POINDEXTER. The Senator is perfectly right in his statement, except that he misunderstood my statement. My statement was that the plans which the city had under way would double the amount. I was not speaking of the ultimate possibilities of the Spring Valley Water Co. system. No doubt they would be able to develop as much water as the Senator from Utah states.

I had in mind the particular feature of the Spring Valley water system, which is mentioned here in the report of John E. Behan, the secretary and assistant manager of the Spring Valley Water Co. If that statement is incorrect, the gentlemen here who represent San Francisco will have an opportunity to correct It.

Mr. Behan says:

The Calaveras Dam, now in course of construction, when built to its ull height of 220 feet in December, 1916, will supplement the Spring Valley's resources to the extent of 60,000,000 gallons daily—

Even that, as the Senator says, is more than double the present amount-

and by the month of December, 1914, when the dam is partially completed, sufficient water will be impounded to supplement the company's resources to 20,000,000 gallons daily.

That will be the situation, according to the estimates, in the month of December, 1914, from work which is now under way, and which the city has begun proceedings to take over, according to the statement of its attorney, made to me here on day before

yesterday.

The attempt to create the impression in Congress and in the country that a present dire need of water in San Francisco is concerned in this bill, or that its relief will be brought about by this bill, is evidenced by an article which I have in my hand, which has been printed in New York papers and in a leading daily newspaper of this city, written by a very distinguished newspaper correspondent. I wish to read just a paragraph of it to illustrate the sort of campaign that has been carried on. I am not charging any improper influences. It may be due to a misunderstanding or a lack of information. Nevertheless, it creates altogether a wrong impression. The article says:

The people of this region, and more especially the middle and poorer classes, are positively suffering for water to drink and in which to cook and to bathe. Sanitation, health, and life depend upon it.

Referring to this bill and creating the impression that the poorer classes of people in San Francisco will get relief from the passage of this bill, whereas in all probability they will not be concerned at any time during their lives in the passage of this bill.

The writer of the article goes on to say further along the same line:

We are rapidly approaching the time when San Francisco is to be the host of the Republic to the nations of the earth at the great Panama Exposition. Our repute for progress, enterprise, and salubrity

as a nation depends upon the water which San Francisco gives our national and international guests to drink. The issue is overwhelming in its importance.

I would not mention this if it were not such a prominent article, printed in such conspicuous newspapers, and containing such specific representations as to the effect of this bill. The Panama Exposition will be over and in part forgotten, in the rapidly moving affairs of this country, years before a drop of water will come into the city of San Francisco from the Tuolumne River even if this bill should be passed to-day.

Mr. BORAH. Mr. President— The PRESIDING OFFICER (Mr. CHILTON in the chair). Does the Senator from Washington yield to the Senator from

Mr. POINDEXTER. I yield to the Senator from Idaho. Mr. BORAH. What is the anticipated date of the San Francisco exposition?

Mr. POINDEXTER. Nineteen hundred and fifteen.

Mr. BORAH. Section 2 of the bill under consideration says: That within three years after the passage of this act said grantee shall file with the registers of the United States land offices, in the districts where said rights of way or lands are located, a map or maps showing the boundaries, locations, and extent of said proposed rights of way and lands required for the purposes stated in section 1 of this set.

So about the time or a little later than the time when the people of the earth gather at San Francisco to celebrate the opening of the Panama Canal they will have filed a map showing the line of the right of way. No doubt it will be a great disappointment to those who go there in anticipation of having water to drink, but during the next three years what will become of the poor children, the unwashed and the unsanitated, who are now suffering, when it is not proposed even to take the initiatory step for three years?

Mr. NORRIS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Wash-

ington yield to the Senator from Nebraska?

Mr. POINDEXTER. I yield to the Senator from Nebraska. Mr. NORRIS. I hope neither the Senator from Washington nor the Senator from Idaho will charge that any Member is making the claim here that the Senator says is made through that article. There are a great many claims that are without merit made by enthusiastic and honest people on both sides of this question. I believe there is a shortage of water even now; but I do not claim, and no one here has claimed, that the passage of this bill is necessary for the purpose of taking care of the people who will go to that great exposition.

Mr. POINDEXTER. I am very glad to hear the Senator

say so.

Mr. NORRIS. No one has claimed that here. I could fill the RECORD with statements on the other side of this proposition that would be just as unreasonable as that if I cared to do so, but it seems to me the Senator ought not at least to create the impression that anybody is making here the argument that he says is made in favor of this bill.

Mr. POINDEXTER. I am very glad it has had the effect of causing the Senator from Nebraska publicly to give the benefit

of his high character and influence to that disclaimer.

Mr. NORRIS. Why, no one has claimed it. A disclaimer is unnecessary, at least here. You could go out in the newspapers, if you are going to try the case upon that kind of evidence, and get on both sides of this question so much evidence that we would die of old age before we could even read it; and on neither side of the question could it have any legitimate effect or consideration.

Mr. BORAH. Mr. President-

Mr. POINDEXTER. If the Senator will pardon me just a moment. I came in just a moment ago, at the conclusion of the speech of the Senator from Kansas [Mr. Thompson], when he was being interrogated by the Senator from Connecticut [Mr. Brandegee], and I heard the Senator from Kansas give, as one reason why the Nation should be willing to give up this great park, or a portion of it, the suffering of the women and children of the city of San Francisco for lack of water.

Mr. NORRIS. I will say to the Senator that unless something is done for San Francisco, unless some additional supply is provided from some source, and the city continues to grow, that picture is not overdrawn. I think that is true. I believe all Senators on both sides of the question will admit it; at any rate, those who opposed this bill in the committee. The very father of the greatest opposition admitted over and over again that San Francisco must have additional water if it is to grow

and develop.

The point I wish to make is that I have heard no one claim here, and I am ready to concede that the claim can not be made, that the passage of this bill is necessary in order to get water for San Francisco for the exposition. Everybody who has

studied the proposition concedes that if we pass the bill it will be an impossibility for this great system to be developed in time for the water to reach San Francisco during the exposition.

I heard the Senator from Montana [Mr. Myers], when he opened the debate, speak of the exposition in an incidental way, and he made a very interesting statement in regard to it, but he particularly disclaimed, in answer to an interrogatory, any idea that the passage of this bill would supply water at that

Mr. POINDEXTER. Then what is the purpose of referring

to it? What is the object of bringing it into the case?

Mr. NORRIS. The Senator has brought it in. I wondered myself why he should do so.

Mr. POINDEXTER. The Senator stated that the Senator from Montana brought it in.

Mr. NORRIS. But he particularly made a statement that would have made it unnecessary to offer the argument here as the Senator is now proceeding to do.

Mr. BORAH. Mr. President—
The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Idaho?

Mr. POINDEXTER. I yield to the Senator. Mr. BORAH. I may have misunderstood the Senator from Montana, but I understood him to refer to the present conditions of women and children in that city for want of water. I have not read his speech, but I sat here and listened to it.

Mr. NORRIS. Even that would not be a claim that the passage of this bill would get the water there by the time of the exposition. Perhaps he did make some sort of statement of that kind. I think it can be demonstrated that they ought to have more water now, and ought to have better water than they are getting; but this bill will not get it there that quickly, even if we pass it to-day.

Mr. BORAH. Every report I have read as to the quality of the present water supply of San Francisco testifies to its superior quality. The reports coming from Army engineers and all other experts say that it is superior. That is one of the reasons the exposition was sent there. It was because of the great capacity of San Francisco to take care of visitors, and to give the people who visited there not only good water but everything else

Mr. NORRIS. Everything else that was good to drink.

[Laughter.]

Mr. POINDEXTER. Mr. President, as to the character of the water which will be developed by the Calaveras Dam of the water which will be developed by the Calaveras Pail of the Spring Valley Water Co., I have here a report upon the water furnished to the city of San Francisco by the Spring Valley Water Co., made by H. M. Chittenden, brigadier general, United States Army, retired, and member of the American Society of Civil Engineers. Because it is so applicable not only to this phase of the question but to other phases I will read a portion of his report. He says:

of his report. He says:

Because of the general roughness of the country, and particularly of the ground on which the city of San Francisco is located, the cost of delivering water under proper pressure to all portions is necessarily much greater than where the water can be pumped from an inexhaustible near-by source under practically uniform heads for the whole city, as in Chicago and Buffalo. The serious feature of this Sierra proposition is the large addition which it will make to a cost of service already unavoidably high.

The Spring Valley development involves no such increase. It can be taken up gradually in strict conformity to growing needs. But the initial cost of the Sierra project will be so great that the interest alone will suffice for the permanent development of the Spring Valley system.

Then there is quite a significant footnote referring to the remarks made by Mr. Freeman, the distinguished engineer who was employed by the city of San Francisco to examine the Hetch Hetchy project.

Mr. Freeman seems to have had this thought in mind on page 69 of his report, where he says: "It is plain that there would be a saving in cost from developing these reservoirs (the Calaveras, San Antonio, and Del Valle), the dams of which are relatively inexpensive, and which would put off for a few years the paying of interest on the large sum of money involved in building the Hetch Hetchy dam and the aqueduct easterly from Valle." And again, speaking of the Antonio and Del Valle Reservoirs, he says that their construction would permit the Sierra project to be "deferred four or five years and an amount would be saved in interest that would build the dams two or three times over."

Then he goes on to give a summary of his conclusions on the entire question. He says:

There is no substantial reason to believe that the consumption of water in San Francisco County will exceed 92,000,000 gallons daily by 1950, or 235,000,000 gallons daily for the five bay counties, apart from the supply from private wells.

I should like that fact to be borne in mind in connection with the fact that this bill is based upon the proposition that they will need 400,000,000 gallons a day. Gen. Chittenden says that in 1950 they will not need over 92,000,000 gallons a day.

The three main divisions of the Spring Valley system—the peninsula, as Alameda, and the coast streams—by careful development into a

single unified system are capable of a dependable supply of over 200,000,000 gallons daily.

By resort to the company's other sources and to the San Joaquin River the supply may be indefinitely increased.

So far as quantity is concerned there is no present necessity for a resort to the Sierra, and will not be for an indefinite period to come.

If there were no Sierra, San Francisco could still face the problem of a future water supply with perfect equanimity.

The next paragraph has particular reference to what the Senator from Idaho has just said.

As to quality, the Sierra supply is softer but hygienically no purer, and is less palatable as drinking water than the Spring Valley supply. The extra cost of the Hetch Hetchy system will virtually be the price paid for a gain in the quality of softness.

Whatever source is ultimately adopted, the great reservoir group proposed by the Spring Valley Water Co, should be made the mainstay of the system as a certain insurance against disaster.

The question discussed in the foregoing report is not that of the sufficiency or desirability of the Hetch Hetchy supply in itself but that of the present necessity of such an outside supply for the people of San Francisco and vicinity. The result of the investigation has been to show that such a necessity does not now and possibly may never exist; that the supply would be in the nature of a luxury rather than a necessity and a very costly luxury at that.

Mr. President, I send to the desk and ask to have the Secretary read a telegram which I have received to-day.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The Secretary read as follows:

Modesto, Cal., December 3, 1913.

Hon. Miles Poindexter, United States Senate, Washington, D. C.:

We, the water users of the Modesto-Turlock district, deny the quotation of to-day's San Francisco papers that Senator Works is in traitor rôle. This is very painful to us water users, because he is honestly representing his constituents in refusing to take our water from us and give it to San Francisco, when there is no cause under heaven for so doing, and in addition give her a power proposition worth many million dollars as free gift. Can anyone conceive it right to destroy our homes—give our water to one who does not need it? God forbid that such a disgraceful thing should happen us.

Levi Winklebleck.

LEVI WINKLEBLECK, President Water Users.

Mr. WALSH. Mr. President-The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Montana?

Mr. POINDEXTER. I yield.

Mr. WALSH. Before the Senator passes from that, I should like to inquire of him to what end or purpose this telegram is read here? Does the Senator agree that these rights are given to San Francisco for nothing? We listened a little while ago to the statement of the Senator from Wyoming, who regarded San Francisco as unduly burdened by the exactions that were made of it in consequence of this grant. Then, with respect to the other matter, are we to understand that the Senator is desirous of impressing the Senate with the idea that if this bill goes through the homes of these people will be destroyed or that any of the rights they enjoy to the waters of these streams will be in any way imperiled or taken away from them?

Mr. POINDEXTER. Most assuredly not to the complete extent stated by the Senator from Montana, but most grave injury will be done them, and hundreds of thousand of acres of land will be deprived altogether of water for irrigation.

Mr. WALSH. That is not my question. My question is, does the Senator believe that there are provisions in this bill which will destroy their homes; which means, as I take it, that it will take away from them the rights to the water which they now enjoy and by means of which they thus make their homes? Does he desire the Senate to so understand? If so, I should be very glad to be enlightened as to what the provisions are which operate that way.

Mr. POINDEXTER. The Senator is very familiar with the bill. It is not my purpose at this time especially to go into a discussion of that phase of it. The bill allows 2,350 secondfeet of water to the water holders of the Modesto and Turlock irrigation districts. According to experience, and the best evidence is the actual experience of farmers, the minimum amount that they will need there for proper irrigation is 3,670 secondfeet of water, which is 1,320 second-feet more than the amount that will be allowed them under this bill.

Mr. NORRIS. Will the Senator state how much these homes have been getting in the past and how much they are getting now? Is it not true that at the present time these very homes that it is claimed are going to be destroyed are not now using and never have used as much water as this bill provides they shall have?

Mr. POINDEXTER. They have been using very nearly as much water as the bill provides they shall have.

Mr. NORRIS. Very nearly.
Mr. POINDEXTER. I will obtain the exact figures and furnish them to the Senator.

Mr. NORRIS. Then how would it destroy the homes if we refuse to give them additional water, when heretofore, for the building up of those homes, they have never seen fit to use it when they had a right to it?

Mr. POINDEXTER. They have been making a vigorous and persistent effort to get more water. They have built a reservoir. They have expended some \$4,000,000 for the purpose of developing an irrigation district. They have never been able to obtain water enough to fill the reservoir. The complete development of the waters of the Tuolumne River for purposes of irrigation has not been taken enough. I do not contend that it is a completed project. I am speaking of the future uses and the conservation of that water, and by conservation I mean the best use that can be made of the water of the Tuolumne River.

Mr. NORRIS. I agree with the Senator; that is a good defense, but this telegram says that these homes are going to be destroyed. These homes have been built up under the use of water that as far as quantity is concerned is not going to be diminished, but it will be slightly, at least, increased by this bill.

Mr. POINDEXTER. Many of them have not a sufficient amount of water, and they are making an effort to get a sufficient amount of water. I suppose one thing this man has in mind is the development of lands which are not now being irrigated but which may be, and which would be irrigated if the waters of this stream were left free for that use.

Mr. WALSH. I should like to follow the inquiry just a little further, if the Senator will care to yield.

Mr. POINDEXTER. I yield to the Senator from Montana.

Mr. WALSH. I want the Senator to assume that these people are of right entitled to the excess; that is to say, to something over 3,000 second-feet instead of the 2,300 second-feet mentioned in the bill. What is there in the bill that in any manner prejudices them in the assertion of the right that they are entitled to 3,500 second-feet?

Mr. POINDEXTER. There is everything in the bill that undertakes to parcel out this water and allow them a certain amount and allow the city of San Francisco the balance. I know the Senator contends that there is no grant of water, yet throughout the bill there are regulations as to how much the irrigationists shall have and how much the city shall have, and, to say the very least, these farmers will be up against the contention of the guaranties of the United States Government in attempting to get more than is provided for them under this bill.

Mr. WALSH. This matter can easily be left by endeavoring to follow step by step the procedure that would ensue. We will assume that they are entitled to 3,500 second-feet—that they demand that amount—and the city of San Francisco refuses to give them more than 2,300 second-feet. They are obliged, therefore, to go into court to institute a suit or to initiate proceedings before the water commission of the State of California. In those proceedings they assert that they have acquired the right to 3,500 second-feet of water by virtue of the laws of the State of California. I want to know from the Senator if this act will in any way affect or imperil a favorable adjudication in that

Mr. POINDEXTER. Undoubtedly it would. Undoubtedly any court would give consideration to the asserted power of the Congress of the United States to apportion this water, which it undertakes, at least, to exercise in this act of Congress, if it shall become an act of Congress. Courts are not in the habit of so lightly ignoring an act of Congress as the Senator seems

to think would be the case.

Mr. WALSH. I want to follow the Senator another step.

Mr. POINDEXTER. I yield to the Senator.

Mr. WALSH. If they do, as a matter of fact, own 3,500 second-feet of water and are entitled to take that much out of this river, that is just as much property as if they owned 3,500 acres of land or 3,500 head of cattle. I should like to ask the Senator how any legislation that we may pass will operate to deprive them of that right, in view of the constitutional provision that no legislation shall so operate as to deprive a person

of his property without due process of law.

Mr. POINDEXTER. I should like to answer briefly the
Senator from Montana. I would say to him, it would operate by virtue of whatever authority has been claimed to exist in the United States to regulate the use and the disposition of waters impounded upon lands which are granted by it for the purpose of reservoirs or by dams which are built on lands which the United States owns, asserting the authority to attach

conditions to its grant.

I will say, furthermore, to the Senator from Montana that his comparison of the right to the water in the Tuolumne River with the title to a piece of land is not an apt one, because the Senator, with all his familiarity with the uncertainties of water rights, especially in the arid States of the West, knows that they have been the subject of more litigation, of more doubt, of more conflict in and out of the court than any other property right that concerns our western people, whereas

the title to land by comparison is fixed and certain.

Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Idaho? Mr. POINDEXTER. I yield.

Mr. BORAH. Assuming that the Senator from Montana is correct as to the fact that any attempt here to distribute these waters would be void and unconstitutional, and assuming that these provisions here which seek to do that would be held by the court to be unconstitutional, nevertheless those farmers would undoubtedly have to meet this condition, when their lawsuit should come on for a hearing, that they had appeared at Washington through their representatives or agents and agreed to a distribution of this water, and that the Congress of the United States acting upon that agreement had passed this law, which became thereby a binding contract between these farmers and San Francisco, and the farmers would be said to be estopped because their agents and representatives had appeared here and waived and consented to a reduction of the amount of water to which they were really entitled.

If the farmers are entitled to 1,350 more feet than are actu-

ally provided for here, yet there can be no question but that they could waive and dispose of it by contract between themselves and some other individual, and they would be up against the question of estoppel, with the testimony upon the part of San Francisco that she had proceeded to expend her money and make her investment upon the basis of this contract to which they had consented, and the farmers would have to meet the doctrine of estoppel with the fact that thousands of dollars had been expended and spent upon the strength of the contract,

Mr. WALSH. Mr. President-

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Montana?

Mr. POINDEXTER. I yield.

Mr. WALSH. Of course, the Senator now advances a legal proposition that, I apprehend, very likely upon reflection he would not like to father.

Mr. BORAH. Perhaps not, after I have heard from the Sen-

ator from Montana.

Mr. WALSH. I am sure the Senator will agree with me that, inasmuch as San Francisco is the beneficiary of this legislation, it as a matter of course can not accept this grant without compliance with its conditions; but I apprehend the Senator will agree that no court will listen to evidence, extraneous evidence, aliunde, for the purpose of showing that anybody assented to the obligation or to the terms of this legislation.

Mr. BORAH. While I have a very profound regard for the legal knowledge of the Senator from Montana, neither one of those propositions, in my judgment, can be sustained. are at absolute variance with the doctrine of estoppel. They are at variance with the legal principle which would undoubtedly be advanced to sustain the position of San Francisco after she had expended thousands and thousands of dollars upon the strength of the decision of these parties. The Senator says that San Francisco could not be heard to advance the doctrine, because she has accepted this in her grant. Does not the Senator from Montana understand that no one is ever estopped by reason of a void and unconstitutional provision in a statute? If there is a provision in a grant that is contrary to law, it estops not the grantee, for his title becoming vested he may enjoy it without performing the terms of the illegal condition.

Mr. POINDEXTER. Mr. President, I think the difference of opinion between the Senator from Montana and the Senator from Idaho, both of them being eminent and distinguished lawyers, illustrates very well the situation in which these farmers will be in regard to their rights if they are turned over to the mercies of litigation, as is proposed by the Senator from Montana. They have not lawyers retained by the year. Senator seems to think it is a very light matter that if the Congress of the United States undertakes to take water for San Francisco which it does not need, away from the farmers in the San Joaquin Valley which they do need, and they are wronged, they can go into litigation in the courts and fight it out, probably during the balance of their lives.

Mr. NORRIS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Nebraska? Mr. POINDEXTER. I yield.

Mr. NORRIS. I commend the Senator on the proposition that we ought to avoid litigation for these people, if we can. I think we all know that that is an expensive proposition, and we ought to keep them out of it if we possibly can. It is

commendable in anyone who attempts to do that, I think. But I want to inquire of the Senator why it should mean litigation if we would exclude this, and that it would mean litigation if we include it in the bill. I want to submit this proposition to

Mr. POINDEXTER. Include what?

Mr. NORRIS. The particular provision by which San Francisco agrees to recognize the right of these irrigation districts, to supply them with 2,350 second-feet.

Mr. POINDEXTER. The Senator does not understand me as

objecting to that? My objection is that it does not grant them

more than that.

I am going to include that in the proposition that I want to submit to the Senator. The Senator thinks that does not include enough. I think he will admit, however, that that is more than what they are asking now, and a little more than they ever have had. If they are entitled to more, and San Francisco thinks they are entitled to less, the advantage of the irrigationists in putting that proposition into the bill is that San Francisco having accepted the grant has to acknowledge their priority of right to so many feet, even though under the laws of California they are not entitled to that much.

That is the reason, as I understand it, why this provision was put in at the request of the very men who are now objecting If they are entitled to more under the law they are en-

titled to get it under section 7.

It seems to me if you will construe those two propositions together you will see that it is to the advantage of the irriga-San Francisco acknowledges their right to so much, even though it may be illegal. She must acknowledge under section 11 everything that is legal. So it would not bring these people into litigation nearly as quick as though it was all left because then San Francisco might object to these people getting as much as is named in the bill and litigation would

Mr. POINDEXTER. Mr. President, I do not think the Senator from Nebraska really would have very much hope that the farmers in these two irrigation districts would have a very favorable outlook for securing any more water than is allowed under the bill if the city of San Francisco acting under it expends a hundred and thirty odd million dollars for the purpose of using it for domestic purposes in the city of San Francisco.

Mr. NORRIS. I think the bill specifically in section 11 gives them everything that they have a legal right to under the laws

Mr. POINDEXTER. The question goes far beyond what they have a legal right to under the laws of California at the present time or what filings have been made or what filings have not been made. It is a much broader question. The question is as

to the best use that can be made of this water. I did not intend to discuss this phase of the question at this

time, but the bald fact is, as it seems to me after some careful examination of all the available evidence, that there are 411,000 acres of dry land in the San Joaquin Valley, which can not get water from any other source except the Tuolumne River, and if that water is taken away from them by the city of San Francisco that land will remain forever undeveloped. It is not a question of what the situation is at the present time. proposition is that the Congress of the United States ought to cooperate with the owners of that land in the interest of public policy, if that is a fact, to preserve this water and to secure, if necessary, not legislation which will put obstacles in the way of the proper use of it for irrigation, but which will facilitate the proper use of it and to cooperate, if necessary, with the State of California for that purpose.

There is more in this case than the mere narrow technical legal rights of these parties at the present time. It is very difficult to determine what those rights are. The statement, I understood—I may have been mistaken—was made by the Senator from Colorado [Mr. Thomas] yesterday that this bill allowed these irrigationists as much water as they had filed on. I am informed that they have filed between the two districts on more than 9,000 second-feet of water; and they claim that they have been diligent in following up the necessary requirements under the water statutes of California for perfecting that right.

Mr. THOMAS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Wash-

ington yield to the Senator from Colorado?

Mr. POINDEXTER. I yield.

Mr. THOMAS. Inasmuch as the Senator from Washington has referred to something that I said yesterday, will he permit me to interrupt him for a moment?

Mr. POINDEXTER. I have yielded.

THOMAS. It was practically conceded by all parties at the hearings before the two committees that the maximum amount of legal appropriations—not filings, but legal appropriations—of San Francisco amounted in the aggregate to 2,350 second-feet for these districts plus 60 feet for the La Grange Water Power Co., making a total of 2,410 feet.

Mr. POINDEXTER. Does the Senator mean by "legal appropriation of water," water that has actually been used?
Mr. THOMAS. No; I do not mean that. I ought to mean that, because that is the test of the legal ownership of water in arid States.

Mr. POINDEXTER. I do not think it is important, but-Mr. THOMAS. If the Senator will pardon me, it was conceded, however, finally that that was the maximum amount. Mr. Needham, formerly a Representative from California, declared before the committee that the districts which he represented insisted on the recognition of that right as a superior one to that of San Francisco, and that it should be put in the bill for the purpose of avoiding litigation in the State courts and putting an end to the controversy that they had waged with San Francisco for 10 years. They have only actually used about 2,000 feet of this water, subjecting 119,000 acres to actual cultivation.

Mr. POINDEXTER. Now-

Mr. THOMAS. Just a moment. Due allowance, however,

was made for sufficient to supply 300,000 acres.

The Senator speaks about the cooperation of the Government, and its duty to do so, for the development of this remaining land. Let me say to the Senator the evident truth is that under this land is a subsurface flow of water, from 7 to 10 feet beneath the surface, needing only the application of cheap electric power to make it serviceable to the uses of man by applying it to that land; and the provisions of this bill require the city of San Francisco to develop that power and to let the owners of this land have it at cost, thus giving them the cheapest, the best, and the only source of supply which can be made available for that land.

Now, if the Senator from Washington desires to ask a ques-

tion. I shall be glad to answer it.

Mr. POINDEXTER. I will put it in the form of a question. The Senator says that they are now using the water. That was the question asked by the Senator from Nebraska [Mr. Norris] a moment ago as to how much water they were now using. have since been informed that the figures are the same as those which the Senator from Colorado now states-about 2,000 second-feet-and that with that they are irrigating 119,000 acres of land.

Mr. THOMAS. That is correct.

Mr. POINDEXTER. If it requires 2,000 second-feet to irrigate 119,000 acres of land, does the Senator from Colorado think that they can irrigate 250,000 acres of land with 2,350

Mr. THOMAS. I do not; but the bill makes provision, as soon as the people of these districts shall construct the necessary reservoirs, for an additional 4,000 second-feet during the flood season of every year.

Mr. POINDEXTER. Yes, Mr. President; but that involves-Mr. THOMAS. And that is what they asked for. They got

everything that they asked for and demanded.

Mr. POINDEXTER. It provides for surplus water; but there is no surplus water, and there will be no surplus water sufficient to meet the demand for the 4,000 second-feet.

Mr. THOMAS. Then, Mr. President, they have lost nothing, because everything is clear gain that they get by way of surplus

Mr. POINDEXTER. They have lost the entire volume of water of the Tuolumne River, which goes to the city of San Francisco.

Mr. THOMAS. How is that possible, Mr. President, when that volume of water has run to the sea, unserviceable to man, for 50 years, during all of which time these gentlemen should have made their appropriations effective?

Mr. POINDEXTER. Let me apply that proposition to the Senator from Colorado. During all of these years that this water has run unused to the sea San Francisco did not appropriate it or use it. What right has she now to come and take

It is applicable to one as well as to the other. Mr. THOMAS. Because she has been the first to file upon it, subject to these senior rights, in order to devote it to beneficial purposes, and those who had the right previous to that time and failed to exercise it ought not now to complain and insist

that this water is necessary for the development of that land.

Mr. POINDEXTER. The Senator says that San Francisco was the first to file upon it, subject to senior rights. That is quite a condition which the Senator states.

Mr. THOMAS. I did not eatch that remark.

Mr. POINDEXTER. I understood the Senator from Colorado to say that San Francisco was the first to file upon the water, subject to these senior rights.

Mr. THOMAS. Yes.

Mr. POINDEXTER. Of course, the senior rights come first by the filing upon it, as a matter of fact.

Mr. THOMAS. The senior rights are all provided for and allowed in this measure.

Mr. POINDEXTER. They filed upon over 9,000 second-feet. Mr. THOMAS. Oh, yes; San Francisco is the owner by purchase and by location of 1,100,000 miners' inches.

Mr. POINDEXTER. They are all subordinate to the senior

rights which the filing on those 9,500 second-feet give.

Mr. THOMAS. They are not senior rights unless they have been devoted to beneficial use. No man can file upon water and let it stand upon his filing unless he developes it.

Mr. POINDEXTER. How has San Francisco done so? Mr. THOMAS. She has not done so, but she has been en-

deavoring to use it.

Mr. POINDEXTER. How has she been endeavoring to use it, when the board of supervisors of San Francisco in 1906, not informally, but by formal order, abandoned the whole Hetch Hetchy project?

Mr. THOMAS. But in 1906 the Ruef machine, in the interest of a band of gentlemen possessing themselves of a lot of socalled water rights, entered into a conspiracy with that infamous government to saddle their claims upon the city for \$10,000,000, one-third of which was to go to the city council and to Abe Ruef. Does the Senator think that is an abandonment for which the city of San Francisco should be held responsible?

Mr. POINDEXTER. It is a new rule of law that the courts should inquire into the character of city officials, and if it is proven that one of them was sent to the penitentiary, their

formal, regular acts are not valid.

Mr. THOMAS. That is true; but fortunately for San Francisco, Mr. Reuf and his cohorts did not complete their conspiracy against the interest and welfare of the city that they governed.

Mr. POINDEXTER. But they completed it enough to show

their intention.

Mr. THOMAS. Indeed, they did; but, thank God, one of them is in the penitentiary, where the others ought to be, including the gentlemen who promoted the scheme.

Mr. POINDEXTER. I agree with the Senator in that ex-

pression

Mr. THOMAS. I know the Senator does.

Mr. POINDEXTER. And in his feelings on that subject;
but, at the same time, all that is a little far removed from the Hetch Hetchy bill. Mr. THOMAS.

Well, I do not think it is.

Mr. McCUMBER. Mr. President-

The PRESIDING OFFICER. Does the Senator from Wash-

ington yield to the Senator from North Dakota?

Mr. POINDEXTER. I will yield in just a second. say that whether they accomplish their plan of abandoning Hetch Hetchy or not, they went far enough to prevent any of their rights from maturing under the filings which they had previously made.

Mr. THOMAS. Surely the Senator would not contend that San Francisco should be made the unwilling victim of this unfortunate conspiracy to rob her treasury of \$10,000,000?

Mr. POINDEXTER. If I had the power to prevent it, I would not consent to it, but San Francisco

Mr. THOMAS. No; the Senator's judgment does not approve of it. I know him too well to believe that for a moment,

Mr. POINDEXTER. But San Francisco, I think, in the present water famine, if there is a water famine there, is the victim of some inefficiency in its city government, and perhaps a portion of the criminality, of which the Senator has spoken, in a previous city government may be responsible for the present lack of proper water facilities in the city of San Francisco by the failure to use many available sources of supply.

Mr. McCUMBER and Mr. NORRIS addressed the Chair.

The PRESIDING OFFICER. To whom does the Senator from Washington yield?

Mr. POINDEXTER. I yield to the Senator from North Da-

Mr. McCUMBER. The Senator from Washington, the Senator from Montana, and the Senator from Idaho a short time ago had reached a very interesting legal proposition and left it undecided. With such eminent lawyers disagreeing as to what the law is in this particular case, and as many of us feel that our vote will depend somewhat upon the proper construction of the law, I am inclined to ask for a little more light. Therefore, I

direct my remarks to the Senator who has the floor, but the Senator from Idaho [Mr. Borah] can answer them, as they will be more particularly directed to the legal proposition advanced by him. He spoke of the law of estoppal. What I want to ascertain from the Senator who made the legal statement, which seemed to be concurred in by the Senator from Washington, is whether or not he would carry his rule to the extent of saying that a number of representatives of water users in the State of California could come here and agree to any character of legislation which would estop the State of California, operating through its water commission, from directing what should be the distribution of its own water supply in accordance with its own laws? Would not the law of California govern, and could there be such a thing as the estoppal of a State from enforcing its own policies with relation to its own waters, notwithstanding any kind of private agreement or any law that might be enacted by the Federal Government touching and covering a property right over which the Government has no jurisdiction, against the rights of the State of California?

Mr. BORAH. Certainly not. Two individuals, or a number of individuals, could not transfer any attribute of sovereignty from one government to another. But here is a different proposition. Here is an individual who claims to have an ownership in private property; that is to say, he reduces to his use and to his control under the laws of the State of California so much water. If he were dealing with his neighbor, he could enter into a contract with the neighbor that he would waive one-half of the water which he had and transfer it to his

Mr. McCUMBER. But the State comes in and says he shall not transfer that water, notwithstanding he has made such an

Mr. BORAH. But the laws of California do not say anything

Mr. McCUMBER. They certainly can say it.

Mr. BORAH. They can, but they do not. Mr. McCUMBER. And they can enforce it.

Mr. BORAH. The laws of California can not say as to water which has become my private property that I shall not dispose of it to my neighbor when the Government had ceased to own it prior to the time that disposal was made of it. So long as the title remains in the State of California and is undisposed of no one can enter into any agreement with another which will prevent California from designating the manner in which it shall be appropriated; but after it has become private property and the title and use have passed to the ownership of an individual he may dispose of his interest or his equity to any other individual.

Mr. McCUMBER. Yes, the individual can; but suppose that the Water Commission of the State of California said that a certain portion of the flow of this water should go to some other locality notwithstanding this contract; the Senator does not claim that the State of California could not enforce such

an edict?

Mr. BORAH. I claim that if a farmer goes out upon a piece of land and appropriates and diverts and applies to a beneficial use a thousand inches of water, we will say, the State of California can not say to that farmer, "You must let 500 inches of that water go to another individual over here."

Mr. McCUMBER. If the farmer does not need it all himself?

That is a different proposition entirely. Mr. BORAH.

Mr. McCUMBER. There is the whole question.

Mr. BORAH. If the farmer does not need it, then he never gets title to it, because he can only secure title by virtue of applying it to a beneficial use. So long as it is applied to a beneficial use, it is his, but he may waive that use of water; he may deprive himself of that property right; he may reduce his acreage under cultivation from 160 acres to 80 acres and transfer the water to other individuals.

Mr. SMOOT. Mr. President-

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Utah?

Mr. POINDEXTER. I yield for a question.

Mr. SMOOT. I want to ask the Senator from Colorado a question, if the Senator from Washington will yield.

Mr. POINDEXTER. If it does not take too long, I will

Mr. SMOOT. It will not take many minutes.

Mr. POINDEXTER. Very well.

Mr. SMOOT. Mr. President, last night the Senator from Colorado in his most interesting remarks referred to the underground waters of the San Joaquin Valley. He stated that those waters could be pumped at very little cost and that the valley could be settled under that system of irrigation.

Mr. THOMAS. At very little relative cost.

Mr. SMOOT. After I went home last evening, I took about an hour to look through all the hearings in this whole case, but I could not find where pumping the underground waters was referred to in a single instance. If the Senator knows where that reference is, I should like to have him advise me, and if not, I should like to have him state upon what authority he makes that statement. To-day I have asked a number of California people in relation to it, and they have told me that it is the first time they have ever heard an intimation of that

Mr. THOMAS. My impression is that it can be found in the testimony of Mr. O'Shaughnessy, but I may be mistaken as to that. It is, however, stated in the hearings of the House. My direct source of information is Engineer O'Shaughnessy himself. The same statement has been made to me by Mr. sang, who is the president, I think, of the San Francisco board of public utilities, and I think also by Mayor Phelan. I know that this statement has been made to me with an assurance that betokened personal knowledge, and my recollection is fairly good that there is a reference to it somewhere in the hearings of the House committee.

Mr. POINDEXTER. Mr. President-

I should like to ask the Senator from Colorado one other question, and that is this: Does he know of a single case of pumping water in the San Joaquin Valley for irrigation purposes?

Mr. THOMAS. Yes. My memory is deficient as to names, but my recollection is that in the testimony of Col. Biddlealthough I may be mistaken as to that-he stances of pumping plants in different portions of the San Joaquin Valley.

Mr. POINDEXTER. Mr. President-

Mr. THOMAS. It has been some time, I will say to the Senator from Utah, since I read completely and exhaustively I will say to the Senator, however, if the Senator from Washington will pardon me, that I will endeavor to obtain for him as soon as possible information as to the specific instances where such pumping was carried on.

Mr. POINDEXTER. Mr. President, I think I will have to decline to yield further on that phase of the case.

I want to say, in regard to the question of subterranean supplies of water, that everyone who has lived in an irrigation district knows that where irrigation is carried on over a large area there is developed a large amount of underground water; and it is in the irrigated districts of the San Joaquin Valley, where irrigation has been carried on for a number of years, that the underground water has risen nearer to the surface.

Mr. President, there are 411,000 acres of land involved in this proposition. Our contention is that if this water is taken for San Francisco 300,000 acres of that land, approximately, will not be irrigated at all. There will not be any subterra nean supply of water on that portion of the land. There will be still less subterranean supply of water for the reason that the waters which flow in the Tuolumne River which are not now used for irrigation, but which make up the underground supply that comes from the same source, will be carried away to the city of San Francisco, and the underground supply will diminish and disappear and will not exist at all upon the new lands. You can not take the water to San Francisco and still have it for irrigation either in the rivers or underground. I think nobody will dispute that proposition.

I want to add just one word to make clear the amount of land that will be deprived of water for irrigation by this bill. The Senator from Colorado [Mr. THOMAS] has just said that are 119,000 acres of land irrigated in the Turlock and Modesto irrigation districts. In those districts altogether there are 250,000 acres of land, so that the difference between 119,000 and 250,000 will be without water even within those districts. But outside of those districts there is an additional amount of land which is susceptible of irrigation, if water can be obtained

for it, which makes the aggregate 411,000 acres.

Mr. THOMPSON. Mr. President—
The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Kansas?

Mr. POINDEXTER. I yield to the Senator.

Mr. THOMPSON. I rise only to correct the figures, which I think the Senator has transposed. The number of acres under irrigation is 191,000 instead of 119,000.

Mr. POINDEXTER. I beg to differ with the Senator from Kansas. However, even if the Senator from Kansas were correct, it would be merely a difference in degree and would still leave without water hundreds of thousands of acres of land admittedly capable of irrigation.

Mr. PITTMAN. Mr. President—
The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Nevada?

Mr. POINDEXTER. I yield to the Senator from Nevada. Mr. PITTMAN. I should like to ask, just for information, whether the Senator knows what portion of this land is not fit

for cultivation?

Mr. POINDEXTER. I know that practically all of it is fit for cultivation. Of course, like every large area, there are probably isolated pieces that are not fit for cultivation, but I have here reports of a more or less official character indicating that there are over a million acres of land in the San Joaquin Valley that are fit for cultivation. Of course it is not claimed that water can be obtained for anything like that amount, but it is claimed that 411,000 acres of fertile land, some of which is asserted to be the most fertile land in California, can be furnished with water.

Mr. PITTMAN. Does the Senator know whether or not any

of this land is tributary to other watercourses?

Mr. POINDEXTER. Some of it is tributary to the Merced River, but there is an insufficient amount of water in the Merced to irrigate it. It is admitted in the report of the Army engineers, which has been talked about so much by the advocates of this bill, that every drop of water in the San Joaquin Valley will be required for irrigation if the lands which can be irrigated are put under cultivation.

Mr. PITTMAN. Does the Senator know whether or not the impounding of these other watercourses is possible; and if so, whether the water thus obtained would then irrigate this land?

Mr. POINDEXTER. I know that it would not irrigate it; that the impounding of all the watercourses tributary to the San Joaquin Valley would be necessary for the irrigation of its land, and would be insufficient for its irrigation.

Mr. PITTMAN. Does the Senator know whether or not the impounding of these watercourses would be sufficient to irri-

gate the land that is now occupied?

Mr. POINDEXTER. I suppose it would irrigate something over 200,000 acres within the Turlock and Modesto irrigation The Senator's question presupposes the impounding and use for irrigation of the water which it is proposed by this bill to carry to San Francisco. That is a very vital issue, involved in the entire case.

Mr. CUMMINS. Mr. President-

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Iowa?

Mr. POINDEXTER. I do.

Mr. CUMMINS. I have not made up my mind as to the vote I shall cast upon this bill. My conclusion will be determined by certain legal propositions that I have propounded to everyone, with the possible exception of one Senator, who has so far addressed himself to the bill. I now wish to ask a question or two of the Senator from Washington, because the information I seek must necessarily come from those who are more familiar than I am with the law prevailing in the arid country.

It is admitted that in 1889 these two districts filed upon 9,500 second-feet of water. I have asked, I think, every Senator who has spoken upon the subject whether the owners of land in these districts are still entitled to enlarge their development so as to utilize this amount of water; for if they are, their rights relate to the time of filing the notice. No one has answered that question except to say that certain representatives appearing before the House committee admitted that 2,350 econd-feet of water was all the water to which they are entitled. These same people, or representatives of these same people, now deny the assertion.

I wish to have somebody enlighten the Senate upon that proposition. Did the filing in 1889 confer upon these two districts the right to take 9,500 second-feet of water, and have the districts lost any part of that right by failure in the meantime

to construct their works so that they can utilize the water?

That is the first question upon which I should like to hear something from the Senator from Washington. Let me give him

another, now.

Mr. POINDEXTER. That is a difficult question. I wish the Senator would let me say what I have to say about that one before asking another one.

Mr. CUMMINS. Very well; I shall be very glad to hear the

answer.

Mr. POINDEXTER. I think it will be conceded by every lawyer that the question of whether or not these people had a right to all the water they had filed upon would depend upon whether they had proceeded with diligence and good faith, with reasonable dispatch, actually to appropriate the water. So it would come down to a question of fact, to a most minute examination of what they have done, and what their needs were;

and it would be complicated also by the question of what conflicting rights there were. There has been no mention made here of any conflicting rights except those of the city of San Francisco, which, in my opinion, are subject to a greater uncertainty than the rights of the irrigationists. It is claimed that they have been diligent in perfecting their filings. I do not think they have been.

Mr. CUMMINS. Then, Mr. President, it depends upon evi-

dence that we have not before us at this time, and we are not

capable of determining that question.

Mr. POINDEXTER. I agree with the Senator in that. I think it would be impossible for the Senate to do it. It would require most careful investigation of the facts, under rules of evidence, by a court, unless the facts could be agreed upon between the parties.

Mr. CUMMINS. One more question with regard to their

Mr. BORAH. Mr. President, will the Senator yield to me for

Mr. POINDEXTER. I yield.

Mr. BORAH. The question asked by the Senator from Iowa relates entirely to a judicial proposition, to be determined by a Therefore it illustrates the impropriety of attempting to settle it here before a body which is not a judicial body. It could be determined only by the introduction of evidence pro and con as to what they had done, whether that was ordinary diligence, and also, as the Senator from Washington says, whether the competitor or antagonist had filed a proper notice and had complied with the law. It is entirely a matter for a judicial tribunal. We can not determine it here, because we have not the evidence, and we never could resolve ourselves

into such a tribunal as would be competent to pass upon it.

Mr. POINDEXTER. Consequently, I should like to add to what has been so well said by the Senator from Idaho, we ought not to undertake in this bill to grant this water to the city of

Mr. CUMMINS. That would seem to be an inevitable conclu-

One further question about the rights of these water users: Suppose the water as it flowed naturally would not give during every day in the year the amount of water to which these districts were entitled by virtue of their filings. Would the districts have a right to build a dam in the river at some point nearer its source, in order to impound the water, and thereby enable the users to take every day in the year the full amount to which they are entitled?

Mr. POINDEXTER. I should say they undoubtedly would have that right, so far as the water was concerned, if they had the necessary franchises to enable them to construct the dam.

Mr. CUMMINS. I am assuming that they have received from the landowners at that point permission to build the structure.

Mr. POINDEXTER. I wish to say, in regard to all these questions, that I am speaking of them only upon the underlying principles of the general law relating to water in the dry States. I do not pretend to be familiar with the present state of the decisions of the courts or the statutes of California upon this question.

Mr. CUMMINS. So much for that phase of it. Now I turn

to the other phase.

It appears that in 1901 San Francisco, through her mayor, Mr. Phelan, filed a notice for the diversion of water in the Hetch Hetchy Valley, there being at that time no statute which enabled a municipality to appropriate water from the stream. San Francisco did nothing at all in the way of taking that water from the stream. I suggested that yesterday to the Senator from Colorado [Mr. Thomas], and his reply was to read a statute passed by the State of California relieving anyone who had attempted to appropriate water at a point within the domain of the United States from the operation of the statute of limitations until the person so filing the notice had received a license or permit from the landowner—that is, from the United States to build the structure.

I find, however, that the statute to which the Senator from Colorado referred was not passed until 1903, a little more than two years after Mr. Phelan—who, of course, derived only the rights of an individual—had filed his notice, and two years had gone by without anything whatever having been done in the way of diverting the water from the river in the Hetch Hetchy

Valley.

Under those circumstances did the passage of the statute to which the Senator from Colorado referred revive or preserve the rights, whatever they were, which Mr. Phelan had secured by filing the notice in 1901?

Mr. POINDEXTER. Of course, I can only give my views in answer to the Senator's question; but it would seem to me to

be perfectly clear that a curative statute of that kind might be effective as between the State and Mr. Phelan if no other interests were involved, but it could have no effect whatever as

to the intervening rights of other parties.

I can not conceive how a legislature of California, under the provisions which undoubtedly exist in its constitution against taking property without due process of law, could deprive the irrigationists in the Tuolumne Valley of rights which they had acquired under their filings by reviving an invalid and lapsed filing of some one else.

Mr. CUMMINS. The statute as read by the Senator from Colorado, however, seemed to be wholly prospective and not curative, and I wondered whether the Senator from Washington

had investigated that question.

Mr. POINDEXTER. I have not investigated that statute, but it is perfectly obvious, I think, that it is of no effect whatever as to these landowners, whether it was prospective or intended

to be curative.

Mr. President, I want to read, in connection with the colloquy which I just had with the Senator from Colorado, a brief extract from the hearings before the Committee on Public Lands in the House of Representatives on this bill. It is found on pages 254 and 255 of the hearings, and relates to the character of the land and the amount of it which is susceptible of irriga-

or the land and the amount of it which is susceptible of irrigation:

Mr. Thomson. If this water is used for San Francisco from Hetch Hetchy, will those 200,000 acres of land in the San Joaquin Valley that you have referred to be without irrigation?

Mr. Dennett. Ultimately it will. Of course, I assume that if this water is used for San Francisco that for a time some part will be retained for use in the valley, but ultimately this land will be absolutely without water.

I would like to state that the annual rainfall in this region where they use this water is only about 9 inches. This year it was only about 5 inches. Nine inches of water, as you gentlemen are aware, in a dry climate like that of California can only be of use in the raising of wheat or similar grains. This land has been cropped for years to wheat until its productivity has been almost destroyed for grain. It must be irrigated or it becomes practically worthless.

Mr. Thomson. Is Hetch Hetchy the only source?

Mr. Dennett. Hetchy is the only possible source of supply for this land lying along the Tuolumne River. I think I have heretofore given, at an earlier stage, the reference to this report showing the acreage dependent on the Tuolumne River, and the flow-off from the Tuolumne River. I stated that there were 250,000 acres approximately in the irrigation district; there are 200,000 acres outside of the irrigation district, according to this report, which are dependent on the river. In addition to that there is an area of about 22,000 acres in the foothills which can be irrigated at considerable expense. We believe if this foothill land is citrous land it will pay for irrigation at this expense. That is a development which has not yet been thoroughly determined.

Turning from that phase of the question to pursue the object

I had in view when I rose—

Mr. SMOOT. In this connection, may I call the Senator's attention to a part of the House hearings that also answers the question that was propounded by the Senator from Nevada?

Mr. POINDEXTER. I yield for that purpose.
Mr. SMOOT. I find in the hearings that the chairman addressed Mr. O'Shaughnessy in this way:

The CHAIRMAN. I want to jump from that back to the Tuolumne River and the Hetch Hetchy Dam site. Have you ever made a careful estimate, or has anyone else, so that you are able to give it to us, of the exact area in the San Joaquin that could be irrigated; that is, feasible of irrigation?

Mr. O'SHAUGHNESSY. I believe about 6,000,000 acres.

The CHAIRMAN. You think 6,000,000 acres could ultimately be irrigated in the San Joaquin Valley?

Mr. O'SHAUGHNESSY. I believe so.

Mr. POINDEXTER. Mr. President, as to whether or not there is enough water for San Francisco and enough water for the irrigationists, of course, would depend upon the acre-feet, or whatever standard of measurement was adopted, required for irrigation. Many of these reports are based on the assumption that 2.5 acre-feet of water are all that are required.

In this connection I wish to call attention to an investigation that was conducted on the experiment farm of the State of California, as to the amount of water required for irrigation and the effect upon the size of the crop of a greater or less amount of water, particularly with relation to alfalfa, which is one of the great money crops of that region.

ALFALFA THRIVES WITH PLENTY OF IRRIGATION—DAVIS FARM EXPERI-MENTS PROVE THAT MOISTURE MUST BE SUPPLIED.

[Special to the Evening Post.]

DAVIS, January 29

Davis, January 29.

That irrigated alfalfa on well-drained land in the Sacramento Valley should at no period of its growth be deprived of needed moisture if the largest yield is to be obtained, and that a profitable increase in yield will follow an increase in the amount of water applied up to a depth of at least 2.5 acre-feet per year are interesting results of experiments conducted at Davis during the past two years by the irrigation investigations of the United States Department of Agriculture.

Several years ago the university farm at Davis set aside 25 acres of land for irrigation investigations under the direction of the Department of Agriculture and at the joint expense of the Department of Agriculture, the State engineering department, and the university farm. So far the experiments have been largely devoted to the duty of water on alfalfa. Thirty plats of one-half to one acre in size have been seeded to

this crop, and depths of water have been applied varying from 1 acrefoot to 5 acre-feet per season. Water has been applied in some cases before cuttings, in some cases after cuttings, and in some cases both before and after. The relative effects of the time of irrigating have not yet been worked up, but the different yields for the different amounts of water applied are available.

During the season of 1910 the yield from nonirrigated land was 3.85 tons per acre, and the yields under irrigation were 4.79, 6, 7.60, and 8.45 tons, with total applications of water of 1, 2, 3, and 4 acre-feet per acre, respectively.

During 1911 the increases in yield were similar to those of 1910, but the total yields were all larger, due to 1911 being the year both of more rainfall and of better growing conditions. Where no water was applied the yield in 1911 was 6.02 tons per acre. An application of 1 acre-foot of water for the season increased the yield to 7.52 tons per acre. With 2 acre-feet the yield was 8.38 tons, with 3 acre-feet it was 9.33 tons, and with 4 acre-feet it was 9.64 tons per acre.

Both in 1910 and 1911 six cuttings were taken off.

And the same general results were demonstrated by the ex-

And the same general results were demonstrated by the experiments in the following year, 1911. So the yield of agriculture in this valley is demonstrated to depend in value and in its quantity upon not simply a bare sufficiency of water but an ample supply of water.

Mr. CLARK of Wyoming. Will the Senator from Washing-

ton yield to me

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Wyoming?

Mr. POINDEXTER. I do.

Mr. CLARK of Wyoming. If the Senator will yield to me, it is not for argument, but my attention was called by the Senator from California to-day to a weakness in the amendment which I had proposed yesterday, and I desire to correct that weak-ness so as to conform with the laws of California. I ask leave to introduce the amendment now, so that it may be printed and lie on the table.

The VICE PRESIDENT. The amendment will be printed

and lie on the table.

Mr. POINDEXTER. I will revert later on to some other important phases of this bill, particularly as to the need of San Francisco for the supply of water. At this time I want to call attention to a statement made by the Senator from Nevada [Mr. Pittman] a few days ago which has done some injustice to some people in the State of California. He introduced a resolution and stated that it was a resolution of the California Federation of Women's Clubs, which resolution advocated the passage of this bill. I did not examine the resolution at the passage of this bill. I did not examine the resolution of the time, but it turns out that it was not a resolution of the Federation of Women's Clubs of California, but of one chapter of that confederation, I think the Oakland district. I have in my hand a letter from Mrs. Foster Elliot, State chairman of the forestry department of the California Federation of Women's Clubs, in which she refers to that incident and asks that it be corrected. She says:

CALIFORNIA FEDERATION OF WOMEN'S CLUBS, November 15, 1913.

Hon. Miles Poindexter, United States Senate, Washington, D. C.

Hon. Miles Poindexter.

United States Senate, Washington, D. C.

My Dear Senator Poindexter: In the Congressional Record of November 6 there is printed a statement by Senator Pittman to the effect that the California Federation of Women's Clubs, in session at Santa Rosa on Thursday, October 30, passed a resolution "approving the San Francisco petition to Congress for the grant of certain rights in the Hetch Hetchy region, etc." The resolution was printed in full. Such a resolution was passed, but not by the California Federation of Women's Clubs. It was a resolution of only one of the six districts comprising the State federation and was the district, the membership of which is mostly in San Francisco.

Representing as I do the California Federation of Women's Clubs as chairman of its committee on conservation, I feel that I must advise you of the facts in the case and express the hope that this communication may be printed in the Congressional Record as was the resolution which was reported, incorrectly, to be the expression of the entire State Federation of Women's Clubs. I have no doubt that Senator Pittman was unaware of the fact that the resolution which he presented came from but a small section of the California federation.

Because of the marked diversity of opinion in California on the subject of San Francisco and its desire to secure the Hetch Hetchy, it has been the steadfast policy of the California Federation of Women's Clubs, whose home is in the city of San Francisco, I am urged to make it clear that such has been the policy of the federation, and to state further that at the last meeting of the federation, in conformity to this policy, a resolution relating to the Hetchy Hetchy matter was by unanimous consent tabled and not considered.

The publication in the Congressional Record of the resolution passed by that one district of the California federation puts the entire State federation in a wrong light, and for that reason I should be very glad if this correction might be given the same prominen

Mrs. FOSTER ELLIOT, State Chairman Forestry.

There are other documents here, some of which I will not burden the RECORD with, with the exception of one other letter which I will ask the Secretary to read.

The VICE PRESIDENT. The Secretary will read, without

objection, as requested.

The Secretary read as follows:

CALIFORNIA FEDERATION OF WOMEN'S CLUBS, November 24, 1913.

Hon. Miles Poindexter,

Senate Chamber, Washington, D. C.

My Dear Sir.: It has just been called to my attention that Senator Pittman has had incorporated into the Congressional Record a statement that the California State Federation of Women's Clubs passed a resolution in favor of the Raker bill. As a matter of fact, the California Federation passed at Montercy, in 1999 or 1910, a resolution opposing the use of Hetch Hetchy as a water supply for San Francisco, and this action has never been set aside. At its last convention, in Santa Rosa, San Francisco district passed a resolution in favor of the Raker bill.

At its last convention, in San Diego, the southern district passed a resolution opposing the Raker bill.

Yours, truly.

R. V. Coley,

President Alameda District.

R. V. Colby, President Alameda District.

Mr. POINDEXTER. Referring to the matter referred to in the letter, I read an extract from the San Diego Union of November 22 referring to a meeting of the Southern District Federation of Women's Clubs in California, in which it is stated that-

One of the features of the convention was the almost unanimous sentiment against the proposed use of the Hetch Hetchy Valley by San Francisco for water purposes. When the resolution condemning this plan was presented and passed at the last session of the convention hundreds of delegates jumped to their feet, waving handkerchiefs and clapping long and loudly.

Then follows the resolution in opposition to the bill, which I

will not put into the RECORD.

Mr. President, I think it is not improper to put in the RECORD for consideration in weighing this bill a letter from William Frederic Badé, professor of semitic literature in the University of California, which is situated in the suburbs practically of San Francisco, in which the writer says:

DEPARTMENT OF SEMITIC LITERATURE,
PACIFIC THEOLOGICAL SEMINARY,
Berkeley, Cal., November 26, 1913.

Hon. MILES POINDEXTER, Senate Chamber, Washington, D. C.

My Dear Mr. Poindexfræ: I inclose some clippings from yesterday's and to-day's San Francisco Examiner. It will indicate how the absurd Hetch Hetchy petition which it is proposed to present to the Senate has been drummed up. The Examiner, as well as other papers, has never told its readers the truth about the situation, and great numbers of the citizens of San Francisco have been led to believe that it is a case of Hetch Hetchy or die.

Sincerely, yours,

WILLIAM FREDERIC BADÉ.

From the same gentleman I have received, inclosed in a letter, a copy of a letter which he had addressed on this subject to the chairman of the Committee on Public Lands of the House of Representatives, and I will ask that the Secretary

The VICE PRESIDENT. Is there any objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

BERKELEY, July 3, 1913.

The Hon. Scott Ferris,
Chairman Committee on Public Lands,
House of Representatives, Washington, D. C.

The Hon. Scott Ferris,

Chairman Committee on Public Lands,

House of Representatives, Washington, D. C.

My Dear Sir: I appreciate the trouble you have taken to write me regarding your views upon the urgency of the Hetch Hetchy project. I still must maintain and express my conviction that no such urgency for immediate action exists. I know conditions intimately here and I have been present at all the hearings in Washington up to date. You will find in the stenographic report of the hearings held last November that Mr. Freeman testified, under close questioning from the Secretary of the Interior, that the local sources of the Spring Valley system are capable of a development of at least 150,000,000 galons daily. Not a third of this amount is being used at the present time. The committee, I am sure, will wish to distinguish between a real shortage of water, which would require the immediate development of a Sierra source and the mere unwillingness on the part of the city to acquire and develop the local sources or to guarantee a certain amount for their development. It seems to me that a feud between the local water company and the city is an extremely poor reason for invading a national park, especially when a number of other sources are in any case open to the city if they wish to pay a little more.

As for Mr. Pinchot and his views, I wish to say that I know him personally and have the highest regard for his work as a conservationst, but in this case I think your committee ought to discount his views for the significant reason that it was he who first suggested the invasion of Yosemite National Park, before any real investigation as to the necessity of such a course had been undertaken. In proof of this I inclose copies of two letters which were written by him in 1906. They tell their own story. The New York Independent of August 18, 1910, published them in an editorial and made this comment: "This is not merely approving, but suggesting and abetting a scheme which the public sentiment of the country has cond

hand it over, without the excuse of a real necessity, to the nearest hungry municipality that asks for it, is nothing less than conservation buried and staked to the ground. Such guardianship of our national resources would make every national park the back-vard annex of a neighboring city. We hope Mr. Pinchot sees by this time that he made a serious mistake. The sooner he repudiates his support of the Hetch Hetchy water project the better for the cause of conservation which he represents.

Hetch Hetchy water project the better for the cause of conservation which he represents.

I would respectfully call your attention also to the fact that the city's representatives, as shown conclusively by last year's hearings, deliberately and consistently underestimated the cost of the Hetch Hetchy system and belittled and overestimated the cost of rival systems. New evidence has just come to light that important facts were suppressed by the city officials. On behalf of this organization I wish to respectfully urge again the postponement of full hearings for all parties until next December. The city officials must have been quite aware that it is physically impossible for a number of us to go to Washington at this time of the year.

Very sincerey, yours,

Vice President Society for

Vice President Society for the Preservation of National Parks.

Mr. POINDEXTER. Mr. President, I should like to read a letter from the director of laboratories of the city of San Francisco as to the quality of its present water supply, ad-dressed to Mr. E. T. Parsons, of that city, and dated November 18, 1913. He says:

CITY AND COUNTY OF SAN FRANCISCO, DEPARTMENT OF PUBLIC HEALTH, CENTRAL OFFICE, November 18, 1915.

Mr. E. T. Parsons, 454 Second Street, City.

DEAR SIR: In response to your inquiry concerning the quality and safety of the San Francisco water supply I would say that this laboratory examines the water from all the reservoirs, both chemically and bacteriologically, at frequent intervals and that it is always free from contamination of any sort.

The idea entertained by a few, that the water was unsafe, had its origin in the fact that part of the supply during a portion of the summer contained some minute water plants.

We had less typhoid than usual this season, and no cases were traced to the water.

In conclusion I would say that few cities in the United States have as safe a supply.

as safe a supply. Respectfully,

WILFRED H. KELLOGG, Director of Laboratories.

Mr. BRANDEGEE. Mr. President-

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Connecticut?

Mr. POINDEXTER. I yield.

Mr. BRANDEGEE. I want to call the attention of the Senator from Washington to the communication which was read Mr. Badé, vice president of the Park Preservation Society?

Mr. POINDEXTER. I think he is an officer of that society, and he is a member of the faculty of the University of Cali-

Mr. BRANDEGEE. In view of what the Senator from Colorado stated last night about the proportions of the Hetch Hetchy Valley and the part to be devoted to this project if this bill should pass, how does the Senator from Washington account for the statement made in the letter which has been read that half of the Yosemite National Park is to be destroyed by this improvement? This gentleman lives right there in California. Can it be that even he does not know better about the project as to which he is attempting to instruct the Senate?

Mr. POINDEXTER. On the contrary, Mr. President, there are maps, of which I have some, though not immediately at hand, which most clearly corroborate his statement, in which the portion of the watershed of the Yosemite National Park which drains into the Hetch Hetchy Valley and into this reservoir is shown to be very much larger than all the remainder of the Yosemite National Park. He bases his statement upon the proposition that it would be necessary to exercise supervision over the drainage area which drains into the Hetch Hetchy Reservoir. I do not think he has reference to the part of it which is actually covered by water.

Mr. BRANDEGEE. The fact that some supervision was exercised over the drainage area which furnishes water for the reservoir that may be created would not, of course, destroy the park. If inspectors should prevent people from committing nuisances upon the watershed, it would not detract from the attractiveness of the park, it seems to me, but would make it more attractive.

Mr. POINDEXTER. As to the proceedings which the city of San Francisco has started to acquire a water supply independent of the Hetch Hetchy, I read an extract from the San Francisco Call of November 25, 1913, which is as follows:

WATER-SUIT ORDINANCE PASSED—SUPERVISORS CLEAR WAY FOR CONDEMNATION ACTION ON SPRING VALLEY.

An ordinance was passed by the board of supervisors to-day authorizing City Attorney Long to file suit for the condemnation of the Spring Valley water properties. This action was taken on receipt of a report from City Engineer O'Shaughnessy listing the properties actually necessary for the city's water supply.

Thomas E. Haven, special prosecutor, announced to-day that he would file a suit December 8 og 9, expecting that the report of J. H. Dock-

weller, expert engineer, on the physical holdings of the company will be ready at that time.

The names of the three judges who will hear the case will not be announced until the suit is filed. It is probable that the case will not begin until early in January.

I ask leave to present to the Senate, without reading and without printing, a large number of petitions numerously signed by members of the faculty of the various educational institutions. The first one I see is one which is signed by a number of the professors of Harvard University. The second one is one which is signed by the president and a large number of the faculty of the Washington and Lee University, of which, I think, in fact I know, there are several of the alumni on the Democratic side of this Chamber. The Senator from Oklahoma [Mr. Owen], the Senator from Florida [Mr. Bryan], and the Senator from Oregon [Mr. Chamberlain] will, no doubt, be glad to learn that the kind of public opinion which they were familiar with at Washington and Lee University is opposed to the passage of this bill, as indicated by this remonstrance. I present these petitions to the Secretary for filing.

Mr. President, I ask leave to have printed as a part of my remarks, without reading, a most excellent statement of this entire case in the form of an editorial in the New York Evening Post of December 1, 1913.

The VICE PRESIDENT. Is there objection? The Chair hears none, and permission is granted.

The statement referred to is as follows:

hears none, and permission is granted.

The statement referred to is as follows:

A CALM VIEW OF HETCH HETCH.

The first important matter to come before the Senate in the regular session beginning to-day is the bill technically known as that for the control of the control and its feders be removed from the use and enjoyment of the general public. There may be room for dispute whether the waterworks at Hetch Hetch would be roomed from the use and enjoyment of the senier partition of the reservoir and its federus be removed from the use and enjoyment of the senier partition of the reservoir and its federus become of the senier bardies of the valley, but that in the end the effect would be on the seenic beautiles of the valley, but that in the end the effect would be on the seenic beautiles of the valley but that in the end the effect would be on the seenic beautiles of the valley but the valley of the va

unanimous consent, to have a final vote on it next Saturday. But a motion could be offered, and we think should be, to refer the matter back for fuller investigation. That would be, in parliamentary effect, a "final vote," and it would have the good result of seeing to it that the Senate was put in possession of all the facts before proceeding to what it might find to be a needless despoilation of the Yosemite National Park.

Mr. POINDEXTER. I also present a remonstrance from the California Badger Club, of Los Angeles, signed by its officers, which I ask to have read, as it is very brief.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

CALIFORNIA BADGER CLUB, Los Angeles, November 23, 1913.

Senator MILES POINDEXTER.

DEAR SIR: The California Badger Club ask you to vote against the Raker bill, thereby preserving the Hetch Hetchy Valley for a national Hoping you will do all you can against the Raker bill.

Mrs. Frank Waters, President.

Mrs. Clarence H. Peare,

Corresponding Secretary.

Mr. POINDEXTER. Mr. President, I ask to have printed in the RECORD a statement of the institutions which have sent the various remonstrances I have presented, together with their localities, not printing all the names, but indicating by whom they have been signed.

The VICE PRESIDENT. Is there objection? The Chair

hears none, and it is so ordered. The matter referred to is as follows:

Memorials of the president and faculty of Harvard University, Cambridge, Mass., and of Radcliffe College, Cambridge, Mass.; of the president and 11 members of the faculty of Washington and Lee University, Lexington, Va.; of the superintendent of schools and 17 other citizens of Winchester, Mass.; of the superintendent of schools and assistant professors of schools at Crawfordsville, Ind.; of the faculty and officers of Whitman College, of Walla Walla, Wash.; of the faculty of Westminster College, New Wilmington, Pa.; of the superintendent and assistant teachers of the New Brunswick public schools, of New Brunswick, N. J.; of the president and assistant professors of Adelphia College, Brooklyn, N. Y.; of the superintendent of schools and assistant teachers of School No. 3, of Hackensack, N. J.; of the supervising principal and assistant teachers of the public schools of Swissvale, Pa.; of the superintendent of schools and assistant professors of the public schools of Mankato, Minn.; of the superintendent of schools and assistant professors, of Concord, N. H.; of the superintendent of schools and assistant teachers of the borough schools of Ambridge, Pa.; of the superintendent of schools and assistant teachers of the public schools of Ridgewood, N. J.; of the president and faculty of Beloit College, Beloit, Wis .: of the superintendent of schools and assistant teachers of the public schools, of Wheeling, W. Va.; of the president and faculty of Smith College, Northampton, Mass.; of the superintendent of schools and assistant teachers of the public schools of Mamaroneck, N. Y.; of the superintendent of schools and assistant professors of Solvay, N. Y.; of the chancellor and faculty of the University of Kansas, Lawrence, Kans.; of the superintendent of schools and assistant teachers of public schools of Elmira and Buffalo, N. Y.; of the superintendent and assistant teachers of the city schools of Tuskaloosa, Ala.; of the supervising principal of the public schools of Forest City, Pa.; of the superintendent of schools and assistant teachers of the public schools of Dunkirk, N. Y.; of the superintendent of schools of Pittsfield, Mass.; of the superintendent of schools of Gardner, Mass.; of the superintendent of schools of Burlington, Vt.; of the superintendent of schools and assistant professors of the high schools of Grand Rapids, Mich.; of sundry teachers in the public schools of Wellsley, Mass.; of the superintendent and assistant teachers of the high schools of Spring Valley, Ill.; and of the superintendent and assistant teachers

of the public schools of Everett, Wash. Mr. POINDEXTER. I present, without asking that it be either read or printed, a memorial remonstrating against the passage of this bill from the Friday Morning Club, of Los

The VICE PRESIDENT. The memorial will lie on the table, Mr. POINDEXTER. Mr. President, I read from the New York Tribune of November 23, as follows:

THE LOGIC OF HETCH HETCHY.

A fortnight hence the fate of the Hetch Hetchy Valley will be determined by the United States Senate. It will be decided whether the valley is to be preserved as one of the scenic wonders of the world or is to be sacrificed in order that San Francisco may get water and water power without paying the fair price which would be required elsewhere. If that were all that is to be decided, the transaction would be of great interest. But that is not all. There is an immeasurably broader and

deeper issue, which has been repeatedly proclaimed, and which Mr. Frederick Law Olmsted again sets forth with convincing authority in the Boston Transcript.

The United States deliberately undertook to preserve the Yosemite National Park for the enjoyment of future generations. To surrender the Hetch Hetchy for use as a reservoir would be to abandon that undertaking and to set the precedent of abandoning any national park which might be coveted for utilitarian purposes by sordid interests. It would be to endanger every national park, whether of scenic or historic value. That is the inexorable logic of the Hetch Hetchy case, and that is why the interests of the Nation demand that this sinister grab at the Nation's domain shall be defeated.

As indicating the state of public opinion upon this question, I will read another resolution adopted by an influential organization in the city of Boston. This is from the State Federation of Women's Clubs, and contains a very excellent statement of the issues involved in this bill:

#### THE HETCH HETCHY VALLEY.

Resolutions unanimously adopted by the Massachusetts State Federation of Women's Clubs.

Whereas the Hetch Hetchy Valley contains some of this country's most wonderful scenery and most stimulating resources for recreation; and

and
Whereas this valley belongs to all the people and is used and enjoyed
by the East as well as the West; and
Whereas it is not, as has been asserted, "an inaccessible region of
barren granite of no possible use to humanity, except through the
production of water and power," but it is, on the contrary, visited
each summer by large parties of women as well as men, who find
health and inspiration as campers upon its fertile floor of matchless
beauty; and

health and inspiration as campers upon its fertile floor of matchless beauty; and Whereas better transportation facilities, with hotels and permanent camps, which might readily be supplied by the Federal Government, would give to far larger numbers the benefit of this sublime recreation ground; and Whereas the use of the Hetch Hetchy Valley as a municipal water supply for San Francisco would destroy its use and enjoyment by the whole people as a park and recreation ground; and Whereas with growing population the areas for public playgrounds are diminishing while the need for them is increasing; and Whereas this proposed action by San Francisco would afford a precedent for handing over any or all ef our national parks and other public lands to private interests; and Whereas this action has been pronounced by eminent engineers as wholly unnecessary since San Francisco has other sources of abundant water supply, some even more available than Hetch Hetchy: Now, therefore, be it

be it

Resolved, That we, the Massachusetts State Federation of Women's Resolved, That we, the Massachusetts State Federation of Women's Clubs, assembled in the town hall of Whitman and representing 262 clubs, asrnestly oppose this needless and irrevocable sacrifice by the whole Nation of an invaluable possession, and we petition the President and urge the Senators to defeat any bill which has for its object any such invasion of Hetch Hetchy or the cession of any public land whatever to any private or corporate enterprise unless such enterprise be shown without question by competent and impartial judges to be absolutely necessary to the public welfare.

Mrs. George W. Perkins,

President.

Mrs. Arthur A. Hibbard,

Corresponding Secretary.

NOVEMBER 25, 1913.

I present, Mr. President, and ask that it be printed in the RECORD, without reading, a very excellent answer to a statement which has been given out and widely circulated by the mayor of San Francisco in the form of a letter dated November 4, 1913, the letter of the mayor being in favor of the passage of this bill. This memorandum, as it is called, is from the Society for the Preservation of National Parks, and is in answer to the various points which were made by the mayor of San Francisco in behalf of this bill.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

Memorandum in relation to certain statements by the mayor of San Francisco in a widely distributed letter, dated November 4, 1913. The mayor states that a large area of the city is without a domestic

The mayor states that a large area of the city is without a domestic water supply.

Whatever shortage now exists is largely due to a lack of service pipes. Additional water is to be provided by 1914 by the Calaveras dam, now building near the city. This will add 40,000,000 gallons daily to the present supply and will take care of their needs for many years to come. Hetch Hetchy can not relieve any present needs, as it will require from five to eight years to develop that source.

The mayor states that the Hetch Hetchy is a region of barren granite, inaccessible, and of no possible use to humanity except as a water and power supply.

As a matter of fact, the Hetch Hetchy Valley itself is a notably verdant basin in the midst of most impressive mountain landscape. It is the front door and vestibule to 500 square miles of the most glorious mountain scenery. It is the base from which the entire northern half of the Yosemite National Park will be visited, and this northern half of the Yosemite National Park will be visited, and this northern half lass by far the finest scenery of the park, aside from the Yosemite Valley proper, which is an infinitely small portion of the whole reservation. Yosemite Valley is even now resorted to in winter as well as in summer, and Hetch Hetchy will be in similar demand when opened up. Hetch Hetchy is to-day but two days' travel from San Francisco. Until some six years ago the Yosemite Valley was three days from the same point. Six miles of comparatively inexpensive wagon road would open the Hetch Hetchy even to the infirm.

The mayor states that Secretary Garfield issued his grant of the valley "after careful investigation."

Secretary Garfield stated in his grant, dated May, 1908:

"I do not need to pass upon the claim that this is the only practicable and reasonable source of water supply for the city. It is sufficient that "a "the officials of the city insist that such is the case."

Moreover, Mr. Garfield did not give the city a grant of the valley unconditionally. He stipulated that they should first develop the Lake Eleanor supply, and should only resort to Hetch Hetchy when the other had been developed to its utmost and found insufficient. The Lake Eleanor supply was pronounced by the Director of the Geological Survey, after examination by two Rechandlon Service engineers, to be "amply sufficient to meet the present and prospective needs of the The Market of the Committee of the Hetch of the Interior, 1910, p. 9.)

The major states that San Francisco in good faith spent millions in acquiring lands.

Mr. Long, the city autorney, testified before the Public Lands Committee of the House June 25, 1913, that the city bought 720 acres in the Hetch Hetchy Valley, paying \$81,306,18; for 640 acres scattered elsewhere in the region it paid \$92,457,02; and for land and water rights on the Lake Eleanor section about \$1,000,000 more. He admitted that none of this land was condemned by eminent domain. To have condemned would have meant delay, and the city was in a hurry to establish a vested right at whatever cost. The land bought by the city meeting the committee of the Hetch Hetch of the Het

As to its inaccessibility answer has already been made (p. 1 bereof). Strictly speaking there is a mass of high country which runs up to 8,500 and even to 9,200 feet lying between the valleys, but be it noted that these elevations are above sea and not above the valleys. The valleys themselves are up 3,600 and 4,000 feet, and are countersunk basins in the midst of the mountain mass. The fact is, this mass of high country seems more like a plateau to one traveling across it, and the summits are so little elevated above the general level that there is no appearance of a great range. A further fact is that the old Tloga wagon road runs right across this high country from east to west between the valleys, while the valleys themselves are connected by north and south wagon roads and trails. From Yosemite Valley one can go by wagon 22 miles, and thence by an easy trail of 6 miles into Hetch Hetchy, or by trail all the way, and cut the distance down to 25 miles. Laddes have walked this trail in a single day without undue fatigue.

miles. Ladies have walked this trail in a single day without undue fatigue.

The mayor states that the creation of a lake in the valley would increase its beauty.

For answer to this reference is again made to the discussion of the effect of the project on the landscape by Mr. Olmsted. Commenting directly upon the value of this "lake" Mr. Olmsted said:

"To substitute an expanse of water for the sylvan landscape of the valley floor would wipe out of existence that apparently minor element of the Yosemite scenery which makes its charm unique in all the world. It would change it into a sort of imitation of the scenery to be found in certain seacoast flords, not without great impressiveness but a radically different and a far less rare and precious thing than is the existing scenery. That is the crux of the whole matter as far as concerns the value of the park."

Mr. Olmsted also points out that the "lake" would not always be a sightly object, due to the heavy drain placed upon it throughout the summer, exposing at the worst about 3 square miles of muddy bottom to only 1 square mile of water.

The mayor states that the city will build roads to and about the valley.

The city's advisory engineer did recommend originally that a scenic road should be built by the city entirely around the basin. A later and more careful computation of the cost led him to modify this materially, and the Raker bill provides (sec. 9, par. p) that the city "shall construct on the north side of the reservoir site a scenic road or trail." Anyone familiar with the topographical features of that north wall will readily conclude that the city will elect to build a "trail" and not a road there, since the right of election is left to it. As for the road into the valley, about 6 miles, that can not in any sense be regarded as a concession to the public, since it would be an essential feature to the construction and maintenance of the works.

The mayor refers to the city's representative, Mr. Dunnigan, at Washington. He is the clerk of the board o

has been quartered in Washington for many weeks while engaged in an active campaign of lobbying for the bill in Congress and of coaching the newspaper correspondents in the city's interests.

Mr. POINDEXTER. I ask, also, that there may be printed as a part of my remarks, without reading, a copy of a resolution adopted at the annual meeting of the San Joaquin Valley Problem Association, representing the eight counties of San

Joaquin Valley, at Merced, Cal., November 17, 1913.

The VICE PRESIDENT. Without objection, it is so ordered.

The matter referred to is as follows:

Resolution 2, adopted at the annual meeting of the San Joaquin Valley Water-Problem Association, representing the eight counties of the San Joaquin Valley, at Merced, Cal., November 17, 1913.

San Joaquin Valley, at Merced, Cal., November 17, 1913.

Whereas the control of floods and the irrigation of arid lands in the San Joaquin and Sacramento Valleys constitute in reality but two phases of one problem; and
Whereas in the San Joaquin Valley there is a deficiency in the water supply, and even with the complete conservation of all the waters of the valley there will be an insufficient supply of water with which to irrigate efficiently all the irrigable lands in said valley; and Whereas in the Sacramento Valley there is an excess of water and, with its proper conservation, all of the land in the valley can be irrigated, the navigability of the Sacramento River remain unimpaired, and a supply of water be left for diversion to other localities; and Whereas the city of San Francisco is attempting to divert water from the San Joaquin Valley and take it to San Francisco for municipal purposes; and
Whereas we believe that every unit in the development of water control in the Sacramento and San Joaquin Valleys should be constructed as a part of a comprehensive whole designed ultimately to accomplish the full development of both valleys and the conservation to the utmost of their resources:

\*Resolved\*\*, That we deprecate this attempt of San Francisco to violate

the utmost of their resources:

Resolved, That we deprecate this attempt of San Francisco to violate what we believe to be one of the fundamental principles of the conservation of the resources of the interior valleys of California because it is entirely unnecessary, and because great injury will result to water users if water is so diverted from the San Joaquin Valley, and, further, because the Sacramento Valley offers an ample source of water supply for San Francisco's need without injury to anyone.

Resolved further, That we hereby declare it to be the sentiment of this association that no water should be diverted from the San Joaquin Valley for any purpose, but that all its waters should be retained in the valley for the irrigation of the arid lands therein, and that in every attempt at water control the two valleys should be considered as a whole, so that the development of one may be supplemental to the development of the other.

We therefore instruct our secretary to forward a copy of these resolutions to each Member of Congress.

Mr. POINDEXTER. Mr. President, the only other proposi-

Mr. POINDEXTER. Mr. President, the only other proposi-tion which I desire to speak of—and I will not go into that at this time—is to call attention to the indisputable evidence that there are a large number of alternative sources of supply of water which San Francisco can secure and develop at less expense and in a shorter time than it can secure and develop the Hetch Hetchy project. Among those, I call attention particularly to the enlargement and development to its full capacity of the Spring Valley water system, all of which is pointed out in the report of the board of Army engineers, who were, to say the least, not unsympathetic with the desire of the city of San Francisco, expressed so earnestly and so persistently, to acquire the Tuolumne source of supply. Among these alternative sources of supply is the McCloud. I undertook to call the attention of the Senate to the figures given by the Army engineers in their report, which indicate, in the face apparently of the general conclusions announced by the board, that the McCloud project is a cheaper one than the Hetch Hetchy; that the water is unexcelled in quality and far greater in volume than that in the Tuolumne River.

There can be 200,000,000 gallons per day of supply developed in the Eel River. No question has ever been made that the water in that river is of good quality, nor is the fact questioned that the engineering problems can easily be overcome, and that the cost will be approximately but one-half of the expenditure involved in developing an equal amount of water in the Tuolumne or the Hetch Hetchy project. The Army engineers did not consider the Eel River project, because they had set before them provision for a system which would supply 400,000,000 gallons a day at some indefinite time in the future, and they set out in their report that they accepted that from the city of San Francisco, but that they regarded it as largely exaggerated. It must be borne in mind that the present supply of the city

is only 42,000,000 gallons per day.

It should be further borne in mind that among the urgent advocates of the passage of this bill are those who regard the development of water power as its principal feature and virtue. I should like to call attention to the fact that that is a separate proposition from supplying the city of San Francisco with water. Power can be developed, and no doubt there are many agencies which would be glad to develop this power under a reasonable reserved power in the United States to regulate prices of the product at any time the United States should choose to grant the necessary franchises for that purpose.

There is not any occasion, if power is the prime consideration, to take the water that would go through the machinery of a

power plant through a system of iron pipes 45 miles across the San Joaquin Valley and deliver it to the city of San Francisco for domestic consumption, leaving behind the unsatisfied needs of 411,000 acres of dry land which can not be supplied from any other source.

The city of San Francisco already owns the two other tributaries of the Tuolumne River, Lake Eleanor and Cherry Creek; and it is shown by all the reports that, so far as power is concerned, over 100,000 horsepower can be developed from those two tributaries without touching in any way the Hetch Hetchy Valley or granting any of the franchises that are provided for in this bill. All around the city of San Francisco, or at least in different directions from it, in the Coast Range and in the Sierra Nevada, there are power possibilities which can be developed without taking any water from any irrigationists that need it.

Upon some of those phases of the question I shall ask permis-

sion to address the Senate later on.

Mr. NORRIS. I desire to give notice that on next Saturday morning, after the regular routine morning business, I shall address the Senate on this bill.

### BANKING AND CURRENCY.

Mr. NELSON. Mr. President, I desire to give notice that on Monday next, after the Senator from Virginia [Mr. Swanson] has spoken, I shall address the Senate on the pending currency

#### RECESS.

Mr. KERN. I move that the Senate take a recess until 8 o'clock this evening.

The motion was agreed to; and (at 5 o'clock and 45 minutes p. m.) the Senate took a recess until 8 o'clock.

#### EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.

#### SAN FRANCISCO WATER SUPPLY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes

Mr. SMOOT. Mr. President, I believe that before the discussion of the pending measure is continued we ought at least to develop the presence of a quorum of the Senate, and I sug-

gest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators

THOMETER TO	cheir names.		
Ashurst Bacon Bryan Chilton Clark, Wyo. Clarke, Ark. Colt Olllingham Fletcher Sallinger Fronna	Hollis Hughes James Johnson Kern Lewis McLean Martin, Va. Martine, N. J. Nelson Overman	Owen Page Pittman Reed Robinson Saulsbury Shafroth Sheppard Sherman Shively Simmons	Smith, Ariz. Smith, Ga. Smith, Md. Smoot Swanson Thompson Thornton Townsend Vardaman Works

Mr. SMITH of Maryland. I desire to state that my colleague [Mr. Jackson] is absent on account of illness. Therefore I ask that he be excused on that account.

The VICE PRESIDENT. Without objection, the junior Senator from Maryland will be excused.

Mr. LEWIS. I beg to announce that the Senator from South Carolina [Mr. SMITH] was suddenly called away by serious illness in his family.

Mr. GALLINGER. The Senator from New York [Mr. Root] is unavoidably absent. He is paired with the Senator from South Carolina [Mr. SMITH].

The VICE PRESIDENT. Forty-four Senators have answered to the roll call. There is not a quorum present. The Secretary will call the names of the absentees.

The Secretary called the names of the absent Senators and Mr. Warren and Mr. Williams answered to their names when

The VICE PRESIDENT. Forty-six Senators have answered

to the roll call. There is not a quorum present.

Mr. KERN. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will proceed to carry out the order of the Senate.
At 8 o'clock and 23 minutes p. m. Mr. CLAPP and Mr. SHIELDS

entered the Chamber and answered to their names.

After some little time, Mr. Kenyon, Mr. Stone, and Mr. O'GOB-MAN entered the Chamber and answered to their names.

The VICE PRESIDENT. Fifty-one Senators have answered to the roll call. A quorum of the Senate is present.

Mr. KERN. Mr. President, I move that further proceedings under the call of the Senate be dispensed with.

The motion was agreed to.

Mr. GRONNA obtained the floor.

Mr. WORKS. Mr. President—
The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from California?

Mr. GRONNA. Yes; I yield. Mr. WORKS. Mr. President, near the close of my remarks yesterday I made the statement that I was the only Member of the California delegation who was opposing the passage of the pending bill. Relating to that matter, I have here a letter from Mr. Church, who represents the district in California which contains the San Joaquin Valley. In justice to Mr. CHURCH I ask that the letter may be read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

COMMITTEE ON REFORM IN THE CIVIL SERVICE,
HOUSE OF REPRESENTATIVES U. S.,
Washington, D. C., December 4, 1913.

Hon. John D. Works, United States Senate, Washington, D. C.

Hon. John D. Works,

United States Senate, Washington, D. C.

My Dear Senator: In order that there may be no uncertainty as to my attitude toward the Hetch Hetchy bill, I wish to state that I am unqualifiedly opposed to its passage.

I am opposed to the waters of the Hetch Hetchy Valley being taken away from the farmers on the plains below to the city and county of San Francisco, more than 150 miles away.

My reasons are that San Francisco can without doubt secure ample water from a number of other sources, but the farmer, as he watches his crops wither in the summer sun, must look to the waters of the Tuolumne River as his only hope and source of supply.

Deprived of sufficient water for his lands, the farmer's task becomes a hopeless one; his investment will be lost or greatly depreciated, and in common with his neighbors he will be involved in years of ruinous litigation with San Francisco.

The passage of this bill may make the hearts of some people in San Francisco glad at the cost of immeasurable loss and sacrifice to thousands of men, women, and children in my district.

When I was elected to Congress, and afterwards, my firm conviction was that San Francisco never should be granted any reservoir site on the Tuolumne River, but that all the waters of that watershed, including storage facilities, should be reserved for the exclusive use of the irrigable lands of the San Joaquin Valley.

Subsequently, when the Raker bill was pending before the Public Lands Committee of the House, several gentlemen came on to Washington representing the irrigationists of the Modesto and Turlock irrigation districts. These representatives went into conference with the people who represented the interest of San Francisco, and then reported to me that they had agreed upon a compromise, the conditions of which were embodied in the Raker bill. They requested me to withdraw my opposition to the measure and to give it my support. I reluctantly yielded to their request. I regarded it as a business and financial matter, peculiar to

I regret to say that the men who represented the irrigationists were deceived, and soon after their arrival home their acts were repudlated, not because they had done any intentional wrong but simply because they had acted unwisely and permitted themselves to consent to a compromise that was disastrous to the interests of their districts. The people of these districts, as well as the farmers outside the districts are practically a unit in their opposition to the passage of this bill, and I would be doing less than my duty if I did not exert every effort to defeat a measure that will injure thousands of my home people. Sincerely hoping that you will be successful in your opposition to this measure, and with assurances of very high regard, I am,

Very truly, yours,

Denver S. Church,

DENVER S. CHURCH, Member of Congress.

Mr. THOMAS. Mr. President-

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Colorado?

Mr. GRONNA. I yielded to the Senator from California. If the Senator from California has concluded, I will yield to the Senator from Colorado.

Mr. WORKS. I have the floor only through the courtesy of

the Senator from North Dakota.

I simply desire to say, Mr. President, that Mr. Church is a man of high character and conscientious in the performance of his duties. Like a good many other people, he was deceived by this supposed compromise, which was made against the judgment and the wishes of the people who are directly interested in this question, namely, the water users. There were other members of the California delegation who were induced to con-There were other sent to the passage of the bill by reason of the fact that Mr. Church, whose constituents were directly interested in it, had made this agreement and they refused to join in the effort to pass the bill until they had learned from Mr. Church that he was supporting it.

Mr. KERN. Mr. President, before the Senator takes his

seat

Mr. GRONNA. I now yield to the Senator from Colorado [Mr. Thomas], and I shall later yield to the Senator from Indiana [Mr. KERN].

Mr. THOMAS. I wish to say-

Mr. KERN. I merely wish to ask a question of the Senator from California.

Mr. WORKS. The Senator from Indiana desires to ask me a question, I understand, and I am quite willing to submit to any inquiry he desires to make.

Mr. KERN. I wish first to inquire as to the date of the letter which has been read?

The VICE PRESIDENT. It is dated December 4, 1913.

Mr. KERN. Mr. President, I wish to state to the Senator from California that my mind at this moment is open on this question, but I wish also to state that I regard the fact that this Member of the House of Representatives, who must have known of the imposition upon his people, if there was any by reason of this agreement, has acted very queerly, to say the least, in remaining silent during all these weeks until a few days before the vote is to be taken upon the bill, to make known to the public and to the Members of this body the fact of the outrage which, as he now claims, was perpetrated upon his constituents. I should like to know what is the theory of the Senator as to the state of mind of this gentleman during the intervening weeks since that compromise was made?

Mr. WORKS. I have had absolutely no conference with Mr. CHURCH about the matter, I will say to the Senator from Indiana, and therefore I do not know. I only know that Mr. CHURCH himself has always been opposed to this legislation. He gave way simply because he understood that the people directly interested had compromised. He found out afterwards, however, that they had not. Since that time he has been opposed to the legislation, but no action could be taken on his part because the matter had gone out of the House of Repre-

sentatives

Mr. THOMAS. Mr. President-

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Colorado?

Mr. GRONNA. I yield.

Mr. WORKS. If the Senator will allow me just a moment, Mr. President, I suppose Mr. Church may have been moved to this course by what was said by me in respect to that matter.
Mr. THOMAS. Mr. President, I do not want to say anything,

and shall not intentionally say anything, of a personal character concerning this episode; but it is due to the Senate to inform it that this gentleman has, up to the time of the writing of this letter at least, been a supporter of this bill. He voted for it in the House and he appeared before the Senate committee to make a statement in its behalf. He is the Representa-tive of the congressional district of California where the irrigation districts are situated, and it is a remarkable and, I hope, a unique thing in the legislation of the Congress of the United States that a Member of one House supporting and advocating a measure should, upon the threshold of action by the other House, write a long letter, to be read into its Record, urging and counseling the Members of that House to vote against the measure.

Mr. WORKS. Mr. President—
The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from California?

Mr. GRONNA. I yield. Mr. WORKS. Mr. President, instead of Mr. Church supporting the bill in the House, it will appear from the hearings before the committee that he was inquired of directly by the chairman of the committee, or some other member, whether he was supporting the bill, and he said no; he was not consenting to its passage, but he was not opposing it. He was just in that attitude where he was allowing the people who were here attempting to secure the passage of the bill by a compromise to take the course that they desired.

I know Mr. Church pretty well, and I know that he has acted in this matter in perfect good faith. It was rather a peculiar condition in which he was placed. He was opposed to the bill, and always has been conscientiously opposed to it, but he was moved by the compromise that was made, just as a

good many other people have been moved.

Mr. THOMAS. I think it is remarkable and unusual, Mr. President, that he should be so greatly moved as a Member of one House as to write a letter to be introduced and read to the Members of another House, urging them to vote against a measure which, whatever his convictions and duty, he certainly did not oppose there, and my information is that he voted for the bill.

Mr. WORKS. Mr. President, I am responsible for this letter being read in the Senate.

Mr. THOMAS. The Senator may be responsible for the letter being read in the Senate, but Mr. Church is responsible for writing the letter, which in all probability he knew was written to be read in the Senate.

Mr. WORKS. That may be: but there was no request on

the part of Mr. CHURCH that it be read.

Mr. THOMAS. Oh, no; Mr. President, a request was not The whole transaction must have been predetermined on the part of Mr. Church, or else the letter would not have been written and delivered for the purpose of being presented at the desk and called to the attention of the Senate.

Mr. WORKS. Whether it was or was not, it was perfectly justified under the circumstances. Mr. Church had been misled into taking an action that was against his own judgment, and he was doing what he could to correct the evil that resulted from that action.

I have no doubt that he has been threatened Mr. THOMAS. with defeat in his attempt at reelection if this bill is carried; and, for the purpose of saving his political future, he asks the Senate of the United States to vote against the bill which he supported in the House, of which he is a Member.

Mr. GRONNA. Mr. President, I proposed to read at the beginning of my remarks a statement made by Mr. Denver S. Church, Representative in Congress from California, but I recollect that the Senator from Nevada [Mr. PITTMAN] read his statement. I inquire of the Senator from Nevada if I am cor-

Mr. PITTMAN. I read a statement of Mr. Church, I think day before yesterday, and read it for the purpose of showing that he was supporting this bill, and at that same time he was sitting in this Chamber and heard me make that statement.

Mr. GRONNA. I will not burden the RECORD with his state-

Of course, the RECORD speaks for itself.

Mr. GALLINGER. Mr. President-

The VICE PRESIDENT. Does the Sendtor from North Dakota yield to the Senator from New Hampshire?

Mr. GRONNA. I yield.

Mr. GALLINGER. The fact that Mr. Church was in this Chamber and did not make any rejoinder does not count for anything, because he could not have made a rejoinder. He has, however, made the rejoinder in the letter which has just been

Mr. GRONNA. Well, Mr. President, in justice to Mr. Church, I want to read a portion of his statement:

Mr. Church. Originally I was very much opposed to this plan. I had heard of this Hetch Hetchy matter for years and years; I had heard that Mr. Needham was fighting for the rights of the irrigation districts and the people. When I came to Washington this spring the battle was on in reference to the Hetch Hetchy and, very fortunately, certain representatives from these districts came here.

Then he gives their names. He was under the impression that the provisions in the bill protected the water users of this irrigation district, and for that reason he stated that he had withdrawn his objection.

Mr. President, I have no other interest in this matter except what seems to me to be my duty to assist in a limited way the people of California, and to see that justice is done to all the people of that great State. I have the same interest in this bill which I believe every other Senator on this floor has; and I hope that anything that I may say will not lead to a mis-understanding; that it will not be interpreted that I attribute to any Senator or to anyone any sinister motives, whether they are for or against the bill.

The project which the city of San Francisco is so willing to undertake is one that for years has been discussed, in Congress and out of Congress. In the Sixtleth Congress some of the people of San Francisco-its attorneys, its engineers, its mayor, and other city officials-appeared before the House Committee on Public Lands, of which at the time I was a member. We had extended hearings on the resolution before Congress at that time, and I tried to reach an honest judgment according to the evidence before the committee. The conclusion I reached at that time was that San Francisco did not then have to go to the Hetch Hetchy Valley for a water supply.

I shall try to present testimony here that will bear me out in my statement that there are other available sources of supply. It is true that at that time a majority of the members of the Committee on Public Lands of the House made what was supposed to be a favorable report, but it was by a bare majority. I am going to take the time of the Senate this evening to read both the majority and the minority reports. The trial that was going on at that time was in a measure the same as the trials that have been going on since that time.

At that time the contest was fought between what is known as the Spring Valley Water Works and the city of San Fran-

Francisco, because I was not then willing, nor am I now willing, that any corporation shall take undue advantage of a great municipality; but after hearing all the evidence in the committee I came to the conclusion, as I have said, that there were other available sources of supply where San Francisco could get an abundance of water without doing injustice to any of the citizens of the great State of California.

The only question that I care to take into consideration is how to give San Francisco an abundant water supply. I am not so much concerned about what she now seems to desire to obtain, namely, a valuable power site. There can be no reason why I should oppose any proposition to give to the city of San Francisco a water supply. There can be no reason, I say, why I should oppose a proposition of that kind; but there are other matters and other people concerned in this measure.

I am going to take the time of the Senate this evening to introduce such evidence as I have. Among that evidence will be statements by attorneys representing the Spring Valley Water Works, statements made by citizens representing the city of San Francisco, a portion of the report of the Board of Army Engineers, and extracts from some of the hearings that have been held in the House and in the Senate.

The question was raised the other day, "Why are not the farmers who are protesting against this measure here?" do you find the farmers in legislative halls anywhere protesting? They are satisfied to trust their representatives and believe it is incumbent upon them to do justice to all concerned. have neither the inclination, the time, nor the money to be around legislative halls either to solicit support or to make protests.

Anybody who knows anything about the industry of farming knows that the farmer after his hard day's toil is not in a mood to appear before congressional committees and discuss these great questions. It is for the Members of Congress to settle this matter and to take into consideration not simply the interest of those who can afford to have skilled engineers and the ablest lawyers to represent them, but also those who can not afford such representation. I do not say that with any idea of protesting against anyone being represented here by a lawyer. I only wish the farmers of the country could unite and agree and adopt the method of being represented by able counsel; but it never has been done and it is not being done

We have heard a great deal about the "nature fakers." do not like to use that term. I respect and honor the man who unselfishly tries to protect the property of the people of the United States. I respect and honor the man who will sacrifice his time and his money for the protection of the scenic beauties and grandeur of nature. The men and the women who have protested against this measure have done so because they believe it is an infringement upon the rights of the citizens of the United States.

Mr. President, if the water supply of the city of San Francisco depended upon the Hetch Hetchy Valley I should not raise my voice in protest against the passage of this bill. do not believe there is a single nature lover in the United States who would protest against the passage of the bill if he believed it was absolutely necessary to have the Hetch Valley for a water supply and there was no other available source. Whether they are mistaken or not, I am going to give them the benefit of the doubt. I am going to give them the benefit of the belief that they are honest and sincere in their conviction that this place of beauty and grandeur should be preserved for the future and for future generations.

For myself, I do not underestimate the esthetic value of this park. I believe, sir, that it is a mistake to commercialize every bit of land and all of the landscapes of our country. I believe it is a mistake to destroy the handiwork of God's creation, for that can not be duplicated; but I am free to confess that if this were the only source of supply I should be ready to-night to vote for this bill, and give the people of San Francisco all the water there is in the Tuolumne River. I am going to show, however, that such is not the case,

In the first place, the Army engineers' report does not state that the Hetch Hetchy Valley is the only available source of supply. Col. Biddle, in his testimony before the House Committee on the Public Lands, does not state that Hetch Hetchy, or the Tuolumne River, is the only available source of supply. That great engineer who is now in the employ of San Francisco, Mr. Freeman, does not state in his report that Hetch Hetchy and the Tuolumne River are the only available sources of supply.

I may be mistaken, Mr. President, but from the reading of these reports and from the reading of the hearings before the House committee I am strengthened in the conclusion that I cisco. At the outset my sympathies were with the city of San reached during the Sixtieth Congress, that it is not necessary

to give to the city of San Francisco the Hetch Hetchy Valley for a water supply. While I am inclined to believe that this bill will be enacted into law, I also believe that the future will prove to us that it is a mistake.

In beautiful words eminent men of our country tell us about the importance of getting back to the farm, but can you wonder why the farmer and those who live in the rural districts are disappointed? Whenever legislation comes before Congress or before the State legislatures what do we find? We do not find the farmer present with his paid attorneys; we do not find that the farmer is present to make his demands; but he trusts in his representatives and I am sorry to say that he is very often

forgotten.

What right have the citizens of the city of San Francisco to demand property to which the farming communities of the State of California have a prior right? The waters of the State of California belong to the people of California. They do not belong to any particular class or to any particular industry. I think it would be much better for some of the citizens of the city of San Francisco if they would join the honest toilers who are living up in the San Joaquin Valley and give to them the waters in the Tuolumne River and help them build this dam for the benefit of those irrigation districts. If the dam is to be built, will any Senator here tell me why a municipality or a corporation of any kind has any more legal right to the building of a dam that will produce electrical energy than the farmers of the community? When a project of this kind is contemplated, as a rule this work goes on in this way: They organize, they incorporate, they issue bonds, and they sell them to those who care to buy such securities. They do not build it with their own money. Why not give to the irrigationists in this valley the benefit of this power if it is necessary to destroy the beautiful scenery in that park, which I do not believe it is?

But so far as an inchoate right is concerned, those settlers who have for years been struggling to produce crops in that arid region are entitled to the first consideration, and should get the benefits, if benefits are to come, from the building of

But you say that it is absolutely necessary that San Francisco shall have this water supply. The Army engineers' report shows that the rainfall in this valley is not to be compared with the rainfall in the Sacramento Valley. We have proofs before us, if we want to consider them, which show that by going to the McCloud River not only can the land in that district be irrigated from that river, but that San Francisco can get an abundant water supply.

But it is said that it is a question of price. You are not considering the proposition that the people of the San Joaquin Valley are driven away from their homes. You are not taking into consideration the fact that you are making it impossible for those people to make an honest living and remain on their

farms.

I do not believe there is a single Senator on this floor who will deny that there are at least 200,000 acres in the two irrigation districts, the Modesto and the Turlock districts, that will not get an abundant water supply if this water is diverted to the city of San Francisco. On the other hand, there is testimony before us in the hearings and in the Army engineers' report which proves conclusively to me that there is an abundant water supply from the McCloud River, and that there are 12 or 13 other sources, which, while they are not abundant supplies, can be combined, and that San Francisco and the bay cities can get all the water they need.

Mr. GALLINGER. Mr. President-

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from New Hampshire?

Mr. GRONNA. I yield.

Mr. GALLINGER. I had placed on my desk this morning a very interesting personal letter from Mr. Taggart Aston, a consulting civil engineer residing in the city of San Francisco, in which this matter is very lucidly and clearly discussed, and would ask permission to have it read at this time.

The VICE PRESIDENT. Without objection, the Secretary

will read as requested.

The Secretary read as follows:

SAN FRANCISCO, CAL., November 26, 1913.

Senator Gallinger, Washington, D. C .:

SIR: Three cold-blooded facts stand out prominently in the

DEAR SIR: Three cold-blooded lacts stand out present leafth the chird controvers:

1. The city of San Francisco is now completing arrangements to purchase the Spring Valley Co.'s water system.

2. Said system is fully capable of being developed to meet the city's full requirements for some 60 years to come more economically than any Sierra or other source, thus eliminating any necessity for considering Hetch Hetchy or other Sierra source in the present generation.

3. The quality of the Spring Valley water is superior for drinking purposes to that of the softer and less palatable Hetch Hetchy water (vide Brig. Gen. H. M. Chittenden's report of 1912, p. 22).

San Francisco has had alternations of criminal and semicriminal governing bodies—God help her unfortunate taxpayers when they elect their next "criminal" board of supervisors—with some \$80,000,000 of "Hetch Hetchy" money in the treasury.

I am, very truly, yours,

TAGGART ASTON.

Mr. GRONNA. Mr. President, as I said at the outset, I shall attribute no sinister motives to anyone, whether he is for or against this bill. I wish to read from the report made by Representative Smith, of California, in the House of Representatives February 8, 1909. I read the views of the minority, as follows: THE VIEWS OF THE MINORITY.

February 8, 1909. I read the views of the minority, as follows:

THE VIEWS OF THE MINORITY.

The Committee on the Public Lands has given very careful attention to the questions involved in the consideration of H. J. Res. 223, having had many hearings, which have been printed to the extent of nearly 500 pages. The consideration of the resolution necessitated the consideration of many matters which are not necessarily suggested by the title or text of the resolution.

The questions involved were first presented under H. J. Res. 184, by Mr. Kahn, the consideration of which was referred to a subcommittee, which reported as a substitute H. J. Res. 223. Very briefly stated, the facts and occurrences that lead up to the presentation of this resolution are as follows:

For a considerable number of years there has been a growing belief on the part of the people of San Francisco that ultimately the city would be obliged to seek sources of water supply in addition to those available through the Spring Valley Water Co., which now supplies the city with water, and there has been a general consensus of opinion that ultimately San Francisco and the other communities around San Francisco Bay would be obliged to secure such additional water supply from the Sierra Mountains. This belief and opinion has been strengthened and accentuated by reason of a condition of disagreement and friction which has existed between the Spring Valley Water Co. and the people and authorities of San Francisco for years past.

The question as to which of the possible Sierra sources of supply is most available and satisfactory has been discussed for a considerable length of time. Quite a number of sources have been investigated, and at one time or another more or less favorably considered. The present city government finally decided upon the use of Lake Eleanor and the Hetch Hetchy Valley, on the Tuolumne River, in the Yosemite National Park as the most satisfactory and economical point for the storage of water for a Sierra supply for the city, and af committee.

The legislation has been objected to for a number of reasons, some

inned a ree title to the lands which they purposed to submerge, and those immediately adjacent, and thus the matter came before the committee.

The legislation has been objected to for a number of reasons, some of which would not apply to the original resolution. First, there has been an exceedingly widespread, earnest, and vigorous protest voiced by scientists, naturalists, mountain climbers, travelers, and others, in person, by letters and telegrams, and in newspaper and magazine articles, against allowing the city of San Francisco to use the Hetch Hetchy Valley for reservoir purposes, on the ground that such use would deprive the public of the use of this beautiful valley for camping purposes, and would necessarily interfere with the use by the general public of the valley and drainage basin of the river above the reservoir.

It has been contended that there was no condition existing warranting the granting to the city of San Francisco the privilege asked for, with a view of making more secure its tenure under the permit issued by the Secretary of the Interior, because there are, it is claimed, many other sources from which the city could obtain an abundant and satisfactory water supply. At one time the irrigation districts on the lower Tuclumne objected to the granting of a permit by the Secretary of the Interior, because there are, it is claimed, many other sources from which the city could obtain an abundant and satisfactory water supply in the objection was overcome by certain conditions contained in the Secretary's permit.

I am of the opinion that the city has failed to establish its contention that the Hetch Hetchy is the only reasonably available source of water supply in the Sierras, and that, therefore, the interests of the people of all the country should be waived on behalf of San Francisco in its claim to exclusive use of this valley. But aside from this and all similar questions that have been raised the legislation is particularly objectionable on account of features that are entirely unnecess

There is another provision as fellows:

"5. The city and county of San Francisco will in no way interfere with the storage of flood waters in sites other than Hetch Hetchy and Lake Eleanor by the Modesto and Turlock irrigation districts or either of said districts for use in said districts, and will return to the Tuolumne River above the La Grange Dam, for the use of said irrigation districts, all surplus or waste flow of the river which may be used for power."

of said districts for use in said districts, and will return to the Tuclumne River above the La Grange Dam, for the use of said irrigation districts, all surplus or waste flow of the river which may be used for power."

There is also a provision compelling the city of San Francisco to sell to the Modesto and Turlock irrigation districts any excess of electric power which the city may generate by means of its dam, which shall not be used for actual municipal purposes by the city and county of San Francisco, at actual cost, to be fixed by the Secretary of the Interior, and also a provision that the city shall not interpose any power plant on the line of flow of the water which it impounds, except under conditions and limitations above set forth.

Whatever we may think as to the propriety of these conditions and stipulations as between the Secretary of the Interior and the city and county of San Francisco, it is very clear that the Congress of the United States has no authority and ought not to attempt to legislate in such matters. In fact, the language in the resolution which is objected to entirely changes its character from one simply proposing an exchange of lands between the city and county of San Francisco and the United States into legislation. settling water-right controversies in advance of their having arisen—fixing the limitations of certain water rights without adjudication, placing limitations upon the authority of the city to even use as it sees fit power which it creates, and compelling it to dispose of all but a limited amount of that power to others.

The resolution came to Congress ostensibly on behalf of and for the benefit of San Francisco. As it is reported it is practically legislation for the benefit of San Francisco. As it is reported it is practically legislation for the benefit of San Francisco. As it is reported to the provide of the city in the connection with this legislation: As to whether there are not a number of other reasonably available sources of Sierra supply for the city in co

The main report is signed by F. W. Mondell, Scott Ferris, W. B. Craig, John M. Reynolds, and D. W. Hamilton, two Republicans and three Democrats, and the last two paragraphs

are signed by A. J. Volstead and A. J. Gronna.

Mr. President, it will be seen from this report that at least a large number of the House committee at that time believed that it was not necessary, that it was not important that Hetch Hetchy should be given to the city of San Francisco for a water supply; but there was then no discussion on the question of a power plant. If the people of San Francisco had it in their minds at that time that they desired Hetch Hetchy Valley for a power plant, it was not discussed and their wants were not then known nor made known to that committee.

Mr. KENYON. Mr. President—
The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. GRONNA. I yield.
Mr. KENYON. I simply should like to ask the Senator if the form of the bill in the House of Representatives was substantially the same as the bill which is now before the Senate?

Mr. GRONNA. No; I understand it was not the same as the

pending bill. An easement was first granted to the city of San Francisco permitting her to flood this valley. It was a permit granted by the Secretary of the Interior to flood the valley. It seems, however, that they were not entirely satisfied to proceed unless they acquired full title or a fee title to all the lands in

Mr. KENYON. Did that bill pass the other House?

Mr. GRONNA. No; it did not, according to my recollection, pass the other House.

Mr. KENYON. Is the report from which the Senator has been reading a report with relation to that bill?

Mr. GRONNA. It is in relation to that bill, and is a minority report.

Mr. KENYON. Did the majority report favor the bill? Mr. GRONNA. The majority report is a lengthy report, and if.

Mr. KENYON. I simply wanted to note the progress of the bill through the House of Representatives; but the Senator states that it did not pass that House.

Mr. GRONNA. It is my recollection that it did not pass the

other House.

Mr. President, it is true, as the Senator from Colorado said, that San Francisco owns a portion of the land in what is known as the Hetch Hetchy Valley. Mr. Howland, a Member of the House from the State of Ohio, asked this question:

Is there any corresponding value of these different lands which you propose to exchange?

The proposition they made at that time was to exchange lands outside of the national park for lands within the national park. The question was asked:

Is there any difference in the market value, or is there any market value? Mr. Manson-

Mr. Manson was then the city engineer for the city of San Francisco

Mr. Manson. There was no difference when purchased. We paid \$150,000 for the entire tract, and there was no difference made, and none is made in the prices between those in the floor of the Hetch Hetchy Valley and those in the Tiltill Valley, those in the Canyon Ranch, those in the Hog Ranch, and those in the Middle Fork Homestead. A lump sum was paid for them, and the same price was paid for this little area shaded in red [indicating on the map], as you will see from the legend on the map, or it was agreed to be paid, and part is paid already; so that those lands were acquired under the terms—those terms were perfected under the terms of the grant by the Secretary of the Interior at the same price, and for the specific purpose, none other, of making this exchange. It would be absolutely useless to the city, of course.

Mr. President, it is evident that San Francisco, or some of the people of San Francisco, had in mind at that time that they would like to acquire this water power. It is obvious that it was not only for the purpose of securing a water supply, but for the purpose of securing water power.

Mr. Garfield, who appeared before the committee at that time,

gave this testimony:

The CHAIRMAN. Mr. Secretary, the committee would like to be informed, in a general way, the connection of your department with this granting of this revocable right of way, and as to what developed during the hearings had before you as to the necessities of the city of San Francisco in this matter, and also as to the effect of this water storage upon the park and the forest reserve, as to how it will affect the interests of the general public, as we must necessarily consider the interests of the general public in this matter, as well as those of the city of San Francisco.

Mr. President, I believe that the question as put by Mr. Mondell, of Wyoming, then chairman of the committee, indicated that the committee had in mind to do justice to all the

people interested in this matter, and nothing else.

Mr. KENYON. Mr. President, I do not want to interrupt the argument of the Senator, but I know he has given the matter a great deal of thought-

Mr. GRONNA. I am glad to be interrupted.
Mr. KENYON. Various statements have been made as to the amount of acreage in the arid region that might be affected by taking this water in the San Joaquin Valley. Senator know how many acres might by this bill be deprived of irrigation or irrigation rights?

Mr. GRONNA. There are over 450,000 acres of irrigable

Mr. KENYON. My impression was that there were more than that.

Mr. GRONNA. I mean in these two districts. There are more than 200,000 acres which will not get any water if this bill goes through and this water is given to the city of San

Mr. SMOOT. Mr. President—
The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Utah?

Mr. GRONNA. I yield. Mr. SMOOT. If the Senator will not object, I think at this point it would be a good thing to put in the testimony of Mr. O'Shaughnessy

Mr. GRONNA. I do not object.

Mr. SMOOT. As to how many acres of irrigable land there are in the San Joaquin Valley.

Mr. GRONNA. Oh, well, Mr. President, in the San Joaquin Valley there are over 6,000,000 acres.

Mr. KENYON. That is what I thought. I ask the Senator from Utah to what testimony he refers? Is it testimony before the committee?

Mr. GRONNA. I would be glad to have that testimony read.
Mr. SMOOT. It is testimony before the Committee on Public
Lands of the House of Representatives. I will read it. The
chairman of the Committee on Public Lands of the House of Representatives asked Mr. O'Shaughnessy this question:

I want to jump from that back to the Tuolumne River-

Mr. CLAPP. Mr. President, will the Senator pardon me?

Mr. SMOOT. Certainly.

Mr. CLAPP. I think it would appear in more concise order to take Mr. O'Shaughnessy's testimony, which shows the amount that is now used, the amount that is now filed for, and then the total amount that could be used if the water were supplied, instead of taking his latter testimony first.

Mr. SMOOT. If the Senator from North Dakota will not object, I will find that in just a moment and read that first.

Mr. GRONNA. I yield to the Senator. Mr. SMOOT. This is the testimony of Mr. O'Shaughnessy on the point suggested by the Senator from Minnesota [Mr. CLAPP]: The CHAIRMAN, I would like for the record to show right here just how much land is actually under irrigation in the Turlock and Modesto districts now.

Mr. O'SHAUGHNESSY. One hundred and nineteen thousand seven hun-

dred acres.

The Chairman. What is the greatest amount that the Turlock-Modesto irrigation people can secure under the law and their prescribed

Modesto Frights?

Mr. O'Shaughnessy. The entire area in the district is 257,000 acres.

The Chairman. And you have agreed to furnish water for 300,000 acres?

Mr. O'Shaughnessy. We have agreed to permit them to distribute their water over a wider territory than that embraced in their two districts by which this additional land of their choice may be brought in.

In other words, it is not a question of appropriation under the laws of California, but they have been allowed an additional amount of water above what they had filed on and appropriated.

Now, I turn to the testimony of Mr. O'Shaughnessy as to the amount of irrigable lands in the San Joaquin Valley. The chairman asked him this question:

The CHAIRMAN. I want to jump from that back to the Tuclumne River and the Hetch Hetchy Dam site. Have you ever made a careful estimate, or has anyone else, so that you are able to give it to us, of the exact area in the San Joaquin that could be irrigated; that is, feasible of irrigation?

Mr. O'SHAUGHNESSY. I believe about 6,000,000 acres.

The CHAIRMAN. You think 6,000,000 acres could ultimately be irrigated in the San Joaquin Valley?

Mr. O'SHAUGHNESSY. I believe so.

Mr. GRONNA. Mr. President, I was about to read the testimony of Secretary Garfield before the Committee on the Public Lands of the House of Representatives during the Sixtieth Congress:

Secretary Garfield. The application, as it was presented to me, came up on the motion for a reopening of the case, which had theretofore been closed by the action of my predecessor in declining to grant the request of the city to permit the use of the floor of this valley for storage purposes. I first made careful investigation of the law and the decision of the Attorney General, and found that under that decision it was clear that the Secretary of the Interior had power, under the act of Congress, to grant this application, if he should deem it for the public interest to do so. I thereafter advised the city of San Francisco that effect, and while in San Francisco a year ago last summer I had a public hearing there.

Mind you, the hearing was held in San Francisco; it was not held in the San Joaquin Valley—

and went over very carefully the various facts relating to the condition of the application, and there appeared various parties in interest, including not only the city representatives, but as well the representatives of certain irrigation districts—the Turlock and Modesto districts—which lie below the headwaters of the Hetch Hetchy, and thereafter giving opportunity to all interested parties to file in detail their briefs and exchange briefs.

These gentlemen came to Washington, and we went over in detail the conditions that the conditions that the conditions that the second transfer is the conditions that the conditions that the second transfer is the conditions that the conditions the

opportunity to all interested parties to file in detail their briefs and exchange briefs.

These gentlemen came to Washington, and we went over in detail again the conditions that existed in that district. Those conditions, in brief, were these: The Modesto and Turlock irrigation districts below had acquired and were using valuable water rights for the development of their irrigation projects. There were certain private holdings in the floor of the Hetch Hetchy Valley and in the surrounding park and forest reserve area. The city had acquired, by option, holdings in the floor of the valley to the extent as stated by its representative here, and had also acquired a number of holdings outside, as indicated by the representative. The points that I gave especial consideration to in determining what action the Government ought to take were these: The city of San Francisco had been making every effort to obtain for its citizens and the citizens in the immediate surrounding vicinity there the best, purest, and largest water supply. I took the view that, so far as the Federal Government was authorized, it should be of help to the citizens of any of these cities, not only San Francisco, but elsewhere, to enable them to obtain that kind of a water supply, believing that the domestic use was the highest use to which water could be put.

Mr. President, in that I heartily concur—

Mr. President, in that I heartily concur-

Mr. President, in that I heartily concur—

There were in connection with this question a number of matters of difficulty; private interests—that is, conflicts between the existing water company in San Francisco and companies or individuals who were seeking to have the city acquire their water rights instead of undertaking to develop the Hetch Hetchy, as was requested by the city. I declined to enter into a discussion of the relative merits or demerits of any of these various plans, because they involved most intricate engineering questions in almost every instance, as well as questions of cost, both of which questions I felt were matters for the city to determine and not for the Federal Government to determine.

The matter before me was simply whether or not the Federal Government ought to give the citizens of San Francisco an opportunity to use this valley and the adjacent valley—the Lake Eleanor site—for purposes of obtaining a domestic water supply, if those citizens deemed that this was the most available and the purest—

Here is a decision made again on ex parte statements—

Here is a decision made again on ex parte statementsand the question of cost was a matter for them to determine, not for the Government. I likewise considered most carefully, as the Govern-

ment should, the question of the rights of the irrigating district below. They were not only valuable rights, but were likewise rights that had been very highly developed by the citizens in those localities, and, as I stated to the representatives of the city, I should take no action that did not absolutely protect the people who had developed the irrigation projects below there in their rights to use or impound the water upon which they had filed.

It shows that they had not been derelict in their duties; they had not shirked their responsibilities, but they had done everything the law required them to do in order to get this

I think it does not require a lawyer to understand that the citizens of these two irrigation districts were not protected to the extent of permitting them to impound the waters of the Sierra Nevada Mountains. Secretary Garfield, no doubt, was honest in his conclusions, but he was mistaken in thinking that those irrigation districts would or could possibly be protected in impounding the waters that are absolutely necessary in order to get a sufficient water supply for the millions of acres in the valley. It is a valley that can be made very productive. It is a valley which for years has been farmed and cultivated by honest toilers, who to-day are about to be forced out of the valley because of the lack of moisture in the soil. If they are to stay on their farms, they must have the waters that can be supplied by the Tuolumne River and the waters adjacent to the Tuolumne River and the Hetch Hetchy Valley.

As to the private property owned in the park and on the floor of the park, those were matters that I stated to them would have to be settled by submission of those matters probably to Congress, because I had no authority under the general acts to patent to the city of San Francisco the remaining unappropriated lands on the bed of the valley, nor could I without an act of Congress accept other property in exchange for those, and therefore the proposition was made that the city, having acquired these private rights, would offer in exchange, acre for acre, as nearly as could be exchanged on the smallest equal subdivision, land which it owned outside for the unappropriated land which remained on the floor of the valley.

\*\*Myr Precident think of the generacity of the citizen of San

Mr. President, think of the generosity of the citizens of San Francisco in trading, acre for acre, for the wonderful scenery in the Hetch Hetchy Valley, for a portion of the so-called Hog

There was serious opposition on the part of a number of citizens, not only of California but throughout the country, to any action by me that would, as they stated, abandon the Hetch Hetchy as a valley and destroy, as they felt, one of the great and wonderful natural beauties of that section of the country. I fully appreciated that feeling on the part of those gentlemen, and fully appreciated that feeling on the part of those gentlemen, and fully appreciated the obligation that Congress had placed upon me to preserve these tracts for the purpose, not only of the Nation's playgrounds, but for the purpose of preserving the great curlosities and great beauty of that region. On the other hand, in weighing the two sides of the question, I felt that there could be no doubt but that it should be resolved in favor of the citizens of San Francisco, because this use of the valley would not destroy it as one of the most beautiful spots in the West.

If anyone will take a map and look at that valley, containing some 800 acres in all, with mountains of granite towering thousands of feet above it, and say that a great lake would not destroy, its beauty, I believe his testimony would not stand before a disinterested jury.

It would simply change the floor of the valley from a meadow to a beautiful lake, and it could be so constructed as not to interfere with the access of people to that portion of the park. It would mean, of course, that there would not be that same freedom in camping that there otherwise would be.

I therefore made the agreement which appears in the final decision which I made in this matter, which has been presented to you here this morning. That agreement was made after the most careful conference with the representatives of the irrigation districts, and a final and unanimous agreement by all that we had protected fully the rights of these various interested parties.

I believe the Secretary honestly believed he had done that; otherwise he would not have granted this permit.

He then gives the provisions of the permit, which I shall not take the time of the Senate to read.

Here is part of the testimony of Mr. Manson, the civil engi-

neer:

Mr. Smith. What I want to find out is, are there any appropriations of water claimed by any individuals or corporations in this watershed, or along the same stream, that would be in any way affected by the accomplishment of this legislation?

Secretary Garfield. None that have been brought to my attention. I have no remembrance of any suggestion of any location, or attempted location, for that purpose. Can you tell me about that, Mr. Manson?

Mr. Manson. I know of no appropriation. But there is one point I would like to make clear, Mr. Secretary and Mr. Chairman: That is, that that was imposed by virtue of the fact that there might be a possibility that after this water got in control of the city ditches and canals and conduits, it might be reverted and not returned, if used for power, to the channel and go down to the irrigation districts which depended upon it and needed it, and in order to guard against the possibility of at any time in the remote future the city granting to anybody, or taking the authority itself, of diverting this water as it flowed outside of the limits of parks, and so on, for other uses, and not returning it to the channel of the Tuolumne River for use by the irrigators, that provision was inserted in very rigid form. What I wanted to find out was—I am not here to represent any power company—but I wanted to know whether there have been any filings of water rights on the streams affected by this grant.

Secretary Garfield. None that I know of.

Mr. SMITH. You would know if any had been?
Mr. Manson. No, sir; I have not searched the records of Tuolumne County to find that out.

Mr. SMITH. I assume that you know what substantial water rights exist on those streams before you go in there and spend some millions

of money?

Mr. Manson, No, sir. We would store water and use it. If we interfere with any private rights or corporate rights, those would have to be established and determined by the courts of the State of California.

That is how the farmers would be protected. They would have to establish their rights in the courts of the State of California.

Mr. President, I am not at all surprised that this bill is to pass, because the farmers who are living in those irrigation districts, and who are most vitally interested, have not appeared. On the other hand, the city of San Francisco has had an array of the best talent in California from the time this resolution was first introduced in Congress. I find no fault with that; but the farmers should have the same opportunity to be heard, and they should have their claims presented in the able manner that the city of San Francisco has had her claims and her wants presented to Congress.

For the city of San Francisco briefs have been gotten up by For the city of San Francisco briefs have been gotten up by the able city attorney, Percy V. Long, and his able assistant, Robert M. Searles, assisted by the city attorney of Oakland; the city attorney of Berkeley; the city attorney of Piedmont; the city attorney of Alameda; the city attorney of San Mateo; Albert Mansfield, city attorney of Redwood City; John F. Davis, city attorney of Burlingame; Norman E. Malcolm, city attorney of Palo Alto; Frank Mitchell, jr., city attorney of Hayward; and J. N. Frank, city attorney of San Leandro.

Mr. President is it any wonder that a bill has been drafted.

Mr. President, is it any wonder that a bill has been drafted that is absolutely satisfactory to the citizens of San Francisco, to the municipality of San Francisco, and to the bay cities? These men have not appeared here as attorneys for the farmers in the irrigation districts. We can not expect them to guard the interests of men whom they do not represent.

I said at the outset that I had made up my mind that the Tuolumne River and the Hetch Hetchy Valley are not absolutely necessary in order to give San Francisco an abundant water supply.

Mr. President, the conclusion which I reached, after hearing the testimony presented before the Committee on Public Lands of the House during the Sixtleth Congress, of which I was then a member, has been strengthened after reading the report of the advisory board of Army engineers and the hearings before the Committees on Public Lands of the House and the Senate held since that time. It confirms me in my belief that it would be a mistake and a discrimination against the farmers living in those irrigation districts, that it would saddle an unnecessary burden upon the citizens of San Francisco, and that it is not at all necessary to acquire the right to take and destroy the beautiful Hetch Hetchy Valley in order to get an abundant water supply for the citizens of the city of San Francisco.

Let us look at the report of the board of Army engineers. read from a report on the Hetch Hetchy Valley made by the advisory board of Army engineers to the Secretary of the Interior under date of February 19, 1913, known as Senate Docu-

We first come to the possible source of additional supply on page 83:

## POSSIBLE SOURCES OF ADDITIONAL SUPPLY.

POSSIBLE SOURCES OF ADDITIONAL SUPPLY.

The sources of additional supply which have been given more or less consideration, assigning to them the same numbers by which they are designated in the communications from the city engineer of San Francisco, dated June 18 and August 5, 1910, are as follows:

2. Fel River.

3. Putah Creek.

4. Clear Lake and Cache Creek,
5. Sacramento River,
6. Feather River,
7. Yuba River.
8. American River,
11. Stanislaus River,
12. Tuolumne River,
12. Tuolumne River,
13. San Joaquin River,
16 frese, Nos. 3, 4, and 9 were, by action of the board, eliminated from the list so far as further investigation by the city engineer is concerned, for reasons stated by him as follows:

3. Putah Creek: Inadequacy and lack of available storage.

4. Clear Lake and Cache Creek: Interference with existing irrigation work and developments and (stated by the city engineer, with references) impurity and pollution of the water.

9. Lake Tahoe: Remoteness and difficulty of conduit and because its full possibilities are under development by the United States in the Truckee-Carson irrigation project."

These three possible sources have, however, been studied by me and are taken up in their proper order below.

As to the other sources enumerated, the data furnished by the city engineer have been those mentioned in a general way on pages 56 and 57, and more in detail under heads of separate sources investigated.

The investigations made by me as to the well-regulated supply of water that each of these sources may be developed to yield will now be taken up in the same order as given above. These will be followed by estimates of cost for those supplies which alone, or in conjunction with others from adjacent watersheds, may be developed to a capacity of 400,000,000 gallons daily.

2. Eel River: Eel River is a coast range stream rising in the northerly part of Lake County, flowing generally north and emptying into the Pacific Ocean about 15 miles south of Humboldt Bay. It is in a region of high precipitation. At a point near Potter Valley the South Fork of Eel River is separated from the South Fork of Russian River by a narrow ridge through which a tunnel has been bored. Below this the Snow Mountain Water & Power Co. has a power plant, under a head of 450 feet, with a capacity of 350 cubic feet per second. The Russian River, into which this water is discharged, flows to the south, toward San Francisco, a distance of over 60 miles.

Above the Snow Mountain Water & Power Co.'s point of diversion on South Fork of Eel River there is a drainage area of 326.5 square miles. Of this, 268 square miles are tributary to an excellent reservoir site at Gravelly Valley, which, with a dam 140 feet high, will store 180.000 acre-feet. A detailed report on the available water supply of the Snow Mountain Water & Power Co. by Messrs. W. R. and N. A. Eckart, consulting and resident engincer, respectively, has been presented to your board.

Later on there is a report on the McCloud River.

Later on there is a report on the McCloud River.

A mass diagram showing run-off from watershed above the company's power plant accompanied my preliminary report of April 8, 1911. Actual measurements of discharge cover a period of 5 years. In deducing the run-off from precipitation records for 33 of the 38 years covered by the diagram, Mr. N. A. Eckart used what he calls a "minimum curve," which not only gives results more conservative than the usual "mean curve," but gives a value for the run-off, month by month, instead of annual totals only. The diagram shows that, with the storage capacity given above, this watershed would have yielded a supply of 180,000,000 gallons daily through the most critical seasons occurring within the period of observations, viz, 1877 to date. Mr. Eckart estimates that by taking advantage of large storage capacity at the San Francisco end of the conduit, or on the peninsula, and by giving the conduit a capacity a little in excess of 200,000,000 gallons daily, the mean supply may be increased to that figure through the most critical periods. A conduit to carry this water from Potter Valley to San Francisco across the Golden Gate would be about 125 miles long. If, instead of crossing the Golden Gate, its route were via San Pablo Bay and Oakland and thence across San Francisco Bay, it would be 10 miles longer. Even this greater length of conduit is less than that for any of the Sierra sources. This scheme has also the advantage that the pipe line could be laid much nearer the hydraulie grade line, and thus the weight of steel pipe would be less than for the Sierra schemes, or renforced concrete pipe could be used over portions of the distance.

The talirace of the Potter Valley power plant is at about elevation 1,000 feet, giving sufficient head for delivery of water to Crystal Springs Reservoir by gravity.

The crossing of the Golden Gate, where the water is 360 feet deep for the shorter line, or the double crossing of the bay, for the line via Oakland introduces features which, in p

It shows that in this project no thorough investigation was

made.

3. Putah Creek: Putah Creek drains the easterly slope of the Coast Range, south of Clear Lake, and discharges its waters into the Tule lands of Yolo Basin. The watershed above Winters has an area of 805 square miles. As shown by mass diagram (fig. 14), a storage capacity of 150,000 acre-feet would have been necessary to equalize a flow of 200 million gallons daily through the season of 1907-8, and doubtless 100 per cent greater than that for the driest seasons.

Surveys have been made of two sites for reservoirs, having an aggregate capacity of nearly 150,000 acre-feet. The drainage area above them is but little more than one-half of that above Winters.

4. Clear Lake and Cache Creek: Clear Lake is in Lake County. It has an area of about 65 square miles and an elevation of 1,325 feet at mean level. The tributary drainage area is alout 500 square miles. Some of the peaks on this watershed reach an altitude of 6,000 feet. Figure 14 shows mass diagrams, both of the run-off from the Clear Lake drainage area and for the whole of Cache Creek at Yolo (tributary area, 1,230 square miles) for the periods through which the records have been kept by the United States Geological Survey. There is also shown a mass curve of yearly run-off (1873-1900) from Clear Lake, platted from quantities computed by Russell L. Dunn, consulting engineer, from lake levels, as given in a report made by him to Mr. Dalzell Brown.

Mr. President, I am reading this unfavorable report and I am

Mr. President, I am reading this unfavorable report and I am mr. Fresident, I am reading this uniavorable report and I am going to read some of the reports that are not unfavorable, but even in the projects that the Army board reported against we find that there is a large supply of water, and while the board has made a study of these, and has made undoubtedly an honest report, they do not say that it is absolutely impossible for the city of San Francisco to get her water supply even from the residents which they have reported against

projects which they have reported against.

Mr. GALLINGER. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from New Hampshire?

Mr. GRONNA. I yield.

Mr. GALLINGER. Mr. President, at this juncture I want to call the attention of the Senate to a very important matter.

Some months ago, when we were spending three or four hours in this Chamber each day, the junior Senator from Missouri [Mr. REED] called attention to the fact that the air in the Chamber was so poisonous that something ought to be done to remedy the evil. That Senator introduced a resolution for the appointment of a committee to consider the matter, which was unanimously agreed to, and as I chanced at that time to be acting as President pro tempore I appointed a committee, with the junior Senator from Missouri as chairman.

I do not know whether that committee has done anything to remedy the evil then complained of, but I do know, Mr. President, that if the air in the Chamber at that time was detrimental to the health of Senators who sat here 3 or 4 hours, it must be exceedingly detrimental to those of us who are compelled by the majority to sit here 11 hours each day.

The Senator from North Dakota [Mr. GRONNA] is suffering from illness. He has talked nearly two hours. He has been in the Chamber 10 hours and 15 minutes to-day, and I submit that it is not the proper thing to detain the Senate any longer to-night.

I therefore make the point of no quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Overman Owen Page Pittman Ashurst Bacon Hollis Hughes Smith, Md. Smoot Sterling Bryan Chilton James Johnson Stone Clapp Clark, Wyo. Fletcher Kenyon Kern Lewis Martin, Va. Martine, N. J. Nelson Reed Saulsbury Sheppard Shields Swanson Thompson Thornton Townsend Gallinger Shively Gronna Simmons Williams

The VICE PRESIDENT. Forty Senators have answered to the roll call. There is not a quorum present. The Secretary will call the names of the absentees.

The Secretary called the names of absent Senators, and Mr. SHAFROTH answered to his name.

The VICE PRESIDENT. Forty-one Senators have answered to the roll call. There is not a quorum present.

Mr. KERN. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The VICE PRESIDENT. The question is on the motion of the Senator from Indiana.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will carry out the instructions of the Senate.

At 10 o'clock and 25 minutes p. m. Mr. Thomas entered the Chamber and answered to his name.

Mr. KERN (at 10 o'clock and 30 minutes p. m.). I move that the Sergeant at Arms be directed to compel the attendance of absent Senators

The VICE PRESIDENT. The question is on the motion of the Senator from Indiana.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will carry out the instructions of the Senate.

Mr. OVERMAN. Mr. President, I ask to have read the names of those whose attendance the Sergeant at Arms has been ordered to compel.

Mr. GALLINGER. Mr. President, no business can be done in the absence of a quorum.

Mr. OVERMAN. I can have their names read.

Mr. GALLINGER. That is business.

Mr. CLARK of Wyoming. All the Senate can do is to adjourn. Mr. OVERMAN. We can ascertain the names.

The VICE PRESIDENT. The Secretary will furnish the Senator from North Carolina with the names he desires.

Mr. OVERMAN. I want the names in the RECORD.
At 11 o'clock and 3 minutes p. m. Mr. ROBINSON entered the Chamber and answered to his name.

At 11 o'clock and 10 minutes p. m. Mr. O'GORMAN entered the Chamber and answered to his name.

At 11 o'clock and 13 minutes p. m. Mr. Lane, Mr. Newlands, Mr. Chamberlain, Mr. Brady, Mr. Walsh, Mr. Poindexter, and Mr. Ransdell entered the Chamber and answered to their

The VICE PRESIDENT. Fifty-one Senators have answered to the roll call. There is a quorum present.

Mr. GRONNA rose.

Mr. President-

Mr. STONE. Mr. President—
The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Missouri?

Mr. GRONNA. I yield. Mr. STONE. The order of the Senate was to compel the attendance of absent Senators, not to compel enough to make a quorum. The order of the Senate has not been discharged, and I, for one, think the order ought to be enforced and absent Senators ought to be compelled to attend here to-night, if it takes us all night to get them.

Mr. SMOOT. Does the Senator mean that Senators outside

of the city should be compelled to attend?

Mr. STONE. All who can be reached should be brought here to-night. The Senate can exercise its power at any time to discharge the order. Until the order made by the Senate directing the Sergeant at Arms to compel the attendance of absent Senators is discharged by the action of the Senate, no business is in order. That is the express direction of the rules of the Senate.

Mr. CLARK of Wyoming. It certainly can not be urged that

a quorum of the Senate can not transact business. A quorum of the Senate having appeared under the order given to the Sergeant at Arms, I move that as to the Senators who have made

their appearance the order be vacated.

The VICE PRESIDENT. The question is on the motion of

the Senator from Wyoming.

The motion was agreed to.

Mr. LEWIS. I ask the Senator from North Dakota if he will yield to me for a moment to make a request for exemption.

Mr. GRONNA. Certainly.
Mr. LEWIS. I ask unanimous consent that in the general order to bring in absent Senators the Senator from South Carolina [Mr. SMITH] be exempted, in view of the fact that he was called suddenly to the bedside of a relative who is undergoing an operation in a neighboring hospital.

The VICE PRESIDENT. Is there any objection? There being none, the junior Senator from South Carolina is exempted

from the order.

Mr. KERN. I move that the Senate adjourn until 10 o'clock to-morrow morning.

The motion was agreed to; and (at 11 o'clock and 18 minutes p. m.) the Senate adjourned until to-morrow, Friday, December 5, 1913, at 10 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

THURSDAY, December 4, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the fol-

lowing prayer:

Infinite, eternal, our God and our Father, Thou hast made us; Thou knowest us altogether, our weakness and our strength. Thou alone canst judge us. Thy mercy be upon us. Hearten us, we beseech Thee, for the tasks which loom large before us, and make dominant the godlike in us, that we may solve them in accordance with our highest conceptions of right and truth and justice, and hold our course to Thee

Thou Grace Divine, eneircling all, A shoreless, soundless sea, Wherein at last our souls must fall, O love of God most free.

Amen.

The Journal of the proceedings of yesterday was read and approved.

ENROLLED BILL SIGNED.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 2318. An act authorizing the appointment of envoys extraordinary and ministers plenipotentiary to each Paraguay and Uruguay.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 281. An act providing for an increase of salary of the United States attorney for the district of Connecticut.

The message also announced that the President of the United States had approved and signed bills of the following titles:

On November 27, 1913:

S. 2779. An act to authorize the conveyance of the steel bridge over the Snake River, between Lewiston, Idaho, and Clarkston, Wash., to the States of Idaho and Washington, or local subdivision thereof.

On December 1, 1913:

S. 3397. An act to amend section 2324 of the Revised Statutes of the United States, relating to mining claims.

# SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S.281. An act providing for an increase of salary of the United States attorney for the district of Connecticut; to the Committee on the Judiciary.

#### COMMITTEE RESIGNATION.

The SPEAKER laid before the House the following communication:
House of Representatives of the United States,
Committee on Rules,
Washington, D. C., December 3, 1913.

Hon. Champ Clark, Speaker of the House of Representatives, Washington, D. C.

DEAR MR. SPEAKER: I herewith tender my resignation as a member the Committee on Rules and trust that it will be immediately

accepted.
Respectfully, yours, The SPEAKER. If there be no objection, the resignation

will be accepted. There was no objection.

DECISION IN THE GRACE COX INHERITANCE CASE.

Mr. STEPHENS of Texas. Mr. Speaker, I desire to ask unanimous consent to have printed as a House document the decision of the Commissioner of Indian Affairs, affirmed by the First Assistant Secretary of the Interior, in the Grace Cox inheritance case, construing the act of June 25, 1910, relating to Indian heirships.

The SPEAKER. The gentleman from Texas [Mr. STEPHENS] asks to have printed as a public document the decision which Is there objection?

Mr. BORLAND. Mr. Speaker, reserving the right to object, would like to ask the gentleman if he has consulted the Com-

mittee on Printing?

Mr. STEPHENS of Texas. I have not, because I did not think it was necessary under the rules to do so. Very often decisions of this importance have been printed as public documents without reference to the committee. I will state that it is a matter of great importance, as a legal question, to this section of the country, and there is no other means of getting it into the hands of the people interested, principally the members

of the bar.

Mr. BORLAND. Mr. Speaker, it seems to me that the matter should be submitted to the Committee on Printing, so that they may know how much of this printing is going to be done.

The SPEAKER. Is there objection? Mr. BORLAND. I object.

Mr. LLOYD rose.

The SPEAKER. The gentleman from Missouri [Mr. Bor-LAND] objects, and the other gentleman from Missouri [Mr. LLOYD] is recognized.

# ASSIGNMENT OF SESSION CLERKS TO COMMITTEES.

Mr. LLOYD. Mr. Speaker, I ask unanimous consent to present for immediate consideration the following resolution from the Committee on Accounts.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 327 (H. Rept. 98)

House resolution 327 (H. Rept. 98).

Resolved, That clerks to committees of the House during the session, provided for by the legislative, executive, and judicial appropriation act for the fiscal year ending June 30, 1914, be, and they are hereby, assigned for the present session of Congress to the following committees on Education.

Committee on Education.

Committee on Reloways and Canals.

Committee on Reform in the Civil Service.

Committee on Alcoholic Liquor Traffic.

Committee on Invalid Pensions (assistant clerk).

Committee on the Judiciary (additional assistant clerk).

Committee on Disposition of Useless Executive Papers.

The SPEAKER. Is there objection?

The SPEAKER. Is there objection?

Mr. MANN. Mr. Speaker, reserving the right to object, it is a privileged resolution, anyhow, is it not?

Mr. LLOYD. No; I do not think so. Mr. MANN. It has always been treated so.

Mr. LLOYD. It may have been before, but not in this in-

Mr. MANN. These are the usual assignments?

Mr. LLOYD. Yes; except this: We have assigned heretofore a clerk to the Committee on Election of President and Vice President. That committee has an annual clerk. We now assign, instead of that, an additional assistant clerk to the Committee on the Judiciary, which will have a vast amount of extraordinary work at the coming session. I think that committee will need additional help.

Mr. MANN. That is, the Committee on the Judiciary gets one of the session clerks provided for in the legislative bill?

Mr. LLOYD. Yes, sir.
The SPEAKER. Is there objection?
There was no objection.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

SESSION CLERKS TO EXPENDITURE COMMITTEES.

Mr. LLOYD. Mr. Speaker, I present the following privileged

resolution from the Committee on Accounts.

The SPEAKER. The gentleman from Missouri [Mr. Laoyd] presents a privileged resolution, which the Clerk will report.

The Clerk read as follows:

House resolution 260 (H. Rept. 100).

Resolved, That the Committee on Expenditures in the Department of Justice, the Committee on Expenditures in the Department of Commerce, the Committee on Expenditures in the Department of the Interior, the Committee on Expenditures in the Department of tabor, the Committee on Expenditures in the Popartment of Labor, the Committee on Expenditures in the Post Office Department, the Committee on Expenditures in the State Department, the Committee on Expenditures in the State Department, the Committee on Expenditures in the War Department, and the Committee on Expenditures on Public Buildings be allowed each a clerk at the rate of \$125 per month during the second session of the Sixty-third Congress.

Mr. MANN. Mr. Speaker, will the gentleman yield? Mr. LLOYD. Yes. Mr. MANN. This provides for a session clerk for each of the expenditure committees?

Mr. LLOYD. Yes; and it is the same resolution we have had before, excepting that we here provide a clerk for the Committee on Expenditures in the Department of Labor.

Mr. MANN. How many times have these committees had these session clerks?

Mr. LLOYD. I do not know how long—for several years back; long enough so that it has become a universal custom.

Mr. BURKE of South Dakota. Mr. Speaker, will the gentleman yield for a question?

Mr. LLOYD. Yes. Mr. BURKE of South Dakota. I desire to ask the gentleman whether or not the Committee on Accounts considered the question of allowing annual clerks to these expenditure committees?

Mr. LLOYD. No, sir; we did not.
Mr. BURKE of South Dakota. If I recall correctly, when a Mr. BURKE of South Parota. If I telegrated similar resolution was considered in the last session of Congress, the matter was discussed, and I undertood that the Committee on Accounts had under consideration the question of ultimately giving annual clerks to all of these expenditure committees. Personally, I am one of those who believe that if a committee is entitled to a clerk at all it ought to have an annual clerk. It so happens that during the last year Congress has been in session all the time and these committees have, in effect, had annual clerks. I should like to inquire of the gentleman whether the Committee on Accounts intends at any time to consider the question of giving these committees annual clerks?

Mr. LLOYD. That matter is not being considered at the present time. Perhaps it will be considered later. The several expenditure committees are all anxious to have annual clerks, and the matter was discussed to some extent during the summer at various meetings of the Committee on Accounts.

Mr. BURKE of South Dakota. Does not the gentleman think, in the interest of the public service and in the interest of effi-

ciency, they ought to have annual clerks?

Mr. LLOYD. I think every committee that does any considerable amount of work ought to have an annual cierk.

Mr. BURKE of South Dakota. I agree with the gentleman, and I hope the time will come when these committees will be given annual clerks.

Mr. LOBECK. The fact is that during the special session just closed these committees did not have annual clerks.

Mr. LLOYD. That is the fact.

The SPEAKER. The question is on agreeing to the resolu-

The resolution was agreed to.

### MESSENGERS IN HOUSE POST OFFICE.

Mr. LLOYD. Mr. Speaker, I present the following privileged resolution from the Committee on Accounts.

The SPEAKER. The gentleman from Missouri presents a

resolution, which the Clerk will report.

The Clerk read as follows:

House resolution 319 (H. Rept. 99).

Resolved, That the Postmaster of the House be, and he is hereby, authorized to appoint four messengers, who shall be paid out of the contingent fund of the House at the rate of \$100 per month from and

after the 1st day of December, 1913, during the second session of the Sixty-third Congress.

Mr. MANN. Mr. Speaker, will the gentleman yield? Mr. LLOYD. I yield to the gentleman from Illinois.

Mr. MANN. Are these new employees or just old employees who are continued, who have been in service during the special

Mr. LLOYD. It provides for the continuance of old em-

Mr. MANN. Why do you cut out the first day of the session and not allow them to be paid for that day?

Mr. LLOYD. They will be paid for that day.
Mr. MANN. That is not what the resolution says. The resolution says:

From and after the 1st day of December.

I take it that would exclude pay for the 1st day of December. Mr. LLOYD. It might exclude that day's pay. I do not now. If there is any question about it, I will ask to change it.

Mr. MANN. I think you had better change it. There is no question about it. The old employment does not last over the 1st of December, and this says "from and after."

Mr. GARNER. Would "on and after" be satisfactory?

Mr. LLOYD. I move to amend the resolution by striking out the word "from" and inserting the word "on." The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amend, line 4, by striking out the word "from" and inserting in lieu thereof the word "on."

The amendment was agreed to.

The resolution as amended was agreed to.

CHOCTAW AND CHICKASAW COAL AND ASPHALT LANDS.

Mr. CARTER. Mr. Speaker, I ask unanimous consent for the present consideration of House joint resolution 155, extending time for completion of classification and appraisement of surface of segregated coal and asphalt lands of the Choctaw and Chickasaw Nations and of the improvements thereon, and making appropriations therefor.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent for the present consideration of a joint resolution,

which will be reported by the Clerk.

The Clerk read as follows:

The Clerk read as follows:

Whereas by the act of Congress approved February 19, 1912 (37 Stat. L., p. 67), entitled "An act to provide for the sale of the surface of the segregated coal and asphalt lands of the Choctaw and Chickasaw Nations, and for other purposes," it was provided that before the surface of said lands should be offered for sale the same should be classified and appraised; and Whereas it was provided by said act of Congress, as amended by section 18 of the act of Congress approved August 24, 1912 (37 Stat. L., pp. 518-531), and by section 18 of the act of Congress approved June 30, 1913 (Public, No. 4), that the classification and appraisement of said surface should be completed not later than December 1, 1913; and
Whereas the appraisers appointed by the President under the provisions of said act of Congress approved February 19, 1912, entered on duty August 14, 1913, and have classified, appraised, and scheduled 3,500 tracts, containing approximately 388,000 acres and the improvements thereon, and there remains unclassified and unappraised the surface of approximately 44,000 acres of said segregated coal and asphalt lands: Therefore be it

Resolved, etc., That the act of Congress approved February 19, 1912

lands: Therefore be it

Resolved, etc., That the act of Congress approved February 19, 1912
(37 Stat. L., p. 67), being "An act to provide for the sale of the surface of the segregated coal and asphalt lands of the Choctaw and Chickasaw Nations, and for other purposes," be, and the same is hereby, amended to provide that the classification and appraisement of the surface of said segregated lands as required by said act and the classification and appraisement of the improvements thereon as required by section 18 of the act of Congress approved August 24, 1912 (37 Stat. L., pp. 518-531), shall be completed not later than 60 days from the date of approval of this resolution: Provided, That at the expiration of such time any classification, appraisement, or other work incident thereto remaining unfinished shall be completed by the Secretary of the Interior under rules and regulations to be prescribed by him, and the sum of \$5,000, to be paid out of the Choctaw and Chickasaw tribal funds, is hereby appropriated for such purpose.

The SPEAKER. Is there objection to the present consideration of the House joint resolution?

Mr. MANN. Reserving the right to object, will the gentleman from Oklahoma yield?

Mr. CARTER. I will.

Mr. MANN. The gentleman has stated to me, and the gentleman from Texas also, that this was a pressing matter; will

the gentleman explain to the House what the emergency is?

Mr. CARTER. I will try to do that as briefly as possible.

The act of February 19, 1912, provided for the sale of the surface of the segregated mineral land. A classification and appraisement to be completed within six months by the three appraisers was one of the requisites of the bill. For some reason these appraisers were not appointed until April 15, 1912, and for this reason on August 24 Congress thought it wise to extend the time of appraisement until December 1.

In the month of October, after their appointment, charges were preferred against the first board of appraisers. On November 14, 1912, they resigned and their work was shortly thereafter disapproved by the Secretary, thus making it necessary to go over the whole field again.

The second board of appraisers was appointed on November 25, 1912, and their terms expired on December 1, 1912, just five days thereafter; therefore no work of any consequence was

done by them. The Indian appropriation bill of June 13, 1913, carried another extension of time to December 1, 1913. Appraisers were not appointed under this act until July 25, 1913. This last board has completed the appraisement of 388,000 acres, leaving an approximate balance of 44,000 unclassified and unappraised.

Now, the purpose of this resolution is to continue that board for 60 days longer, which it is thought will be ample time for the completion of the work, and in case it is not any remnants remaining unfinished may be completed by the Secretary of the Interior.

The reason for bringing this joint resolution in without committee action is because the time for appraisement of these lands expired on December 1, and it is desired by the Secretary of the Interior and the Commissioner of Indian Affairs to push this appraisement to a conclusion at the earliest possible day. It will also be in the interest of economy to go right ahead with the force that is organized, rather than to have them disband, scatter, and have to reorganize, as may be the case if we had waited for committee action.

Mr. MANN. Were these prior extensions by an act of Con-

gress?

Mr. CARTER. One extension by an act of August 24, 1912, and another by act of June 13, 1913.

Mr. MANN. I notice that the resolution reads that the appraisement shall be completed within 60 days after the approval of this act.

Mr. CARTER. Yes. Mr. MANN. And any appraisement unfinished should be done at the discretion or under the authority of the Secretary of the Interior?

Mr. CARTER. Yes.

Mr. MANN. What will completed within 60 days? What will there remain to be finished if it is

Mr. CARTER. I think there will be practically nothing; that is, it will be completed within the 60 days, but in case there should be something left the Secretary of the Interior could complete it without additional expense to the tribes.

Mr. MANN. The extension carries an appropriation?

Mr. CARTER. The extension carries an appropriation of \$5,000, which would all be consumed within the 60 days after the passage of this act, as I am informed. Mr. FITZGERALD. Mr. Speaker, the proviso is:

Provided, That at the expiration of such time any classification, appraisement, or other work incident thereto remaining unfinished shall be completed by the Secretary of the Interior under rules and regulations to be prescribed by him, and the sum of \$5,000, to be paid out of the Choctaw and Chickasaw tribal funds, is hereby appropriated for such purpose.

Evidently that is appropriated for work to be done under the direction of the Secretary of the Interior and not by the appraisers

Mr. CARTER. The work is all done under the direction of the Secretary of the Interior, but after 60 days have expired there would no longer be any appraisers.

Mr. FITZGERALD. Then, what is the \$5,000 for?

Mr. CARTER. The \$5,000 is to be used within the 60 days within which the work is to be done. Mr. FITZGERALD. Why was the first appraisement re-

jected by the Secretary of the Interior? Mr. CARTER. That is a long story.

Mr. FITZGERALD. That is what is usually said by gentle-

men who do not wish to give any information.

Mr. CARTER. There were three appraisers appointed on April 15, 1912, and they proceeded with work until some time in the following October. Charges were preferred against them, and their removal was requested by the inspector. They resigned just before their trial. Then the appraisement that they had made was rejected on the ground that the Secretary thought that it had not been done fairly or that some undue influence had been used with the appraisers.

Was this resolution prepared by the department? Mr. MANN.

Mr. CARTER. It was.

Mr. MANN. I suppose that accounts for the provision in it that after the work is completed, it shall still proceed. [Laugh-

Mr. COOPER. Mr. Speaker, I would like to ask the gentleman from Oklahoma a question.

The SPEAKER. Does the gentleman yield?

Mr. CARTER. Yes.

Mr. COOPER. Mr. Speaker, I have not had the privilege of hearing the remarks of the gentleman from Oklahoma and I desire to ask only one question. I note that by the act of February 19, 1912, these appraisers were appointed, but that they did not enter upon their duties until August, 1913, about a year and a half afterwards.

Mr. CARTER. No; they entered upon the discharge of their

duties upon April 15, 1912. I do not know to what part of the resolution the gentleman refers.

Mr. COOPER. I am referring to the last clause of the preamble:

Whereas the appraisers appointed by the President under the provisions of said act of Congress approved February 19, 1912, entered on duty August 14, 1913.

And so forth

How did it happen that a law which was passed for the appointment of appraisers in February was not put into force until about a year and a half afterwards?

Mr. CARTER. Mr. Speaker, evidently the gentleman did not

hear my remarks.

hear my remarks.

Mr. COOPER. That is what I said.

Mr. CARTER. The first appraisers were appointed on April 15, 1912. They were removed. Then on November 25, 1912, other appraisers were appointed, and their terms expired on December 1, 1912. One of the old appraisers was reappointed, and two new ones were appointed on July 25, 1913.

Mr. COOPER. These is possible in the preamble to indicate

Mr. COOPER. There is nothing in the preamble to indicate

those facts.

Mr. CARTER. No; I notice there is not. Mr. STEPHENS of Texas. Mr. Speaker, if the gentleman will permit, the first appraisement was set aside by the Secretary of the Interior; hence these new appraisers had to take

up the whole matter de novo.

Mr. MANN. Mr. Speaker, referring to what the distinguished gentleman from Wisconsin [Mr. Coopers] has called attention to, I take it, if unanimous consent is given for the attention to, I take it, if unanimous consent is given for the attention to the consent is given for t consideration of the resolution and the resolution be passed, the gentleman from Oklahoma [Mr. Cabrer] expects to strike out the preamble?

Mr. CARTER. That is what we expect to do.
The SPEAKER. Is there objection to the present consideration of this House joint resolution?

Mr. BARTON. Mr. Speaker, I would like the gentleman

from Oklahoma to tell us the emergency that exists.

Mr. CARTER. Mr. Speaker, the emergency is this: The time when the appraisement should be completed has passed. Unless we pass this joint resolution to complete it within the next 60 days, the force will be disbanded, and it will cost some money to get them together again. They are very anxious to have this land appraised, so that the sales can begin at the earliest possible moment.

Mr. MURRAY of Oklahoma. Mr. Speaker, reserving the right to object, I want to give notice now that I do not intend in the future to let any more Indian legislation go through without objection. It occurs to me that a committee may have been called together and this matter gone over quickly and then presented to the House. I shall not object to this, but I give notice now that in the future I am going to object to any further Indian legislation that does not come before the House with committee action.

The SPEAKER. The gentleman from Oklahoma serves notice that he will object to any more Indian legislation without committee preparation. Is there objection to the present consideration of this House joint resolution? [After a pause.] The Chair hears none. The question is on the engrossment and third reading of the joint resolution.

The joint resolution was ordered to be engrossed and read

a third time, and was read the third time.

Mr. MANN. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. MANN. I take it that after the resolution is passed it will be in order then to strike out the preamble, else the ques-

tion would be on agreeing to the preamble.

The SPEAKER. The Chair thinks so. The question is on the

passage of the resolution.

The joint resolution was passed.

Mr. CARTER. Mr. Speaker, I move to strike out the pre-

The motion was agreed to.

# CHANGE OF REFERENCE.

Mr. HOUSTON. Mr. Speaker, I ask unanimous consent that the bill H. R. 9770 be changed in its reference from the Committee on Ways and Means to the Committee on the Territories. This is a bill changing the method-

The SPEAKER. Read the title, please.

Mr. HOUSTON. It is a bill to levy and collect an income tax on railroads in Alaska, and for other purposes. This is a tax that is collected and paid into the treasury of Alaska, and the bill properly belongs to the Committee on the Territories.

Mr. UNDERWOOD. Mr. Speaker, reserving the right to object, I desire to say that I think the bill belongs to the Committee on the Territories and not the Committee on Ways and Means, because it relates purely to Territorial matters, and the money that would be collected under this bill would go into the treasury of the Territory, and not to the Treasury of the United States, and therefore the Committee on Ways and Means would not have jurisdiction.

The SPEAKER. Without objection, the change of reference

will be made.

There was no objection.

#### LEAVE OF ABSENCE.

By unanimous consent, Mr. Hoxworth was granted leave of absence, indefinitely, on account of illness.

SUSPENSION OF NAVAL CONSTRUCTION PROGRAM.

Mr. HENSLEY. Mr. Speaker, I call up House resolution No. 298 and ask for its further consideration. The SPEAKER. The Clerk will report the resolution by

title.

The Clerk read as follows:

House resolution No. 298, to authorize the President to cooperate with the United Kingdom of Great Britain to the end that naval construction may be suspended for the period of one year.

Mr. SISSON. Mr. Speaker, I desire recognition on the resolution.

The SPEAKER. The gentleman is recognized for an hour. Mr. SISSON. Mr. Speaker and gentlemen of the House, I am not going to consume the hour. I want to state for the benefit of those Members who had prior claims, who were kind enough to give me opportunity to address the House at this time, that I thank them very much, but the reason I asked this courtesy was that the subcommittee on Appropriations for the District of Columbia, of which I am a member, is now in session, will begin work again at 2.30, and I desire to get back to that

I am very heartily in sympathy, gentlemen of the House, with this resolution. I do not think that anything is more cruel than war unless it is the burdens borne by the taxpayers in prepara-tion for war in time of peace. The human family has been afflicted with conflicts of the smaller tribal warfares up to great international strifes as far back as the pages of recorded history go. It would be an interesting document, indeed, if we could gather together all the millions of money that the human family has been called to expend in the settlement of differences by the sword. It would indeed make a more ghastly picture if you could take all of the maimed, the wounded, and dead that have been caused by the terrible conflicts of the past.

If the time shall ever come when we may beat our swords into plowshares and our spears into pruning hooks and peace on earth and good will toward men will prevail, it must come from the great nations made up of the Anglo-Saxon and white blood, who will take the lead and work out the plan and enforce it. It must be made up of men who, whether they believe in the Christian faith or not as a religion, do believe in the Christian philosophy of peace on earth and good will toward men. The time has come when the settlement of differences between nations ought not to be settled by war, because in the early days the question of who should rule and who should control was always for the special benefit of some particular family which was capable of organizing an army and intrenching itself in power and taking the reins of government in their own and in their family's hands, but that rule of government is gradually being banished from the earth, and in all the nations of the world the principle is being accepted that government ought to be instituted in every nation for the benefit of the governed. and that the people themselves should be consulted about what the government should be. In other words, all just powers of government spring from the consent of the governed is the principle now being accepted, and in order that you may obtain the consent of the governed the great American people for the first time in history laid down the doctrine that the proper way to ascertain what the people desired was to ascertain what the majority of the people desired, and that the minority quietly and peacefully submit to the will of the majority.

That being the theory of government, it ought to be within the power of an intelligent and civilized nation to be able to adjust international differences in the manner in which they

settle to a certain extent their differences at home.

The great evil that confronts us to-day is the race that is going on between the great nations of the earth in preparing to defend themselves against the encroachment of others. When, as has been asked in this House repeatedly, will that race ever end? As I stated once before on the floor of the House, if this policy shall continue on the part of the great nations of the world, then the nation that shall survive in this age of scientific warfare will be the nation with the longest purse string, with the greatest amount of meat, flour, and other material necessary to keep an army in the field.

Warfare presents an entirely different picture to-day from what it presented a few generations ago. A few generations ago a man with an ordinary poleax, an ordinary spear, with ordinary physical ability, even without much training, about equal to his neighbor in his ability to make a fight and in his ability to sustain himself. But the present conditions are such that the individual prowess amounts to nothing. would an army with such ordinary weapons, even, as we fought the Civil War with amount to in a conflict with the modern implements of war to-day—the gatling gun, the rapid-fire gun, and other engines of destruction now in use? So warfare is going to be largely a question of the nation that has the greatest amount of scientific equipment, of scientific means of warfare. That is extremely expensive, and the maintenance of an army now in time of peace, if you will investigate the record, costs about as much as it cost to keep the Union Army in the field in time of war. In other words, four years of our present expense, adding the expense of the fortifications, the Army and the Navy expenses, and multiplying the amount by four, will be just about the annual expense to the Government of the United States in maintaining the Union Army during its four years of warfare. So in peace the expense of maintaining machinery of war is such that it costs as much now to maintain the Army and Navy and the fortifications in time of peace as it did to keep that mighty army four years in the field in time of war.

When will it end? Battleships are increasing in size. Even since I have been a Member of Congress, for a period of six years, the battleships have increased in cost from \$8,000,000 or \$9,000,000 to \$15,000,000. And where will that end? In other words, if we continue this race in the naval program, it will be but a few years when the rapidly increasing expenditures of the Government will not only be a billion dollars an-

tures of the Government will not only be a billion dollars annually, but in the course of the next 10 or 12 years, at the same ratio of increase in the last 10 or 12 years, we will spend \$2,000,000,000 annually and have \$4,000,000,000 Congresses.

You all recall that some years ago, within the recollection of every man on the floor of this House, the newspapers headlined a billion-dollar Congress, and it was like a fire bell at night. Mr. Reed was Speaker, and we were spending a billion dollars in one Congress, or \$500,000,000 a year. You Republicans will remember how the changes were rung then all over the country against you. You will remember Mr. Reed's laconic reply, to the effect that we had a billion-dollar Government. was the only answer that could be made to the proposition. Now the Democrats are in power, and I am afraid, gentlemen of the House, that we will expend more money this year than has ever been expended in the history of this Government before in any one year. Perhaps it may be necessary and the people may be demanding it. but if that is true, we have wrongfully criticized the Republican Party, and we ought to apologize to them for charging them with spending money and being criminally extravagant in the administration of the affairs of this

But I do believe that by the adoption of this resolution you will have courage enough here in the House to say to the demand of the public press, that is under the control of the people who are being benefited by the expenditure of Government money, that such expenditures ought to be curtailed. I want to say that every time the Government expends its money along the line of any new developments there are thousands of men who get the benefit of that expenditure of public funds, and there are secured at once new advocates for more money to be taken out of the Federal Treasury for public improvement. And in consideration of the naval and military equipment of this country thousands of men are employed and millions of money invested in producing it, and great corporations are formed for the turning out of these implements of war, which are rewarded by enormous profits.

Let me give you an illustration of how the profits in this line of industry are greater when sold to the Government than when sold to private enterprise: Practically the same steel, except in thickness, that is sold to the commercial world at from \$60 to \$80 a ton costs the Federal Government from \$200 to \$600 a ton, and in some instances even higher. Now, that is entirely too much difference in the cost of steel.

The excuse that is given for this is that the Government demands better steel than the commercial world demands. As a matter of fact, the steel is of the same kind and character, as is shown by the testimony, the only difference being as to the texture and weight of the steel that is being handled at the time. This great profit that goes to the steel manufacturers of this country causes them to advocate more battleships. I do not know that there is a Member of this House who would act differently from the managers of these great steel industries if he himself were that manager and not the representative of the people on the floor of this House.

Therefore let us not criticize these business men too sharply and too severely if they are going into the open and dealing fairly with the Government, and if those who purchase the steel know what profit is being made. The censure ought to be with the Government more than with the Steel Trust or with those people who are manufacturing the steel. There is no doubt, however, but that they are exercising an influence, as has been charged, and have been able to control the public press. The moment Congress meets the machinery is set in motion by the people who make the steel and who make the equipment, and word is sent along the line to a great number of newspapers for the purpose of creating a war scare and de-nouncing every Member of Congress who does not vote for all of these great preparations for the Army and the Navy. If that be true, then indeed they are censurable. They are not patriotic. They are then converting the Government into a means of enabling themselves to increase their own private fortunes at public expense, and that is most culpable and out-rageous on the part of any man living under the folds of this flag that gives or should give to every man equal rights and no special privileges. [Applause.]

Now, along with this expenditure comes a large number of other expenditures, because I never saw a man on the floor of this House in my life who was the advocate of some certain great expenditure who was not willing to vote for the extravagances advocated by other fellows. I do not mean to say by that that there has ever been any direct combination. I do not mean to say that those men have ever gone and gotten together and agreed among themselves to cooperate, saying: "If you will vote for mine, I will vote for yours." But it is one of the necessary sequences of these great extravagances that when I, for example, want a certain thing for my district, when I want to buy my way back into Congress by the expenditure of public funds, whether it is a justifiable and businesslike expense or not, I can go back to my district and say to my people: "Here is what I have brought back to you; this is what I have taken from the Public Treasury, and this is being expended in your midst.'

That is becoming quite a popular doctrine in a great many of the congressional districts of the United States, and it is made to bear upon the question as to whether a man should or should not come back to Congress. As the gentleman from Tennessee [Mr. Garrett] said on one occasion on this floor, it is very significant to notice the difference between the way in which a man scans the record of a member of the legislature of his State and the way he scans the record of his Member in Congress.

Mr. Garrett said that the first thing a man says to the member of the legislature when that member returns to his home district is, with a look of criticism in his eye, "How much have you spent, and how much have you raised my taxes? My taxes last year were \$31.15. This year they are \$31.65, and I know that that addition to my tax list has been brought about by your extravagance in the legislature." And that member of the State legislature there loses a vote. But look at your Member of Congress when he comes swelling back home. His constituents walk up to him with greed in their eyes and say to him, "How much did you get? How much of the Public Treasury have you brought back home?" This is due to the present system of taxation, and if there is no other result that will grow out of the income tax, I hope to God it will cause people to begin to realize that when you pay money out of the Federal Treasury the taxpayer is the man who is really paying it, notwithstanding he may not know and can not locate it in the tax list.

Mr. SIMS. Mr. Speaker, may I ask the gentleman a question?

Mr. SISSON. You may.

Mr. SIMS. I think the gentleman is exactly right in his analysis of the causes that lead to these effects; but would it not be an intelligent remedy to provide some method of direct taxation for the purpose of collecting at least a portion of our Federal revenues so that the people might know they were pay-

ing \$15,000,000 for a battleship?

Mr. SISSON. It might not be amiss, and if the Federal expenses continue to increase I think the time will not be far

distant when, even though you put the tariff as high as my good friend from New York [Mr. Payne] would have it, or if you place it as low as my good friend from Alabama [Mr. Underwood] would have it, or place it at any figure you please, and then take the other sources of revenue as now fixed by law, it will be utterly impossible to arrange a tariff tax that will produce enough revenue to run the Government at the present great increase of public expenditures. And when that time is reached I will say to my good friend from Tennessee that in order to have these governmental activities maintained you will be compelled to resort to some system of direct taxation or increase enormously your internal-revenue taxes and your income tax.

But it would be desirable, indeed, if we could bring to the knowledge of every man in America the exact amount which he is compelled to pay for maintaining the Federal Government. Do you know that the greatest amount of good which a man receives as a result of taxation comes first from his county and his State? Of course the municipalities in the town confer direct benefits in the way of schools and streets and police protection; but the most of the benefit of Government in this country comes from the direct taxation imposed by the States and

municipalities.

The only direct service that the United States Government performs for all citizens is to bring them their mail, and for that service they pay 2 cents for every first-class letter. All the other money expended out of the Federal Treasury produces only indirect benefits save to the man who receives a salary as an officeholder or the man who collects money for public improvements. There are some people, who live directly up and down the rivers and on the harbors, who may get direct benefits from the improvement of the rivers and harbers, but the masses of the people get only indirect benefits from the expenditure of public money. And when you look at your expenses for maintaining your State and county governments you will be astounded when you realize that more than twice as much is expended by the Federal Government as is expended by all the municipalities and all the counties and all the States of this You will have to eliminate from that your publicschool expenses.

Now, before I conclude, let me say just a word in reference

to this resolution.

This resolution is the highest evidence of the fact that the masses of the English people themselves have in their minds and hearts a public sentiment against the great naval and military program in England. The naval and military program in England is getting to be extremely burdensome to the taxpayers In Germany it is causing the increase of socialism; and in that country the last budget demanded by the Emperor has been held up in the Reichstag by the socialistic element, and you have not heard much lately of the German Government taking stock in international disputes. Germany has a dispute at home, and owing to the censored press in Germany it is doubtful whether the American people as a mass will ever know the enormous trouble they are having in the Reichstag over the Emperor's military budget.

The Japanese are to-day staggering under the Russian war debt and under their naval and military debt, caused by endeavoring to maintain a great army and a great navy. They tell me that in many instances the Japanese subject is called upon to pay one-third of his net income in the way of an income There is, however, a spirit in Japan that will tolerate more taxation by the Government than will ever be tolerated

in America.

If history teaches me anything, it teaches me that no government was ever preserved by enormous armies and by enormous It teaches that when you take away from the private citizen the substance which he has earned and convert it into salaries and expend it through the Public Treasury, the bur-dens of expense get to be so great that the people themselves destroy their own Government. The great Governments of the past have not been destroyed by outside influences. Some countries like Poland have been dismembered, but the pages of history teach that the great Governments have been destroyed by internal dissensions, caused by favoritism, caused by militarism, and caused by all those influences which follow overtaxation and the expenditure of too much money from the Public Treasury and the favoritism which always follows.

Now, since England makes us this proposition, unless we give the Declaration of Independence and all of the utterances of all of our great statesmen the lie by our action, we should give the example to the world by taking the lead in this great move-ment and showing that we are a Nation that believes in peace, and that we believe in the development of friendly trade relations with all the nations. These peaceful means can make this Nation the best beloved on earth, and make it the happy

country as well as a happy country in which people may live and rear their families. Now, unless we throw all these considera-tions aside and turn back on the dial of time the hands for centuries, and go back to a period when brute force ruled men, we must accept the resolution in good faith, and not only by invitation step up by the side of the Lord of the Admiralty of England and say "We will not only keep pace with you, but we ask you to-day to follow us in the vanguard and march toward peace and disarmament of the world." That brings about a condition where all the past experience of all the great Governments of the earth may be used for the benefit of humanity, making them better, making them purer, making them nobler, making them stronger physically and intellectually than they have been in the past, and not spend millions in destroying them and educating into them the flendish dis-

positions which cause nations to go to war.

It does seem to me that in all this age where so much is being said about peace, where we spend so much for public education here and throughout the world—it does seem to me as if we ought to reach a point somewhere during our day and generation when some nation can take some decided step, as the great head of the English navy has taken, for the disarmament of nations. When that time shall come we of this day and generation will be blessed by those that follow, and we have accomplished somewhat what the meek and lowly Nazarene taught would be accomplished when His principles found lodgment in the hearts and minds of men and found expression in governmental action, when a whole nation will act as one man, and that is, "Love your neighbor as yourself." Then all nations will be friends and not enemies.

When our people have reached that point we will be able to erect here on this American Continent a magnificent temple of liberty, in which shall dwell forever unity, love, and happiness, and all people will rise up and call us blessed. [Applause.]

May the Ruler of the Universe speed that happy day! How wicked, indeed, must be the human heart, how selfish naturally. if, with all the thousands of schoolrooms, with all the teachings of all the churches, whether you shall study the religion of Jesus of Nazareth, whether you shall study the religion of Mohammed, whether you study the religion of Ahura-Mazda, whether you shall study the religion of Buddha, whether you shall study the religion of Confucius—they all teach the same brotherly love, and they all teach that there is a unity of interest, that there is a common purpose, that there is a common destiny for men, and if we work out our destiny to the fullest fruition we must work it out by a harmonious plan agreed to by all the people of the earth. We can not live to ourselves

It is utterly impossible for nations to live alone. We must live with our neighbor nations, and, if we mean peace, we must take the first step which leads us toward peace. We can not cry "Peace! Peace!" and at the same time be preparing and standing for war, war, war; but if your neighbor, who was perhaps your friend, should go about among his neighbors and say, "I like my friend from Kansas, Victor Murdock, now, but I do not know what he may do in the future, and therefore I am buying myself a big pistol and a Winchester rifle, and I have a good stock of arms and ammunition, and if he ever turns against me I am fixed and ready for him," then my good friend, Mr. Murdock, with his good judgment, with his good sense, would at once go to work and prepare for his defense. So, as an individual prepares against an individual an aggregation of individuals prepares against an aggregation of individuals, with this difference: If the thing went too far with individuals the Government would step in and put both the individuals under bonds to keep the peace; but, unfortunately, there is no police or force that controls the nation. The nation must take the step of its own initiative, and therefore the nation must, in its sovereign will and determination, disarm itself by its own action and its own volition. We can not blame the nations of Europe for what they think of us. I have heard my good friend from Alabama [Mr. Hobson] talk about the great Japanese navy and the great German navy and our little Navy. By way of parenthesis, I am rather of the opinion that Germany would not care to dismantle her coast of her navy at any moment and bring it away across the sea to fight us. At any rate, they no longer hold up the German navy to scare us; that Japan. On the other side of the Pacific you will find Japan playing the United States. When the United States builds two battleships, England builds four, Japan breaks her back trying to build two, and Germany steps into line with two, and Frynce with two, and next year, if the United States finally compromises on one, then England has to do the same thing over again, and so with the other nations. So the merry march of arms,

ammunition, epaulets, officers, and expenses goes on, and the only people benefited are those who sell the arms and ammunition and those people who have navy yards in their districts and the merchants who sell goods to those in the Army and Navy and who work in the navy yards and the officers and men in the Army and Navy. The merry dance of war goes on. If two bankers, if two individuals, two farmers, two blacksmiths, two lawyers, yes, two negroes, if you please, on the humblest plantation in Mississippi, were to conduct their affairs in that silly manner, you could go to any court and get out the writ of inquirendo de lunatico and send both of them to the asylum, and yet great nations of people are doing that identical thing in reference to arming themselves against each other in time of peace. They do not seem to have the proper amount of initiative to begin to reach a settlement where they

may avoid this great expense.

Mr. Speaker, I wanted to make this speech for two reasons: First, because I am in sympathy with the resolution, and, second, because I have always been opposed not only to this useless naval and military expense, but to the expenditure of any public funds out of the Federal Treasury except for a proper governmental function; and if I could have my way no dollar would be expended out of the Federal Treasury unless a man could put his finger upon the clause of the Constitution authorizing it or could put it upon a clear implication-one of the necessary things that must follow that specific grant of power. If that was done, Government expenses would be very, very much less than they are now and would be very much more satisfactory. I was denounced from one end of the country to the other by that press that advocates big battleships and advocates great expenses of public money. What praise I got for the position I took in the last fight on the naval appropriation bill came from the peace papers of the country. The cosmopolitan press, which is controlled by the great purse strings of the country, undertook to denounce, and did denounce, me from one end of the country to the other; but I thank God that that time has not yet come in my public life, and I hope it never will come, when I shall be deterred from the performance of what I think to be my duty, irrespective of criticisms and of adverse comments. I would be unworthy to represent any constituency on this floor if the criticism of the military press of the country, that press which represents those agencies which enjoy the benefits of the expenditure of public money, were to deter me in my duty; and in the event it ever does, I ought to be driven from the floor by the voters of my district. If I shall represent my district only for this term, I shall represent it with the con-scientious feeling in my heart that I have done my duty as I see it; and I would rather have the approval of my own conscience and the condemnation of others than to have the approval of others and the condemnation of my own conscience. [Applause.] As long as I have the approval of my own conscience I can look the world in the face and feel that I am a man; but if I surrender my conscience in order that others may be pleased, then I shall become recreant to every trust reposed in me and can look no man in the face and feel that I am a Therefore I will still continue to pursue the course outlined by myself and I will continue to combat all expenditure of public money for useless and extravagant purposes and continue to make a fight for a reduction of naval expenses when I find they are too extravagant, notwithstanding the propaganda that may be set in motion against me. I intend again, if the Naval Committee shall bring in an outrageously extravagant bill, to do my best to defeat every extravagant item in it. Let us vote for this resolution and try this open door; tread this path a distance and see if it will not lead to something that will bring about the result much desired by all the good and God-fearing people throughout the earth. [Applause.]

The SPEAKER. The gentleman from Pennsylvania [Mr. Moore] is the next on the list, and is recognized for 58 minutes. Mr. Moore. Mr. Speaker, the speech of my eloquent friend from Mississippi [Mr. Sisson] proclaiming peace to all the world, subject to an agreement that is to be made by the President of the United States with such nations as will agree with him, reminds me of one of the classics told by Robert G. Ingersoll at a Clover Club dinner in Philadelphia, a story from his own lips which I had the pleasure of hearing. He was called upon to speak. He rose and said with some show of diffidence that he had not expected to be called upon; in fact, he said there was an agreement that he should not be called upon; whereupon one of the raconteurs in the back of the hall said, "You never heard of any such agreement? Then I shall go on, for you remind me of the story of the fox and the hen. Once upon a time there was a hen living upon the borders of a forest. At the close of the day when she had completed her daily tasks,

mindful of the fact that there were wild beasts about and that there were birds of prey in the air, she mounted the limb of a tree and tucked her head away under her wing. Presently she was aroused by the baying of a fox somewhere down the road. She lifted her head from under her wing cautiously. The sound became more pronounced, and presently the fox was directly under the limb upon which she sat. He looked up and said, 'Good evening, Miss Hen.' And the hen, looking down, said, 'Good evening, Mr. Fox.' 'Why, Miss Hen, I have been thinking what a beautiful moonlight night this promises to be and what a pleasant walk it would be for you and for me down by the side of the wood to the brook where we could sit together along the banks of the silvery stream.' 'Why,' she said, 'Mr. Fox, that is most delightful; a prospect I admire, an opportunity I would appreciate, but I am a little suspicious, Mr. Fox, that I ought not to leave my perch upon this limb.' 'Oh,' he said, 'I ought not to leave my perch upon this limb.' 'Oh,' he said, 'I know what your trouble is, I know how you feel, but you have not heard what has taken place recently. Do you not know of the agreement?' 'Why,' she said, 'no; what agreement?' 'Why,' he said, 'an agreement made between all the beasts of the field and all the fowls of the air, that hereafter all shall live in peace and amity together, and that there shall be no more strife amongst the creatures of the earth.' 'Why,' she said, 'no; that is news to me; I would really like to take that walk. Fox, are you sure there is such an agreement?' 'Oh,' he said, yes; take my word for it, there is such an agreement; we are all to live in peace and harmony hereafter; come.' But she said, Wait, wait. I just heard the familiar bark of my friend, the watchdog. He will be here presently, and then the three of us will go together.' 'Oh,' he said, somewhat curtly, 'come with me; he is all right; but come with me.' But she said, 'No; wait until he comes; he is very near; do not you observe it; can you not hear him?' The bark was now so distinct that the hen, beginning to fluff her wings, coyly remarked, 'I believe I will accept your invitation and we will take the walk along the moonlit pathway, but wait for my friend the dog.' The dog came nearer and nearer and the fox growing restless, said, 'Come, come now. This is my party and I want you to go with me.' And the hen said, 'I will, just as soon as my friend the dog comes.' But the fox said, 'I do not like the dog.' 'Why, Mr. Fox,' said the hen, you just told me of an agreement entered into by all of the fowls of the air and the beasts of the field that we are all to live in peace and amity together, and my friend the dog is in on that. You remember the agreement.' 'Yes,' he said, as the on that. You remember the agreement.' 'Yes,' he said, as the bark of the dog came close to his heels, 'there is such an agreement, but that son-of-a-gun has not heard of it.'" [Laughter.]

Now, it would be a splendid thing, indeed, if we could all live in peace and amity together, if we all could manifest toward each other that spirit of brotherly love that was evinced just now by the gentleman from Mississippi [Mr. Sisson]. It would be splendid, indeed, if we could make an agreement in this House of Representatives to live in peace and amity together, but some of our constituents have not heard of any such agreement being effectuated, although we have been in business more than 100 years.

I take it that a man builds a home with which to shelter himself and that a man puts a lock upon his door in order to protect himself against the stranger. I take it that a nation does exactly the same thing, and that that nation is not wise which, being strong otherwise, does not throw around itself sufficient safeguards to protect its own and maintain its dignity abroad, We have before us now a resolution which proposes to impose upon the President of the United States an obligation to secure a treaty of peace for all the nations of the world, disarming those nations so far as battleships are concerned for a period of one year. That is not wholly a new proposition. It has come from the interior of this country time and time again. It has come not from those along the coast line, who understand a little better the question of coast defense than do our friends in the interior. But I take it if the man living in the interior, far away from any neighbors, finds it necessary to protect himself by putting a lock upon his door or putting his trusty rifle behind it, with which to meet the marauder should he come, that it is just as wise for this great Nation to put its gun behind the door and have it in readiness in the event of the great marauder coming. We have had the marauder upon these shores before. It is not impossible that we may have him come again. Then are we to depend wholly and solely upon interior improvements made possible by our creative power, without authority to support them if necessary, or are we going to en-courage those internal improvements by extending abroad our influence in commerce, by having ourselves prepared for any emergency should it come?

Some one in this discussion has referred to that very happy condition which prevails on the Great Lakes, where in consequence of the War of 1812, and an American victory recently celebrated there, we entered into an agreement with Great Britain to practically disarm so far as the Great Lakes are concerned.

No other nations are involved in that proposition but the two-United States and Great Britain-and it was just as wise for Great Britain as it was for us that that agreement should have been made. We have no questions confronting us there in which other nations are concerned at all. That is a matter where it was possible and where it was wise to enter into a mutual agreement not to have warships upon the seas. But that condition does not prevail along the coast line, neither upon the Atlantic nor the Pacific, nor along the Gulf.

Some gentlemen, too, have referred to the fact that the construction of battleships is a burden upon the people of this country. Some have made special reference to the fact that vessels are sometimes cast aside and assigned to the scrap heap because they are no longer serviceable. There is a very ready and a very quick answer to that. Every other nation is in the same position in regard to the casting off of battleships as is the United States, and it is because of the improvement of battleships by foreign countries that certain American battle-ships have been cast into disuse as no longer serviceable.

The race between the nations is on; it is not of the making of the United States, but it is by the insistence of foreign powers to maintain strong navies, to increase the size of their battleships. This induces the United States, as a measure of preparedness, to also build battleships.

Mr. SLAYDEN. Will the gentleman yield?

The SPEAKER. Will the gentleman from Pennsylvania [Mr. Moore] yield to the gentleman from Texas [Mr. SLAYDEN]?

Mr. MOORE. Yes. Mr. SLAYDEN. Mr. Speaker, I would like to ask the gentleman if he thinks that because other nations are tryingand I am endeavoring to quote the words he used just now—that other nations have the same experience in discarding warships that we have, therefore the building of them is not a burden on the people? That is the inference from his statement and I want to know if he meant that.

Mr. MOORE. The gentleman has asked a question which I

think I can answer. I have some views upon that subject, and

I am glad to come to them now.

Mr. SLAYDEN. I do not want to interrupt the sequence of

the gentleman's argument.

Mr. MOORE. Not at all, because the gentleman's question is timely. I want to take up the question which is recounted in the resolution, that the construction of warships is a burden upon the people. It is not a burden upon the people. It is an assistance to the people. It is an assistance to the farmers of this country. It is an assistance to the workingmen of this country, to the industrialists and to the mechanics, and the moment you stop the construction of battleships you turn out of employment not only men upon the farm, men engaged in agricultural pursuits, but you will also turn men out of the great factories and great industries of the country. Witness 700 men laid off in one of the armor-plate establishments of Pennsylvania during the past week because, perforce, the Secretary of the Navy prefers to have armor plate built elsewhere than in the United States. Do you say this is a burden upon the people to take away from the American workingman the employment that he has had and to transfer it to armor-plate factories in Germany and in Great Britain?

Mr. PALMER and Mr. SLAYDEN rose.
The SPEAKER. To whom does the gentleman yield?

Mr. MOORE. I will yield to my colleague from Pennsylvania [Mr. PALMER]

Mr. PALMER. Where does the gentleman get his informa-tion that 700 men have been laid off in one of the armor-plate establishments of Pennsylvania within the past week?

Mr. MOORE. I get it from a dispatch printed in the Philadelphia Ledger of yesterday, which, in view of the gentleman's query, I will be very glad to have the Clerk read, so that the gentleman may say what he pleases about it. I pass this up to the Clerk's desk to be read.

The SPEAKER. Without objection, it will be read.

The Clerk read as follows:

MEN OUT OF WORK APPEAL TO PAIMER—BETHLEHEM STEEL WORKERS ASK THAT PRESIDENT KEEP PROMISES.

BETHLEHEM, PA., December 2, 1913.

More than 700 mechanics who lost their places with the Bethlehem Steel Works after Charles M. Schwab had failed to get an order for armor plates from the Navy Department have written to Congressman A. MITCHELL PALMER imploring him to get President Wilson to make good a promise to the effect that, if any man lost his position, he, the President, would adjust matters. If the Government institutes an inquiry, it is said, the Bethlehem officials will reply that they will gladly give the men work, provided that the Government gives them orders.

Congressman Palmer, whom the Bethlehem workers say they elected,

has as yet taken no action. As he is chairman of the Ways and Means Committee, the men say he is in a position to solve their difficulty.

Mr. PALMER. Mr. Speaker, will the gentleman yield? The SPEAKER. Does the gentleman yield?

Mr. MOORE. I do.

Mr. PALMER. I assumed when the gentleman made his statement that he was relying upon information contained in a couple of Philadelphia newspapers yesterday and to-day, one of which he has had read from the Clerk's desk.

Mr. MOORE. Yes; and others which I have here, but will

not have read unless they are needed.

Mr. PALMER. I will say, Mr. Speaker, that the Bethlehem steel plant is located in my district. From all the information I can obtain from persons connected directly with the company by wire to-day there have been no men laid off to the extent of anything like 700; nothing more than the usual changes at this time of the year. No men have been laid off because of any refusal of the Government to give a contract to the Bethlehem Steel Co., and none of the Bethlehem Steel Co.'s employees have written to me asking for jobs or asking for any such thing as is there stated in that article in the newspaper. That part of it, at least, is absolutely without foundation in fact, and I trust the gentleman will not base his argument against peace between the nations upon any such flimsy foundation as that which he has brought here now. [Applause on the Democratic side.]

Mr. MOORE. Of course, we always have applause from that

side of the House

Mr. SLAYDEN. For righteous causes

Mr. MOORE. For any statement that indicates that labor is not being laid off now by reason of the tariff conditions. But we shall produce the evidence as it comes along, and there will be plenty of it in the next few months.

I accept the gentleman's statement, because it is only fair that he should have the chance to make it. However, he admits that hands are laid off, and to that extent he confirms

the newspaper statement.

Mr. PALMER. No; Mr. Speaker, I did not say that. I said there had been no laying off of hands by reason of any failure to get a Government contract. There have been some changes usual at this time of year.

Mr. SLAYDEN. Mr. Speaker, will the gentleman allow me

to interrupt him?

The SPEAKER. Does the gentleman yield?

Mr. MOORE. I will.

Mr. SLAYDEN. Just before the gentleman engaged in this interesting debate with his colleague he stated positively and plainly that the construction of battleships at public expense was not a burden upon the taxpayers, and that therefore the collection of taxes and their expenditure in that way was not a burden. On the other hand, the gentleman went forward and stated it as a positive benefit not only to them but to the

Mr. MOORE. I said an advantage.

Mr. SLAYDEN. Is not that true?

Yes. Mr. MOORE.

Mr. SLAYDEN. Very well. Now, if it be true that the manufacture of 5,000 tons of armor plate and the purchase of two battleships is an actual benefit to all the people and is not a burden, why not manufacture 500,000 tons of armor plate and build 50 battleships, because it will be no burden but will distribute benefits?

Mr. MOORE. That would probably be unnecessary, and therefore it would not be an advantage. I think that is a complete answer to the gentleman's question.

Mr. SLAYDEN. Would it not be a distribution of these

advantages on a greater scale?

Mr. MOORE. I would not expend all the money of this country in building battleships nor in improving rivers and harbors, nor would I spend it all in building post offices; but I would try to equalize the distribution so that if a man's occupation was that of a mechanic, he could have employment; so that if his occupation was that of an agriculturist, he could have a market for his produce; so that if he was an engineer, there might be something for him to do.

Mr. SLAYDEN. Then the gentleman adheres to his position that the collection of taxes and their expenditure for battle-

ships and armor plate is not a burden but a benefit?

Mr. MOORE. I do to the extent that it is a reasonable col-

lection and a reasonable expenditure. I say that it is for the benefit of the working people, and for the benefit of the rank and file, to have some money spent for battleships.

Mr. SLAYDEN. But you said it was not a burden.
Mr. MOORE. I say it is not a burden, because the term
"burden" has come to be purely a political term, in use only

by one party in this country; a term that was used during the discussion of the tariff bill, and a term which is now used in this resolution with the expectation that it will influence the

people.

This resolution provides that we shall have this peace agreement because it will tend "to lessen the enormous burdens of the people and avoid the waste of the investment in war mate-; and my discussion with the gentleman from Pennsylvania [Mr. Palmer] was only incidental, and my answers to the gentleman from Texas [Mr. SLAYDEN] are only incidental to what I intended to say upon that subject, which I will come to in a

Mr. MANN. Will the gentleman yield for a question? Mr. MOORE. I do.

Mr. MANN. If the collection of taxes for the various governmental functions is a burden, why do they not stop it?

Mr. MOORE. They have the opportunity to, but the trouble is they can not now raise sufficient-

Mr. SLAYDEN. Some burdens are avoidable and some are

unavoldable.

Mr. MANN. But the test of whether a thing is a burden is not taking it by itself but taking it in connection with what necessarily goes with it; and if the collection of taxes for the building of post offices is a burden, we ought not to collect the You can not judge whether it is a burden until you know what you are going to do with it.

Mr. PALMER. Will the gentleman yield further?

Mr. MOORE. I do.

Mr. PALMER. I suppose, on the same theory, the gentleman would argue that war is a good thing, because if, for instance, the war should result in killing a hundred thousand able-bodied men that would make it possible for those remaining to have more employment.

Mr. MOORE. Do not misunderstand me at all. I am as much

in favor of peace as the gentleman is.

Mr. PALMER. Is not that what the gentleman's argument

Mr. MOORE. The gentleman [Mr. PALMER] is arguing against preparedness for war, which is the customary precaution to secure peace, a precaution which every ordinary householder

takes in his everyday affairs.

Now, I want to answer the gentleman from Texas—and I am delighted that he has asked the questions he put with regard to the "burdens" to which he referred. For the last seven years since I have been in this House I have listened to the story of "the burden upon the backs of the American people," and that burden has always been dilated upon by our friends upon the other side. I have looked up and down the streets and avenues and along the country roads and I have not seen the man carrying that burden, except as he pleased. He may carry it during the next six months, perhaps, but up to this time he has not done it; because if he were a mechanic making armor plate, he was getting wages and was being paid, and he lived happily until the change came that turned him out at the Bethlehem Steel Works the other day. If he is a farmer, he has not carried any burden except for a profit, to sell it at a good price to the consumer in the city.

Now, I do not see that battleships are a burden to the farmer, if he furnishes, directly or indirectly, the material that goes into the construction and operation of those ships. The gentleman from Mississippi [Mr. Sisson] gave us some philosophy a little while ago about brotherly love and that kindly feeling that we all ought to entertain toward one another, which everybody aspires for. I take it he will agree that perhaps every-

thing we use originates in the earth or in the sea

I take it that the timber that goes into the ship comes from the forest. I take it that the steel that goes into the ship comes from the mine. I take it that all the wood, the iron, the steel, the glass, and other material that enters into the finishing and the decorating of the ship comes from the soil. I take it that the carpets that go into the ship come originally from the wool of the sheep as grown by the farmer; that the cotton goods come from the planter, and that workmen of every kind along the line had a hand in ultimately fitting out the ship. If you spend fifteen millions constructing a battleship, you do not waste a cent of the people's money; you do not waste a cent of the farmer's or the mechanic's money, but you circulate through them the volume of money you put into the ship. I do not care whether it is in fixing up an electrolier or whether it is in building the ways on which the ship slides to the sea or whether it is in making the military mast, every dollar of that money goes back to the mechanic or the man who produces something from the soil of the land. The moment you take that \$15,000,000 appropriation and turn it into some other institution, into a pub-

lic building, you take it away from these men who have been getting and using it along the line from the producer to the

finisher of the battleship now owned by the Government.

I think that answers philosophically, if not materially, the question raised by the gentleman from Texas. There is another very serious question in regard to this proposition that we shall disarm for a year.

Mr. HENSLEY. Will the gentleman yield?

Mr. MOORE. I will.
Mr. HENSLEY. The gentleman from Pennsylvania evidently does not agree with Mr. Churchill when he declares that if we take a naval holiday for one year with the different nations entering into that agreement, that at the end of the year their positions will be exactly the same relatively, our positions unchanged, and then there will be millions, countless millions, of money that can be used by the nations the world over for other and better purposes?

Mr. MOORE. Can the gentleman tell me what other and better purposes the expenditure of \$15,000,000 might be used for than the encouragement of the products of the soil and the forest and the mines and the factories, all of which enter into the

construction of a battleship?

Mr. HENSLEY. Internal improvements of various kinds that I could enumerate to the gentleman.

Mr. MOORE. Building post offices?

Mr. HENSLEY. The reclamation of thousands of acres of land where men can go and till the soil instead of being compelled to remain in the crowded districts of the country

Mr. MOORE. To enrich private owners of land and to further increase the swollen fortunes of men that own thousands of acres of waste land that is not tillable to-day? Is that what the gentleman means?

Mr. HENSLEY. It would not enrich the private owners of

the great Steel Trust.

Mr. MOORE. Ah, yes; if you are going to put it that way we might put it back and say that if it is for a speculative purpose, it applies alike to the men who make the swollen fortunes of industry and to the men who combine in agriculture

Mr. HENSLEY. Does the gentleman mean to say it would not have the same effect, and a more glorious effect, if you put it to improving the roads throughout the country?

Mr. MOORE. Not at all; but if the gentleman means to relieve every State of its responsibility, no matter what its area, to build thousands and hundreds of thousands of miles of roads at the expense of a few people in populous centers, then I do differ with him.

I say there is a more serious question, even in the expression of this sentiment, as contemplated by the resolution, than any of us have given careful thought to. The President of the United States, in the message delivered here "from the throne" the day before yesterday, gives voice to the fear that some people in administration circles now entertain with regard to people in administration circles now entertain which the decadence of the American merchant marine. Shortly you the decadence of the American merchant marine. Shortly you are going to pass or attempt to pass here a seamen's bill. are writing into it conditions that, it is said, threaten the very existence of the merchant marine of the United States-that plying on inland waters and that plying on the high seas. does the President of the United States say? You passed that bill in the last session of Congress, and the Senate has passed it in this. It is going to come back here. In that bill you propose to establish conditions that will make it impossible for any youth in this land to qualify as an able-bodied seaman on a merchant vessel. That is what you propose to do now. The only place from which we could get these able-bodied seamen would be from the battleships of the country, where, in time of peace, they are in training.

Mr. HENSLEY. Mr. Speaker, will the gentleman yield?

Mr. MOORE. Certainly. Mr. HENSLEY. I would like very much if the gentleman from Pennsylvania would say whether or not he thinks it was a wise proposition on the part of the United States Government and the British Government to enter into a treaty that brought about the disarmament on the Great Lakes something like a hundred years ago.

Mr. MOORE. The gentleman was out of his seat at the time when I said that that was a treaty made between two nations, where no other nations were involved, and where each nation would have been foolish if it had not availed itself of the oppor-

would have been was concerned in the Great Lakes except Great Britain and the United States?

Mr. HENSLEY. Would it not be the same thing if all of the nations of the world agreed to this proposition?

Mr. MOORE. Does the gentleman think he can get an agreement with Japan on this proposition?

Mr. HENSLEY. If all the nations of the world would enter into this agreement, does the gentleman from Pennsylvania then think it unwise to pass the resolution?

Mr. MOORE. What is the use of talking universal peace and the brotherhood of man until everybody goes into it? I would like to ask the gentleman if he would like to go into

this agreement and leave out Japan? Mr. HENSLEY. If the other nations will enter into an agreement such as I hope they will, I would gladly say that the United States Government and the other great governments can

afford to do so.

Mr. MOORE. Mr. Speaker, I heard one of the greatest minds that this country has ever produced, Mr. Henry George, declare for universal free trade. God grant we might have it. Philosophically it is correct, but you are not prepared for it and neither am I; and when I had the temerity to ask Mr. George why he eliminated the Chinese he said because they were not assimilable. How are you going to bring all of the nations of the earth together when some of them are not assimilable?

Mr. HENSLEY. I would like for the gentleman to answer

Mr. MOORE. When some of them are civilized, some half civilized, and some of them savage.

The SPEAKER. Does the gentleman from Pennsylvania yield

to the gentleman from Missouri?

Mr. MOORE. Certainly.
Mr. HENSLEY. I would like to ask the gentleman whether or not he would favor this plan if all the nations, Japan with

the others, were to enter into it?

Mr. MOORE. If my vote would determine that question, I would vote for the assimilation of all of the nations and for universal peace and for the millennium, but I have got to keep my hand on my pocketbook to-day, just as the gentleman does. There is some one prowling around about that might get our pocketbooks if we did not.

Mr. HENSLEY. Then the gentleman will not answer the

direct question?

Mr. MOORE. Certainly I do. If the gentleman will show me—and I am not from Missouri, as the gentleman is—how we can bring all of these nations together, I will support him.

Mr. TOWNSEND. Oh, by this resolution.

Mr. MOORE. We have passed many resolutions in the House, and they have got no further than the preliminary stage.

Mr. HENSLEY. Is not the gentleman willing to take the pre-

liminary step?

Mr. MOORE. Yes; but I am hardly yet prepared to make a joke of the President of the United States by starting him out on a wild-goose chase, as this resolution proposes to do.

Mr. HENSLEY. Has the gentleman inquired into the matter and found out what the President's position is and what he

thinks about it?

Mr. MOORE. I have read the resolution, and there is absolutely no basis in it upon which the President could act, because there is nothing in the preamble of the resolution but an indication of some newspaper report that Winston Churchill said so-and-so, which is hardly sufficient to induce the Congress of the United States, the greatest legislative body in the world, to act upon it seriously, and attempt to bring all of the nations to terms when they have all got their battleships in their docks ready for business

Mr. HARDY and Mr. BUCHANAN of Illinois rose.

The SPEAKER. To whom does the gentleman from Pennsylvania yield?

Mr. MOORE. I yield to the gentleman from Texas [Mr.

HARDY].

Mr. HARDY. This resolution says nothing about leaving Japan out, but simply says the United States expresses its willingness to cooperate with other Governments to secure one year for the suspension of naval construction. Now, can the gentle-man see any possible objection to the United States endeavoring to get an agreement among the leading nations of the earth, including Japan, say, for example, Germany, England, France, Russia, Japan, and the United States? Could the gentleman object to trying to get them to agree to suspend naval construction

Mr. MOORE. I can see no earthly objection to the adoption of a resolution by this House which would say, We believe in brotherly love, in affection toward our fellowman, in peace rather than war, in amity rather than hatred. I am in favor of all that, but I do not believe it would amount to very much, except as a sentiment, but I do think it is a grave error on the part of even the majority of this House, capable as it is of making errors, to pass a resolution which would put the President of the United States in the position of going expressly to all the

nations of the earth, based upon a newspaper article that Winston Churchill, of Great Britain, said something about peace.

Mr. HARDY. If there had been no newspaper report, if nobody had said anything about it, would it be absurd or ridicu-lous or in anyway objectionable for this country to endeavor to secure from these great nations an agreement to suspend battleship construction for one year?

Mr. MOORE. If the gentleman from Missouri [Mr. HENS-LEY], the author of this resolution, should bring in a resolution of his own which would set out substantially this: That we, the people of the United States, believe in peace and amity and good will toward all the nations and hope there will be no more war. or words to that effect, I will vote for it.

Mr. HARDY. But if he should put in his resolution the re-

quest that there shall be a suspension for one year in naval con-

struction, will the gentleman vote for it?

Mr. MOORE. I have not any objection to entering into any

agreement that is made universal.

But would the gentleman be willing to vote for that resolution to secure a suspension of naval construction for one year?

Mr. MOORE. If I thought my vote would make it effective, without-

Mr. HARDY. Will the gentleman vote against any definite effort to secure a suspension of naval construction for one year? Mr. MOORE. I will tell the gentleman why I think it wise

Mr. HARDY. Then the gentleman will vote against it?

Mr. MOORE. I will tell the gentleman why. I have more concern about the peace of this country than I have about the peace of some other countries, and the peace and happiness of this country depends absolutely upon a steady and profitable employment of the people, and if I vote to suspend the construction of battleships or to suspend the production of cotton or to suspend the production of tobacco or to suspend the operation of the mines for one year I am dismantling thousands of business establishments and industrial plants and putting out of work tens of thousands of people of this country and so disorganizing the great industrial and business system that instead of bringing peace and harmony to my own country I would bring discord and disruption.

Mr. HARDY. Then I understand the gentleman is in favor

of a general declaration for peace-

not to do it.

Mr. MOORE. Yes. Mr. HARDY. And opposed to any definite effort to establish it?

Mr. MOORE. I am opposed-

Mr. HARDY.. The gentleman is opposed to any effort to es-

tablish peace, but he is in favor of peace?

Mr. MOORE. I believe we will maintain peace better by keeping in a condition of preparedness to maintain our national dignity and to be ready to defend ourselves if anyone should assail us.

Mr. BUCHANAN of Illinois. Mr. Speaker-

The SPEAKER. To whom does the gentleman yield? Mr. MOORE. May I ask how much time I have?

The SPEAKER. The gentleman has used 36 minutes.

Mr. MOORE. Then I have 36 minutes left?

The SPEAKER. No; the gentleman did not have 72 minutes. He has used 36 minutes.

Mr. MOORE. I misunderstood the Chair. I yield to the

gentleman from Illinois [Mr. BUCHANAN].

Mr. BUCHANAN of Illinois. I want to know if I understood the gentleman rightly. Did he say this seamen's bill we passed last Congress and will pass this one will bring about a condition where the young American workman or any American workman would be unable to work on our seagoing vessels?

What I intended to convey was, and I hope Mr. MOORE. the gentleman does not misunderstand me, that under the sea-'s bill as proposed no man can be employed as an ablebodied seaman unless he has had three years' experience. gentleman understands that an American boy must have three years' experience as a seaman to qualify as an able-bodied seaman? Now, I will observe to the gentleman that there are few American seamen to-day-very few native-born seamen-so that-

Mr. BUCHANAN of Illinois. That is what I wanted to ask the gentleman.

Mr. MOORE. Under this proposed law there is no place but the Navy for the American boy to begin, and we are dependent upon foreign-born seamen to run our American ships.

Mr. BUCHANAN of Illinois. Is it not a fact that they are

running them?

Mr. MOORE. That is true to a large extent; and those who control or manage the ships are obliged to depend on foreignborn seamen to operate them.

Mr. BUCHANAN of Illinois. Does not the gentleman know that the Seamen's Union and the trade-union movement of this country have indorsed this bill and have been working for its passage during the last 15 years?

Mr. MOORE. I know that Mr. Andrew Furuseth has been in attendance upon several sessions of the Congress interviewing gentlemen here in regard to it.

Mr. BUCHANAN of Illinois. Does the gentleman believe in legislation or law that will prevent young Americans working or securing employment on those vessels?

Mr. MOORE. If you will show me how they can get in under this law, I may change my opinion in regard to that feature of it; but that bill provides that anyone who qualifies as an able-bodied seaman will have to have three years' experience, and there is no way in the United States by which an American boy now can qualify as an able-bodied seaman, because he must have had three years' experience on ships without being able to acquire it in the merchant marine, and the Navy is about

the only place where we may secure merchant sailormen.

Mr. BUCHANAN of Illinois. Then evidently the labor men
who have been working for this bill are ignoramuses, inasmuch as they have been working for a bill which makes it impossible for American workmen to work on seagoing vessels?

Mr. MOORE. The gentleman is adroit, but he does not draw me into any such statement as he proposes. I have as much right to talk intelligently to the man who wants to be a seaman as some who think they know more about it; and I do not mislead the man who wants to obtain employment.

Mr. RAGSDALE. Mr. Speaker-

The SPEAKER. Does the gentleman from Pennsylvania [Mr. MOORE] yield to the gentleman from South Carolina [Mr. RAGSDALE]

Mr. MOORE.

Mr. RAGSDALE. A few moments ago the gentleman from Pennsylvania stated that he was opposed to the suspension of cotton growing, or anything of that character. Does not the gentleman know that he and his party have never voted for anything directly to go to the producers of wealth in this country, and that it is not at all parallel to refer to the suspension of the development of agriculture along with shipbuilding? Does he not know that all the appropriations for the Navy come directly out of the Treasury, while he and his party have never been willing to appropriate anything directly to help the agricultural interests?

Mr. MOORE. Has the gentleman read the Bartlett bill?

Mr. RAGSDALE. Yes; but that is no appropriation to the farmer directly, while appropriations for the Navy may go direct to the manufacturer.

Mr. MOORE. The gentleman proposes now that it will be entirely legal to limit production and arbitrarily fix the prices

that the consumer pays.

Mr. RAGSDALE. Will the gentleman do anything to reduce

that?

Mr. MOORE. I shall do what I can to reduce the cost of living.

Mr. RAGSDALE. Even at the cost or expense of any other

business other than building great warships?

Mr. MOORE. I have just stated that the construction of great warships gives employment to the gentleman's own

Mr. RAGSDALE. And it comes out of the Treasury? Mr. MOORE. Out of the Treasury of the United States.

Mr. RAGSDALE. And does the gentleman contend that he has ever favored any bill that has gone directly toward the development of agriculture in this country?

Mr. MOORE. I have stood here favoring agriculture from

the beginning of my service in this Congress.

Mr. RAGSDALE. And to raise the price of any commodity?

Mr. MOORE. I never voted to raise the price on any commodity to the consumer, and I have voted to raise wages as high as I could.

Mr. RAGSDALE. In what respect—on the farm?
Mr. MOORE. Of course I have. I have voted to keep the farmer as busy as possible by supplying him with a profitable market, and the gentleman from South Carolina, unfortunately, has voted, if he voted in the last session of Congress, to so prevent the farmer from finding a profitable market that the

farmer is going to be poorer this year than he was last year.

Mr. RAGSDALE. Does not the gentleman know that the
farmer is getting now more benefits from the Government than he ever got?

Mr. MOORE. I voted to put a duty on wool, hoping that that which has happened would not happen, in order that the American farmer might get a decent price for his wool; but the gentleman voted for free wool, and now the farmer does not get a decent price.

Mr. RAGSDALE. Does not the gentleman know that he does

get a decent price?

Mr. MOORE. I know that he does not.

Mr. RAGSDALE. Does not the gentleman know that there is less complaint from the farmer about wool than there is from the gentleman when opposition is made to a further raid upon the Treasury?

Mr. MOORE. No. In the last week warehouses have unloaded at our ports free wool upon the American farmer, thus

putting American wool temporarily out of business.

Mr. RAGSDALE. Is it not the high cost of living to the consumer that we are trying to stop?

Mr. MOORE. Does the gentleman mean by combinations to increase the price of cotton? You already have a monopoly.

Mr. RAGSDALE. Oh, the gentleman knows there is no com-

Mr. MOORE. The gentleman from South Carolina knows there is a monopoly in the production of cotton.

Mr. RAGSDALE. The gentleman from Pennsylvania is un-

willing to extend a credit from the United States Government

to the producers of this country.

Mr. MOORE. The gentleman from South Carolina contends

for a movement to legitimatize a monopoly in cotton.

Mr. RAGSDALE. We do not get any help from the gentle-

man or from his party.

Mr. MOORE. We take the gentleman's cotton, and we are glad to get it. The gentleman has a monopoly. I have told the gentleman that twice.

Mr. RAGSDALE. The gentleman from Pennsylvania has

done all he could to keep down the price of that product.

Mr. SLOAN. Mr. Speaker, will the gentleman yield? The SPEAKER. Does the gentleman from Pennsylvania

rield to the gentleman from Nebraska?

Mr. MOORE. I yield to the gentleman.
Mr. SLOAN. Touching the colloquy between the gentleman from Pennsylvania and the gentleman from South Carolina respecting the encouragement given to cotton growing, I will ask the gentleman from Pennsylvania if he has not voted for the agricultural appropriation bill for the last five or six years, when each year there has been appropriated for the direct use and benefit of the cotton growers of the United States from \$300,000 to \$400,000 a year?

Mr. MOORE. I have always done that consistently, notwith-standing it is "special privilege," which is almost as bad to gentlemen on the other side as "the burden upon the backs of

the American people." [Laughter.]

was saying a few moments ago that this question of our ability to obtain boys to engage in the merchant marine is a serious one, and the maintenance of our Navy is the only way now by which we can get boys to go on our ships. I will say to the gentleman from South Carolina that a bill has been introduced by his colleague from Texas [Mr. HARDY], a bill that the gentleman will hear more about, because it is a restrictive measure. But now I will refer the gentleman to a very high authority, one that ought to have some weight and standing on that side of the House, inasmuch as he delivered an address here personally two or three days ago. At the close of his address to the joint meeting of the House and Senate here the President of the United States said:

An international congress for the discussion of all questions that affect safety at sea is now sitting in London at the suggestion of our own Government. So soon as the conclusions of that congress can be learned and considered we ought to address ourselves, among other things, to the prompt alleviaton of the very unsafe, unjust, and burdensome conditions which now surround the employment of sailors and render it extremely difficult to obtain the services of spirited and competent men such as every ship needs if it is to be safely handled and brought to port.

The President of the United States has had notice from the large business interests of this country that we must proceed with caution in this matter of the American merchant marine, else we may find ourselves ultimately without any merchant marine whatever. You have here in the Navy the only training school for able-bodied seamen, who must have three years' experience; and if you do not maintain the Navy in times of peace, even for this purpose, you must look for your seamen in the merchant marine to foreign countries, and take such men

as in our own ports recently have mutinled on the ships.

Mr. TOWNSEND. Mr. Speaker, will the gentleman yield?

The SPEAKER. Does the gentleman from Pennsylvania

yield to the gentleman from New Jersey?

Mr. MOORE. Mr. Speaker, I will ask again, how much time bave I?

The SPEAKER. The gentleman has 10 minutes left.
Mr. MOORE. I yield to the gentleman.
Mr. TOWNSEND. I wish to ask just a question, so that I may inform myself more accurately.

Mr. MOORE. I shall not be able to yield after this. I must proceed.

Mr. TOWNSEND. I want to ask the gentleman this question.

Mr. MOORE. Very well.
Mr. TOWNSEND. Which would the gentleman consider the greater benefit—the expenditure of \$15,000,000 for a battleship which would go on the junk heap in five or six years or the expenditure of that respectable sum of money to make a channel of 35 feet up to the city of Philadelphia for the better conduct of peaceful commerce?

Mr. MOORE. I understand the gentleman's point exactly. He is bringing it right home to me, because I advocate deeper

channels.

Mr. TOWNSEND. I had that in mind.

Mr. MOORE. I would have them both if we had the revenue for that purpose, because it would be absolutely useless to dig channels if we did not have the ships, and one of the questions I will not now have time to discuss is that we have put the cart before the horse in Panama by constructing out of Government resources a great enterprise there which it will take us years and years to approach along the Atlantic or the Pacific or the Gulf seaboards.

Mr. TOWNSEND. Just one more brief question and then I will not interrupt the gentleman any more. Would not the expenditure of \$15,000,000 for the improvement of the channel of the Delaware River result in putting as many dollars in wages into the pockets of the workingmen as the building of a

\$15,000,000 battleship?

Mr. MOORE. It would put men on the dredges and put contractors at work and would raise the very question suggested by the gentleman from Missouri [Mr. Hensley]—that some-body might make money out of it. That is always a question of administration, and the administration that can not meet it ought to be rebuked and held to account. But the expenditure of that money would be as useful as the expenditure of money on battleships. But what is the use of building that channel if we do not have the ships to float in it?

The commerce of Philadelphia is not Mr. TOWNSEND.

falling off, is it? Mr. MOORE.

No; but, to answer the gentleman's other question: I would not turn out of employment one man in a shippard; I would not turn out of employment one man in a navy yard; I would not turn out of employment one man upon a dredge if I could keep him there employed with Government money if he gave a fair return for the compensation he received.

Mr. Speaker, this resolution seems to me to be not only improper and impracticable at this time, but extremely inconsistent as well. It flies directly in the face of the positive recommendations of the Secretary of the Navy. It comes at an extremely inopportune time for this Congress, immediately following the presentation to it by the Secretary of the Navy of his report, recommending the construction of two battleships and of certain torpedo boats and torpedo-boat destroyers to say to him, and in his teeth, "We propose to disarm, we propose to suspend, we propose to stop the factories, we propose to stop work in the forests, we propose to stop work in the mines for The Secretary of the Navy does not take that view of The Secretary of the Navy is highly complimentary of the efficiency of the Navy. He talks of its preparedness. He says at the very outstart:

The men who compose the Navy, and upon whom the country leans, are earnest to prevent war. Their advocacy of an "adequate navy" is prompted by fair faith that the surest guaranty of peace is a navy strong enough to command world-wide respect.

I would like to quote more extensively from his report, but I have not the time. It concludes, however, with this paragraph; these are the words of your own Secretary of the Navy, my Secretary of the Navy, whom I want to support:

The Republic will approve generous appropriations to keep the Navy fit for every use, and to give instruction and education to the 60,000 men, so that in peace the Navy is training men for useful pursuits of industry, if happily war may not fall upon our long-favored country. We must keep our Navy in a state of preparedness, therefore, for peace as well as for war.

Now, in spite of the fact that almost all of the naval vessels of the United States to-day are round about the Mexican coast, the gentleman would stop building. In spite of the fact that one shot upon Panama would drive every vessel of the United States to the defense of that canal and leave both our eastern and western coasts and the Gulf undefended, the gentleman

would stop. Why? Because he read in some newspaper somewhere that some distinguished British statesman suggested, because the harbors of England were not sufficiently deep, perhaps, or because they do not want to spend any more money on warships, though they now have the lead, that it would be a good thing if we could all make an agreement like that of the fox and the hen, to live in peace and amity together. I do not find the other great nations of the earth indulging in any such thought. I do not find the great Empire of Germany doing any such thing. I do not find the Empire of Japan making any such proposition. I do not find France proposing entering into it, Each and every one of these nations keeps on nor do you. fortifying itself, building more battleships, and being prepared to maintain peace.

We are asked to stop for a year, to put our factory fires and furnaces out of business, because, as a mere matter of sentiment, it would be a good thing for us to live in peace and

brotherly love.

Mr. Speaker, in my judgment, these resolutions would put the President of the United States, no matter how good are his intentions, in such a hole that we would all regret it. I do not object to the mere expression of sentiment; but I would like to know first if Winston Churchill made any such proposition-I would like to know if any committee of this House has had before it any declaration upon this subject from any department of the Government in an official way; I would like to know whether the idea originated solely in the breast of the gentleman from Missouri. These things we ought to know before this great House of Representatives commits itself on this important world-wide proposition. We ought to know our authority before we accept the second clause of this resolution, which directs the President of the United States to hunt around among the nations of the earth and see how they feel on the subject. They have not asked him, they have not even told him that they wanted anything of this kind, and we have not had submitted to us anything that would justify us in asking him to do it.

It is not for me to argue your case, but tegether with you I want to sustain the President of the United States. I have had some experience with international resolutions. I have observed how difficult it is for a Secretary of State to acquire action in certain respects. The Secretary of State to-day does not ask the nations of the earth to take a single step to relieve the thralldom of the Jews of Roumania. If he has asked it of some of them, he has been rebuffed. Now, you want the President to enter into these negotiations, to go around among the civilized and uncivilized nations of the earth and say, "We want you to agree with us upon this naval holiday." They would say, "No, Mr. President Wilson, we are going to protect our own; there are a few savages on our shores; there is an overbearing nation beyond us, or there is a mighty giant over there, and we are going to keep the gun behind the door.

If you want to take yours away, you can do it."

Put your President in a hole if you want to. I protest, as one who does not want to see any such humiliating condition

brought about.

Mr. Speaker, I would like to yield the balance of my time to the gentleman from Minnesota [Mr. STEVENS], and I hope that

he may have some more time in his own right.

The SPEAKER. The gentleman has three minutes remaining. Mr. STEVENS of Minnesota. Mr. Speaker, I would like to discuss for 10 or 15 minutes the question concerning similar propositions which have come before this House and Congress concerning the initiating by this Nation with other nations of similar attempts to secure cooperation for some limitation of military burdens.

Mr. SLAYDEN. Mr. Speaker, I ask unanimous consent that the gentleman from Minnesota may be given 15 minutes.

The SPEAKER. The gentleman from Texas asks unanimous consent that the gentleman from Minnesota may have 15 minutes. Is there objection?

There was no objection.

Mr. STEVENS of Minnesota. Mr. Speaker, I thank the gentleman and appreciate the courtesy of the House. I am in sympathy with the principles of this resolution. I am in hearty sympathy with the eloquent and forceful remarks which have been made on this floor in support of the resolution. The only question which comes to me is as to whether at the present time it is in a proper shape for passage by this House, and as to whether or not the effect so much desired will be accomplished by it.

The history of the remarks by the Right Hon. Winston Churchill, the First Lord of the Admiralty for the British Government, is about as follows: On the 26th day of March last Mr. Churchill, when he was speaking in the House of Commons on the naval estimates, submitted the following statement:

"Now, we say in all friendship and sincerity to our great neighbor, Germany, 'If you will put off beginning to build your two ships for 12 months, we will put off in absolute good faith the building of our four ships for exactly the same period."

If Great Britain and Germany took the lead, Mr. Churchill added, there was a good prospect of success in getting other powers to agree to a naval holiday, thus relieving the taxpayers of a burden of millions of dollars.

"The proposal I put forward in the name of the British Government."

to a naval holiday, thus relieving the taxpayers of a burden of millions of dollars.

"The proposal I put forward in the name of the British Government for a naval holiday is quite simple," he said. "Next year, apart from the Canadian ships or their equivalent, and apart from anything that may be required by any development in the Mediterranean, we shall lay down four great ships to Germany's two. Now, we say to Germany, 'If you will put off beginning to build your two ships for 12 months we will put off in absolute good faith the building of our four ships for exactly the same period."

Mr. Churchill then expressed the opinion that if Great Britain and Germany took the lead, all the other great countries would follow suit, and they would all be just as great and as sound as if they had built the ships at present projected. If Austria and Italy did not build, the obligation, he said, would be removed from France and Great Britain, and the fact that the triple alliance (Germany, Austria-Hungary, and Italy) was building no ships would make the proposal possible without the slightest danger or risk. The first lord then added:

"Isn't it likely that so great and memorable an event would produce an effect on the naval construction of the United States and Japan? Scores of millions would be rescued for the progress of mankind."

Mr. Churchill added: "That is the proposal I make for the year 1914, or, if that year is thought to be too near, for 1915."

The other European powers gave no attention to his address and made no expression concerning it. So on the 18th day of October, at a great meeting at Manchester, in England, he renewed his proposal that Great Britain and Germany agree to take a year's holiday in battleship building in substantially these words:

Next year, apart from the Canadian ships or their equivalent, and apart from anything that may be required by the new developments in the Mediterranean, we are to lay down four great ships to Germany's two. Now we say in all sincerity and friendship to our great neighbor: "If you will put off beginning to build your two ships for 12 months we will put off in absolute good faith the building of our four ships for exactly the same period." That will mean a complete holiday for a year, so far as big ships are concerned. By this spread of the appropriations Germany would save nearly \$30,000,000 and Great Britain \$60,000,000, and the relative strength of the two countries at the end of three years would be absolutely unchanged.

A more copious extract from his remarks at that time has been placed in the Record by the gentleman from Missouri, Mr. Hensley. But the proposition submitted by him was substan-

tially the same in both speeches.

The German Government at once, in its own way, unofficially refused to consider that proposition or in any way to act upon it. In an interview Grand Admiral von Tirpitz, naval secretary of state, in charge of naval affairs of the German Empire, is reported to have said:

The German Navy has a purely defensive function and no aggressive purpose. Like the army, it is to maintain the security of the Empire and its trade, besides enabling Germany to raise her voice in the affairs of the world. Why should this be denied her? \* \* Great navies are rising everywhere. France, Russia, the United States, even Greece and the South American States, not to speak of Austria-Hungary and Italy, are all building great fleets. Is not Germany, then, to have a fleet for her protection?

I think that occurred about the latter part of October. Still later I noticed a statement in the Associated Press of this country—I think about the latter part of November, as I re-call; about November 22—in which the German Government in an unofficial way again distinctly refused to consider the proposition of an agreement toward the limitation of naval armament.

Mr. BARTHOLDT. Mr. Speaker, will the gentleman yield?
Mr. STEVENS of Minnesota. Certainly.
Mr. BARTHOLDT. I think the gentleman is mistaken. The
German Government could not refuse to do something before
anything was officially before it.

Mr. STEVENS of Minnesota. Certainly not, but the German chancellor, as reported by the Associated Press in an unofficial way—and all of these remarks are unofficial, both of the British and German representatives—and possibly in a semiofficial statement the chief of the navy said that the German navy was for the purpose of peace, and the German Government must pursue its own policy in its own way for its own best interest and defense. I think I have somewhere seen that also such a remark was made by the German chancellor. If I may be permitted to so state, I think the German Government is entirely right, and is only fulfilling its high purposes for the proper care of its own people and destiny.

Mr. Speaker, now appreciate the close of this spectacle. In a speech in London on the 10th day of November last, Right Hon. Winston Churchill practically abandoned these positions which he had previously taken as to the limitation of naval armament. I have here a sheet of the London Financier of Tuesday, November 11, which doubtless has been sent to every Member of this House, containing the remarks of Mr. Churchill at the inau-

guration of the lord mayor of London, at Guildhall, on the

guration of the lord mayor of London, at Guildhall, on the evening before, in which he practically abandoned the position which he had previously twice taken. I here insert a clipping from such newspaper relative to his speech:

Mr. Winston Churchill, responding to the toast of "The imperial forces of the Crown," which was proposed by Mr. Alderman and Sheriff Humphrey, said that people were strangely ignorant of the part which Londoners played in maintaining the naval power of the British Empire. Next year they would have in the regular professional service of the navy 150,000 sallors and marines, a total which for the first time would exceed the largest numbers ever raised for the royal navy in the greatest crisis of the Napoleonic war. Of these 150,000 officers and men 1 in every 4 came from the home counties around London, and 1 in every 10 was a native of the metropolis. Proceeding, Mr. Churchill said they met that evening in circumstances more free from any danger of European war than was the case on either of the two occasions that he had had the honor at that banquet of responding to that toast. They met that night with a greater development of naval force and power, actual and relative, than was the case on the two previous occasions; but they must not suppose that any relaxation of their efforts was possible at present, nor must they expect that the burden which they bore, which would be a crushing one for any other country but ourselves, was likely to be diminished in the near future. The pressure of unbroken development of the German navy, the simultaneous building by many powers, large and small, all over the world of large and modern ships of war, would undoubtedly require from us expenditure and exertions greater than they had ever made in time of peace.

NEXT YEAR'S NAVY ESTIMATES

Next year it would be his duty to present to Parliament estimates which he was afraid would be substantially greater than even the enormous sums charged to the credit of the naval service during the present year. But His Majesty's Government would express upon and ask on every opportunity for the cessation of the competition of naval armaments, which was the bane and the reproach of modern Europe. But what was necessary had got to be done [applause], and they would not hesitate, once they were satisfied of the needs, to ask for those supplies of men and money which the House of Commons, whatever its party complexion, had never refused to give in living memory for the vital services of the State.

The premier of Great Britain, Mr. Asquith, the practical head of the British Government, at that same meeting, as appears in the same paper, stated also in substance that, much as Great Britain would like to adopt a policy of cooperation for the purpose of limitation of armament, yet he had practically no immediate hope or expectation, and so such a matter was not under consideration. Substantially the same was stated by another prominent British statesman on Tuesday, when the Hon, H. L. Samuel, postmaster general of Great Britain and a member of the cabinet, said at a luncheon given him in New

England, I may claim, is nowadays free from that love of military aggrandizement which has been through all the chapters of human history the curse of the world. \* \* It is true that we have been obliged in recent years largely to extend our navy, but this has been wholly against our own will and by no means dictated by any spirit of aggression. \* \* This great increase in our navy is not inspired by any aggressive spirit, by any desire for domination, but is purely in the interest of what we regard as vital—the defense of our coasts, our commerce, and our colonies.

That is what I wish this House to understand, that the basis for this resolution has been abandoned by its original sponsors. It is not now considered by any responsible Government or officials to be entitled to any consideration. Yet this resolution in its terms sets forth that, in the opinion of this House, the declarations of Mr. Churchill—

Here is a means of immediately lessening the enormous burdens of the people and avoiding the waste of investment in war material.

Manifestly, from a full knowledge of the whole situation, no responsible officials anywhere would entertain any such opinion as in this resolution. The very basis of our opinion has been nullified by facts occurring subsequent to its introduction. But the declaration of Mr. Churchill has been abandoned, his overtures have been refused. No one else thinks anything practical can be based upon it. Under these circumstances is it not well and wise for this resolution to be brought up to date, take into consideration affairs as they actually are, and not endeavor to have this House not only humiliate itself by a futile action, but in addition probably cause an embarrassment to the administration by attempting to make effective the second paragraph of the resolution?

This is no new proposition or situation. Hague conference was called by Russia the Russian authorities distinctly set forth before the other nations that one of the most important questions to be considered at that conference was the gradual disarmament of nations and the limitation of armament. I here insert a statement as to the discussion and consideration of this most important matter in this conference:

The Czar of Russia deserves the credit of being the first head of a great State in modern times seriously to take it up. When he called the first Hague conference in 1899 his fondest hope was that the burdens of the overgrowing and ever-growing armaments that were impoverishing the peoples of the world might in some way be taken off their backs. Accordingly the question of the limitation of armaments was the "frontispiece" of the circular of the Russian Government, and the Russian delegation strained every nerve to have the conference take

some action in the matter. Col. Gilinsky, who had charge of the question, prefaced the introduction of his proposals with these words:

"Will the peoples represented in this conference be entirely satisfied if, in going hence, we take them arbitration and the laws of warfare, but nothing for times of peace—of this armed peace which is so heavy a burden on the nations, which crushes them to that point where it can be sometimes said that open war would perhaps be better than this state of secret war, this incessant competition in which all the world pushes forward larger and larger armies—larger now in time of peace than they used to be in times of greatest warfare? The various countries have engaged in war only once in every 20 or 30 years, but this armed peace lasts for decades; it precedes war and follows it."

Despite all of Russia's efforts to the contrary, the conference adjourned after having passed the following resolution:

"The conference is of the opinion that the restriction of military charges, which are at present a heavy burden on the world, is extremely desirable for the increase of the material and moral welfare of mankind."

It also added the following wish (vocu):

"The conference expresses the wish that the Governments taking into consideration the proposals made at the conference may examine the possibility of an agreement as to the limitation of armed forces by land and sea and of war budgets."

The delegates from the United States strongly supported that main proposition, and it also had the support, but not so hearty, of Great Britain. But the other nations strongly objected, with the result as stated.

During the interval between the first and second Hague conferences the only two utterances by responsible heads of States against this militaristic aggrandizement were made by the British prime minister, Sir Henry Campbell-Bannerman, who held "that the growth of armaments is a great danger to the peace of the world," and proposed a league of peace to consider the question, and by President Roosevelt, who suggested that

is a great danger to the peace of the world," and proposed a league of peace to consider the question, and by President Roosevelt, who suggested that—

"The most practical step in the diminishing of the burden of expense caused by the increasing size of naval armament would, I believe, be an agreement limiting the size of all ships hereafter to be built."

England and the United States accordingly "reserved the right" to bring up the discussion of the limitation of armaments at the second Hague conference, especially as Russia had abandoned her championship of the cause and was proposing to bar it out of the discussion. Not, however, until after the conference had been in session over eight weeks was the subject introduced. Then England made the following tentative proposition, although Germany, Austria, Russia, and Japan had announced that they would take no part in the discussion:

"The Government of Great Britain will be ready to communicate each year to the powers that will do the same its plan of constructing new warships and the expenditures which this plan will require. Such an exchange of information will facilitate an exchange of views between the Governments on the reductions which by common agreement may be effected. The Britannic Government believes that in this way an understanding may be reached on the expenditures which the States that agree to pursue this course will be justified in entering upon their budgets."

After Mr. Choate, in behalf of the American delegation, had "expressed his sympathy for the views which have been stated by his excellency the first delegate of the British delegation." The discussion was solemnly dropped, and the whole question was tabled again in the following resolution:

"The second peace conference confirms the resolution adopted by the conference of 1899 in regard to the limitation of military expenditure; and inasmuch as military expenditure has considerably increased in almost every country since that time, the conference declares that it is eminently desirable

Later the question has since been agitated concerning a third Hague conference, but there is so little sentiment for disarmament or limitation of armament among the great nations of the world that there is danger of postponement of a third Hague conference, ordinarily due in 1915, in part on that account. Further, the Speaker of this House will remember I know, as some of the older Members will, that in 1910 this Congress passed a joint resolution which is now on the statute books, as follows:

as follows:

That a commission of five members be appointed by the President of the United States to consider the expediency of utilizing existing international agencies for the purpose of limiting the armaments of the nations of the world by international agreement, and of constituting the combined navles of the world an international police for the preservation of universal peace, and to consider and report upon any means to diminish the expenditures of Government for military purposes, and to lessen the probability of war: Provided, That the total expense authorized by this joint resolution shall not exceed the sum of \$10,000, and that the said commission shall be required to make final report within two years from the date of the passage of this resolution. (Approved June 25, 1910.)

It is found in the statutes of 1910 on page 885. It was approved on the 25th of June, 1910, I think. It provided that a commission of five members would be appointed by the President of the United States to consider the expediency of utilizing existing international agencies, in substance, for the reduction and limitation of armament, using the existing one for a police power. That passed the Congress and is now upon the statute books. There was a limitation as to the time of its report, so that it is not now available.

The President of the United States did not appoint those delegates, and for a very good reason, which is important for you gentlemen who propose to support this resolution to consider. In an unofficial way the President sounded the great powers of the world for the purpose of ascertaining whether or not this Government would be humiliated in making open overtures for

the consideration of these questions. He soon found that he could do nothing; that further action on his part would be futile or worse, might lead to some resentment and so retard the progress of this great movement. So the President never did appoint those delegates for that reason, as he knew that our Government would be humiliated; that his overtures would meet with rebuff. It is quite one thing to have an intense desire and zeal for a laudable result and quite another matter to tactfully and efficiently adopt the right means for its accomplishment. President Taft did not cause any resentment or ridicule against our Government or the movement by his tactfulness and care. Such a resolution as this is quite liable to cause both ridicule and resentment among the other nations to be approached. Ridicule, because it is manifestly based upon a proposal abandoned by its sponsor and rejected by every responsible Government to be affected, and this resolution of ours does not seem to know these most important facts. Resentment, because the other nations have intimated in the most forceful yet polite way to our Government no less than three times, that they do not desire to consider such a matter. The last rejection is most re-Is it not about time we realized that there may be such a thing as an international nuisance which may do more harm than good for this cause we pretend to advance? I state these facts so you gentlemen can consider that situation which existed three years ago and which is even worse now, and I feel, as the gentleman from Pennsylvania [Mr. Moore], does. We do not desire our Government to be humiliated. We do not desire our President and his administration to be rebuffed, and the cause of peace and lessening burdens receive a bad setback. He is our President as well as your President; we are equally proud of him and the honor and dignity of our country, and fear that the same experience would come to him, if this resolution were passed and he would be forced to attempt to make it effective, would have come to President Taft after the passage of the resolution in 1910, and to our Department of State in the suggestions concerning the treatment of the Jews in Roumania.

Mr. SHARP. Will the gentleman yield?

Mr. STEVENS of Minnesota. I yield to the gentleman.
Mr. SHARP. Does not the gentleman think that the Presi-

dent we have to-day has had some better success and less humiliation offered to him by other powers in his recent negotiations in regard to the Mexican situation?

Mr. STEVENS of Minnesota. Now, Mr. Speaker, if the gentleman will allow me, I will be glad to answer him if I have

Mr. SHARP. Is it not also true that great national and international reforms which have been brought about from time to time have met with these rebuffs and they have been from time to time set back and discouraged, but all the time such declarations as are provided in this resolution have been a step in advance and finally brought about the result wished? Is not that the history of all great reform movements?

Mr. STEVENS of Minnesota. Mr. Speaker, the gentleman is entirely right. There is no question about it that these things will come sometime and after repeated attempts. What impresses me is that this resolution will not accomplish that fact, could not be welcomed, might be resented and, worse yet, ridiculed. This resolution is based upon this situation I have stated, which has been abandoned and rejected, and is now nothing but a last year's bird's nest. It has been abandoned by those who originally initiated it. It has already been rebuffed and refused in advance by those who will be obliged to come in under it. The gentleman realizes the Mexican situation is not yet concluded, and I do not wish to embarrass the administration by frankly discussing it now.

Mr. HENSLEY. Will the gentleman yield right there?

Mr. STEVENS of Minnesota. Certainly. Mr. HENSLEY. Is the gentleman aware of the fact that when the United States Government, through its representatives to Great Britain, proposed a disarmament on the Great Lakes that for three years the representatives of the British Government refused and gave no encouragement to the representatives of the United States and said that Great Britain could not think of such a thing, but the persistence of the representa-tives of the United States Government brought about an agreement which resulted in the disarmament on the Great Lakes, and Great Britain in that instance, I desire to say to the gentleman, had 74 boats upon the Great Lakes, and 70 of the 74 were dismantled.

Mr. STEVENS of Minnesota. Yes, Mr. Speaker; the gentleman is right; but the situation is entirely different now for two reasons. In the first place, Great Britain would agree with us, and it would be for its interest to agree with us now, as it did then. Great Britain would be very glad to see a limitation of armament and has several times suggested it; but

the other nations will not so agree, and they do not think such limitation would be for their interest. If the gentleman will allow me to answer his question in the brief time I have, there are two reasons the other nations will not consent to such a limitation: First, it is not for their interest to do so, and, secondly, they would—

Mr. HENSLEY. That was the argument made by the representatives of the British Government when the United States Government proposed a disarmament on the Great Lakes.

Mr. STEVENS of Minnesota. But the gentleman does not realize the situation. The trouble is not with Great Britain, but the trouble is with the continental European nations necessarily, and if the gentleman will spare me a moment I will show him why. The great nations of Europe are divided into two great groups, one known as the "Triple Alliance," composed of Germany, Austria, and Italy, and the other known as the "Triple Entente," composed of Great Britain, France, and Russia. Now, the great powers of Europe are divided into those two groups facing each other, each having some common interests sufficient to hold them together, and the smaller nations group themselves with one or the other as circumstances may be. These are the great groups of powers facing each other, and they maintain peace by continuing practically the same sort of military organization and power, one comparing with the other. Now, if one of these groups should reduce its strength without the other similarly reducing its force, the result would be that the equilibrium would be disturbed. France would not dare to reduce without Germany or Germany without France. Now, as I said to the gentleman from Mis souri [Mr. BARTHOLDT], the position is this: The German Empire is in many respects one of the best-governed nations in the world; it has possibly the best administrative system and has a most splendid industrial system which is being rapidly extended. It has a fast-growing people as well as industry, and it must have an opportunity to grow, expand, and flourish and not to cease to move. But on the east of Germany is the great empire of Russia in a sense antagonistic to Germany. There is a sort of sore, so to speak, on the eastern boundary of Germany which always requires watching on the part of the authorities of that Government. On the west of it stands the agitation and trouble of Alsace-Lorraine, about which we have seen in the newspapers the last few weeks.

Now, the German Empire, in order to maintain its own position among the powers of the world, must have a large defensive force, and, more than that, Germany has only a few colonies in the distant lands, and in order to support its people and industries must have a great expansion of its foreign commerce and influence. Its population is growing very rapidly and needs It must have a large force to maintain its lines of communication all over the world, for the great German authorities know well, and have stated repeatedly, that no nation can live, no nation can flourish, unless it does maintain its lines of communication and industry and expansion and protect them all over the world whenever and wherever need may be. For that reason the German Government maintains its large army and its large navy, and it is obliged to do so for the defense of its own institutions and the interests and prosperity of its people. During the last 25 years the head of the German Empire, Emperor William II, has done more for the cause of peace in Europe than all other forces put together. [Applause.] During the last two or three years, as those who have studied European conditions well know, it has been in his hands to decide for peace or war and make or avert an awful conflict. Matters have come so that it would have been in some respects for the interests of his people that there should have been war, but Emperor William stoutly adhered to his policy of peace and decided against it. He compelled peace, and the rest of the great European powers were obliged to submit to the dictates of Emperor William, because he had the force behind him, the great naval and military force behind him, the great German Army and the German Navy, to carry out what he ordered. So the great German force has made for peace among the powers of the world, and the world should be grateful for what he has done. As long as that condition exists on the eastern and western frontier and the necessity for the extension of German possessions and interests beyond the sea, the Germans can not reduce their army or their navy, and they will not, and there is no use for us to exercise ourselves over a last year's bird's nest in an attempt to so persuade them.

Now, that is the trouble. Perhaps I may differ with some, but it seems to me that the only possible way that we can get a reduction or limitation of military burdens in the near future must come through the action of France. Now, the French people are extremely proud, extremely sensitive, extremely rich, and very powerful. The old sore of Alsace and Lorraine rankles

with them. For that reason they maintain their army, possibly as a sort of protection against Germany. As long as France maintains its army Germany must maintain its army, and the rest of us must maintain our armament in considerable amount on account of that old sore between the nations. That is one of the troubles which must be realized.

Gentlemen ask us why can we not take the initiative to remove that and to persuade France and Germany to reduce and It seems to me there is a little light on the sky. I think the action of the French Parliament only a few days ago in overturning their ministry indicates that there is a large part of the French people tired of the burdens of maintaining a warlike armament in time of peace. I hope that that indicates that the French sometime may be willing to consider some overtures if made in the right way. But, Mr. Speaker, whether that be true or not—and I believe there is some foundation for it-those overtures can not come from the United States or by a resolution such as this. It must be done with the utmost care and tactfulness and not by a legislative proposition manifestly ridiculous and abandoned. This Nation is not in a position now to undertake overtures to the great nations of Europe, with the standing that we have among the powers of Europe. And, unfortunately, the reason is this: We did have the prestige to do that 10 or 13 years ago, I think, at the time of the Boxer troubles in China. Our Department of State took the initiative, and we had such a very great influence among the powers that Secretary Hay urged them to cooperate and preserve the entity and integrity of the Chinese territory. The situation is entirely different now. Since that time the European nations and European publicists and the thoughtful Europeans have repeatedly stated that they take no stock in the promises or performances of this country. It is one of the unfortunate things in the recent career of this country and the record of our Congress, for which each one of us is more or less to blameand I confess my share of it—that we have not respected our international obligations and our international promises and our international treaties; and for that reason we are distrusted and even disliked; and any overtures we should make would be discounted in advance on account of our recent record.

I think it was over 10 or 12 years ago when we acquired Panama Zone from what was formerly the territory of Colombia. A great majority of the nations of the world believe we did it by breaking our solemn treaty with that country. My own opinion may be different, and I voted to sustain that, and think I had good reasons for it. But the opinion of many of the thoughtful people and nations of the world is that we did violate that treaty and have been unwilling to make reparation. When we came to abrogate our treaty with Russia, the resolution which passed this House was almost brutal and of uncalledfor severity of language against the great Empire of Russia, notwithstanding that that nation had been the traditional friend of this country for a century. [Applause.]

of this country for a century. [Applause.]

The SPEAKER. The time of the gentleman has expired.

Mr. BUCHANAN of Illinois. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended five minutes.

The SPEAKER. The gentleman from Illinois [Mr. Buchanan] asks unanimous consent that the time of the gentleman from Minnesota be extended five minutes. Is there objection?

There was no objection.

Mr. STEVENS of Minnesota. I am very grateful to the gentleman from Illinois and the House for the courtesy. The nations of the world realize, all the nations of the world appreciate, the somewhat precipitate language of the action of the House. The resolution was changed in the Senate for the better, and when the final action came to be taken it was done in the proper way; but we did not adopt our resolution in the proper way, and I am willing to assume my share of the shame and responsibility for it.

In the case of Panama there was a great difference of opinion among us as to whether or not we violated the treaty with Great Britain and Panama concerning the question of tolls on the Panama Canal. But on the other side of the water they believe we did violate that treaty. They believe that the United States would violate it for its advantage and did violate that treaty; and, more than that, in that connection the question as to whether we did violate that treaty was one capable of arbitration under the agreement which we ourselves had urged and for half a century had loudly advocated; but we have refused to abide by that treaty and have refused arbitrating that Panama Canal question under our solemn agreements.

Moreover, there are pending right now, as the President of

Moreover, there are pending right now, as the President of the United States urged from that desk only two days ago, the ratifications of five treaties in the Senate, and one of the great reasons why those treaties are not ratified is because some of the gentlemen over there who have favored free tolls do not believe those treaties should be ratified, because their ratification might affect that question of tolls and arbitration.

However, I am not arguing that matter.

I think the seamen's bill has been adverted to in this debate. Some question has been raised about that bill violating 10 or 20 treaties. I believe the venerable and honorable senior Senator from Georgia, the chairman of the Senate Committee on Foreign Relations, Mr. Bacon, in a debate stated that that bill did violate quite a number of treaties, and such is the record on that subject.

You will further recall the Underwood bill as it passed this House contained the provision for a 5 per cent discriminatory duty on imports in American vessels. Many foreign nations objected that it violated their treaties, so the clause was But we did our worst and disregarded our inter-

national relations and obligations.

The point is that this Congress and this House has repeatedly, time and time again, by the votes of most of us, done something which violates, or at least it is claimed by foreigners that

it does violate, our international agreements.

The result is that the action of this House is not taken seriously abroad-is not respected as we believe it should be. They look at it as some European publications did this past fall in discussing the very question that I am discussing before you now, as to the attitude of the United States toward foreign I think it was one of the great reviews of Paris which stated that there seemed to be an epidemic in the Congress of the United States for violating treaties with foreign nations.

The result will be that if you instruct our President by this resolution to take up the question of the limitation of armaments or the diminution of armaments, we would be met by a very polite and courteous rebuff. There would be a humiliation for the President and his administration. Foreign nations would not take us seriously. We have not the influence now with any of the great nations of the world necessary to initiate

Mr. HENSLEY. Mr. Speaker, will the gentleman yield? The SPEAKER. Does the gentleman from Minnesota yield

to the gentleman from Missouri?

Mr. STEVENS of Minnesota. I will yield to the gentleman. Mr. HENSLEY. I will ask the gentleman from Minnesota whether or not he has read Mr. Winston Churchill's speech discussing these propositions of which you now speak?

Mr. STEVENS of Minnesota. I read both of them, and I have read his last speech, in which he abandons them. his last speech right here, and I will insert that part of it in

the RECORD.

The point I am urging, Mr. Speaker, is that this resolution will not accomplish what the gentleman seeks. I want to support something and vote for something which will tend to the limitation of armaments and that will tend to reduce the military burdens of our people and the other peoples. I believe that this resolution, however, would lead to resentment on the part of the other nations. We have tried it before. We have met with rebuffs before. If we try it again we shall get exactly the same thing in additional measure for what we have done in discussing these other matters. They believe we are doing it for our local or party or sectional purposes. They call it "a Yankee trick" in doing these certain things. They discuss it among themselves in that atmosphere and in that spirit, and that causes resentment among thoughtful people and among those who control the destiny of their Governments.

If the gentleman wishes to accomplish something, my own

judgment is that this resolution should be referred to the Committee on Foreign Relations, so that it could be reshaped. Leave out the proposition which has been abandoned by Mr. Winston Churchill and the British Government and so strongly and repeatedly rejected by Germany. Frame the resolution so as to express our sincere desire to cooperate with the nations of the world in limiting armaments and reducing the burdens of our people and request the President at the opportune moment to cooperate with any Governments whose heads have manifested a similar disposition. In that way we would not meet humiliation; in that way we would express our sympathy and support of that kind of a movement, and I believe that is as far as we can go right now in helping to accomplish the things

that we all want to do.

I thank the House. [Applause.]

The SPEAKER. The time of the gentleman from Minnesota has expired. The gentleman from Missouri [Mr. Bartholdt] is

recognized for one hour.

Mr. BARTHOLDT. Mr. Speaker, my views on the subject of world peace, I believe, are fairly well known, and I take the floor only for the purpose of demonstrating that love of peace is not a monopoly of one party; in fact, that there is no par-

tisanship in this great question at all. Naturally I also desire to go on record as heartly favoring the resolution offered by my colleague from Missouri [Mr. Hensley].

Before I enter upon a discussion of the general questions involved in that resolution, permit me to refer briefly to some of the statements made by the opposition on last Tuesday and

The gentleman from Minnesota [Mr. Stevens] has just said that the proposition of Mr. Churchill was an unofficial proposition, made at a political meeting, and that when it met with no response from Germany it was practically abandoned. I do not believe this statement. On the contrary, reading London newspapers as I do, I know that if a sincere proposition should be made either by this or any other country—I mean made officially—Great Britain would gladly and readily join hands in observing what is called a naval holiday for one year.

But supposing Mr. Churchill actually had abandoned that proposition, what difference does that make? This proposition has now become an American proposition; and it is going to be made, not at a political meeting, in a political speech, but it is going to be made by the President of the United States upon

the authority of the Congress of the United States.

The gentleman from Minnesota [Mr. Stevens] also said that President Taft failed to appoint the commission on disarmament because he feared humiliation. This is not in accordance with the information I have. As I had the honor of being the author of that resolution, I know what was in the President's mind when he declined to appoint these commissioners. At that time his great arbitration treaties were pending and the President simply did not want to complicate the question of those treaties with a new proposition looking to the appointment of a peace commission. That was the reason and the only reason that actuated him in not making the appointment in time.

The gentleman from Pennsylvania [Mr. Moore], whose zeal in the defense of the interests of his district and his city we all admire, and who has just made a most able defense of an indefensible cause, stated in his speech on last Tuesday that this question involves "the employment of labor, the expenditure of capital, and the national welfare to a large extent.

Mr. Speaker, I have always looked upon it as a most lamentable contradiction that battleships should be constructed in Philadelphia, that these modern monsters of destruction should be sent out on their bloody mission from a city which proudly calls itself "the City of Brotherly Love." [Applause.]

Besides, I was sincere in my expectation that a proposition looking to universal peace would be hailed with delight by the Quaker sentiment of that city; and, indeed, I need stronger proof than the present attitude of my friend to convince me to the contrary. As to the employment of labor and the invested capital, let me assure my friend that it would pay the Government, in return for being relieved from the necessity of building battleships, to grant to every workman employed in the shipyards a pension for life, and it could well afford besides to permanently pay a fair rate of interest on the capital invested. The Treasury would be the gainer to the extent of hundreds of millions of dollars by such an arrangement. The employment of labor is an incidental benefit of naval construction-I might almost say the only one-but surely it is not the aim and object of maintaining a navy or even a valid argument for continuing a policy which the enlightened sentiment of the day desires to change.

But my distinguished friend from Pennsylvania raises another, to my mind more interesting, objection to the passage of this resolution. He says the resolution is based merely on newspaper reports of a political speech made by Winston Churchill, the First Lord of the British Admiralty, and hence we are asked, he says, to act on something which is not officially before us. It is true, Mr. Speaker, that the proposition has not yet been made officially by the British Government, and that is the reason, by the way, why Germany has not yet answered. It is not true that the German Government has, as the gentleman from Alabama said, "ignored or rejected" the naval holiday At Berlin they are simply waiting for a tangible proposition, for a bill of particulars, especially with regard to the three battleships which Canada proposes to contribute to the British Navy. But what of that? I think as Americans we have reason to rejoice that the honor and the glory of making a formal proposition to the nations of the world looking to a cessation of the mad and life-sapping rivalry in naval construction is reserved to the United States, and particularly to the American Congress. I shall endeavor to show later on why the United States would be but true to its mission in the politics of the world if it would grasp the scepter of leadership in this great movement.

I am glad we have heard from the gentleman from Alabama [Mr. Hobson] on this proposition, for he is by far the ablest and most eloquent champion of naval expansion here. None is so skillful as he in sugarcoating with sweet peace professions the big naval bills—or pills—which it is annually proposed to administer to the choking taxpayers of the country. And I can not help but notice how the war party has changed its face. Its policy used to be that of blood and iron, as Bismarck called it. Its stern mien betokened conquest, war, and death. To-day it is all smiles. It speaks of battleships and peace in the same breath and tells us cajolingly that armaments are for peace and not for war. The idea of enduring peace founded on the rock of law instead of force is invisible, like every idea; but in this change of front I can perceive the most tangible evidence of the growth of the peace movement. As is well known, our aim is to establish a world judiciary and a world parliament, to be followed, in order to perfect the international organization, by a world police force, to which all the nations shall contribute.

Militarism to-day is even willing to aid us in the attainment of these great objects if we but agree to keep on increasing armaments. Unfortunately this is an impossible condition, because it is asking the nations to commit suicide. But let us see how our friend from Alabama puts it. He says we must establish an equilibrium in both oceans; that is, we should have a fleet equal to that of Germany in the Atlantic to maintain the Monroe doctrine and a fleet equal to Japan's in the Pacific to maintain the open door in Asia. We are told that dreadnoughts alone count nowadays, and of those Germany will have 26 when her present program is carried out and Japan 10, while we have To be equal with those two powers we should have to build 24 new dreadnoughts in the immediate future. This is the minimum, in the opinion of our friend. Will he please inform us where and how we could procure the extra \$300,000,000 for that purpose, especially if he had his way, in the wiping out of over two hundred millions of internal revenues? And if we were building at such a furious rate, would not this be an incentive for the other nations to follow suit, and would not the relative strength of the nations be the same at the end of such a feverish period as it is now? No, my friends. Let me lay this down as a general proposition: If the open door in China and the Monroe doctrine depended for their maintenance solely upon the naval strength of the United States, then we would have to have a navy equal or superior to the combined navies of the whole world, for spoils of war have the same cohesive power in the case of nations as public plunder has in the case of parties, and it would not be impossible to effect a combination of the powers for the exploitation of South America and of Instead of two we should have to build a hundred battleships. That is exactly where the gentleman's logic will The fact is, however, that in increasing its armaments not a single European nation has any thought of the United States. England is sapping her lifeblood to keep up the so-called double standard from fear of Germany; and Germany, on the other hand, is increasing her army and navy in proportion to the increase of her population—the army with an eye to her neighbor across the Rhine and the navy with an eye to her rival across the channel. America, I say again, is left entirely out of the equation, and every one of our diplomatic representatives in Europe will bear out the assertion that in no country is there entertained the remotest idea of any serious difficulty with the United States. European statesmen certainly no more dream of comparing their naval strength with ours than they would think of guarding against sun spots. Our position, battleships or no battleships, is looked upon by them as impregnable, with envy, it is true, but with a feeling of absolute resignation and helplessness on their part. The references of the gentleman from Alabama to Germany, a nation which has been our steadfast friend from the beginning of the Government, are on a par, therefore, with his prediction made a few years ago of a war with Japan within 10 months. And for the United States to join in the mad race for naval su-premacy seems not only a reckless waste of the people's money, but also a needless betrayal by the present generation of the high mission of this Republic. It is nothing more nor less than a cheap imitation of European insanity.

Now, what is proposed here? Simply that the President of the

Now, what is proposed here? Simply that the President of the United States secure the consent of the powers to a proposition to stop naval construction for the period of one year. We are asking the world to have a breathing spell, a holiday, a rest from its exhausting race, and we are asking it in the hope that at the end of the year the nations, having come to their senses, will readily agree to an extension of the holiday for another year, for 5 or 10 years, or indefinitely. Such an agreement would injure no one, give no nation an advantage over the other, and

leave them all in exactly the same position as to relative strength in which they are to-day, while, as I said on Tuesday, in one single year about two hundred and fifty millions of the people's money would be saved. The mere prospect of such an agreement makes the peoples of Europe, who are now groaning under intolerable burdens, heave a sigh of relief, and if the plan succeeded this great Republic would become the object of their blessings and benedictions. And remember that they are not only our fellow beings and brethren, but also our customers whose purchasing power, by any relief from taxation, would be considerably enhanced. In this connection let us be honest enough to admit that the American people themselves are not as indifferent as to saving involved in this plan as it might seem to the rest of the world. Owing to the enormous sums swallowed up by the military and naval establishments our expenditures have increased by leaps and bounds in spite of the honest efforts of both parties to economize. A glance at these vast amounts expended for unproductive purposes suffices to explain the high cost of living under which we are laboring, and there is no use denying that we do suffer, the same as all other nations, from this cause. We are paying city taxes, county taxes, State taxes, corporation taxes, and for the first time in the history of the country we are now obliged to pay a direct tax to the National Government based on our incomes. The American people, therefore, have every reason to mingle their prayers with those of their European brethren for relief from burdens which never before have been imposed in times of peace. Peace? "What is called peace in our present state of civilization," says one of the weeklies, "is an irony. It means merely the absence of some great war. When will real peace come? When will the lives of hundreds of thousands of wage earners cease to be devoted to keeping up armies? When will the nations cease to be merely resting after one war or getting ready for another?

You need not go to meetings of peace societies to hear protests against the burdens of militarism. Labor, which bears the brunt of every sacrifice of blood and treasure, is rising in solemn protest all over the world, and I shall never forget when two years ago I witnessed a monster mass meeting at Berlin protesting against war on account of Morocco, and when, after speeches from 16 different platforms, on a given signal 150,000 hands were raised to heaven pledging as many workingmen not to countenance war. There was no war. Just as strong for peace is the sympathy of American labor. And recently the farmers, too, have taken up the cudgels. They are now passing a resolution, first adopted by the Massachusetts State Grange, which reads as follows:

as follows:

The State grange, in annual convention assembled, renews its earnest pledge to the commanding cause of the world's peace and order, to which the granges of the country have been steadily devoted. Keenly sensible that the burden of taxation for the present monstrous armaments of the nations falls most heavily upon the agricultural and industrial classes, we gratefully hall the warm response of our Secretary of the Navy to the recent proposal of the head of the British Admiralty for international cooperation in the limitation of naval armaments and expenditure. We gratefully recognize the enlightened and courageous action of Congress in the last two years in cutting down our own battle-ship program; and we urge uncompromising adherence to this progressive policy and to all measures which tend to the supplanting of the rule of force by the rule of justice and reason among nations.

In England recently both labor and capital, as well as religion, have raised their voices in no uncertain tones against this mad naval rivalry.

The president of the recent International Cooperative Alliance Congress in England, Mr. William Maxwell, spoke as follows upon the terrible burden of armaments, and his sentiments were afterwards embodied in a resolution which was carried with great enthusiasm:

Apart from the horrors of war and its attendant miseries, which fell heavily upon the workers, financial burdens all over Europe were becoming intolerable to the worker, and all in order that one Government should have more engines of destruction than others. International cooperation was the very antithesis of international strife. He urged all cooperators to use their influence to blot out these huge armaments of war, which disfigured the civilization of the present century. Let them hope that the growing sense of harmony between nations, which that great congress represented, would in a very short time wipe out many of those deadly engines of destruction on which so much hard money was spent.

Equally emphatic was the Trade-Union Congress in condemnation of the warlike expenditure. Turning to the capitalist side, I note the presidential address of Sir Algernon Firth at the Antwerp Congress of the British Chambers of Commerce. After giving the enormous figures representing the capital sunk by the nations in this ghastly game of beggar my neighbor, Sir Algernon concluded thus:

At the present rate of increase, Europe in 10 years would be spending on armaments sufficient to replace the mercantile marine of the whole world to-day. That was a stupendous fact. It should cause every man, not only in Great Britain, but in Europe, to pause and consider whither this waste was leading them. It fell almost entirely upon the productive capacity of the countries concerned. It increased the cost of liv-

ing and thus of production. The congress could draw attention to the danger and with no uncertain voice call upon statesmen to get together and devise a better system.

My concluding quotation is from the Bishop of Winchester, taken from his address as president of the Church Congress:

The age of armaments as we knew it with its colossal, intelerable burdens, its naked international selfishness, its apparent contempt of the great common vocations from God, which should draw the Christian nations into common service of world-wide liberty and spiritual progress, could not last long; one way or another it must change by thunderous and unimaginable catastrophe; if not, by some better way of moral transformation.

Here, then, we have labor, capital, and religion raising their voices-speaking for the best public opinion in their bodies-to tell the chancellor of the exchequer, who asked for strong expression of public opinion on the matter, "It is time this should Mr. Lloyd George has himself recently declared that the menace of revolution confronts Europe if some way can not be found to check the present insane rivalry and expenditure.

It is impossible to leave the subject without recalling this solemn warning of Lord Rosebery, for, though four years have passed since it was uttered, it is more timely than ever:

When I see this bursting out of navles everywhere I begin to feel uneasy at the outcome of it all, to wonder whether it is ever going to stop, if it is merely going to take Europe back into a state of barbarism, or whether it will cause a catastrophe in which the workingmen of the world, at any rate, will say, "We will have no more of this madness and this foolery, which is grinding us to powder."

And now, gentlemen of the House, after we have heard from labor, capital, and religion, let me read to you something which a few years ago came from a most unexpected source. It runs

"The maintenance of general peace and a possible reduction of the excessive armaments which weigh upon all nations present themselves in the existing condition of the whole world as the ideal toward which the endeavors of all governments should be directed. The present moment would be very favorable for seeking, by means of international discussion, the most effectual means of insuring to all peoples the benefits of a real and lasting peace, and, above all, of putting an end to the progressive development of armaments. Hundreds of millions are devoted to acquiring terrible engines of destruction which are destined to-morrow to lose all value, in consequence of some fresh discovery in this field. National culture, economic progress, and the production of wealth are either paralyzed or checked in their development. Economic crises, brought on in great measure by the system of developing armaments to the utmost, and the constant danger that lies in this massing of war material, are transforming the armies of our days into a crushing burden, which the people have more and more difficulty in bearing. It appears evident, then, that if this state of things is to be prolonged, it will inevitably lead to the very catastrophe which it is desired to avert and the very thought of whose horrors makes every man shudder. To seek the means of warding off the calamities that are threatening the whole world is the supreme duty that is to-day imposed on all States."

What do you think I am reading from? Is it from a peace pamphlet or from the speech of a Socialist? No. These words, gentlemen, were uttered by a crowned head, by one of the greatest rulers on earth. They are from the rescript of the Czar of Russia, in which he proposed the first Hague conference of the nations, a conference which-I again quote his own words-"would unite in one powerful combination the efforts of all nations which are sincerely seeking to make the great idea of universal peace triumphant." How much more true are these words to-day than they were 15 years ago, when the Czar startled the world with his democratic proclamation, for within that time more than twenty billions—that is, twenty thousand million dollars—have been filched from the pockets of the taxpayers to maintain the world's armaments. How much longer, I ask, will those who seize the people's bread in order to shed the people's blood be deaf to the people's voice? How long will civilization pour uncounted millions at the shrine of ravening savagery and waste the substance of its people in the murderous enginery of war?

We can rest assured that the same Czar who thus described the curse of militarism will be one of the first rulers to join hands with President Wilson if this resolution passes. in fact, he who made the first proposition of this kind. In a conversation with William T. Stead, shortly after the rescript had appeared, Czar Nicholas is reported to have said:

"Why are they always talking of disarmament? I never used the expression; it does not appear in the rescript. I know only too well that immediate disarmament is excluded. It is, indeed, difficult to speak of the diminution of armaments. Surely, the most practical step, and the first that should be taken, would be an attempt to come to an agreement to refrain should succeed in securing the consent of the nations to his

from increasing armaments for a term of years. After four or five years we should learn to trust one another and to keep our word. By this means we should secure a basis for a proposal to reduce the armaments."

Let us wish that these memorable words may prove prophetic. That they are authentic appears from the second circular which the Russian foreign office issued, and in which a program of eight points was suggested. The very first point was this:

1. An agreement not to increase, during a fixed period, the present strength of the armed military and naval forces, nor the budgets pertaining thereto, and a preliminary examination of the means by which a reduction might be effected in future in the forces and budgets above mentioned.

From this it will appear that the real author of the plan for naval holiday is not Mr. Churchill, of England, but Czar Nicholas of Russia.

Mr. Speaker, it is my deliberate opinion that there will not Oh, it is still possible, but there is not be another great war. a responsible human being living to-day who wants war as an absolute frank, outspoken purpose of destruction. itself the age has invented a new delusion. "War," as Dr. Green said at St. Louis recently, "in its grim reality is the sole survivor of medieval barbarism. Everything else has been banished. We have eliminated pestilence, we have removed slavery, we have prevented famine. We have driven superstition and ignorance before the advancing light of civilization and culture. War alone of all remains to flaunt its horrid crest in the face of the twentieth century. An age whose loudly lauded ideals are the protection, the development, the evolution of human life can not justify war. For war deliberately plans the ruthless, inhuman destruction of myriads of living men. It makes possible the agony and the nameless suffering incident to torn and mangled bodies. It inflicts upon the innocent and the defenseless the hideous torment of bereavement; the lasting, gnawing grief of broken-hearted solitude; and the sunless future of dreary, unalleviated poverty and want. It takes from a generation its strongest and most virile and leaves the decadent and the unfit to the fatherhood of generations to come. It destroys homes, it despoils widows, it bereaves orphans. It exalts murder into virtue. It halos cruelty with the excellency of courage. It drags down the human brotherhood and fills the world with the foul dissonance of fiends let loose from hell." [Applause.]

All this, and indescribably, unspeakably more, is war; and so no one justifies war. Nobody wants war. We are fighting a delusion. We have invented a new economy that protests with fulsome platitudes its humanitarian purposes. It loathes war; it loves peace; and the only way in which we can make peace certain, the only way in which we can insure life, liberty, and the pursuit of happiness is to be ready at any cost, however enormous, to compel peace even by barbaric force, for each individual nation to be so strongly, so invincibly armed as to make all other nations peaceful and affectionate, even if one has to shoot them into obedient tranquillity. So not war but an insane militarism is throttling the world. It is a disease—reason destroying, insensate, incoherent; a pestilence self-nourished. It respects neither present good nor future evil, and to-day the world's greatest problem is, Can civilization save itself? Has it an antiseptic for this cancerous distemper? Is there any end possible save chaos?

To safeguard peace the nations prepare for war. Stupendous armies, magnificent navies, are hailed as the supreme safeguards of civilization. Statecraft juggles with words; clothes itself with pretense; presents to the historic judgment of a century to come the pitiful spectacle of a deluded age that increases its armaments at the expense of two billion dollars a year only for the purpose of making those armaments useless; an age when nations are willing to confess that they are bankrupting

themselves to keep from fighting.

I ask you in all seriousness, is it not time, high time, for the thinking people of the United States to take stock of the great world problems as they exist to-day and to determine whether we are to be mere imitators, tagging at the heels of the moth-eaten, suicidal policies of the nations of Europe, or are we to be brave enough to rise to our opportunity and at least point the way to the threshold of a new era, whose accentuating notes shall be a cessation of the ruinous expenditure for military armament, the absolute elimination of war between civilized nations, and the establishment of courts of arbitration for the settlement of all international disputes?

Thank heaven, we are rising to this golden opportunity now. and it will redound to the everlasting glory of this Congress if it passes this resolution the same as it will shed lasting luster on American humanitarian statesmanship if Secretary Bryan great plan, according to which there shall always be a year's investigation before ever again human blood can be shed. To the people of the world these two American propositions are two new stars of Bethlehem. [Applause.]

The rulers of the Old World, it seems, will not voluntarily abolish either militarism or war. The relief must come from a country where the people rule, and the millions in other lands are looking to this great Republic for deliverance. Germany will not listen to England, and France will not listen to Germany, general distrust being the true diagnosis of the disease from which the world is suffering to-day. But they will all listen to America. Will she say the word? The American people have proclaimed the liberty of man and demonstrated the possibility of self-government. They have set new standards and taught the world new lessons of freedom under the people's rule. They have broken with the traditions of the Old World in matters of government; will they not also depart from them, for the sake of justice, humanity, and peace, in the matters of settling differences between nations? I have an abiding faith that they will. Their own welfare and their unwritten obligations to the world require it.

True, we have made some sad mistakes. The contagion, with its glamor and its barbaric fascination, says the same speaker above quoted, has touched our sober judgment. Providence flung us for a moment into the forefront of the world, but instead of remembering that we stood for a new age and a new philosophy we dressed ourselves in the uniform of modern savagery and began to ape the insanity of the older world. We are not by instinct a military Nation. It does not set well with the genius of our Republic. There is nothing attractive to the young men of America in being shut up in dusty barracks and burning up in practice marches. If they want to march, they want to march for something and to some place. But we are spending over sixty cents of every dollar for militarism. The whole public-school system of America in 1912 cost the sum of \$426,250,434, while, think of it, we lavished \$444,000,000 on our pet delusion. A single battleship costs \$15,000,000, and every time a gun is fired it burns \$1,000 to ashes; and all this while people starve in our slums, children die like flies for lack of pure milk, and half-famished girls sell their virtue for the price of life. And all this without an enemy in the world-without a single power to challenge us to combat.

Let America stop. We have nothing to lose. imperishable immortality to gain. More, we can teach our own people a higher, loftier purpose of life than the sordid greed for territory and power that dominates the policy of the world. We can pour out our millions for the people's good. We can fight poverty and want. We can campaign against vice and unrighteousness. We can make of our armies conquering battalions who shall bear the triumphant banners of accomplish-We can bridge our rivers, scale our mountains, make ample our harbors and fertile our arid lands. We can harness our waterfalls until the whir of machinery shall make a sym-

phony keyed to the music of peace.

Let America stop.

That, too, was the keynote of the great American Peace Congress recently held in the city of St. Louis, when Dr. Green in a masterful speech summed up the case in the following im-

pressive exhortation:

"Let America stand before the nations clad in simple honesty, panoplied in elemental justice. Let her appeal to the common conscience of the world. Let her say to the war-mad powers of Europe, 'There is a way out, and we will lead. We will help you police the sea, we will give our quota to a constabulary of peace, but we are through. No great standing army, no more leviathan battleships. We trust to what we boast of as the highest attainment of the age, the innate justice of civilized humanity.

"'Touch us if you dare. Violate at your peril the sacred

egis with which we panoply the world's peace.
"'We shall have our problems, but for their solution you will go with us to The Hague, you will stand beside us at the bar of international arbitration, and you will abide by the decision of that court, or we shall hold you up to the scorn and contempt of the enlightened conscience of the world.'

Within 30 days of such a pronouncement the nations of the earth will stand behind America, thanking God for the moral courage of a people who had dared not to fight for peace, but to

live to make peace.

It is America's supreme opportunity. It will demand of us clean hands and a pure heart. They must be without re-

proach who bear the banner of righteousness.

"Heaven grant us the courage to be what our fathers dreamed, and when the day shall come, as come it must, when in company with earth's mighty past this great Republic shall lie large, and it ought to be reduced rather than increased; but

down at last, its duty done, its mission ended, may they write above her resting place, not 'This was the greatest Nation in the world,' not 'This was the richest Nation in the world,' but, above her may they write in letters of light, that all the ages to come may read and glorify, the proudest epitaph a nation may win, 'This, this was America, the peacemaker of the world.' "

[Loud applause.]

Mr. MONDELL. Mr. Speaker, in supporting the resolution offered by the gentleman from Missouri [Mr. Hensley], which provides that we shall request the President of the United States to take such action as he may deem proper to bring about a cessation of naval construction for one year, I desire to say that I harbor no dream of universal peace. I doubt if the time will ever come when there shall be no more war among the nations of the earth. If that time ever comes, it will be after the millennium has been ushered in and human nature has been entirely redeemed. I do not expect that time to arrive

in the near future.

On the other hand, the world has been progressing away from war. Back yonder in the barbaric times of our race war was the principal occupation of mankind, and the temporarily strong and war-like tribe frequently secured a considerable portion of its substance by preying upon the less war-like or more indus-When nations were organized the practice of trious tribe. acquiring, or attempting to acquire, wealth by levying on the foreigner still continued to be popular. As monarchies were established the effort to perpetuate dynasties became one of the most potent sources of war. And so wars have been waged, wars of conquest, wars of pride of opinion, wars for the perpetuation of kingly lines, wars waged to hasten and wars tending to prevent the establishment of liberty among men. In latter years wars happily have been less frequent, not as infrequent as they should have been and should be, but less frequent than formerly and for many reasons. First, because men have come to realize more than ever before that war, as a great general once said, is hell, and as the common people who in war are the food for powder acquire more power in government their influence is generally exerted toward the prevention of those conditions under which they and their kind are the principal sufferers. For rulers and privileged classes who bring on wars, and who are generally responsible for them, usually suffer not at all from them directly or indirectly, but are frequently largely The increasing good sense of mankind, benefited by them. awakening realization of the waste and woe of war, have been effective in reducing the number and the length of wars. Increasing cost of war has also had a tendency to reduce the number and the extent of wars. As time has passed war has became more and more expensive.

In the olden days, in the feudal times, and as late as two and a half centuries ago, there was no such thing as a national credit in the sense in which we now understand it. could not be mortgaged to the extent to which it can in these days of great princely lending houses. In those days rulers were compelled to finance their wars as they went along, but wars were not expensive as they are in these latter days, first, because the soldier served with but little pay, was poorly fed, and indifferently cared for, and the implements of war were, in comparison with those of modern times, inexpensive.

But as time passed and man began to build permanent fortifications, costing many millions of dollars, mounting upon them great guns firing missiles weighing half a ton, costing hundreds of dollars per shot; as we launched upon the deep seas battleships costing four and five, and then ten, and now fifteen millions of dollars each; as the world became an armed camp, these conditions of extraordinary expenditure for war have been one of the compelling causes in the maintenance of peace.

I did not have the pleasure of listening to all of the speech of the gentleman from Minnesota [Mr. Stevens], but in his closing remarks, which I was fortunate enough to hear, he expressed the opinion that the vast armaments maintained by Germany during the last quarter of a century had contributed more to the maintenance of peace in Europe than all other causes combined. That is true in a sense. It shows how an evil may become great enough to work somewhat for good, for, following the lead of Germany, pressed on to greater and greater armaments by her fear of France and by her ambition overseas, Europe has become so tremendously, so fearfully armed that all of her chancellories realize that war, even if successful, threatens bankruptcy.

Do we realize how the nations have been advancing in war expenses in the last few years and how they stand in the matter of debt? We have a national debt of approximately \$1,000,000,000, with almost a hundred million people and the richest country in the world. Our debt is quite sufficiently France labors under a debt more than six times as great as ours, with half our population and a quarter of our wealth. many has an interest-bearing debt more than three and a half times as great as our own. England is paying interest on a debt more than four times as great as ours; and Austria-Hungary, without a seacoast worth while, without a navy, has a debt, if I recollect rightly, nearly four times as great as ours. part of our national debt-as, for instance, the cost of the Panama Canal—represents expenditure for useful and peaceful purposes. Practically all the debt of Europe represents the waste of war. Most of these great debts have been incurred within the past century, and much of it within 50 years.

Do we realize that this increase of national debts can not continue indefinitely; that there must be a halt; that it is utterly impossible that the world shall continue to increase its expenditures for arms and armaments as it has the last quarter of a century for a quarter of a century more? There is not a nation, save our own, among the great nations of the world that can continue to increase its army and its navy for another 25 years in the same proportion as they have in the past 25 years without so impoverishing its people as to bring as an inevitable result bankruptcy, revolt, and revolution. There must be a halt, and all of the military men and most of the public men of the world realize it. The question is, How is it to When is it to come?

The gentleman from Minnesota [Mr. STEVENS] made some confessions in regard to Congress and its attitude toward treaties with which I somewhat agree. I said a year ago in discussing a matter affecting an international treaty-and I said it with regret-that I thought it was a mistake for anyone to argue with the House that a thing ought not to be done, because it violated a treaty obligation, because there seemed to be a temper and disposition to do the thing which seemed at the moment desirable, regardless of our treaty obligations.

Mr. SHERLEY. Will the gentleman yield for a question?

Mr. MONDELL. I will be glad to do so. Mr. SHERLEY. Did that fact, which is a very pertinent fact not only in this country but in every other country, that when a paper agreement gets in the way of the march of events it speedily gets out of the way, did that fact ever suggest to the gentleman that the remedy lies not so much in not breaking treaties but in not making foolish treaties in the first instance?

Mr. MONDELL. I can not answer the gentleman's question without saying I can not agree with its premises. I fear it is based on the theory that the particular treaty which was under discussion at the time was an unwise treaty and that we should break it because it was unwise.

Mr. SHERLEY. No; if the gentleman will permit, I did not mean to confine it to a particular case, but the gentleman's remarks did give, it seems to me, opportunity for what I consider to be a proper expression, and that is that we have gotten into the habit recently of thinking that because of a few men sitting around a table and coming into mental agreement with each other, that thereby they have brought great nations into agreewhich is not the fact and never has been and never will be.

Mr. MONDELL. My suggestion is that when we find a provision in a treaty that we do not approve the proper thing for us to do is to seek to have the treaty amended in a proper way.

Mr. SHERLEY. If the gentleman will permit in order that I may not be misunderstood

Mr. MONDELL. Certainly.
Mr. SHERLEY. I thoroughly agree with the gentleman, but I am trying to point out that which should be brought home to the other branch of the legislative body, and that is the very great importance of considering the far-reaching effect of treaty

obligations before we enter into them.

Mr. MONDELL. I thoroughly agree with the thought the gentleman has last expressed. We may have made some treaties which were not entirely wise in all respects. I think we have, but it is unfortunately a fact that to some men the idea that anyone anywhere has taken any action that can not be immediately and forthwith overturned by the action of Congress is intolerable. We do need to remember that international obligations are sacred, and if we do not approve of all the things they contain there is a way to remedy them. I do not believe there is an American constituency anywhere that after calm consideration will aphold its Representative in proposing or insisting upon a line of action on the theory that it shall be carried out, international obligations to the contrary notwithstanding.

I did not, however, take up this line of thought with a view of entirely agreeing with the gentleman from Minnesota [Mr. STEVENS]. We are human here, as folks are the world over, but

world, and I think, take it as a whole, while I regret the disposition to which I have referred, take it as a whole, by and large, and as the years have run, we have kept our treaty obligations with the nations of the world quite as well as any people on earth; and I can not agree with the gentleman from Minnesota that the Governments of Europe do not and will not seriously consider any action we may take because of their opinion that we have not always been as careful to observe our treaty obligations as we should have been. Let us not forget-

Mr. HARDY. Will the gentleman yield?

Mr. MONDELL. In just a moment. Let us not forget that the heads of foreign Governments affected by treaties with us may consider it their duty in maintaining the interests of their nations to insist that we have violated our treaty obligations in case the action we take is not what they desire; but because some foreign Governments have expressed the opinion that we have violated some of our treaty obligations it does not follow that in all such cases we are in the wrong. I want to reiterate that, in my opinion, we have as a nation a better record for treaty keeping than most of the nations of the earth, and I think that is generally realized and appreciated among the nations of

Mr. HARDY. I want to say I have been very much interested in what the gentleman is discussing. I am not a student of international law to any great extent, and therefore I want to predicate what I have to say on this proposition with this

apology. I believe

That a treaty which in itself contains stipulations by which it may be abrogated and in conformity to which it may be abrogated with perfect good faith is not broken if we by our actions take steps to abrogate it in accordance with its own terms. Now, does the gentleman know of any case in which the United States has simply willfully broken a treaty with any nation on earth?

Mr. MONDELL. I do not recall of any such case in all the

history of our country— Mr. HARDY. Neither do L.

Mr. MONDELL (continuing). Where a treaty has been flagrantly violated or interpreted in a way that a majority of mankind would say constituted a violation of its provisions.

Mr. HARDY. I want to say right along that line that as near the violation of a treaty as has been made since I have been in public life was in connection with our action in reference to the Panama Canal, giving preferential or free passage te our own ships and charging tolls to other ships. And my understanding of that situation has been that those who voted for that proposition did so with the declaration of the belief that it was not a violation of our treaty with Great Britain, and, further, with the statement that if our court should hold it was a violation the law itself would be deemed void as to that toll discrimination. Therefore I believe we can say in good conscience that America is very far from violating her sacred honor.

Mr. MONDELL. The case the gentleman refers to is one I had in mind, because I am one of those who believe that the action we took in regard to coastwise tolls was a violation of a fair interpretation of our treaty, although there may be sufficient ground for a difference of opinion that men's consciences need not smite them because they took a different view.

Mr. STEVENS of Minnesota. May I ask the gentleman a

question?

Mr. MONDELL. In just a moment. Unfortunately during the debate on the Panama Canal bill there were suggestions on both sides of the Chamber that if we had made a treaty which seemed to obligate us in a certain way and we believed that obligation, if it existed, prevented us from taking action along lines we approved, we should interpret the treaty favorably to the action we desired to take.

Mr. STEVENS of Minnesota. May I ask the gentleman a

question now?

Mr. MONDELL. Certainly. Mr. STEVENS of Minnesota. Conceding that there was a difference of opinion as to whether or not the Panama bill violated the treaty concerning the canal-and there was a very great difference of opinion-does not the gentleman recall that that very difference of opinion between the Governments of Great Britain and the United States concerning that identical point was to be submitted to arbitration or submitted to some tribunal to investigate and report concerning it under the provisions of another treaty made between the United States and Great Britain, and so far the Government of the United States has distinctly refused to comply with the provisions of that treaty?

Mr. MONDELL. The answer to the gentleman's question I do not think we are any more human than the balance of the involves an expression of opinion as to whether that other treaty to which he refers did include among the questions that were made justiciable under it the question to which we have referred. There is ground for a difference of opinion on that point also.

Mr. STEVENS of Minnesota. Mr. Speaker, it is not a matter of opinion of yours or mine, but are we not forced into this position, then, that no matter what treaty we may make with any nation, we have a perfect right to do as we please, claim that our action does not violate the treaty, no matter what our action may be, and then when the other nation claims to be aggrieved, we claim we will not submit to any arbitration, no matter how much we have agreed to submit, on the ground that that question is not justiciable and we do not have to submit to it?

In other words, is it not our position that we are not obliged to submit to any treaty unless they can subdue our Government in case of war?

Mr. SHERLEY. Is not that true until you have an outside party big enough to make the two contracting parties agree, and must not that always be true of sovereignties?

Mr. MONDELL. I agree with the gentleman from Minnesota largely on the matters he refers to. I believe our action with regard to tolls was unwise economically, and, second, I believe there was and is a very great question as to whether it did not violate our treaty, and, furthermore, I believe that we should allow that question to be carried to an international tribunal for decision, unless we shall remove all cause for contention by reconsidering our action. I think that is the thing to do, and I believe Congress would vote to reconsider and revise our action if its Members were given the opportunity.

Mr. TOWNER. Mr. Speaker.

Mr. HARDY. Mr. Speaker, will the gentleman yield right

Mr. MONDELL. In just a moment; one at a time, please. But while that is true, "one swallow does not make a summer." One question between two nations does not necessarily create a condition under which either nation loses confidence in the other. It is unfortunate that we have had this disagreement, but the disagreement has not been such as that any man can honestly say we have clearly and beyond all question violated our obligations, though there are many who believe we have.

Now I will yield to the gentleman from Iowa.

Mr. TOWNER. Is it not true that always, throughout the entire history of international treatment with regard to treaties, nations have reserved the right to determine for themselves whether or not a question which was claimed to be affected by a treaty was or was not a purely domestic question? Is not that the gentleman's understanding of the law and the history of the interpretation of treaties?

Mr. MONDELL. I am not an international lawyer, nor a lawyer of any sort. As an American citizen I believe that there are very few questions between civilized nations that can not safely be left to the judgment of an international court. I have not overmuch patience with that disposition that we have seen displayed in some quarters to insist that almost every question of international disagreement either involves national honor or is domestic in its character, thus including in these two categories practically every disagreement between ourselves and the civilized world. We certainly have reached a point in the development of mankind when there is intelligence enough and good faith enough among men to warrant us in trusting an international court, as we would trust our own courts, to settle any question except one that clearly and beyond reasonable controversy is purely domestic or involves our national existence and our national honor.

But I did not intend to follow this line at length. I simply referred to these matters in order to express my dissent from the position taken by the gentleman from Minnesota [Mr. STEVENS], that the nations of the world would not seriously or respectfully consider, would not give any considerable amount of weight to any expression or declaration that we might make. I take an entirely different view of it. My opinion is that no people on earth are so happily situated as are the people of the United States to take the initiative and to lend their support at all times to every movement tending to reduce armaments to remove causes and temptation to war and to promote peace.

Mr. STEVENS of Minnesota. Mr. Speaker, let me ask the gentleman there

Mr. MONDELL. We are the only Nation on the face of the earth that can indorse a proposition for a naval holiday or for a reduction of armaments without being charged with having some reason for it affecting our national safety or our national

Mr. STEVENS of Minnesota. Mr. Speaker, may I ask the gentleman a question?

The SPEAKER. Will the gentleman yield?

Mr. MONDELL. I shall be glad to.

Mr. STEVENS of Minnesota. Is not the gentleman aware that at three separate and distinct times the United States has either taken the initiative or expressed its hearty cooperation in the attempt or proposal to do the identical thing desired by the gentleman, and the other nations have refused to participate or to permit the matter to go any further, and that the last occurrence was only three years ago?

Mr. MONDELL. Well, I do not know how far the scriptural

injunction to turn your right cheek, or your left cheek-I have forgotten which it is-after the other cheek has been smitten, should carry us in international intercourse.

Mr. BUTLER. You could not stand it twice on the same

cheek. [Laughter.]

Mr. MONDELL. Yes; I am persuaded that although in the past foreign nations, for reasons that have seemed good to them and not always with the greatest courtesy imaginable, have declined to follow our suggestions with regard to these matters; yet in this good cause, infinitely more important to them than to us, we can afford to renew our efforts, and if we do not at

first succeed, to try, try again. [Applause.]

I said a moment ago that there was not a nation in Europe, including Great Britain, that could continue for another quarter of a century to increase its war expense in the same proportion and degree hereafter as during the last 25 years without inviting bankruptcy and revolution; therefore it might be said with reference to any of those nations that they proposed reduction of armaments, cessation from building programs, because they were approaching the limit of their income and credit. That very fact might exert a potent influence with their rivals to continue in the expenditure that has brought rival nations to the point where they were ready to cry "Hold! Enough!" But we, of all the people of the earth, are free from the possibility of having our actions so judged. For while we are not going to do it, while the American people do not desire it, while Congress has too much wisdom to attempt it, we could build as many battleships as Germany and England combined and raise the necessary revenue without seriously crippling or impoverishing our people. We could add \$100,000,000 or \$150,000,000 to our annual military and naval expenditures and feel it less than any nation in Europe would feel an addition of a quarter of that amount to her present expenditure. We do not fear for our continental territory. If every warship now bearing the American flag and proudly floating the deep was sunk, all the world knows that all the nations of the earth combined could not permanently conquer any square mile of our continental territory. [Applause.] We are the only nation in the world absolutely self-sufficient and secure. I notice the gentleman from Kentucky [Mr. SHERLEY] and the gentleman from Minnesota [Mr. STEVENS] smile.

Mr. SHERLEY. I was just suggesting that that statement be referred to the gentleman from Alabama [Mr. Hobson], who might not agree with you. I do. It was that which caused the smile.

Mr. STEVENS of Minnesota. I was smiling assent. [Laughter.1

Mr. MONDELL. I say this in no spread-eagle Fourth of July spirit. I say it because it is true. All the world knows it is true. We have maintained a Navy, we do maintain a Navy, we shall maintain a Navy, we should maintain a Navy so long as the balance of the world does. And yet if we did not have a Navy probably the only difference it would make in the next decade or next half century would be that we might lose some territory 7,000 miles away, over yonder in the Pacific, that apart from our duty and responsibility as a Nation we would be better off without. With the exception of that far-off possession—possibly also Hawaii—there is not a foot of American territory that a foreign nation could take and hold if we had no Navy.

We do not fear aggression. We have no reason to fear aggression, and all the world knows it. We are rich enough to build all the navies that our people may desire; and if we had the ambition that Germany has had to increase naval arma-ments, if we felt the necessity that England feels to increase naval armaments so long as Germany increases hers, we should not be building in a halting or hesitating way, but we would build in a way to make ourselves absolutely secure, and we could do it without danger of national bankruptcy.

We are the only Nation on earth thus situated, secure in our continental isolation, rich enough to spend money thus wastefully, if it were necessary, and if it was necessary it would not be wasteful-able to spend all we need to spend for war purposes and without burdening our people.

Therefore when we say to the world, "We want to join with you in reducing war burdens, in putting an end to this mad race for battleships that is impoverishing you; we want to join with you in now putting an end to a constantly increasing expenditure which under no circumstances can you continue for another quarter of a century and live," there can be no suspicion of any but worthy motives on our part.

I think there are few of us who realize the enormous debt of European countries, the tremendous burden upon their people of their military establishment, the rate at which they are progressively moving toward that fatal day when there must be a reckoning, when the nations shall have builded armaments so great, battleships so numerous, and shall have men under arms in such numbers that they will not be able to afford the means to use them as fighting instruments. One of the things that pre-

vents war now is the fact that all the resources of the nations in Europe are used in the maintenance of great military organizations, and they have nothing left with which to wage wars.

That is the only sense in which these great armaments have been peace-promoting establishments. They have been peace promoters in the same way that the leeching of two belligerent individuals simultaneously might reduce their hot blood to a

point where they have no reserve strength for an encounter.

France—the fair land of France—with over \$6,000,000,000 of debt, with her vast army riding her industrious people into poverty, with her military establishment growing so enormously that even her rich soil and the matchess industry of her people, is not sufficient to keep it going without still further mortgaging the future; Germany believing she is menaced by France; France certain she is menaced by Germany; England fearful of Germany; and Germany suspicious of England; and so it goes, a complete circle of menace and suspicion, and largely a menace of ghosts; because while these peoples believe that they live in constant danger of war all the time, that danger is most of the time far remote. The world has been living for the last 25 years in an atmosphere of war ghosts. When we are young many of us fear ghosts. We listen with blanched cheeks and bated breath to blood-curdling ghost stories, and we travel fast through dark hallways and passages and fear the friendly dark, but as we grow older most of us get over our fear of these intangible creations of the imagination. But the grown men of the nations of the world have been living for the last 25 years in haunted houses, and occasionally even here the ghost walks. It generally makes its appearance in its most fearsome form about the time that the naval bill comes up for consideration. [Laughter.]

Mr. BUTLER. The gentleman from Wyoming is doing very well, but he will spoil his speech if he goes into that. [Laugh-

ter.]

Mr. MONDELL. Mr. Speaker, I do not spring from those devout and God-fearing people who have forsworn the use of force. I do not want to feel that I am more of an apostle of peace than the distinguished representative of these good folks, my friend who has just spoken. Of course, the naval bill will come in, and it will carry an appropriation for some ships, and we will vote for them within reason, because there has been no international action on this resolution as yet. The world is still engaged in its crazy pursuit of overlordship in its willful, wasteful military expenditure, and we must do a little of it, if for no

other reason than to be in style.

Even in connection with that bill I will say to my good friend from Pennsylvania, now that he has mentioned it, I have a notion that we should mix watchful patriotism with our belief that we have a mission in the world as a Nation. If we can not persuade the nations of the earth from squandering their wealth, from impoverishing their people with these futile war expenditures, we can at least give them to understand that we will not be stampeded to the fore front of this mad and foolish naval extravagance, that we will linger in the quiet waters of moderation. While we shall build battleships so long as the world builds them, and the best that are built, and man them as well or better than any others are manned, we shall not shy and shudder at every ghost that is ushered in when the naval bill is before us; we shall not in a moment of fear and trembling attempt to outfoot the nations of the earth in the foolish rush for the biggest navy afloat.

Mr. HENSLEY. Will the gentleman yield?

Mr. MONDELL. Certainly.
Mr. HENSLEY. Does the gentleman realize how much more money the Government has expended for increased armament during the last 10 years than has Japan?

Mr. MONDELL. I have an idea that we have increased our

expenditure very much more rapidly than Japan.

Mr. HENSLEY. I desire to say to the gentleman that the United States Government has spent more than \$1,000,000,000 in excess of Japan for naval armament within the last 10 years. peace among the nations without the application of force.

Mr. MONDELL. I thank the gentleman for that statement of fact, but it will, I fear, have no effect, as it has not in the past in reducing the number or moderating the fearsome character of the Japanese war ghosts that will be paraded before us when we reach the naval bill.

A curious thing about these expenditures for war are the influences that favor them. I shall refer to some of them only briefly. There were most humiliating revelations in Germany recently when it was proven that German manufacturers of munitions of war were carrying on a ghost dance with France in order to persuade her of the necessity of increasing her war expenditures to meet those of Germany. Then, with every fresh expenditure in France, these same patriotic gentlemen paraded the war ghost in Germany in order that the German treasury might be induced to further invest in war material. When the game was not being played between France and Germany, Austria, and even poor, impoverished, defeated Turkey served when there was no larger game in sight. And so these gentle-men whose business it is to make sales at good profit of the guns that make war hell are found behind a large portion of the appealing arguments and literature that often persuades patriots to vote the money of the people in order to ward off imaginary dangers.

We hear one day that Germany proposes great increases in fighting strength and the next that France has matched her or gone her one better, as in the case of the recent extension of her period of enlistment, by which she proposes to rob the cradle and attempt to cheat the grave. In due time all suggested additions to foreign armaments are paraded in our newspapers and certain gentlemen, of whose patriotism I have no doubt, but whose judgment I question, immediately have their patriotic impulses so stirred that they insist that we must meet these alleged increases that in numbers of cases never ma-

As I said at the beginning of my remarks, I cherish no dream of international peace. The world is made up of men like you and me, with ambitions and pride and tempers, and as in-dividuals fall out, so nations will fall out; but as the years have rolled along individuals have found that it does not pay to fight out their private quarrels.

Mr. TOWNSEND. With arms.
Mr. MONDELL. With arms or without; that only under the most flagrant provocation is a man justified in resorting to arms or blows with his fellow man; only under extraordinary conditions is it permissible to do so. We have learned that we get along very much better if we bear somewhat with each other, if we curb our tempers and refer our difficulties, if we must, to the courts. The nations have learned the same lesson. They know that modern war is and will be fearfully destructive. The common people of the world have learned that it is they that are the food for powder, and they are getting tired of paying taxes in order that national pride may swell at the sight of \$15,000,000 leviathans floating the briny deep. As we have influenced the world for good all the years of our national life, in furnishing an example of the possibility of free self-government, in upholding the standards of justice and of liberty, so we have an opportunity few people have had in all the history of the world of saying to the nations of the world, not because we are impoverished, not because we fear aggression, but in the interest of all mankind, in order that no people may be burdened, no peace-loving people destroyed, we desire to join with them in reduction of expenditures for the purposes of war.

Mr. STEVENS of Minnesota. Mr. Speaker, I ask unanimous

consent to extend my remarks in the RECORD. The SPEAKER. Is there objection?

There was no objection.

Mr. BUTLER. Mr. Speaker, I shall not tire anyone, I hope, nor shall I provoke anyone to anger with what I may say. If there is a subject in this wide world that will arouse a discussion, or feed one after it is aroused, it is one involving fighting. To me it is extremely amusing, having spent well on to a fifth of a century in this House, to hear men talk for peace and vote for war. I must be included among the number. Yet we are right. It is extremely interesting to me to see the different sides of character, to see the struggle between good man and bad brute—a contest that will go on forever.

Mr. Speaker, few men rise at a time when an opportunity presents itself. Here we have an instance where a plain, unassuming man, with deep sincerity, has become a national character because he embraced where others overlooked. He is the man who introduced this resolution-perhaps not as noticeable as some others—but hereafter the name of Walter Hensley of Missouri will be connected with all attempts to maintain

[Applause.] Some day unselfish hands will write in his record that he did well for humanity. I congratulate him, and I congratulate the country, that there is among us some man who is willing to stand boldly for a policy he sincerely espouses, and especially when it embraces peace among the peoples of the earth. I believe the country owes him a debt of gratitude for the effort that he is making, and in it he should be helped by American encouragement. Knowing how earnestly he feels on this moral question I thoroughly appreciate the greatness of his undertaking, which has only met with failure during the ages past behind us. I propose that my remarks shall be few, and thereby hasten the pleasure which a vote for this resolution will give me. [Applause.] No; what I have said is not worthy of applause, my friend.
Mr. TOWNSEND. Well, the vote for it is worthy of ap-

plause

Mr. BUTLER. It is a conviction that I am in the right. The resolution raises a contest between what civilization would do and what brutality has done, and I am on the side of better civilization if I know where to find it. [Applause.] nothing in this resolution except the proposition that we are in favor of maintaining peace without resorting to force if it can be maintained; nothing more. It is not a resolution against further armaments at this time. And I expect, Mr. Speaker, during the present session of the present term of Congress, and at the next session of this term, to vote for guns and battle-ships, because I do not believe that the people of the world are yet ready to abolish the old-time fashion of settling disputes by a resort to arms. The passage of this resolution by the American Congress will be but the bright glimmer of the ap-The passage of this resolution by the proaching dawn. There are but few of us here, Mr. Speakeryou being one, our friend Mr. MANN another, Mr. FRED STEVENS, and a few more-who, in 1898, voted for a war. We all deplored the grave necessity, and some of us have been wondering since whether it was an absolute necessity. I am willing, as Mr. Stevens has done, to continue such responsibility as I then assumed, and I am willing to carry it as a part of my record, and I am willing to stand by it; but if I had the question submitted to me again, and I believe if you had it again submitted to you, Mr. Speaker, both of us would longer hesitate. I know I would have cast my vote differently, because I think in greater delay and more forbearance some method could have been found by which to settle the dispute without resorting to arms. But the whole Nation was affame; the Maine had been blown up, and the demand was made upon us by the militant spirit found in Americans that we should declare war against a wornout old nation that was unable to defend itself. And we yielded. This describes the situation as I then saw it. Oh, it is true the Spaniard destroyed some property belonging to us. It is true he killed our people and outraged our honor. It is true we heard the cry that came from the south of oppression upon his own subjects; and because of these considerations we intervened. When you come to examine the record of the day we resolved to move for strife, look for those who voted against the resolution authorizing the President of the United States to intervene.

Not one vote was cast in this House against it. This according to my best recollection. Mr. Speaker, the American people did not know, and the American Congress was equally ignorant of the fact, that when the war agitation was the highest we had not the powder with which to recharge the magazines upon our ships. I came here for the purpose, among others, of joining in a movement to oppose expensive armament and a further increase of them. When the information was given us on that cold, stormy day in February, 1898, when we sat disconsolate in the Naval Affairs Committee room, when we hardly knew what news was to come and what was to be expected of us, I say, sir, when the information was given us by the trusted servant of the department that we had not the powder with which to recharge the magazines on our ships, I resolved that hereafter, as long as I remained in the Congress, I would assist in making adequate preparations for a conflict which could be settled by no other means. Well, we know the history. Was I less for peace while I prepared for the safety of my Government? I think not, and I am ready for the dispute. We also know the history of the struggles we have had to keep this armament up to anything of the size that would be considered commensurate with the strength and dignity as well as the safety of our Nation. I do not believe there is a gentleman in this Chamber charged with the great responsibility that is upon him who would not gladly have our Nation agree with all the other nations of the world that we should no longer settle our disputes by the application of force. We dispute here as to the character of the legislation to be initiated. Some join the gentlemen in a movement to secure disarmament not

gentleman call it buncombe, some call it moonshine, scare, any name they see fit to lightly apply to the resolution. I do not have any issue with gentlemen who talk about their consciences. They may keep theirs right; I have enough trouble with my own. [Applause.] I always think when a man begins to belittle a movement that is made by the good for the benefit of the bad, he has a serious trouble on his hands to convince himself that he is not wrong. It is true if gentlemen were drawing this resolution, after a great deal of consultation, they might, perhaps, frame it differently, but it is headed in the right direction; it is on the side of the church and the gospel behind it [applause], and no man can afford, in my judgment, to vote against it on the mere ground that it does not quite suit him in its phraseology. [Applause.]

This resolution, Mr. Speaker—

Mr. TOWNSEND. Mr. Speaker, I suggest to the gentleman

that he take the desk there. We want to hear him.

Mr. BUTLER. Oh, no. I thank the gentleman from New
Jersey, however. He gave me a suggestion last night. I always
like to quote a man who can think as well as he can and who can express himself with such clearness. If I dare venture to quote him, he was of the opinion that this resolution means no more than this, that we are ready to hang up our firearms when the other Governments are ready to do likewise, but until they signify their willingness we should not hesitate to prepare for an occasion that we all struggle to avoid and all earnestly hope will never come. This resolution requests the President of the United States to make a venture. It is really suggestive and nothing more. It provides that a copy of this resolution be furnished to the President of the United States, with the request that, so far as he can do so, having due regard for the interests of the United States, he shall use his influence to consummate the agreement suggested by the Right Hon. Winston Churchill, which simply means that for a year we would not build these instruments of war, and that we would endeavor in the meantime to find some other method to settle our disputes. Now, who among us is going to stand against that civilized suggestion? I know my militant friend from Pennsylvania [Mr. FARR] by his look does not agree with me altogether. can he place himself against that resolution? It is simply a request to the President of the United States that he endeavor to bring about a better order of things. It is only a request that he search for peaceful ways in which our people can travel. I hope that Mr. Winston Churchill will abandon the suggestion, and that it will be adopted by this Government, that this Government may have the credit of inaugurating it and not let the credit go elsewhere. Suppose he does abandon it? furnish us a reason why we should not make the effort, even although it may fail? It does not mean that we are going to abolish our old ideas, but to absorb new ones. If Mr. Churchill has seen the futility or inadvisability of continuing his work in this direction, my friends, let us pursue it.

I doubt very much indeed whether the efforts of the gentleman from Missouri [Mr. Hensley] will be successful in the near future. I only hope they will, not on his account alone, but on account of everybody. This may be the beginning of a great era and may point to a solution. Who can say that it may not? I care nothing about the burden that is upon us. That condition does not appeal to me, sir. I know, however, these expensive armaments do create a burden, and I do not agree with the gentleman from Pennsylvania [Mr. Moore] in his view that they do not. I know it imposes a burden to always faithfully discharge one's responsibility, especially when it is to be discharged through the pocketbook. It takes a cheerful heart to hand out the necessary money without a grunt. I know it is a burden to improve the rivers and to carry the mails. All of these expenses borne directly by the people are burdens, but, in my judgment, they are necessary ones. They are part of the governmental ship, and, in my judgment, have nothing to do with the consideration of the moral question in-

I have been charged by the gentleman from South Carolina [Mr. Johnson] in a private conversation with having once delivered in this House some remarks which he judged were perhaps as good as any he had ever read on the side of the barbarian. These remarks were delivered about eight years ago, in a dispute had with the now Senator from Ohio [Mr. Burron] and the gentleman from Missouri [Mr. BARTHOLDT].

You may charge me with inconsistency if my speech to-day entitles me to it. I believe in greater armaments than these gentlemen do, and therein is our difference. At the same time we have all earnestly expressed the hope that a time might soon come when we could dispense with them. I pledged myself to inconsistent with what I deemed would be safe to the welfare of the American people. It is not worth calling your attention to, perhaps, but in this debate, in which the gentleman from Missouri [Mr. Bartholdt], the present Senator from Ohio [Mr. Burton], and a number of us took part, I made the prediction that if there ever was a time when armaments would be reduced or abandoned it would be when the burdens which they entail would be no longer suffered by the people who had to bear them. Here is the prophecy I made at the time stated:

When the people grow tired of the burdens which great armaments entail, their militant spirit will surrender to their cupidity, and, groaning under the fear of bankruptcy, they will demand the reduction of armaments through the mediation of international tribunals. When that great day comes we will rise to the supreme task which civilization imposes upon us and lead in the movement to diminish, but not debilitate. The weight of our word will be measured by the weight of our armaments,

Will it be fulfilled? I believe it will. We can not secure and maintain peace through love. The nations have not the same ideals. We speak different languages, and our forms are dissimilar. We will have peace by agreement when war and its necessary implements are too expensive to provide for. That

condition is close at hand.

I do not know how much Germany has in the way of a burden; I do not know how much France may have or how much England may have. But, let me repeat, the greater the burden the more likely they will be at an early date to repudiate it. I believe that the more expensive these ships of war become and the more destructive they become, the earlier we shall be willing to discard them and resort to other means to avoid

But how are we to do it? Has the gentleman from Mississippi [Mr. WITHERSPOON], who I know favors this resolution, ever examined the number of attempts that have been made to secure peace and maintain it without resort to force? The first was made 500 years before Christ lived. The attempts continued down through the time of William Penn, the greatest of all the peace apostles the whole world has known. When William Penn made his peace program and submitted it, he doubted its success, because it would abolish sovereign power and the strongest and richest would not agree to it. It must also be remembered that Penn did not advise disarmament. Why? Because, as he said, force would be required to enforce the decrees of the court to which he would have all disputes referred. I do not believe the time will ever come when it will be safe for the nations of the world to entirely disarm, but I believe the time will come, and for the reason stated, when we will reduce armaments to a minimum. We will substitute in-ternational agreement for the armed peace we are now maintaining. Are the peacemakers themselves ready for a peace which they advocate? Let us see. Mr. Speaker, I have looked at the Record, and I fail to find the name of one Member of Congress recorded against the resolution which brought us into a war with Spain, and therefore I find myself repeating that men do vote for war who at the same time talk for peace. How can they reconcile their conduct with their speech? When that declaration was made it became necessary to make a large appropriation of money, amounting to \$50,000,000, to be handed over to the President of the United States, with which to conduct a war. Every Member present voted for the appropriation. I believe.

It had been determined there was no place to which this dis-pute that had arisen between Spain and her subject, Cuba, could be referred and disposed of. Our people were moved. Even those who favored another way of settling all disputes, international or otherwise, insisted that a war should be waged, and those of us who were here at that time and still remain can speak with certainty and with accuracy of the awful pressure that was brought to bear upon the American Congress when the

whole country was aroused.

I do not refer to this event in our history except to show a reason for apparent inconsistency, not to excuse one if made. I do not care about the criticism which my colleagues here may have made of my course when I can justify it by a similar course taken by themselves. I have no apologies to make because I have assisted for 17 years, if you will permit me to make a personal reference, to obtain the appropriations for naval armaments. Such conduct does not render me unfit to secure harmony by more peaceful means when offered. estimate made by the gentleman from Missouri [Mr. Hensley] is, I believe, correct. We have expended enormous sums of money in naval armaments, and I believe thereby have prevented troubles which we might otherwise have had. It was well understood in 1898 that if we had had the Oregon on this side of our continent there would have been no war with Spain. In that view the then Secretary of the Navy, Mr. John D. Long,

of Massachusetts, coincided. I wish that this country were filled with patriots like him-men whose advice is unselfish and worthy of acceptance. If they mastered, we could make progress every day in civilizing the world. I repeat, the Secretary was of the opinion that if the Oregon had been here, where she could have been seen and where her influence could have been felt, ships that were sent over by Spain would have remained at home and the American people have been saved a great fright as they waited day after day for some attack that might be made upon our coast. You will recall how all the Atlantic seaboard cities were in a tremble. Boston was demanding that some sort of protection should be given her. Philadelphia was alarmed, and so was Atlantic City and every other city along the Atlantic coast. Who will say that it was wasteful of the public money to provide the people with what they Yet many of these same people whose fears possessed them then now demand a naval program without ships of war. Is this fair toward us who have the responsibility of making the decision? Many statesmen who have given the subject consideration believe that that war might have been prevented had our armaments been greater.

It might be of interest to the gentleman from Missouri [Mr. HENSLEY] to look at the record of these expenses, beginning in 1898, because the naval appropriation bill for the year prior to that time carried, according to my recollection, an appropriation

of only about \$25,000,000.

Mr. HENSLEY. Mr. Speaker, will the gentleman yield? The SPEAKER. Does the gentleman yield?

Mr. BUTLER. Yes.

Mr. HENSLEY. What is the gentleman's judgment, with reference to what the history of this country might have been if the battleship Maine had not been in the harbor of Habana?

Mr. BUTLER. There would have been no war.

Mr. FARR. But it was there.

Mr. BUTLER. I repeat, I do not think there would have been any war if she had not been on the Cuban coast at the time. You know how responsive we are, my friends. You know how we rise and fall with the demands of our constituents and the demands of the country. Members may deny it, but I have felt it, and I know how it is with others. I have known men to show a spirit of strong independence until they heard from their constituents, and then they became feeble. I believe that any demand that had been made on us for intervention would have been resisted had not the loss of the *Maine* been charged upon Spain, and properly, I believe.

Mr. Speaker, the awful blunder which we were about to make-one into which this House was swiftly drifting-that of declaring war before we had powder with which to make it, oftentimes comes to me when considering the necessity for military preparation. While much I have said does not sustain the pending resolution, it does justify the American Representatives in providing the necessary implements in case the other people want a fight and will not be satisfied without it. This will be so until poverty compels us to adopt some other remedy.

We might perhaps have gotten through that war without powder, caught the Spaniards with our bare hands. It was unfair to send our men upon ships of war; to send Americans to fight battles for their native land without powder, and that was the first time in history that they crossed the seas for that purpose. I, for one, was unwilling that they should be sacrificed; that they should be subjected to dangers that ample supply might avoid. Some of us baffled the resolution offered recognizing the belligerency of Cuba, and thus postponed action until we could obtain the powder, \$500,000 worth of it, to put in the magazines of our ships of war. I do not give this information to you, my friends, as an excuse for conduct, but I give it to you as a reason for it. Who will say that this war material was purchased for the benefit of the manufacturers?

I am firmly convinced that had it not been for that war these armaments would never have developed to the size that they I am firmly convinced that had it not been brought to some Members of this House, a realization of how absolutely un-prepared we were, they would not have been so rapid in their increase. We believed that there were certain honors that this Government must protect. And if you will look at the record made by our commissioners at the last meeting at The Hague, it will almost frighten you. If peace commissioners can not make peace, who in the name of conscience can make it? Listen to this:

Nothing contained in this convention shall be so construed as to require the United States of America to depart from its traditional policy of not entering upon, interfering with, or entangling itself in the political questions or internal administration of any foreign State. Nor shall anything contained in the said convention be construed to

require the relinquishment by the United States of America of its tra-ditional attitude toward purely American questions.

Mr. TOWNSEND. Will the gentleman state what he is reading from?

Mr. BUTLER. I am reading from the agreement made at the last Hague conference, to which our commissioners would subscribe without this amendment.

Mr. TOWNSEND. A report?

Mr. BUTLER. An amendment proposed by us to the offered agreement looking toward international settlement. They withheld from the agreement everything that affected purely American questions.

There was yet another occasion that induced gentlemen to vote for warships. They believed that there were questions that we might never be able to submit. There is the Monroe doctrine, which has been talked about so much in this discussion. I do not know exactly what the Monroe doctrine covers. do not know exactly what its limitations are. I have no fear of its violation. Especially have I no fear if we should agree to reduce our armaments. I am sure that this preparation that we have been making, costing millions of dollars, has not been wasted. It has preserved an armed peace. Let us have that if we can not provide another method, but let us at the same time try for another. It is a fact that the Spanish-American War cost this Government \$500,000,000, and perhaps we are not through with the expense of it. I believe if we had had \$50,000,000 of ships and had them upon the seas at the time that the declaration of war was made it would have been unnecessary to make it, and we would yet have our treasure and good American lives would not have been lost.

Mr. HENSLEY. That is the point I want to emphasize.
Mr. BUTLER. Men who are in favor of war say that the
trade of soldiery is a good one. I will admit it is an honorable
one. But we can not maintain military establishments to gratify vanity or furnish employment. Perhaps there is nobody living who has a greater respect than I have for the soldier, for the man who is willing to stand by his colors and take his nation's part; and, as far as I am able, I do not propose to see that he is slighted. I mean to stand consistently by what I consider to be the requirements of the American soldier and sailor, to assist him in obtaining the best munitions of war, in order that he may not only protect himself but that he may the better protect the American Government. [Applause.] While doing this I can consistently be for this resolution.

I thank you, gentlemen, for this opportunity.

The SPEAKER. The gentleman from Ohio [Mr. Sherwood]

is recognized for one hour.

Mr. SHERWOOD. Mr. Speaker, as I claim to be a civilized American, I am for this humane and patriotic resolution. I am for it because it is in the interest of economy and retrenchment, as we promised the country in the Baltimore platform. I am for it for ethical reasons, because it stands for our muchprofessed Christian civilization. It is a humiliating thought to every peace-loving American citizen that the Lord of the Admiralty of Great Britain, voicing the dominating spirit of the most commanding imperial monarchy around the world, should be a Christian exemplar to the greatest Republic around the world. The most potential cause of the revolt of the American Colonies was the presence of the standing army of Great Britain, eating out the substance of the people. The all-pervading genius of Democracy—Thomas Jefferson, who wrote the Declaration of Independence—made the protest against the standing army of Great Britain in the American Colonies the most vital paragraph in the Declaration of Inde-Colonies the most vital paragraph in the Deciaration of Independence. In all the grievances protested against in that immortal document the standing army of Great Britain, as a menace to the peace and prosperity of the Colonies, was mentioned in three separate paragraphs, while every other grievance was mentioned but once. Let me call the attention of the Members on this floor, especially those professing devotion to the Democratic ideas of Thomas Jefferson, to the record. In 1801 Thomas Jefferson wrote:

Hamilton is ardent for the introduction of monarchy; eager for armies, making more noise for a great naval establishment than better patriots who wish it on a national scale only commensurate to our wants and our means. This class ought to be tolerated but not trusted.

Here is a fateful admonition for this very hour; and I call up Jefferson again, because his voice in the last year of the eighteenth century should be the voice of this Republic to-day. In 1799 Jefferson wrote to Eldridge Gerry these words of su-preme wisdom, that every Representative of the people should study and ponder well.

I quote from Jefferson:

I am for relying for internal defense on our militia solely till actual invasion, and for such a naval force only as will protect our coast harbors from depredations, and not for a standing army in time of peace

which may overcome the public sentiment, nor a navy which by its own expenses and the external wars in which it may implicate us will grind us with public burdens and sink us under them.

Let us not fail to note that all the great students and scholars and humanitarians on both sides of the Atlantic are to-day for peace and arbitration. The ethical movement of the age is against standing armies and big navies. No man of heart or capable thought believes that a big army and navy are messengers of peace. Even an ordinary dog fancier knows better. He knows that peace among the canine tribe would never be promoted if every man should breed and train a fighting bulldog. And the dogs of war, whether canine or human, are just the same. [Applause.]

I was for war myself when I was a semibarbarian and did not know it, like the eloquent and persuasive gentleman from Alabama [Mr. Hobson], but after I had been in some 30 or 40 battles I was convinced that war is hell, and I have been a Quaker ever since. [Laughter and applause.] And what we need now, and need more than anything else to advance our much-boasted Christian civilization, is more Quakers and

fewer battleships.

Let me quote from one of our greatest jurists and humani-tarians, who has recently passed away. I refer to Justice David J. Brewer, of the Supreme Court. His work, his mission for the cause of peace, will make his name a sacred memory as long as the Republic shall live. I quote from an address delivered by Justice Brewer in June, 1909, at Atlantic City, N. J.:

delivered by Justice Brewer in June, 1909, at Atlantic City, N. J.:

For untold centuries the battle field settled all tribal or national disputes. Then, 20 centuries ago, there came a change. The heavens above the plains of Bethlehem were filled with a white-robed choir, and the only song of the heavens ever heard by the children of men broke the stillness of night. Peace on earth was the angel song. In a manger in the little town of Bethlehem lay a newborn child. The increasing multitudes who have looked up to Jesus of Nazareth as their leader have taken his life and words as promise and prophecy and faith in the coming of universal peace as the inspiration of humanity. If anyone doubts it, I am content to quote the words of Gen. Sherman, that "war is hell." The less of hell individuals and nations have the better. In order to bring about the condition of peace a minimum of army and navy is the most effective way. There never was yet a nation that built up a maximum of army and navy that did not get into war, and the pretense current in certain circles that the best way to preserve peace is to build up an enormous navy shows an ignorance of the lessons of history and the conditions of genuine and enduring peace.

And now in the early years of the twentieth century in a

And now in the early years of the twentieth century, in a Nation exploiting itself as the avaunt courier of Christian civilization, we have a Cabinet minister at the head of one of the great departments—the Navy—who, in the presence of a \$600,-000,000 Navy, the greatest impediment to the reduction of the appropriations for the support of the Government, is demanding two more of these useless battleships, eight destroyers, and three more submarines, reaching an aggregate amount of hard-earned dollars this year of probably \$165,000,000 for the Navy alone. And this, too, by a distinguished Democrat of the old North State, a State that produced the famous Mecklenburg declaration of independence against militarism a year and forty-five days before Jefferson and his compatriots issued the famous defi to Great Britain in Independence Hall. In 1901 our entire appropriation for the Navy was \$48,099,969. Then we had more Navy than we knew what to do with. Now, with the promise of re-trenchment and reform as a sacred pledge to the American people in our national platform, it is proposed to establish a high-water mark for extravagance and criminal waste of the people's hard-earned tax money by making any economy in administration impossible.

I dislike to classify the eloquent gentleman from Alabama [Mr. Hosson], who has the gait of a Christian and the voice of a Christian and the face of a baby angel, as a semibarbarian on the question of national defense, but I am here to tell the truth, scotch the cruel war spirit, and shame the devil.

[Laughter.]

It is a humiliating thought that this resolution should have its inspiration from a leading statesman of the greatest empire of heredity rule around the world. It is a serious reflection upon us, as the representatives of over 92,000,000 American citizens in a Republic devoted to democratic ideas and ideals, that we must look across 3,000 miles of ocean to an Old World mon-

archy for guidance in the humane domain of civism.

Let me refer to the startling and sudden increase in Govern-

Let me refer to the startling and sudden increase in Government expenses following our war with Spain and our wicked and cruel exploitation of militarism, imperialism, and vampireism in the acquisition and control of the Philippine Islands.

Let us see what only eight years' increase in Army and Navy has cost the American people: The average annual cost of Army and Navy for the eight years preceding the Spanish War (1890–1898), \$51,500,000; the average annual cost of Army and Navy for the eight years since the Spanish War (1902–1910), \$185,400,000; the average yearly increase in the latter period as compared with the former, \$134,000,000, making a

total increase in eight years of \$1,072,000,000, or 360 per cent, all raised by heartbreaking taxation of the industrial classes.

This eight-year increase exceeds our entire national debt by \$158,000,000. It is three times the estimated cost of the Panama Canal, including purchase from the French company. It

is \$60 for every family in the United States.

In December, 1823, when James Monroe sent his seventh message to Congress embodying the Monroe doctrine, he declared as a basis of that doctrine that as we did not propose to interfere with European policies or politics we do not propose to have the empires of the Old World interfere with our policies or politics, or of any country on this hemisphere.

This was a defi by President Monroe to the whole formidable

array of Old World monarchies, far more defiant and sweeping than Jefferson's defi to Great Britain July 4, 1776.

#### THE NAVY THEN.

Did we have an adequate Army and Navy 2t that time? Let us see. We had only 10,000 soldiers in the Regular Army, including Infantry, Artillery, and riflemen. And how about our Navy? We had 7 wooden battleships, 9 small frigates, 2 corvettes-low sloops with one tier of guns-5 sloops, 2 brigs, and 5 small schooners-30 war craft all told. And how many sea dogs of war did we have then? Let us see. We had 30 captains, 30 master commandants, 9 chaplains, 356 midshipmen, 53 sailing masters, 16 boatswains, and 18 gunners-all told only 512, besides the lieutenants, quartermasters, and Army surgeons. What was the entire population of the United States at that critical period—1823? By the census of 1820 we had, including critical period-1823? Indians, not taxed, 9,633,822. How much did our Navy cost us in 1823? Nine hundred and twenty-nine thousand five hundred and three dollars all told.

## MANY MILLIONS NOW.

These figures are official. How does \$929,503, when we defied all Europe, compare with \$165,000,000 now, when we are at peace with all the world, with no defies out inviting war? member of the Naval Committee of this House said less than nine months ago at a public meeting in Washington that the way we are legislating now our budget will reach \$250,000,000 in five years. Do you not think it is time for some one somewhere to brace up and make some kind of a fight to try and scotch this damnable militarism and criminal waste and do something to cheapen the poor man's breakfast? [Applause.] The Dem cratic Party promised to do this in the last national platform.

When it is stated that our military establishment is now costing the taxpayers almost three times as much as our entire civil government and that, too, at a time when we are at peace with all the world, the average citizen will conclude, if he concludes rightly, that instead of being a leading Christian Nation we are an aggregation of semibarbarians. Besides this enormous standing Army and Navy, sucking ounce by ounce the lifeblood of the people, we have about 162,000 men and officers in the National Guard who are an integral part of our enormous military aggregation, making all told an army of almost 260,000 men. And unless we shake off speedily the white man's burden in the Philippine Islands, where we now have about 13,000 soldiers, besides the battleships and cruisers of the Navy, we shall probably fall to reduce the military budget in the future.

Let us see what we have now: In 1913, 29 modern battleships,

9 other battleships, 38 in all; 15 first-class cruisers, 3 second-class cruisers, 14 third-class cruisers, 32 in all; 21 gunboats, 49 destroyers, 32 torpedo boats, 35 submarines, and 10 monitors. Whole outfit of war's horrid array-217 engines of wholesale murder, costing the taxpayers, merely for the building, over \$600,000,000. And yet in our whole 130 years of national life not a single nation or empire or kingdom around the world has ever declared war against the United States. In the old Senate which died on the 4th of March, 1913, two more of these useless battleships were ordered in the naval appropriation bill, running the aggregate cost of this bill up to over \$155,000,000 for the current year. In the House of Representatives the two additional battleships program was defeated by a very close margin. Let me state facts here that should be illuminating:

Quite recently 12 of our useless and extravagantly expensive war craft were discarded and cast into the junk heap. The 26,000-ton battleship North Dakota cost \$12,000,000 originally, and when discarded had cost the taxpayers \$28,000,000. This \$28,000,000 would build 14,000 churches at \$20,000; would buy 7,000 farms at \$4,000; would furnish a college education for

14,000 poor young men at \$500 a year.

Taxing the whole American people on everything they wear and consume for \$28,000,000 in order to gratify the barbaric yawp of war-mad semilunatics that are a serious menace to our Christian civilization does not strike me favorably as a proposition either in economy or ethics.

We have heard much talk on this floor about the declaration in the Baltimore platform for an adequate Navy. Let us see exactly what that declaration is. Here it is:

The party that proclaimed and has always enforced the Monroe doctrine and was sponsor for the new Navy will continue faithfully to observe the constitutional requirements to provide and maintain an adequate and well-proportioned Navy sufficient to defend American policies, protect our citizens, and uphold the honor and dignity of the Nation.

Does this declare for any more battleships or cruisers or submarines? No. Does it declare we have not an adequate Navy now? No. Any American citizen with as much brains as a plume-tailed Alabama coon can see there is no declaration, even by implication, that the size of our present Navy should be increased. Did we have an adequate Navy in 1813 in our war with Great Britain? The record shows that we had. Did we have an adequate Navy on the Great Lakes in the War

of 1812?

The Battle of Lake Erie, the most signal battle ever fought on fresh water, shows that we had. And was that Navy made up of trained officers or graduates of naval schools? Not at all. We have just celebrated the centennial of Perry's victory, known as the Battle of Lake Erie, fought on the 10th of September, 1813, near Put-in-Bay Island-a battle that settled the supremacy of the United States on all the Great Lakes. And this was a battle of volunteers and pick-ups and hired men, who were out of jobs, against the trained and seasoned regulars of the british Navy. Not only was this victory the most remarkable in heroic achievement, but the most far-reaching in results, in heroic achievement, but the most far-reaching in results. Commodore Perry's fleet, were built of green timber at Presque Isle, now the harbor of Erie, out of the green forest trees of Pennsylvania, under the direction and supervision of Commodore Perry. The British fleet consisted of two big warships, dore Perry. two brigs, a schooner, and a sloop. Perry's fleet carried 54 guns, while the British fleet was equipped with 63 guns, and the guns of the warships were all of longer range than any of the American fleet. Our volunteers and pick-ups were commanded by a young man, only 28 years old, who was never before under fire, while the British fleet, manned by regulars, was commanded by Capt. Barclay, a distinguished and ex-perienced officer, who had commanded a warship, eight years before, in the signal victory of Lord Nelson at Trafalgar.

Did we have an adequate Navy when President Monroe, in December, 1823, defied all Europe, when he proclaimed the Monroe doctrine? We had, as I have stated, practically no Navy as compared with our present Navy. And we did not

need any.

We are spending now fully 68 per cent of our Government income on wars past and preparation for war. Lloyd-George, chancellor of the exchequer and leader of British statesmanship, in carefully prepared statistics estimates that the amount expended annually by the nations to maintain vast armaments amount to \$2,250,000,000. Two billions and a quarter drawn from productive industry and directed to the channels of destruction in the insane rivalry for great armies and navies. Were the 68 per cent spent by the United States for war purposes cut down to one-half that sum and the other half devoted to the advancement of commerce and industry, our country might show less of pomp and pageantry and vulgar display, but would be a first-class power in the true sense of national greatness, based on the thrift and prosperity of the people. estimate of the greatness of a nation is not in the size of its cities or the tons of steel in its continental stretch of railroads, but in the kind of men and women the country turns out.

Let us pass this resolution because the United States in all its history has never been attacked and began every foreign war it ever had, and is too important a customer for any great

nation to wantonly attack us now.

Let us pass this resolution because, as a result of a compact with Great Britain, we have maintained on nearly 3,000 miles of Canadian border line a hundred years of peace and good will without a frowning fort or hostile cannon on either shore or a dreadnaught on any of the peaceful waters of the Great Lakes.

Let us pass this resolution as a notice to the civilized nations on both sides of the Atlantic and the Pacific Oceans that in the future we will lead the world in the greatest humane movement of the twentieth century for international arbitration of all international disputes.

Let us pass this resolution as the voice of a great Christian people, devoted to the benign doctrines of the lowly Nazarene-

the Prince of Peace. [Loud applause.]

Mr. Speaker, I yield 10 minutes to the gentleman from Indiana [Mr. GRAY].

Mr. MANN. I would like to ask if the gentleman desires to

Mr. HENSLEY. It is not my purpose to go any further

#### THE OHIO CORN BOYS.

Mr. ANSBERRY. Mr. Speaker, I ask unanimous consent to have read by the Clerk an editorial from an Ohio paper.

The SPEAKER. The gentleman from Ohio desires to have read by the Clerk an editorial from an Ohio paper. Is there objection?

Mr. MANN. Reserving the right to object, what is the sub-

ject?

Mr. ANSBERRY. The Ohio corn boys.

I have no objection. Mr. MANN. The SPEAKER. Is there objection?

There was no objection.

The Clerk read the editorial, which will be found in the Appendix in connection with the remarks of Mr. Ansberry.]

Mr. ANSBERRY. Mr. Speaker, I ask unanimous consent to extend some remarks in the RECORD upon this subject.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

The gentleman from Ohio [Mr. SHERWOOD] The SPEAKER. has occupied 27 minutes and has 33 minutes left, of which he has yielded 10 to the gentleman from Indiana [Mr. Gray].

## ADJOURNMENT.

Mr. HENSLEY. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 14 minutes p. m.) the House adjourned until to-morrow, Friday, December 5, 1913, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of Commerce, transmitting detailed statements of "Contingent expenses" of the Department of Commerce and Labor and the Department of Commerce, and "General expenses" of the Bureau of Standards during the period from July 1, 1911, to November 30, 1913 (H. Doc. No. 372); to the Committee on Expenditures in the Department of Commerce and ordered to be printed.

2. A letter from the Secretary of the Treasury, transmitting a detailed report of the expenditures under the appropriation "Preventing the spread of epidemic diseases" during the fiscal year ended June 30, 1913 (H. Doc. No. 384); to the Committee on Expenditures in the Treasury Department and ordered to be

printed.

3. A letter from the Secretary of the Treasury, transmitting a copy of a communication from the Assistant Secretary of War submitting reports from the Chief of Engineers, the Chief of the Bureau of Ordnance, and the Surgeon General of the Army, showing the proceeds of the public property during the fiscal year ended June 30, 1913 (H. Doc. No. 383); to the Committee on Expenditures in the War Department and ordered to be printed.

4. A letter from the Secretary of the Treasury, submitting a report of the expenses, in detail, of the Revenue-Cutter Service for the fiscal year ended June 30, 1913 (H. Doc. No. 382); to the Committee on Expenditures in the Treasury Department

and ordered to be printed.

5. A letter from the president of the United States Civil Service Commission, transmitting statement of travel expenses of officers and employees of said commission for the fiscal year ended June 30, 1913 (H. Doc. No. 381); to the Committee on Reform in the Civil Service and ordered to be printed.

6. A letter from the Postmaster General, transmitting a report of the finances of the Post Office Department for the preceding fiscal year and a report of the amount expended in the department (H. Doc. No. 380); to the Committee on Expenditures in the Post Office Department and ordered to be printed.

7. A letter from the Secretary of Agriculture, transmitting a detailed statement of expenditures by the Department of Agriculture for the fiscal year ended June 30, 1913 (H. Doc. No. 385); to the Committee on Expenditures in the Department of Agriculture and ordered to be printed.

8. A letter from the assistant clerk of the Court of Claims, transmitting a list of French spoliation cases filed under the act of January 20, 1885, which were dismissed by the court for nonprosecution (H. Doc. No. 379); to the Committee on Claims and ordered to be printed.

9. A letter from the Secretary of the Treasury, transmitting a communication from the Acting Secretary of Labor sub-

mitting a statement of expenditures from the appropriation "For expenses of regulating immigration" for the fiscal year ended June 30, 1913, up to and including November 30, 1913, and without reference to outstanding obligations still unsettled (H. Doc. No. 378); to the Committee on Expenditures in the Department of Labor and ordered to be printed.

10. A letter from the Secretary of the Treasury, transmitting letter prepared by the Secretary of Agriculture showing the number of persons employed in meat inspection, the amount paid, etc., for the fiscal year ended June 30, 1913 (H. Doc. No. 371); to the Committee on Agriculture and ordered to be

11. A letter from the Secretary of the Treasury, transmitting a statement of the proceeds of all sales of old material, condemned stores, supplies, and other public property for the fiscal year ended June 30, 1913 (H. Doc. No. 370); to the Committee on Ways and Means and ordered to be printed.

12. A letter from the Acting Secretary of Labor, transmitting detailed statements of expenditures from the appropriation for contingent expenses, Department of Labor, from May 1 to November 30, 1913, and of travel performed by officers and employees of the department since the creation of the department, March 4, 1913 (H. Doc. No. 377); to the Committee on Expenditures in the Department of Labor and ordered to be

13. A letter from the Doorkeeper of the House of Representatives, transmitting a report of the amount of money received from sale of waste paper from December 1, 1912, to December 1, 1913 (H. Doc. No. 376); to the Committee on Accounts and

ordered to be printed.

14. A letter from the Acting Secretary of the Navy, transmitting a report of expenditures under the contingent appropriations for the Navy Department for the fiscal year ended June 30, 1913 (H. Doc. No. 375); to the Committee on Expenditures in the Navy Department and ordered to be printed.

15. A letter from the Acting Secretary of Labor with reference to appropriation for an additional story on baggage and dormitory building at the immigrant station, Ellis Island, New York Harbor (H. Doc. No. 373); to the Committee on Appropriations and ordered to be printed.

16. A letter from the Secretary of the Treasury, transmitting a communication from the Secretary of War submitting an urgent deficiency estimate of appropriation required by the Isthmian Canal Commission for material and expenses on the Isthmus, sanitary department, Panama Canal, for the service of the fiscal year ending June 30, 1914 (H. Doc. No. 374); to the Committee on Appropriations and ordered to be printed.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows

By Mr. FRANCIS: A bill (H. R. 9818) providing for the appointment of a board for the purpose of selecting a suitable site for a naval armor plant in the Ohio Valley in the Steubenville manufacturing district and to submit a report of the cost and

availability of said plant; to the Committee on Naval Affairs. By Mr. MAHAN: A bill (H. R. 9819) authorizing a survey of the Thames River, New London County, Conn.; to the Committee

on Rivers and Harbors.

Also, a bill (H. R. 9820) authorizing survey to be made at the mouth of the Mystic River; to the Committee on Rivers and Harbors.

By Mr. CALDER: A bill (H. R. 9821) granting pensions to certain enlisted men, soldiers, and officers who served in the Civil War; to the Committee on Invalid Pensions.

By Mr. THOMAS: A bill (H. R. 9822) establishing the Mammoth Cave National Park; to the Committee on Appropriations. By Mr. ABERCROMBIE: A bill (H. R. 9823) providing for the appointment of a board of survey for the purpose of selecting a suitable site for a naval armor plant at or near Tuscaloosa, Ala., and submitting an estimate of the cost thereof; to the

Committee on Naval Affairs.

By Mr. FERRIS: A bill (H. R. 9824) granting relief to persons who served in the Military Telegraph Corps of the Army

during the Civil War; to the Committee on Invalid Pensions.

By Mr. KITCHIN: A bill (H. R. 9825) for the erection of a monument to Nathaniel Macon; to the Committee on the Library.

By Mr. FERRIS: A bill (H. R. 9826) authorizing the Secretary of the Interior to sell a portion of an abandoned town site to the town of Grandfield, in Tillman County, Okla., to be used for cemetery purposes; to the Committee on the Public Lands. By Mr. KENNEDY of Connecticut: A bill (H. R. 9827) au-

thorizing survey to be made from the mouth of the Housatonic

River in Long Island Sound to the head of navigation in the

city of Derby, Conn.; to the Committee on Rivers and Harbors. By Mr. GOULDEN: A bill (H. R. 9828) for the cession to the State of New York, in exchange for the lands required for the project approved by Congress March 4, 1913, of certain lands in the bed of the Harlem Ship Canal, heretofore ceded to the United States, free of cost, and now to be abandoned for the

more direct channel; to the Committee on the Public Lands.

By Mr. FERRIS: A bill (H. R. 9829) granting the Caddo
County Agricultural and Mechanical Fair Association of Oklahoma the right to purchase a tract of unused remnant ceded lands for fairground and park purposes; to the Committee on

By Mr. LINDBERGH: A bill (H. R. 9830) for the construction of a bridge across the Mississippi River where the same is intersected by the road between Cass Lake, Minn., and the Cass Lake Indian School in said State; to the Committee on Appropriations.

By Mr. NELSON: A bill (H. R. 9831) authorizing the Secretary of War to donate to the village of Blanchardville, Wis., two cannon or fieldpieces; to the Committee on Military Affairs.

By Mr. LAFFERTY: A bill (H. R. 9832) to protect the public health and to further prevent frauds in the interstate sale of food and drugs; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Texas: A bill (H. R. 9833) to authorize the construction of an addition to the Federal building at Abilene, Tex., and making appropriation therefor; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 9834) to provide for a public building at Big Springs, Tex.; to the Committee on Public Buildings and

Also, a bill (H. R. 9835) to provide for a public building at Sweetwater, Tex.; to the Committee on Public Buildings and

By Mr. CANTOR: A bill (H. R. 9836) making the 12th day of October in each year a legal holiday; to the Committee on the Judiciary.

By Mr. WICKERSHAM: A bill (H. R. 9837) to establish mining experiment stations at Juneau, Valdez, Fairbanks, and Nome, Alaska, and for other purposes; to the Committee on Mines and Mining.

By Mr. FIELDS: A bill (H. R. 9838) for the better protection of employees and passengers on railroads; to the Committee on Interstate and Foreign Commerce.

By Mr. SELDOMRIDGE: A bill (H. R. 9839) relating to the jurisdiction of the courts of the United States over controversies to which corporations, copartnerships, or associations are parties; to the Committee on the Judiciary.

Also, a bill (H. R. 9840) prohibiting shipments and delivery to or from any person, persons, or corporations engaged in or interested in any trust, combination, monopoly, or conspiracy concerning interstate commerce; to the Committee on the

Judiciary.

By Mr. TRIBBLE: A bill (H. R. 9841) to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an act of Congress approved July 2, 1862, and of acts supplementary thereto, and the United States Department of Agriculture; to

the Committee on Agriculture.

By Mr. JOHNSON of Kentucky: A bill (H. R. 9842) to require the recital of the real consideration in deeds to propret the recital of the real consideration in deeds to propret the committee on the erty in the District of Columbia; to the Committee on the

District of Columbia.

By Mr. GARDNER: Resolution (H. Res. 328) directing the Secretary of Labor to send to the House of Representatives a statement as to the truth of the facts alleged in a certain article transmitted to a member of the Committee on Immigration and Naturalization by Assistant Secretary of Labor Louis F. Post; to the Committee on Immigration and Naturalization.

By Mr. SINNOTT: Joint resolution (H. J. Res. 157) authorizing the Secretary of War to designate two officers from the Corps of Army Engineers to act with engineers from Department of the Interior or the States of Oregon or Washington as a board of consulting engineers in connection with the investigation of the Columbia River power project near The Dalles, Oreg.; to the Committee on Rivers and Harbors.

By Mr. EDMONDS: Joint resolution (H. J. Res. 158) in-

structing the Isthmian Canal Commission to keep strictly to the act of August 24, 1912; to the Committee on Interstate and

Foreign Commerce.

By Mr. NELSON: Joint resolution (H. J. Res. 159) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. BUCHANAN of Illinois: Joint resolution (H. J. Res. 160) authorizing the payment of mileage to officers and employees of the Senate and House of Representatives; to the Committee on Appropriations.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions

were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 9843) granting an increase of pension to Nancy A. Goontz; to the Committee on Invalid Pensions

By Mr. ASHBROOK: A bill (H. R. 9844) to remove the charge of desertion from the military record of Charles M. Bingham; to the Committee on Military Affairs.

By Mr. BROWNE of Wisconsin; A bill (H. R. 9845) granting an increase of pension to Mary Hanson; to the Committee on

Invalid Pensions.

By Mr. CAMPBELL: A bill (H. R. 9846) granting a pension to Samuel Faust; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9847) granting an increase of pension to Elmer R. Chamness; to the Committee on Invalid Pensions.

By Mr. CANTOR: A bill (H. R. 9848) for the relief of the

New England Steamship Co.; to the Committee on Claims. By Mr. CARY: A bill (H. R. 9849) granting a pension to

Charles H. Haring; to the Committee on Pensions.

By Mr. DONOVAN: A bill (H. R. 9850) for the relief of the heirs of Adam and Noah Brown; to the Committee on War

By Mr. DUPRÉ: A bill (H. R. 9851) for the relief of legal representative of George E. Payne, deceased; to the Committee on War Claims.

By Mr. FERRIS: A bill (H. R. 9852) for the relief of Allen J. Mann, jr., sole heir of Allen J. Mann, sr., deceased; to the Committee on Claims.

Also, a bill (H. R. 9853) granting an increase of pension to John N. Jennings; to the Committee on Invalid Pensions.

By Mr. GOULDEN: A bill (H. R. 9854) granting a pension

to Ruth E. Hering; to the Committee on Pensions.

By Mr. HAMLIN: A bill (H. R. 9855) granting a pension to Carrie E. Howell; to the Committee on Invalid Pensions.

By Mr. KEY of Ohio: A bill (H. R. 9856) granting an increase of pension to Joseph Steible; to the Committee on Invalid Pen-

By Mr. KINKAID of Nebraska: A bill (H. R. 9857) granting an increase of pension to Charles Stewart; to the Committee on Invalid Pensions.

By Mr. KINKEAD of New Jersey: A bill (H. R. 9858) granting an increase of pension to John Connor; to the Committee on

By Mr. KONOP: A bill (H. R. 9859) granting a pension to William L. Lehman; to the Committee on Pensions.

Also, a bill (H. R. 9860) granting a pension to Lucy A. Jeffcott; to the Committee on Pensions.

Also, a bill (H. R. 9861) granting a pension to Louisa Crane; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9862) granting a pension to Kathryn Reed; to the Committee on Invalid Pensions.

By Mr. LANGLEY: A bill (H. R. 9863) granting an increase of pension to Lewis Minix; to the Committee on Invalid Pensions.

By Mr. LAZARO: A bill (H. R. 9864) for the relief of Arthur J. Coney, sole heir of L. J. J. Coney, deceased; to the Committee on War Claims.

By Mr. LEVY: A bill (H. R. 9865) for the relief of the Neptune Insurance Co., of New York; to the Committee on Claims. By Mr. LEWIS of Maryland: A bill (H. R. 9866) granting a

pension to Susan C. Masters; to the Committee on Pensions.

By Mr. O'SHAUNESSY: A bill (H. R. 9867) for the relief of Bellevadorah Steele; to the Committee on Claims. Also, a bill (H. R. 9868) granting an increase of pension to

Jane M. Drown; to the Committee on Invalid Pensions,

Also, a bill (H. R. 9869) granting an increase of pension to Julia Richards; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9870) granting an increase of pension to Annie M. Hathaway; to the Committee on Invalid Pensions. Also, a bill (H. R. 9871) granting an increase of pension to

Mary McCarthy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9872) for the relief of Clara Dougherty. Ernest Kubel, and Josephine Taylor, owners of lot No. 13; of Ernest Kubel, owner of lot No. 41; and of Mary Meder, owner of the south 17.10 feet front by the full depth thereof of lot No. 14, all of said property in square No. 724, in Washington, D. C., with regard to assessment and payment for damages on account of change of grade due to the construction of Union Station, in said District; to the Committee on the District of Columbia.

By Mr. PADGETT: A bill (H. R. 9873) granting a pension to Israel W. Bennett; to the Committee on Pensions.
Also, a bill (H. R. 9874) granting an increase of pension to Leroy B. Linzy; to the Committee on Invalid Pensions.
By Mr. POST: A bill (H. R. 9875) granting an increase of pension to William A. Morris; to the Committee on Invalid

Also, a bill (H. R. 9876) granting an increase of pension to Sarah B. Dutton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9877) granting an increase of pension to

John A. Dickey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9878) granting an increase of pension to

R. J. Parkhurst; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9879) granting an increase of pension to James F. Lott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9880) granting an increase of pension to Morgan H. Shealor; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9881) to remove the charge of desertion

from the record of Jacob Snyder; to the Committee on Military

By Mr. RAUCH: A bill (H. R. 9882) granting an increase of pension to William Bowman; to the Committee on Invalid Pen-

By Mr. ROUSE: A bill (H. R. 9883) granting an increase of pension to Ella C. De Ford; to the Committee on Invalid Pen-

By Mr. STEENERSON: A bill (H. R. 9884) to amend an act entitled "An act granting an increase of pension to Marie J. Blaisdell," approved May 24, 1900; to the Committee on Invalid

By Mr. STONE: A bill (H. R. 9885) granting an increase of pension to James H. Pemble; to the Committee on Invalid

By Mr. SELLS: A bill (H. R. 9886) granting a pension to Samuel B. Walker; to the Committee on Pensions.

Also, a bill (H. R. 9887) granting a pension to Will M. Lillard; to the Committee on Pensions.

Also, a bill (H. R. 9888) granting a pension to Lemuel Tilley; to the Committee on Pensions.

Also, a bill (H. R. 9889) granting a pension to Robert Blevins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9890) granting an increase of pension to J. F. Bullock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9891) granting an increase of pension to John Stanton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9892) granting an increase of pension to Isaac Zimmerman; to the Committee on Invalid Pensions.

By Mr. THOMAS: A bill (H. R. 9893) granting a pension to Filen Whalin; to the Committee on Pensions.

#### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid

on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of sundry citizens and voters of the fifth congressional district of the State of Minnesota, favoring the passage of the Kenyon red-light bill; to the Committee on the District of Columbia.

Also (by request), petition of Frederick Jansen, private, Company K, Twenty-ninth Infantry, Fort Niagara, N. Y., asking an investigation by Congress of courts-martial and everything pertaining thereto; to the Committee on Military Affairs.

By Mr. ASHBROOK: Petition of C. Wrand and five other merchants of Port Washington, Ohio, favoring a change in the interstate-commerce laws relative to mail-order houses; to the Committee on Ways and Means.

By Mr. CANTOR: Evidence to accompany bill (H. R. 9848)

for the relief of the New England Steamship Co.; to the Committee on Claims.

By Mr. DALE: Petition of United Spanish War Veterans, Camp John E. McEwen, No. 6, of Duluth, Minn., favoring granting of a pension to Theodore T. Simon under bill H. R. 9112; to the Committee on Pensions.

By Mr. DOOLITTLE: Petition of business men of the fourth congressional district of Kansas favoring the passage of legislation compelling concerns selling goods direct to the consumer by mail to contribute their portion of the funds for the development of the local community, county, and State; to the Committee on Ways and Means.

By Mr. DYER: Petition of the Kansas City Motor Co., of Kansas City, Mo., protesting against the act by Congress giving three years of patent, etc., protection without cost to importers who exhibit their goods at the Panama-Pacific Exposition; to the Committee on Patents.

By Mr. FRANCIS: Petition of Division No. 103 of the Amalgamated Association of Steam and Electric Railway Employees of America, Wheeling, W. Va.; Local Union No. 73 of the American Flint Glass Workers Union, Toronto, Ohio; Local Union No. 359, Brotherhood of Teamsters, Chauffeurs, Stablemen, and Helpers of America; and the Division No. 285 of the Amalgamated Association of Steam and Electric Railway Employees of America, of Steubenville, Ohio, all favoring the passage of H. R. 1873, known as the antitrust injunction and limitation measure: to the Committee on the Judiciary.

By Mr. GALLAGHER: Petitions of Al. J. Cairo and Elizabeth Jenkins, of Chicago, Ill.; favoring the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

Also, petition of Local Union No. 21, United Garment Workers of America, of Chicago, Ill., favoring the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

Also, petition of the Chicago Wheel & Manufacturing Co. and Solarine Co., of Chicago, Ill., favoring a revision of the Kahn law eliminating from that law all reference to patents or trade-

marks; to the Committee on Patents.

By Mr. GRAHAM of Pennsylvania: Memorial of the Commercial Exchange of Philadelphia, Pa., favoring the selection of Philadelphia as one of the regional reserve centers under the new Federal law; to the Committee on Banking and Currency.

By Mr. LONERGAN: Petition of the Socialist Party of Hart

Ford, Conn., favoring the appointment of a Committee on Woman's Suffrage; to the Committee on the Judiciary.

By Mr. MAHAN: Papers in case of Albert Smith (H. R. 8572); to the Committee on Invalid Pensions.

By Mr. MacDONALD: Petition of 2,305 citizens of Houghton and Keweenaw Counties of the State of Michigan, favoring the adoption of a resolution providing for congressional investigation of the strike in the copper mines in that locality; to the Committee on Labor.

Also, memorial of board of directors of the Marquette Commercial Club of Marquette, Mich., favoring legislation providing for the ownership by the United States of buildings for its embassies and representatives abroad; to the Committee on Foreign Affairs.

By Mr. MOORE: Memorial of the Merchants and Manufacturers' Association of Philadelphia favoring Philadelphia as a regional reserve city; to the Committee on Banking and Cur-

By Mr. NEELY of West Virginia: Petition of F. L. Hickman and 144 others of Clarksburg, W. Va., favoring legislation restricting immigration; to the Committee on Immigration and Naturalization.

By Mr. REILLY of Connecticut: Petition of the Connecticut Woman's Suffrage Association, of Hartford, Conn., protesting against the use of the Hetch Hetchy Valley for the San Francisco water supply; to the Committee on the Public Lands.

By Mr. STEVENS of Minnesota: Memorial of the Current Topics Club of St. Paul, Minn., favoring the enactment of the Glass-Owen currency bill; to the Committee on Banking and Currency.

By Mr. SCULLY: Petition of the council of the borough of Sea Bright, N. J., and other citizens of the third congressional district of New Jersey protesting against the passage of the seaman bill (S. 136) to increase the equipment and size of the crews on all boats; to the Committee on the Merchant Marine and Fisheries.

## SENATE.

# Friday, December 5, 1913.

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D. Wesley L. Jones, a Senator from the State of Washington, appeared in his seat to-day.

The Journal of yesterday's proceedings was read and approved.

PANAMA CANAL EQUIPMENT (S. DOC. NO. 258).

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Isthmian Canal Commission, transmitting, in response to the resolution of August 23, 1913, a letter from Col. Goethals, chairman of the Isthmian Canal Commission, containing information showing the amount, character, and value of construction machinery, equipment, and material which it would be possible to transfer to Alaska on the completion of the Panama Canal.

The Chair desires to direct the attention of the senior Senator from Oregon [Mr. CHAMBERLAIN] to the fact that the Isthmian Canal Commission has made a report. He desires what committee the communication shall be referred. He desires to ask to Mr. CHAMBERLAIN. I ask that the communication and accompanying papers be referred to the Committee on Territories, which reported the Alaska railroad bill.

The VICE PRESIDENT. The communication will be referred

to the Committee on Territories and printed.

#### SENATOR FROM MARYLAND.

The VICE PRESIDENT. The Chair lays before the Senate a communication from the secretary of state of the State of Maryland, transmitting a certificate of the governor of Maryland showing the election of BLAIR LEE as a United States Senator from Maryland. The communication and accompanying certificate of the governor will be printed in the RECORD and referred to the Committee on Privileges and Elections.

The matter referred to is as follows:

EXECUTIVE DEPARTMENT, Annapolis, Md., December 4, 1913.

To the President of the Senate of the United States, Washington, D. C.

Sin: By direction of the governor I inclose herewith his certificate showing the election of Blair Lee as a United States Senator from Maryland to fill the unexpired term of the late Senator Isidor Rayner.

Respectfully,

ROBERT P. GRAHAM, Secretary of State.

To the President of the Senate of the United States:

This is to certify that at an election held on Tuesday, November 4, 1913, pursuant to the law of the State of Maryland and a writ of election issued by the governor of said State in compliance with the provisions of the seventeenth amendment to the Constitution of the United States, by the electors in said State having the qualifications requisite for electors of the most numerous branch of the State legislature, Blair Lee, of Montgomery County, was by said electors duly chosen a Senator from said State in the Senate of the United States to fill the vacancy in the unexpired term of the late Senator Isidor Rayner.

to fill the vacancy in the unexpired term of the late Senator Islac. Rayner.

That at said election, so held as aforesaid on Tuesday, the 4th day of November, 1913, the candidates for the said office of United States Senator were Blair Lee, Democrat; Thomas Parran, Republican; George L. Wellington, Progressive; Finley C. Hendrickson, Prohibitionist; and Robert J. Fields, Socialist, each of said candidates having been duly nominated in accordance with the primary election law of said State.

That the names of each of said candidates was placed upon the ballots at the said election held as aforesaid, said ballots being the official ballots for said election, held as aforesaid on Tuesday, November 4, 1913, as required by the laws of said State, and the returns from said election having been duly canvassed by the board of State canvasser of said State in accordance with law, the result of said election has been declared and certified by said board, as follows:

That—

Votes.

112, 485

Blair Lee received 112, 485
Thomas Parran received 73, 300
George L. Wellington received 7, 033
Finley C. Hendrickson received 2, 405
Robert J. Fields received 2, 982
all of which appears from the certified copy of the declaration of the result made by the board of State canvassers and hereto annexed, which I hereby certify to be full, true, and correct, as follows:

DECLARATION OF THE RESULT OF THE ELECTION OF 1913 FOR THE OFFICE OF UNITED STATES SENATOR.

(Made by the State board of canvassers.)

(Made by the State board of canvassers.)

We, the undersigned, constituting a majority of the board of State canvassers of the State of Maryland, in pursuance of the power and authority vested in us under and by virtue of the provisions of section 85 of the election law, do hereby certify that at an election held in said State on Tuesday, November 4, 1913, for a United States Senator to fill the unexpired term of the late Senator Isidor Rayner, it appears from the certified copies of the returns of said election, that—

	VOLUES.
Blair Lee received	112, 485
Thomas Parran received	73, 300
George L. Wellington received	7,033
Finley C. Hendrickson received	2, 405
Robert J. Fields received	2, 982
We therefore determine and declare that Plair Lee having	received

we therefore determine and declare that Blair Lee, having received the greatest number of votes cast for the several candidates for said office, has been and is duly elected United States Senator to fill the unexpired term of the late Senator Isidor Rayner. In witness whereof we have hereunto set our hands this 20th day of November, 1913.

ROBERT P. GRAHAM, Secretary of State.
EMERSON C. HARRINGTON,
Comptroller of the Treasury.
MURRAY VANDIVER, State Treasurer.
C. C. MAGRUDER,
Clerk of the Court of Appeals.

And I further certify that the following is a full, true, and correct copy of the writ of election aforesaid:

WRIT OF ELECTION.

WRIT OF ELECTION.

To the people of the State of Maryland and to the members of the several boards of supervisors of elections of Baltimore City and the several counties of the State and to the sheriffs of Baltimore City and the several counties of the State and to the board of police commissioners for the city of Baltimore, greeting:

Whereas a vacancy now exists in the term of a United States Senator from Maryland, caused by the death of the late Senator Isidor Rayner; and

Whereas I have heretofore, by virtue of the authority vested in me by the Constitution of the United States, temporarily appointed Senator William P. Jackson to occupy a seat in the United States Senate "until the next meeting of the legislature" of this State:

Therefore I. Phillips Lee Goldsborough, governor of the State of

Phillips Lee Goldsborough, governor of the State of g by and under the authority and direction contained Therefore Maryland, acting by

In the seventeenth amendment to the Constitution of the United States, hereby issue, publish, and declare this my writ of election for a special election to be held throughout the State of Maryland on Tuesday, the 4th day of November, 1913, and I do hereby direct that a special election shall be held on that day in order that there may be chosen at said election a Senator of the United States from the State of Maryland to fill said vacancy and to represent the State of Maryland in the Senate of the United States until the end of the term for which said Senator Isidor Rayner was originally elected.

And I further order, declare, and direct that the Senator to be chosen by virtue of this writ shall be nominated and elected in conformity with all the provisions of the general election laws and State-wide primary election laws of this State made and provided for the nomination and election to an office filled by the vote of all the registered voters of the State of Maryland.

To this end and as authority and direction therefor have you then and there this writ.

Witness my hand as the governor of the State of Maryland this 2d day of August, 1913, and the great seal of the State of Maryland.

[GREAT SEAL.]

P. L. GOLDSBOROUGH.

By the governor:

By the governor:

ROBERT P. GRAHAM, Secretary of State.

ROBERT P. GRAHAM, Secretary of State.

In witness whereof I, Phillips Lee Goldsborough, governor of the State of Maryland, have hereunto set my hand and caused to be hereto affixed the great seal of the State of Maryland, attested by the signature of the secretary of state, and done at the capitol in the city of Annapolis this 4th day of December, in the year of our Lord 1913. P. L. GOLDSBOROUGH.

[SEAL.] By the governor:

## PETITIONS AND MEMORIALS.

Mr. THOMPSON. I present a letter, signed by the chairman of the Kansas Yearly Meeting of Friends, favoring the wise and righteous course the administration has taken in maintaining an attitude of peace and friendship toward Mexico during the recent and now pending troubles. I should like to have the letter read at the desk and ask that it be referred to the Committee on Foreign Relations.

There being no objection, the letter was read and referred to

the Committee on Foreign Relations, as follows:

FRIENDS UNIVERSITY, Wichita, Kans., October 10, 1913.

To His Excellency the President of the United States and to the Hon. William J. Bryan, Secretary of State, and to the Senators from Kansas and Oklahoma:

William J. Bryan, Secretary of State, and to the Senators from Kansas and Oklahoma:

We, the members of the Society of Friends of Kansas and Oklahoma, in our yearly meeting assembled, desire to express to you our highest appreciation of the wise and righteous course the administration has taken in maintaining an attitude of peace and friendship toward Mexico during the recent and now pending troubles. We believe that any other course would in all probability lead to unrighteous war and wicked bloodshed, and we highly commend the President and those associated with him in withstanding the pressure for intervention. Your faithfulness has doubtless prevented the shedding of much blood and lasting unfriendly relations between the two nations.

On the other hand, we regret to learn through the press of the proposition to spend \$148.000,000 in building battleships and in other military enlargement. The rivairy between the nations in building great navies, which they protest they do not mean to use, we regard as a foolish, wasteful, and wicked policy that has been outgrown by our Christian civilization.

Would not \$1,000,000 spent in developing a spirit of brotherhood among the nations be a better defense than the expenditure of a hundred million on forts and battleships? "Public sentiment is mightler than the armies of Empires." Let our Nation build a sentiment of brotherhood rather than more battleships.

We desire to call attention to the seemingly forgotten fact that the last Hague conference adopted 13 "conventions," which are, in fact, 13 international laws, the sixth of which says, "No army or navy shall attack an unfortified coast or town."

This should make the United States immune from attack. But, better still, we have no enemy in the world that wants to attack us. Then, why build a larger Navy? The one we have is larger than we need.

In the spirit of brotherhood and good will we ask the President and those in national authority to consider these things.

red.

In the spirit of brotherhood and good will we ask the President and nose in national authority to consider these things. We ever pray the blessing of God upon you.

Signed by order of Kansas Yearly Meeting of Friends.

EDMUND STANLEY, Chairman, HENRY H. TOWNSEND, Clerk,

Membership, 12,000; in Oklahoma, 3,000.

Mr. THOMPSON presented the petition of R. T. Keefe and sundry other citizens of Arkansas City, Kans., praying that early action be taken on the pending currency bill, which was ordered to lie on the table.

Mr. WEEKS presented a petition of the congregation of the Providence Methodist Episcopal Church, of Easthampton, Mass., and a petition of the congregation of the First Methodist Episcopal Church of Northampton, Mass., praying for the passage of the so-called antipolygamy bill, which were referred to the Committee on the Judiciary.

He also presented the memorial of Robert J. Fuller, superintendent of schools, and sundry teachers of North Attleboro, Mass., and a memorial of sundry citizens of Marlboro, Mass., remonstrating against the passage of the so-called Hetch Hetchy bill, which were ordered to lie on the table.

Mr. GALLINGER presented a resolution adopted by the Commercial Club of Keene, N. H., favoring the enactment of legislation providing flood protection for the lower Mississippi Valley, which was referred to the Committee on Commerce.

SAN FRANCISCO WATER SUPPLY.

Mr. ASHURST. Mr. President, I have received upward, I should say, of 4,000, or at least 3,500, communications with reference to the so-called Hetch Hetchy bill. I have this morning a number of letters and telegrams on this subject. I shall not ask that the letters be incorporated into the RECORD, but as the telegrams are from citizens whose judgment I value I desire to incorporate the telegrams into the RECORD. First, I ask that there be read a telegram from Hon. F. A. Jones, a member of the corporation commission of the State of Arizona, urging me to vote for the bill. When Mr. Jones was a candidate for the position of corporation commissioner in the State of Arizona in 1911, various corporations in Arizona pursued the same tactics the Spring Valley Water Works Co. is now pursuing in attempting to defeat the Hetch Hetchy bill and spent several thousands of dollars in trying to defeat Mr. Jones. I ask that the telegram be read at the desk.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read the telegram, as follows:

PHOENIX, ARIZ., December 4, 1913.

Senator HENRY F. ASHURST, Washington, D. C .:

A resident of 20 years in California and complete knowledge of San Joaquin Valley, Hetch Hetchy, and San Francisco conditions induce me to urge that you vote for bill. Make contents of this wire known to Senator SMITH and to the New Mexico Senators.

Mr. ASHURST. Mr. President, I request that there also be incorporated into the Record a telegram from a gentleman who was for 20 years a citizen of Arizona, who was always interested in promoting the general good and not "special interests." He removed from Arizona to Los Angeles some years ago and is there a respected and useful citizen of the State of California. I ask that a telegram from that gentleman, Mr. Max Salzman, be incorporated in the RECORD and read at the desk.

The VICE PRESIDENT. Is there objection? The Chair

hears none, and the Secretary will read as requested.

The Secretary read the telegram, as follows:

Los Angeles, Cal., December 4, 1913.

Hon. H. F. ASHURST, Senate, Washington, D. C.:

The passage of the Hetch Hetchy bill is of vital importance to all California, and I earnestly urge you as representatives of sister States to vote in favor of the Hetch Hetchy bill.

MAX SALZMAN, President Salzman Co.

Mr. ASHURST. Mr. President, Mr. Salzman has a son who was born in Arizona. After he removed to the city of Los Angeles he became one of the successful lawyers of his city. He is a young gentleman for whom I predict a very useful and successful career. I value his opinion highly, and I ask that his telegram be read at the desk.

The VICE PRESIDENT. Is there objection? The Chair

hears none, and the Secretary will read as requested.

The Secretary read the telegram, as follows:

Los Angeles, December 4, 1913.

Hon. HENRY F. ASHURST, Senate, Washington, D. C.:

Permit me to suggest that Hetch Hetchy bill should receive your serious consideration, the probabilities being that San Francisco is justified in its demand and no doubt in need of a greater water supply.

MAURICE SALZMAN,

Treasurer Arizona State Society.

Mr. ASHURST. I now present a telegram from the mayor of

Los Angeles, and request that his telegram be read.

The VICE PRESIDENT. Is there objection? The read as requested. The Chair

The Secretary read the telegram, as follows:

Los Angeles, Cal., December 4, 1913.

Hon. H. F. ASHURST, Senate, Washington, D. C.:

Los Angeles asks you as a true friend of California to vote for the Hetch Hetchy bill and thus give to the people of San Francisco their rights to a pure abundant supply of water free of control by a private monopoly, which is striving to defeat the will and welfare of the citizens of a great city.

H. H. Rose, Mayor of Los Angeles.

Mr. ASHURST. I further present a telegram from a prominent citizen of the State of California, who, for more than 20 years, was a commercial traveler down through the Southwest. He was a "traveling man" in the early days, before we possessed the railroad facilities we now have, and when traveling was not so pleasant as it now is. This gentleman urges me to vote for the pending bill, and I ask that his telegram be read at

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read the telegram, as follows:

Los Angeles, Cal., December 4, 1913.

Hon. H. F. ASHURST, United States Senate, Washington, D. C.:

Inasmuch as pure water in abundance is the life of a great city, it is the duty of every public-spirited citizen of this and every other State to urge you to do everything possible to secure a water supply for San Francisco. Knowing you to be a friend of California and that there is much in common between California and your State, as a citizen of Los Angeles I earnestly urge you to vote for the Hetch Hetchy bill.

JOHN S. MITCHELL, Hotel Hollenbeck, Los Angeles.

Mr. ASHURST. I now present sundry other telegrams.

The VICE PRESIDENT. Does the Senator desire that they be inserted in the RECORD?

Mr. ASHURST. I ask that they may be inserted in the REC-

ORD without reading. There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

Los Angeles, Cal., December 4, 1913.

Hon. H. F. Ashurst, Senate, Washington, D. C.:

The Hetch Hetchy water project for San Francisco is worthy of serious consideration and deserving of your vote. It is wanted by all California residents to provide and care for the requirements of the present and rapidly increasing population of San Francisco.

W. W. Woods,

Vice President Citizens' National Bank of Los Angeles.

Los Angeles, Cal., December 4, 1913.

Hon. H. F. ASHURST, Senate, Washington, D. C.:

California and its citizens urge you to vote for the Hetch Hetchy bill and give San Francisco its much-needed water. As representative of a sister State, we know you will appreciate the vital necessity of a purewater supply, and we trust you will give us your aid by voting in favor of this bill.

H. S. McCallum,
President Federated Improvement Association of Los Angeles.

Los Angeles, Cal., December 4, 1913.

Hon. H. F. ASHURST, Senate, Washington, D. C.:

It is the earnest wish of the people of southern California that you, as representative of sister State, vote for the Hetch Hetchy bill which will give San Francisco its essential water supply. I earnestly urge you to do a great public good by voting for the bill.

JAMES R. H. WAGNER,

President of the James R. H. Wagner Co.

SANTA ANA, CAL., December 4, 1913.

HENRY ASHURST,

Senate, Washington, D. C.:

I believe it would be wise to give San Francisco privileges wanted in Hetch Hetch Valley, and urgently request you to vote for bill giving San Francisco concessions asked.

W. A. ZIMMERMAN.

W. A. ZIMMERMAN,
President Associated Chambers of Commerce of Orange County,
and President Santa Ana Savings & Trust Co.

Henry F. Ashurst,
Senate, Washington, p. C.:

Respectfully urge your favorable consideration Hetch Hetchy bill.
Overwhelming majority people of California favor measure. Is of
State-wide importance. Opposition to it is generally regarded as emotional, based on misinformation or inspired by selfish metives. Earnestly
ask your help for San Francisco as the paramount interest.
700,000 BOOSTER CLUB OF SOUTHERN CALIFORNIA.
ALBERT CHAPELLE, Secretary.

Los Angeles, Cal., December 4, 1913.

Hon. HENRY F. ASHURST, Washington, D. C.:

Los Angeles, with water from the Sierras now within her gates, earnestly requests you to aid the future greatness of San Francisco. Your vote and help for the Hetch Hetchy bill will do this. May we count on you?

ROBT, MARSH, President Robt, Marsh Co.

Los Angeles, Cal., December 4, 1913.

Hon. HENRY F. ASHURST, Washington, D. C .:

Your earnest support of the Hetch Hetchy bill is besought by southern California in unison with San Francisco as one of the best means of assuring prosperity to California and the Southwest. Please vote and work for its immediate passage.

ARTHUR LETTS, Prest. Retail Dry Goods Assn.

Los Angeles, Cal., December 4, 1913.

Hen. Henry F. Ashurst, Washington, D. C.: California, with whose interests Arizona's are vitally linked, wants immediate passage for the Hetch Hetchy bill. Please give us your active help and vote for the Hetch Hetchy bill.

ROBERT A. ROWAN,

President R. O. Rowan Co., Los Angeles.

LOS ANGELES, CAL., December 4, 1913.

Hon. HENRY F. ASHURST, Washington, D. C .:

Southern California united with north in urging the speedy passage of the Hetch Hetchy bill, that San Francisco's immediate wants and future needs may be provided for. Its enactment will tend to greater prosperity for the coast and southwest. We carnestly urge you as representative of our sister State to vote for it. ROGER M. ANDREWS.

Los Angeles, Cal., December 4, 1913.

Senator H. F. ASHURST, Washington, D. C .:

For the great benefit of more than a million Californians in and about San Francisco, and for the benefit of the State at large, it is imperative that the Hetch Hetchy bill be passed, and Californians urgently request that you, the representative of our sister State, vote in favor of this bill.

Col. E. S. Ormsey, President of the Federated State Societies of Los Angeles.

ALHAMBRA, CAL., December 4, 1913.

Senator Ashurst,
Washington, D. C.:

Gentlemen, please lend every assistance consistent with the national policy to secure this Hetch Hetchy for San Francisco.

GEO. W. CAMERON,
President Board of Trustees of Alhambra.

ALHAMBRA, CAL., December 4, 1913.

Senator Ashurst, Washington, D. C .:

California looks to you for favorable influence in the Hetch Hetchy project and will certainly appreciate such generous actions.

ROBERT JORDAN,

President Chamber of Commerce of Alhambra.

ALHAMBRA, CAL., December 4, 1913.

Senator Ashurst, Washington, D. C .:

San Francisco is entitled to an adequate water supply, and the Government in granting to that city the Hetch Hetchy Basin would be practically following its recent policy toward Los Angeles,

Newton W. Thompson,

Senator Thirty-first District of California.

ALHAMBRA, CAL., December 4, 1913.

Senator Ashurst, Washington, D. C.:

If the Hetch Hetchy Valley is necessary to the welfare and prosperity of San Francisco, I am heartly in favor of its acquisition by perity of that city.

MRS. HARRY E. ROSE, President of Women's Club.

RIVERSIDE, CAL., December 4, 1913.

Senator ASHURST, United States Senate, Washington, D. C.:

The crying need of city of San Francisco for an adequate water supply is imperative. I do not consider that the building of a storage reservoir in the Hetch Hetchy will destroy the valley's natural beauty, but several hundred thousand human beings will be cared for.

J. R. GABBERT,

Editor Riverside Enterprise.

RIVERSIDE, CAL., December 4, 1913.

Senator Ashurst, United States Senate, Washington, D. C.:

United States Senate, Washington, D. C.:

I believe with all lovers of nature that our national parks and beauty spots should receive all reasonable and proper protection from the Nation. I think, however, that municipal water needs are paramount, even to beauty, and therefore urge granting Hetch Hetchy reservoir site to San Francisco under all reasonable and proper restrictions.

WILLIAM L. PETERS, Mayor, City of Enterprise.

PASADENA, CAL., December 4, 1913.

Senator H. F. ASHURST, Washington, D. C .:

Feeling it is to the best interests of not only San Francisco and California, but to the entire Southwest as well, we urge you to do your utmost to secure the passage of the Hetch Hetchy bill and give to San Francisco the water supply that rightly belongs to the people of that city.

D. M. LINNARD, Manager Maryland and Huntington Hotels, Pasadena, Cal.

Mr. ASHURST subsequently said: Mr. President, I had incorporated into the Congressional Record this morning sundry telegrams from citizens of Arizona and California urging me to vote for the Hetch Hetchy bill. I ask permission now to have read at the desk a telegram from Hon. Reese M. Ling, of the State of Arizona, a gentleman of wide information, and who is the Democratic national committeeman for the State.

The PRESIDING OFFICER. Is there objection? The Chair

hears none, and it is so ordered. The Secretary read the telegram, as follows:

PHOENIX, ARIZ., December 4, 1913.

Senator H. F. Ashurst, Washington, D. C.:

The importance to the city of San Francisco of securing the right to the Hetch Hetchy water supply can not be overstated. It is the only method of relieving the monopolistic control of its water supply. Should the right to this water be denied them the opportunity to secure

municipal ownership of its water supply will be prevented. Knowing your desire to be of service to the people in every possible manner, I feel your support of San Francisco's right will be forthcoming, and I trust I do not presume too greatly in requesting that you give it your

REESE M. LING.

Mr. GRONNA. Mr. President, I also have received some letters from citizens of San Francisco, asking me to support the Hetch Hetchy bill, which I ask may be read.

The VICE PRESIDENT. Is there objection? The Chair

hears none, and the Secretary will read as requested.

The Secretary read the letters, as follows:

75 SUTTER STREET, San Francisco, November 14, 1913.

Senator GRONNA, Washington, D. C.

Washington, D. C.

DEAR SENATOR: I note by the daily papers that you are opposed to the granting of the Hetch Hetchy water right to the city of San Francisco.

As one of your countrymen, I appeal to you in behalf of the many thousand Norwegians residing in this city to favor this grant.

If you knew how sadly the city of San Francisco needed this right, you would certainly favor our city. Why not give San Francisco what Los Angeles, Portland, and Seattle have received from the Federal Government in the shape of water rights?

Trusting that you will give this your favorable consideration, I have the honor to remain,

Yours, respectfully,

J. R. Donaldson.

Hon. A. J. GRONNA, Washington, D. C .:

Hon. A. J. Gronna, Washington, D. C.:

The undersigned organizations, composed of Swedish residents of the city of San Francisco, appeal to you as Senator from the State of North Dakota, where a large number of men and women of our nationality are numbered among your constituents, to lend your active support to the bill granting San Francisco necessary water rights in the Hetch Hetchy Valley. It is absolutely essential to the future welfare of the city that the bill be passed when it comes before the United States Senate in December.

Our need is imperative. No sound arguments have been advanced against devoting this water supply to its highest possible use—to provide the people of a large city with a pure and adequate supply of water and to insure the city against any possible recurrence of a water shortage, which now threatens.

Hetchy Hetchy is the only adequate available water supply to which San Francisco can turn. Suggested alternative supplies are either inadequate or involve an expenditure of money which the city can not at this time meet, due to the heavy financial burden the city is now bearing as a result of restoring public buildings and public works destroyed in the fire of 1906.

The construction of the proposed dam will not mar the beauty of the valley, but will rather enhance it by placing there a beautiful lake and building roads, which will make accessible a region now visited only by a few hardy camping parties.

We earnestly request you to help us.

The World's Fair Committee of the Swedish-American Patriotic League of California,
Per Alex. Olsson, Secretary.

The Swedish Singing Society,
Per Carl Moller, Secretary.

The Swedish Society of San Francisco (Organized Ista),
Per Lambert Gaisslow, Secretary.

The Swedish Society of San Francisco (Organized Ista),
Per Lambert Gaisslow, Secretary.

The Swedish American Patriotic League of California (Inc.),
Per Karl Swanson, Secretary.

Odin Looge (Odd Fellows, No. 393),
Per J. Johnson, Secretary.

Mr. KERN. I send to the desk a telegram in the nat

Mr. KERN. I send to the desk a telegram in the nature of a

memorial, which I ask to have read.

The PRESIDING OFFICER. In the absence of objection, the Secretary will read as requested.

The Secretary read the telegram, as follows:

Modesto, Cal., December 4, 1913.

Hon. J. W. KERN, Congress Hall, Washington, D. C.:

I am from Indiana. Invested heavily here. Will be ruined if Raker bill passes.

Mr. KERN. Mr. President, I send to the desk three telegrams Mr. KEEN. Mr. President, I send to the desk three telegrams in the nature of memorials, which are samples of perhaps a hundred that I have received recently from former citizens of Indiana who have settled in the San Joaquin Valley. I desire to say in this connection that, while my mind is open as to the passage of this bill, I must be convinced that the rights of these people will not be substantially prejudiced before the bill shall have my support. I ask for the reading of the three above. shall have my support. I ask for the reading of the three short

The VICE PRESIDENT. In the absence of objection, the Secretary will read as requested.

The Secretary read the telegrams, as follows:

Modesto, Cal., December 4, 1913.

Hon. John W. Kern, Senate, Washington, D. C.:

Formerly from Indiana. Hundreds others here from our S.ate. Raker bill will do us untold damage. I have invested my all and in debt. Will be ruined. Please do all in your power to save us.

J. W. Deardorff.

Modesto, Cal., December 4, 1913.

Hon. J. W. Kern, United States Senator, Congress Hall Hotel, Washington, D. C.:

Am one of your own people. Many located here from Indiana. Have built good homes; invested our all. Raker bill will do us untold damage. Have used all entire river last two years. Will you protect our homes?

S. S. KELLER.

Modesto, Cal., December 3, 1913.

Hon. John W. Kern, United States Senate, Washington, D. C.:

Sentiment in whole San Joaquin Valley is strong against Raker bill or any bill having for its object the taking of any water out of the valley. All the water is absolutely needed for irrigation use here. With water taken to San Francisco under Raker bill, large territory in valley will forever be left arid and unproductive. San Francisco has other and equally good sources of supply. We earnestly request you to oppose bill.

T. J. WISECARVER, Chairman Democratic County Central Committee.

Mr. STONE. Mr. President, I desire to have a telegram read in this connection.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read the telegram, as follows:

Modesto, Cal., December 4, 1913.

Hon. WILLIAM J. STONE, Washington, D. C .:

Blood is thicker than water, particularly Hetch Hetchy water. California valleys are settled by Missourians, who have made them blossom as the rose. Stanislaus is leading dairy county of coast. Water users unanimous against any bill aiming to deprive them of water. Raker bill is not party measure. It is a power grab. Stand by your brothers and defeat it.

T. BRAMHALLE, Editor Alfalfa.

Mr. PERKINS. Mr. President, I desire to present to the Senate statements of prominent citizens of California and editors of leading newspapers of that State urging the passage of the so-called Hetch Hetchy bill. A few of those who indorse the bill are:

Hon. William J. Bryan, Secretary of State.

Hon. Franklin K. Lane, Secretary of the Interior.

Hon. David F. Houston, Secretary of Agriculture.

Hon. Clump Clark, Speaker of the House,

Dr. Rupert Blue, Surgeon General of the United States,

Charles J. Pack, president of the Conservation Association.

Dr. George Otis Smith, Chief of the United States Geological Survey,

Hon. Gifford Pinchot, former Chief Forester and father of conserva-

on.
Jane Addams, of Hull House,
Mrs. John A. Logan.
Mrs. Phoebe A. Hearst.
The president of the University of California.
The president of Leland Stanford University.
The women's clubs of California.
Henry S. Graves, United States Chief Forester.
The members of the Senate Committee on Public Lands, unanimously.
The members of the House Committee on Public Lands, unanimously.
The Members of the House of Representatives, by a vote of 183 ayes
48 navs.

The Members of the House of Representatives, by a vote of 183 ayes to 43 nays.

Hiram W. Johnson, governor of California and recently candidate for Vice President.

James Rolph, jr., mayor of San Francisco.

Edward Robson Taylor, former mayor of San Francisco, who was appointed and subsequently reelected to succeed Ruef-Schmitz réglme.

James D. Phelan, former mayor of San Francisco.

Rudolph Spreckels, San Francisco, who carried on the graft prosecution

Rudoiph Spreckels, San Francisco, who carried on the graft prosecution.

Francis J. Heney, who prosecuted the grafters.
Hon. George C. Pardee, former governor of California, now chairman of the conservation commission of that State.
Hon. James R. Garfield, former Secretary of the Interior.
The American Federation of Labor.
The California State Federation of Labor.
The Chamber of Commerce of San Francisco.
The Native Sons of California.
The Native Baughters of California.
Col. John Biddle, Col. Spencer Cosby, Col. Harry Taylor, United States Army engineers.
John R. Freeman, noted hydraulic engineer.
The mayors and other officials of Oakland, Berkeley, Alameda, Richmond, San Jose, Palo Alto, and other municipalities around San Francisco Bay.

cisco Bay.
W. F. McClure, State engineer of California.
Hon. Victor Metcalf, ex-Secretary of the Nayy.

I do not care to take the time of the Senate in having these statements read, and I ask that they lie on the table and be printed in the RECORD.

There being no objection, the statements were ordered to lie on the table and to be printed in the RECORD, as follows:

on the table and to be printed in the Record, as follows:

This is what Director of the Geological Survey George Otis Smith said before the House Public Lands Committee, June 25, 1913:

"Hetch Hetchy Valley must eventually be made into a reservoir.

"Now, I believe it can be stated that the sooner that dam site is actually used, the sooner that reservoir is utilized, the better, under the plan as set forth in the provisions of this bill, and I believe that from the standpoint of economics the plan will appeal to you by reason of the fact that the cost of storage will be assessed not only upon irrigation interests, but equally, if not to a larger extent, upon municipal water and municipal power. In this way there will be a division of the whole initial cost of storage. I think that in this way practical conservation will be secured for to-day, and it will leave opportunities for such extension of this utilization in the future as will be necessary to meet future conditions.

BEST FOR ALL CONCERNED.

DECEMBER 5.

"There remains the question, leaving the question of the largest utilization, whether the provisions of the present bill are adequate to protect all interests and to recognize all equities. There are three parties, it seems to me, to this proposition. San Francisco, by reason of its claim for the highest use of the water; the Turlock-Modesto irrigation districts, by reason of their prior use and their actual dependence upon the Tuolumne watershed for their water; and, thirdly, the general public, which is interested in the full utilization of our water resources here as elsewhere and also interested by reason of special rights which they have in the national parks.

"I believe that the citizens of San Francisco and the other bay cities will receive pure water from the cheapest source, and they will also receive municipal power at a low price.

"The irrigation interests, with their prior rights, are assured under the terms of this bill of a larger supply than they at present have upon what seems to me to be absolutely equitable terms.

"The third party to this contract in the form of legislation is the general public. The visitors to the park, if this plan is carried out, will have the northern part of the Yosemite National Park made more accessible, if not indeed also more attractive. And right there I would say that, in my opinion, natural beauty has little value unless there is the human eye to see it.

will have the morthern part of the rosemite National Park made more accessible, if not indeed also more attractive. And right there i would say that, in my opinion, natural beauty has little value unless there is the human eye to see it.

"To sum up, the proposed legislation appears to me to serve present needs without in the least compromising the future needs. If we look ahead, there is also in this project some future possibilities of general increased degree in which these national playgrounds of the high silveras will be made more attractive to the general public, because they will be more accessible."

James R. Garfield, in testifying before the House committee hearing on January 9–12, 1909, stated:

"My personal feeling is with the very highest public interest, and the highest use to which the water can be put is the domestic water supply of a great chief the desire to keep this open as the playgrounds and parks for the people for camping.

"I say that those interests ought always to give way to the highest interests of domestic use.

"Of what importance is it, gentlemen, that 100, 200, 3,000, or 10,000 men who are able to spend their vacations camping should have this water supply if it is needed for the hundreds and thousands and the millions of men. women, and children who are in the great cities in and about San Francisco, who have no opportunity to take vacations, who have no opportunity to get out into the country and enjoy the privileges of camping and seeing these natural beauties?

Mr. Allen Hazen is one of the most noted experts on city water supplies in America. He was in charge of the Massachusetts State Experiment Station, 1880–1893; had charge sanitary engineering Chieago exposition; author standard work on filtration playing the city the right, because it would preclude their selling their interests to the city. Mr. Allen Hazen is one of the most noted experts on city water supplies in America. He was in charge of the Massachusetts State Experiment Station, 1880–1893; had charge sanitary e

Mr. William Mulholland, chief engineer of the Los Angeles Aqueduct, which has just been completed, and which supplies Los Angeles with a pure water supply from the Sierras, says:

"Let San Francisco have water from the Sierra Nevadas, and have

"Let San Francisco have water from the Sierra Nevauas, and late it at once.

"The whole State is with her in this fight, and none more heartily than we Los Angeles people, who are now testing the blessings of six years spent in bringing an uncontaminated water supply from the snow-capped Sierras.

"San Francisco's only opposition in this fight has been a coterie of alleged nature lovers, who have cried out against the desecration of one or two little lakes far back in the mountains.

"Those who know the Sierras know that these 'nature lovers' are not sincere in their objections, and it is hoped that an opposition based on selfish design and voiced by ignorant sentimentalism will not prevail in the Senate. San Francisco's water problem is a very serious one. That city's present supply is barely adequate. There will be a shortage in the future unless additional water is developed.

"It is incredible that the Senate will give San Francisco a setback by refusing so reasonable a request."

Of the board of Army engineers who reported in favor of the Hetch Hetchy project as against all others, Col. John Biddle, now in Washington, was the senior officer.

In reply to a request from the city engineer of San Francisco for a special statement of his reasons for selecting Hetch Hetchy as against all the projects proposed, which were given a year and a half of examination, Col. Biddle referred to his testimony before the House Committee on Public Lands, writing as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF STAFF,
Washington, November 29, 1913.

JOHN BIDDLE, Colonel, General Staff, Senior Officer Board of Army Engineers. EMPHATIC IN DIRECTNESS.

The colonel's statements before the House committee were emphatic in their directness and fully indorse the desires of San Francisco and the bill now under consideration. Here are some paragraphs from his striking testimony.

"The board took into consideration all possible sources of water

"The board took into consideration all possible sources to supply.

"The Hetch Hetchy supply is estimated to cost \$77,000,000, spread over a number of years. The second and third sources are estimated to cost from \$97,000,000 to \$99,000,000.

"Mr. Taylon of Colorado. If you know any reason why we should pass this bill, tell us that reason.

"Col. BIDDLE. The reason why you should is that San Francisco has to have the water; that is a perfectly practicable way and by far the most economical that "A propose development in the Hetch Hetchy is greater than it is at any other source of supply. There is no question in my mind that the Hetch Hetchy is the best water supply for San Francisco, and that it is the most economical that can be obtained; it can be obtained more promptly and is better in every way.

"The CHAIRMAN. With the information before you, coupled with the

obtained; it can be obtained more promptly and is better in every way.

"The Chairman. With the information before you, coupled with the results of these two investigations, if you were a member of this committee, having due regard for the rights of the irrigation people and having due regard for the rights of the nature lovers, who believe that you should not interfere with the Yosemite National Park, and having due regard for the needs of San Francisco, which system would you vote for?

"Col. Biddle. I would vote for the Hetch Hetchy system."

"The Chairman. You would vote for the Hetch Hetchy system?

"Col. Biddle. Yes, sir."

"The Chairman. Would you feel, in casting a vote of that kind, that you had inflicted a greater wrong upon the irrigation people and the nature lovers than if you voted for one of the other systems?

"Col. Biddle. No, sir."

Col. Harry Taylor, Corps of Engineers, United States Army, was a member of the Corps of Engineers detailed by President Taft in 1910 to investigate all California water sources for San Francisco under act of Congress. Here follows the statement he made before the House Public

investigate all California water sources for San Francisco under act of Congress. Here follows the statement he made before the House Public Lands Committee:

"There is not the slightest question in my mind but that this Hetch Hetchy should be used as the source of water supply, and not only that, but that it will be used as a water supply in a very short time independently of whether this project is adopted or not. I think that the pressure will be so great to conserve the water up there that it will be used as a storage reservoir. It is by far the best storage reservoir in that section of the country, and water is so valuable up there that they can not afford to let it run to waste. If you deny the use of it to San Francisco, sooner or later the water will be put to other uses. Somebody will be asking for permission to utilize the Hetch Hetchy Valley as a storage reservoir for irrigation purposes. This water will certainly be used for the city of San Francisco or for irrigation purposes."

Maj. William T. Littebrant, acting superintendent of the Yosemite National Park, is also heartly in accord with San Francisco's project for the utilization and beautification of the mountain gorge.

VISIONARY IDEALS BLOCKED.

He reported from Yosemite to Secretary Lane as follows, under date of October 19 last:

"Six: I beg to acknowledge the receipt of your letter of August 12, inclosing copy of letter and newspaper clipping from the New York Times on the Hetch Hetchy controversy, the author of both inclosures being Robert Underwood Johnson. The reply to your letter has been delayed, due to the fact that I had never been in the Hetch Hetchy Valley and no opportunity occurred to visit there until recently. I have just returned from there.

MUCH OVERRATED CLAIMS.

"It is believed by me that the Hetch Hetchy Valley as a scenic attraction is much overrated.

"In the lower portion of the Hetch Hetchy Valley there is a depression in which the flood waters settle, forming a lake, which annually disappears through evaporation.

"No fish get in this lake, and it becomes a breeding place of mosquitoes, so that the people who visit the Hetch Hetchy during the spring and summer or live there are obliged to wear nets and gloves.

"The water in this lake, judging from the shore marks, stands at about 8 feet deep when its connection with the river is severed, due to receding waters.

"There are other valleys in the park that are just as interesting for the tourist who might wish to gain access to them, either mounted or afoot. These canyons are, notably, Jack Main Canyon, Kerrick Canyon, Stubblefield Canyon. Benson Lake, Matterhorn Canyon, and Virginia Canyon. The Grand Canyon of the Tuolumne is now accessible by a wagon road, namely, the Tioga Road, but there is no evidence that any

people avail themselves of this road to visit any of the scenic wonders in the eastern portion of the park.

"The length of the road from Hog Ranch to the floor of the Hetch Hetchy Valley will be about 10 miles, 5 miles of it being through rock cutting. No estimate of this work has been made, but from our experience in rock cutting here it is believed that this road can not possibly be constructed for less than \$150,000, whereas \$250,000 would probably be more near its ultimate cost, it is believed that no circumstance or emergency would at present justify this expenditure, especially when that sum, if expended on the roads of and the approaches to the Yosemite Valley and the trails of the park, would place within reach of all the people a greater number of and more interesting attractions than the same sum if expended on the construction of a wagon road that would make the Hetch Hetchy Valley accessible by wagon transportation.

"There is already an excellent saddle-horse trail from the Hog Ranch to the floor of the Hetch Hetchy, and out of it in three different directions. Furthermore, it is believed that if the city of San Francisco constructs a reservoir in that valley and a wagon road around it on one of the upper benches of the bluffs that the charm of the location will be enhanced rather than injured.

San Francisco's opper.

be enhanced rather than injured.

SAN FRANCISCO'S OFFER.

"In case the city of San Francisco secures this right I am assured that it will construct a wagon road from the Hog Ranch, the steepest grade being 4 per cent, that will make this location accessible. The beholder will then observe not a mosquito-infested valley, but a beautiful mountain lake surrounded by vertical cliffs, from the road around which the gorges north and east of the Hetch Hetchy, not now easily accessible, will be more easily within reach.

"The undersigned does not believe that any person is deterred from visiting the Hetch Hetchy through the difficulty of the approach, nor is it believed that good hotel accommodations in there would present a sufficiently attractive feature to cause a larger flow of travel. At any rate, the difficulties at present encountered in securing better hotel accommodations in this valley do not justify any efforts being made by the Government to establish hotel accommodations in a place where the mosquito plague is so objectionable, and, if made, the probability is that no capital could be interested in a project the conditions surrounding which would doom the venture to failure in advance.

"It is therefore recommended that no action be taken toward the construction of the road, as advocated by Dr. Johnson.

"Very respectfully,

"Major, First Capalary, Acting Superintendent."

"WM. T. LITTEBRANT,
"Major, First Cavalry, Acting Superintendent."

The League of California Municipalities, representing all the cities and chief towns of the State, has given the Hetch Hetchy project the following enthusiastic indorsement, the resolutions being adopted at a largely attended State convention of the league in Venice, Los Angeles County:

County:

Whereas there is now pending in the Senate of the United States a bill known as the Raker act, which measure has already passed the House of Representatives; and

Whereas said Raker act is a grant from the United States to the city and county of San Francisco and the other cities on San Francisco Bay, wherein the subject of the grant is reservoir sites in the Hetch Hetchy Valley, Cherry River Valley, and Lake Eleanor Basin, said sites to be used for the purpose of supplying water to the communities around San Francisco Bay; and

Whereas the needs of San Francisco and adjoining cities are such that immediate relief is necessary to insure adequate supplies of water for domestic purposes: Therefore be it

Resolved. That the League of California Municipalities, representing

domestic purposes: Therefore be it

Resolved, That the League of California Municipalities, representing
185 cities and towns, in its sixteenth annual convention assembled in
the city of Venice, does hereby approve the said Raker bill, and respectfully urges its passage in the Senate of the United States.

I hereby certify the foregoing to be a true copy of a resolution adopted
by the League of California Municipalities October 10, 1913.

H. A. Mason, Secretary.

Joseph Sailer, mayor of Oxnard: "The Hetch Hetchy bill is of interest to all California. I have always been in favor of the passage of the bill, and I am still of that opinion. The people of the city have a right to the water that other people are not using."

- C. W. Holbrook, mayor of Venice: "To San Francisco belongs just what she is seeking, and that is a pure and adequate supply of water from the Sierras, and if the city is going to allow private interests to prevent them from getting it they are going to allow a blot to be placed on the good name of their city that time alone will be able to efface. Congress should never allow the plea of the people of San Francisco to pass unheeded, and I have no reason to believe that it will."
- R. E. Dow, mayor of Santa Monica: "The opposition that is being made against the Hetch Hetchy bill is simply one that is being made that the citizens of San Francisco may be kept from their own. The only practical source for water for that city is from the mountains, and this should be realized by Congress."
- J. H. Cavanaugh, mayor of Redondo Beach: "It should be the unanimous request of the people of all California to urge the United States Senate to pass the bill granting the necessary land rights in the Hetch Hetchy Valley, whereby San Francisco may obtain an adequate and necessary water supply for the present and future use."

Robert Jordan, president Alhambra Chamber of Commerce: "I am profoundly in sympathy with our sister city, San Francisco, in her endeavor to provide a water system adequate not only for the present but for a greater future. We of Los Angeles are to-day rejoicing over the acquisition of a water supply similar to that for which San Francisco is struggling, and if we of the southland can help her to obtain that which will be a lasting and increasing benefit it is our moral duty to stand by her."

T. D. Allin, city commissioner of Pasadena: "There is an abundance of water in the Hetch Hetchy Valley, and it can be and must be used to the people's advantage. There is no justice in discriminating against the needs of the people of San Francisco and its vicinity for the sake of sightseers."

Victor H. Metcalf, former Secretary of the Navy, president Union Savings Bank, Oakland, Cal., says:

"A bigger water supply for all the bay district than the one now available is absolutely necessary, and there is no question that the Hetch Hetchy is the logical solution. There is no doubt in my mind that the legislators will see it that way, and any fights against it are more than likely made for no other but business reasons."

OAKLAND, CAL., December 2, 1913.

By W. M. Parker, president Chamber of Commerce of San Bernardino, Cal.: "The securing of the Hetch Hetchy reservoir site by the city of San Francisco will not in any way tread on the rights of others, and it will be of untold benefit to the thousands in that city who are dependent upon this enterprise for a good and pure supply of water to promote good health and happiness. I can see no good reason for blocking the plan."

Louis E. Aubury, former State mineralogist of California: "I have been familiar with the Hetch Hetchy country for over 30 years, and knowing that region as intimately as I do I unhesitatingly indorse San Francisco's case. I have mapped all that country and know its characteristics thoroughly. Hetch Hetchy is difficult of access, particularly so from the Yosemite Valley. It is an arduous trip, and very few people at present go in there annually. I believe the work the city plans to do there would open the beauties of the country to 100 persons for every person who now visits Hetch Hetchy."

By Mrs. A. P. Black, president of the California Club: "There are several things that San Francisco very much needs, but the things that, it occurs to me, we are wanting the most is good water and plenty of it. By that I mean the Hetch Hetchy water. If the Spring Valley could be developed to meet our needs, that would be a great Improvement on existing conditions, but the Hetch Hetchy would give what I really have in mind, and that is pure mountain water."

Mark L. Requa, president Alameda County Tax Association: "We stand fast with the people of San Francisco in asking the Government to give us the Hetch Hetchy project. It will be needed. We must have it. By 1926 every possible near-by water supply will be exhausted. The situation is far more serious than people suppose."

Wells Drury, secretary Berkeley Chamber of Commerce: "The sentiment here is overwhelmingly in favor of Hetch Hetchy, throughout the entire region of the eastern side of the bay. We should exert ourselves to secure this great supply, not from a selfish motive, for we will derive as much benefit as San Francisco."

#### RESOLUTION BY BERKELEY CHAMBER OF COMMERCE.

The following resolution was adopted by the Berkeley Chamber of Commerce and forwarded to Washington when the Hetch Hetchy bill was first discussed in Congress:
"Resolved, That the Berkeley Chamber of Commerce is in favor of the pending legislation which proposes to place in operation the so-called Hetch Hetchy plan for supplying pure water to the city of San Francisco and the other communities of the district about the Bay of San Francisco."

## RESOLUTION FROM CITY OF RICHMOND, CAL.

The following resolution was passed by the Discussion Center of the City of Richmond:

City of Richmond:

Whereas the Discussion Center of Richmond. Cal., has heard a thorough discussion of the Hetch Hetchy project, affording it an opportunity to hear a complete exposition of arguments for and against the utilization of this valley as a source of water supply for San Francisco and the bay cities; and Whereas the members of the Discussion Center are convinced as a result of this discussion that in all fairness, justice, and common sense San Francisco should be granted access to Hetch Hetchy for water-supply purposes; and
Whereas the city of Richmond is one of the cities which will share in the inestimable benefit of bringing this pure and adequate supply of water to the communities of the San Francisco Bay district; Therefore be it

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Resolved by the Discussion Center of Richmond, That this organization unequivocally indorses the Hetch Hetchy project and earnestly
urges the United States Senate to pass the Raker bill, pending before
that body, granting San Francisco the necessary rights to proceed with
the development of this greatly needed and now wasted supply of water.

D. J. Hall, President.

Mrs. C. F. Smith, Secretary.

M. J. Burke, mayor of Sacramento: "I am very strongly in favor of the Hetch Hetchy proposition for San Francisco. I hope that the United States Senate will pass without delay the bill giving San Fran-cisco its much-needed right to use the water of the Hetch Hetchy Reser-voir site."

Otto R. Ludwig, mayor of Richmond: "Not only must the Hetch Hetchy proposition be consummated for the benefit of San Francisco, but for that of all the cities about the bay and for California. The metropolis of our State must have an adequate water supply. The Hetch Hetchy Valley is not the scenic paradise that some people imagine it is. The rugged valley will look vastly more beautiful with a lake resting between its walls. This is a battle of the people against insidious interests working with selfish motives of private gain. We know the need San Francisco has for this water supply, when we consider what an inestimable boon it would be to Richmond could our mains be connected with such a flow of water, pure and sufficient, to serve any size population."

Frank Otis, mayor of Alameda: "I am strongly in favor of the Hetch Hetchy project, and am glad that, as far as the source of the supply is concerned, the question is settled. You may count me among the loyal supporters, first, because I think the proposition is a splendid one, and, second, because I have hiked and climbed all over the Hetch Hetchy site, love it, and like to see it acquired by the bay cities."

Thomas Monahan, mayor of San Jose: "It is only simple justice to San Francisco that the Government should permit the use of the Hetch

Hetchy Valley and Lake Eleanor for a water supply for San Francisco. Los Angeles has just completed a big aqueduct, bringing water from the southern part of the Sierras to that city, and the question is every bit as paramount to San Francisco as it is to Los Angeles.

"The fact that several Secretaries of the Interior and the Army Engineering Corps have approved the Hetch Hetchy is proof that it is the only available supply for San Francisco.

"I fully expected that when the lower House of Congress passed the Hetch Hetchy bill that the Senate would immediately concur. I am very much surprised at the action of Senator John D. Works in opposing this bill, as I believe the interests of the irrigationists are amply protected."

That the Sacramento Valley will permit no diversion of waters of the McCloud River is the unanimous assertion of the valley press elicited by recent attempts to exploit what is known as the McCloud River project.

Alert to the interests of their readers not only the three powerful newspapers of Sacramento, the Bee, Union, and Star, but newspapers generally throughout the upper Sacramento Valley have given emphatic expression to their protests against any such proposition.

They oppose:

First. Any lessening of navigable depths in the upper Sacramento River during the river's low-water months.

Second. The diversion for use of San Francisco or any other community of water needed during the low-water months for irrigation.

[The California press, both of the northern and southern portions of the State, is practically unanimous in favoring the Hetch Hetchy bill. Following are a few brief articles and the papers in which they ap-

SET SAN FRANCISCO FREE FROM MONOPOLY.

[From the Los Angeles Examiner, Saturday, Nov. 29, 1913.]

San Francisco has reached the crucial point in her fight for the Hetch Hetchy water supply. Final action on the Raker bill, giving the city its natural rights in the valley will be taken on December 6, and on that action depends the welfare of a great metropolis and the half

Hetch Hetchy water supply. Final action on the Raker bill, giving the city its natural rights in the valley will be taken on December 6, and on that action depends the welfare of a great metropolis and the half million people.

In considering the opposition to the project, the Los Angeles Examiner directs the attention of the Senate to the objections brought forward by so-called lovers of nature and self-appointed custodians of the Nation's scenic wonders. These well-meaning but misinformed persons assume that covering the floor of the Hetch Hetchy Valley with water will destroy its beauty and injure the wonderful Yosemite, of which California and the Nation are so justly proud.

Leaving out of consideration the well-founded suspicion that this portion of the opposition has been crystallized and brought to bear on the Senate by the water and power companies for their own selfish ends, the argument advanced is not supported by the facts.

In the first place, the Hetch Hetchy basin has no part in the scenic beauty and majestic grandeur of the Yosemite. The Yosemite would still be the Yosemite if the Hetch Hetchy did not exist at all. Moreover, to assume that an expanse of water like a lake spread over the floor of the Hetch Hetchy would detract from rather than enhance the beauty is pure assumption, since not one in a thousand of those who signed the petition have ever seen the Hetch Hetchy Valley or ever will. It is the most talked-of and the least visited scenic spot on earth.

As a matter of fact, men who love nature quite as well as do these signers of the opposition petition and who are competent judges by reason of their familiarity with the region, are firmly of the opinion that the charm of the Hetch Hetchy will be enhanced by turning the swampy floor of the valley into a beautiful mountain lake. And when it is considered that San Francisco undertakes to construct a magnificent driveway around the margin of this lake, how can tibe limgined that one of the earth's beauty spots will be destroyed?

But setti

not be worth a song. But as those rights were obtained in careless time and at little cost the loss to the company would be prospective, not actual.

If San Francisco is denied her rights and the attention of Senators is called to this point, the Yosemite Power Co. will impound the very same waters of the Tuolumne for private profit and will compel the city of San Francisco and the farmers of the Irrigable regions to pay more for the power developed from these waters than the water and power together would cost if San Francisco is permitted to carry out its great undertaking.

This private corporation would be in a position to dictate its own terms and fix its own prices. In fact, it would hold the city of San Francisco and the farmers of all the irrigable lands affected at its mercy. It would mean that millions upon millions of dollars would be wrung from the people for a necessity—as much so as the very air they breathe—and all for private profit. It would be a reversal of the first principle of democracy—an overturning of the foundation stone of the Republic in conferring the greatest good on the smallest number. That would be a calamity, indeed.

It is inconceivable that the great United States Senate will thus deliberately make it possible for a private corporation to hold up and sandbag a great municipality just emerging fresh and fair from a calamity in which the lack of water played so important a part.

It is inconceivable that the greatest deliberative body in the world in this enlightened age and in this era of supposed freedom will establish on the mountain side a tyrannical power like the robber baron of a benighted age, whose castle crowned the hill and who dwelt in the valley.

The days of the robber barons lie behind us. Too often have we

The days of the robber barons lie behind us. Too often have we imitated them in the last few years by the laxity displayed by city, State, and Nation in granting permits and bestowing rights and fran-

chises. Let us make no more mistakes. The refusal to grant what San Francisco asks would be one of these mistakes.

It would be no mistake, however, to place a great city forever in undisturbed possession of so imperative a necessity as an abundance of life-giving and life-preserving water. It would be no mistake to get San Francisco free for all time from the greedy grasp of a montrever representation.

strous monopoly.

The Los Angeles Examiner earnestly hopes the Senate will give our sister city what, after all, is hers by all the laws of right and justice and what the vast majority of the people of California, and we believe of the country generally, will concede as belonging to her.

# [Bakersfield Californian.]

[Bakersfield Californian.]

[The Californian, leading newspaper of Bakersfield, Kern County, is published in a region absolutely dependent for its agricultural prosperity on irrigation from the waters of the Sierra streams. Yet this is the unprejudiced view it takes of San Francisco's request for the Hetch Hetchy overflow:]

Whether from the standpoint of the utilization of the water for irrigation, or from that of sentiment, the Californian has scant patience with the opposition that is developing to San Francisco's project of securing a water supply from the Sierras. The prosperity of the metropolis of the State is a matter in which all of California is interested, and it can not continue to expand unless it is assured of a permanent and an abundant water supply.

The Hetch Hetchy waters ran down to the sea for all the years that California has been occupied by white men. So San Francisco occupies a very different position from that of Los Angeles a few years since. The latter city coveted the waters of Owens River—water that water it was necessary to take over rights that again made a desert of a large acreage. There was, of course, strong opposition to a city acquiring that water.

But no such struction confronts San Francisco. It is asking for was appropriate was necessary to take over rights that again many water it was necessary to take over rights that again many of a large acreage. There was, of course, strong opposition to a city acquiring that water.

But no such situation confronts San Francisco. It is asking for that which has not been directly utilized, and to seek to block the movement savors too much of the dog-in-the-manger policy.

#### [From the Colton (Cal.) Daily Courier.] WATER WORTH MORE THAN SCENERY.

WATER WORTH MORE THAN SCENERY.

Bet a nickel not one of the women who helped place the Federation of Women's Clubs on record against the Hetch Hetchy project ever saw the valley or know personally whether the plans San Francisco has in mind for taking her domestic water from that country would injure the valley or not or in any way impair its scenic beauty.

An organization like the club women, organized for the betterment of mankind, ought to be chary about opposing any public enterprise, and especially one so necessary as that of procuring an ample and desirable supply of pure water.

Especially should southern Californians keep away from such entanglements. Down this way we need every drop of water there is obtainable. When there is some to be had we do not cavil about "scenic beauty" or the chance of impairing attractiveness of mountain valleys; we go and get the water wherever it is to be had.

But these ladles who condemn the San Francisco project ought to know that it will actually make the valley where the lake is to be created more attractive. Let them ask themselves whether they would prefer a mountain valley full of brush and nothing done to make it accessible or to have a beautiful lake placed in its center and ample driveways created, where one may take an automobile through some of the grandest scenery in our mountains.

That is just what San Francisco proposes to do. This is disputed by the Spring Valley Water Co. and its emissaries, who fought San Francisco at every turn she has made to get a decent supply of water.

## [From the Santa Barbara Press, Nov. 29.]

[From the Santa Barbara Press, Nov. 29.]

The United States Senate must soon decide whether the future development of San Francisco and the other bay cities is of more consequence than the preservation for scenic purposes of the Hetch Hetchy Valley in its present inaccessible and isolated condition. Federal engineers have declared that the Hetch Hetchy is the one available source of water supply for the populous bay district. A number of eastern newspapers of the influential class have bitterly opposed the bill that would establish a reservoir site in the Hetch Hetchy; and while their sincerity is not questioned, there is reasonable ground for belief that their attitude has inspiration from the corporate interests that now furnish San Francisco, Berkeley, and other municipalities in that vicinity with an indifferent supply of water at very profitable rates.

## [From the Santa Monica Outlook, Nov. 29.]

The Outlook takes the position that the furnishing of an adequate water supply to a great city—a supply that will be pure and lasting—is of paramount importance, and that no sentiment should interfere with the furnishing of such a supply. It seems that the Hetch Hetchy is a typical case of the sentimentalist trying to overbalance the practical.

[The Los Angeles Herald, the leading evening newspaper of the great city of southern California, printed an editorial on Saturday last heartily indorsing the Hetch Hetchy project. From that editorial the following excerpts are taken:]

the following excerpts are taken:]

We call upon the United States Senate not to deny, but to supply San Francisco's water needs.

Why is it that San Francisco has not received justice at the hands of the National Government at Washington? That city has prayed for the privilege to secure pure water for her needs. Her prayer has not been positively denied, but it has been and is most grievously deferred. Washington was not appealed to in vain by Los Angeles when this city sought its water supply from the mountains of Inyo County. It is our hope that our sister city may fare as well at the hands of this administration as we did during Roosevelt's rule.

San Francisco's water supply is inadequate. Her case is more necessitous than was ours. We apprehended a shortage and sought to provide against such contingency.

Fortunately we received not only fair treatment but prompt treatment, which is what has been denied San Francisco so long that her needs are now most imperative.

Approximately a million people around the Bay of San Francisco are interested in the securement of an adequate provision of pure water for now and the time to come.

Before the proposed reservoir and aqueduct can be constructed and connected with San Francisco and vicinity over a million human beings will be in need, perhaps in distress, for water.

What is asked is a permit to create a magnificent artificial lake in the Hetch Hetchy Valley in the Sierras. The creation of such a lake would make even more beautiful an already picturesque scenery. It would not injure the landscape. It would not harm a living Iting. It could create no nuisance, no menace, and be of no detriment to anybody or anything.

Capital has clutched at this proposition of municipal ownership to strangle it. The slimy trail of that dragon of capitalistic greed can be trailed to the Capitol at Washington.

[From the San Diego Sun, Nov. 29.]

An open battle has been waged against the Hetch Hetchy plan by nature lovers whose sincerity there is no reason to doubt; but the Sun is convinced that the real opposition to the plan comes from the Power Trust, which is against the plan because the development of the Hetch Hetchy system will develop enough hydroelectric power to run San Francisco's municipal electric street railway and to light the city and other bay cities, and to previde water enough, not only for San Francisco, but for irrigation in the vicinity. The Power Trust does not care a hoot about the beauty of nature; it is worrying because if the plan goes through it will lose a lot of revenue which it would get if the municipal power was not developed. Write to your Senators and ask them to work for the Hetch Hetchy bill.

[From the Venice (Cal.) Vanguard, Nov. 29.]

In the matter of the Hetch Hetchy Valley reservoir project, it is only just to San Francisco that the metropolis of the north should be blessed with the water supply which she now seeks from the Sierras. All right and fair minded people are profoundly in sympathy with San Francisco in this fight for what we consider to be hers with all justness. This is particularly true when it is remembered that by the Hetch Hetchy reservoir, as planned, no injury can come to the farmers of the north.

## [From the Monrovia (Cal.) News, Nov. 29.]

It is unfortunate that so many well-meaning people have signed remonstrances against the Hetch Hetchy project of the city of San Francisco without hearing both sides of the controversy fairly and fully stated. From the beginning the fight has been made against the people of San Francisco on a mere pretense, and people who have never seen the Hetch Hetchy Valley have enthusiastically responded to this pretense and rushed into the fray with the honest intention of frustrating a scheme to destroy one of California's beauty spots. Fudge! The provisions of the Raker bill, should it become a law, will greatly increase the beauties of the valley. It will also frustrate the selfish designs of some of the big power corporations of the State, and it will provide the people of San Francisco perpetually with a supply of wholesome mountain water for domestic and other purposes. The Raker bill should pass.

# [From the Alhambra (Cal.) Advocate, Nov. 29.]

If San Francisco is denied the right to utilize the Hetch Hetchy water supply in providing itself with that greatest of municipal necessities—pure water—this whole Nation will point the finger of scorn at a Congress which allows private water-franchise grabbers to gobble up and withhold from a great city that which contributes to the very life and health of a million people.

[From the Lake Elsinore (Cal.) Press, Nov. 29.]

This is a case of the Common People of San Francisco v. The Yosemite Power Co. et al. When it is public profit versus private plunder the former should rule.

## [From the South Pasadena (Cal.) Record, Nov. 29.]

It would seem that the least Congress could do would be to allow San Francisco the same privilege in the matter of securing a municipal water system that has been granted to other cities. The Bay City asks the Government for only a few hundred acres of land in the Hetch Hetchy Valley for reservoir purposes and in all justice the request should be granted.

[From the Marin Journal, Nov. 28.]

What is good for San Francisco is good for the entire State.

This is no time for quibbling or indulging in sentimentalism. Water these cities must have, and in Hetch Hetchy lies their only hope of meeting the needs of the immediate future.

If these cities are to expand, they must have water. This can only be supplied from a few sources in this State. Every available supply outside of Hetch Hetchy has had claims piled upon it knee deep, and in order that San Francisco could acquire any of these supplies years would have to be spent in litigation, together with millions in meney.

#### [Editorial from the Sentinel, Santa Cruz, Nov. 28.1

As far as known, the people of Santa Cruz stand with San Francisco in her determined effort to secure the Hetch Hetchy water supply. She must have this water.

# [Editorial from the Evening Surf, Santa Cruz, Nov. 28.]

The writer yields to no one in his estimate of the value of national scenery. He is willing to stand in the ranks of conservationists and enthusiasts, but we are also not unmindful of the fact that pure water and plenty of it for a population of 10,000,000, as there will be about the Golden Gate in the distant future, is a requirement beyond price or comparison.

# [From the Tribune, San Luis Obispo, Nov. 28.]

Readers of San Francisco papers for many months have not yielded the energy displayed by that city for a suitable system of water works appropriate for the population which is destined to come with the advent of the 1915 exposition and the opening of the Panama Canal. In fact, it is rarely that the Hetch Hetchy project is overlooked by the progressive citizens and the municipality, owing to the importance of

the project, which means a water system for the city, furnishing an ample supply of the fluid for a rapidly growing community.

[From the Oroville (Cal.) Mercury.]

The nature lovers, speculators, and those interested in the Spring Valley Water Co. are making one last desperate struggle to deprive San Francisco of the Hetch Hetchy water rights. The people of the whole northern part of the State rally to the support of the metropolis.

GOOD FOR SAN FRANCISCO AND ALL. [From the Napa (Cal.) Daily Register.]

What is good for San Francisco is good for the territory paying tribute to that great commercial center, and to this extent, at least, we are interested in the Hetch Hetchy bill now in the United States Senate, and hope to see it enacted into law.

GIVE SAN FRANCISCO A CHANCE. [From the Santa Ana (Cal.) Blade.]

It is difficult to understand why any part of the State should oppose the movement to get for San Francisco the best water system obtainable. Give San Francisco every chance to grow and develop, say we, and the sentiment should be universal.

WHY WASTE 200,000 HORSEPOWER? [From the Chicago Record-Herald.]

Why should such an asset as 200,000 horsepower be allowed to go to waste?

[Oxnard Courier, Nov. 29.]

San Francisco has been trying for so long a time to establish a water supply adequate to the rapid growth of the city that many wonder what is delaying the project. The city has chosen the site for reservoir in the high Sierras, known as the Hetch Hetchy. It has already acquired the title to most of the land in the floor of this valley and many water rights. The demand of a city of several hundred thousand for water can not be denied. San Francisco is entitled to the water and will get it.

[Editorial from the Antioch Ledger, Antioch.]

Petitions circulated here this week for the purpose of learning how many were favorable to the Government granting to San Francisco the Hetch Hetchy Valley for a water system were signed freely. This is right, as that city is not asking anything unreasonable. Furthermore, if the request is granted no doubt but that the Bay City will sooner or later change to municipal ownership, which is the practical solution of the public-utility question.

## TAGGART ASTON.

Mr. THOMAS. Mr. President, during the course of the remarks of the Senator from North Dakota [Mr. Gronna] last night the senior Senator from New Hampshire [Mr. Gallinger] caused to be read into the RECORD a letter dated November 26, addressed to him and signed by Taggart Aston. I shall not reread the letter, which will appear in the remarks of the Sena-

I deem it my duty, however, to call the attention of the Senate to the fact that this man Taggart Aston was, and probably still is, the "consulting engineer," as he calls himself, of the Sierra Blue Lake Water Co., a malodorous scheme engineered and fostered by Eugene Sullivan, to which I took occasion to refer somewhat at length the other day. It was developed in the hearings that Mr. Taggart Aston had a large contingent interest in that scheme, my recollection being that he was to receive 10 per cent of the proceeds in the event its promoters should succeed in their scheme to sell it to the city of San Francisco.

This gentleman now appears here as a volunteer proponent and champion of the Spring Valley water system. relations to it may be I do not know, but it is a fact that he has a large contingent interest in a scheme which not only will not bear investigation but seems to have been the subject of some pretty sharp practices during the course of its progress from the hands of Mr. Sullivan to the attention of the city of San Francisco, and the Senate should be apprised of the fact.

Mr. GALLINGER. I wish to say a single word in response to what the Senator from Colorado [Mr. Thomas] has said. This letter came to me as a personal communication, apparently. I inquired of other Senators if they had received a similar letter, and they said they had not. Had such a letter been sent to each Senator I would not have introduced it. I know nothing whatever about Mr. Taggart Aston.

Mr. THOMAS. Mr. President, I am perfectly aware of that, for I know the Senator would not have introduced into this controversy a letter from a man of this character without hav-

ing made a statement of the fact.

Mr. GALLINGER. I presented the letter for what it was worth. There is one feature about this discussion, however, that seems a little peculiar, and that is that almost every com-munication or statement that is submitted in opposition to this scheme is met by the suggestion that the men presenting such statements are engaged in malodorous practices and that they

are representing corporations or individuals whose conduct will not bear the light of day.

Mr. President, I know nothing about Mr. Aston, and, of

course, he will answer for himself.

Mr. THOMAS. Mr. President, I am sure the Senator from New Hampshire will bear out the statement that I have not indulged in any criticism of the writers of any letters, except as I have presented to the Senate such facts connected with them which appear upon the record or which have come to my knowledge from reliable sources.

#### REPORTS FROM COMMITTEE ON PRINTING.

Mr. FLETCHER. Mr. President, on yesterday certain communications were referred to the Committee on Printing for action. I find that they have been ordered printed by the House of Representatives, and I therefore report them back and ask that they be referred to the appropriate committees.

The VICE PRESIDENT. The communications will be re-

ferred to the appropriate committees, without printing.

The communications are as follows:

A communication from the Secretary of War, transmitting, pursuant to law, a statement of the travel of officers and employees of the War Department from Washington to points outside of the District of Columbia (H. Doc. No. 364); to the Committee on Appropriations.

A communication from the Secretary of the Interior, transmitting, pursuant to law, a report of disbursements for the fiscal year ended June 30, 1913, made in the States and Territories from the proceeds of public lands for the support of colleges of agriculture and the mechanic arts (H. Doc. No. 361); to the Committee on Agriculture and Forestry.

A communication from the Secretary of Agriculture, transmitting, pursuant to law, a detailed statement of the expenditures of the Department of Agriculture for the fiscal year ended June 30, 1913 (H. Doc. No. 385); to the Committee on Agri-

culture and Forestry.

A communication from the Commissioners of the District of Columbia, transmitting the annual report of the Commissioners of the District of Columbia for the fiscal year ended June 30, 1913 (H. Doc. No. 403); to the Committee on the District of Columbia.

A communication from the assistant clerk of the Court of Claims, transmitting a list of French spoliation cases filed under the act of January 20, 1885, which cases were dismissed by the court for nonprosecution (H. Doc. No. 379); to the Committee on Claims.

## AMENDMENT OF THE BULES.

Mr. GALLINGER, from the Committee on Rules, to which was referred Senate resolution 221, to amend Rule XIX of the standing rules of the Senate, submitted by himself on the 26th ultimo, reported it without amendment and submitted a report (No. 135) thereon.

Mr. BACON, from the Committee on Rules, to which was referred the resolution (S. Res. 227) to amend Rule XIV of the standing rules of the Senate, submitted by himself on the 3d instant, reported it without amendment and submitted a report

(No. 136) thereon.

Mr. BACON, from the Committee on Rules, to which was referred the resolution (S. Res. 202) to amend Rule XII of the standing rules of the Senate, submitted by himself on October 30, 1913, reported it with an amendment and submitted a report (No. 137) thereon.

Mr. SHEPPARD. Mr. President, I ask that the report may be read. It seems to me that any amendment of the rules

ought to be read, as it is important.

Mr. SUTHERLAND. Mr. President, I should like to ask the Senator from Georgia a question. This is a report from what committee?

Mr. BACON. From the Committee on Rules.

Mr. SUTHERLAND. When did the committee meet, may I ask the Senator?

Mr. BACON. It met on yesterday. Mr. SUTHERLAND. While the Senate was in session? Mr. BACON. It did. It had a very large accumulation of

business, which it was impossible to dispose of during the time when so many Senators were absent from the city, and since the beginning of the regular session the long continuous ses-

sions have made it impossible to meet at any other time.

Mr. SUTHERIAND. The Senator from Georgia has been here longer than I have, and I should like to ask him by what authority a committee of the body sits while the Senate itself

is in session?

Mr. BACON. The only necessity for any authority to a committee to sit during the sessions of the Senate is not to give it. the power, but to give Senators the license to be absent from

the Chamber-there is no restriction upon the time when a committee shall sit; there is, however, a restriction upon Senators being absent from the Chamber—a license which I am sorry to say a great many Senators abuse, as we have had illustrations frequently of late; but I know of no rule of the Senate or any principle upon which the sitting of a committee during the ses sions of the Senate is illegal. The only point, I repeat, about it is as to the right of a Senator to be absent from his seat in the Chamber, and the object in asking that a committee may sit during the sessions of the Senate is to give a Senator practically a leave of absence from the Senate; it is not to give the committee any authority to act while the Senate is in session.

Mr. SUTHERLAND. Mr. President, I am aware of the fact that there is no express rule of the Senate with reference to the sitting of a committee while the Senate itself is in session; but I know it has been the practice of the Senate, and I am not certain but that it has been the uniform practice of the Senate, whenever it has been desired that a committee should sit during the sessions of the Senate to obtain the leave of the Senate to

Mr. BACON. I repeat that the purpose of that is to give to a Senator the right to absent himself from the Chamber. It is not for the purpose of conferring any special authority upon the

I will illustrate in this way, if the Senator will permit me: Suppose the Senate were in session and a measure were deemed of such importance that the committee should desire to have it brought to the attention of the Senate before the conclusion of the session, and the members of the committee should assemble in a corner of the Chamber and pass upon it. Would the Senator question the legality of that course, Senators all remaining in the Chamber during the time?

Mr. SUTHERLAND. I am not questioning the legality of it at all. I am simply asking the Senator a question with refer-

ence to it.

Mr. BACON. I think the better practice is for the committee to ask leave, not because the committee needs authority, but because the members of the committee need the permission of the Senate to absent themselves.

Mr. SUTHERLAND. I will say to the Senator that while I do not question the legality of the action of the committee I do question the propriety of a committee or committees sitting

while the Senate is in session,
Mr. BACON. I will say to the Senator that I entirely agree with him; and I think the question of propriety there involved is exactly the same as the question of the propriety of the course of any Senator who was absent from this Chamber last night.
Mr. SUTHERLAND. Mr. President, I was absent from this

Chamber last night.

Mr. BACON. I said nothing to that effect.
Mr. SUTHERLAND. No; I know the Senator did not. was also absent from the Chamber the night before; and I will say to the Senator now that, except when I am compelled by the action of this body to attend the sessions of the Senate, I propose to be absent from the Senate Chamber during the night sessions hereafter.

Mr. BACON. Mr. President, I think I have the floor. Mr. SUTHERLAND. Wait just a moment, if the Senator I come here in the morning at 10 o'clock, and I am to stay here until 6 o'clock in the evening. That is as willing to stay here until 6 o'clock in the evening. long a time as in decency any Member of the Senate ought to be required to attend. A majority of this body has seen fit, in order to wear out the minority of the body, as it has been openly confessed upon the floor of the Senate, to require the Senate to be in session during the hours of the night as well. The Senator's party is responsible for that order. The Senator desires the order, and he and his side of the Chamber must take the burden of seeing that it is carried out.

Mr. JAMES. Mr. President-

Mr. BACON. I hope the Senator from Kentucky will permit

me to proceed. I will yield to him in a moment.

I think it is a very unusual spectacle for a Senator to stand on the floor of this body and boldly and defiantly say to the Senate that he does not propose to abide by the rules of the It is a rule of the Senate, as it is a rule of every parliamentary body-whether expressly written or not I do not remember—that a Senator shall be present unless he is absent by permission. Senators are frequently absent because that permission is considered as tacitly granted. Nobody disputes that, and nobody considers that a Senator who absents himself in that way is violating the rule. But when a Senator stands on this floor and says that he proposes and intends to absent himself purposely and in violation of the order of the Senate, then I say the Senator is so far affronting the Senate as to defy it and to say that he will not obey its order.

Mr. CHAMBERLAIN. Mr. President, I rise to a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CHAMBERLAIN. I really should like to know what is before the Senate. I have been waiting here to introduce a

The VICE PRESIDENT. Reports of committees are in order. Mr. SUTHERLAND. Let me say just one word, Mr. President, in answer to the Senator from Georgia.

Mr. BACON. I yield to the Senator for that purpose.

Mr SUTHERLAND. I thought I had the floor. Perhaps I

am mistaken

Mr. BACON. No; I think that the Senator has not. Possibly

he is right about that, however.

Mr. SUTHERLAND. In my experience, Mr. President, the spectacle never has been presented to the Senate heretofore of the majority of the body passing an order of this kind for the express purpose, the openly stated purpose, not of legitimately transacting the business of this body, but of compelling Senators to attend for the purpose of wearing them out. Whenever the majority of this body undertakes to make me do something for the purpose of wearing me out I am going, to the best of my ability, to prevent myself from being worn out.

Mr. JAMES. Mr. President—

Mr. BACON. I hope the Senator from Kentucky will permit

me to reply to the Senator from Utah.

Mr. SUTHERLAND. When that statement was made the other day the Senator from Georgia was the only Member upon the majority side to repudiate it. He did repudiate it. Every other Member of the majority sat silent and accepted it, and I supposed by that course acquiesced in the statement of the purpose of the resolution.

I say it is an unfortunate thing and an inexcusable thing for the majority of this body to propose an order of this kind for If the business of the Senate required it, or if it were reasonably debatable that the business of the Senate required it, then it would be quite a different matter. here all night long, night after night, when I thought the business of the Senate required it; but I repeat to the Senator that I do not intend to jeopardize my health by attending these night sessions unless I am compelled to attend them.

Mr. BACON. Mr. President, the Senator from Utah says the purpose has been avowed to hold these sessions for the purpose of wearing out Senators. If that were so, I think the complaint would very well come from one not blessed with so much youth

as the Senator from Utah.

To show how inconsistent is the Senator, however, one Senator made the remark of which he complains, and there was no general acquiescence in or repudiation of it. Another Senator disavowed it. In each instance the Senators on this side of the Chamber sat silent. Yet the Senator takes silence in one case as an acquiescence by all on this side and takes silence in the other case as a failure to repudiate. Where is the consistency of the Senator?

The remark was made by a Senator in a running debate, and did not call for any general expression one way or the other from this side of the Chamber. In the same running debate there was a disavowal of it by another Senator. The silence is

no more significant in one case than in the other.

I wish to say to the Senator from Utah, as I have said before, that the purpose of the majority in proposing to have these sessions was the one I indicated—the purpose to give to the Senate full opportunity to have all right of unlimited debate, and, at the same time, in the exercise of that unlimited debate, which we knew would be necessarily protracted, to have, in the interest of the country, the passage of the bill effected as soon as practicable.

Mr. CLARK of Wyoming. Mr. President, will the Senator

from Georgia yield to me for one moment?

Mr. BACON. I want to yield to the Senator from Kentucky before I yield to any other Senator, because he asked me to do so and kindly forebore until I had concluded what I was saying.

Mr. JAMES. I merely wanted to suggest to the Senator from Georgia that he might inquire of the Senator from Utah whether or not he made such violent protests as he now makes when the Senate sat, not until 10 or 11 o'clock, as we do, but all night long, when the Vreeland-Aldrich bill was under consideration, and was in constant session almost 48 hours, when the Senator from Wisconsin was forced to stay upon his feet 19 hours. simply wanted the Senator to inquire whether or not the distinguished Senator from Utah, then a Member of this body, absented himself or protested against that action as having the purpose of exhaustion or as being unprecedented and a wholesale denial of the rights of the minority.

Mr. SUTHERLAND. The Senator from Utah on that occasion did neither, because it was perfectly apparent upon that occasion-and I make no complaint against the Senator from Wisconsin-that the Senator from Wisconsin was engaged in fili-Whenever it is apparent that the minority or any bustering. Member of this body, for the mere purpose of delaying action, is engaged in protracting the debate the majority is perfectly justified in resorting to unusual hours; but I remind the Senator from Kentucky that nothing of that kind has occurred. order was brought in on the very first day of the session, before there had been the slightest opportunity of discovering whether or not anybody was going to engage in protracted debate.

Mr. JAMES. Then the purpose of the Senator's own party in keeping the Senate in session night and day when the Vreeland-Aldrich currency bill was up for consideration was the

purpose of exhaustion, was it?

Mr. SUTHERLAND. No; it was not for the purpose of exhaustion. It was for the purpose of getting a vote in spite of the filibuster. I ask the Senator from Kentucky whether he believes there is any filibuster in operation upon this side of

Mr. JAMES. So far as I am individually concerned, I believe there is a purpose upon the part of certain Senators on the other side of the Chamber to delay the passage of the currency bill, which is demanded by the American people almost irrespective of political party. The business interests of the country are being held up while a lot of Senators demand the right to stand here upon the floor and speak for hours and hours.

Mr. SUTHERLAND. I will say to the Senator that, in my

judgment, he is entirely mistaken.

Mr. JAMES. It is merely a difference of opinion. The coun-

try agrees with me and not the Senator.

Mr. SUTHERLAND. Let me tell the Senator why I think he is mistaken. Some weeks ago the order under which the Senate is now operating was made by unanimous consent. It was submitted to the entire body, and the entire body at that time agreed that this whole week, six days, should be devoted to the discussion of the Hetch Hetchy bill.

Mr. BACON. That is a mistake.

Mr. SUTHERLAND. It was the opinion of the Senate that would require that length of time to dispose of it.

Mr. BACON. That was not the order.

Mr. CLARK of Wyoming. It was the intention.

Mr. JAMES. If the Senator from Georgia will permit me, I merely wish to call the attention of the Senate and the country to the fact that Senators upon the other side of the Chamber, when they were in control and the Vreeland-Aldrich bill was under consideration, did not stop at adjournment at 11 o'clock, but kept the Senate of the United States constantly in session for two days and nights, until the Senator from Wisconsin was physically exhausted, in order to force a vote. Now, because we merely ask that the Senate shall remain in session until 11 o'clock, it is said that we are violating all precedent and that we are brutally running over the rights of

We are doing nothing of the sort. The country looks upon this as a body that ought to be, at least, responsive to the public will. The public will is known upon this currency bill, and the country wants the Senate to enact it into law.

Mr. CLARK of Wyoming. Mr. President-

Mr. BACON. If the Senator will pardon me a moment, I will yield the floor. Does the Senator wish to interrupt me I have but a word or two more to say, and then I will yield the floor.

Mr. OVERMAN. Will the Senator yield to me before he

yields the floor?

Mr. BACON. Yes. I will yield also to the Senator from

Mr. OVERMAN. I wish to ask the Senator if it is not customary, and has not been for years, for the Committee on Rules to meet while the Senate is in session?

Mr. BACON. It has generally been the case.

Mr. OVERMAN. According to my recollection—and I have been on the committee for years—we step down here in the room of the Committee on Rules, when we have anything to do, and meet while the Senate is in session. I wish to say, also, that on yesterday I gave notice to the Senate that the Committee on Rules was in session.

Mr. CLARK of Wyoming. Mr. President—
Mr. BACON. I yield to the Senator from Wyoming.
Mr. CLARK of Wyoming. I did not want to ask a question. I desire simply to make an observation on the subject matter that is before the Senate, and to give what I consider an additional reason why committees should not meet during the sessions of the Senate except by permission asked and obtained. It is that it deprives either the committee or the Senate of the services of the individual members of the committee at that particular time. If the Senate should happen to be engaged upon business of interest to a member of the committee, it would not only deprive the committee of his services, but it would deprive him of his opportunity to be before the committee and assist the committee with advice in the consideration of such matters as might come before it.

While, as I remember, we have no rule prohibiting a committee from meeting during the sessions of the Senate, I think the practice is a very wise one that the committees should not meet during the time the Senate is actually in session, both for the general reason I have urged and for the reason which

is personal to the committeeman himself.

Mr. OVERMAN. Mr. President, when the Senator's party was in power I never attended a meeting of the Committee on Rules that was not held during the sessions of the Senate. I think the Senator from New Hampshire, who has been an honored member of the Committee on Rules for a long time, will bear me out in the statement that for the last five years no committee meeting has been held by the Committee on Rules, so far as I can recollect, except during the sessions of the Senate.

Mr. GALLINGER. The Senator from North Carolina makes

a correct statement on that point.

It is rather surprising to me that Mr. CLARK of Wyoming. both the Senator from North Carolina and the Senator from Kentucky should want to cut their pattern according to Republican cloth. They are not in the habit of doing that.

Mr. OVERMAN. What I am complaining of is that the Sen-

ator should criticize us for doing it.

Mr. CLARK of Wyoming. It seems to me a little strange that those Senators should cite as a precedent what the Republicans have done in the past. That, of course, is aside from the question, however. My observation was directed to the question itself, and I think to a valid reason why ordinarily meetings of committees should not be held while the Senate is in session.

Mr. OVERMAN. I want to remind the Senator from Wyoming, who was a great chairman of the Committee on the Judiciary, that at frequent times we have had meetings during the

sessions of the Senate.

Mr. CLARK of Wyoming. If the Senator will examine the records of this body and of the Judiciary Committee, he will find that almost universally-I attended to it myself-permission was asked and granted by the Senate; and it was seldom, seldom indeed, that a meeting of the committee was held without such permission.

Mr. BACON. I desire to suggest to the Senator that it very frequently occurred that the Judiciary Committee was in session when the Senate met, and that it would remain in session

for a half hour or more before it adjourned.

Mr. CLARK of Wyoming. I call the attention of the Senator also to the fact, as the records of the Senate will show, that prior to that time the permission of the Senate had been given for the meeting of the committee while the Senate was in session.

Mr. BACON. Possibly.

Mr. CLARK of Wyoming. Oh, I think it was always the

Mr. WORKS. Mr. President-

Mr. BACON. If the Senator from California will pardon me, I will yield the floor in a moment.

Mr. WORKS. I desire to address myself particularly to the

Senator from Georgia. Of course I will wait, if he wishes it.

Mr. BACON. Of course, I will yield to the Senator now, if he desires to address himself particularly to anything I have

Mr. WORKS. The statement has been made here a number of times that the opportunity for debate on the Hetch Hetchy bill has been used for the purpose of delaying action on the currency bill. If that be true, I have been one of the worst offenders.

Mr. BACON. I have not made that statement.
Mr. WORKS. I was going to ask the Senator from Georgia
if he really believed that I extended my remarks on the Hetch

Hetchy bill with such a purpose as that.

Mr. BACON. Certainly I do not, and I have made no such statements as to any Senator. I certainly have said nothing to indicate it in the slightest degree. If I had continued, I should have said something before I concluded which would have absolved, so far as I am concerned, any Senator who has spoken from any imputations of that kind.

Mr. WORKS. Certainly that never entered my mind.

Mr. BACON. I am sure of that. Mr. WORKS. I think I was induced to extend my remarks beyond what some Senators may think was reasonable because of the necessity on my part to explain the laws of California, with which I should have been more familiar than other Sen-

Mr. BACON. Mr. President, I want to say just one word more as to the motives which inspired the Democrats in the effort to secure longer sessions. I say for myself, and, I believe, for Senators on this side generally, if not universally, that whatever may have been the impulse of the moment in any utterance that has been made, we were confronted by a condition where we thought it important that there should be an early conclusion of the debate and early action of the Senate on the bill. We recognized the fact that one rule of the Senate which Senators had the full right to enjoy was that of unlimited debate, and we had to reconcile the two things-unlimited debate and an undue prolongation of the time. It was the thought and the purpose, I will say, so far as the utterances in that conference could be construed, to give time for unlimited debate and at the same time not to go so far as to postpone to too late a date the action of the Senate upon the bill. That was the sole purpose

I heard no word, Mr. President, which indicated that it was done for the purpose of defeating any anticipated filibuster. have heard a suggestion that some Senators would like if the bill be not passed early, but I have heard no suggestion of a filibuster, and this was not done in anticipation of a filibuster.

I think I speak with the utmost candor and correctness when I allege that as the motive and purpose of the Democratic side in proposing to have extraordinarily long sessions, and if necessary to surrender the Christmas holidays. We do not, if we provide for a continuous session during the Christmas holidays, impose anything upon Senators on the other side that we do not impose upon ourselves, and we thus take the burden upon ourselves also. We are willing to ourselves make sacrifices. We desired that Senators on the other side should have the opportunity for unlimited debate, and for this purpose we were willing to make the sacrifice of unusual hours. Some of us are not so young as the Senator from Utah, and we have found it perfectly consistent with our health and comfort to be present, and we are not worn out by what has occurred, and do not anticipate being worn out by what may occur hereafter in attending the sessions during these long hours.

Mr. GALLINGER. Mr. President—

Mr. BACON. I yield to the Senator, Mr. GALLINGER, I simply want to make an observation which will take but one moment, and that is to say to my good friend that I have talked personally with almost every Senator on this side of the Chamber, and there is but one opinion expressed, and that is that we want as early action as possible on the currency bill after it has been properly debated.

Mr. BACON. I think so, Mr. President.

Mr. GALLINGER. There is no other feeling or purpose. Mr. BACON. I give full credit to Senators on the other

side for that; and the only purpose in having extraordinarily long sessions is that there may be had full debate; and yet there is a condition of affairs in view of which every must recognize as one which as soon as possible should be brought to an end, to wit, the necessary suspense and uncertainty in great business circles as to what is to be the outcome, and they should be given the opportunity soon to adjust themselves to what may be the outcome and consequences of this legislation.

Mr. SMOOT. Mr. President-

Mr. BACON. I yield to the Senator from Utah.

Mr. SMOOT. Mr. President, I want to say to the Senator in all frankness that I would join with him or anyone else upon the other side of the Chamber to prevent any sort of a filibuster. It is not in my heart-

Mr. SMOOT. I want also to say to the Senator that I believe this bill will be passed by the Senate before the holidays.

Mr. SMOON. I hope so.

Mr. SMOOT. That is what I believe, and I do not see why it should not be.

Mr. LANE. Mr. President-

Mr. BACON. If the Senator will pardon me, I will be through in one minute.

Mr. LANE. Very well.

Mr. BACON. The present debate is on the Hetch Hetchy bill. Last night, when Senators were absenting themselves, some on this side, I am sorry to say, and almost all on the other side, the time was taken up by an interesting and legitimate argument by a Senator on the other side of the Chamber

upon the Hetch Hetchy bill, the Senator from North Dakota [Mr. Gronna]. I am sorry that Senators were not here to hear him. Although I did not agree with the position taken by the Senator, I must recognize the fact that he was making an interesting and logical argument on that question. How could that be charged as an effort to wear out the Senate? I have not heard a single word from a Senator on either side of the Chamber which indicated that a word on the Hetch Hetchy bill has been spoken for the purpose of delay. It is a question in which there is a great deal of interest, a great deal of feeling, and in which large interests are involved. Senators feel the deepest interest in it, and I think every minute of the time we have been in session has been legitimately employed.

It may be that some of us have thought that the argument was pressed to a greater degree than was necessary to estab-lish certain points the Senators wished to present, but that is for Senators to determine for themselves. There has been no minute of this time that any word has fallen in this debate which indicated to my mind that a word was spoken for the purpose of delay. How can the criticism be that this particular week it is for the purpose of wearing out Senators? We are to vote to-morrow, and I think all the time intervening is going to be taken to finish that debate, if we sit here even until 11 o'clock. I believe the Senator from Utah will agree with me about that.

Mr. President, I want to call attention to just one thing. have the highest regard and personal friendship for the Senator from Utah [Mr. SUTHERLAND]. I think he knows that Yet I must deprecate and sincerely regret that the Senator from Utah would utter upon this floor what he uttered to-day in saying that he intended to disobev the order of the Senate. Here is a rule of the Senate, Rule V, paragraph 1;

No Senator shall absent himself from the service of the Senate without leave.

I repeat that is not construed to mean that every Senator before he leaves the Chamber for a day or for a longer period of time shall obtain the direct consent of the Senate. There is a tacit consent on the part of the Senate that Senators shall be absent when their interests require it. They are tacitly left to determine that each for himself. But a Senator stands on the floor and says that he absents himself not because he has the tacit consent or the implied consent of the Senate, but that in defiance of the order of the Senate he does not intend to obey this rule. I say the Senator from Utah has, in my judgment, done an injustice to himself in making such an utterance on the floor of the Senate.

Mr. WILLIAMS. Mr. President— Mr. SHEPPARD. Mr. President, I rise to a question of order. The VICE PRESIDENT. The Senator from Texas will state the question of order.

Mr. WILLIAMS. I wish just a moment or two.
Mr. SHEPPARD. The Senator from Georgia has reported an amendment from the Committee on Rules. I should like to have that reported amendment read. Should the amendment be read on the request of any Senator? That is the question I wish to submit.

Mr. WILLIAMS. I ask the Senator from Texas to with-

hold that request for just a moment.

The VICE PRESIDENT. Is there objection to the reading of the report?

Mr. WILLIAMS. I have no objection to its being read, but it can be read, I think, as well after I am through.

Mr. SHEPPARD. I will withdraw the request until after the

Senator concludes.

Mr. WILLIAMS. Mr. President, as I seem to be the "bad man from Bitter Creek" in this controversy and am somewhat held up to the country as the author of legislative ruffianism, pronounced in a voice of complaint that might have been characteristic of a martyr at the stake somewhere back in the Middle Ages, it may be well that I should say a few words, although I do not want to join in the evident scheme of taking up the time of the Senate.

The Democratic caucus was faced with a situation. It had a bill of the highest importance to 90,000,000 people. The banks and the bank reserves and bank operations were waiting upon its passage. It was necessary therefore to take whatsoever steps were necessary upon our responsibility as a party charged with legislation in order to put that bill through at the earliest date possible, to hurry up its consideration, and to speed its conclusion.

Now, the caucus being in that situation, the Senator from New York [Mr. O'GORMAN], as he said yesterday, moved that the Senate should begin on Monday to meet at 10 o'clock; whereupon I moved an amendment that when it met at 10 o'clock it should stay in session until 6 and take a recess until 8

and remain in session until 11, unless otherwise ordered by the Senate. That is the resolution which is now before this body. There is no secret about its being a caucus resolution. There is no mystery about it whatsoever. It comes as a voice of the party charged with the obligation of legislation.

In the course of the debate upon that question the Senator from Nebraska [Mr. Norris] asked me a question, and when I am asked a question I answer it truthfully or I do not answer it at all. He asked me if one of the objects was not to hurry the Senate to a conclusion, to hurry it to a vote, and I responded by saying, "Yes; wear the talkers down, wear the talkers out." Some of you stated that I said "Wear the minority out." I did not. There are just as many talkers on this side as on that, and I said the object was— Mr. SUTHERLAND. Mr. President—

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. WILLIAMS. I do not just at this time. The object is to reach a vote. What are the means adopted to bring about the object? It is to begin the talking early, to continue the talking late, to continue it continuously, until men fond of talking get

tired and quit, and then the Senate can vote.

I express my own opinion. The Senator from Georgia [Mr. Bacon] expressed his. Neither one of us has any authority to express what the party meant or what the party purpose was when it adopted this resolution; but I say that if when the party adopted this resolution its object was not to get an early vote and the means adopted by it was not to wear out the talkers in order to do it, then it did a senseless and foolish thing.

There is nothing in this resolution that interferes in the slightest degree with the right of unlimited debate. Upon the contrary, we have given you 11 hours a day instead of 5 to speak in, to debate in, to debate banking and currency, to debate Hetch Hetchy, and for the most part you have been debating the resolution. We gave you 6 more hours to talk in, and you have been claiming that we have cut off the right of debate

because we gave you 6 more hours to talk in.

As I said, when I answer a question that is put to me here or elsewhere, if I answer it at all—it might be sometimes wiser not to answer it at all-I answer by stating the truth as I understand it. The truth as I understand it is that we were apprehensive that this bill might go over until after the holidays. We were apprehensive that that might have a bad effect upon the country; that it might continue a condition of things which is not for the good of the country. We therefore concluded that it was our duty to put it through as soon as we can, and put it through before the Christmas holidays, if possible.

We therefore adopted this caucus rule, the object of which was to speed consideration, to speed debate, to give fuller opportunity for debate, and to speed the conclusion by a vote. That was the object, and the means adopted to do it was to make the talkers talk early and talk late and talk continuously, so that they might possibly get tired of talking and let us have a vote. We were apprehensive otherwise that the debate might go on

for months.

So much for that, Mr. President. I hope that it will not be considered by anybody, in spite of Sir Oracle Rebuke of one description or another, that I have apologized or intend to for

simply stating the truth as I understood it.

I go further and say that under the rules of this body whenever there is much debate on a great question, where Senators are determined to debate forever, there is no way of arriving at a conclusion in this body under its rules except by wearing the talkers out. You have resorted to it on that side when you were in power. We have resorted to it on this side when we were in power. We are resorting to it on this side when we are in power. As the Senator from Kentucky [Mr. James] said, you resorted to it in the Aldrich-Vreeland bill. You resorted to it a dozen times in history. I remember in 1893 the Senate was in session not all night for one night, but all night substantially for nearly a week. With what purpose? With the avowed purpose of bringing the free-silver discussion to a close, and it did finally bring it to a close. What we are saying to the country and to everybody is just this: "You shall have all the debate you want; you shall have your stomachs full of debate, but you must begin to debate at 10 o'clock in the morning and you must continue to debate until 11 o'clock at night with two hours' intermission to give you a rest, which was more than you gave the Senator from Wisconsin [Mr. LA FOLLETTE] on the Vreeland-Aldrich bill."

Our purpose is when one man is through talking another man shall follow him, and if not the bill shall be read, and when that man is through talking another shall follow him, and if not listen to a speech that he does not want to hear. You have to

the bill shall be read, and that no man shall get up here and hold up the business of 90,000,000 people by saying: "Mr. President, I desire to make a few remarks upon this bill; I am not prepared right now, but I will be upon next Wednesday, or I will upon day after to-morrow," or rise in another way familiar to the Senate, reminding you of a minister of God giving notice that he is going to administer the sacrament, when he says: God willing, I purpose upon a certain day to administer "-Senator gets up here with 90,000,000 people waiting on him and says substantially: "Heaven willing, on Thursday next"—not to-day, not now—"I purpose to make a few remarks" upon such and such a subject.

We wanted to bring this bill to a conclusion. You say you want to do it. I have no reason to doubt your veracity when you say it. Those of you who are honest with yourselves and honest with God know as well as I do that under the rules of the Senate there is no way of securing the speedy consideration and conclusion of a vexed question except by keeping the Senate in session for unusual hours and keeping up early and late continuous debate. That is all there is to it. There is no mystery about it. There is no secret about it. There is no

legislative ruffianism about it.

I can not help but feel sorry for the Senator from Kansas [Mr. Bristow]. He looked like one of those old pikemen of Oliver Cromwell when he was protesting against the tyranny of the Stuarts. You would have thought we were about to put him in a dungeon under the sea somewhere, fasten his hands and his feet and gag his mouth and keep him from talking, keep him from debating, keep him from voting. An invasion of the rights of the minority! What are the rights of the minority?

I have been in a minority long enough to know. Great heavens, you do not know what are the shackles that can be put upon a minority. You have never had any experience of it. For six years in the House of Representatives I had it. But at the utmost what are the rights of a minority? To propose amendments, to protest, to debate, to enlighten, to illuminate all they can. There is nothing more precious in a free country than a minority-a live, fighting, thinking, working minority. It is absolutely necessary to free government, and for that reason a system of dual parties has always been found absolutely necessary to the perpetuation of free government-a party in power alive with a program and a party out of power alive with a program and alive with good reasons to give why the major-'s program should not win. From the clash of opinion comes public enlightenment and, later on, public action in favor of the majority or in favor of the minority; but a minority's right never extends to the end of defeating that which the majority has determined upon, unless it can be defeated by convincing enough of the majority that the majority is wrong. That is ali.

I a "legislative ruffian"! A mild-mannered, bland sort of a

man like me scaring the Senator from Kansas [Mr. Bristow] to death! [Laughter.] I could not scare the Senator if I met him out in a back alley at night all by myself and he all by himself. A better piece of acting I never witnessed than that of the Senator from Kansas. I never knew before that he was a good actor, but he proved it upon that occasion by the solemnity of his countenance, the seriousness of his expression, and the violence of his gesticulations as he protested against being manacled and bound and gagged and generally manhandled in an ugly way. Now, you know, every one of you, just as well as I do-and anybody who says anything to the contrary utters what he knows between God and himself to be a hypocritical pretense-that there is nothing in this resolution that cuts off at all your right to debate. On the contrary, we are giving you 11 hours a day in which to talk instead of 5.

Mr. SMITH of Arizona. And as many days as they want to

keep it up.

Mr. WILLIAMS. And as many days as you want to keep it up. That is for you under your responsibility to the country. My own private opinion is that the longer you keep it up the worse it will be for you; but still that is a matter for you to determine, not for us to determine. We are ready to go on with the debate.

You say you have no idea of delaying us. Granted, because I have no reason to dispute your veracity at ali; you say it; but I should like for some Senator to tell me why every day for the last three days pretty nearly every hour or two the point of no quorum has been made and Senators been brought in here and the time wasted upon a roll call because Senators were not interested in the debate.

You know as well as I do that while you can lead a horse to water you can not make him drink. You can not make a man

conquer the attention of this body like that of any other body. Here are men who have made up their minds how they are going to vote upon a question, and they want to be doing something else. Indeed, speaking for myself, I had a great deal rather when I am talking that those who do not desire to hear me would retire into the cloak rooms, so that I may have order in the Chamber, than that they would be forced to sit unwilling listeners. I do not care to be a bore to anybody, and, what is more, I do not want anybody to bore me. I would not have a man dragged in here to hear me talk, and a man ought not to be dragged in here to hear anybody talk. We are grown, "free, white, and twenty-one," Senators of the United States, presumed to have sense enough to know whether we want to hear a speech or not, presumed to have sense enough to know whether we think we will get any edification from it, presumed to know whether it may change our point of view and our vote.

As a matter of fact, when Senators are interested in a subject matter and interested in a speech, they are going to be in this Chamber to listen to the debate upon that subject matter and to the speech made by the Senator who interests them upon it. Otherwise you can not make them listen. You bring Senators in here to listen to a speech that I am making, for example, or which is being made by the Senator from Oklahoma [Mr. Owen], or the Senator from Indiana [Mr. Kenn], we will say. A Senator listens a little while, and says, "That is familiar ground; there is nothing new in that; I believe I will go into the cloak room to take a smoke, or I believe I will go down and get lunch; I do not see that my education is being particularly added to; I think I will run over and dictate a few letters and come back if there is a call of the Senate." Are you going to treat a lot of grown men who are Senators of the United States like a lot of school children and say, "Here is your bench, buddy, sit on it?" I do not think any man who has pride and thinks much of himself wants unwilling listeners. He wants them willing or not at all.

I apologize for having taken up any time at all. I am playing for these few minutes exactly the game that I do not want played by anybody

Mr. SHEPPARD. Mr. President, I renew my request that

the resolution be read.

Mr. SUTHERLAND. I want to say just a single word.

Mr. SHEPPARD. I withheld the point of order until the Senator from Mississippi [Mr. Williams] finished, and I now want the resolution reported by the Senator from Georgia [Mr. BACON] read.

Mr. SUTHERLAND. If the Senator desires to insist upon it, I shall take my own time to say what I have to say.

Mr. SHEPPARD. It is a very short report.
Mr. CLARK of Wyoming. A parliamentary inquiry, Mr.
President. Under the rules of the Senate is a report of a committee to be read except by unanimous consent?

The VICE PRESIDENT. The Chair was about to rule that, if there was an objection, the question would be submitted to the Senate as to whether the report should or should not be read.

Mr. CLARK of Wyoming. I object, Mr. President; at least I shall do so unless the Senator from Utah [Mr. Sutherland] is given the opportunity to be heard.

Mr. SHEPPARD. I shall read a portion of paragraph 4 of

Rule XIV, and then resume my seat:

4. Every bill and joint resolution reported from a committee, not having previously been read, shall be read once, and twice, if not objected to, on the same day, and placed on the calendar in the order in which the same may be reported.

Mr. SUTHERLAND. Mr. President, I would have finished-

The VICE PRESIDENT. The rule which has just been read by the Senator from Texas refers to a bill or a joint resolution. Mr. SHEPPARD. Does the Chair hold that it does not apply

to a Senate resolution?

The VICE PRESIDENT. It does not apply to a Senate resolution. There now being an objection to the reading of the report of the Committee on Rules, the question is for the determination of the Senate. Shall the report of the Committee on Rules be read? [Putting the question.] The ayes have it, and the report will be read.

The Secretary read the resolution and report, as follows:

Senate resolution 221, submitted by Mr. Gallinger November 26, 1913.

Resolved, That the rules of the Senate be amended by adding the following paragraph to the nineteenth standing rule, to be numbered and known as paragraph 6 of said rule, to wit:

"Par. 6. Whenever confusion arises in the Chamber or the galleries, or demonstrations of approval or disapproval are indulged in by the occupants of the galleries, it shall be the duty of the Chair to enforce order on his own initiative, and without any point of order being made by a Senator."

[Senate Report No. 135, Sixty-third Congress, second session.] CONFUSION IN THE CHAMBER OR GALLERIES.

Mr. Gallinger, from the Committee on Rules, submitted the following report, to accompany S. Res. 221:

The Committee on Rules, to whom was referred Senate resolution 221, to amend Rule XIX of the standing rules of the Senate, having considered the same, recommend the passage of the resolution by the Senate.

The VICE PRESIDENT. The resolution will be placed on the calendar. The Secretary will read the next report from the Committee on Rules,

The Secretary read the resolution and report, as follows: Senate resolution 227, submitted by Mr. Bacon December 3, 1913.

Resolved, That Rule XIV of the standing rules of the Senate be amended as follows: At the conclusion of the second paragraph of said Rule XIV strike out the period and insert a semicolon in lieu thereof and add the following proviso, to be thereafter a part of said second

paragraph, to wit:

"Provided, That the first or second reading of each bill may be by title only unless the Senate in any case shall otherwise order."

[Senate Report No. 136, Sixty-third Congress, second session.]

READING OF BILLS.

Mr. Bacon, from the Committee on Rules, submitted the following report, to accompany S. Res. 227:

The Committee on Rules, to whom was referred Senate resolution 227, to amend Rule XIV of the standing rules of the Senate, having considered the same, recommend the adoption of the resolution by the Senate.

The VICE PRESIDENT. The resolution will be placed on the calendar.

The Secretary. Mr. Bacon also reports from the Committee on Rules, with an amendment, S. Res. 202, as follows:

Resolved, That the rules of the Senate be amended by adding the following paragraph to the twelfth standing rule of the Senate, to be numbered and known as paragraph 3 of said Rule XII, to wit:
"PAR. 3. No request by a Senator for unanimous consent for the taking of a final vote on a specified date upon the passage of a bill or joint resolution shall be submitted to the Senate for agreement thereto until, upon a roll call ordered for the purpose by the Presiding Officer, it shall be disclosed that a quorum of the Senate is present; and when a unanimous consent is thus given, the same shall operate as the order of the Senate."

[Senate Report No. 137, Sixty-third Congress, second session.] UNANIMOUS CONSENTS,

UNANIMOUS CONSENTS.

Mr. Bacon, from the Committee on Rules, submitted the following report to accompany S. Res. 202:

The Committee on Rules, to whom was referred Senate resolution 202, to amend Rule XII of the standing rules of the Senate, having considered the same, report the resolution back to the Senate with the recommendation that it be adopted with the following amendment:

At the end of said resolution add "but any unanimous consent may be revoked by another unanimous consent granted in the manner prescribed above."

The VICE PRESIDENT. The resolution will be placed on the calendar.

Mr. SUTHERLAND obtained the floor.

Mr. CUMMINS. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Iowa?

Mr. SUTHERLAND. I yield to the Senator.

Mr. CUMMINS. I happened not to be here at the regular time, and out of order I desire to make a report from the same committee, the Committee on Rules, on Senate resolution 218, proposing an amendment to the standing rules of the Senate. I ask to have the report read, so that the whole matter may appear together.

The VICE PRESIDENT. The Senator from Iowa submits a report from the Committee on Rules, which the Secretary will

The Secretary read the resolution and report, as follows:

Senate resolution 218, submitted by Mr. Cummins November 22, 1913.

Senate resolution 218, submitted by Mr. Cummins November 22, 1913.

Resolved, That there shall be a standing committee of the Senate known as the committee on public documents. It shall be composed of three Senators elected in the same manner as the members of other standing committees.

No book, pamphlet, article, paper, address, or other matter requiring the consent or order of the Senate in order to be printed as a public document shall be so printed or an order therefor entered until the request or motion for such order shall have been referred to the above committee, and its report thereon received: Provided, That nothing herein contained shall be construed to interfere with the right of the Senate to discharge the committee from the further consideration of any such request or motion.

In making its report the committee shall describe the general character of the matter sought to be printed as a public document, and shall specifically state whether it is of such value to the country that it ought to be printed and circulated at the expense of the Government. [Senate Report No. 138, Sixty-third Congress, second session.]

[Senate Report No. 138, Sixty-third Congress, second session.]

COMMITTEE ON PUBLIC DOCUMENTS.

Mr. CUMMINS, from the Committee on Rules, submitted the following report, to accompany S. Res. 218:

The Committee on Rules, to whom was referred Senate resolution 218, to amend the standing rules of the Senate, having considered the same, recommend that the resolution be adopted by the Senate.

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). The resolution will be placed on the calendar.

Mr. OWEN. I ask that it go to the calender under Rule IX. Mr. SUTHERLAND. I have the floor, and yielded to the Senator from Iowa [Mr. CUMMINS].

Mr. OWEN. Mr. President-

The PRESIDING OFFICER. The present occupant of the chair was temporarily out of the Chamber. He will inquire if the Senator from Utah had been recognized?

Mr. SUTHERLAND. The Senator from Utah had been recog-

nized and had yielded to the Senator from Iowa.

Mr. OWEN. When a resolution of this character is going to the calendar, as a matter of order I submit to the Chair I have a right to ask that it be placed on the calendar under Rule IX.

Mr. GALLINGER. No, Mr. President; not when it is first

Mr. OVERMAN. When it comes up in its regular order for consideration the Senator can make that request.

The PRESIDING OFFICER. The Chair thinks the order

was entered that the resolution should go to the calendar.

Mr. OVERMAN. Whenever the resolution comes up regularly the Senator from Oklahoma can ask that it be placed under Rule IX, but not at this time. As I understand, it takes its place on the calendar until it comes up regularly for consideration.

Mr. SMOOT. The Senator from Oklahoma can move that the resolution be placed on the calendar under Rule IX.

Mr. OWEN. I give notice that I will make that motion.
Mr. ASHURST addressed the Chair.
Mr. SUTHERLAND. Mr. President, I have but a single word to say, and I hope the Senator from Arizona will allow me to

Mr. ASHURST. Mr. President, if the Senator from Utah will yield to me for a moment, I am called from the Chamber by a constituent, and I only want to consume two minutes.

Mr. SUTHERLAND. I yield to the Senator. Mr. ASHURST. With the kind indulgence of the Senator, I merely wish to incorporate into the RECORD some telegrams of importance similar to those I had read a while ago. I thank the Senator.

Mr. SUTHERLAND. The Senator does not ask to have them read, as I understand.

Mr. CLARK of Wyoming. That is not in order.

Mr. ASHURST. If I am out of order, of course I will not attempt to do so at this time. The Senator seems to indicate that I am out of order.

The PRESIDING OFFICER. The Chair will say to the Senator from Arizona that he can have them added to the telegrams he had inserted in the RECORD this morning.

Mr. ASHURST. I thank the Chair, but I wish them read

at the desk.

Mr. SUTHERLAND. Mr. President, I have but a word or two to say, and I should have concluded long ago if I had been

permitted to proceed.

Very naturally, it is a matter of some grief to me that my conduct does not meet with the approval of the Senator from Georgia [Mr. Bacon]; but, after all, we are all equal in this body, and I am no more accountable to the Senator from Georgia for my conduct than the Senator from Georgia is accountable to me, and I have no apologies to make to him.

Mr. BACON. But, Mr. President, I said nothing indicating

that I thought the Senator was responsible to me.

Mr. SUTHERLAND. I have the floor, and I prefer to proceed. The Senator saw fit to read me a lecture, and that is entirely within his power, if it may be subject to criticism from another point of view.

Mr. President, I said what I did say because of the extraordinary circumstances. I should not under any other circumstances have ventured to say upon the floor of the Senate that I had voluntarily absented myself from a night session or that I intended to do so in the future; but the circumstances that are presented here to my mind, whatever they may be to the

mind of the Senator from Georgia, are extraordinary.

The Senator from Mississippi [Mr. Williams] very frankly says—and he is always frank—that he meant exactly what he said upon this subject two or three days ago. His position radically differs from that of the Senator from Georgia. Of course, I speak only for myself, but I venture to entertain the opinion that the Senator from Mississippi voiced the sentiments of the majority in this Chamber much more accurately than did the Senator from Georgia. While the Senator from Mississippi was entirely frank, he has forgotten precisely what was said upon that subject, and I desire to call it to the attention of the Senate. What he said was in answer to a question propounded by the Senator from Nebraska [Mr. Norris]. After the Sena-

tor from Mississippi had made some statement respecting the purpose of this resolution the Senator from Nebraska then said:

Well, the object of it is to wear men out.

And the Senator from Mississippi replied: Absolutely; and there is no other way of doing it.

Mr. President, I have already said that whenever it becomes apparent that any man or any set of men in the Chamber have deliberately engaged in a filibuster for the purpose of preventing a vote upon a matter, the majority is justified in resorting to extraordinary hours; and that is wholly aside from the question as to whether or not the individual or the set of men who engage in the filibuster feel entirely justified in doing so. The engage in the filibuster feel entirely justified in doing so. majority have the right to have their views prevail; but that is not the situation which confronts us here.

This resolution was offered on the first day of this session, before there had been the slightest opportunity of determining whether or not there was going to be any attempt to delay action upon the currency bill. I say to the Senator from Mississippi—and I have as much right to entertain that opinion as he has to entertain the opposite—that there never has been the slightest intention or the slightest desire on the part of anybody on this side of the Chamber, so far as I know, to delay for one moment the final disposition of the currency bill. I say for myself that I am quite willing, after the debate shall have proceeded a reasonable time, to consent to fix a day or a time for voting upon the currency bill. Personally I see no reason in the world why it should not be disposed of before the Christmas holidays, and that simply by holding the Senate in session for ordinary and reasonable hours.

I think it is good sense to have the Senate in session simply for a reasonable length of time every day. What has resulted thus far? The first two hours of every day during this entire week have been devoted to a discussion of this very resolution. Time has been consumed in calling for quorums, and time will be consumed in the future in doing so. Last night, in pursuance of the order made by the Senate, you met here at 8 o'clock, and at the end of an hour or two you found yourselves without a quorum. The call of the roll, about 10 o'clock, as I am informed, or before 10 o'clock, showed only 30 Democratic Sena-tors present and 22 absent. So you are not able even to carry

out your own order with your own people.

Mr. THOMAS. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Colorado?

Mr. SUTHERLAND. I do.

Mr. THOMAS. The reference which the Senator has made to the condition in which the Senate found itself last night is a most pertinent one. The majority of this body is Democratic. We therefore have control of it and control of the legislation of the country. It is this majority which formulated and which is seeking to enforce this rule. Upon it rests the responsibility of maintaining a quorum of this body at all times. The surest way to have a quorum here is for Democratic Senators to be in their places. If they are in their places, we may take it for granted that Republican Senators will be in their places.

I have stayed here all summer long for the purpose of attending to the business of the country, and I have been present at substantially all times for the purpose of maintaining a quorum that can do business. I do not believe we are going to escape responsibility for our own derelictions of duty by reproaching Republican Senators for their absence from the Senate Chamber.

We might just as well face this matter as it is now, for we must face it sooner or later. The country is going to hold us responsible for the legislation of this session, and for our failures to legislate, and this is wholly just. Hence, without reference to Republican nonattendance, we should every one of us be here in our seats while the Senate is in session.

Mr. SMITH of Arizona. So ought every other Senator. Mr. THOMAS. So should every other Senator; but if we are in our seats, you may be sure that Republican Senators will be in theirs.

I came here last Wednesday night to conclude an unfinished speech and had to wait until a quarter of 9 o'clock before we could get a quorum. I noticed that there were just as many vacant seats on this side of the Chamber as upon the other side. I sat here yesterday and listened to a very important speech upon the currency question which was made by the junior Senator from Missouri [Mr. Reed]. I noticed that he received quite as much attention, from fully as many Senators, from one side of the Chamber as from the other.

If each of us upon this side will be here in his seat ready to attend to business there will be no more waste of time, in my judgment, and certainly nothing like the waste which has so

far characterized the course of this session.

Mr. SUTHERLAND. Mr. President, I quite agree with what the Senator from Colorado has said, and he has saved me from the necessity of saying something that I otherwise intended to say; but I suggest to him that if his side of the Chamber at the beginning of this session will provide for reasonable hours of meeting, there will be no difficulty whatever in keeping the members of the majority in their seats as well as the members of the minority.

I have taken up entirely more time than I intended upon this subject, and I simply wish to conclude with this observation: When the Senator from Mississippi says the purpose of this order—to quote his own words—is "absolutely to wear men out, and there is no other way of doing it," I take the liberty of dissenting from that sentiment and of undertaking to protect myself, at least as far as I can, from being worn out in any such way

Mr. BRISTOW. Mr. President—
Mr. KERN. I call for the regular order.
The VICE PRESIDENT. The regular order is the reports of committees and the introduction of bills and joint resolutions. [After the introduction of bills and joint resolutions, which appear under their appropriate heading,]

Mr. WALSH. If that order of business is concluded, admonstrated by the appropriate heading.

ished by the experience of the week and this morning, before passing to the next order of business I desire to ask unanimous consent for the present consideration of Senate bill 2860, in the hope that we may actually accomplish something. This is a measure that was reported from the Committee on Privileges and Elections a week or ten days ago, and the report has been printed for the information of the Senate.

Mr. BORAH. What is the number of the bill? Mr. WALSH. Senate bill 2860.

The VICE PRESIDENT. Is there any objection to the present consideration of the bill?

Mr. TOWNSEND. I desire to be heard briefly on the resolution offered by the Senator from Indiana [Mr. Kern], but I do not want to be accused of having talked for the purpose of putting it over. If by taking up his matter the Senator from Montana is going to prevent us from considering the resolution which will come up as the next order, I shall have to I have no objection to the consideration of the bill, but I do not want to be accused of having talked in order to put over the resolution.

Mr. WALSH. The Senator from Montana has no purpose whatever except to accomplish something. It appears that it is intended that the entire morning hour shall be again consumed in the discussion of this resolution. As the measure referred to by me is particularly urgent, and its passage is asked for by a large number of Senators, and in all probability it will give rise to no debate and probably to no dissent, I thought we might

take it up and pass it.

The VICE PRESIDENT. Is there any objection?

Mr. TOWNSEND. Does the Senator prefer to take up this bill now rather than to pass the resolution which is before the

Mr. KERN. We have only 10 minutes more in which to

Mr. SMITH of Georgia. We can not take up a new matter, Mr. President.

The VICE PRESIDENT. Is there any objection? Mr. SMITH of Georgia. I object. The VICE PRESIDENT. Objection is made.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. WALSH:

A bill (S. 3551) to increase the limit of cost for the Federal building and site therefor at Billings, Mont., and to authorize the provision of quarters for United States courts in said building (with accompanying paper); to the Committee on Public Buildings and Grounds.

A bill (S. 3552) for the relief of J. D. Savage; to the Committee on Claims.

By Mr. BRISTOW:

A bill (S. 3553) granting a pension to James W. Banks (with accompanying papers); to the Committee on Pensions.

By Mr. OWEN: A bill (S. 3554) to authorize the acceptance and administration of savings by the Postal Savings Bank service of the Post Office Department for crescent life annuities (with accompany-

ing paper); to the Committee on Post Offices and Post Roads. By Mr. WEEKS: A bill (S. 3555) granting an increase of pension to William H. Allen (with accompanying papers); to the Committee on Pensions.

By Mr. McLEAN:

A bill (S. 3556) granting an increase of pension to Rowena M.

Calkins (with accompanying papers); and A bill (S. 3557) granting an increase of pension to Amanda Smith (with accompanying papers); to the Committee on Pen-

By Mr. O'GORMAN:

A bill (S. 3558) granting a pension to Judson P. Adams; to the Committee on Pensions.

By Mr. WILLIAMS:

A bill (S. 3559) granting a pension to Clarence McMillan; to the Committee on Pensions.

#### ELECTION OF SENATORS.

Mr. SUTHERLAND submitted an amendment intended to be proposed by him to the bill (S. 2860) providing a temporary method of conducting the nomination and election of United States Senators, which was ordered to lie on the table and be printed.

#### AMENDMENT OF THE RULES.

Mr. SHEPPARD. I desire to give notice, in accordance with Rule XL, that during the session of the next legislative day of the Senate, or at a later day, I shall offer an amendment to Rule XXV of the standing rules of the Senate, as follows (S. Res. 231):

Insert after the paragraph which reads "A Committee on Revolutionary Claims, to consist of five Senators," a new paragraph, to read as follows: "A Committee on Roads, to consist of 17 Senators," to which shall be referred all proposed legislation relating to the construction and maintenance of roads.

The VICE PRESIDENT. The notice will be entered.

#### PRECEDENCE OF THE SENATE.

Mr. GALLINGER. Mr. President, on yesterday there was published in the Washington Post a most interesting communication from the pen of the senior Senator from Georgia [Mr. BACON] in reference to the Senate's rights of precedence. It is, to my mind, a very important matter, and I fully concur in the views so admirably expressed by the Senator from Georgia, whose long and distinguished public service entitles his utterances to the fullest confidence. Recognizing the value of the paper, I ask unanimous consent that it may be printed in the RECORD, and that it be referred to the Committee on Printing with a view to having a report from that committee as to the propriety of making it a Senate document.

The PRESIDING OFFICER. Senators have heard the request. Without objection, it will be complied with.

The communication was referred to the Committee on Printing and ordered to be printed in the RECORD, as follows:

TAKES A HIGH RANK—BACON EXPLAINS THE SENATE'S RIGHTS OF PRECEDENCE—QUESTION IS A LIVE ISSUE—POINTS OUT THAT CONGRESS CREATED MANY GOVERNMENT OFFICIALS—ONLY THE PRESIDENCY AND VICE PRESIDENCY AND THE SUPREME COURT, HE SHOWS, WERE CREATED BY THE CONSTITUTION IN ADDITION TO CONGRESS—PERCEDENCE IS YIELDED TO THE SECRETARY OF STATE AS A MATTER OF COURTESY ONLY.

Although the winter social and official season has just started, the question of the relative rank of Senators and the precedence to which they are entitled already has become an issue.

In view of the interest which this arouses, Senator Bacon, chairman of the Committee on Foreign Relations, one of the senior Members of the Senate in point of service and familiar with the precedents and the functions of that body, in response to a request from the Post gave his views yesterday regarding the relative rank of Senators, as compared with other public officials.

### SETS FORTH SENATE'S ATTITUDE.

Senator Bacon avoids mention of any other officials over whom the Senate claims superior rank, and only speaks generally of all statutory officers. His statement clearly sets forth the attitude of Senators, which they doubtless will insist upon maintaining. His views follow:

"It is not altogether pleasant to discuss a matter personal to those with whom I am officially classed; but as the issue is made by some not familiar with the precedents, it is proper that answer should be made. You ask what is the proper relative rank of Senators.

"There should be no difficulty in answering that question by anyone who recalls the fundamental and controlling fact that the Constitution of the United States creates no offices except that of the Presidency and Vice Presidency, the Supreme Court, and the Congress, composed of the Senate and House of Representatives.

CONGRESS CREATED THE OTHERS.

"All other offices of the United States, excepting only those above mentioned, have been created by act of Congress.

"All officers of the United States, excepting only the President and Vice President, and the judges of the Supreme Court, and the Senators and Representatives have, without exception, been created by act of Congress; and, if deemed necessary, Congress can at any time abolish any one of these offices and create others in their stead. These offices, while most honorable positions, are nevertheless the mere creatures of Congress, nothing more. Within recent years Congress has created some of them, and has also abolished some of them.

"It is a plain proposition that the creature can not be greater than his creator. The Senate, as the upper branch of Congress, can not be the inferior in rank of offices which are the mere creatures of Congress.

WHERE THERE IS NO CONTROVERSY.

"There is no controversy as to the relative rank of the officers created by the Constitution. Of course, the President and Vice President in their order stand first without any question.

"In former times the question of precedence was in dispute between the Supreme Court and the Senate; but later the Senate courteously yielded the right of precedence to the Supreme Court. When, then, the Senate as the head of the legislative branch of the Government recog-nized the precedence of the head of the executive branch, and also of the head of the judicial branch, it has always declined to concede more

in this regard.

"This consideration of the difference between constitutional and statutory officers is of itself sufficient to establish the rank of Senators, but there are still other reasons. The public officer takes his rank from the dignity and power of his office.

#### WHAT THE SENATORS REPRESENT.

"Senators represent great Commonwealths which are as sovereign within their sphere as is the Government of the United States within its sphere. So the Supreme Court of the United States has repeatedly decided. They represent States with an average population of 2,000,000, and running up in increasing numbers to 10,000,000 in one instance.

"Further, the Senate has greater and more varied functions than any other branch of the Government. With the House of Representatives, it shares the legislative power in the making of laws for 100,000,000 people, a vast power not limited to one department or division, but embracing the unlimited control of every department of the Government and extending the exercise of its innumerable great functions, not only in our domestic affairs, but including the making of war and peace with foreign nations.

SHARES POWERS WITH PRESIDENT.

"With the President it shares the executive power, and no treaty can be made with a foreign Government unless ratified by the Senate, and no officer of the United States, excepting those of insignificant consequence, can be appointed without the consent and approval of the Senate. Sitting as a court of impeachment, the Senate exercises the highest judicial power, and by its judgment can remove from office any officer of the Government from the highest to the lowest, and from its judgment of removal there is no appeal.

"There is no other legislative body of any Government in the world with such extensive and varied powers. To assign to Senators an inferior rank can not be harmonized with the possession and exercise of such powers.

"There is one exception to the claim of precedence over statutory officers which Senators, as a courtesy, seem willing to concede, and that is in the case of the Secretary of State. The late Senator Allison, who served for more than 30 years as a Senator and who was naturally very jealous of the dignity and rank of the Senate, said he was willing to concede this precedence to this officer who is the immediate representative of the President in our far-reaching foreign relations, but he would go no further.

EXISTED UNDER THE CONFEDERATION.

EXISTED UNDER THE CONFEDERATION.

"It may be further said, in recognizing as a proper courtesy the precedence of the Secretary of State, that he holds a great office, dealing as it does with world-wide and most momentous international questions, and that it existed under the Confederation before the adoption of the Constitution of the United States and before the creation of the office of President.

"Senators under other circumstances would be willing that they, as well as other officials, should forego all distinctions of rank, but that is impossible in the official life of Washington. In official circles Senators will of necessity be assigned to a certain rank and, that being so, they will insist on being accorded their proper rank; and, speaking generally, they prefer not to be present at any function, public or private, where this proper rank is not recognized and accorded to them.

"If this were a matter which related only to the personal dignity of a Senator, he might, if he saw fit, waive the question of his precedence touches him in his official station his duty to his State leaves him no option in the premises.

PERMANENCY OF THE SENATE.

PERMANENCY OF THE SENATE.

"One thing might properly be added. The Senate is the only branch of the Government which can not be abolished by an amendment to the Constitution of the United States. By constitutional amendment the office of the President could be abolished. By such amendment the Supreme Court or even the House of Representatives could be abolished. But in the Constitution itself it is solemnly covenanted that each State shall always have an equal representation in it, thereby pledging in advance that the Senate shall never be abolished even by constitutional amendment.

SERVE THROUGH MANY TERMS.

"The permanence of no other legislative body in the world is so securely safeguarded. Not only so, but Senators as a body, by reason of their lengthy service, constitute the most stable officials of the Government. It is rarely that a Senator serves during the term of one administration only, while many Senators serve through the terms of many administrations as each with its entourage periodically comes and goes.

"This insistence by Senators of their superior rank is not made in any depreciation of other officials. No officer of the United States, saving only the President and Vice President, is depreciated in being placed second in rank to Senators."

# HOUR OF DAILY MEETING.

The VICE PRESIDENT. If there be no concurrent or other resolutions to be presented, the Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Secretary read Senate resolution 225, submitted by Mr.

KERN on the 1st instant, as follows:

Resolved, That the hour of daily meeting of the Senate be 10 o'clock a. m., and that the Senate shall on each day at 6 o'clock p. m. take a recess until 8 o'clock p. m. and adjourn at 11 o'clock p. m., until otherwise ordered.

Mr. BRISTOW. Mr. President, I desire to say a few words in reply to the suggestions and insinuations made by the Senator from Mississippi [Mr. WILLIAMS].

As has been said, this resolution was proposed on the first day of the session, upon the presumption, as I infer from the discussion that has been had, that there was to be a very long debate on the currency bill.

I do not believe there is to be a very long debate on the currency bill. If these unusual hours had been proposed after

that debate had begun and run a reasonable time, and it had been demonstrated that there was to be a long and unusual debate, and that the interests of the country demanded unusual hours in order to terminate it, there would not have been a single objection, in my opinion, from this side of the Chamber.

Such a course, however, was not followed. It has been elected by the majority in this Chamber to take the bill into their caucus and have the debate in secret, so that the RECORD does not show what the bill is, its merits or its demerits. Those of us of the minority who have been studying the bill simply ask that we be given a fair opportunity to present to the country amendments to the bill, and explain to the country, as we view

the matter, its defects.

We think we ought to be permitted to do that in a reasonable and normal way. If it appears that there is a conspiracy on the part of Republican Members or anybody else in this Chamber to prolong the debate to an unreasonable degree, or if for any other purpose it appears that the debate is to be of unreasonable length, then the resolution might be justified. Under the circumstances, however, in my opinion it is unprecedented, unnecessary, and will not result in so prompt a determination of the measure as would a more reasonable and sensible resolution.

So far as the Senator's reference to me in a personal way is concerned, I care nothing about it and give it no consideration

and no concern whatever.

Mr. TOWNSEND. Mr. President, the resolution before the Senate provides that we shall meet at 10 o'clock in the morning and hold sessions, with an intermission of two hours at 6 o'clock, until 11.

I note that a great many Senators on this side state that they are going to vote for the resolution. I assume they are going to vote for it, although I know they are opposed to it, on the ground that they might be considered obstructionists in some way if they voted against it. As for myself, sir, I shall vote against the resolution, because I do not believe it is offered in the interest of promoting deliberate and wise legislation.

As has been stated, the resolution was presented to the Senate on the first day of the session, after the Senate had made an order setting aside this entire week for the consideration of the Hetch Hetchy bill. When the resolution was taken up it was known that the Hetch Hetchy bill had the right of

way during this whole week.

Democratic Senators have risen here many times and have suggested that they were tired of talk. They have seen fit to pronounce as irrelevant and improper and tiresome the discussion given by Senators on this important measure-Senators who were posted, who were vitally interested, and who were intelligently submitting their views to the Senate and to the The Senators who have made these criticisms have assumed that only such things as they considered proper should be presented to the Senate. If we are to take their viewpoint of being opposed to debate, they have simply imposed burdens upon themselves, because by increasing the hours of the week they have enlarged the time for talk. Only the week could have been devoted to the bill anyway, for a vote must be had on Saturday whether the hours of the session were changed or

Mr. President, I am opposed to this proposition because I do not think it is necessary. I do not think it is presented in good faith, with an idea of securing more careful and consid-

erate attention of the currency bill.

It has been conceded that, so far as the California bill is concerned, the minds of the majority have not been made up, and that they are of open mind in regard to that measure. think there certainly should be a proper opportunity for those who are opposed to the measure to present their views, and that they should receive consideration for them.

It is claimed that time has been taken up in roll calls in efforts to get and keep a quorum in the Senate. The Senator from Oklahoma [Mr. Owen] has unfairly stated that, but the country will not be deceived. Whenever there has been a roll call it has been known that there was not a quorum, nor half a quorum, in the Senate Chamber, and it has always taken considerable time to bring the Senators here. It is the duty of Senators to be here in the nighttime quite as much as it is to be here in the daytime.

I do not believe it is possible to observe the rules of the Senate and adopt this rule, because Senators will do what the Committee on Rules have been doing. They will meet in committee rooms when it is their business, under the rules of the Senate, to be here unless they are excused. They will not be Senators will not remain here and attend to business. They will go somewhere else in spite of all the demands we may make for a quorum from time to time.

Mr. President, my position is this, and I am somewhat in sympathy with the Senator from Utah: If this resolution is adopted it will be the rule of the Senate that Senators shall be here between the hours mentioned in the resolution. Why should Senators be compelled to attend the meetings of the Senate? For a righteous reason and a good cause, namely, to participate in the work of the Senate. Yet here is a proposition—the currency bill—for which this rule is provided, which has been enacted in caucus. It has been determined that that bill shall pass, and yet you now compel Senators to come here and remain, in order that you may have a quorum—you who are responsible for this rule.

I believe the Senators on this side, knowing in advance and having notice served upon them in advance that they have no part in the consideration of this bill, would be warranted in remaining away from the Senate, obliging the majority to hold a quorum for the transaction of its business. The majority practically announce that they have agreed upon this bill in caucus and that the minority is to have no part in it. We have the small privilege of speaking without hope of changing the measure, and even to do that we must speak to empty seats and at times unreasonable and unjust. For myself, sir, I shall not consent to this plan. Vote, if you wish, at once, but do not attempt to coerce me into assisting you in your scheme.

But why this haste? Why is it important that we should

have legislation immediately on this proposition in this way? I will give you my understanding of your reasons later. the Republicans had wanted to make political capital they would have permitted the Glass bill to be enacted into law, because it would have become a law had it not been for the minority Members and one or two Democrats on the Currency Committee. That bill would have gone through here as smoothly as the tariff bill went through. Under the whip and spur of coercion it would have passed and became a law.

So I submit, Mr. President, that it would have been good political capital, if the Republicans were simply looking for capital, to have had that bill passed as it came from the House. But the result of deliberation has shown, and admittedly it has been shown, that improvements have been made in it. Why not submit it to further investigation and discussion with the hope that possibly further improvement can be made in it?

But, Mr. President, history is repeating itself— The VICE PRESIDENT. The hour of 12 o'clock having arrived, the morning hour has expired, and the Chair lays before the Senate the unfinished business, which will be stated.

The Secretary. A bill (H. R. 7837) to provide for the establishment of Federal reserve banks, for furnishing an elastic currency, affording means of rediscounting commercial paper, and to establish a more effective supervision of banking in the United States, and for other purposes.

The VICE PRESIDENT. In accordance with the unanimousconsent agreement of the Senate the unfinished business will be

temporarily laid aside.

Mr. KERN. I ask that the resolution which has just been consideration may go over until to-morrow, without

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. KERN. While I am on my feet I desire to move that when the hour of 6 o'clock shall have arrived the Senate shall take a recess until 8 o'clock.

Mr. SMOOT. Let me suggest to the Senator that he ask unanimous consent.

Mr. KERN. I did ask unanimous consent.
Mr. SMOOT. No; the Senator said "I move."
Mr. KERN. Very well; let it be put as a request.

The VICE PRESIDENT. Is there objection to the request of the Senator from Indiana? The Chair hears none, and when the hour of 6 o'clock arrives the Senate will take a recess until

Mr. KERN. I should like at this time, if there is no objection, to agree upon the hour of meeting to-morrow—that when the Senate adjourns to-day it be until 10 o'clock to-morrow morning.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is unanimously agreed to.

# MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed a joint resolution (H. J. Res. 155) extending time for completion of classification and appraisement of surface of segregated coal and asphalt lands of the Choctaw and Chickasaw Nations and of the improvements thereon, and making appropriation therefor, in which it requested the concurrence of the Senate.

#### CHOCTAW AND CHICKASAW LANDS.

Mr. STONE. I ask that the joint resolution which has just been received from the House be laid before the Senate, and that it may lie on the table, hoping that I will find an opportunity during the day to have it considered.

The VICE PRESIDENT. The Chair lays the joint resolution

before the Senate.

The joint resolution (H. J. Res. 155) extending the time for the completion of the classification and exemption of the surface of segregated coal and asphalt lands of the Choctaw and Chickasaw Nations and of the improvements thereon, and making appropriation therefor, was read twice by its title.

Mr. SMOOT. Would it not be better to have the joint resolu-

tion referred to the Committee on Indian Affairs and then re-

ported from the committee to-day?

Mr. STONE. It is exactly similar to a joint resolution which I introduced, which I have had in charge, and which has been submitted to members of the committee generally as far as I have been able to see them. I would feel authorized to say that it has the approval of the committee.

Mr. SMOOT. I have no objection to it, but I do think it ought to be referred to the committee and then reported from the com-

mittee to the Senate.

Mr. STONE. I have no objection if the Senator prefers that

The VICE PRESIDENT. The joint resolution will be referred to the Committee on Indian Affairs.

Mr. STONE subsequently said: From the Committee on Indian Affairs, I report back favorably without amendment House joint resolution 155, extending the time for the completion of the classification and appraisement of the surface of the segregated coal and asphalt lands of the Choctaw and Chickasaw Nations and of the improvements thereon, and making appropriation therefor. I ask unanimous consent for the present

consideration of the resolution.

The PRESIDING OFFICER. The Senator from Missouri asks unanimous consent for the present consideration of a joint resolution reported by him, which will be read for the informa-

tion of the Senate. The Secretary read the joint resolution; and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration.

Mr. CLARK of Wyoming. Mr. President, may I ask the Senator from Missouri what is the method under which these lands are being appraised? Is there a commission?

Mr. STONE. Yes

Mr. CLARK of Wyoming. And how is the commission constituted?

Mr. STONE. It is a commission appointed under the act approved February 19, 1912, during the last Congress.

Mr. CLARK of Wyoming. I mean, what is the personnel of the commission?

Mr. STONE. I am not able to give the Senator the exact personnel of the commission, but it was appointed under the authority of that act.

Mr. CLARK of Wyoming. Has the Senator any information

as to how far they have proceeded with the appraisement?

Mr. STONE. Yes; I have. The Commissioner of Indian

Affairs sent me a letter, which I have here on my desk, to the effect that the surface of the lands had all been appraised, save, I think, about 40,000 acres. Under the act this work of appraisement was to be completed by the 1st of December, but there are something like 40,000 acres not yet appraised. The joint resolution proposes to extend the time of the commission for the period of 60 days.

Mr. CLARK of Wyoming. Is the Senator satisfied that 60

days will be sufficient?

Mr. STONE. The commissioner says that it will be ample, and I have no reason to think it will not be sufficient.

Mr. CLARK of Wyoming. Mr. President, I have had my attention called to the segregated coal lands for many years, and, together with a committee of the Senate, made a visit where they are located a number of years ago-I think as many as six or seven years ago. At that time the recommendation of the committee was that the surface and improvements of these lands should be appraised; that there should be a segregation of the coal deposits from the surface; that they should be appraised; and that the surface especially should be put into useful occupation.

Mr. STONE. That is the very purpose of the appraisement. Mr. CLARK of Wyoming. I was wondering how long this appraisement has been going on. It ought to be completed at once; but, at the same time, I think sufficient time should be allowed in which to complete the appraisement by the commission, rather than throw it upon the Secretary of the Interior.

Mr. STONE. It is practically completed now. If the Senator desires the letter of the commissioner read, I will have it read. Mr. CLARK of Wyoming. Oh, no; I simply asked the ques-

tions for my own information.

Mr. STONE. It is practically completed now, and the commissioner says that the additional time allowed will be ample.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and

SAN FRANCISCO WATER SUPPLY.

The VICE PRESIDENT. The Chair lays before the Senate House bill 7207 under the unanimous-consent agreement.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

Mr. WEEKS. Mr. President, I regret that I seem to have offended the proprieties as entertained by the Senator from Mississippi [Mr. Williams], because on the 26th of November I gave notice that after the morning hour to-day I should address the Senate on the currency question. I gave that notice not that I could not have been prepared to have spoken earlier, but because I entertained at the time the feeling that the Hetch Hetchy bill might have been disposed of so that we could go on with the currency measure. It was for the purpose of expediting public business rather than delaying it that I gave the notice.

Now, I find that the Hetch Hetchy bill is still pending. When the Senate adjourned last night the Senator from North Dakota [Mr. Gronna] was in the midst of a speech. I do not wish to crowd the Hetch Hetchy matter off the legislative stage. I have considered with the Senator from North Dakota the question whether he will go on with his speech or not, and unless there is objection, I should like to have the Senator from North Dakota finish his speech, which will not take long, I understand, and then, unless there is objection, I should like to make the remarks on the currency bill, which I announced on the 26th of November that I would make to-day.

The VICE PRESIDENT. Is there objection? The Chair

hears none. The Senator from North Dakota has the floor and

will proceed.

Mr. SMITH of Arizona. Mr. President—
The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Arizona?

Mr. GRONNA. I yield.
Mr. SMITH of Arizona. I have asked the Senator to yield to
me for a moment, because I wish to present to the Senate from the people of Los Angeles a number of telegrams which I received this morning. Many of the senders of the telegrams are well known to me and are the leading business men of southern California. I do not wish to detain the Senate by reading all the telegrams, but I shall ask to have them printed in the Record. I shall read only two or three as a sample.

Los Angeles, Cal., December 4, 1913.

Hon. MARK SMITH, Senate, Washington, D. C .:

The Hetch Hetchy water project for San Francisco is worthy of serious consideration and deserving of your vote. It is wanted by all California residents to provide and care for the requirements of the present and rapidly increasing population of San Francisco.

Vice President Citizens' National Bank, of Los Angeles.

Another is as follows:

Los Angeles, Cal., December 4, 1913.

Hon. Mark Smith, Care of United States Senate, Washington, D. C.:

Inasmuch as pure water in abundance is the life of a great city, it is the duty of every public-spirited citizen of this and every other State to urge you to do everything possible to secure a water supply for San Francisco. Knowing you to be a friend of California and that there is much in common between California and your State, as a citizen of Los Angeles I earnestly urge you to vote for the Hetch Hetchy bill.

JOHN S. MITCHELL,

Hotel Hollenbeck, Los Angeles.

Another from Los Angeles, addressed to me, is as follows: Los Angeles, Cal., December 4, 1913.

Hon. Marcus A. Smith, Senate, Washington, D. C.:

Respectfully urge your favorable consideration of Hetch Hetchy bill; overwhelming majority of people of California favor measure; is of State-wide importance. Opposition to it is generally regarded as emotional, based on misinformation or inspired by selfish motives. Earnestly ask your help for San Francisco as the paramount interest.

700,000 BOOSTER CLUB OF SOUTHERN CALIFORNIA, ALBERT CHAPELLE, Secretary.

of the telegrams shall be printed in the RECORD.

There being no objection, the remainder of the telegrams were ordered to be printed in the RECORD, as follows:

Los Angeles, Cal., December 4, 1913.

Hon. M. A. SMITH, Washington, D. C.:

Los Angeles, with water from the Sierras now within her gates, earnestly requests you to aid the future greatness of San Francisco. Your vote and help for the Hetch Hetchy bill will do this. May we count on you?

ROBERT MARSH, President Robt, Marsh Co.

SANTA ANA, CAL., December 4, 1913.

MARK SMITH,
Senate, Washington, D. C.:

I believe it would be wise to give San Francisco privileges wanted in Hetch Hetchy Valley, and urgently request you to vote for bill giving San Francisco concessions asked.

W. A. ZIMMERMAN, President Associated Chambers of Commerce of Orange County and President Santa Ana Savings & Trust Co.

Los Angeles, Cal., December 4, 1913.

Hon. Mark Smith, Senate, Washington, D. C .:

California and its citizens urge you to vote for the Hetch Hetchy bill and give San Francisco its much-needed water. As a representative of a sister State, we know you will appreciate the vital necessity of a pure water supply, and we trust you will give us your aid by voting in favor of this bill.

H. S. McCallum,
President of the Federated Improvement
Association of Los Angeles.

Los Angeles, Cal., December 4, 1913.

Hon. MARK SMITH, Senate, Washington, D. C.:

It is the earnest wish of the people of southern California that you, as a representative of a sister State, vote for the Hetch Hetchy bill, which will give San Francisco its essential water supply. I earnestly urge you to do a great public good by voting for the bill.

JAMES R. H. WAGNER,

President of the James R. H. Wagner Co.

Los Angeles, Cal., December 4, 1913.

Hon. Mark Smith, Senate, Washington, D. C.:

Permit me to suggest that Hetch Hetchy bill should receive your serious consideration, the probabilities being that San Francisco is justified in its demands and no doubt in need of a greater water supply.

MAURICE SALZMAN,

Treasurer Arizona State Society.

Los Angeles, Cal., December 4, 1913.

Senator M. A. SMITH, Washington, D. C.:

For the great benefit of more than a million Californians in and about San Francisco, and for the benefit of the State at large, it is imperative that the Hetch Hetchy bill be passed, and Californians urgently request that you, the representative of our sister State, vote in favor of this bill.

COL. E. S. ORMSBY, President of the Federated State Societies of Los Angeles,

LOS ANGELES, CAL., December 4, 1913.

Hon. M. A. SMITH, Washington, D. C .:

California, with whose interests Arizona's are vitally linked, wants immediate passage for the Hetch Hetchy bill. Please give us your active help and vote for the Hetch Hetchy bill.

ROBERT A. ROWAN,
President R. O. Rowan Co., Los Angeles.

Los Angeles, Cal., December 4, 1913.

Hon. Mark Smith,
Senate, Washington, D. C.:

The passage of the Hetch Hetchy bill is of vital importance to all
California, and I earnestly urge you as representative of sister State
to vote in favor of the Hetch Hetchy bill.

MAX SALZMAN, President Salzman Co.

Los Angeles, Cal., December 4, 1913.

Hon. M. A. SMITH, Washington, D. C.: Southern California united with the north in urging the speedy passage of the Hetch Hetchy bill, that San Francisco's immediate wants and future needs may be provided for. Its enactment will tend to greater prosperity for the coast and Southwest. We earnestly urge you as a representative of our sister State to vote for it.

ROGER M. ANDREWS.

Los Angeles, Cal., December 4, 1913.

Hon. M. A. SMITH, Washington, D. C .:

Your earnest support of the Hetch Hetchy bill is besought by southern California in unison with San Francisco as one of the best means of assuring prosperity to California and the Southwest. Please vote and work for its immediate passage.

ARTHUR LETTS,
President Retail Dry Goods Association.

Los Angeles, Cal., December 4, 1913.

Hon. Mark Smith, Senate, Washington, D. C .:

Los Angeles asks you as a true friend of California to vote for the Hetch Hetchy bill, and thus give to the people of San Francisco their

rights to a pure, abundant supply of water free of control by a private monopoly, which is striving to defeat the will and welfare of the citizens of a great city.

H. H. Rose, Mayor of Los Angeles.

Senator M. A. SMITH,

United States Senate, Washington, D. C.:

The crying need of city of San Francisco for an adequate water supply is imperative. I do not consider that the building of a storage reservoir in the Hetch Hetchy will destroy the valley's natural beauty, but several hundred thousand human beings will be cared for.

J. R. Gabbert,

Editor Riverside Enterprise.

RIVERSIDE, CAL., December 4, 1913.

Senator SMITH, Washington, D. C.:

I believe with all lovers of nature that our national parks and beauty spots should receive all reasonable and proper protection from the Nation. I think, however, that municipal water needs are paramount even to beauty, and therefore urge granting Hetch Hetchy reservoir site to San Francisco under all reasonable and proper restrictions.

WM. L. PETERS, Mayor City of Riverside.

PASADENA, CAL., December 4, 1913.

Senator M. A. SMITH, Washington, D. C.:

Feeling it is to the best interests of not only San Francisco and California but to the entire Southwest as well, we urge you to do your utmost to secure the passage of the Hetch Hetchy bill and give to San Francisco the water supply that rightly belongs to the people of that

Manager Maryland and Huntington Hotels, Pasadena, Cal.

ALHAMBRA, CAL., December 4, 1913.

Senator SMITH, Washington, D. C .:

Please lend every assistance consistent with the national policy to secure this Hetch Hetchy for San Francisco.

George W. Cameron,

President Board of Trustees, Alhambra, Cal.

ALHAMBRA, CAL., December 4, 1913.

Senator SMITH, Washington, D. C.:

California looks to you for favorable influence in the Hetch Hetchy project and will certainly appreciate such generous action.

ROBERT JORDAN,

President Chamber of Commerce, Alhambra.

ALHAMBRA, CAL.; December 4, 1913.

Senator SMITH, Washington, D. C.:

San Francisco is entitled to an adequate water supply, and the Government in granting to that city the Hetch Hetchy Basin would be practically following its recent policy toward Los Angeles.

NEWTON W. TOMPSON,

Senator Thirty-fifth District, California.

ALHAMBRA, CAL., December 4, 1913.

Senator SMITH,

Washington, D. C.:

If the Hetch Hetchy Valley is necessary to the welfare and prosperity of San Francisco, I am heartily in favor of its acquisition by that city.

Mrs. Harry E. Rose,

President Women's Club, Aihambra.

PHOENIX, ARIZ., December 4, 1913.

Senator Marcus A. Smith, Washington, D. C.:

Washington, D. C.:

The importance to the city of San Francisco of securing the right to the Hetch Hetchy water supply can not be overstated. It is the only method of relieving the monopolistic control of its water supply. Should the rights to this water be denied them, the opportunity to secure municipal ownership of its water supply will be prevented. Knowing your desire to be of service to the people in every possible manner. I feel your support of San Francisco's right will be forthcoming, and I trust I do not presume too greatly in requesting that you give it your support.

Mr. GRONNA. Mr. President, I had intended to make, I might say, extended remarks on this bill, but since the Senator from Massachusetts [Mr. Weeks], who formerly gave notice that he would speak to-day, is ready to go on with a discussion of the currency question, I shall occupy only a short time this morning in discussing the Hetch Hetchy bill.

I realize, Mr. President, that the discussion of the Hetch Hetchy bill is rather tiresome, on account of the manner we have to proceed to present evidence against this measure, but I will proceed with the best of testimony, the only testimony that I could obtain. I will not burden the RECORD by reading that I could obtain. I will not burden the RECORD by reading a large number of letters from people who are opposed to this bill, although they may be valuable and bear upon the importance of the bill, but I will ask unanimous consent to print in the RECORD certain letters and extracts from certain publications in opposition to this measure.

This morning I shall not trespass upon the time of the Senate to read the testimony which I had intended to read, but I shall

ask unanimous consent to have the report made by the advisory board of Army engineers upon all the projects of possible sources of water supply printed in the Record.

There being no objection, the matter referred to was ordered

to be printed in the RECORD, as follows:

There being no objection, the matter referred to was ordered to be printed in the Record, as follows:

5. Sacramento River: The principal features of a water supply for San Francisco from the Sacramento River are filtration and pumping. At Collinsville, at the mouth of the river, the water becomes slightly brackish late in the season during years of light rainfall. At Rio Vista, 13 miles above Collinsville, it is always fresh. It has been suggested that the increasing demand for water for irrigation may in time draw so heavily on the river and lower it to such an extent that the upper limit, within which there may be brackish water in the late summer and fall, may move up well toward Sacramento.

Current meter observations made in August, 1908, at Courtland, 24 miles below Sacramento, gave a discharge of about 7,000 cubic feet per second. The lowest stage of the river that season occurred about a month later, when the gauge height was the lowest stage reached each year from 1898 to 1902, inclusive. The minimum discharge during this period was about 10 per cent less than in 1908, or probably about 6,000 second-feet. Determinations made from cross sections and slopes gave for the 1909 low-water flow of the Sacramento River, chove the mouth of Feather River, more than 5,000 cubic feet per second. The season of 1911-12 being one of extremely light precipitation, if was thought that the record for small run-off would be broken; but although such is the case for most Sierra streams, the discharge of the Sacramento below the mouth of the American did not fail below about 6,300 second-feet.

Under the present regulations of the War Department governing taking water from the river, diversion is permitted only when the stage of the river is 2 feet or more above low water. On the upper river, above Monroeville, this stage may be reached in June; but at Sacramento, even during the low-water year of 1908, it did not reach this stage until July 18, or well toward the close of the season of heaviest irrigation as now practice

water to get materially farther up the river than at present. In this connection, see extracts from reports of Col. Mendell and of Prof. C. G. Hyde, page 118.

Water taken from the Sacramento to San Francisco would have to be carried under the San Joaquin, nearly a mile wide in its lower reaches, or across Carquinez Straits by submarine pipes.

It seems, at first glance, more economical to take water for a filtered supply from some of the numerous channels of the lower San Joaquin with the waters of which those of the Sacramento mingle. This will be further considered under project No. 13. The relative advantages of filtered water supplies from the Sacramento and San Joaquin Rivers have been quite thoroughly studied by Mr. Allen Hazen, consulting engineer to the city, whose report has been presented to your board.

Mr. Hazen's report shows that, although either the Sacramento or San Joaquin water could be satisfactorily purified by filtration, the Sacramento water is now much softer than the San Joaquin and is not so likely in the future to increase in hardness to so great an extent, owing to its use for irrigation and consequent seepage back to the river. The Sacramento water contains a much larger percentage of total solids and has a much greater degree of permanent hardness than the water from any of the proposed Sierra catchment areas. It is, consequently, even after filtration, a less desirable supply.

Mr. Hazen suggests several possible routes for condults to San Francisco. He recommends one starting from an intake at Rio Vista and running quite directly to filtration works near Antioch, thence to Walnut Check, East Oakland, and Alameda and across the bay to Potrero Point, San Francisco.

For estimate cost of a filtered supply from Sacramento River, see pages 135–137.

6. Feather River: The lowest point on the Feather River at which water could be diverted and delivered by gravity to a pumping station at the base of the Coast Range Mountains, in Contra Costa County, which, in turn, would raise it to such

for transportation now provided by the Western Facinc Ranna, Remainders, increase.

With the large run-off from the Feather River catchment area and with the great reservoir possibilities, there is no doubt as to the possibility of its furnishing a sufficient quantity of water for San Francisco (400 million gallons dally) and supplying the irrigation requirements. (See statement as to low-water discharge and reservoir capacities on p. 86.)

The extent to which the great storage possibilities on North Fork of Feather River (mentioned in connection with discussion on Sacramento River) are likely to be developed is dependent on the demands for power and for irrigation. There has already been a considerable development

of each. The Big Meadows Reservoir is now under construction. The natural sterilization of water by storage in these distant reservoirs would be offset by mixing with the low-water flow of the river before the power plant is reached through which a city supply would pass. For a supply to be filtered the lower Sacramento, except in point of hardness, is much more advantageous than the Feather.

Mr. Grunsky's report on the Feather River, submitted to the board on August I, recognizes that either the water must be filtered or stored below the point of intake in reservoirs for a sufficiently long period (30 days or more) to destroy pathogenic germs, and suggests the possibility of such storage in the hills back of Martinez.

He makes estimates of cost of two alternative schemes—one for delivering filtered water by gravity at an elevation of 20 feet in San Francisco; the other delivering raw water at an elevation of 50 feet at Martinez, then pumping it to a storage reservoir above Martinez, from which it would be delivered by gravity to San Francisco at an elevation of 215 feet.

After adding to the cost of the gravity scheme the value of the 195 feet difference of head in delivery to San Francisco, Mr. Grunsky finds that for a 200 million galions daily supply the pumping proposition is slightly more economical; but he states that for a greater supply than this a filtration plant will be necessary to take care of the additional demand.

The estimated cost of plant and capitalized cost of operation for a

that for a 200 million gallons daily supply the pumping proposition is slightly more economical; but he states that for a greater supply than this a filtration plant will be necessary to take care of the additional demand.

The estimated cost of plant and capitalized cost of operation for a Feather River supply of 60 million gallons daily is about 40 per cent greater than the estimated cost for supplying an equal quantity of filtered water from the Sacramento. For a 200 million gallons daily supply there is a slight advantage only for the Sacramento River.

7. Yuba River: The entire region drained by the Yuba River has a heavy precipitation. It is also one of very rapid run-off, there being little natural storage in lakes or valleys except at the headwaters of the South Yuba.

Quite extensive reservoir systems have been developed here and are capable of considerable extension. The South Yuba Water Co. furnishes water for mining purposes and for irrigation. The Excelsion Mining & Water Co. is the owner of quite extensive water rights. The Pacific Gas & Electric Co. uses water from both the South and North Forks for power development.

A group of lakes and reservoir sites which are drained by Canyon Creek, a tributary of South Yuba, and with which may be connected, by canal and tunnel, others on the upper Middle Fork, are controlled by W. B. Bourne, president of the Spring Valley Water Co. These constitute what is known as the Bowman Lake system. Reports made to Mr. Bourne on supplying water to San Francisco from the Yuba River with the Bowman Lake system as a nucleus by two engineers, Samuel Storrow and W. W. Waggoner, have been made accessible to the board.

These reports contain much valuable, though fragmentary, data as

These reports contain much valuable, though fragmentary, data as to the yield of the catchment areas of the Bowman Lake system, extending back to the year 1872. Substantially the same plan for developing the supply is followed in each case. The quantities of water estimated upon as dependable are doubtless sufficiently so to justify the necessary expenditure for power development, but are much greater than can be regarded as safe for a city water supply through critical periods.

Mr. Storrow goes rather more into detail as to possible yield, and his estimates of a dependable supply are more conservative than those of Mr. Waggoner, and in some instances even more than the results of this investigation show, though the résumé of his report would of itself convey a different impression.

The drainage area of the Bowman Lake system is made up of the following parts:

Bowman Lake drainage area	
Texas Creek drainage areaEnglish Reservoir drainage area	29. 08 3. 99 11. 80 17. 50

The total supply from the Yuba which might thus be available for

95 M. G. D. from South Yuba with 10,996 M. G. storage.
18. 32 M. G. D. from Middle Yuba with 30,408 M. G. storage.

164 M. G. D. total\_ - - with 72,271 M. G. storage.

There are features of the proposed reservoirs at Malakoff, Columbia Hill, Sweetland, and Shady Creek that cause considerable uncertainty as to probable cost of construction and maintenance and as to the quality of the water. At Sweetland a large portion of the reservoir capacity is furnished by old hydraulic mining pits, the high gravet banks of which have stood vertically, or nearly so, for many years. When converted into a reservoir the action of water, especially wave action, would probably cause extensive caving of banks for a long time. The proposed height of this dam is 230 feet.

At Shady Creek the proposed dam is about 3,000 feet long and 180 feet high.

feet high.

The Columbia Hill dam would be 2,000 feet long and about 200 There are numerous mining camps on the Yuba River watershed, but these are situated mostly below the proposed points of diversion, and the drainage from them may be readily excluded from the ditches

or conduits.

Three power plants are proposed: The first, called the Starr power plant, uses the water from Bowman Lake system under a head of about 2,000 feet; the second, called Waggoner, located on the South Yuba, about 22 miles below the Starr plant, will have a head of about 700 feet; the third, called the Bourn plant, uses, under a head of about 1,200 feet, the water that passes through the Starr and Waggoner plants and, in addition, that which is obtained from the Middle Yuba. The power so developed is more than sufficient to do the necessary pumping for delivering the water into Crystal Springs Reservoir.

of about 1,200 feet, the water that passes through the Starr and Waggoner plants and, in addition, that which is obtained from the Middle Yuba. The power so developed is more than sufficient to do the necessary pumping for delivering the water into Crystal Springs Reservoir.

The route proposed by Mr. Storrow, which is also an alternate route proposed by Mr. Waggoner, would deliver the Yuba water to a connection with the Spring Valley's pipes in the Livermore Valley. But for a supply coming from the north, designed to serve the metropolitan district about San Francisco Bay, it would not be economical to carry it all around the cities of Oakland, Berkeley, and Alameda to the San Francisco peninsula.

The safe dependable supply, not requiring filtration, which it has been estimated above could be obtained from the Yuba River, is 164 million gallons daily. For a larger supply, such as 400 million gallons daily, estimated necessary for the metropolitan district of San Francisco by the close of the present century, the run-off from a much larger portion of the Yuba River watershed would have to be used. There is a catchment area of 1,220 square miles above the proposed point of diversion at junction of the North and South Forks.

The supply, which can be controlled by the reservoir system described above, together with the natural discharge from the remainder of the watershed, regulated to a considerable extent now, and to a greater extent in the future by reservoirs of power companies which use the water above the point of diversion, can doubtless be brought up to 400 million gallons daily. Such a supply would need purification.

For a filtered supply or one requiring long-time storage along the line of conduit, the Yuba River has no advantage over the Feather, except possibly a little more favorable crossing of the Sacramento Valley between Rocklin and Woodland, or the route proposed by Mr. Storrow, instead of crossing the Sutrer Basin to Marysville Buttes, thence across the Sacramento River and Colusa Rasin to th

San Francisco. A profile of the Mount Shasta Aqueduct line is shown on Plate III.

This gravity conduit, with intake about 150 feet higher than proposed by Mr. Grunsky, of course requires larger and heavier pipe across Sacramento Valley than would one delivering water at about sea level in the vicinity of Carquinez Straits, where it would have to be pumped to a sufficient elevation for delivery to San Francisco.

S. American River: The American River, above the gauging station at Fair Oaks, drains an area of 1,910 square miles. The average run-off per square mile from the higher portion of this area is about 10 per cent less than that from the Yuba River, but it is considerably greater than that from the mountain areas to the south. As on all the other Slerra streams the claimed appropriations of water greatly exceed the total low-water flow. The question of the validity of many of these claims can be determined only by the courts. The power plant of the Pacific Gas & Electric Co., at Folsom, has a capacity of 1,750 second-feet, which alone exceeds the natural flow of the river for from three to six months each year. On account of its low elevation, and of probable contamination, water passing through this power plant can not be considered as a practicable supply for San Francisco.

There are several actual diversions from the river for Irrigation and mining purposes and rights of others claimed. On some of the latter the necessary legal requirements as to prosecution of development work are being complied with, so that in time they too will become vested rights.

There are also other water-power plants and water-power projects in mubryo, which depend mostly on stored water. These do or will return

vested rights.

There are also other water-power plants and water-power projects in embryo, which depend mostly on stored water. These do, or will, return the water to the river above the points where diversion would need be made to a conduit for delivering water to San Francisco.

With the exception of a few reservoir sites on the Rubicon River, which form part of a power project now being developed, and one on Silver Creek which, on account of apparent desirability as shown on topographic sheet of United States Geological Survey, was examined by me in September, 1911, and found to have just been surveyed by the Western States Power Co. for a reenforcement of its power plant, practically all of the reservoirs or suggested sites on the American River watershed are located at high altitudes and have very limited drainage areas.

areas.

Several different combinations of portions of the American River watershed or combinations with drainage areas of adjacent watersheds, affording greater or better storage, are possible.

Two propositions, neither of them recent, have been made to the city for furnishing water from the American and adjacent watersheds, They will be discussed separately under headings 8a and 8b,

Sa. Giant Gap water supply: This proposition, made in 1901, was for a daily supply of 45 million gallons from 212 square miles drainage area and with 39,000 million gallons storage capacity. One of the proponents has informed me that on account of inaccuracies in estimates of reservoirs (some being too large and some too small) the total capacity of the nine reservoirs would be about 25,000 or 30,000 million gallons. This would be ample for the daily supply named.

This scheme has since been enlarged, though neither has a new proposition been made to San Francisco nor are the necessary properties in the control of the proponents, to embrace diversion from the Yuba (South Yuba and Bowman Lake) and larger portions of the American watershed, making a total drainage area of over 800 square miles.

proposition been made to San Francisco nor are the necessary properties in the control of the proponents, to embrace diversion from the Yuba (South Yuba and Bowman Lake) and larger portions of the Yuba (South Yuba and Bowman Lake) and larger portions of the Yuba (South Yuba and Bowman Lake) and larger portions of the Yuba (South Feed making a total drainage area of over \$500 square miles.

Some of the developments proposed are being made or are under consideration by other parties, but the combinations proposed may be fown of \$35 cubic feed per second (540 million gallons daily), of which 441 second-feet (285 million gallons daily) are for city supplies, the rest for irrigation and power only.

The report on this project by Russel L. Dunn, consulting engineer, gives no estimates of reservoir capacities, but, combining those of the smaller and earlier Giant Gap proposition with those of two others schemes, which this consulting the control of the smaller and earlier Giant Gap proposition with those of two others chemes, which this may be reserved to the control of the smaller and earlier Giant The Soo square miles of drainage area with this storage capacity would yield a continuous flow greater than claimed through the driest period if there were no prior rights to allow for.

As has been stated, the latter are quite extensive. Assuming that they are so great that storage of 400 days supply may be necessary dull, leaving none of the storage available for power or irrigation.

No comparative estimate of cost has been made for a water supply under this scheme on account of lack of data. The pipe line under pressure would start from about the same point as in the Yuba River scheme (Rocklin-Woodland Route) and consequently the cost from that point for an equivalent supply would not exceed one of equal volume from the Yuba, and it might be considerably less. Sb. American-Cosumnes, or bay cities project: Of the several propositions that have been made to the city for the sale of the properties and the reposition was m

Reservoir.	Catch- ment area.	Capacity.			
		Million gallons.	Total.	Per square mile.	
Silver Lake. Twin Lakes. Upper Caples Fork Lower Caples Fork Kirkwood Meadows Audrain Lake Echo Lake Medley Lakes Alder Creek Silppery Ford Siy Park	Square miles. 15.3 13.0 20.2 5.9 1.8 17.6	16,570 7,640 1,650 2,200 800 1,900 7,760 9,390 6,700 9,000 11,000	Acre-feet. 50,800 23,400 5,000 6,750 2,450 5,830 23,800 28,800 20,550 27,600 33,750	Acre-feet. 3,320 1,800 707  5,040 16,000 1,165 1,830	
Total		74, 610	228, 790		

A study of these figures, together with the mass diagram of flow per square mile from high areas of American River (fig. 15), shows that each of the reservoirs excepting those on Caples Fork and Alder Creek and the one at Slippery Ford have greater capacity than needed to equalize the run-off from its drainage area through the period 1907-1909. In the case of the Medley Lakes the excess capacity is so great that it would require the accumulated run-off of several years to fill it, and when filled the loss by evaporation would be greater than the mean run-off for the two seasons 1967-1909.

The excess capacity of Sly Park is needed to aid in conservation of the flow of the South Fork of American.

The three reservoirs on Caples Fork are very uneconomical in regard to amount of material required for dams in proportion to volume of water stored. Eliminating these and reducing the Medley Lakes capacity to 9,000 acre-foot makes the total available storage 194,700 acre-feet.

A period which has been assumed to require the greatest storage capacity is one requiring two and a quarter times (1.50×1.50) that for an equal draft for the period 1907-1909. (See discussion on Yuba River.) Therefore, the portion of the total capacity that could be properly applied to the regulation of the discharge of the latter season is the total capacity divided by 2.25.

A storage capacity of 194,700 acre-feet = 2.25—86,500 acre-feet in connection with the run-off from 256 square miles (238 on American and 18 on Sly Park Creek) would yield, according to the mass diagram (fig. 15), 215 million gallons daily.

Through the assumed worst possible season the total storage capacity (194,700 acre-feet) would permit the same daily draft.

The above figures make no allowance for adverse prior rights, it being understood that the Bay Clites Co. owns all of those on the South Fork of the American; and that those on Siy Park Creek may be reasonably acquired.

The plans of Bay Clites Water Co. so far as outlined in their offer to the city contemplated

the water requirements of adjacent areas in the Sacramento Valley and footbills.

The conclusion of an investigation "based on the broad theory of water conservation" is "that all water rights, commercial industries, and irrigable lands having claim upon the waters of the drainage areas of the American-Cosumnes project can be fully and justly met and still leave available for San Francisco and the bay cities 223.6 million gallons daily."

For a yield of this quantity Mr. Dockweller includes the drainage area tributary to Bucks Bar below Sly Park.

The dependable yield of 215 million gallons daily, estimated by me, was for a catchment area, including only 18 square miles on the Cosumnes River, instead of 158. This yield agrees with Mr. Duryea's for the same catchment area. An estimate of cost of a 215 million gallon daily supply from the American-Cosumnes, combined with one of 128 million gallons daily from the Mokelumne and of 57 million gallons daily from the Stanislaus, making a total of 400 million gallons daily, will be found on pages 133-134.

9. Lake Tahoe: Several schemes have been proposed for extensive utilization of the waters of Lake Tahoe by diverting them by means of tunnels to the west slope of the Sierras and to the east slope of the divide separating the lake from the Carson River in Nevada.

For power production, diversion to the west offers great attraction on account of the much greater possible head under which the water may be used than is possible along the Truckee River or by diversion to Carson Valley.

But there are now several power plants on the Truckee, and the Truckee-Carson irrigation project uses a large volume of water and contemplates greater use, this latter being dependent on large storage capacity.

An englneer's report, dated October, 1908, on the utilization of Lake

capacity.

An engineer's report, dated October, 1908, on the utilization of Lake Tahoe water for a municipal supply was submitted to the board in July, 1911. Two of the features of this report were claims to the flow from Lake Tahoe up to 1,200 second-feet, and estimate of a continuous dependable supply of 561 second-feet, and estimate of a continuous dependable supply of 561 second-feet.

The United States Geological Survey records of the discharge from Lake Tahoe for the nine seasons, 1900–1901 to 1908–9, show a mean daily discharge ranging from 123 second-feet to 870 second-feet, the average for the nine seasons being 426 second-feet (275 million gallous daily). During the years 1908–9 the flow at no time exceeded 900 second-feet.

The United States Geological Survey records of the discharge from Lake Tahoe for the nine seasons, 1900–1901 to 1908–9, show a mean daily discharge ranging from 123 second-feet to 870 second-feet, the average for the nine seasons being 426 second-feet (275 million gallons daily). During the years 1908–9 the flow at no time exceeded 900 second-feet.

On account of the extensive use of this water, present and prospective, in the region through which it has its natural outlet, it has not seemed necessary to inquire into the practicability of sufficient storage to regulate the flow to the mean of the nine-year period. Since the extreme variation in seasonal discharge from the lake during the nine years corresponds to a depth of water over its surface of but little more than 4 feet there should be no difficulty in this, and probably not to equalize the discharge at the same rate through much drier periods than those for which there are records.

The reason for the comparatively small run-off for so large a drainage area is not due so much to the fact that it lies on the east side of the Sierra divide as to the large proportion of the drainage area occupied by the lake itself, with consequent large evaporation loss. The area of the lake is about 193 square miles and of the drainage area (including the lake) 519 square miles.

10. Mokelumme River: Water supply investigations made for the city of San Francisco, 1874–1877, resulted in the recommendation, by Col. G. H. Mendell to the board of water commissioners, of the Mokelumne River for a source of supply.

In Col. Mendell's report occurs the statement that for a conduit of 25,000,000 gallons daily supply there should be 2,000,000,000 gallons (an 80 days' supply). For so small a supply from a stream on which the use of water had not been greatly developed, although rights to large volumes of the flow of the stream were claimed, the necessity for very great storage capacity was not so apparent as at present. For the much larger daily yield now sought from drainage area

made so by diverting canals, 125,000,000 gallons daily is the limiting quantity of water that could be supplied to San Francisco through a year like 1898.

The rights of the Sicrra Nevada Water & Power Co. were based primarily on filings made by W. V. Clark, sr., in 1856 and subsequently. The actual use at present made by the successors of Clark is very little. The Sierra Blue Lakes Water & Power Co. has succeeded to the rights of the Sierra Nevada Water & Power Co. and has filed on others. It has made offers for the acquirement of its rights and properties by San Francisco and claims they will yield 200,000,000 gallons daily. Some of its later publications claim a daily capacity of 500,000,000 gallons. The rights to water now used, which must be allowed for in estimating the yield from the upper Mokelumne River drainage area, are:

"Pacific Gas & Electric Co., 175 second-feet, of which 77 second-feet may be diverted from the drainage area (old Amador Canal).

"Mokelumne River Power & Water Co. (Prindle ditch), 75 second-feet.

"Mokelumne River Power & Water Co. (Prindle ditch), 75 secondfeet.

"Woodbridge Canal, 62.5 second-feet, from April to September." (As
the point of diversion for this canal is below the power plant of the
Pacific Gas & Electric Co. the water from the latter may again be used.)
Other claims which must be considered are those of the Mokelumne
Power & Water Co. to 250 second-feet of flood-water flow of Middle
Fork, for the diversion of which to Calaveras Valley a ditch is now
under construction, and the Mokelumne River Power Co. to 175 secondfeet of flood water of the North Fork, which it proposes to store in a
reservoir located on this fork above the mouth of Moore Creek.

The records of the United States Forestry Service show that filings
for this reservoir site antedate those of Sierra Blue Lakes Water &
Power Co. for the site at mouth of Blue Creek.

No extensive use of Mokelumne River water for irrigation is made at
present, but a study of the location of lands in the Sacramento and
San Joaquin Valleys, which are irrigated, and their relation to the
drainage areas from which the water comes for their irrigation, does
not confirm the statements of advocates of the Sierra Blue Lakes scheme
that the waters of the Mokelumne are not needed for irrigation.

In fact it appears that the ratio of catchment area to the dependent
irrigable area is less in the case of the Mokelumne than in the case of
either the Stanislaus or the Tuolumne. The difference is partly compensated for by somewhat greater precipitation on the Mokelumne
areas.

Mr. Grunsky's report submitted August 1, 1912, takes up the subject

Areas.

Mr. Grunsky's report, submitted August 1, 1912, takes up the subject of irrigation needs of the district that would properly be served by the Mokelumne. He estimates that there are 200,000 acres, requiring 600,000 acre-feet of water annually. (See additional discussion of irrigation needs on p. 101.)

The reservoirs now proposed by the Sierra Blue Lakes Water & Power Co. for the conservation of its Mokelumne River supply, with their capacities, depths of water, and approximate heights of dam, are as follows:

	Depth of water.	Approxi- mate total height of dam.	Capacity.	
Location.			Acre-feet.	Million gallons.
Junction of South and Licking Forks, Mo- kelumne River (Rail Road Flat)	Feet. 300	Feet. 325	66,000	21,503
of Blue Creek	300	325	86,000	28,000
Forest Creek or North Branch of Middle Fork of Mokelumne River	110	125 36	2,800 (¹)	(1) 915

1 See following.

'See following.

The capacities given for the Rail Road Flat and North Fork Reservoirs were determined from surveys made by the city of San Francisco after reconnoissance had been made by me. The dams required are very large in proportion to storage capacity. The capacities of Forest Creek Reservoir were determined from my reconnoissance survey. The capacities claimed by the proponents of the "Blue Lakes" scheme are much in excess of these.

Storage at the Blue Lakes is now used by the Pacific Gas & Electric Co. in connection with its power plant at Electra. The right to raise the Blue Lakes Dams and to use the additional storage, claimed by the Blue Lakes Co. (and backed by legal opinion) is of very little value, as the present capacity conserves practically all of the run-off from the catchment area, 4½ square miles.

The Mokelumne River mass diagrams (fig. 16) show the estimated run-off for several periods from the 642 square miles of drainage area above the gaging station near Clements and for portions of the water-shed tributary to the reservoirs and diverting canals proposed by the Sierra Blue Lakes Water & Power Co. as follows:

Lines marked "A" show total discharge at station near Clements.

Lines marked "B" show total discharge at point of diversion, on North Fork, to Electra power station for three periods—1886-1890, 1897-1899, and 1907-1909.

Lines marked "C" show water available to Sierra Blue Lakes Water & Power Co. at the site of the state of the st

Lines marked "C" show water available to Sierra Blue Lakes Water & Power Co. at the site of its proposed North Fork Reservoir, after allowing 175 second-feet (or total flow when less than this) to Electra power plant and Amador Canal, as long as that flow can be maintained with the aid of 24,800 acre-feet storage. This is the combined storage capacity of three reservoirs of the Pacific Gas & Electric Co., Blue Lakes, Meadow Lake, and Bear River. The claims of the Mokelumne River Power Co. are ignored in this diagram.

Lines marked "D" show water available to Sierra Blue Lakes Water & Power Co. at same point as above, after allowing 350 second-feet (or total flow when less than this) to Electra power plant and Mokelumne River Power Co. as long as that flow can be maintained with the aid of 76,300 acre-feet storage. This is the combined storage capacity of Pacific Gas & Electric Co., as above, and of the proposed reservoir of the Mokelumne River Power Co. on the North Fork, above Moore Creek.

Lines marked "E" show water available to Sierra Blue Lakes Water & Power Co. from Middle, Licking, and South Forks after allowing 75 second-feet (and the entire flow when less) to Mokelumne River Power & Water Co. (Prindle ditch).

Lines marked "F" show water available to Sierra Blue Lakes Water & Power Co. from Middle, Licking, and South Forks after

deducting the flow from 25.2 square miles of Middle Fork (above Prindle's proposed diversion to Calaveras Reservoir) up to 250 second-feet (capacity of Prindle's proposed diverting ditch) at times when flow at Rail Road Flat Reservoir is in excess of 150 second-feet (the approximate combined capacity of the old Prindle and Clark ditches). With the reservoir capacities shown on page 98 the possible draft during critical periods as shown by the lines  $\hat{D}$  and F are:

For period 1887–1889 : From North Fork	Million gal- lons daily.
From South, Middle, and Licking Forks	7ó
Total	184
For period 1897-1899: From North Fork From South, Middle, and Licking Forks	120 65
Total	185
For period 1907-1909; From North Fork	
Total	

In accordance with the deductions from rainfall data as to the possible conservation during the most critical periods that have occurred since 1849 (see p. 78), which have been applied to other catchment areas, the safe dependable continuous yield from these areas with the given reservoir capacity, holding one-third of this capacity in reserve for periods drier than any of those shown by diagram, is 128 million gallons daily.

To increase the dependable yield through the driest periods to that shown possible through several dry periods, viz. 185,000,000 gallons daily, and to allow for the same prior rights, an increase of 30 per cent, or 77,000 acre-feet, in storage capacity is necessary. This additional capacity for use during extremely dry seasons only might be so located as to be filled during extremely wet seasons only. Surveys made by the United States Geological Survey on the Mokelumne River catchment area have covered three sites, all above clevation 7,000 feet, aggregating 2,530 acre-feet capacity, only about 3 per cent of required increase.

feet, aggregating 2,530 acre-feet capacity, only about 3 per cent of required increase.

The draft possibilities from this system could be increased considerably by including in the catchment area contributory to the supply the territory between the reservoirs on the North Fork and at Rail Road Flat and the point of final diversion to conduit below Rich Gulch. But within this territory are several small settlements and a number of ranches. Its exclusion conforms to the manner of treating the other sources of supply. The catchment area from which the proposed supply would be taken has very few permanent inhabitants. For a few months each year it is used for cattle grazing.

By combination of the Sierra Blue Lakes Water & Power Co.'s appropriations of water and reservoir sites with the rights of other appropriations, as, e. g., the Mokelumne River Power Co., or of this company and the Pacific Gas & Electric Co. on the North Fork, and diverting the water below the Electra power plant, or with the Mokelumne River Power & Water Co. (Prindle Ditch) on the South and Middle Forks, the yield may be greatly increased.

The lines B, C, and E of the mass diagram afford the means of determining the possibilities of such combinations.

Claims made by this company to a reservoir site at Case Valley and to water rights on the Cosumnes River can not properly be considered in connection with the Mokelumne River, as such a combination is not feasible.

To determine the storage capacity necessary to meet an annual irri-

to water rights on the Cosumnes River can not properly be considered in connection with the Mokelumne River, as such a combination is not feasible.

To determine the storage capacity necessary to meet an annual irrigation requirement of 500,000 acre-feet (2.5 feet depth over 200,000 acres, instead of 3 feet depth assumed by Mr. Grunsky), together with that needed to insure for San Francisco a dependable supply through all seasons of 128,000,000 gallons daily, as determined above, an application to the mass diagram of discharge at Clements (lines 4 on fig. 16) of draft lines (not shown) for 128,000,000 gallons daily, plus 500,000 acre-feet distributed uniformly through seven months (March to September, inclusive), shows that 250,000 acre-feet storage would be sufficient for any period shown except 1898-99, when about 500,000 acre-feet would have been required.

Mr. Grunsky's deductions are not inconsistent with these. He shows that to have supplied 200,000,000 gallons daily and to have met an annual irrigation requirement of 600,000 acre-feet a storage capacity of 1,000,000 acre-feet would have been required for the period 1898-1900, but he states that "with storage in half this amount there would be a deficiency only in the rare case of such a critical period as that of 1897-1900."

The existing and proposed reservoirs of operating power companies, together with a number of small-capacity reservoirs at sites that have been reported upon by various parties, would give the storage capacity in addition to that required for a 128,000,000 gallons daily supply required for full irrigation on the basis assumed by me above, except through extremely dry periods.

For estimate of cost of a Mokelumne supply in two different combinations to make a total of 400,000,000 gallons daily, see pages 131-133.

11. Stanislaus River: The watershed of the Stanislaus River lies be-

For estimate of cost of a Mokelumne supply in two different combinations to make a total of 400,000,000 gallons daily, see pages 131-133.

11. Stanislaus River: The watershed of the Stanislaus River lies between those of the Mokelumne and Tuolumne.

The situation, so far as a possible city water supply is concerned, is controlled by the Sierra & San Francisco Power Co., which now furnishes power to the United Railroads of San Francisco. This company has a power plant at Stanislaus, at the junction of the North and Middle Forks of the Stanislaus River, which has a capacity of 400 cubic feet per second.

According to the statement of the manager of the company there is now, with one reservoir of 15,800 ecre-feet storage capacity constructed, a dependable low-water flow through its canal to the power house from Sand Bar Flat, on the Middle Fork, of 132 cubic feet per second, or \$5,000,000 gallons daily.

The mass diagrams (fig. 17) show this to be true for all seasons since records of the flow of the river have been kept by the company, or since 1905. Through a year like 1898 there would have been but little shortage. The entire dry-weather flow may be used for generating power, since the water is returned to the river above the points of use by prior appropriators; but for a supply for diversion outside of the watershed only water in excess of prior rights on the stream below can be used.

Two irrigation districts, the Oakdale and the South San Joaquin, claim the natural flow of the river up to 1,700 cubic feet per second. These districts are now constructing works to enable them to use the water to much better advantage than heretofore. Other small appropriations bring the total well up toward the 2,000 second-feet allowed in computing quantities for mass diagrams of water which might be made available for the use of San Francisco.

The necessary allowance for prior rights constitutes so large a portion of the total flow that, for a period like 1897-1899, draft would have to be entirely from storage for 21 months. During 1907-1909 there was a period of 17 months during which the natural flow that could have been diverted amounted to only about 10,000,000,000 gallons, or a 50-days' supply of 200,000,000 gallons daily. Greater storage in proportion to the daily yield is needed than for any of the other sources studied. Additional catchment area, without additional storage, will not increase the yield; compare mass diagram for the 615 square miles above the confluence of North and Middle Forks with that for the 320 square miles above Sand Bar Flat.

The Sierra & San Francisco Power Co, has guarded against other parties using the water stored by its reservoirs after it passes the Stanislaus power plant by itself acquiring a power plant near Knights Ferry, well down in the foothills, and using it again under a head of 14 feet. From surveys made for the Sierra & San Francisco Power Co, and from maps filed with applications for use of reservoir sites on public lands, there has been estimated a storage capacity of 170,000 acre-feet on the Middle Fork of the Stanislaus River. With this storage there could have been supplied through the dry period 1907-1909, 118,000,000 gallons daily; and through the assumed longest possible dry period, as in the case of other sources, 57,000,000 gallons daily. The estimated storage capacity is equivalent to 975 days' supply at this rate.

Mr. Grunsky, in his report of Ju

Mr. Grunsky, in his report of July 31, 1912, after discussing the developments made by the Sierra & San Francisco Power Co. and its predecessors; and the irrigation needs of the lands, rather than the appropriations of the districts, dependent on the Stanislaus River,

appropriations of the districts, dependence of says:

"It does not seem reasonable to hope for an extension of such a project [supply from Stanislaus] to a greater capacity than 60,000,000 gallons per day, and even this amount it may be difficult, if not impossible, to secure continuously."

Compare with this statement, the 57,000,000 gallons daily estimated capacity above.

The acquirement of the reservoirs and water rights of the Sierra & San Francisco Power Co. for a water supply would properly involve also the purchase of the power plants of that company, which have a capacity to use much more water than could be diverted to San Francisco.

cisco.

A proposition made a few years ago by this company to San Francisco for furnishing water explicitly stated that it would grant no power rights. The power developed is now used by the United Raliroads of San Francisco. Presumably there may be considerable extension of its use in this direction.

In the estimates of cost of a supply from the Stanislaus in combination with other supplies to make a total of 400,000,000 gallons daily, the possibility of utilization of power from this river is not taken into account.

tion with other supplies to make a total of 400,000,000 gainors daily, the possibility of utilization of power from this river is not taken into account.

12. Tuoloumne River: Above the United States Geological Survey station at La Grange the Tuolumne River has a drainage area of 1,500 square miles.

At La Grange Dam water is diverted to the canals of the Turlock and Modesto irrigation districts. Much has been said and written about guarding the water rights of these districts and supplying its further needs and those of adjacent lands which must look to the Tuolumne, if at all, for water.

Edwin Duryea, jr., chief engineer, Bay Cities Water Co., several years ago, prepared a voluminous discussion of the subject, tending to show that these land requirements and San Francisco's needs can not be supplied from the Tuolumne. This conclusion was based on the assumption that the capacities of reservoirs at Hetch Hetchy Valley and at Lake Elcanor, as given in the reports of C. E. Grunsky, former city engineer, were the limiting ones, and that those for several other reservoir sites, as published in reports of the United States Geological Survey, made up the total available storage capacity (270,000 acre-feet).

Even had this been the case there would have been no legal rights of the Turlock and Modesto districts interfered with so long as no water was stored by San Francisco except when the flow of the river at La Grange exceeded the amount of those districts' appropriations, viz: 2,350 cubic feet per second. But in the light of the fact that much greater storage is possible, a further investigation as to irrigation needs and their effects, if provided for, on a city water supply from the Tuolumne has been made.

It is now a well-recognized fact that the lands of many districts have been greatly overirrigated, and expensive subdrainage works have in some cases become necessary to restore them to fertility.

Mr. Burton Smith, superintendent of the Turlock irrigation district, says, December 31, 1910, that under present

says, December 31, 1910, that under present conditions, i. e., with no storage, the water supply is exhausted about the middle of July each year.

"This creates a desire among the irrigators to give the land an overdose of water during the irrigation season."

This causes the water table to fluctuate rapidly and creates a condition very damaging to most crops. With a storage reservoir which the district now plans to construct it is not expected that more water will be used, but that it will be more advantageously distributed. Mr. Smith says that at present about 3½ feet depth of water is used on the lands irrigated, and that he thinks 2½ feet will be ample.

In the report filed by the Turlock and Modesto districts on November 1 the need of a depth of 2.75 feet on the land annually is claimed. Among the showings made by them are results of experiments at the California State farm at Davis on growing alfalfa, which requires more water than most crops. These show that a depth of 2½ feet gives more economical results than either a greater or less quantity.

The combined area of the Turlock and Modesto districts is 402 square miles. It has been estimated, according to some of the earlier discussions, that an additional area, amounting to 60 per cent of the above, or a total of 643 square miles (411,520 acres), is dependent upon the Tuolumne for irrigation.

A map issued by the United States Department of Agriculture in cooperation with the conservation commission of California, an advance copy of which has been furnished the board, shows that the total area of irrigable lands east of the San Joaquin River and extending from the Stanislaus River on the north to the Merced River on the south, excepting so much of this area as is included in the Oakdale irrigation

district, which takes its water from the Stanislaus, is approximately

district, which takes its water from the Stanislaus, is approximately 690 square miles.

Six hundred and forty-three square miles is considered a generous estimate of the area dependent on the Tuolumne for water.

The report by J. H. Dockweller, on the needs of Turlock and Modesto irrigation districts, submitted June 30, 1912, not only does not recognize any appreciable area outside the Turlock and Modesto districts dependent upon the Tuolumne for water, but, considering the waterlogged condition of some of the lands within the district, estimates the maximum acreage requiring irrigation in any year at 206,000.

In view of the fact that the water-logged condition is only a temporary one, drainage being readily obtainable by ditching, and the further fact that applications for admission to the districts have been made by the owners of adjacent lands, there seems no necessity for so belittling the irrigation needs.

It may quite possibly be that the area outside of Turlock and Modesto districts estimated above as dependent on the Tuolumne for water is somewhat too large, but if so, there is a thirsty area on west side of San Joaquin to which excess water could be piped and where it could be advantageously used.

It is probable, however, that the present practice of irrigating such of the west side lands as can not be reached by gravity ditches, viz, by pumping from the San Joaquin River, is the more economical.

With increased use and better distribution of water on the east side, made possible by storage, the seepage back into the river will increase the supply available for such pumping.

For this investigation no change has been made in the area, as noted above, which might properly be irrigated from the Tuolumne.

Assuming that 85 per cent of the land will in time be irrigated, allowing for roads, buildings, corrals, etc., and that there may be a 15 per cent loss by seepage and evaporation in ditches, 25 feet depth for the total acreage, measured at head gates, will suffice.

For the purpose of this investiga

	Feet.	Cumu- lative sums.
January	0.00	0.00
February	.00	.00
March	.17	.17
April	.36	. 53
May	.36	.89
June	-36	1.25
July	.36	1.61
August	.36	1.97
September	.36	2.33
October	.17	2.50
November	.00	2.50
December	.00	2.50
Total	2.50	

Mr. Dockweller estimates an annual requirement of 2.5 feet depth of water on the land, but he assumes a distribution of this water prorata to the actual distribution of 1911, which obtained simply because no better distribution was possible without much greater storage capacity. Such a distribution, with the maximum rate of application of water to the land conforming in time to the maximum rate of discharge of the river, enables Mr. Dockweiler to show necessity for comparatively small reservoir capacity.

The following table shows the distribution of 2½ feet depth of water through the year, proposed by Mr. Grunsky in his reports on the Mokelumne and Stanislaus Rivers, and the same total quantity distributed according to the mouthly percentages stated in the report of the Turlock and Modesto districts to be the probable average use:

	C. E. Grunsky.		Turlock and M desto district	
	Monthly depths.	Cumu- lative sums.	Monthly depths.	Cumu- lative sums.
January February March April May June Juny August September October November.	0.025 .060 .100 .200 .375 .500 .450 .375 .250 .125 .025	0. 025 . 075 . 175 . 375 . 750 1. 250 2. 075 2. 325 2. 450 2. 475 2. 500	0. 059 075 100 200 375 400 400 350 325 150 050	0.050 128 225 425 800 1.200 1.600 1.950 2.273 2.425 2.475 2.500

According to each of these proposed distributions the total to the end of June is practically the same as assumed by me above, and the variations (especially after June) are so slight as not to affect storage necessities.

necessities.

Two and one-half feet depth over 643 square miles amounts to 1,028,800 acre-feet, or, allowing 10 per cent for evaporation from reservoirs and other losses above head gates or elsewhere not covered by 15 per cent allowance previously made, the total annual need will be 1,132,000 acre-feet.

Compare with this estimated need (1,132,000 acre-feet) of the greatest area that can be considered as dependent for irrigation on the Tuolume River for water, the conclusions of the Turlock and Modesto districts (report of Nov. 1, 1912) that "the maximum quantity used from the river in any one year will not be less than 1,042,043 acre-feet."

The former quantity is based on 2.5 feet depth over 85 per cent of 643 square miles area, with total loss by evaporation and seepage of 23 per cent; while the latter quantity is based on 2.75 feet depth over 90 per cent of 402 square miles area, with evaporation and seepage losses of 39 per cent.

On the next page is a mass diagram of the total flow of the Trult page is a mass diagram of the total flow of the Trult page is a large from 1895 to 1912. There is all galachom for the years 1896-1900, the yield of the Turlock and Modesto appropriations, 1. c., 2,350 second-feet, when the flow was so much, or more, and the entire flow when it was less.

1. c., 2,350 second-feet, when the flow was so much, or more, and the entire flow when it was less.

2. do 1900 on the flow of the flow of the trigation requirements as above (1,122,000 acre-feet annually), one for these two combined, and one for the brigation needs of the 402 square miles constituting the Turlock and Modesto districts on the basis of 2.5 acre-feet per year, with 85 met. The combined draft line, applied to the mass diagram, shows that the combined requirements of 400 million gallons daily for the city and 21 acre-feet, excepting only the years 1898, 1908, and 1912.

To have permitted full trigation through 1898 and the two succeeding years a storage capacity of 1,400,000 acre-feet would have been 11 1912 the depletion of storage up to October 31, would have amounted to 900,000 acre-feet, or practically the same amount as on December 31, 1908.

1. 1912 the depletion of storage up to October 31, would have amounted to 900,000 acre-feet, or practically the same amount as on December 31, 1908.

2. do 1912 the depletion of storage up to October 31, would have here, after allowing the full draft of 400 million gallons daily for city supply, in 1898, a shortage of about 40 per cent in water for irrigation, 1, e., a depth of 1.6 feet of 1.6 feet of 400 million gallons daily for city supply, in 1898, a shortage of about 40 per cent in water for irrigation, 1, e., a depth of 1.6 feet of 1.6 feet

dryest years. To summs

gallons daily, including the necessary reserve of 55 per cent for the dryest years.

To summarize: It appears from the foregoing discussion that for periods like 1837–1900:

First. The irrigation requirements of the Turlock and Modesto irrigation districts may be provided by their existing rights if conserved by means of 370,000 acre-feet of storage capacity.

Second. Four hundred million gallons daily may be supplied San Francisco from the high areas without interfering with Turlock and Modesto rights, with 560,000 acre-feet of storage.

Third. The combined requirements of San Francisco, the Turlock, and Modesto districts and 240 square miles additional irrigable area may be supplied from the entire flow of the river with 750,000 acre-feet of storage, excepting only the year 1898, when there would have been a shortage of 28 per cent in the estimated quantity of water which may be desired for irrigation of this greatly increased irrigable area. The occurrence of years with so light rainfall as 1898 is so infrequent that the works necessary to avoid the losses consequent upon such a shortage would not be economically justified. There will, therefore, be no injury to the irrigation interests by taking a city supply from this re-

gion, provided there can be found reservoir sites affording sufficient capacity; and, in any event, there will be no infringement of existing rights of the irrigation interests.

There are greater possibilities for storage on the Tuolumne than on any of the rivers to the north within a reasonable distance of San Francisco. This fact offsets, so far as desirability as a source of water supply goes, the lighter precipitation on its watershed and the large prior appropriation of its stream flow.

Below is a list of reservoir sites which have been surveyed, with heights of dams and corresponding estimated capacities, and showing also the portions of the total capacity that could be utilized for equalization of the run-off in excess of prior rights from tributary drainage areas during a period like that from 1896 to 1904, including the exceptionally dry season of 1897-98. The excess capacity in each case could be filled only by diversion of water from other catchment areas or during seasons (in some cases several) of exceptionally high run-off, after which it would be available and should be held for the very exceptional dry years, such as have been estimated as possibly worse than 1898.

The maximum height of dam shown in the list is 325 feet. In none of the schemes for supply for which estimates of cost have been made has a greater height been used. The Shoshone Dam (in Wyoming) is 326 feet high (depth of impounded water, 243 feet), but the gorge in which it is located is very narrow (175 feet at crest of dam), with a resulting small cubical content of masonry per unit of storage capacity. The 325-foot height of dam at Hetch Hetchy is given for comparison with the reservoirs on the Mokelumne, where scarcity of reservoir sites makes great height necessary, although the sites there are not favorable for economical storage.

The list of reservoirs is separated into two parts:

First, Those which are on drainage areas tributary to Hetch Hetchy and Cherry Valleys and Lake Eleanor, and which might become available for e

Tuolumne River reservoir sites.

	Height	Capacity	Total	
Site.	of dam.	Total.	Utilizable, 1896–1901.	capac- ity (M. G.).
On Hetch Hetchy, Lake Eleanor, and				10/2017
Cherry Valley watersheds:	Feet.			DE COM
Hetch Hetchy	325	344,000	344,000	112,000
Kibbie Lake	40	3,300	3,300	1,100
Lake Eleanor	245	265, 200	)	f 86, 500
Cherry Creek—			207, 200	1 -0,000
Cherry Valley	150	56,800		18,500
Big Lake	30	2,600	2,600	850
Buck Meadow	30	3,000	3,000	1,000
Emigrant Lake	60	14,300	14,300	4,650
Louse Canon	100	9,900	9,900	3,200
Huckleberry Lake Falls Creek—	100	52, 200	19,700	17,000
Vernon Lake	125	47,900	10 700	( 15,600
Wilmer Lake	115	5,800	} 42,700	1,900
Tilden Lake	120	27,800	8,300	9,100
Tuolumne Meadows	75	43, 200	43, 200	14, 100
Lake Benson	160	53,800	39,400	17,500
Poopenaut Valley	235	52, 100	52, 100	17,000
Total		981,900	789, 700	320,000
Outside Hetch Hetchy, Lake Eleanor, and			HALL SE	Resident Control
Cherry Valley watersheds: Errarras Meadow	40		100	070
Bells Meadows	60	1,100	All.	370
Coffin Hollow	35	6,300	All.	2, 100 730
Hull Meadow		2, 200 8, 000	All.	2,600
Dallas and Warner Lake	100	60,000	All.	19,500
Davis		48,000	All.	15,600
Dickinson		60,000	All.	19,500
Bradfords		40,000	All.	13,000
Rock Creek		5,000	All.	1,600
Total		230, 600	230,600	75,000
Grand total	CONTRACTOR OF	1 919 500	1 000 200	207 000
Grand total		1, 212, 500	1,020,300	395,000

The number of reservoirs in the second part can doubtless be increased considerably, since the character of the drainage area is not an important matter in connection with storage for irrigation, and other sites well down in the foothills, if found to exist, could be

an important matter in connection with storage for irrigation, and other sites well down in the foothills, if found to exist, could be utilized.

It is evident, therefore, that after making allowance for such reservoirs as may be too uneconomical to consider seriously, the total utilizable capacity of reservoirs will amount to at least the 750,000 acre-feet found necessary for a city supply of 400 million gallons daily (see p. 107 and fig. 18) and to meet the full needs of the irrigable lands through a period of years like those from 1895 to date, excepting only 1898, 1908, and 1912. Possibly the much greater capacity that would have been needed for full irrigation in 1908 and 1912 could be obtained. In this connection it should be noted that for irrigation purposes a larger proportion of total reservoir capacity than shown could be used, as in computing the utilizable capacity of high reservoirs deductions from run-off were made for the appropriations for the irrigation districts.

Many sites have been suggested for reservoirs on the Tuolumne above Hetch Hetchy, but with very few exceptions these have been practically on the crests of the divides separating the Tuolumne from adjacent streams, and have so little catchment area above them that, even though they might be given a considerable capacity, very little of it could be utilized and their value is negligible.

Before the reconnoissance survey of July, 1911, was made it was thought that the few sites suggested, after a study of the topographical sheets of the United States Geological Survey in my preliminary report of April 8, might possess considerable merit, and that the capacity at Tuolumne Meadows might be greatly increased over that given in United States Geological Survey reports.

As a result of the reconnoissance of these sites, Matterhorn and Virginia Canyons were eliminated from the list, the capacity at Tuolumne Meadows remains as given by United States Geological Survey, and that at Lake Benson is much greater than had been

Thousane Meadows remains as an armond survey, and that at Lake Benson is much greater than had been assumed.

It was found that a dam below the Lower Tuolumne Meadows, which would be founded on solid glaciated granite, would have to be 240 feet high and about 1,800 feet long to flood the upper meadows to the same depth as the four dams aggregating 2,345 feet in length, but with a maximum height of only 75 feet. The additional storage which the lower meadows would afford would not justify such a structure.

but with a maximum height of only 75 feet. The additional storage which the lower meadows would afford would not justify such a structure.

The examination of Matterhorn Canyon, the floor of which is at about elevation 8,500, and above which there is a catchment area of 14 square miles, showed a possible storage of about 80,000 acrefeet with a dam 250 feet high above the creek bed at the only possible dam site. On one side of the canyon at this point there have been great slides or falls of rock from the canyon walls that tower to a height of several hundred or a thousand feet. The width between solid walls of rock at the level of the stream bed may be from 300 to 400 feet instead of only from 25 to 40 feet, as it would at first appear. The examination of Lake Benson, elevation 8,000 feet, catchment area 31 square miles, showed a site suitable for a dam 150 feet high. The corresponding reservoir capacity is about 53,800 acre-feet. There has since been obtained from the engineer of the Turlock irrigation district a map of survey of this lake made by him for a reservoir with a dam 100 feet high and a capacity of 30,600 acre-feet.

The attempted examination in June, 1911, of Poopenaut Valley, immediately below Hetch Hetchy, was very unsatisfactory on acount of the high stage of the river, which made crossing the valley at any point impossible.

A survey of Poopenaut Valley was made by the city engineer in September, 1911, for a reservoir with water surface 150 feet above ground level near dam site (requiring a dam 210 feet high).

Mr. Freeman proposes an ultimate extension in height of this dam, increasing depth of impounded water to 225 feet and making the available storage 17,000 million gallons or 52,100 acre-feet.

Many of the reservoir sites in list on page 111 would be very uneconomical to construct, both on account of their location and of quantity of material required for dams per million gallons of water stored. Some of them, on account of limited drainage areas, would be valuable only to provide storage

large waste.

It is evident that the period from 1896 to 1901 is the most critical one for which there are run-off records. Estimates of yields of catchment areas and of reservoir capacity necessary to conserve them are based on this period.

Then, as in the case of sources of supply from other rivers, an increase of 50 per cent in storage capacity has been assumed necessary for the dryest possible sequence of years that may come. (See discussion, p. 78.) The additional capacity will need be drawn upon at such long intervals only that it may be in reservoirs so located that several seasons' run-off from their catchment areas are necessary to fill them.

In the following estimates of quantities.

that several seasons' run-off from their catchment areas are necessary to fill them.

In the following estimates of quantities of water which may be conserved from several portions of the Tuolumne River catchment area, Eleanor and Cherry Creeks have been taken together, as they are now both in the possession of the city of San Francisco, and, although the six reservoirs on the Cherry Creek catchment area, in the foregoing list, afford insufficient storage for the Cherry Creek waters, the deficiency can be much more than made up at Lake Eleanor by giving the conduit connecting Cherry Valley with Lake Eleanor a capacity about 75 per cent in excess of that needed to convey to the city the Cherry Creek portion of the total yield from the combined area.

From the mass diagrams (fig. 20) it appears that from the 193 square miles comprising the Eleanor and Cherry Creek catchment areas 190 million gallons daily may be obtained. Of this quantity 112 million gallons daily would come from the 114 square miles tributary to Cherry Valley and 78 million gallons daily from the 79 square miles tributary to Lake Eleanor. The reservoir capacity on Cherry Creek utilizable for the 1896–1901 period is 89,000 acre-feet, with dam at Cherry Valley 95 feet instead of 150 feet high. A canal (or other conduit) of 200 million gallons daily (310 second-feet) capacity would be necessary to convey to Lake Eleanor water for which there is not storage capacity on Cherry Creek, as shown by the diagram for Cherry Creek alone.

The total storage capacity needed is 260,000 acre-feet, or, for worst period, 300,000 acre-feet. These capacities could be made up as follows:

	Utilizable 1896–1901.	Needed for worst periods.
Cherry Valley Five other reservoirs on Cherry Creek Kibbic Lake Lake Eleanor	Acre-feet, 39,500 49,500 3,300 167,700	Acre-feet. 39,500 82,000 3,300 265,200
Total	260,000	390,000

It was suggested by Mr. P. E. Harroun at the hearing before the Secretary of the Interior May 25, 1910, and enlarged upon by Mr. E. G. Hopson, of the United States Reclamation Service, in a report to the Secretary, under date of November 23, 1909, that the run-off from other near-by tributaries of the Tuolumne might also be combined with Lake Eleanor, viz, Falls Creek, which flows through Jack Main Canyon, and Rancheria Creek, which receives the water from Stubblefield and Kerrick Canyons.

The mass diagram for discharge from the 40 square miles of Falls Creek drainage area above Lake Vernon shows that 35 million gallons daily may be obtained here. The necessary storage capacity may be secured on the catchment area, thus:

	Utilizable 1896–1901.	For worst years.
Lake Vernon	Acre-feet. 42,700 8,300	Acre-fect. 48,700 27,800
Total	51,000	76,500

corresponding figures for the drainage area tributary to Hetch Hetchy are given.

If water passing through Hetch Hetchy Valley were to be used for a city supply, whether or not that valley were to be used as a reservoir, there would be no object in diverting Falls and Rancheria Creeks to Lake Eleanor except to develop additional power and to take advantage of surplus storage capacity there. We have seen that Falls Creek waters may be conserved in their own drainage basin. Therefore these areas are included, in the deductions which follow, with the Hetch Hetchy watershed, to which they belong.

Using Hetch Hetchy Valley as a reservoir, with a capacity of 344,000 acre-feet, as per table on page 11, subsequent to the maximum development of the Lake Eleanor and Cherry Creek area, a daily draft of 236 million gallons would be possible through a period like 1896–1901. To support this draft through the worst possible period the necessary 50 per cent additional reservoir capacity could be secured at the four sites—Lakes Benson, Vernon, and Tilden, and Poopenaut Valley.

Were this system to be developed before Lake Eleanor the daily supply would be increased from 236 million gallons to 310 million gallons. This is because all of the discharge of Eleanor and Cherry Creeks could be used to supply prior appropriations before any water need be released for that purpose from Hetch Hetchy.

The dependable yield from the watersheds tributary to Lake Eleanor, Cherry Valley, and Hetch Hetchy Valley, without infringing on the rights of the irrigation districts, is seen to be 190 million gallons daily from Hetch Hetchy watershed, or, if Hetch Hetchy supply were developed first, 310 million gallons daily from that source and 116 million gallons daily from Hetch Hetchy watershed, or, if Hetch Hetchy supply were developed first, 310 million gallons daily from that source and 116 million gallons daily from the total depletion of storage would be for the 1896–1901 period 604,000 acre-feet.

Compare with this result Mr. Cyril Williams's

total depletion of storage would be acce-feet.

Compare with this result Mr. Cyril Williams's conclusion, that the same watersheds through the same period would yield a safe supply of 427.7 million gallons daily, with a depletion of storage amounting to 610,000 acre-feet (198,500 million gallons).

Making Hetch Hetchy the only reservoir for a city supply on the catchment area and allowing one-third of the total capacity of 344,000 acre-feet as a surplus for worse periods than 1896-1901, there would then be a daily supply of 175 million gallons, or if this reservoir were given priority over Lake Eleanor in the use of run-off, 248 million gallons.

The combined capacity of all the reservoir supplies the combined capacity of all the capacity of all the

then be a daily supply of 175 million gallons, or if this reservoir were gallons.

The combined capacity of all the reservoirs on the Hetch Hetchy catchment area except Hetch Hetchy itself, together with the discharge in excess of the irrigation rights, would yield 138 million gallons daily through all seasons, assuming as before that the Eleanor-Cherry watershed were first developed to the limit of 190 million gallons daily.

The question as to the necessary restriction in the use of Yosemite National Park by visitors and campers, which has been the cause of much of the opposition to the use of the park as a catchment area for water supply, is discussed by Mr. Allen Hazen, consulting engineer, in a report dated December 4, 1911, to the city engineer of San Francisco, a copy of which has been furnished you.

Mr. Hazen says: "No modification of or addition to the rules—now in effect—need be made." This subject is given much attention in Mr. Freeman's report of July 15, 1912.

At the hearing before the Secretary of the Interior November 25, 1912, it was clearly brought out that the restrictions which would necessarily be imposed upon campers for the protection of other campers within the park would be abundantly sufficient for the protection of users of the water after it has passed through the reservoir and the aqueduct to San Francisco.

13. San Joaquin River.—The elimination from further study of the San Jeaquin River as a source of water supply for San Francisco was requested by the city engineer in a letter to the board under date of August 5, 1910, for reasons, in addition to those advanced at the same time for the elimination of the Sacramento River (viz, that filtration of the water would be necessary, and the city was seeking pure rather than purified water), as follows: "That if drawn upon within the limits of tidal action brackish water will probably be drawn into the intake during low stages, and if drawn from above this limit the supply, by reason of increasing draft for irrigation purposes, will pro

[Extract from the report of Col. Mendell to San Francisco water com-mission Aug. 6, 1877.]

mission Aug. 6, 1877.]

The effect of the abstraction of large volumes of water from the rivers—for the purpose of irrigating adjoining lands—on the flow at points a few miles below the diversion is discussed at some length in the report of the United States Commissioners of Irrigation, published in 1874. The experience in Italy and India, as observed and discussed by their ablest engineers, seems to dispose of this portion of the subject in a thorough manner by proving that the water is returned to the river in so large proportion that the quantity a few miles below seems to be undiminished, either absolutely or only in small degree.

[Extract from report of Prof. Hyde to Spring Valley Water Co. on the San Joaquin River as a source of water supply.]

Studies made by the United States Department of Irrigation investi-

San Joaquin River as a source of water supply.]

Studies made by the United States Department of Irrigation investigations in Colorado indicate that when irrigation in a given district has been sufficiently long established to satisfy the ground storage capacity the total yield by seepage to the streams draining such irrigated areas will amount to perhaps 30 per cent of the total volume of water used for irrigation.

It is understood that water taken from the San Joaquin must be purified.

The Spring Valley Water Co. considers that when all its resources on the peninsula and on the Alameda Creek watershed are exhausted it can greatly increase its supply by pumping from the San Joaquin to its natural filter beds in the Livermore and Sunol Valleys. Through the courtesy of the Spring Valley Water Co. access has been had to a report of 200 pages on such a supplemental supply, by Prof. Charles Gilman Hyde. By utilizing the great storage possibilities of reservoir sites held by the Spring Valley Water Co. on the Alameda Creek watershed it is apparent that pumping from the river could be discontinued during the low-water stage, forced at other times, and a supply of perhaps several hundred million gallons daily maintained from the reservoirs.

The mass diagram (fig. 21) shows discharge of the San Joaquin during the l perhaps seve reservoirs. The mass

The mass diagram (fig. 21) shows discharge of the San Joaquin River at Southern Pacific Railway bridge, near Lathrop, since 1898, as determined by Prof. Charles G. Hyde from record of gauge heights, reduced by the amount of water appropriations of several irrigation districts in excess of the actual quantities diverted and with allowance made for the return of portions of such diverted water by seepage, as per statement under the diagram and on page 121. The resulting diagram is intended to show the discharge as it would be with irrigation in progress as allowed for through a similar series of years. The record of gauge heights runs back several years prior to 1898, but the record for that year, which is known to be the lowest since 1876, is entirely missing.

The record of gauge heights funs back several years prior to 1836, the the record for that year, which is known to be the lowest since 1876, is entirely missing.

Actual flows were measured under the direction of Prof. Hyde at comparatively few stages, the flow at other stages being determined by interpolation and exterpolation. The results, therefore, can not be relied upon as very accurate.

The lowest recorded flow of the San Joaquin River at this point is said to have been 230 second-feet, probably in 1898. In November, 1905, it was 360 second-feet. In 1905 the mean monthly flow after August did not exceed 500 second-feet. The smallest annual discharge since 1898 was in 1908, as shown by the diagram.

A full development of irrigation needs by means of mountain storage to the extent shown by the middle diagram for the year 1908 would result in a large seepage back into the stream, but such a contingency is too remote and uncertain to figure on.

The diagrams show that to maintain a draft of 200 million gallons daily through the year 1908 a storage capacity of 30,000 million gallons would be required. This equals 92,000 acre-feet, or a depth of 7.2 feet over 20 square miles of reservoir surface. It is evident, therefore, that such a draft could not be maintained from any point on the lower San Joaquin or Old River without getting sait water to the intake were it

not that the Sacramento River also contributes water to the lower San Joaquin.

Confining ourselves for the present to San Joaquin water only: The 30,000 million gallons storage required is a 150 days' supply of 200 million gallons daily. It is known that the 1895 flow was less than that of 1908, and other years may have been and may be even worse, so that draft from storage for at least 180 days, and probably for 250 days, should be provided for.

If such storage were to be provided for in the Alameda Creek watershed, it would mean that to supply San Francisco with 200 million gallons daily pumps and conduits from the San Joaquin River to Alameda Creek of 400 million gallons daily capacity would be needed under the assumed necessity of 180 days' storage, or of 635 million gallons daily if draft would have to be from storage only for 250 days.

In fig. 21 the appropriations assumed and allowed for are as follows:

	second- feet.
Turlock irrigation district, total	1,500
Used since 1898, 1,000 second-feet.  Modesto irrigation district, total  Used since late in 1903, 600 second-feet.	850
South San Joaquin district. Other districts, unallowed for above.	1,700 2,236
Total  Deduct 30 per cent returned to stream	6, 286 1, 886

Leaving total deduction from natural flow \_\_\_

United States Geological Survey records of run-off measurements extend back to 1902 only. No record was kept or measurements taken back to 1902 only. No record was kept or measurements taken the property of the property of

	Supplies needing filtration (million gallons daily).	Supplies vision o	which wi	th modera	ate super- filtration.
		Million	Feasib	le combins sources.	ations of
		gallons daily.	Million gallons daily.	Million gallons daily.	Million gallons daily.
Eel River Sacramento River Vaba River Yuba River American-Cosumnes River Mokelumne River Stanislaus River Tuolumne River Eleanor-Cherry Rancheris Creek Hetch Hetchy McCloud River		180 164 (?) 215 128 57 190 30 206 400	215 128 57	128 57 190 30	190 236

If Hetch Hetchy supply were developed before Eleanor-Cherry, 310 million gallons daily might be obtained there, and the total, 426 million gallons daily, subsequently made up by taking 116 million gallons daily from the Eleanor-Cherry watershed.

The map of central and northern California (Pl. I) shows the location of the Tuolumne conduit as proposed by Mr. Freeman, also suggested location of conduits for the sources shown in above table giving

over 400 million gallons daily. Approximate profiles of several of these conduit lines are shown on Plates II and III.

Except for the Hetch Hetchy and McCloud River Aqueducts, the profiles are not of lines which have been proposed by the advocates of the several sources, but are of lines located on topographic maps of the United States Geological Survey, with special reference to combining different sources to produce a total of 400 million gallons daily.

The following table shows, for each of the sources or combination of sources that may be developed to yield 400 million gallons daily, the extent of catchment areas and reservoir capacities required for such development. It is assumed that one-half the total supply is delivered on each side of San Francisco Bay.

	Square miles.	Reservoirs.			
Catchment area.		For period like 1897-1901.		For assumed dries period.	
		Number.	Capacity.	Number.	Capacity.
Tuolumne, including Lake Eleanor, Cherry Valley, Hetch Hetchy Valley, and their watersheds	652	2	Million gallons daily. 183,000	4	Million gallons daily. 276,000
Eleanor-Cherry Stanislaus Mokelumne	997	T 8 8 4 M 3	95,000 37,000 33,000	8 5 3	142,000 55,500 50,400
		15	165,600	16	247,900
Stanislaus. Mokelumne-American. Cosumnes	1,010	S 4 M 3 AC 6	37,000 33,600 42,300	5 3 8	55, 509 50, 400 63, 500
McCloud	653	13 2	112,900 30,000	16	169, 400

Mr. GRONNA. I said last night, Mr. President, that I was prepared to show that San Francisco did not need Hetch Hetchy or the Tuolumne River for a water supply. In order to substantiate that statement I want to read from Document No. 54, the report of the advisory board of Army engineers to the Secretary of the Interior on investigations relative to cources of water supply for San Francisco and bay communities, made February 19, 1913. This, it seems to me, ought to be reliable information so far as it goes:

information so far as it goes:

McCloud River: The remarkably even flow of this river, as compared with those of other California streams which have been reported upon, is well shown on the mass diagram (fig. 22). It is this feature that renders the construction of large and expensive storage reservoirs in connection with a municipal water-supply scheme, depending on the McCloud River, unnecessary.

The snow banks and glaciers of Mount Shasta, together with the porous lava formation, through which the water from the melting snow and ice (as well as the precipitation on other parts of the watershed) percolate before they emerge as springs, serve as most effective reservoirs in regulating the flow of the McCloud.

United States Geological Survey records of run-off measurements extend back to 1902 only. No record was kept or measurements taken between June, 1908, and December, 1910.

I read only a portion of this report, on page 124:

I read only a portion of this report, on page 124:

I read only a portion of this report, on page 124:

The distance to San Francisco from the San Pablo Reservoir is substantially the same as from Crystal Springs Reservoir. The distance to center of Oakland from San Pablo Reservoir is no greater than from Lake Chabot, to which Oakland water would be delivered from the Hetch Hetchy Aqueduct by a branch conduit about 16 miles long.

The route of the proposed Mount Shasta Aqueduct is such that for most of the distance it can be kept very near the hydraulic grade line, thus permitting the use of cut and cover gravity section and reenforced concrete pressure pipe instead of the heavy steel pipe under a head of from 300 to 600 feet for a distance of 40 miles across the San Joaquin Valley, as is the case with supplies from the Sierras east of San Francisco.

This is the summary:

Summary of distant supplies: The following table shows, for each of the sources of supply from which it has been shown that a suitable supply might be made available to San Francisco and the bay cities, the quantity of such supply and the feasible combinations of such supplies to produce a total of 400,000,000 gallons daily or more.

They give a list of the supplies which, with moderate supervision of watershed, need no filtration, and which they say are feasible. The Sacramento River, 400,000,000 gallons plus; the Feather River, 400,000,000; the Yuba River, 400,000,000.

Now, Mr. President, I have no other interest in this matter than that of any other Senator desiring to do justice to the than that of any other Senator desiring to do Justice to the people directly and most vitally interested, and to act for the welfare of the people of that great State. I do not believe that by reading the conclusion made by the Army engineers anyone can say that this is the only available source of supply.

Now, the McCloud River is in the Sacramento Valley; the

Tuolumne River is in the San Joaquin Valley.

The Tuolumne River could if not used for city supply be used to irrigate a large amount of fertile land, as could almost any river in the valley of California if means are found economically to store the water. The board believes that on account of the fertility of the lands under irrigation and their aridness without water the necessity of preserving all available water in the valley of California will sooner or

later make the demand for the use of Hetch Hetchy as a reservoir practically irresistible.

Mr. President, I wish to read briefly from the hearings before the Committee on Public Lands in the House of Representatives. I read from Col. Biddle's testimony.

I read from Col. Biddle's testimony.

Mr. Raker. Coming back to the McCloud River source of supply, I understand from the report that the water would be taken from the McCloud River alone without any estimate or figuring as to the Pitt River?

Col. Biddle Yes, sir.

Mr. Raker. The water would be taken higher up on the McCloud River and above the junction of the McCloud and Pitt Rivers?

Col. Biddle. Yes, sir; the water would be taken from the river higher up, about a mile above, where it joins the Pitt River.

Mr. Raker. And you have not figured on locating it so as to take the water from the McCloud and Pitt Rivers together?

Col. Biddle. No, sir. Our estimate was made on the McCloud River. Mr. Raker. Why was not the estimate made on both rivers?

Col. Biddle. Because there is plenty of water in the McCloud River for all needs. You see, that river comes from Mount Shasta, and the least flow is twice what San Francisco needs.

That is the statement made by Col. Biddle, who is a member

That is the statement made by Col. Biddle, who is a member of the Corps of Army Engineers; and yet the people of San Francisco come here and say that there is no other available source of supply.

Mr. MYERS. I desire to ask the Senator a question.

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Montana?

Mr. GRONNA. Yes, sir. Mr. MYERS. What does the report of the Army board say about the cost of the McCloud River project? Does it not put

the cost far above the Hetch Hetchy project?

Mr. GRONNA. I want to say to the Senator from Montana, and I say it as candidly as can be said, that the report does show that the cost would be a little larger, but the board also admits that they have not made any definite estimate. They admit they have not gone into the question of cost as thoroughly as it could and should be gone into.

Mr. MYERS. I will ask if they have not considered it enough to satisfy themselves that it would be considerably more? Are they not enough satisfied that the cost would be several million

dollars more?

Mr. GRONNA. Yes: but that is largely a guess, I want to say to the Senator. Mr. PITTMAN. Mr. President-

The VICE PRESIDENT. Does the Senator from North Dakota vield to the Senator from Nevada?

Mr. GRONNA. I yield.

Mr. PITTMAN. I realize how serious the Senator is in his support of that river as a source of supply. I should like to know if he has made any investigation as to the difficulties of obtaining that water?

Mr. GRONNA. The only investigation I made was by reading the hearings and reports. I have read all the hearings before the committees, both in the House and in the Senate. read the Army engineers' reports, and I was on the Committee on the Public Lands of the House for nearly six years, and during that time much testimony was offered before that committee.

Mr. PITTMAN. From whom is this water to be purchased? Mr. GRONNA. This water belongs to the State of California. As in the case of all waters in the State of California it belongs to the people of that State the same as the water of the Tuolumne River belongs to the people of that State.

Mr. PITTMAN. We agree on that, I will say to the Senator, but there are some claims by citizens of California, a corpora-

tion, for the use of that water, are there not?

Mr. GRONNA. There is nothing in the testimony anywhere to show there is, I will say. There is testimony to the effect that there is an abundance of water supply for the irrigation district and also to supply the bay cities in the State of California.

Mr. PITTMAN. Is it not the fact that the hearings disclose that there are a number of conflicting claims for the waters of that river that have never been adjudicated or settled?

Mr. GRONNA. I do not believe the records show that. The records that I have examined do not show it.

Mr. PITTMAN. It is my recollection, I will say, and I intend to show that a little later.

Another question: Does not the record also disclose that the

use of that water will lower the Sacramento River and affect it for purposes of navigation?

Mr. GRONNA. I believe that the Senator from Nevada will find in the records statements to the effect that after supplying the irrigation districts, San Francisco, and the bay cities there is still a sufficient amount of water and it will not seriously

affect navigation. That will be found in the hearings.

Mr. PITTMAN. Do not the records state that it might require some dredging and additional work so as to allow navigation if this water were used?

Mr. GRONNA. Mr. President, I do not care to pursue that discussion any further. All I know about it is what I find in the records, and I have made my statement. If it is not correct, it is because I do not understand what I have been reading. But I am honest in my belief and in the statement I have made, that the records do show that in the McCloud River there is an abundance of water for all the bay cities and an abundance of water for the irrigation districts in that valley, and that it will not seriously injure navigation.

Mr. PITTMAN. Mr. President—

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Nevada?

Mr. GRONNA. I yield. Mr. PITTMAN. I do not want to interrupt any further. I will simply state that I asked the question-

Mr. GRONNA. I gladly yield.

Mr. PITTMAN. I asked the question because the Senator was attempting to show that the McCloud River was an available source of water. Now, then, to be available it must either be subject to location by San Francisco under the laws of California or it must be subject to purchase from those who own it. The Senator has not shown who owns it. He has not shown who are entitled to that water or if it is claimed by anybody. The report states that there are many conflicting claims to it. He has not shown that those conflicting claims can be pur-chased, and he has not shown that under those conflicting claims there is sufficient water to appropriate without affecting navigation in the Sacramento River. Until he does show those things, he has failed to show that the McCloud River is available for San Francisco.

Mr. GRONNA. The Senator from Nevada is too good a lawyer to expect the Senator from North Dakota, who is only a farmer, to know everything about the laws of the State of California, but the Senator from North Dakota does know that for whatever purpose the water in the rivers of California can be best used, the waters of the rivers of California must be used for that purpose and nothing else.

Mr. PITTMAN. Mr. President— Mr. MYERS. I should like to ask the Senator-

The PRESIDING OFFICER (Mr. CLAPP in the chair). Does the Senator from North Dakota yield to the Senator from Nevada first?

Mr. GRONNA. I first yield to the Senator from Nevada, then will yield to the Senator from Montana.

Mr. PITTMAN. I want to ask the Senator whether or not he has seen any protest against the use of the McCloud River by people granted rights there as irrigators?

Mr. GRONNA. I will say to the Senator that I have not. Mr. PITTMAN. I want to state to the Senator, then, for his information, that I have here on my desk some 20 or 30 editorials from newspapers throughout the entire Sacramento Valley protesting against the attempted use of the McCloud River by San Francisco, on the ground that it would deprive

irrigators on that river of vested rights and would prevent the placing under irrigation of many thousands of acres of land that have no other available water supply. I am simply calling his attention to this to show that the McCloud is in the same condition, as far as a contest is concerned, as the Tuolumne River.

The PRESIDING OFFICER. Now, does the Senator from North Dakota yield to the Senator from Montana?

Mr. GRONNA. I now yield to the Senator from Montana. Mr. MYERS. I simply want to ask this question of the Senator: Even conceding all that the Senator claims, as shown by the report of the Army board for the McCloud River, does not that same report also show that there is plenty of water in the Tuolumne River if this reservoir be constructed for both San Francisco and these irrigationists, and if it is some million dollars cheaper why not let them have it?

Mr. GRONNA. Mr. President, I shall have to take issue with the Senator from Montana about that. The report does not show that. On the contrary, the way I construe the report, it shows that, if San Francisco is to have the amount of water that she claims she will need, the irrigation districts will not get the amount of water which will be required to irrigate that entire valley.

Mr. MYERS. We read the record differently, then. If the Senator from North Dakota will turn to the conclusions of the Army board, I think he will find a paragraph there bearing to what I have said.

Mr. GRONNA. As to the statement made by the Senator from Nevada [Mr. PITTMAN], I accept it. I know very well when he says he has received those protests that he has received them; but I want to ask the Senator from Nevada this question: Is it not true that, in the testimony given in the hearings before the House Committee on Public Lands, Col. Biddle did testify

that there is plenty of water in the McCloud River for all purposes, both for the irrigable lands in the valley and for a water

supply to the bay cities?

Mr. PITTMAN. Mr. President, my recollection is that Col. Biddle testified that there was ample water flowing in that river to satisfy the needs of San Francisco, but I do not remember that he said that it would supply all purposes. In a few moments, if I can find it without further interrupting the Senator, I will read what Col. Biddle said in regard to that subject,

but meanwhile I will not take up the Senator's time.

Mr. GRONNA. My impression is that Col. Biddle said in his testimony that there was plenty of water for irrigation purposes in the Sacramento Valley and plenty of water for the bay cities in the State of California without any reservoirs being built; and the Senator from Nevada knows there are thousands of acres of watersheds where reservoirs can be built in the so-called McCloud Basin or on the McCloud River.

Mr. MYERS. I do not want to interrupt the Senator, but I will ask him to yield to one more interruption before I leave

the subject.

The PRESIDING OFFICER. Does the Senator from North Dakota yield to the Senator from Montana?

Mr. GRONNA. Certainly.
Mr. MYERS. In view of the difference between the Senator from North Dakota and myself about what this report shows. I wish merely to read one paragraph from page 50 of the report.

Speaking of the Hetch Hetchy project, it says:

The board further believes that there will be sufficient water, if adequately stored and economically used, to supply both the reasonable demand of the bay communities and the reasonable needs of the Turlock-Modesto irrigation district for the remainder of this century.

Mr. GRONNA. Yes, Mr. President, but it says nothing about the Waterford district; it does not say anything about the 200,000 acres that are deprived of water now. So far as the

statement goes, of course, I accept it.

Mr. PITTMAN. If the Senator from North Dakota will now let me interrupt him, I shall read what Col. Biddle says about

the matter.

Mr. GRONNA.

Mr. GRONNA. I yield. Mr. PITTMAN. He testifies on page 60, and here is what he has to say:

he has to say:

Col. BIDDLE I did not know that they were working especially for the McCloud River. I do know, however, that they are rapidly putting the whole valley under irrigation, and of course the McCloud River is a very important factor in that valley. I will say this: The McCloud River is a river which flows with geat uniformity all the year around. In fact, it is the chief means of supply to the Sacramento River at times of low water. A large part of the irrigation in the Sacramento Valley comes from pumping from the Sacramento River, and, according to an act of Congress, as construed by the Chief of Engineers, they can not take water out of the Sacramento River when it reaches a certain stage; that is, a stage of 2 feet above low water. When it reaches that stage of 2 feet above low water. When it reaches that stage of 2 feet above low water, no authority is given to pump water out of it. Now, the water in the Sacramento River reaches that stage about the time that irrigation is most important, and therefore if you should take away all or a large part of the McCloud River, that stage in the Sacramento River will come that much earlier and to that extent would affect irrigation.

Mr. GRONNA. I will say to the Senator from Nevada that

Mr. GRONNA. I will say to the Senator from Nevada that that can all be overcome at a very small cost by building reservoirs and by building dams at the source of this river.

Mr. President, I shall trespass upon the Senate but a short time further. I wish to have incorporated in my remarks without reading the statement of Mr. L. L. Dennett, representing the proposed Waterford irrigation district and Stanislaus County, Cal., which was made before the Committee on Public Lands of the House of Representatives at this session of Congress. His statement begins on page 252.

The PRESIDING OFFICER. Without objection, permission

to insert the statement will be granted. The statement referred to is as follows:

STATEMENT OF MR. L. L. DENNETT, REPRESENTING PROPOSED WATERFORD IRRIGATION DISTRICT AND STANISLAUS COUNTY, CAL.

BRATEMENT OF MR. L. L. DENNETT, REPRESENTING PROPOSED WATERFORD IRRIGATION DISTRICT AND STANISLAUS COUNTY, CAL.

Mr. DENNETT. The telegrams just introduced into the record by the chairman, addressed to Congressman Curry, are in regard to the irrigation district on the west side and the other regarding the trade irrigation district. This matter was not called to my attention until Mr. Curry received these telegrams, and I will discuss it later.

There are two phases of this question I wish to discuss.

The Chairman. What is the first one?

Mr. Dennett. The first proposition, I think, I would like to discuss would be the general policy of this bill very briefly. I would like to state this, that I very much regret to appear in any way to oppose the desire of San Francisco to obtain a municipal water supply. So far as the obtaining of such a supply is concerned, I am greatly in sympathy with San Francisco, but I do not believe that such a supply should be obtained either at the expense of the people of the State of California as a whole, and I certainly do not believe that such a supply should be obtained at the expense of the people of my own county, whom I particularly represent.

The facts are largely before the committee, and therefore I do not wish to go into the details of the discussion. I would like to state, broadly, however, this proposition: That the principle of the general conservation of the resources of the State of California have been considered for years—long before this Hetch Hetchy proposition came up.

It was realized that if the highest development of California was to be obtained, every drop of water in the State should be applied to the most beneficial use, and that it would become necessary in the development of the State to divert from the Sacramento Valley the waters which are there in excess either for domestic purposes or for irrigation in the San Joaquin Valley, and I honestly and conscientiously believe that the proposition of San Francisco is contrary to the broadest principle of conservation of resources of the States, and will result in a greater economical loss ultimately to San Francisco than the mere question of cost, and that this matter may be before the committee, I would like to refer for one moment to the record compiled by the Conservation Commission of the State of California for the year 1912, showing the peculiar water conditions in the State of California.

It shows, broadly, this, that if every acre of land in the Sacramento Valley were irrigated and the flow of the Sacramento River was maintained so that navigability would not be impaired there would still be an abundance of water which could be diverted from the Sacramento Valley to be used elsewhere. In a broad policy of conservation it is desirable, with this as one of the units in the conservation of the resources of the State of California, that that excess of water be impounded and diverted from the Sacramento Valley, so as to relieve the people from flood loss.

Just a few moments ago there was handed to me a report of the Rivers and Floods of the Sacramento and San Joaquin watersheds, compiled by the authority of the Federal Government, which showed a loss of \$10,000,000 in the last two or three floods in the Sacramento Valley. So we can readily see that it would not take a great many floods by this excess of water to compensate for any greater expense from proper impounding and diverting of that water.

In this report of the conservation commission we find on page 170 this statement:

"The rainfall of the Sacramento Valley

valley. So we can readily see that it would not take a great many valley in So we can readily see that it would not take a great response from proper impounding and cit consequences for any greater expense from proper impounding and cit consequences from proper impounding and cit consequences. In this report of the conservation commission we find on page 170 this statement:

"The realistall of the Sacramento Valley and acreage already appears in the record, and the committee are familiar with that "—and I will make the figures, I presume, are not necessary to be retained in mind.

I would like to call also attention to the fact that while for years we have been considering the ultimate highest conservation of the resources of the State of California, which is a matter of tremendous determined. This report shows approximate have not all yet been determined. This report shows approximate have not an analysis of the search of the Sacramento River at Collinsville during the months of Annually available. Then, further on it states that the total mean florif the Sacramento River at Collinsville during the months of available data, 16,000,000 acre-feet winter, according to the best available data, 16,000,000 acre-feet as an approximation of the supply available in the mean property of the search of the supply available in the mean property of the search of the supply available in the mean property of the sacramento Valley is accomplished—and that it can be accomplished it think no competent engineers guestion—there will be adverted, and water which for the protection of that valley should be diverted, and water which for the protection of that valley should be diverted, and water which for the protection of that valley should be diverted, and water which for the protection of that valley should be diverted, and which we have the sacramento Valley, where it is needed, when the state should be conservation, and that therefore it is an economic blunder to diverse the sacrament of the sacramento Valley. Where it is needed

ment, although I believe in it profoundly. There is no conviction I have which is deeper than this, that if our friends of San Francisco appreciated the seriousness of the situation they would be the very last people to ask for this water, that a new the light be inaugurated which will condemn utterly the that a new that a new that a new that is land, and I can only, recognizing the intelligence for fact that they have not yet fully appreciated the situation. Mr. Dennett. Of San Francisco.

Mr. Dennett. Of San Francisco.

Mr. Graham. What do you say as to the practicability of your thought; that is, as to whether the irrigable land below Hetch Hetchy could ever afford to make a dam that would conserve all of that water?

Mr. Dennett. I am glad you referred to that. Mr. Chairman, I think I have said all that I care to say on that general question. While I am opposed to the bill utterly and completely in principle, still I believe it is possible for it to be passed in such a form that there will be in it much less measure of damage to this district, and possibly an equal degree of protection to San Francisco. Following the line of thought of Director Smith, who stated in substance that he assumed San Francisco. Following the line of thought of Director Smith, who stated in substance that he assumed San Francisco, the proposed Waterford irrigation district and Stanislaus County by appointment of the board of supervisors. This district representation of Mr. Graham, possibly, gentlemen of the committee are not familiar with the irrigation district law of the States from which these gentlemen core the question of Mr. Graham, possibly, gentlemen of the Carloria, as it has been worked out into successful operation. A number of the States from which these gentlemen core than the same of the states from which these gentlemen core and the state of california, as it has been worked out into successful operation. A number of the States from which these gentlemen core and the state of the state of the state of the state of t

and not unduly expensive, and unquestionably unless this bill passes in such a form as to absolutely deprive this region of water such a district will be formed.

That you may understand the difficulties, you should note that the districts after they are organized, in order to obtain money to complete their system, may issue and sell bonds. I presume most of you gentlemen from the West are sufficiently familiar with the general irrigation question to realize that the sale of irrigation bonds is not easy. The Legislature of California passed a law in order to assist our irrigation bonds, providing for a State commission consisting of the attorney general, the State engineer, and, I believe, now the dean of the department of agriculture, who must pass, first, upon the organization, second, the engineering feasibility, and, third, the security for the bonds. Now, before an irrigation district can place its bonds, they must have some sort of title to the water, and that is why, gentlemen, I am interested here to-day. If this bill passes, no matter how much water may be left to be utilized upon this land, we will not have legal title to one drop of water. That State commission would not think of approving our bonds, under no circumstances could they approve the bonds, no gentleman of this committee who is a lawyer would think of approving the bonds of an irrigation district based upon the conditions which exist here. We want, and I believe it is possible, with due protection to San Francisco, to have such a law as will enable these districts to have some clear right to the use of this water, at least while it is not diverted to San Francisco.

My remarks are rather disconnected, but I wish to say this, that while the taking of this water to San Francisco means the ultimate destruction of 200,000 acres of land, that I believe is more academic than practicable at the present time, because that condition will take place a great many years from now and this condition will take place a great many years from now and this

have no legal right to any water for this land, although it may be going to waste.

The CHAIRMAN, Does it not appear here in the records somewhere that some concession was made to your people in the agreement that was made with the Secretary of the Interior as to the distribution of this water?

Mr. Dennett. That was a gracious concession, something like that in the story of the buzzard and the turkey—a concession on its face, but there was no concession. The Modesto and Turlock irrigation district have perfected, as is recognized in the Garfield grant, a legal right to divert 2,350 second-feet of water.

Now, the city of San Francisco has graciously consented that the districts might do that which the law under proper circumstances would permit them to do, increase their area to 300,000 acres, but increase in the acreage without increase of water is of no value.

There is this further question—and I wish to be perfectly candid with the committee—that you may understand the dilemma in which I am placed—
The CHAIRMAN. Is that what was done here, would you say?
Mr. DENNETT. Yes, sir. And I do not impute any question of good faith. I have the utmost respect for both Mr. Long and Mr. O'Shaughnessy in this matter, and I recognize the untiring ability and energy and their unfalling courtesy in this discussion, and the clause was inserted in perfect good faith, but, as a matter of fact, it don't relieve us from the situation with which we are confronted.

Mr. Taylor of Colorado, Does not the bill increase the water allowance?

Mr. DENNETT. They did not increase the water allowance at all. Mr. TAYLOR of Colorado. Not at all? Mr. DENNETT. Not at all. The CHAIRMAN. Is that amount of water only enough to irrigate

Mr. Dennett. They did not increase the water allowance at all, Mr. Taylor of Colorado, Not at all?

Mr. Dennett. Not at all.

The CHAIRMAN, Is that amount of water only enough to irrigate 250,000 acres?

Mr. Dennett. My opinion is that it is only sufficient.

The CHAIRMAN. What do you say about that, Mr. Long?

Mr. LONG, I can not agree with Mr. Dennett. At the suggestion of the Dill from the limitation to the districts we changed the form of the bill from the limitation to the districts we changed the form of the bill from the limitation to the districts we changed the form of the bill from the limitation to the districts as now constituted—that was the original form of the bill—in permit that watering 300,000 acres. We increased the district from 250,000 to 300,000 acres at the squest of the representatives from the Turlock of the representatives from the Turlock of the representatives from the Turlock of the representative for this area which Mr. Dennett mentions. Then the Turlock provide for this area which Mr. Dennett mentions, or 23,000 acres, to provide for this area which Mr. Dennett adjacent, or 23,000 acres, to make a district which are such that the transparent of the district which are such an asked as the transparent of the district which are such as a sum and asked as the transparent of the such as a sum and asked as the case of argument let us assume he has no rights. Even then, if a concession was made, presumably to take care of his 20,000 and another 30,000 acres, what good does it do, or is it at all a concession, to increase it to 300,000 acres unless you give him the water?

Mr. LONG. Representations were made to us by representatives of the two districts that the water they had would be ample.

Mr. TALOR of Colorado, Are they going to prorate with him?

Mr. PULKERTH. If we have any water over, we will be perfectly willing for him to have it; but, of course, we expect to use that water up to the extent of beneficial use.

The CHAIRMAN Mr. Dennett, just what are your legal rights?

Mr. DENNE

The CHAIRMAN. Filed with your board of supervisors?
Mr. DENNETT. Yes. sir.
The CHAIRMAN. That corresponds to our board of county commissioners?

Sloners?

Mr. Dennett. Yes, sir.
The Chairman. That has not as yet been acted on?
Mr. Dennett. That has not as yet been acted on.
The Chairman. When they do act on that favorably then it is submitted to a vote?
Mr. Dennett. It then is submitted to a vote.
The Chairman. And neither of those things have been done.
Mr. Long. Then you must issue bonds?
Mr. Dennett. No; it may be accomplished by direct assessment if we can raise the money in that way.
The Chairman. It has not come to the point of putting water to beneficial use?
Mr. Dennett. No; but I can state this: A year ago—I do not pro-

The CHAIRMAN. It has not come to the point of putting water to beneficial use?

Mr. Dennett. No; but I can state this: A year ago—I do not profess to be exact—various landowners in the district, in order as far as possible to protect their rights, made a filing for the benefit of the proposed district. What the legal effect of those filings may be I am not prepared to say.

The CHAIRMAN. The committee knows nothing about what are the legal rights. You tell us as a lawyer that the law of California says this. We do not understand the local statute.

Mr. Dennett. As I understand the local statute.

Mr. Dennett. As I understand the law to be, when the filing is made for irrigation, work must be commenced within 60 days, and prosecuted to a completion with due diligence, considering the magnitude of the undertaking. The irrigation law also specifically dedicates and sets apart to irrigation districts the unappropriated waters of the State of California within the district.

The CHAIRMAN. After those preliminary filings were made, did your people or did they not do the things under the statute that would preserve your rights and keep it alive up to the filing of this last act?

Mr. Dennett. We commenced and continued our surveys, and the work of development which has been done is sufficient to keep alive our filings.

The CHAIRMAN. Had that application ever been approved?

work of development water our filings.

The CHAIRMAN, Had that application ever been approved?

Mr. Dennert. The application is not required to be approved. It merely requires it to be filed, and it is a question of fact as to whether or not due and diligent work has been done to keep it alive.

Mr. Taylor of Colorado. We want to know, and most of the committee do not know, or at least a large part of them do not know, anything about those irrigation matters. We have irrigation laws in Colorado, but they want to know whether you are simply an interloper, with a paper proposition or promotion, or whether you come with some genuine and vested rights here that this committee would be doing violence to if we should ignore it.

Mr. Dennert. It was my endeavor to make it as clear as I could. My own conviction as a lawyer is that we have a good and a valid right to 200 second-feet of water. The date of the filing by San Francisco I do not know; whether ours was subsequent to the filing of San Francisco I am not aware.

Mr. Kent. Where are we going to get that 200 second-feet of water? Do not the other filings that are already perfected take up all the water?

right to 200 second-feet of water. The date of the filing by San Francisco I do not know; whether ours was subsequent to the filing of San Francisco I do not know; whether ours was subsequent to the filing of San Francisco I do not have the subsequent to the filing of San Francisco I do not have the water?

Mr. Dennert, If we are prior to San Francisco—and I may say that the question of due diligence applies to San Francisco as well as to these interests of the diligence applies to San Francisco proposes to spend skriy or Seventy million dollars?

Mr. Dennert, The secause San Francisco proposes to spend skriy or seventy million dollars?

Mr. LONG, But this functure would come. Where do you propose to go Mr. Donnert, The situation is this: The Tuolumne River, as has been testified to, is what you might call a torrential stream; during many months in the year the flow is very large. The Modesto and the subsequent of th

to that point,
Mr. KENT. What is your opinion?
Mr. DENNETT, I hardly think so. The city of San Francisco can condemn irrigation waters for domestic purposes on the ground that domes-

tic use is the highest use, but I can hardly conceive the circumstances under which an irrigation district would be permitted to condemn water used for domestic purposes for irrigation purposes.

Mr. Kent. I can not see that at all. I do not follow that. I think if there is a bad distribution, an inequitable distribution of the State's water assets, the one would be as much subject to condemnation as the other.

Mr. Taylor of Colorado There are not the condemnation of the state's water assets, the one would be as much subject to condemnation as

Mr. TAYLOR of Colorado. There can not be any such law as that, Mr.

Mr. TAYLOR of Colorato. The Colorato. Mr. Kent. I am not a lawyer, but I had an idea that such ought to be the law of condemnation.

Mr. DENNETT. That is my understanding and I think it ought to be the law.

Mr. Kent. I am not a lawyer, but I had an idea that such ought to be the law of condemnation.

Mr. Dennett. That is my understanding and I think it ought to be the law.

Now, the situation, if I may come down to the concrete discussion of my own particular troubles with water for irrigation purposes, is this: Under this agreement San Francisco is permitted to divert 400,000,000 gallons daily. She will not be called upon to divert more than 200,000,000 gallons daily for 50 years. There are, then, 200,000,000 gallons daily which will not be used for many years to come, the status of San Francisco being that of the dog in the manger. She does not want to use it and can not use it, and the irrigation districts can not use it because it can not be bonded.

I have drafted an amendment to the pending bill which seems to me might meet the conditions without injuring San Francisco unduly, and is in accordance with the suggestion made by Director Smith, of the Geological Survey. It has been very hurriedly drafted and may be subject to correction, but it embodies substantially the idea I have in mind, and as a representative of the Waterford district I would like to offer it to the committee. It reads as follows:

"Provided, however, That whenever any land adjacent to the Tuolumne River requires it and has no other adequate source from which to obtain water for the beneficial irrigation thereof, the Secretary of the Interior shall require of the grantee that sufficient water be released for the beneficial irrigation of such land upon the prepayment by the owners thereof to the grantee of a proportionate amount of the consideration in determining such water, always, however, taking into consideration in determining such wost the profits to the grantee from the generation of electrical energy. And provided, also, That the word 'owners' as above used shall be held to include irrigation districts, other than the Modesto and Turlock irrigation districts, now or hereafter organized upon the Tuolumne River; and that the Secretar

the time when and the terms and conditions upon which such water shall be released."

Now, gentlemen, God Almighty has placed a limitation upon the use which can be made of the waters of the Tuolumne River. This report of the conservation commission goes into detail as to the lands which are supplied by the various rivers. While of course it would undeubtedly be reflectly feasible to pipe this water to the various irrigation districts, I am inclined to the opinion that it would undeubtedly be rather difficult to stand the expense. We have a maxim down in our country that "water is worth whatever it costs te secure it." I think that is practically true. I am the attorney for a project down there adjoining the Turlock-Modesto district known as the South San Joaquin irrigation district which has bonded itself for \$56 an acre to construct an irrigation district. When the Modesto district was organized the people were afraid of a bond issue of \$10 an acre. That shows the progress of public opinion. I am inclined to think that if those 150,000 acres were organized bonds could unquestionably be issued and sold for an amount large enough to censtract the necessary works.

those 150,600 ncres were organized bonds could unquestionably be issued and sold for an amount large enough to construct the necessary works.

Coming down to the Waterford district, the Waterford district proposes to divert the normal flow of the river and the Turlock district contemplates the construction of a dam above the point of diversion to conserve an amount of water agreed upon by both districts, thereby supplying us with the amount of water we need.

The Chairman. Let me ask you about this amendment. If San Francisco is going to spend fifty or sixty or perhaps seventy or eighty million dollars on this proposition, do you not think that before such an amendment as this is agreed to there eaght to be some sort of proviso in that amendment which would make your rights subject to San Francisco? In other words, we ought not to force San Francisco in ringate your land for you to the exclusion of the necessary beneficial use of that water for the city of San Francisco.

Mr. Dennett. Well, Mr. Chairman, the people I represent are the sons of people who settled upon that land years ago; they have farmed that land for years, until it has become impoverished. Much of it is moist and under irrigation it becomes fertile.

Mr. TALIOR of Colorado. Has that land ever been irrigated before?

Mr. DENNETT. No, sir; and without irrigation it is becoming less valuable. What we want is that some sort of provision be made by the city of San Francisco which will show that we have a substantial water right, sufficient for the authorization of a bond issue, because, as I stated before, I believe that in the future, with the pumping of the subsurface water in the Turlock and Modesto irrigation districts, the water supply will be increased to such an extent that San Francisco can well afford to release the amount of water she is asked for. But practically, as the demands of the district now stand, this land is left without any water at all, and being left without any legal claim to water, it is placed in an unfortunate situation.

go elsewhere.

The CHAIBMAN. Let me understand you now. I want to get your position clearly. San Francisco anticipates, and all these engineers' reports anticipate, that at some time in the future she will need 400,000,000 gallons daily?

Mr. DENNETT. In the very distant future; yes, sir, The CHAIBMAN. I think it is the opinion of all of us that in no immediate future will she need 400,000,000 gallons daily.

Mr. DENNETT. Yes, sir.

The CHAIRMAN. Now, suppose, however, that San Francisco get this 400,000,000 gallons daily from the two sources. Wood over think, after she had made thy to bring this about, that even if she needed the full amount, she ought to be forced to give you a part of it?

Mr. Denyerr. In my capacity as a believer in the principle of conservation of the resources of California, I do:

Br. Denyerr. It would.

The CHAIRMAN. Even though she expended all that money?

Mr. DENNETT. It would.

The CHAIRMAN. Even though she built this reservoir?

The CHAIRMAN. Even though she built this reservoir?

The CHAIRMAN. The people of Stanislaus County and the irrigation districts could step in and take the water away from the people of san Francisco and appropriate it to their own use?

Mr. DENNETT. Wow, Mr. Chiirman, I do not care to urge that. I would be satisfied with the same and the

Mr. O'Shadchnessy (interposing). They offered you the water?
Mr. Dennett (continuing). And I think they made a very good settlement.
Mr. O'Shadchnessy. And they were such good lawyers they did not want to have anything to do with you? [Laughter.]
Mr. Dennett. They were not concerned in my particular project. They did not want to have anything to do with it.
The Chairman. Mr. Dennett, it is 6.10 now. How long will it take you to conclude?
Mr. Dennett. I think I am through, with the exception of one other matter I would like to refer to—the Tracy project.
Mr. Curr. There is a tract of 60,000 acres reaching from near Tracy to the Alameda line, known as the Tracy project. They do not want water, but power. Mr. Dennett is the attorney for that district. I have been requested by telegram to refer the matter to him, and I would like to have him explain the legal rights and equities of the Tracy district. I think the 60,000 acres can be made very productive with the water they can pump from the San Joaquin Valley. The only objection I have to this bill is that they have 120 horsepower in the mountains, and they are not required to develop it, which I think they ought to do. I would like to have Mr. Dennett speak on this matter.

The Chairman. How long will it take to dispose of it?
Mr. Dennett. Fifteen minutes. I have nothing further to state on the original proposition.

The Chairman. We want to close the hearings as soon as we can,

Mr. Dennett. Mr. Chairman, there is one thing I would like to ask. My amendment does not appear to have met with a very gracious reception, and I would like the committee to consider the practical claims, at least, to that 20,000 acres. I would like to submit to the committee in writing some modified statement. I believe what we ask is not unreasonable, but I would like to file a modified statement. The CHAIRMAN. I will put your original amendment in the files of the committee, and if there is anything else you want to file you may do so.

Mr. Raker. Now, suppose the committee receives a telegram from Mr. Sullivan to-night, you do not want to hold this over seven or eight

Mr. Raker. Now, suppose the committee receives a telegram from Mr. Sullivan to-night, you do not want to hold this over seven or eight days, do you?

Mr. Thomson. When would the committee take up the bill, then? What is your idea?

Mr. Raker. Not until the evidence is all in.

The Chairman. If this man comes we must hear him. If he does not—well, we are called together for the 7th, anyhow.

Mr. Raker. Suppose he telegraphs to-night that he will not come that relieves these gentlemen from staying here and they can go home. The Chairman. That is the idea.

Mr. Dennett. Now, in regard to this Tracy matter. The Tracy irrigation district is in process of construction in the San Joaquin Valley near Tracy, and I am the attorney for those people. At first blush it appeared to me that they were not interested in this question, but in the light of the testimony given by Mr. O'Shaughnessy I am inclined to think that they are. His testimony was to the effect that the diversion of the 400,000,000 gallons daily to San Francisco might interfere with the natural flow of the lower Sacramento, and that is time they might have to move their pumping plant farther up.

This is on a river that is tributary to the Tuolumne River, and they propose to pump their water by a series of four lifts, running it to the contour. Of course, the main cost in this connection is the cost of power. Let me say this: The Tuolumne River is the only river in California on which power has not been developed, and San Francisco is obtaining what is probably of more value than water—power. These people have felt that all the public corporations in the immediate vicinity of San Francisco might justly ask for some sort of recognition in this request, which is not unreasonable. I presume that San Francisco should be willing to sell its power at a reasonable cost. When a small water district if formed at San Francisco and an area in the Stanislaus region asks to share in all that tremendous amount of the necessities of the people to whom this is a commodity.

San Francisco.

The CHAIRMAN, Inasmuch as we are hearing the whole matter through, what would be the objection to having you prepare an amendment that you would be willing to stand on and a short statement or brief in support of it, submit it to Mr. Long, and he, after conference with his people, can submit a brief in reply; then the committee can consider them when it comes to take up the bill section by section—on this Tracy proposition and also on the other proposition?

Mr. DENNETT. That will be all right.

Mr. O'SHAUGHNESSY, Mr. Chairman, may I ask Mr. Dennett a question?

Mr. O'SHAUGHNESSY. Mr. Chairman, may I ask Mr. Dennett a question?
The CHAIRMAN. Certainly.
Mr. O'SHAUGHNESSY. Mr. Dennett, do you know that there is a similar pumping proposition at the Patterson ranch?
Mr. DENNETT. Yes, sir.
Mr. O'SHAUGHNESSY. And that they are selling power at three-fourths of a cent per kilowatt-hour?
Mr. DENNETT. Yes, sir.
Mr. O'SHAUGHNESSY. There is an abundance of such power in California?
Mr. DENNETT. Yes, sir.

Mr. O'SHAUGHNESSY. There is an additional of strong of the fornia?

Mr. Dennett. Yes, sir.

Mr. O'Shaughnessy. And that no irrigation district that is intended to be formed is suffering under any hardship for lack of power?

Mr. Dennett. Yes, sir. Mr. Patterson purchased a large amount of power at a very reduced rate—I think it was 32,000, though I am not sure—and he is now selling the power at a very low rate.

Mr. Raker. You are not of the opinion that water power to-day is in the hands of a monopoly?

Mr. Dennett. There is no monopoly there.

Mr. Raker. It is not a fact, then, that the water-power companies of California are an absolute monopoly?

Mr. Dennett. They are competitors at the present time, and power is sold at 1 cent per kilowatt-hour.

Mr. Raker. Any statement that electric power in California is under one great monopoly and absolutely controlled by a monopoly in the State is not a fact?

Mr. Dennett. I do not think it is true,

Mr. Raker. Yes. That is all.

Mr. GRONNA. I will also ask to have printed one or two

Mr. GRONNA. I will also ask to have printed one or two letters and statements made by Mr. Frank Adams, irrigation manager of the Modesto and Turlock irrigation districts, also extracts and clippings from the New York Times, under date of July 12, 1913, and also other papers and documents relating to the subject.

The PRESIDING OFFICER. In the absence of objection, permission to do so is granted.

The matter referred to is as follows:

# HETCH HETCHY VALLEY.

The water users of the Modesto irrigation district and the owners of other lands which are not now receiving any water from the Tuolumne River ask Congress to postpone action on the Raker bill (H. R. 7207) until it has given consideration to the rights of the water users.

No emergency exists that calls for immediate action by Congress. It will take at least five years to bore the tunnels. (See Freeman's report, p. 74.) The San Francisco Chronicle of September 26, 1913, says: "It will be years before we get the water to the city."

The Chronicle of September 3, or thereabouts, says: "Contractors for the exposition company have completed one well from which water is being pumped at the rate of 400 gallons a minute, which is over 500,000 gallons per day. Three more wells are to be sunk, and if they yield as abundantly the aggregate yield will be 2,000,000 gallons

per day, which is one-twentieth of the average demand on the Spring Valley system. The water is claimed to be excellent. An official of the contractors says they will develop water 'which will supply 1,000,000 people during the exposition year.' If it will do that for the exposition year, it will do it for succeeding years, and we can tell both Spring Valley and Congress to go hang until our population exceeds a million."

San Francisco, by agreement with the Spring Valley Co., is now

San Francisco, by agreement with the Spring Valley Co., is now engaged in condemning the local water system owned by the Spring Valley Water Co., and for which they will pay from \$35,000,000 to \$40,000,000, and the water which they will need for many years to come is being provided for by said company at the present time by the construction of the Calaveras Dam.

At present San Francisco has no legal claim to the waters in the Hetch Hetchy Valley. The Modesto irrigation district has a legal right to the waters of the Tuolumne River to the extent of its filing. This filing of 5,000 second-feet was made long prior to any filing made by San Francisco on the river.

The Modesto irrigation district can beneficially use from 1,200 to 1,400 second-feet of water. At present her ditches are developed only to the extent of 716 second-feet, but for several years her main ditch has been under process of enlargement, and a considerable portion of it has already been built with cement construction to carry 1,400 second-feet.

has already been built with cement construction to carry 1,400 second-feet.

Under the allowance provided for in the Raker bill the water users of the Modesto irrigation district will receive but 740 second-feet of water. The 716 second-feet which they now have barely enables them to cover the land once a month, and does not give the best of service. They have 48,000 acres in cultivation (almost entirely in alfalfa) and they have 33,000 acres of unimproved land, which, under the terms of the Raker bill, will be left unprovided for, unless after long and expensive litigation with San Francisco the Modesto irrigation district can beat her in the courts.

If San Francisco is not given the Hetch Hetchy Valley immediately, the Modesto irrigation district can complete its ditches, apply the water to the unimproved land and protect itself as far as the natural flow of the river is concerned. The Modesto irrigation district is absolutely unable to protect itself unless Congress protects it. Before Congress can decide what protection the water users of the Modesto irrigation district and adjoining landowners should have, it must ascertain the facts as to their needs. It should have full and complete evidence before it. There is no such evidence before Congress at the present time as would justify it in acting in this matter to the detriment of hundreds of water users. As a matter of fact, there has been no evidence submitted to Congress showing the water users' side of this question.

The Modesto Irrigation district has no storage facilities except a reservoir built at the edge of the foothills. It cost \$8.50 per acre-foot for 30,000 acre-feet. So far it has not been a success, because of large evaporation and large seepage. It is a large shallow reservoir. Excepting the large reservoirs, storage facilities on the upper Tuolumne are rather poor, and so far the Modesto irrigation district has not been able to obtain good reservoir sites in the high Sierras, as San Francisco has the best ones—Eleanor and Cherry Creek.

The Hetch Hetchy Valley is a deep gorge narrowing down to a point where a dam can be built very cheaply in a granite formation. (See hearing before Committee on Public Lands, H. R. 6281, pp. 133-134.) This dam can be built for \$3,156,000, according to the estimates made by Engineer Wadsworth (report of Army engineers, pp. 130-131). Pages 288 and 300 of Freeman's report give the items of cost on part of this dam and shows the estimated cost too great. Notice the items of \$166,000 for land and \$83,100 for interest on the first portion built, costing \$1,315,500.

Luther Wagoner, consulting engineer for the Modesto irrigation district and the Turlock irrigation district, in their hearing before Secretary Fisher, says the dam can be built for less money than any other dam on the Tuolumne watershed. (For low cost, see Freeman's report, p. 154.)

The irrigation districts and the other land tributary to the Tuolumne River can bear the expense of building it without any hardships whatsoever. It will store 340,000 acre-feet of water. There are 300,000 acres of land to share in the cost, which would be from \$7 to \$12 per acre.

The Modesto irrigation district has a bond issue of less than \$20 per

River can bear the expense of building it without any nardships whatsoever. It will store 340,000 acre-feet of water. There are 300,000
acres of land to share in the cost, which would be from \$7 to \$12 per
acre.

The Modesto irrigation district less than \$15 per acre. The south
San Joaquin Valley irrigation district, adjoining this land, has a bonded
indebtedness of \$56 per acre, which it is amply able to pay, and which
the Modesto irrigation district and other districts would be willing to
pay for a complete water supply. The cost of developing the Hetch
Hetchy is trifling, considering the benefits the land will receive.

Without storage water the Modesto irrigation district and other districts will be without water. About the early part of July the water
quits coming, and after that, for the balance of the season (about onehalf of the season), the land will be dried up and growing no alfalfa if
the Raker bill passes. The only exception to the foregoing is a small
subirrigated area.

If we had the Hetch Hetchy water, in addition to furnishing water
for the 257,000 acres in the Modesto and Turlock irrigation districts
and 45,000 acres of land adjoining, it would furnish us power with
which to pump water on 100,000 acres of land lying directly across the
San Joaquin River from the Turlock and Modesto irrigation districts,
This district can pump water from the San Joaquin River where it joins
the Sacramento River. Its success or failure depends entirely upon how
cheap it obtains power. It is without doubt the finest body of undeveloped land in the State of California.

No proper or sufficient information is before Congress upon which to
settle the question as to exactly how much of the water of the Tuolumne River should be taken out of the valley by San Francisco. They
have filings on Lake Eleanor and Cherry Creek, which will enable them
to store and take away from the valley something like 300,000 acre-feet,
and before Congress permits them to take any more water from the
valley it should investigate t

the tender mercies of the San Francisco politicians on one hand and the power trust on the other. We will get the worst of it on both sides.

OTHER SOURCES OF SUPPLY FOR SAN FRANCISCO.

the tender mercles of the San Francisco politicians on one hand and the power trust on the other. We will get the worst of it on both sides.

OTHER SOURCES OF SUPPLY FOR SAN FRANCISCO.

San Francisco has many other sources of water supply; but having determined to get the Hetch Hetchy, she refuses to look in any other and the supply of the trust of the supply the supply there is a huge supply of the supply there is a huge supply the supply supply the supply su

FRANK ADAMS, Irrigation Manager.

The undersigned represents the water users, copies of whose telegrams to Senator Myers are attached hereto; also the Waterford irrigation district; also the West Side people who are trying to organize and pump from the San Joaquin River. W. C. LEHANE.

Modesto, Cal., September 23, 1913.

HENRY L. MYERS, Chairman Senate Public Lands Committee:

Chairman Senate Public Lands Committee:

We, the undersigned committee, representing the water users of the Modesta irrigation district, 475 of whom have signed a petition to the effect that the lands tributary to the Tuolumne River are able and willing to store the Hetch Hetchy waters, and asking and urging that the Senate postpone action on the Raker bill and appoint a commission to investigate and report on our claims. Said petition was signed by 99 per cent of the water users to whom presented. W. C. Lehane, of this committee, will represent us in person before your committee.

Levi Winklebleck, Acting Chairman.

Modesto, Cal., September 23, 1913.

HENRY L. MYERS, Chairman Senate Public Lands Committee:

The undersigned, representing the water users of the Turlock irrigation district, 100 of whom have this day signed a petition setting forth that lands contiguous to the Tuolumne River are ready and able to store the waters of the Hetch Hetchy, and request that the Senate postpone action on the Raker bill and appoint a committee to investigate and report on our claims. Said petition was signed by 98 per cent of the water users to whom it was presented.

THOMAS CASWELL.

# HETCH HETCHY VALLEY.

In the debate on the Raker bill last Saturday Senator Newlands said, in effect, that in a struggle for water the "thirst of the people" must prevail over the "thirst of the land," even though 200,000 acres of land must remain forever without water.

In California, with its long seasons and high-priced products, the yearly crop on 200,000 acres of land is worth from \$10,000,000 to \$20,000,000 yearly. This is too valuable to be lost forever.

The only reason San Francisco is going to the Tuolumne instead of the McCloud River or other sources is because of cheapness. She does not need to take a drop of water out of the dry San Joaquin Valley in order to have an ample supply of mountain water.

The Army engineer's report, page 19, says:

"McCloud River rises on the south side of Mount Shasta and, uniting with the Pitt River, forms the principal tributary of the upper Sacramento. Its least flow is about 1,200 cubic feet per second, or about 770,000,000 gallons daily, amply sufficient for all possible needs. The water appears to be good and pure. No reservoir would be necessary, as far as quantity is concerned. If desired to hold in reservoirs for sanitary reasons, suitable sites could doubtless be found in Contra Costa County, if not in the McCloud River basin. This source is considered a feasible one, and it will be discussed in greater detail later in this report."

Further on they say:

"The McCloud River is a branch of the Pitt River, which itself is a tributary of the Sacramento. McCloud River rises on the southern and southeastern slopes of Mount Shasta. It flows in part from glaciers and in part from large springs. The water is clear, cold, and palatable." (P. 22.)

"The city of San Francisco presented unfavorable reports on this source, and it is further unfavorably commented on by Mr. John R. Freeman. The reports are not, however, either comprehensive or complete.

Mr. Freeman dwells upon the possibility of infection of the water.

Freeman. The reports are not, however, either comprehensive or complete.

Mr. Freeman dwells upon the possibility of infection of the water. With a large part of the watershed owned in fee by the city and another part within the national forest, proper policing should present no great difficulties, and additional protection will be given by the proposed storage reservoir north of Berkeley (p. 23).

The estimates prepared for the board by Mr. Wadsworth are as follows (p. 25):

For 260,000,000 gallons daily\_\_\_\_\_ For 140,000,000 gallons daily\_\_\_\_\_ \_ \$59, 550, 300 5, 400, 800

Total 64, 951, 100

The board adds 10 per cent to the above estimate as a matter of safety, because the surveys are incomplete. That does not mean, however, that it is necessary. It covers possibilities only.

They also show, on page 24, that on July 12, 1912, the board of engineers in charge of the Sacramento River recommended the taking of 800 second-feet of water out of the Sacramento River for an irrigation project, and on December 18, 1912, the Interior Department formally granted the right.

The above statements dispose of the "navigation" question, which worries San Francisco. It is a bugaboo of her own creation.

The cost of the Hetch Hetchy supply is \$77,367,400 (p. 30). Is it good conservation or good common sense to leave 200,000 acres of land permanently arid when such a fine source of supply as the McCloud River is available to San Francisco? What about the needs of hundreds of small farmers in the irrigation districts who are clamoring to be heard and who will be damaged beyond repair if the Raker bill passes?

W. C. Lehans,

Chairman Water Users' Committee.

Modesto, Cal., September 23, 1913.

HENRY L. MYERS, Chairman Senate Public Lands Committee:

Chairman Senate Public Lands Committee:

We, the undersigned committee, representing the water users of the Modesto irrigation district, 475 of whom have signed a petition to the effect that the lands tributary to the Tuolumne River are able and willing to store the Hetch Hetchy waters and asking and urging that the Senate postpone action on the Raker bill and appoint a commission to investigate and report on our claims. Said petition was signed by 99 per cent of the water users to whom presented. W. C. Le Hane, of this committee, will represent us in person before your committee.

LEVI WINKLEBLECK, Acting Chairman.

# HETCH HETCHY FACTS.

HETCH HETCHY FACTS.

The Turlock-Modesto irrigation districts cover 276,000 acres. This land has had water for 10 years, and is about two-thirds developed. The undeveloped land pays the same yearly tax as the developed land and can share equally in the water.

The Waterford irrigation district, lying between the La Grange Dam and the Modesto district, covers 20,000 acres.

The cost of the Hetch Hetchy Dam is figured by Mr. Wadsworth at \$3,155,000. This includes \$166,000 for the land San Francisco has purchased inside and outside Hetch Hetchy and is a high estimate. Luther Wagoner says it can be built for \$2,000,000.

If you add the cost of roads and any other costs that Congress may attach to the bill the total cost will not exceed \$4,000,000 to \$5,000,000.

ACREAGE.

In round numbers 300,000 acres of organized land can issue bonds and pay \$15 to \$20 per acre for this water and never feel it.

Hundreds of farmers in these districts lose \$20 per acre on their hay crop each year because of lack of storage water. The Tuolumne River usually fails early in July.

W. C. LEHANE, Chairman Committee Water Users.

## [From New York Times, July 12, 1913.] A NATIONAL PARK THREATENED.

Why the city of San Francisco, with plenty of collateral sources of water supply, should present an emergency measure to the special session of Congress whereby it may invade the Yosemite National Park is one of those Dundrearian things that no fellow can find out. The Hetch Hetchy Valley is described by John Muir as a "wonderfully exact counterpart of the great Yosemite." Why should its inspiring cliffs and waterfalls, its groves and flowery, park-like floor, be spoiled by the grabbers of water and power? The public officials of San Francisco are not even the best sort of politicians, as appraisers and appreciators of natural beauties their taste may be called in question. It is the aggregation of its natural scenic features, the Secretary of the Interior declared to the would-be invaders of the park when a decade ago they presented their first petition, that "makes the Yosemite Park a wonderland, which the Congress of the United States sought by law to preserve for all coming time." Their application was rejected. Now they have obtained from the board of Army engineers a report approving their project as an emergency measure which is based on incomplete, erroneous, and false evidence. The engineers

say in their report that they have merely passed on such data as were presented by the officials of San Francisco, since they had neither time nor money to investigate independently the various projects presented. But San Francisco's officials have withheld from these data the report upon the Mokelumne River and watershed submitted April 24, 1912, in which Engineers Bartel and Manson declare that this system is capable of supplying to the city of San Francisco between 280,000,000 and 480,000,000 gailons daily, the larger amount if certain extinguishable rights are disposed of. Even on their insufficient data the Army engineers report that San Francisco's present water supply can be more than doubled by adding to present near-by sources, and more economically than by going to the Sierras.

The suppressed report, showing that the Mokelumne River is a better and cheaper source than the Hetch Hetchy, says that between 600,000,000 and 700,000,000 gallons of water outside the park may be delivered daily into San Francisco and the adjacent bay region, supplying their growing needs for perhaps a century to come. Representative SCOTT FERRIS, chairman of the Public Lands Committee, has been apprised of the existence of this report. A receipt of the copy is worth waiting for. If the water-power grabbers are put off this session, or two, or three, or many more sessions, before gaining an entrance to the Hetch Hetchy Valley, the dwellers of San Francisce will not go thirsty.

# THE HETCH HETCHY STEAM ROLLER.

THE Senate of the United States, designed by "the Fathers" to afford a wise check upon presumably impulsive action by the lower House and called "the most august deliberative body in the world," now has a chance to put a spoke in the wheel of the steam roller by which San Francisco's official lobby has heretofore crushed opposition to the Hetch Hetchy Bill. An inkling of the tactics of the city's officials is given in the San Francisco Chronicle of September 12, which says: editorially:

"While we all desire and expect to get the Tuolumne water, it is

Sin Francisco's official lobby has hereto'rore crushed epposition to the great reterby bill. An inkiling of the tactics of the city's officials is gleat retering the San Francisco Chronicle of September 12, which says:

"While we all desire and expect to get the Tuelumne water, it is not desirable that ache bill shall be rushed through without and free discussion of the rights of the States. The water is a full and free discussion of the rights of the States. The water is a full and free discussion of the rights of the States. The water is shall need for the next few years will have to be got by the development of the Spring Valley property (the present chief supply), and we shall need for the next few years will have to be got by the development of the Spring Valley property (the present chief supply), and we should make a very poor trade to surrender the rights of the State within its own boundaries in order to get glory for our municipal officials just as an election is coming on."

A prominent advocate of the project has confessed privately that there are bad things in the bill, but they were put there to get votes."

Limit House debate gives reason for thinking that the measure is a clume of the confessed privately that there are bad things in the bill, but they were put there to get votes."

The local strength behind the city's rush line the opposition of the project has been presented to the project has providing to \$120,000,000, with endless opportunities of "houset graft." For months the project has been presented to Congress with persistence and specious misrepresentation. Urged first as a measure of humanity, it has been shown to be a sordid scheme to chain electric power. Urged as providing the only available source, it is confronted by the conclusive statement of the Board of Army Engineers that "there are several sources of water supply" and that "the determining factor is one of the forest reserved worders of the world." Its altogether reputable official sponsors are Secretary Lane, who is years

Resolution 2, adopted at the annual meeting of the San Joaquin Valley Water Problem Association, representing the eight counties of the San Joaquin Valley, at Merced, Cal., November 17, 1913.

Joaquin Valley, at Merced, Cal., November 17, 1913.

Whereas the control of floods and the irrigation of arid lands in the San Joaquin and Sacramento Valleys constitute in reality but two phases of one problem; and
Whereas in the San Joaquin Valley there is a deficiency in the water supply and, even with the complete conservation of all the waters of the valley, there will be an insufficient supply of water with which to irrigate efficiently all the irrigable lands in said valley; and Whereas in the Sacramento Valley there is an excess of water and with its proper conservation all of the land in the valley can be irrigated, the navigability of the Sacramento River remain unimpaired and a supply of water be left for diversion to other localities; and

Whereas the city of San Francisco is attempting to divert water from the San Joaquin Valley and take it to San Francisco for municipal purposes; and
Whereas we believe that every unit in the development of water control in the Sacramento and San Joaquin Valleys should be constructed as a part of a comprehensive whole, designed ultimately to accomplish the full development of both valleys and the conservation to the utmost of their resources: Therefore be it

utmost of their resources: Therefore be it

Resolved, That we deprecate this attempt of San Francisco to violate what we believe to be one of the fundamental principles of the conservation of the resources of the interior valleys of California, because it is entirely unnecessary and because great injury will result to water users if water is so diverted from the San Joaquin Valley, and, further, because the Sacramento Valley offers an ample source of water supply for San Francisco's need without injury to anyone.

Resolved further, That we hereby declare it to be the sentiment of this association that no water should be diverted from the San Joaquin Valley for any purpose, but that all its waters should be retained in the valley for the irrigation of the arid lands therein, and that in every attempt at water control the two valleys should be considered as a whole, so that the development of one may be supplemental to the development of the other.

We therefore instruct our secretary to forward a copy of these resolutions to each Member of Congress.

A PRIMER OF FACTS-THE MODESTO AND TURLOCK IRRIGATION DISTRICTS.

First. Organized under the Wright law. 1887; the first in California. Second. Area, 258,000 acres. Now irrigated, about 150,000 acres. Third. Source of water, Tuolumne River, diverted at the La Grange

Second. Area, 258,000 acres. Now Irrigated, about 150,000 acres. Third. Source of water, Tuoiumne River, diverted at the La Grange Dam.

Fourth. Amount of water filed on, 9,500 second-feet. San Francisco generously proposes to allow the districts 2,350 second-feet. Fifth. Total cost of irrigation works and upkeep to date, \$4,500,000. Sixth. Estimated area outside the districts which could be irrigated from the Tuolumne River, about 200,000 acres.

Seventh. Development resulting from Irrigation:
Increase of population in Stanislaus County in the last decade, 135.8 per cent, which is only second to Los Angeles County.

Shipments of agricultural products, \$3,000,000; dairy products, \$3,000,000; butter, 1912, 6,894,225 pounds, leading all the California counties. For the past year the butter product was \$,292,100 pounds, 58 per cent more than was ever produced in any other California County. This development is attributable to irrigation alone.

Flighth. Our present prosperity would be threatened and all further development of the districts and adjoining lands would be prevented by taking the so-called "flood waters" to San Francisco.

Ninth. The proposed measure does not protect the districts because:

(a) It cuts down our water to one-fourth of our legal appropriation, while San Francisco adds 50,000 acres to our area without providing any additional water therefor, and prohibits the development of any lands outside the districts (of which we have some 200,000 acres) contiguous to the Tuolumne River.

(b) It allows the districts to buy stored water only under onerous conditions.

(d) It may establish, if the "restrictions" are removed (as now threatened by San Francisco), another power monopoly in the valley, by which the people would be not served but exploited.

Tenth. The undisputed fact that the Sacramento Valley has six times the water that the San Joaquin Valley has, and equally as good, is sufficient to show that San Francisco should go to the northern valley for her supply.

Eleventh. Finally, we ask that

# "BEWARE OF THE MAN WHO SNEERS AT SENTIMENT."

"The board of Army engineers is of the opinion that there are several sources of water supply that could be obtained and used by the city of San Francisco and adjacent communities to supplement the near-by supplies as the necessity develops. From any one of these sources the water is sufficient in quantity and is, or can be made, suitable in quality. While the engineering difficulties are not insurmountable, the determining factor is one of cost."

THE HETCH HETCHY "GRAB"—THE PRESS OVERWHELMINGLY AGAINST IT—AN INCOMPLETE LIST.

Outside of San Francisco, these newspapers and other organs of public opinion are on record against the plan to destroy the great Hetch Hetchy Valley by flooding it and to deny the public the free access it now has to the northern half of the wonderful Yosemite National Park, it being confessed that the city can get its supply elsewhere "by paying for it?"

now has to the northern nair of the wonderful Yosemite National Fark, it being confessed that the city can get its supply elsewhere "by paying for it":

Boston Christian Science Monitor, Boston Transcript, Boston Post, Boston Record, Springfield Republican, Springfield Union, Providence Journal, Providence Tribune, Hartford Times, Worcester Gazette, New Bedford Mercury, New Bedford Standard, Bangor Commercial, Fail River News, New York Times, New York Tribune, New York World, New York Call, New York Times, New York Tribune, New York World, New York Call, New York Telegraph, New York Evening Post, Brooklyn Standard Union, Albany Journal, Utica Observer, Utica Gazette, Rochester Times, Rochester Union Advertiser, Rochester Chronicle, Poughkeepsie Engle, Poughkeepsie Enterprise, Jersey City Journal, Newark Morning Star, Amsterdam (N. Y.) Record, Philadelphia Ledger, Philadelphia Record, Philadelphia Telegraph, Scranton Times, Cleveland Plain Dealer, Macon (Ga.) Telegraph, Jacksonville (Fla.) Times, Nashville Democrat, Memphis Appeal, Louisville Courier-Journal, Cincinnati Journal and Messenger, Akron Journal, Fort Wayne News, Indianapolis News, Chicago Interocean, Milwaukee Press, Milwaukee Journal, Milwaukee News, Sioux City Tribune, Minneapolis Tribune, Lincoln (Nebr.) Journal, Denver Republican, Denver Rocky Mountain News, Salt Lake Republican, Seattle Times, Seattle Post-Intelligencer, Tacoma Daily News, Portland Oregonian, Oregon Journal, San Francisco Wasp, San Francisco News Letter, Pasadena News, World's Work, The Independent, The Outlook, Out West Magazine (Cal.), The Century, The Flint (Mich.) Journal, and many others.

# ORGANIZATIONS ON RECORD AGAINST IT.

Sierra Club, of San Francisco; Society for the Preservation of National Parks; American Civic Association; American Scenic and Historic Preservation Society; American Alpine Club; Mazamas, of Port-

land, Oreg.; Mountaineers of Seattle; Chicago Geographical Society; New York Zoological Society; and others.

Former United States Senator George F. Edmunds writes from Pasadena of "the despoilment of the Hetch Hetchy Valley in the interest of the commercialism of San Francisco water men, etc., without any at all adequate reason of real public interest and necessity. I do hope that the sober sense of Congress will refuse to authorize the accomplishment of this scheme."

N. B.—Editors are respectfully requested to send the names of other papers opposed to the scheme (with articles) to R. U. Johnson, 327 Lexington Avenue, New York.

BEFORE THE UNITED STATES SENATE—IN RE HETCH HETCHY GRANT—SHOULD THE CITY OF SAN FRANCISCO BE GIVEN THIS GRANT, NOT-WITHSTANDING THE FACT THAT IT HAS AN ADEQUATE SUPPLY? [Excerpts from a report to the honorable the Secretary of the Interior and the Advisory Board of Engineers of the United States Army by the Spring Valley Water Co., San Francisco, Cal., Oct. 31, 1912.] (By F. C. Herrmann, chief engineer Spring Valley Water Co., Oct. 1, 1912.)

THERE WILL BE ENOUGH WATER FOR SAN FRANCISCO UNTIL BEGINNING OF NEXT CENTURY.

The purpose of this report is to present an estimate of the safe dependable amount of water that may be delivered daily to the people of San Francisco by the complete and intelligent development of the present resources of the Spring Valley Water Co., and to determine at what time in the remote future additional water supply must be obtained

time in the remote future auditional water supply must be obtained elsewhere.

These resources extend over large areas adjacent to the region of San Francisco Bay, and although the most important of these will be operated in harmony, each assisting the other to the best advantage, they are divided into the following component parts for the purpose of analysis in this report:

ı	Peninsula system:	Square miles.
ı	Bay slope, nearly complete	35
ı	Coast stream, reserved for future supply	65
ı	Alameda system, partially developed	620
ı	Coyote system, reserved for future supply	115
	Alviso-Ravenswood:	
	Walls nartially daysland	Subtamanaan

Lake Merced, nearly complete Subterranean 

Peninsula system:
Crystal Springs, San Andreas, and Pilarcitos Reservoirs, as at present developed...
Additions from coast streams and West Union 19.5 Creek \_\_\_\_\_ Lake Merced\_\_\_\_

Total \_\_\_\_\_
Alameda system:
Calaveras \_\_\_\_\_
San Antonio \_\_\_\_\_
Sunol gravels \_\_\_\_\_\_
Arroyo Valle and Livermore gravels \_\_\_\_\_\_ 74, 20 60, 14 8, 92 11, 36 55, 38 135, 80 Total \_\_\_\_\_Additional for metropolitan district: 210.00 Coyote system \_\_\_\_\_\_Alviso and Ravenswood\_\_\_\_\_

42,00 Grand total\_.

Total surface storage.

If no rain whatever fell for over 14 years, this storage would be sufficient to care for the present needs of the city during that time.

Extensive underground storage, which is the source of subterranean waters at Pleasanton, Sunoi, Alviso, and Ravenswood, is not included in the above, and in the aggregate furnishes storage in excess of the enormous storage of the surface reservoirs.

MR. MULHOLLAND'S ESTIMATE OF THE WORK OF F. C. HERRMANN. [P. 232b—Same report.]

[By Wm. Mulholland, chief engineer Los Angeles Aqueduct, and J. B. Lippincott, assistant chief engineer of the Los Angeles Aqueduct.]

There has been presented to the Board of Army Engineers, as requested by the Secretary of the Interior, a number of reports dealing with the resources of the Spring Valley Water Co., of which one report by Mr. F. C. Herrmann, chief engineer of the Spring Valley Water Co., fully discusses the available water supply owned and controlled by the company.

THOROUGH STUDIES MADE OF ALAMEDA SYSTEM,

Mr. Herrmann was born and raised at San Jose and received his engineering training at Berkeley, all practically in the district under discussion. His professional work has included official water-supply

investigations for the Federal Government, and responsible charge of extensive hydraulic works. He is surrounded by a corps of engineers, some of whom have spent years of study and observation of the Spring Valley system. To assist this regular engineering organization, he has called in consultation Dr. J. C. Banner, vice president of Stanford University, and Dr. A. C. Lawson, professor of geology of the University of California, both eminent geologists, especially familiar with the bey regions through years of geological study thereof. He also has had in consultation the engineering staff of J. G. White & Co., Mr. George G. Anderson, an eminent engineer of Denver; Capt. A. O. Powell, chief engineer of Seattle; and Gen. Hiram M. Chittenden, retired, of the Corps of Engineers of the United States Army. Gen. Chittenden has specialized for years on the hydrography of arid America. All of these gentlemen, together with ourselves, have gone over the districts under discussion in the reports in detail with Mr. Herrmann, and have conferred with him both in the field and in the office. The deliberations have been extensive, and a mass of data has been compiled by Mr. Herrmann and his assistants, which is presented in their reports. It therefore follows that the conclusions reached by Mr. Herrmann are worthy of respectful consideration, and should be given weight in reaching final judgment.

Mr. Herrman has presented a report which is a clear and concise review of much detailed matter contained in several appendices and many maps and diagrams, which are referred to therein. It is not in the nature of a report produced under high pressure in the short period of two or three months' time by one who is a nonresident and but briefly familiar with Pacific-coast conditions and the ordinary sources of our domestic water supplies, covering one-third of the second largest State in the Union, involving estimates of construction cost running into staggering figures and unprecedented plans, but is rather the finding of men who have

SAN JOAQUIN RIVER.

The San Joaquin River is one of the largest rivers in California. It serves a catchment area of 6,000 square miles, carrying to the San Francisco Bay all the waste waters from that portion of the Sierra Nevada Meuntains lying south of the Calaveras River.

Nevada Mountains lying south of the Calaveras River.

ALWAYS AVAILABLE FOR DISTANT FUTURE.

It lies about 20 miles east of the Livermore Valley, and at such time in the remote future, when the needs of San Francisco shall have become equal to the safe dependable yield of the resources of the Spring Valley Water Co., an almost unlimited supply of water may be readily obtained from this source.

By pumping and conveying only 20 miles, this water may be delivered into the Livermore Valley, whence it may be filtered by the unlimited natural filtration gravels and conveyed to the city of San Francisco.

CONSUMPTION OF WATER.

Consumption of Water.

The average daily consumption of water in San Francisco for the year 1911, as indicated by the records of the Spring Valley Water Co., was 37.7 million gallons daily.

During the last few years the consumption has increased at the average rate of about 1,500,000 gallons daily per annum. For many years the future requirements for San Francisco have been the subject of careful analysis and thought by all investigators of the water supply of this city, and many elaborate compilations and deductions have been made. These results are based upon estimates of increased population and of industrial activity, and at best can be only approximations.

In estimates of the future consumption of water, it has been customary to allow 100 gallons per capita per day, though in his report on "New York's water supply" Mr. Freeman estimated that with proper inspection and meters on all taps, from 42 to 67 gallons per capita per day would be ample. Similarly, in 1904, Mr. Dexter Brackett, chief engineer of the metropolitan water district of Boston, in his report on "Measurement, consumption, and waste of water," said that the quantity actually required for all uses in the Boston district was 55½ gallons per inhabitant per day, and that all use above that amount was waste.

We believe that an allowance of 100 gallons per capita per day is a liberal one. At this rate of consumption the 210 million gallons daily of the Spring Valley Water Co. available for the city under complete development will serve a population of 2,100,000 people.

PLENTY OF WATER FOR METROPOLITAN DISTRICT.

If we take in addition to this amount that additional quantity available for the metropolitan district from Spring Valley Water Co. sources of 42 million gallons daily, making a total of 252 million gallons daily, and apply it at the rate of 100 gallons per capita per day to Mr. Freeman's estimate of the future population of the metropolitan district, as given on page 76 of his report above referred to, we find that water available from the Spring Valley Water Co. resources alone will serve this metropolitan district until the year 1975.

Further, if to the ultimate development of the Spring Valley Water Co. we add that amount of water available from other sources, serving, or available to serve, other communities within this metropolitan district, as indicated by reports for the city of San Francisco, it will make a grand total of about 350 million gallons daily, which, when applied to Mr. J. R. Freeman's population curve at the rate of 100 gallons per capita per day, will supply this metropolitan area until about the year 2000.

year 2000,

[Excerpts from a report by Hermann Schussler, consulting engineer Spring Valley Water Co.]

Spring Valley Water Co.]

THE SAN JOAQUIN RIVER AS A PUTURE ADDITION.

This latter source which I investigated from time to time since 1877 and early came to the conclusion that by using the Alameda system with its unparalleled gravel deposits acting as natural filter systems, and with its compact artesian and reservoir system lying just to the west of the San Joaquin Valley, through which latter from four to six months in spring and summer of each year a vast amount of water passes on its way from the melting snows of the Sierras to the sea, the natural next step of a successful water supply having the present Spring Valley system as a basis would be to make the flood waters of the San Joaquin River tributary to the filter and reservoir systems of the Alameda Creek region, and to the Crystal Springs and San Andreas reservoirs, on the peninsula.

Owing to the subterranean natural filtering system of the company in both Livermore and Sunol Valleys, and owing to the facility with which the waters from the San Joaquin could either be passed through the natural filtering process in Livermore and Sunol Valleys direct, or passed partly through the filtration and artesian process of the Livermore Valley and partly (with or without the waters from Arroyo Valle Reservoir) into the San Antonio Reservoir, and from there to and through the company's natural filtering process in operation in

Sunol Valley, this proposed addition of the San Joaquin during its freshet stage offered to the owners of the Spring Valley Water Co.'s properties on the Alameda system and on the peninsula a most effective, rapid, and economical addition to its work with a supply capacity of almost unlimited extent.

Before proceeding with a description of the proposed method of developing the San Joaquin branch of the system, and also before touching on the proposed preliminary development of the Alameda system and its ultimate development in connection with the San Joaquin River as a feeder, I shall quote from the records of the United States Senate Land Committee, before which, on February 12, 1909, I briefly referred to the San Joaquin River as the nearest additional large source of water supply to be connected with the present and proposed works of the Spring Valley Water Co.

I shall here quote from page 70 et seq. of the official record of this meeting in Washington in 1909:

"Hetch Hetchy reservoir site. Hearing before the Committee on Public Lands, United States Senate, on the joint resolution (S. J. Res. 123) to allow the city and county of San Francisco to exchange lands for reservoir sites in Lake Eleanor and Hetch Hetchy Valley, in Yosemite National Park, and for other purposes.

"Question by Senator Smoot, is the Sacramente River feasible?

"Answer by Mr. Schussler, Yes; but it would be very expensive, You would have to go a long way. But there is one source probably as good as any, except that the quality has been doubted, and that is the San Joaquin River. Now, the San Joaquin River lies right to the east of part of our headwaters on the Alameda Creek system. I discouraged our directors years ago not to make any investment whatsoever in the Sierra Nevada, because it was too expensive, and because we could get all the water for many decades nearer home; but I have even the Sierra Nevada, because it was too expensive, and because we could get all the water for many decades nearer home; but I have const streams on

"Mr. SCHUSSLER. One hundred and fifty million to two hundred million gallons a day.

"Senator Newlands. Would that be less expensive?

"Mr. SCHUSSLER. Very much less: but nobody could handle that comfortably unless they had the big filtration works that we have.

"Senator Newlands. Are those filtration works antoral or artificial?

"Mr. SCHUSSLER. Natural filtration works. We simply ran a tunnel underneath this prehistoric lake bottom, which is filled with gravel, and which tunnel we have lined with concrete, and put in a good many thousand 15-inch galvanized pipes, and through this tunnel we draw now (early in 1909) 14,000,000 gallons a day, which we can increase easily to 80,000,000 or 90,000,000 gallons a day.

"Senator Newlands. And the filter bed would be adequate to all requirements for the future?

"Mr. SCHUSSLER. We can filter 150,000,000 to 200,000,000 gallons daily."

daily."

As will be seen from the above quotations, when on the subject of filtering the San Joaquin water I alluded solely to the proposed enlargement of the filtering capacity of the present Sunel filter beds, in order not to draw undue attention to the proposed extensive additional use of the San Joaquin water in the gravel beds and sinks of the Arroyo Mocho and Arroyo Valle, in Livermore Valley, which sinks are tributary to the company's artesian belt near Pleasanton, in the westerly portion of Livermore Valley, and especially to the landholdings on and over this artesian belt, to which the Spring Valley Water Co., since the above-mentioned meeting of the Senate Land Committee, on February 12, 1909, has added many thousands of acres of artesian and other water-bearing land.

[Excerpts from a report on the water-supply system of the Spring Val-ley Water Co., San Francisco, Cal.]

[Excerpts from a report on the water-supply system of the Spring Valley Water Co., San Francisco, Cal.]

(By H. M. Chittenden, brigadier general, U. S. A., retired, member American Society of Civil Engineers, and A. O. Powell, member American Society of Civil Engineers, and A. O. Powell, member American Society of Civil Engineers, and A. O. Powell, member American Society of Civil Engineers, and A. O. Powell, member American Society of Civil Engineers, and A. O. Powell, member American Society of Civil Engineers, and A. O. Powell, member American Society of Civil Engineers, and A. O. Powell, member American Society of the Start Science and a large part is densely timbered. Considerable tracts still belong to the Government. A vast majority of the citizens of San Francisco undoubtedly have no conception of the extremely rugged character of most of these watersheds nor of their adaptability to the purposes of gatnering water.

In the matter of scenic attraction, let those who are entranced by the beautiful pictures of the future Hetch Hetchy as drawn in Mr. Freeman's report—and they are not overdone—make an excursion through the Spring Valley properties, particularly in the Pilarcitos Valley, and they will find an exquisite beauty of scenery such as very few localities enjoy. The future development of the system is full of magnificent possibilities in this respect—possibilities that would be enjoyed by a thousand to every one who might visit the Sierra.

Because of the general roughness of the country, and particularly of the ground on which the city of San Francisco is located, the cost of delivering water under proper pressure to all portions is necessarily much greater than where the water can be pumped from an inexhaustible near-by source under practically uniform heads for the whole city, as in Chicago and Buffalo. The serious feature of this Sierra proposition is the large addition which it will make to a cost of service already unavoidably high.

The Spring Valley development involves no such increase. It

#### SUMMARY OF CONCLUSIONS.

There is no substantial reason to believe that the consumption of water in San Francisco County will exceed 92,000,000 gallons daily by 1950, or 235,000,000 gallons daily for the five bay counties, apart from

There is no substantial reason to believe that the consumption of water in San Francisco County will exceed \$2,000,000 gallons daily by 1950, or 235,000,000 gallons daily for the five bay counties, apart from the supply from private wells.

The three main divisions of the Spring Valley system—the peninsula, the Alameda, and the coast streams—by careful development into a single unified system, are capable of a dependable supply of over 200,000,000 gallons daily.

By resort to the company's other sources and to the San Joaquin River the supply may be indefinitely increased.

So far as quantity is concerned there is no present necessity for a resort to the Sierra, and will not be for an indefinite period to come. If there were no Sierra, San Francisco could still face the problem of a future water supply with perfect equanimity.

As to quality, the Sierra supply is softer, but hygienically no purer and is less palatable as drinking water than the Spring Valley supply. The extra cost of the Hetch Hetchy system will virtually be the price paid for a gain in the quality of softness.

Whatever source is ultimately adopted, the great reservoir group proposed by the Spring Valley Water Co. should be made the mainstay of the system as a certain insurance against disaster.

The question discussed in the foregoing report is not that of the sufficiency or desirability of the Hetch Hetchy supply in itself, but that of the present necessity of such an outside vicinity. The result of the investigation has been to show that such a necessity does not now, and possibly may never, exist; that the supply would be in the nature of a luxury rather than a necessity, and a very costiy luxury at that.

If this finding is correct it involves a question of public policy of fundamental importance. The backbone of California's greatness is the agricultural development of her great central basin—a development impossible without water. Its claim upon the mountain supply is a preeminent one. Metropolitan needs are perhaps supreme, and if San

[Excerpt from the report of the president of the Spring Valley Water Co., San Francisco, Cal., for the year ending Dec. 31, 1908.]

Since October, 1865, Mr. Hermann Schussler has devoted his able brain and his untiring energy to the creation of a water supply for San Francisco. Over 40 years he has spent in economically securing the best reservoir sites, the best sources of supply, riparian rights, watersheds, rights of way, and everything that could suggest itself to a most able engineer. It does not require an expert on value to realize that property thus acquired must have enormously increased in value. The actual expenditures for holdings and plant during the past 40 years amount to over \$28,000,000. Jannary 30, 1903. City Engineer Grunsky estimated its value at \$28,024,389; since then capital expenditures amounting to \$2,589,167 have been made. Large elements of value were eliminated by Mr. Grunsky, and since his original estimate of value was made in 1901, there has been a very great increase in basic and other values. The value of the property is estimated at from \$48,000,000 to \$52,000,000.

The policy of the management that prevailed some years ago of keeping the resources of the company from public knowledge is in some degree responsible for existing conditions. That policy exists no longer. Representatives of civic associations, representatives of the public, and all those who desire will be afforded opportunity to learn for themselves all matters pertaining to the water supply of San Francisco. When knowledge takes the place of prejudice and misrepresentation, we have full confidence that the existing water supply of San Francisco will become a source of pride to the community, which will then pay the tribute to Mr. Schussler that his work deserves.

The plant is now developed to supply San Francisco with 35,000,000.

deserves.

The plant is now developed to supply San Francisco with 35,000,000 gallons per day, and this delivery can be quickly increased to more than 40,000,000 gallons per day. The water division can now supply more than 50,000,000 gallons per day, and the resources now owned by the company can supply a demand of a daily delivery of more than 125,000,000 gallons. On March 1 of this year a supply of water sufficient to last the city for four years was available without another drop of rain during that period.

AVAILABLE SOURCES OF WATER SUPPLY FOR SAN FRANCISCO AND THE BAY CITIES OTHER THAN THE TUOLUMNE RIVER AND THE HETCH BAY CITIES OTH HETCHY VALLEY.

HETCHY VALLEY.

A statement of facts, supported by official records published by the United States Government, the State of California, and engineers of prominence, against the granting of a permit to the city of San Francisco to carry away the flood waters of the Tuolumne River and the use of the Hetch Hetchy Valley.

It is the purpose of the Water Users' Association of the Modesto and Turlock Irrigation Districts to show in this paper that there are sources of water supply for the city of San Francisco and the bay cities other than the Tuolumne River and the proposed storage in the Hetch Hetchy Valley; that one at least of these sources, namely, the McCloud River, offers all of the advantages which it is claimed are possible by the Hetch Hetchy supply, not excepting the cost of development; that there can be no valid objection from any source to the use of this alternative supply; that the lands adjacent to the Tuolumne River, which must receive water from that river and from no other source to enable the development of the highest economic duty of the land in accordance with the theory of true conservation held by the United States Government, can be so developed, rather than being condemned to hopeless aridity by the proposed depletion of the water supply by the city of San Francisco.

It is, in other words, vital to the natural resources which depends

It is, in other words, vital to the natural resources which depend upon the Tuolumne River for their irrigation water that the Raker bill, now before the Senate of the United States for passage, granting to the city of San Francisco the right to store the flood waters in the Hetch Hetchy Valley and maintaining a draft of 400,000,000 gallons daily, be defeated. No adequate investigation has been made by the Govern-

ment of these lands, and it would be the desire of this association that such investigation be systematically and thoroughly made before definite action be taken in the Senate, in order to ascertain the total economic waste which must result by permitting the city of San Francisco to obtain its water supply from the Hetch Hetchy Valley.

The Newlands bill calls for an annual appropriation for 10 years of \$5,000,000 for the purpose of lessening the flood damage to lands, which, if protected from flood, would become highly productive. In other words, it is for the purpose of reclaiming land and adding to the available arable land, developing natural resources.

While the Government is, on the one hand, conserving and adding to land for cultivation, increasing the productive wealth and presperity of the country by reclaiming desert lands at immense cost, a bill is proposed, and has already passed the House of Representatives, which shall deprive hundreds of thousands of acres of high-grade but semi-arid land of the water which would come to it by virtue of its situation, thereby maintaining its condition of uselessness by giving the water away.

A large part of these lands, which can not be watered if the water is

water away.

A large part of these lands, which can not be watered if the water is given to San Francisco, are suitable for high-grade orange culture. (Report of Symes, Means & Chandler, agricultural engineers, San Francisco, Cal.) The importance of this industry may be appreciated when it is known that 40 per cent of all of the oranges raised for commercial consumption in the world are grown in California. The entire acreage in oranges in California is about 200,000 acres. Here, then, it is proposed in the Raker bill to discard orange-growing land in area almost equal to the entire cultivated acreage in California.

#### HIGHEST USE OF WATER,

Whether the city of San Francisco shall have better right than the lands which must in the future use this water or go without is beside the question. The terms of the Raker bill admit that the present irrigation districts have a prior claim to that of any city. This should apply equally well to all lands depending upon the Tuolumne, when it is an unquestionably proven fact that the McCloud River, a tributary to the Pit and eventually the Sacramento River, offers an abundant supply without the necessity of storage, a quality equal or better than that from the upper reaches of the Tuolumne, at a less cost for installation and maintenance, and with no possibility of robbing any section of the Sacramento Valley of water which may now or at any time be needed for irrigation.

The real objection of giving away the flood water of the Tuolumne and the Hetch Hetchy storage to San Francisco is the broad principle of true conservation.

and the Hetch Hetchy storage to San Francisco is the broad principle of true conservation.

A comparative description of the various water sources is given in an independent review of the San Francisco water situation by Rudolph W. Van Norden, a consulting engineer of San Francisco, who is thoroughly familiar with water-supply conditions in California. This article was published in the Journal of Electricity, Power, and Gas, December 28, 1912. In it are described the various plans for the Hetch Hetchy development as outlined by Grunsky, Manson, and Freeman, together with description and costs of the various alternative sources which have been proposed. An except from this article, which follows, states clearly the availability of the McCloud River, with costs of development arrived at by the writer himself:

# THE M'CLOUD RIVER SOURCE.

response to the writer himself:

THE M'CLOUD RIVER SOURCE.

The McCloud has its source largely in the snowy slopes on the eastern and southeastern side of Mount Shasta. The watershed covers an area of about 675 square miles and is included in the Shasta National Forest Reserve. About 70 per cent of this area is patented land, and much of the territory is heavily timbered.

The nature of the ground surface is porous, due to volcanic formations, and the run-off passes into the ground, only to emerge in many beautiful springs to form by their cascades the McCloud River. The purity and quality of this water are described by Mr. Freeman in his notes in appendix 13 of his report. Probably in no source in California could the water be purer or less liable to contamination.

In the presentation of this project (by the San Francisco engineers) another "straw man"—this time wet straw—seems to have been set up. But the weakness of the presentation seems to have drawn the attention of the honorable Secretary to its coyly hidden possibilities. The objections which have been offered were the great distance, the possibility of contamination from lumber camps, the greater cost, the taking of water necessary for irrigation, and the lack of power-development possibility on the line of conduit.

The proponents of this project made a survey during 1911 from the point of diversion to Suisun, or practically the point where the conduit would follow the Hazen plan of filtration of Sacramento River water to San Francisco. This survey contemplated a pressure pipe line and gravity conduit down the Sacramento Valley and the development of enough power on the line of aqueduct to pump the water into Oakland and San Francisco. This survey was probably as accurate and thorough as any survey made by the city. When the Freeman plan for bringing Hetch Hetchy water was developed, doing away with the need of pumping, a similar plan was conceived by the McCloud proponents, and it was discovered that by constructing a high-line canal water could be

new plan from Hetch Hetchy, which does not follow the original surveys.

This line, after crossing the Pit River, passes through a tunnel and crosses the Sacramento River above Redding. It then follows the contour of the west slope of the Sacramento Valley, mostly in gravity concrete lined and covered conduit, to a point west of Williams. From here a tunnel carries it to the Capay Valley, and after following this valley for several miles another tunnel takes the conduit to the Berryessa Valley, thence by another tunnel to the eastern slope of the Napa Valley, thence to Carquinez Straits. Crossing the straits in a pressure tunnel, the hydraulic grade is again assumed, and the conduit terminates in the proposed Pinole and San Pablo reservoirs. From these a pressure tunnel and pipes carry the water to Oakland and San Francisco. The low cost of this project in comparison with all of the others, including the Hetch Hetchy, is due to the large amount of gravity-flow canal and the relatively smaller amount of tunnel and pressure pipe.

The length of this aqueduct from the diversion to San Francisco, including the supply for the east bay cities, is about 216 miles, or 16 miles longer than the Hetch Hetchy aqueduct for the same purpose. In

casual reference to this project people have figured the railroad distance from San Francisco to Pit, which figures to 280 miles, which has probably given rise to the idea of great distance. The proponents of the project either own or have options on 98 per cent of the patented lands, which include the lumber camps. The acquisition of this area by the city gives immediate control to habitation and sanitation. The remaining 2 per cent consists of a game preserve and the summer homes of a few persons, two of whom at least are most respected citizens of the metropolitan water district.

The cost of this project, including all rights and lands, has been estimated by the writer on the unit cost basis adopted in the Freeman report, and is, for a full development of 400,000,000 gallons delivered to San Francisco and east bay cittes, \$54,624,550, which is \$20,000,000 less than the summary of costs given in the Freeman report for the Hetch Hetchy system fully developed. A preliminary development for one-half of the water delivery, or 200,000,000 gallons, would cost about \$45,000,000, or very nearly the figure recently given out by Mr. Freeman sor a like amount from Hetch Hetchy.

This project has the disadvantage of a bay crossing, but a service line down the east side could readily be made to connect with the Spring Valley's lines. This would, of course, apply to all of the more northerly group of projects.

The United States Reclamation Service has calculated that the entire available supply from rivers emptying into the San Joaquin Valley would be sufficient to cover all of the irrigable land of that valley about 20 inches in depth, while the same calculation concerning the Sacramento Valley would cover the irrigable land of that valley would probably decrease the volume of the Sacramento River. Those of the west side will partially irrigate the irrigable lands of the west side. The use of 400,000,000 gallons by the city would probably decrease the volume of the Sacramento River at the head of Irrigation not more tha

#### SACRAMENTO RIVER FILTRATION PROJECT

This project, which has been ably reported by Mr. Allan Hazen and forms Appendix 12 in the Freeman report, contemplates pumping from the Sacramento River near Rio Vista with an auxiliary pumping station at Antioch, carrying the conduit through the Contra Costa Hills, through Oakland, thence across the bay to San Francisco. An alternative line passes southward and around the head of the bay to avoid the crossing. The project includes a very complete modern filtering relant.

tive line passes southward and around the head of the bay to avoid the crossing. The project includes a very complete modern filtering plant.

The necessity of going so far for the water is to insure the procuring of fresh water, the fresh-water zone having a variation of about 35 miles. This conduit from the pumps to San Francisco would have a length of 51 miles. It is proposed to develop at first with a nominal capacity of 75,000,000 gallons daily. The cost of this installation is summed up for 75,000,000 gallons, \$24,000,000; for 120,000,000 gallons \$42,000,000; and for 180,000,000 gallons, \$60,000,000. These figures are not made on the basis of the Hetch Hetchy figures and may be higher in comparison. From them is, however, seen that for the full supply necessary any of the gravity systems would be cheaper. Further than this it is doubtful, as a whole, if the people would ever accept a filtered supply if a mountain source could be had. It is interesting to note in this connection that many experts favor this plan and claim that the water will be most satisfactory. In the recent hearing Dr. Rupert Blue, than whom no higher sanitary authority probably lives, is reported to have made the statement that he would rather have Sacramento River water filtered than Hetch Hetchy unfiltered. By adopting the alternative plan of a lower gravity line, skirting the western edge of the Sacramento Valley, and pumping water into San Francisco by power generated along the line of canal, the costs given in the above article, on the McCloud supply, would be very materially lowered, due to the elimination of many tunnels necessary in the high line.

There have been many misleading and elusive statements on these.

San Francisco by power generated along the line of canal, the costs given in the above article, on the McCloud supply, would be very materially lowered, due to the elimination of many tunnels necessary in the high line.

There have been many misleading and elusive statements on these costs by the San Francisco-Hetch Hetchy interests, for the purpose of making the Hetch Hetchy costs appear smaller than they really are, to those who are not familiar with the subject. To illustrate just where those most active in the San Francisco fight stand on this cost matter the city engineer of San Francisco, Mr. M. O'Shaughnessy, recently made this statement, that he had raised the figure of \$38, recently made this statement, that he had raised the figure of \$38, recently made this statement, that he had raised the figure of \$38, recently made this statement, that he had raised the figure of \$38, recently made this return in his report of 1912 for the initial delivery of 50,000,000 gallons daily into San Francisco, to \$65,000,000 gallons daily, he had raised from \$77,000,000 to \$103,000,000. Mr. Marsden Manson, former city engineer for San Francisco, stated, in an address before the Commonwealth Club of that city, that under the terms of the Raker bill "the city of San Francisco could not obtain a continuous flow of 400,000,000 gallons daily, and in any event the project could not be carried out as cheaply as other sources.

The Army Board's estimates of cost were made by Mr. H. H. Wadsworth, assistant engineer in the San Francisco office of the United States Army Engineers, rivers and harbors branch. Mr. Wadsworth's estimate of the McCloud Aqueduct, which was 25 per cent lower than Mr. Freeman's estimates for the development of the Hetch Hetchy, was arbitrarily raised 10 per cent by the Army Board of Engineers without giving any reason for so doing and without any similar raise in his Hetch Hetchy estimates.

At the recent convention of the counties development board, beld on November 7, 1913. at Hanford, a paper was submit

THE MERITS OF THE M'CLOUD RIVER AS A SOURCE OF SUPPLY FOR SAN FRANCISCO AND THE BAY CITIES.

At the hearing before the congressional committee on the Raker bill, now before Congress, to grant the city of San Francisco the right to use the Hetch Hetchy Valley as a reservoir site, according to press reports, statements were made by the representatives of the city that the Army board's report shows the cost of construction of the Hetch Hetchy project to be \$20,000,000 less than the McCloud River or other sources. This is not correct and is not borne out by the report. On pages 22, 23, 24, 25, and 26 of the Army board's report they say:

## M'CLOUD RIVER.

"The McCloud River is a branch of the Pit River, which itself is a tributary of the Sacramento. McCloud River rises on the southern and southeastern slopes of Mount Shasta. It flows in part from glacters and in part from large springs. The water is clear, cold, and palatable. The inhabitants of the valley drink it at any point and consider it of first-class quality. At some times of the year, said to be for only short intervals, it assumes a milky appearance. This seems to be due to a small tributary, Mud Creek, which at times carries considerable lava sand. On the day of the inspection by a member of the board Mud Creek was carrying a large amount of this sand and the river was quite milky in appearance. It is not thought that this affects the hygienic qualities. It seems probable that by damming Mud Creek and forcing the water to percolate through the soil this sand could be held back, or the water could be confined in a reservoir and allowed to settle. The minimum discharge of the McCloud River being about 1,200 cubic feet per second, or 770 million gallons daily, the flow is ample without storage.

"The rights to the flow of the McCloud River are claimed by the Mount Shasta Aqueduct Corporation, represented by Mr. D. P. Doak, Mr. Doak has offered to build the aqueduct or to sell the rights claimed by the corporation he represents to the city, though the offer is indefinite, being based on the estimated saving in cost over the Tuolumne project. The latest offer of the corporation proposes only selling its rights. The corporation further proposes to deed to the city so much of the land it owns within the watershed above the dam as might be the source of future contamination. This is understood to be the cut-over forest lands, which can be secured at a relatively small cost. The owners of the large individual holdings (summer residences and clubs) would doubtless readily subscribe to any regulations which might be adopted to prevent contamination of the water supply. A considerable portion of the watershed lie

"The city of San Francisco presented unfavorable reports on this source, and it is further unfavorably commented on by Mr. John R. Freeman. The reports are not, however, either comprehensive or complete.

"Mr. Freeman dwells upon the possibility of infection of the water. With a large part of the watershed owned in fee by the city and another part within the national forest proper policing should present no great difficulties, and additional protection. While be given by the proposed storage reservoir north of Berkeley. These would be no power development under the plan submitted, though possibly some could be obtained investigated.

"The withdrawal of so much water from Sacramento River might at at times affect navigation and irrigation, as the total low-water discharge at the city of Sacramento is only about 6,000 cubic feet per second. Navigation could be provided for notwithstanding the withdrawal of the water, but at considerable expense. While it is thought that in time most of the waters of the valley of California will be needed for irrigation, the Sacramento Valley is better provided with water than is the San Joaquin Valley, and has a somewhat higher rainfall. As far as known there are no irrigation rights which would seriously interfere with the use of the water by the city for domestic purposes.

"Furthermore, it is stated by the Mount Shasta Aqueduct Corporation that storage-reservoir sites can be found on the lower McCloud River by the use of which the low-water flow can be augmented, though the corporation has made no definite surveys. The city of San Francisco, since the hearing of November 25, has made further examination of the McCloud River and a reconnoissance survey of reservoir sites, and reports a possible site on the McCloud River with an available capacity of 53,100 million gallons.

"It was claimed by the city at the hearing before the Secretary of the Interior that an act of Congress approved May 9, 1906 (see Stat. L., 185), giving the Central Canal & Irrigation Co. it which company t

ditions attached to this grant or privilege, primarily designed to protect and conserve the interests of navigation.
"The estimates prepared for the board by Mr. Wadsworth are as

For 260,000,000 gallons daily\_\_\_\_\_\_ For 140,000,000 gallons daily\_\_\_\_\_

64, 951, 100 52, 500, 000 400,000,000 By discounting to 1914 the total is\_\_\_\_

"If the Dumbarton Crossing is used the costs are estimated at:

For 260,000,000 gallons daily... For 400,000,000 gallons daily, a total of...... By discounting to 1914 the total is..... \$65, 520, 700 76, 891, 900 58, 100, 000

For 400,000,000 gallons daily, a total of 76,891,900,000

"The difference between the estimates of Mr. Wadsworth and those submitted by the city lies almost entirely in the construction of storage dams on the McCloud River, which have not been considered by the board, and in assumed length of conduit. As previously stated, a storage dam on the McCloud River or adjacent streams is not necessary, either for the purpose of supplying sufficient water for the city or of purifying by storage. The flow in low water is sufficient, and purification if needed can take place in the reservoirs provided for in Contra Costa County. The only object of the reservoirs provided for in Contra Costa County. The only object of the reservoirs on the McCloud River would be to furnish water during low stages of the Sacramento for irrigation and other rights. As to length of conduit, the surveys are not sufficiently complete for accurate measurements. It is a question of how straight the line may be, or how necessary it will be to follow in and out on contours crossing the many streams and valleys. It is thought that the estimate of Mr. Wadsworth may be too small in that particular, and an increase of 10 per cent is adopted. This would make the total cost about \$71,000,000 for the bay crossing and \$84,000,000 for the crossing at Dumbarton Point.

"The city claims to foresee two great risks in the McCloud proposition, namely, the crossing at Carquinez Straits and at San Francisco Bay directly to San Francisco. While it is admitted that these crossings are difficult and that this project is in that respect inferior to those projects taking water from the tributaries of the San Joaquin and the Mokelumne, the crossings are not considered as impracticable. The crossing of the bay can be obviated, as above stated, by carrying the aqueduct across at Dumbarton Point, though with considerably increased cost.

"The first and main conclusion reached by the advisory board of Army engineers is as follows:

the Mokelumin, the crossings are not considered as impracticable. The crossing of the bay can be obviated, as above stated, by carrying the aqueduct across at Dumbarton Point, though with considerably increased cost.

"The first and main conclusion reached by the advisory board of Army engineers is as follows:

"The board is of the opinion that there are several sources of water supply that could be obtained and used by the city of San Francisco and adjacent communities to supplement the near-by supplies as the necessity develops. From any one of these sources the water is sufficient in quantity and is, or can be made, suitable in quality, while the engineering difficulties are not insurmountable. The determining factor is principally one of cost." cost of the Hetch Hetchy project, rully developed for a supply of 400,000,000 gallons per day, as set forth in their report, is \$77,367,400. Their estimate of the cost of the McCloud project, fully developed for a supply of 400,000,000 gallons per day, with bay crossing, is \$71,446,200, showing a saving in favor of the McCloud in actual cost of construction of \$5,921,200.

The figures of Mr. H. H. Wadsworth, assistant engineer of the board, show a saving of \$12,416,300, and those of Mr. R. W. Van Norden, a prominent and well-known engineer of San Francisco, who made an independent estimate of cost, finds a saving of \$22,743,000.

It should be understood that the plans submitted by the proponents of the McCloud project call for the construction of a reenforced concrete aqueduct of the highest type and class of permanent construction, developed at the beginning to its full capacity of 400,000,000 gallons per day, with a view of utilizing the surplus water for irrigation until the same is needed for domestic purposes, whereas the plans submitted by the city for the Hetch Hetchy project call for an entirely different class of construction, a large part of which is steel pressure pipe which will deteriorate and will have to be replaced at the end of 20 or 25 years. The St

maintenance.

If there was any merit in constructing the project in units, the plans for the McCloud project could be redesigned for the same class of construction proposed for the Hetch Hetchy project, which would admit of the proper comparison of the amount of money necessary to finance each project; but when the exceptional advantages which the McCloud project offers for the class of permanent construction as proposed (not possible under the Hetch Hetchy project) are considered, and the saving in operation and maintenance by such class of permanent construction, such a change in plans could not be considered.

Secretary Fisher, in passing on the application of the city of San Francisco, says, on page 6 of his review of the case:

"The plans and data submitted at the hearing before the Secretary of the Interior thoroughly demonstrate that the McCloud River is just as practicable and more economical a source of supply for the city of San Francisco than the Hetch Hetchy source, and can be utilized without interfering with any existing rights."

The report of the advisory board of Army engineers shows that the minimum flow of the McCloud River is over 1,200 second-feet, or equal to about 800,000,000 gallons daily.

That the quality of the water is good and pure and that it can be easily and economically maintained in its present good condition.

That it is not needed for irrigation, and that reservoirs are available which could be used, if necessary to overcome any interference with navigation.

easily and economically maintained in its present good condition.

That it is not needed for irrigation, and that reservoirs are available which could be used, if necessary to overcome any interference with navigation.

In fact, the report of the board of Army engineers absolutely sustains every claim made by the proponents of the McCloud River project.

A further exhaustive delineation of the injustice and failacy of giving the Tuolumne storage waters to San Francisco, in the face of the possibility of using the McCloud, is given by Mr. Clement H. Miller in an address before the San Francisco Center of the California Civic League, Excepts are taken from this address as follows:

"It is vitally important to the bay cities that this question be definitely settled in so far as the use of this vailey for their benefit is concerned and their public officials given a positive problem to settle instead of wasting time, instigated by misguided officials, on a foriorn hope, that the attorneys for the city admit would only invite years of litigation in case the grant to the city should be confirmed.

"Mr. M. O'Shaughnessy, city engineer of San Francisco, stated to his friends just about one year ago when appointed to the position of city engineer, that the Hetch Hetchy project was a hideous blunder, but that the city had gone so far that they could not back out and would have to go through, regardless of cost.

"The attitude of the city officials, for some unexplained reason, is one ottaily disregarding the possible benefit or detriment to any other locality in obtaining a water supply for their own use.

"In addition to this concession there are landowners to many thousand acres of land having riparian rights on the river below the limit of these two districts, whose, rights are in no wise protected or provided for except as they defend their rights by proceedings in the courts of the State.

"The data from which the assumed estimate of available water supply was calculated were records of stream gauging for a 17-year

"The Army board states that the supply 'if economically used will be ample for 473,000 acres of land, and the reasonable needs of the bay cities."

"That this statement is a positive error has been proven by the past two years' records.

"They have not even considered in their report the cost of maintenance, operating expenses, depreciation, or the capitalized value of possible losses of crops on lands deprived of water.

"Evidence was presented in the hearing before the Public Lands Committee of the House by Mr. Dennett, of Modesto, that food products to the value of \$100 per acre would be annually produced on the 200,000 acres of land that is admitted by Mr. PITTMAN, Mr. NEWLANDS, and Mr. PERKINS would be deprived of water. This represents an annual loss of \$20,000,000 in crop values or every year a loss equal to what is erroneously stated would be San Francisco's loss to get her water supply from other sources.

"The real issue to be considered in this matter is not whether 750,000 people or 200,000 acres of land shall be deprived of water, but whether 200,000 acres of land—that can not be farmed without water—should be deprived of water when an abundant supply can be obtained for the bay cities without it depriving one human being, one acre of land, or one river steamer of water necessary for their purposes.

"From the report of California's conservation commission for 1912 the following facts appear:

"Of the agricultural areas (San Joaquin Valley) which must remain without a water supply, roughly 1,400,000 acres can be considered as being west-side and south-side lands and the remaining 1,750,000 acres of San Joaquin Valley for which no possible water supply is at the present time known, even if complete storage of normal run-off were possible. (Page 229.)

"Tuolumne River is slightly larger than the San Joaquin. It is the only stream in the valley whose discharge is capable of irrigating its adjacent valley and plains land when fully utilized. (Page 227.)

"The mean annual run-off can supply the 473,000

EFFECT UPON NAVIGATION IN SACRAMENTO BIVER

It has been noisily proclaimed through inspired editorials in illadvised newspapers that the proposed draft from the McCloud River will lower the Sacramento at stages of low water to a degree which will interfere with navigation.

In the fifth annual report of the United States Reclamation Service (p. 94) a summary of the capacity of the available storage sites in the Sacramento watershed gives a total of 7,000,000 acre-feet, with a minimum available run-off which could be caught in these sites, but which is now wasted, of about one-half the storage capacity named. The Big Valley and Iron Canyon reservoir sites, at the head of the Sacramento Valley, are alone capable of storing 1,226,900 acre-feet, or five times the amount necessary to maintain the navigability of the Sacramento River under present conditions.

Storage on the McCloud is possible (report of Army board of engineers) to maintain the full flow to be diverted without Sacramento River storage and without altering present navigation conditions. Navigation can be easily and doubly protected and still supply San Francisco and the bay cities and all the possible irrigation requirement of the entire Sacramento Valley for all time and allow enough water to go to waste to irrigate 4,000,000 acres of land.

THE SPRING VALLEY WATER CO.

THE SPRING VALLEY WATER CO.

The Spring Valley Water Co., which has supplied San Francisco with water for the past 55 years, has carried on an extensive campaign to show and prove that it possesses resources which it can develop and add to its system to give an ample water supply to take care of the needs of San Francisco until the end of this century.

Full reports on the resources and possibilities of this system are on file with the Secretary of the Interior.

IRRIGATION REQUIREMENT IN THE MODESTO AND TURLOCK DISTRICTS.

IRRIGATION REQUIREMENT IN THE MODESTO AND TURLOCK DISTRICTS.
Statements of the economic requirement of water for the Modesto and Turlock districts and contiguous lands dependent upon the Tuolumne River for irrigation are often misleading and ambiguous. For instance, the amount of alfalfa which can be produced increases up to a certain limit by increasing the quantity of water applied to the land. (Bulletin No. 10, Department of Agriculture.) An extra foot of water, at a cost of \$4, may mean an additional ton of alfalfa per acre, almost a clear profit, as the equipment cost increases very slightly. Or, on the other hand, it would not pay to cultivate land for diversified farming at a cost of \$5 per acre in order to save 6 inches, or one-half acre-foot of water.

water.

Heroic measures would be required to cut down the supply of water far beyond the best economic results in lands subservient to the Tuolumne River, as advised in the report of the board of Army engineers, to 3½ and finally to 3 acre-feet per acre per year. This is readily shown in an article, from which excepts are here given, published in Engineering News, September 11, 1913, entitled "A study of irrigation heads in the Modesto and Turlock irrigation districts, California."

HEADS, CHECK SYSTEMS, AND OTHER PRACTICES IN THE MODESTO IRRIGATION DISTRICT.

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HEADS, CHECK SYSTEMS, AND OTHER PRACTICES IN THE MODESTO IRRIGATION INCOMES. TO SERVICE.

"The size of 'head' (volume of water in cubic feet per second delivered to each individual irrigator) and the length of time the head is to be used per acre of lard largator) and the length of time the head is to be used per acre of lard largator. The largator is the largator of the irrigation works. To secure definite information, the second of crual practice, Edwin Duryea, ir., of Duryea, Haehl & Gilman, civil and mining engineer, Humboldt Bank Building, San Francisco, Cal., sent an assistant engineer to make a study of actual practice in the Modesto and Turlock irrigation districts. This study was made near the close of the irrigation season of 1912 (observations in late July; report dated Aug, S, 1912) by P. C. Berkefeldt, assistant engineer, south San Joaquin irrigation district. The report was made for the benefit of the district its in amed, Mr. Duryea being chief engineer of that district. "Mr. Duryea has kindly sent us a copy of Mr. Berkefeldt's report, from which we have taken the following statements."

"The Modesto irrigation district is located in Stanisius County, is bounded by the Stanislaus, San Joaquin, and Tuolumne Rivers, and has an area of 176,210 acres, of which about 80,000 are under irrigation. Each district takes its water supply from the Tuolumne Rivers, and has an area of 176,210 acres, of which about 80,000 are under irrigation. Each district takes its water supply from the Tuolumne River through joint headworks near the boundary of Stanislaus and Tuolumne Counties. The soil in ench district is for the most part sandy, that in the Modesto district ranging from "almost pure sand to a fairly stiff clayey, sandy soil," and that in the Turlock district being even more sandy, but with spots of "almost pure sand" alongside of comparatively "stiff clayey, sandy soil,

was supplied to the check.

"With an actual head of 12.7 second-feet irrigating sandy soil, crop alfalfa, the time averaged about 76 minutes to the acre. This means an irrigation of about 15 inches depth. The irrigator estimated this as

from 4 to 6 inches depth. In this particular instance the irrigator will only be able to irrigate part of his land.

"With an actual head of 7.1 second-feet irrigating 1 acre, fairly sandy soil, crop alfalfa, the time for a fair irrigation—depth estimated by irrigator from 4 to 6 inches—averaged about 50 minutes. This means an irrigation of 5.8 inches.

"For fairly sandy soil and sandy soil, crop alfalfa, it is considered best by both irrigators and ditch tenders to use a larger head for a short length of time; the general opinion is about from 15 to 20 second-feet, but preferably between 18 to 20 second-feet, and a time limit of 20 minutes to a half hour per acre, covering the ground to a depth—estimated by them—about 4 to 6 inches. This is an actual irrigation of from 6 to 10 inches.

"With a smaller head than about 15 second-feet if the check is large or if the soil is very sandy, or if the ground is not checked up well—namely, the grade too flat and ground uneven, or if it happens to be a high check with respect to the ditch it is to be irrigated from—it takes too much water and too much time to cover the land.

"'It is considered best to flood the check quickly, and not allow the water to stand on it for any length of time. Wherever possible the best way is to shut the water off before it has quite reached the lower end of the check, gauging the water so that it will just cover the lower end of the check, gauging the water so that it will just cover the lower end to the proper depth with the excess water at the upper end of the check. This, of course, can only be determined by repeated trials, but the general practice is to give the land all the water they can with the head and time limit they have."

Stanislaus County needs all of the water supplied and which can be conserved in the Tuolumne River watershed.

To deprive the lands dependent upon this water is to violate the main principle of true conservation upheld by our Government and to eventually create an appalling economic waste.

That this is true,

Mr. GRONNA. Mr. President, as I said at the outset last night, no one is more willing to help San Francisco get a water supply than am I. In the arid regions of the West water is more valuable than any mineral; it is more valuable than gold or silver. Everyone who lives in the West recognizes that fact. or siver. Everyone who lives in the west recognizes that fact. There is no disposition on my part to in any way obstruct or deny San Francisco getting a water supply. There can be no possible reason why I should be opposed to any city in the State of California getting a water supply; but I have for six years been convinced that there are other available sources of water that will give San Francisco and all the bay cities years been convinced that there are other available sources of supply that will give San Francisco and all the bay cities abundant water, and that it will do no injustice to the people who live nearby. All the interest I have in this matter is to see that justice is done to the people of the State generally. It is true that the people of the United States have a claim upon the Hetch Hetchy Valley; it is public land; it is a public park; but if San Francisco or the State of California needs these waters if there is no other place to secure an abundant

those waters, if there is no other place to secure an abundant water supply, I for one am not willing to deny the people of that State the right to destroy the scenic beauty of the Hetch Hetchy Valley, valuable as I deem it to be to the people of the United

Mr. NORRIS. Mr. President—
The PRESIDING OFFICER. Does the Senator from North

Dakota yield to the Senator from Nebraska?

Mr. GRONNA. I have yielded the floor, Mr. President.

Mr. NORRIS. I simply want to ask the Senator a question, if he will hold the floor long enough to answer it. I know, of course, that the Senator is perfectly conscientious—that goes without saying—but I am impressed with his statement that he wants to do absolute instice to San Francisco. Now assuming wants to do absolute justice to San Francisco. Now, assuming that the Senator is right, that there are other places where San Francisco can get water, that she ought not to be allowed to dam the Hetch Hetchy, I want to ask the Senator, in all fairness and in his view that we ought to do justice, whether or not we ought not, either from the Government of the United States or from some other source, to pay back to San Francisco, if we do not permit her to use this water by building the dam, the money that she has expended in purchasing the land within that valley and the water rights that she was compelled to purchase under the orders of the officials of the United States?

Mr. GRONNA. I believe it would be only justice to do that. I do not know whether or not we could do it, but if we have the right I for one should be very glad to join the Senator in

doing so.

Mr. NORRIS. That is a point that has not been dwelt on by those who are opposed to the bill so far as I have heard.

Mr. GRONNA. If the Senator will permit me, of course I

would not be willing to pay the expenses the city of San Fran-cisco has incurred, because I imagine that the expenses of the city of San Francisco have been very large if we take into consideration the delegations that have been here for the past six or eight years. I am not saying this now with the idea of casting any reflection upon those people; I do not say that it

was from any sinister motive that they have been here.

Mr. NORRIS. I am glad to hear the Senator say that; and
I was satisfied that he would do so, because I think he will agree with me that, so far at least as anything I have seen or

heard is concerned, the persons who have been here represent-

ing San Francisco have taken a perfectly honorable course.

Mr. GRONNA. I believe so. They have so far as I know.

Mr. NORRIS. Nobody, of course, would expect the Government to pay those expenses; but what I am referring to is that San Francisco had to pay something over \$100,000 for land that was in private ownership in this park.

Mr. GRONNA. She had to pay \$150,000. Mr. NORRIS. She was compelled to pay a large sum of money to buy the water rights in adjacent lakes by order of the Secretary of the Interior. That money has been actually expended, amounting all together, I believe, to between

\$1,000,000 and \$2,000,000.

Mr. CLARK of Wyoming. Mr. President, I think the Senator from Nebraska has an erroneous impression as to some of this The city of San Francisco purchased lands within this park not at the suggestion of the Secretary of the Interior, but the city of San Francisco purchased those lands at its own suggestion, and she had lands both within this proposed reservoir site and outside of this reservoir site. The Senator will recollect, if he has followed the Hetch Hetchy proposition from the The first start, that the first proposal was nothing of this sort. proposal was simply a proposal from those desiring this reservoir site that San Francisco might exchange lands which she had outside for lands which the Government owned inside; and, of course, whatever expense she incurred was either incurred in that way or was incurred under the revocable permit which was granted by the Secretary of the Interior thereafter.

Mr. NORRIS. The Senator from Wyoming will certainly not deny that under the so-called Garfield permit San Francisco was required to purchase privately owned lands.

Mr. CLARK of Wyoming. Certainly.

Mr. NORRIS. I am not complaining of that. She ought to have been required to do so; but, of course, she could not take that land without compensation. She did purchase it; and nobody questioned her good faith in doing so.

Mr. CLARK of Wyoming. No.
Mr. NORRIS. Nor the order under which she did so. Now, if we refuse to permit her to build a dam, ought we not to re-

turn that money which she has expended?

Mr. CLARK of Wyoming. The Senator states the facts a little too boldly. The Garfield permit granted a revocable permit to make use of the Hetch Hetchy site under certain conditions. The one prime condition was that she should first improve another site.

Mr. NORRIS. She did that. Mr. CLARK of Wyoming. Oh, no.

Mr. NORRIS. Oh, yes.

Mr. CLARK of Wyoming. And if that site should prove insufficient for the needs of San Francisco, she should be allowed to take the other site. That is the Garfield permit. She has never yet determined whether or not that first site was sufficient.

But I want to say to the Senator in giving my answer, if it is of value to him, that if the refusal of the Senate to pass this bill should deny to San Francisco the right to use this site under the same terms that the Government has granted other sites and under the terms which were proposed by the parties in the first instance, I should say "yes" to the Senator, that San Francisco ought to be reimbursed; but this bill can be put in such shape now as to meet legitimate objections and still pass, giving San Francisco the full water supply she requires for her When we refuse to give San Francisco something more than she asked for or was contemplating in the original contract-I consider it a contract that ought to be carried out on both sides, although it was a revocable permit—if she now asks something more, or if she should want something more—and I do not think she will, because the legislation will go through in some form-she could hardly get it back on the claim of an excess beyond the original understanding of the parties.

Mr. SMITH of Arizona. Mr. President, this being the only opportunity I shall have without unduly delaying the needed legislation here pending I avail myself of it to briefly give the main reasons impelling me to support this bill. I would not now say a word, but content myself with a vote in its favor except for the reason that some of my western colleagues think, or seem to think, that my present attitude is inconsistent with the views I expressed on this floor when the Connecticut dam proposal was before us for determination. I voted and spoke against that bill for reasons then expressed. I shall vote for this bill for the reasons I shall set forth now, and those according me their attention will, I am sure, find no inconsistency

in my attitude.

Mr. NELSON. I want to suggest to my good friend from Arizona that the Senator from Massachusetts [Mr. Weeks]

had given notice of his intention to make a speech on the currency bill at this time.

Mr. SMITH of Arizona. I was aware of that fact and would not have intruded on his time without first having obtained his willing consent. He very graciously yielded to me, and I shall not abuse his courtesy by any undue consumption of time.

Mr. NELSON. Very well; I was not aware of that arrangement. Mr. SMITH of Arizona. Mr. President, I want to assure my colleagues from the Western States, and I want all other Members of this Senate to know, that I am in hearty and intense sympathy with the Western States in their just opposition to any intrusion of the Federal Government on their rights to use and make such other disposition of the nonnavigable waters as to the several States may seem meet or proper. The Federal Government has no ownership of these waters, and should have no control of them. In plain language it is none of its business what we do with our own property. The waters of a State belong to the State. The Government holds the lands through which the streams may chance to flow simply as pro-prietor and not as a sovereign. The Government holds no title to its lands which is in any way superior to a good fee-simple title held by the humblest citizen in the State.

The State laws governing the control and use of the nonnavigable streams in any State are equally binding on the Government and the smallest fee simple title in the hands of any citizen of the State. I shall never cast a vote here for any measure that in my judgment gives to the United States any measure of control or power over the nonnavigable waters of any State in this Union, or that will attempt to use or control or tax or burden any waters in any river, however large it may be, in excess of the Federal right to preserve the navigability of the stream. This was my contention in the Connecticut Dam bill, and to it I still adhere. I shall not detain you by an attempt at an analysis of the very plain distinction between the facts of the Connecticut case and the one now before us. It is enough to say that in the one case the Government claimed the right to collect a tax on the power generated by the waters of the State produced by private capital which confessedly improved the navigation of the stream. In this case it does no such thing nor does it attempt under the provision to do any such thing. That strikes me as difference enough. This bill does not contravene any right of the State, however hard and unconscionable a bargain it forces on the people of San Francisco. /Instead of injuring any valid right of any farmer or prospective farmer on any valley below the proposed dam, the city and its people are subjected to exactions extremely burdensome if not outrageously unjust. Like the victim on the road, these people have been held up, but like that victim they submit or endure still greater disaster. I shall vote for the Hetch Hetchy bill because I find nothing in it contravening any right of the State to the waters of the State. The State has already given its sanction to this use of the surplus waters of the river and San Francisco asks nothing more than the surplus. I shall vote for the bill because I personally know the necessities of the vast multitude of people around the bay for an abundant and pure supply of water for domestic use. I shall vote for it to relieve the people of that suffering and stricken city from the throat clutch of the Spring Valley Water Co., which has too long preyed on the prosperity of the city and which was unable in time of its dire disaster to afford it any protection from the destroying conflagration.

From the desolation of ashes, despair would have unnerved other hands and other hearts, but the invincible spirit of the West, undaunted and unafraid, reared a new and a greater city; but it has not, because it can not, by opposition here, protected

itself against a repetition of a like disaster.

Think of this, and pause before you further burden them with opposition born of a propaganda financed by venal, selfish interests which have persuaded so many good people, ignorant of every essential fact in this controversy, to petition you and me to preserve the beauty of the national park, forgetting or ignoring the wants and necessities of living men and women,

Mr. President, around the Bay of San Francisco are 800,000 people to be benefited by this bill. I can not listen with any degree of patience to the assertion that their absolute necessities must be subrogated to the desires of a few hundred families that might probably make homes in the valley below the proposed dam if somebody would build a dam whereby they could get the flood flow of the river. The full flow of the river under normal conditions is granted in this bill to the claimants of water for irrigation. The full flow of the river and all waters caught from floods and held in reservoir would not irrigate one in one hundred acres of the desert lands below this proposed dam. Yet you opponents propose that the crying wants

of 800,000 people shall be ignored in order that a hundred thousand acres might possibly be watered if somebody from somewhere would build this proposed dam for some settler from somewhere if he could be induced to come. Think a minute, Senators. If every drop of obtainable water should be saved by reservoir in this river and applied to the valley below, the farms created would be as a flyspeck on the face of the land-scape, equally entitled, acre for acre, with the others to every impounded drop of surplus water. And if on every farm of 40 acres thus created you should put some poor family from San Francisco who needs drinking and cooking water, you would not miss them in any subsequent census of the city.

not miss them in any subsequent census of the city.

Mr. President, it has been my good fortune to spend all my possible leisure hours amid the mountains and along the streams of our gloriously picturesque landscapes. Those who love its beauties more only have more capacity for enjoyment than I possess. This affection of mine for the beauty of nature leads me as nothing else could to sympathize with those thousands of people who have sent their protests against the destruction of the beauties of the Yosemite National Park. The only trouble is they do not know what they are talking about. Not ten of the thousands of protestants ever saw Hetch Hetchy. Not one in one hundred of them know where Hetch Hetchy is. Not one in fifty thousand of their descendants would ever see Hetch Hetchy if left in its present condition. The deluded, well-meaning souls, from their hasty petitions, seem to think that Hetch Hetchy is a part of the Yosemite Valley. None of them seem to know that it was five years after San Francisco secured its rights before Hetch Hetchy was added, by Executive order, to the Yosemite National Park. Hetch Hetchy has no more connection with the Yosemite Valley than the Yellowstone Park has with the Grand Canyon of the Colorado.

A clear lake covering the mosquito-haunted, sunburnt bottom of Hetch Hetchy, covering only a mere speck of 1,300 acres of land, would largely add to the beauty of the surroundings. But whether it did or not, that question becomes insignificant in the face of man's necessities. We all love the sound of whispering winds amid the trees, but the wail of a hungry baby will make us forget it for the while as we try to minister to its wants.

You lovers of nature from scenes so remote from this Hetch Hetchy Canyon will do well to give less attention to nature's beauties and more sympathy to the wants of men. Love nature all you please, but do not forget its crowning glory—man. If you lovers of God's handiwork, whose glories have been revealed to you in the chasms which the streets cut through sky scraping business blocks, will go a street or two away and feed a hungry family you will be engaged in a more humane and far more ennobling and God-serving business than in talking about and spending money to protect the beauties of landscapes 3,000 miles away, of which you have seen nothing, of which you have known nothing, and of which you have heard nothing, except through a propaganda forwarded and supported by selfish, designing people, who are using you for profits to themselves.

I am not charging that these protestants or any Senator on

this floor has been moved in this opposition except through the highest motives, but nevertheless I am fully persuaded that selfish interests have put up the money necessary for this wide advertisement of opposition. Who else would do it? The protesting farmers, through their representatives, agreed to the terms of this bill, and very wisely agreed to it, for in all the land there is not one irrigating farming community as fully protected as those who will enjoy the beneficence of this bill. Who is behind this opposition? In my deliberate judgment, after having for years had this matter before committees of which I was a member, the Spring Valley Water Co., a private monopoly, has been the mainspring turning every wheel of the machinery; the land speculator below the dam, who expects to reap great profits from now worthless land if this scheme shall fail; the owners and promoters of the other impractical schemes for supplying water to San Francisco in case this bill can be defeated in this body; the electric plants; the gas plants owned, maybe, by private monopolies who will be injured in the liberation of the people from their exactions—all this horde of selfishness and greed and avarice have combined against this beneficent measure. Who else had an interest in the defeat of this bill? Every vested right of every farmer is abundantly protected. Every one of them agreed, as I said before, to its provisions until they were stirred by influences the object of which they did not understand to this new-born opposition. What state-ments were made to them we do not know, but we find no difficulty in conjecturing.

And all this opposition in the face of the fact that the whole flow of the river is secured to them and no possible injury under this bill can be done them.

San Francisco must spend an enormous amount of money to carry out the purpose of this measure, and you know as well as I know that these people would not spend this money unless they needed the water and needed it very bad indeed. They have not only amply safeguarded the vested right of every water claimant on the river, but have gone still further in that it is provided that power shall be furnished at prime cost to those farmers in the valley below for pumping water to the surface for irrigation. There is no other earthly possible chance to irrigate these unreclaimed lands at a reasonable price than that offered to the very farmers actively but unwittingly opposing this measure. The lovers of nature opposing this bill know nothing about the facts, and seem to care as little about the human issue in the case. We can respect their purpose by excusing their ignorance and then proceed to do justice to human necessities regardless of their love of unseen land-scapes.

Mr. President, I have said this much in hasty explanation of my proposed vote. It rests on my desire to serve humanity, to do right to my fellow man. I love trees, but I love men more. I love beautiful landscapes, but I love relief from human want far more. To give to a million people a necessary of life and in so doing violate no right of any other person is a duty so evident, an action so imperative, that my earnest support is gladly given to this bill. I must not close without assuring my colleagues who oppose this measure that I am not insensible to an opposition based on the ground that this measure recognizes, in their opinion, the right of the Government to interfere with the State in a matter within pure exclusive State control. I agree fully with them if the case presented that aspect; but it does not.

I thank the Senator from Massachusetts for his courtesy in permitting me to trespass on his time, and apologize for consuming as much as I have.

## BANKING AND CURRENCY.

Mr. NELSON. Mr. President, I ask that the Hetch Hetchy bill may be temporarily laid aside, and the banking and currency bill laid before the Senate, to which the Senator from Massachusetts [Mr. Weeks] desires to address himself.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. WEEKS. Mr. President, before I take up the particular phases of the pending bill which I have selected for discussion this afternoon I wish to refer briefly to the resolution which the Senate has been discussing two hours a day during the past five days, because I have some evidence which, if I had had the time, I should have submitted during the consideration of that resolution,

resolution.

One of the points which has been made by Senators has been that there was urgent need that the currency bill be passed, because the banks of the country were not responding to business needs, and therefore there was a falling off in general business. The inference to be drawn from this statement is that the falling off in business was due entirely to delay in passing the currency bill and to the action of the banks throughout the country.

It has not seemed to me that that was a sufficient reason for the falling off in business. It is true that there has been a decline in general business. The returns of our clearing houses throughout the United States for the week ending November 29 showed a falling off from the corresponding week last year of 6.9 per cent in the total volume of clearings.

The difference between good business and indifferent if not bad business is measured by not more than 5 per cent change in the volume of clearings of the banks. Here is a decline of 6.9 per cent without any other reason than the probability that business has been affected by various matters which are now pending.

I believe Senators on the other side who have been advancing this as a reason for early consideration of the currency bill will find, when the currency bill is passed—and I hope it may be passed soon—that it does not and will not affect the general business of the country as they anticipate, because the currency bill is not going into effect for months. We are not going to feel any effects from it for at least six months, even if that were the sole reason for the decline in business. My judgment is, however, that the decline in business is due to a variety of causes—to the tariff bill which has been passed, to the prospect of corporation legislation, to the delicate foreign situation in which we are involved, and many other matters which have

quite as much bearing on the volume of business to-day as has

the consideration of the currency bill.

To bear out this statement I wish to call attention to a statement made by the junior Senator from Ohio [Mr. Pome-RENE] on the floor of the Senate the other day, which brought this matter directly before the Senate and the country. Senator from Ohio said:

A prominent note broker advised an Ohio manufacturer as follows:

"The large banks in the large cities have not been buying any paper since March and have advised country correspondents to make themselves just as liquid as possible, and stay so, in order to meet provisions of the bill. In consequence we are absolutely at a standstill."

I take it that the inference the average man would draw from that statement is that the banks of the country are not loaning generally. There are two ways in which banks provide for their loanable funds—one, loaning directly to their customers; the other, loaning to outside borrowers when they have surplus moneys which their ways outside the polynomials. have surplus moneys which their own customers do not require. It is the second manner of loaning to which the Senator from Ohio particularly refers, but even in that case I submit to the Senate that there is probably very little, if any, justification for the statement.

About a week ago I communicated on this subject with bankers in various sections of the country. Of course I could not do it in a great many cases, but I did in six or eight cases, and think their replies will be sufficient to convince the Senate that there is substantially nothing in that general proposition. For instance, here is a telegram from one of the leading

bankers in Kansas City, Mo., a man respected and followed by bankers and business men in that section of the country. He

Deposits here great amount less than one year ago; loans very much higher; in comparison, same date, deposits of this bank are two and a half millions less and loans seven hundred thousand more than one year ago. Our legal reserve one year ago, 38 per cent; to-day, 29. This will refute any such statements as are being made as to this part of the country, anyway.

Here is an extract from a banker in New Orleans—one of the best-posted men, I think, in the banking business in the United States. He says:

I am in receipt of your letter of the 27th instant, and, in reply, I beg to say that the banks throughout this section of country are not restricting credits on account of pending currency legislation, nor are credits, in fact, restricted at all, except in the sugar section, which has to face a reduction of 25 per cent in the tariff for the coming two years, with free sugar thereafter, and which naturally seriously affects the basis of credit on loans of that character. Every other class of business is receiving its usual and customary accommodation and the decilning tendency of business is, in my opinion, due more to tariff changes, affecting as it does, in addition to sugar, both rice and lumber, than to any other cause.

That letter is written by a good Democrat.

Mr. THOMPSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Kansas?

Mr. WEEKS. I do. Mr. THOMPSON. I was interested in the telegram from Kansas City. Does the Senator feel at liberty to give the name of the sender?

Mr. WEEKS. Oh, yes. I have not authority to do it, but I have no doubt the sender of the message will be quite willing to have it included in the RECORD. It was Mr. Swinney, the president of the First National Bank.

Here is a letter from Mr. George M. Reynolds, the president of the Continental-Commercial National Bank, of Chicago. It is much too long to read in its entirety, but I wish to read an extract from it. He says:

The truth is there is an overexpansion of credit throughout the West, and this applies particularly to country banks.

We have to-day outstanding in loans to country banks and bankers which are our correspondents about \$26,000,000, all of which has been scattered amongst nearly 1,000 banks.

I will say that Mr. Reynolds testified before the Committee on Banking and Currency that his bank was the correspondent of 5,000 banks scattered throughout the country. seems that he is loaning to 1,000 banks, and loaning \$26,000,000 to them.

He goes on to say:

The liquidation which took place in New York and earlier in the year has not been followed to the extent that it should have been by the smaller institutions throughout the country, as is evidenced by the fact that our loans to our corresponding banks—which have averaged around \$25,000,000 since about the middle of May—are about \$10,000,000 higher than the average for the same period last year.

That does not look as if country banks were failing to respond to the demands of their customers; apparently not only are they responding up to their limit, but they are borrowing of this one bank in Chicago \$26,000,000, or \$10,000,000 more than they were borrowing last year.

Here is a letter from Mr. James B. Forgan, the president of

the First National Bank of Chicago, who testified before the

Committee on Banking and Currency that his bank had, as I recall, 2,000 corresponding banks. I shall not take the time to read the letter in full; but Mr. Forgan says, as a postscript to his letter:

Our loans to country banks are \$2,500,000 more than they were at the corresponding date of last year.

In other words, in both cases of those great Chicago banks they are assisting country banks to take care of their customer banks in the country to a greater extent than they were at the corresponding period last year.

Here is a letter from the president of a New York bank, whom I am not at liberty to name. Although it is not the largest bank in New York, it is a very good one. In this letter he says:

Taking, for instance, our own condition. Our discount line to-day is one million and a half dollars above that of the same date last year, while our deposits on the other side are about two and one-half millions less, showing that we are granting considerably more commercial credit on a smaller business than at the same time last year. Our discount line went to higher figures this fall than it has ever been. During the past two or three weeks we have purchased a large quantity of outside commercial paper, preparing for the period which is year by year somewhat dull with us—from the 1st of January to the 1st of April.

The National City Bank of New York issues a weekly circular which gives various data relating to financial conditions. its circular of this week it states that on December 6, 1912, the amount loaned by that bank to merchants and manufacturers not secured by collateral was \$39,140,000. On the 25th of November of this year, as nearly as possible the corresponding date, similar loans to merchants and manufacturers were \$59,-000,000, or \$20,000,000 more than they were last year.

I shall not take the time to go into an analysis of this statement, but I will say that it shows that a large percentage of this money is loaned to banks in the country which presumably are not able, from their own resources, to take care of their customers, and therefore are drawing on the city banks or their

reserve banks for help.

There is a falling off in business; but I doubt if there is any evidence which will substantiate the claim that it is due to any unreasonable hesitation on the part of the banks. Naturally a good and conservative banker, seeing these unusual conditions, believing there is a falling off in business, and learning from reports that the customer's business has been a poor one during the year and that his quick assets are less than they were a year ago, does advise caution. If he did not advise caution he would be a poor banker, and his stockholders would suffer as a result. But I think there is absolutely no evidence before the Senate that there is any concerted or other effort by the banks to prevent taking care of the business of the country in the best possible manner.

Mr. NELSON. Mr. President—
The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Minnesota?

Mr. WEEKS. I do.
Mr. NELSON. I have not so far this week called for a quorum or suggested the absence of a quorum, and I do not do it now for the purpose of delay. Inasmuch, however, as the Senator from Massachusetts is about to discuss the merits of the pending banking and currency legislation, I feel that it is important that as many Senators as possible should be present to hear his statement. Thinking, perhaps, that some Senators may be absent because of the fact that they think the Hetch Hetchy bill or some other matter is under discussion, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Minnesota suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst Bacon Brady Brandegee Bristow Norris O'Gorman Overman Owen Page Perkins Gore Smoot Stephenson Sterling Gronna Gronna Hollis Hughes James Johnson Jones Kenyon Kern La Follette Sutherland Bristow
Bryan
Burton
Chamberlain
Chilton
Clapp
Clark, Wyo.
Colt
Cummins
Dillingham
du Port Swanson Thomas Thompson Thornton Pittman Pomerene Reed Robinson Townsend Vardaman Walsh Warren Weeks La Follette
Lane
Lewis
Lippitt
McCumber
McLean
Martin, Va.
Martine, N. J.
Nelson Saulsbury Shafroth Sheppard Shively du Pont Fletcher Gallinger Goff Simmons Smith, Ariz, Smith, Ga. Smith, Md. Williams Works

Mr. SHEPPARD. I wish to announce the unavoidable absence of my colleague [Mr. Culberson]. He is paired with the senior Senator from Delaware [Mr. Du Pont].

Mr. KERN. I desire to announce that the senior Senator from South Carolina [Mr. Tillman] is detained from the Senate

by reason of illness. I will let this announcement stand for the

The PRESIDING OFFICER. Seventy Senators having answered to their names on the call of the roll, a quorum is present. The Senator from Massachusetts will proceed.

Mr. WEEKS. Mr. President, I am well aware that reducing a speech to typewriting does not bring, in its immediate effect, the best results, but the subject I am going to discuss is an extremely comprehensive one. If one attempted to discuss it without very careful preparation, he might ramble over much ground and take much time that would not be justified. Therefore it seemed to me wise and proper on my part to reduce to writing what I propose to say in a general way about some of the features of this particular bill. Later I shall hope to have an opportunity to discuss in some detail some phases which I shall not refer to here.

We are apt to feel that we are the most progressive country in the world and the readiest to adopt new and approved ideas. Yet in our banking legislation and practices and in our currency system we have lagged far behind all first-class nations. Within the last century, and in many cases in the immediate past, European nations and Japan have given their banking and currency systems a thorough overhauling. Some of them have changed two or three times within a com-paratively recent period, but they have all reached substantially the same conclusion-in providing a central bank in some form which issues all, or substantially all, the circulating medium of the country in which it is located; which rediscounts commercial paper under suitable conditions; finances the Government which gives it corporate existence; and in many other ways the plans are so similar that we may conclude that the technical and banking experience of the world has now reached the best obtainable methods. Our course has been Since the second United States Bank went out of existence, 80 years ago, the only changes we have made in either banking or currency legislation have been the result of some unusual pressure. The national-bank act was a war measure, resulting from conditions which existed at that time. The resumption of specie payment necessitated a long struggle and was an inheritance from the Civil War. The gold act of 1900 resulted from the campaign of 1896, which followed the panic and troubles of that period. The emergency act of 1908, known as the Aldrich-Vreeland Act, was forced by the panic of 1907. So that it may be truly said we have taken no advanced step relating to either our banking or currency systems which has not been forced by some unusual condition existing at the That does not mean that what has been done has not responded reasonably well to conditions as they then existed. In fact, in normal times our currency system has been efficient and our banking methods have in many respects responded to the needs of the country, and we have been especially wise in maintaining our independent banking system. But we have been sadly lacking in some essentials, and especially in having a system which would respond effectively in times cf stress. Briefly, the weaknesses in our system have been lack of coordination, inelasticity of our currency, and improper methods of treating our reserves. If we did not have a banking system, or could clear the slate and start anew, knowing the results which have been obtained elsewhere and taking advantage of the experience of those who have been experimenting in other countries, we could undoubtedly inaugurate a more perfect system than we have or are likely to get under present conditions. In making changes we must remember that the customs and practices of people must be respected and given consideration; that those parts of our system that have given good results should be preserved. It is not a question which should be taken up hastily or inadvisedly, but it should have the best thought of the best minds in our country.

We are in the position of the owner of an archaic building which when constructed amply satisfied all requirements, but changes in conditions necessitated its being pulled down and a modern construction erected in its place. This is not ordinarily a difficult operation. The owner employs a qualified architect; responsible constructors are engaged and the work goes on satisfactorily because there is sufficient data on which to base such an operation. But we have even a more difficult problem than that, because it is necessary for us to partially pull down the old structure and erect a new one without in any way stopping the operations which are being carried on within the structure. One of the greatest engineering feats, in my opinion, of our time has been the demolishing of the Grand Central Station in New York and erecting in its place the splendid structure which is now nearing completion. In that case if the engineer's could have pulled down, cleared the ground, and commenced to build

difficult. But it has been necessary to do this work without disturbing the operations of a great railway system, including the bringing in and sending out of almost hundreds of trains To do this without complicating or interfering with the scheduled operations of the road is, it seems to me, a wonderful accomplishment. I am informed that not a single person has been killed during this operation. We must pull down some parts of our present banking and currency system in erecting the new, and it is essential that this be done without interfering with business or causing any jar in the delicate functions with which we are dealing. It seems to me that the Hitchcock committee has come as near to accomplishing this, or in arranging a plau which will accomplish it, as is possible; and that a careful scrutiny of the bill will demonstrate the care which has been taken in this respect.

There has been no reason for haste in passing this legislation. For many years almost everybody has recognized that there were ample reasons why changes should be made. It has been frequently discussed in and out of Congress. The agitation in connection with the passage of the Aldrich-Vreeland legislation in 1908 and the work of the Monetary Commission have added to the interest and knowledge in this subject. I am not going to take the time of the Senate to discuss the report of the Monetary Commission except to say that, whether one agrees with the conclusions of the commission or not, it must be admitted that the agitation and education and information which went with its report and consideration, including the public discussions which took place at that time, have had a marked influence in fecusing public attention on this important question.

Last spring financial conditions in the United States looked troublesome. There was not an abnormal business or an abnormal demand for money, and yet the bank loans were well up to a point where it was a certainty that any further demand for accommodation would precipitate pretty uncomfortable times, if not a panic, and several times during the summer there were evidences of possible trouble, but these evidences were sufficient to insure a cautious policy on the part of banks, and this, with the gradual slackening of business which has been going on during the fall months, has left the banks of the country in much better condition. It has been perfectly apparent to anyone familiar with the course of business and banking arrangements that, notwithstanding the unusual demands for currency and credit which come in the fall months, there is not likely to be any difficulty and that we will go over the cropmoving period without any serious trouble.

I am not disposed to take from the House Committee on Banking and Currency, or from the House itself, or others who had to do with the banking and currency bill as it came to the Senate, such credit as is due them for having gotten together a measure which contains many sound and wise provisions, and yet the bill at that time was far from what it should be, and a majority at least of the Senate committee believed that this was the time when we should get the best legislation possible. It is an intricate and to many an uninteresting study, and it can not be expected that when men who have devoted their lives to it are uncertain about the course which should be followed in some particulars that men who have given the subject no study should hesitate about taking the time to inform themselves. Therefore it is not any reflection on the House to say that in the time that that body had the Glass bill before it, considering the amount of discussion which took place, it was simply impossible for Members to have understood the merits of many of the provisions of the bill or that it should have passed under a species of pressure a bill many features of which should be wisely studied and properly amended.

That is exactly what the Senate Committee on Banking and Currency has been doing, has insisted on doing, in fact, notwithstanding the unwise pressure and insistence which has been brought from time to time to urge early legislation. No member of the Senate Banking and Currency Committee would vote for the House bill as it came to the Senate without material amendment, and I believe there is not a Member of the Senate who will not admit that much benefit and knowledge has been obtained by that committee, which is reflected in the two propositions offered for consideration. Either one of them, in my judgment, is materially better than the bill as it came from the House. I think the one to which my name is attached has many features which ar superior to those in the other, and yet I can frankly and honestly say to Senators that, in my judg-ment, there is enough good in this legislation, however much one may dissent from some of its provisions to warrant its being supported. If this conclusion is sound, the insistence of the Senate Committee on Banking and Currency has not only been justified in getting wiser and better legislation, but there has been no without other complications it would not have been unusual or public condition which would have warranted or which necessi-

tated earlier action; indeed, in my judgment, this bill should now be thoroughly and carefully scrutinized, every phase of it should be debated, every doubt in the minds of Senators should be removed, every Senator should listen to the discussion, should ask questions, and should come to a conclusion on the merits of the many propositions involved independent of any fealty for any particular party or loyalty to any provision pre-sented by either of the two factions of the Senate committee, for this legislation may be the basis of our banking and cur-

rency systems for hundreds of years. You will hear complaints that business is falling off, that banks are husbanding their resources, that there is a demand for early legislation; and yet I can say to you that I have not had during the past three months a single communication of any kind, from any source, urging hasty action or criticizing me because I have been one of those who has insisted on the fullest deliberation and consideration. On the other hand I have received or have seen a large number of indications in the press and in personal letters commending the action which the Senate committee was taking. Business is falling off. It is natural that it should. We have been putting into operation a tariff law which, whatever may be its final effect, is sure to be disturbing to some degree. We have an unusually complicated and delicate foreign question in which the country is vitally interested. We have before us prospective corporation legislation which must necessarily be a disturbing feature in our business Any of these would be sufficient, operating singly, to affect business; operating together, they have been enough to bring about a marked diminution in the volume of trade, and it should not be charged that any delay in passing this bill has been the cause of its falling off, because there is little or no connection between the two.

It is not necessary to attack what has been proposed in the past in the way of banking and currency legislation in order to bring to bear sufficient arguments to warrant action at this time. Everybody whose opinion is of much value admits that we could have a better system than we have at present, and our energies should be used to get the best system obtainable; not to decry any other. I refer to this, because in his open-ing statement the chairman of the Committee on Banking and Currency took occasion to refer to the plan proposed by the Monetary Commission for the readjustment of our banking and currency system, at which time he repeated a statement which he has frequently made, that the bill was reported to Congress but no attempt was made to get action, although Congress was controlled by the political party which had had a majority of the commission. It is true that the measure was reported in January, 1912, but the Senator from Oklahoma knows perfectly well that it could not have been passed by the Senate at that time, even though there was a nominal Republican majority in this body, and he knows equally well that even if it could have been passed by the Senate that the House was controlled by the Democratic Party and that no bill of that character, which was based on a report made by a commission controlled by the opposite party, could have been gotten through the House of Representatives. Therefore it is idle to talk about no effort having been made to adopt this legislation. made because it would have been futile to have undertaken it.

Even now it will be difficult to find a thoroughly posted financial expert in the United States, and certainly not many in Europe, who will not agree that the plan proposed by the Monetary Commission was, in most respects, much superior to any legislation that we are likely to get at this time. I for one believe that to be the case, and yet I have not attempted to inject that particular plan into this consideration, have scrupulously avoided doing so, because I knew it would be without avail; that it would add another complication to a sufficiently trying situation. I am so strongly in favor of doing some of the things which are going to be done by the pending legislation that I do not want to inject any element which is likely to retard

or prevent early action.

It should not be forgotten, however, that 6 of the 16 members of the National Monetary Commission were among the leading Democrats in Congress at the time its report was made, including Senator Teller, of Colorado, who was then closing an unusually long and distinguished public career, and who stated in signing this report that he considered it one of the most, if not the most, important acts he had performed. The conclusions reached were the result of four years' study, and one of the greatest compliments to their soundness is the action of the House Banking and Currency Committee in taking bodily many sections and ideas from this report and incorporating them in the bill which we are considering. Too much reliance should not be placed on its having been condemned by the Baltimore convention of last year, for probably not one in a hundred of those who voted

to sustain the resolutions adopted there had ever read the report of the Monetary Commission, and it is well known that all Democratic platforms in recent years have been dominated by one whose financial theories have been unqualifiedly condemned whenever the people have had a chance to pass on them at the polls. Neither was it necessary to inject into this debate any charges against the action of the New York banks in 1907. There is sufficient reason for this legislation without drifting into the realms of fancy for others. In all probability the slurs against the big banks of New York are without a scintilla of reason, for men do not attempt to deliberately injure themselves or their finances unless they are fit subjects for an insane asylum, and they would have been such if they had been responsible for bringing on the conditions that existed in 1907.

Senators are sufficiently familiar with what transpired at that time to know that the panic of that year came about very largely from natural causes which had been accumulating for years and certainly had been apparent to most careful critics for months before the collapse took place. To attack bankers. and especially large bankers, and attempt to create prejudice against them and against their methods by such statements as the chairman of the committee has made is, in my judgment, both unwise and unfair. He will admit, as will every member of the Banking and Currency Committee, that those bankers who appeared before the committee at the hearings which have just terminated presented their evidence with all of the fairness and frankness that characterized other witnesses; that in a sense their testimony was invaluable to the committee, and there was not a syllable of evidence that they were trying to protect themselves or to protect the banking community against the best interests of the country at large.

Let us be fair and sane about these things. Stop this talk tending to prejudice class against class. There are probably just as many patriotic men in one class in proportion to their numbers as in another. When men are wrong or do wrong as individuals they should be punished without regard to their place in society, but to condemn a class or try to create prejudice against a class by making statements which can not be substantiated is fundamentally wrong and does not add anything

to the cause which he who makes them is advocating.

It is impossible to consider all of the important provisions in a bill of this character within the time limitations imposed by an address of this kind, or even a considerable part of them, in great detail, so I shall confine myself to a discussion of a few sections. If I have the opportunity, I shall discuss two or three paragraphs more fully when the bill is read for amendments.

At this time I shall confine my comments to the following

subjects:

reserve bank or banks and reserves. Federal reserve board. Application of earnings. Domestic exchange. Rediscounts and circulating notes. Bank-accepted bills. Who shall subscribe. Rate of discount and controlling the gold supply. Refunding provisions. Foreign branches.

BANK RESERVES. RESERVE BANK OR BANKS.

One of our great difficulties in the past has been lack of coordination among the banks. It is charged that there is such a condition of interlocking directorships and community of interests in banks that it is impossible under some conditions to obtain the credit which is necessary to carry out legitimate business arrangements. There may be instances in which credit has been denied to people for other than sound business reasons, but they are, in my judgment, so few, if they exist at all, that they are negligible. In fact, all testimony available goes to demonstrate the truth not only of this statement but, in additional truth and the statement of the stat tion, that banks are in active, vigorous competition not only in different parts of the country but in nearly every town in all sections where there is more than one bank. It is only when conditions get so strained that there is likely to be a general collapse that banks cooperate through the clearing-house associations. To overcome this condition the reserves of all banks should be made available to help out banks and sections which need assistance at any definite time. It can not be a difficult matter to understand why this is necessary.

Let me illustrate: We have in this country ten millions of men of a military age, who might be considered a military reserve. Without training or cooperation, however, they would be of little value, but if these ten millions were brought together and trained they would become the largest and most effective army the world has ever seen. Take another instance:

Suppose all the reserve water supply of this city, which is now collected in one reservoir so that it is available for fire purposes, should be distributed among the different houses of the city, each house having its proportion of the supply in a cistern attached to it; anyone can see how ineffective such a water supply would be in case of a great fire, while in its present form it answers every purpose of a perfect reserve. There is almost no difference between these two illustrations and the money reserves of the country; and it is the present imperfect disposition of reserves which this bill attempts to correct. Whenever we have gotten into financial troubles in the past, our remedy has been, and it has been the only remedy possible, to curtail credit. Each bank has tried to strengthen itself to enable it to take care of its local demands or the requirements of its customers; therefore it has refused to loan where loans were not absolutely necessary, and has especially urged its customers to restrict their business as far as possible, that it would not be necessary for them to borrow. is it necessary to do to correct this condition, so that the surplus resources of all banks shall be available to help out the individual bank or bankers in a particular section whenever they meet unusual strain? In order to determine this it may be necessary to consider in a little more detail what we have done in the past and in what way this policy has failed. Under our present law national banks in sections other than reserve and central reserve cities keep in reserve 15 per cent of their deposits, of which they are required to keep two-fifths in their own vaults; the balance may be deposited in the banks of reserve or central reserve cities. Reserve city banks are required to keep 25 per cent of their deposits in reserve, onehalf of which must be cash in their own vaults and the balance may be kept in central reserve city banks. Central reserve city banks are required to keep 25 per cent of their deposits in cash in their own vaults. There are substantial reasons for this arrangement and they all indicate in a way the desirability of a central reserve. As the law was originally passed, there was but one central reserve city—New York. Twenty-five years elapsed before provision was made for additional central reserve cities by allowing cities having more than 200,000 population to become such. Under this proposition Chicago and St. Louis became central reserve cities. It has been the policy of banks in all reserve centers to pay 2 per cent interest on the reserve deposits of other banks. This has led country banks and city reserve banks which have had an option as to whether they would keep in one case three-fifths of their reserves and in the other case one-half of their reserves in other banks, to send them to central reserve cities; and in the final analysis a large percentage of these reserves have found their way into New York banks.

Very largely the reason for these reserves going to New York has been that there is in that city a broad public market in all classes of securities, and it has been possible for the banks to readily obtain demand loans on these securities at a rate which in many cases—in fact, a majority of the time—has enabled them to pay 2 per cent interest on bank deposits and make a profit. When their correspondents have called on them for these deposits the process has been for the New York bank to call demand-collateral loans, and under the methods followed such a loan would be paid the same day. It is well known that this policy has created speculative activities, for when business It is well known that has been relatively quiet throughout the country, so that banks have not a demand from their own customers for all of their loanable funds, they have not only sent their reserve money to New York, but have loaned other moneys there through the banks or otherwise. In other words, easy money conditions have invariably led to larger deposits in New York, which have tended to increase speculation, and when the retrograde movement has taken place speculative activity has been crippled, frequently bringing about large sales of securities which have attracted the attention of the country, creating uneasiness in the minds of bankers and others, leading to an unusual and unnecessary withdrawal of deposits and reserves from the New York banks, sometimes causing a violent panic, as was the case in 1907. All of this trouble can be avoided or greatly modified as a result of this legislation. What we should aim to do is to get all of the reserves of the country where they will be available in protecting business interests without causing serious trouble in reserve centers. To do this I believe that it would be best to have one reserve bank, into which all reserves other than those held in a bank's own vaults should be deposited, and from which supply assistance could be diverted wherever needed. The Democratic Party has, however, resolved against a single reserve bank, so it may not be possible to limit the number to one; while I believe that any number over one will weaken the authorizing one bank this question would not trouble us, for system, I am well aware that if the banks to be established are

connected so that the reserves of one may be readily transferred to another, one of the objections to a number will be greatly lessened. There are, however, other objections, which at some other time I shall discuss; but at this time I want to simply emphasize my contention that if a number are to be organized, that number should be as few as possible.

The Hitchcock committee have decided on four, very largely because there are three central reserve cities, and if a reserve bank is established in each one of these, the ordinary course of banking communications will not in any way be disturbed; and it seemed to the committee that one should be established on the Pacific coast to care for the needs of that great and developing section.

In establishing this system we have provided that the reserves to be kept by member banks may be greatly reduced because of the discounting features of the bill, to which I shall refer a little later. Instead of banks in reserve and central reserve cities keeping 25 per cent of their deposits in reserve, we have provided that they may reduce this amount to 15 per cent. This we believe will be amply sufficient. Instead of country banks keeping 15 per cent of their deposits in reserve, we have provided that they shall keep 12 per cent; a part in each case must be kept in the bank's own vaults, a part in the reserve banks, and a third part is left optional with the banker; that the transferral shall be made at the rate of 1 per cent every six months, carrying out our general policy of very gradual changes in establishing the new system. The option as to location of a portion of the reserves is undoubtedly wise, because conditions surrounding member banks are quite different. If a member bank is located in a city where there is a Federal bank or a branch of a Federal bank there is no practical reason why it should keep any considerable part of its reserve in its own vaults. In fact, in my own judgment that element of the question could be left to the judgment of the bankers themselves, because they know how much reserve money they should have on hand to meet their own requirements. In the case of a country bank remote from a reserve center it would be necessary to keep a very much larger part than the amount which we have provided for in the bill. The deposit of the proportion required to be kept in the Federal reserve banks will mean the turning over to these banks in the course of three years of between \$350,000,000 and \$400,000,000, provided all national banks come into the system, and an amount nearly twice that if all State banks and trust companies come into the system. In addition to this fund the reserve banks will have a capital ranging from \$100,000,000 to \$200,000,000, dependent on the number of banks coming in, and the Government will have deposits aggregating about \$200,000,000. So that we shall have a bank with gold resources aggregating somewhere between \$700,000,000 and \$1,500,000,000, being the largest aggregation of gold in the world. Through this enormous reserve supply of gold we should be able to provide for the business needs of every section of the country

I have suggested that there was only one investment which could be made by reserve banks under present conditions for which there is a possibility of obtaining an immediate pay-ment. Under the new system we have provided that reserve banks shall rediscount for member banks commercial paper of a qualified character up to a limit dependent on the capital of the bank, and in that way at any time a bank may build up its reserves. By this transaction the reserve bank will obtain a short-time investment which will assist in enabling it to earn a reasonable return on its capital. In this respect the Hitchcock plan differs from the House bill or the Owen plan in that it compels reserve banks to rediscount for other banks having a suitable reserve and qualified paper up to the limit imposed in the law. In my judgment this is as it should be. Otherwise there is going to be constant friction and charges of favoritism in the relations between the reserve banks and member banks.

I think there is no danger in adopting this policy. more, I believe that the same rate of discount should be made by all of the reserve banks, for it will be remembered that only paper of a restricted class can be rediscounted, and I feel that it is unwise to allow a Government bank to rediscount for a borrower in New York, for instance, at a lower rate than another Government bank will rediscount for a borrower in It must be remembered that the only borrowers are the member banks, that the reserve board and the reserve banks have full knowledge of the financial condition of the member banks, and that any other policy than making the same rate of interest by the reserve banks means that we are not establishing a national system but a local system, and that borrowers in one locality are being given an advantage over borrowers in another locality. It goes without saying that if we were authorizing one bank this question would not trouble us, for at the same time. It must not be forgotten that in this class of borrowing-I am referring to the borrowing of member banks, not the borrowing of individuals-it will be claimed that individuals can borrow cheaper in the older sections of the country than in the developing sections. At this time that statement is correct, and undoubtedly to some degree it will continue to be true.

But making the same rate of interest for first-class paper at Federal banks will unquestionably reduce the rate which the borrower will have to pay to member banks in the newer sections of the country, bringing the rate down to substantially the level paid in other sections. This process will encourage borrowers to make a class of paper which can be rediscounted and will be of material assistance in making available the

resources of developing sections.

The question has frequently been asked why banks, especially reserve city banks, are willing to accept this change, for presumably they will lose a large percentage of their total de-posits. The answer is not a difficult one. In the first place, they will only keep 15 per cent of their deposits in reserve instead of 25 per cent as at present; the 10 per cent will be available to loan on commercial paper which commands a higher average rate than could be obtained on notes with collateral security. A record kept by one of the large New York banks for five years developed the fact that its stock-exchange loans had averaged 2.98 per cent interest. On these deposits it was paying 2 per cent. It was necessary to keep 25 per cent in reserve, so that the actual cost of the loanable money was 2.66 per cent, or a net return on these loans of thirty-two onehundredths of 1 per cent, out of which it must take the cost of conducting the business, including the proportional part of overhead expenses. When the reserve banks are relieved from the necessity of caring for the interests of their bank depositors it will be possible for them to go into local communities and take part in the banking requirements of those communities, as far as deposits and borrowings are concerned, in the same manner in which they would do such business in the locality where they are located. This will bring additional commercial deposits to the large city banks, which will loan direct to such depositors where in the past they have been forced to buy the paper of such borrowers or loan to the local bank, insuring a somewhat higher rate of interest and the benefits of an active deposit account.

The joint-stock banks of Europe average to make larger net returns than our banks doing a similar business of equal capital and resources, although the average rate for commercial paper in Europe is frequently 1 per cent lower than in this country. I believe that the general system which this bill provides will reduce interest rates throughout the country those in the newer sections to a greater extent than the older sections—and that this reduction will not only be made with-out impairing the prosperity of the banks but will, on the whole, increase the net returns on banking capital.

CHARACTER AND EXPERIENCE OF THE RESERVE BOARD.

One of the most urgent criticisms made by bankers to the bill as it came to the Senate was against the political character of the reserve board, and it is now urged by those who have not followed the discussions that this is a vital objection to the The personality of this board as the bill came to the Senate was distinctly political. It provided for seven members, three of whom should be the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Cur-In other words, three-sevenths of the members were to be a part of the prevailing administration without any certainty that they would continue in office any definite time. Even assuming that all of these officers served a full term of four years they would hardly have the time to devote to this service and become familiar with the important questions which must necessarily come before such a board. As a matter of fact, however, they are or should be busy in administering the affairs of their departments or bureaus and the committee has acted wisely in eliminating the Secretary of Agriculture and the Comptroller of the Currency from the board.

I ought to say here and now. as to many of the features which I am discussing ir reports which have been made there is substantially no (rence, the members of the committee being in entire agreement; but I am giving the reasons why I think these propositions should be adopted and why they should have been made different from the provisions of the

The Secretary of the Treasury might also have been eliminated without, in my judgment, lessening the board's efficiency, but there are reasons applying to his retention which do not in the same degree apply to the other two. His duties have largely been along the lines of the work of the proposed reserve banks and of the

reserve board. Some of his duties may be materially lessened because of this change in system; and as he is the direct representative of the Government in connection with fiscal affairs, there is, I believe, sufficient reason why he should be included in the board's membership. Therefore now, instead of having three out of seven Government officials, we have by increasing the board to nine, one out of nine a Government official. The other eight have been provided for with the injunction that they shall be, as far as possible, selected from those experienced in commerce and banking. They should not be selected because they are Democrats or Republicans or belong to any other political party, but because they are the most experienced men

who can be found to fill these positions.

No one has contended in any bill under any conditions that bankers actively connected with the management of joint stock banks which are to be member banks should at the same time become directors or managers of a central bank or any reserve board. The difference of opinion between those who demand Government control rather than private control is more technical than real. No one has ever questioned the right or the duty of the Government to supervise the issuing of circulation; to provide against the possibility of counterfeiting; to see that paper of proper quality is provided; that circulation is issued in denominations suitable for the business community; that it should provide and control the mint, and should supervise the organization and methods of banks chartered under the Federal law and which are fiscal agents of the Government itself. It has been doing these things for many years and without complaint or criticism, and there is no desire on the part of anyone to materially or even relatively change such conditions; but what the public desires in the appointment of the reserve board and directors of reserve banks is technical knowledge, business experience, and personal character and integrity. been, and the fear will be until these positions have been filled, that there will be a great pressure for the places and that at best the appointing and confirming power may accept men of high character, but inexperienced in the technicalities and practices with which they have to deal. My own judgment is that there is much more danger to be apprehended resulting from the ignorance and inexperience of the appointees than from any other cause, and it is the purpose of the framers of the Hitchcock bill that only those who are experienced in commercial and banking affairs shall be given places on these They should be men who have shown their worth in boards. other fields and yet young and vigorous enough to take up the active work connected with this great undertaking. They should know general business methods, be familiar with broader questions relating to international trade, have had experience wherever possible in actual banking, and should be men as representative and of general recognized capacity in the business world as are appointees to the Supreme Court in the legal world. Only such men should be appointed to the reserve board, and if others are appointed the Senate should refuse to confirm them.

It almost goes without saying that these appointees should be absolutely free from private business and banking connections. What we want to prevent is the possibility of conflicting private with public interests, hence the provision that no man owning stock or holding a position as an officer in any banking institution shall be appointed to the reserve board; that provision might well have been extended to active connection with any business, because all of the time of the members of the board should be devoted to their public duties. Generally speaking, it is as essential to have banking experience on the reserve board as it is to have medical experience on a board of health or legal knowledge in an appointee to a judgeship.

If we have members of the reserve board suitably qualified, as I

have indicated, it will not make any difference whether they are appointed by the President or elected by the banks; they are not in those positions to represent the banks or any other than

the public interest.

# APPLICATION OF EARNINGS.

It is difficult to estimate the earnings of the reserve banks when in full operation, for they will depend largely on the number of banks. If we are to provide for 8, 10, 12 or more and the banks are to be limited in their investments to the terms provided in the pending bills, there is almost a certainty, in my judgment, that some of them will not be profitable. If, on the other hand, the number of banks is limited to four, they will represent such a large constituency, such diverse interests, and will be able to protect themselves from time to time so that they can provide for these interests and at the same time make

considerable surplus earnings.

The Hitchcock bill provides that 5 per cent shall be paid on the capital stock. This, I think, is amply sufficient considering

the fact that the dividend is cumulative and that the stock is not subject to taxation, either National, State, or municipal. It provides for the building up of a surplus of 20 per cent, which is wise, because if the bank makes a loss, which it should not do in many cases at least, there will be a fund against which the loss can be charged provided the earnings for that year are not sufficient to cover it.

The Hitchcock bill provides that excess earnings over and above its dividend, the operating expenses of the banks, and the proportion which will be set aside each year for the surplus fund, shall be divided between an insurance fund and the payment of the national debt; in other words, to the payment of the 2 per cent bonds. I am personally opposed to that provision which applies to the providing of an insurance fund. time I want to say that it is as legitimate a commercial function to insure a deposit in a bank as to issue any other form of insurance, but the rate of such insurance should be based on the character of the risk, as is all other insurance. The fund which will be provided in this case, whatever may be the regulations or arrangements made by the reserve board, is to apply to insuring the deposits in all member banks. Fundamentally that is wrong, and can not be made right by any course of reasoning. To take from a fund provided in this way moneys which really should go to the Government and insure all classes of deposits in all kinds of banks is simply saying to the average depositor; "Place your money where you can get the largest return on it and we will see that you make no loss."

It is legislating and providing against the folly of the unwise. It is placing a premium on careless and unskillful banking. It encourages the withdrawal of funds from conservatively managed banks where unreasonable rates of interest will not be paid and transferring them to banks which will pay higher rates of interest than conservative management warrants. It makes the same provision for the savings depositors that it does for the protection of the extremely prosperous who do not need protection. It does not in other ways differentiate between the character of deposits or the responsibility of depositors.

Later, when the bill is read, if I have the opportunity, I shall make further protest against undertaking such a policy. The balance of the net earnings of the reserve banks are to be applied to the payment of the Government's debt. I am entirely in sympathy with this proposition. For many years the sinking-fund provisions required by law have not been in operation, largely, I presume, because of the necessity of keeping outstanding the present national debt to furnish a basis for our circulating medium. In the future there is going to be no such necessity, and the wisest business policy which this country can adopt is to proceed to pay its national debt. Those of us who live in metropolitan districts are familiar with the fact that municipal indebtedness is increasing at leaps and bounds, and States are commencing to increase their indebtedness for various popular and some wise reasons. Nothing would make this Government as strong at home or abroad as to have it entirely without indebtedness and then institute and stick to a policy of paying as we go. Not only is this morally and financially right, but it is right from a military standpoint. Whether nations go to war in future is going to depend very largely on their financial resources. The fear of war is necessitating the maintenance of enormous and expensive military establishments, and yet no nation can undertake a war of considerable without being able to finance itself; and we would be in a doubly strong position if we were not only able to provide for our own needs but in many cases were able to prevent other nations engaging in warfare from the moral influence which would come from our great financial strength. It would be worth, in my judgment, many battleships to be sure that when the time of strain came we could provide unlimited funds for carrying on any necessary war.

Therefore, not only should this fund be set aside for the

Therefore, not only should this fund be set aside for the purpose provided in this bill, but other means should be found, such as using the entire surplus at the end of any fiscal year to gradually and rapidly reduce our debt. I wish it were possible to lay a special tax for such a purpose, and I am sure that it would be a popular and wise tax if the people of the country were assured that it meant the end of national indebtedness, except what may be incurred as a result of some most unusual trouble.

# COLLECTIONS AND DOMESTIC EXCHANGE.

As I have indicated, when banks are driven to cooperate on account of panicky conditions they do so through clearing-house associations, which provide a means for paying balances at clearing by using clearing-house certificates instead of gold or lawful money. These clearing-house certificates are based on collateral, ordinarily 75 per cent of the value of the security

being issued in a certificate, and they carry with them a guaranty of all the banks belonging to the association issuing them. Generally speaking, they have only been used to pay balances at clearing—that is, between banks—although in the panic of 1907 this course was materially deviated from in some sections. While the issuing of these certificates relieves the local situation, it has the effect of breaking down domestic exchange, which practically strangles business throughout the country.

For instance, during 1907, when the situation in the large centers had commenced to feel relief, the distress in many respects was added to by the inability of country banks to furnish their customers with New York or other reserve city exchange; so that if a purchaser in Texas had a bill to pay in Pennsylvania, instead of sending Philadelphia or Pittsburgh exchange he would forward his own check, which in the ordinary course would be returned to the bank on which it was drawn for collection. That bank would notify its Pennsylvania correspondent that it could not furnish exchange but would give the Pennsylvania bank credit for the amount of the check, to be remitted for later. The Pennsylvania seller of the goods may have needed that money in his business, but as his bank had not really received a return for the check, the bank in many cases was forced to make loans which further crippled its resources, and this condition throughout the country paralyzed trade so that we had long months of stagnation and extremely slow recuperation. This is the experience we have always had in the past under similar conditions.

Undoubtedly this particular phase of domestic exchange will be entirely remedied by the provisions of this bill, but I wish particularly to speak of the paragraph in the House bill which provides that checks and drafts on reserve banks and member banks shall be collected at par by reserve banks. This provision would in effect have taken from the banks of the country the collection and exchange business and would have imposed a burden on the reserve banks sufficiently large so that it would not have been necessary to have discussed the manner of disposing of surplus earnings.

The collection and exchange business of the country is enormous, its volume being little appreciated by those who have not had occasion to look into it. In reserve banks frequently 40 per cent of the force is employed in connection with this service. In many sections of the country—in fact, in all sections of the country—it is so conducted that it brings a profit to the bank. There was testimony submitted to our committee which indicated that in some sections a large percentage of the net earnings of the bank resulted from this branch of the business, in one case as much as 40 per cent of the net earnings being obtained from this source.

Furthermore, business has been conducted through the present channels so that the proposed change would have been extremely disrupting and might have brought about a serious stagnation. There is no reason to doubt that improvements can be made in the collection business. Frequently checks are not sent through the most direct channels, but are sent to the point where they are made by indirect ways on account of the desire of the sending bank to favor those banks which have good accounts with it. For this reason it often happens that collections take a day or more longer than they should.

Furthermore, I believe the evidence before the committee indicated that larger charges were being made in some sections of the country for this service than its character warranted; in other words, banks were imposing excessive charges on the local community. We have provided in the Hitchcock bill that under conditions which the reserve board may impose, which means rates, and so forth, that collection and exchange business may be conducted through the reserve banks, but it is intended that We have provided in the Hitchcock bill that under these charges shall be such that it will not destroy the business of independent banks; that in a way it will be a check on their manner of conducting the business and the charges which they will impose. My own judgment is that if all collections were made through reserve banks, making them substantially clearing houses, that it would eventually mean a saving to the commercial community; but to institute that policy at this time would be dangerous in its abruptness and would take from organized banks a business to which they are properly entitled if they conduct it expeditiously and impose reasonable charges. Further, by adopting the House provision we would very likely have driven from the national banking system a large percentage of the country national banks, and it should be the policy of this legislation, within reason, to impose such conditions that other banks will come into the system rather than to drive national banks out of it. CIRCULATION.

lawful money. These clearing-house certificates are based on collateral, ordinarily 75 per cent of the value of the security ple as to the difference between money and a circulating medium.

Even those in high official position and in many cases those who have been considering the general question of banking and currency for years fall to differentiate between the two. For example, the Secretary of State is quoted as having said: "The plan which the President now urges confers great advantages upon banks, while it preserves to the people, acting through the Government, all that is essential for the protection of the public. The notes are to be Treasury notes issued by the Government and loaned to the regional reserve banks. This is in harmony with the Democratic contention. There is no surrender of the Government's right to issue money." Money is a measure of value and a medium of exchange, and nothing which is not a measure of value can be money. No one now or at any other time has denied the Government's right to issue or rather to coin money. This function is provided for in the Constitution in the following terms:

To coin money, regulate the value thereof, and of foreign coin, and fix the standard of weights and measures.

Congress has exercised this authorization by making our standard gold, a unit of which, the dollar, shall contain 25.8 grains, and we coin under this standard gold into coins having a value of \$2.50, \$5, \$10, and \$20. This is all the money we have in the United States. Our other forms of circulating medium are not money, because they are not self-redemptive. Gold certificates are issued simply for convenience. They are a warehouse receipt in effect, representing an equal amount of gold coin or gold bullion held by the Government. They would never be used if it were not more convenient to carry a piece of paper than a piece of metal, and they are not money, because they must be redeemed by the gold against which they are issued. Neither are greenbacks money; they are given a legaltender value by an act of Congress, but they simply represent the Government's promise to pay, and they would not be of any value if it were not for the solvency of this promise, which solvency is measured by the certainty of redemption in the only standard we have; that is, in gold. And in order to insure this certainty, in passing the gold act of 1900 \$150,000,000 of gold was segregated, forming a redemption fund against the \$346,000,000 of outstanding greenbacks. Neither are silver and silver certifi-cates money. They are in effect the "till money," or the loose change of the American people. Silver certificates are issued for exactly the same purpose as gold certificates, because it is more convenient to carry paper than metal, but their value depends upon the fact that they can be taken to the Treasury for redemption, where for each certificate an equivalent in silver dollars will be found in storage. But silver is not a standard of value, and its coinage has been stopped by law; moreover, the silver in a silver dollar is not worth a dollar, as fixed by our national standard; therefore if it did not have the stamp of the Government, which in effect provides that a silver dollar can be redeemed in gold notwithstanding the intrinsic value of the metal in it, it would not pass as a dollar. Neither are bank notes money; they are the notes of national banks issued against a like amount of the indebtedness of the United States held as security by the Government. None of these forms of circulation are their own redeemer, and most of their value is derived from the fact that they may be redeemed in gold on presentation. Gold itself is its own redeemer, because it does not make any difference whether the gold is in the shape of a coin carrying the Government's stamp or in bullion form. It is worth as much in one shape as the other.

One of the most difficult propositions with which we have had to deal has been the refunding of the 2 per cent bonds. These bonds have been sold to the national banks and used as a basis for circulation, the selling price being maintained at above par until very recently because they carried with them the circulation privilege. We have a conglomerate currency system consisting of about \$1,700,000,000 of gold and gold certificates; about \$550,000,000 of silver and silver certificates; \$346,000,000 of greenbacks; and about \$740,000,000 of national-bank notes, a total of something less than \$3,500,000,000, and it is the character of this circulation which has produced one of our greatest troubles in that it did not have elastic properties and that it did not respond promptly to the needs of trade. A correct monetary system would provide a circulation absolutely responsive to trade demands, which could be readily redeemed when the necessity for its use had expired. This would mean a banknote circulation based on the individual requirements of the banks' customers, with such provision made for redemption as would insure its certain withdrawal when the transaction for which it was issued had been closed. I shall discuss later this question more in detail, but it will be sufficient for me to say at this time that I am for many reasons opposed to the Government issuing the notes which this bill provides for, the most practical ones being that it is entirely unnecessary and that it

is technically incorrect. I ought to say, however, that, in my judgment, the security of note issues has never been more carefully provided for than in these bills, and whether issued as a Treasury note or a bank note is immaterial as far as the quality of the circulation is concerned.

To go back, however, to our currency needs. There is no elasticity in metallic money. We coin gold which is brought in for that purpose, so there is a gradual increase in our gold circulation. Silver coinage has been stopped by law and the issue of greenbacks is limited to \$346,000,000. Therefore the only circulation which we have which has any element of elasticity—that is, which may be retired in case it is not needed—is our national bank note circulation. But the low rate of interest carried by the bonds securing this circulation has prevented their finding a market except for circulation purposes, so that if banks found more circulation outstanding than necessary they have been unable to retire it because they could not find a market for their bonds. Therefore, as far as technically correct circulation is concerned, we have been unprovided, and this bill, in whatever form it is passed, will be an improvement in that respect.

The Hitchcock committee has provided that there shall be a reserve of 45 per cent in gold, held by the reserve bank, against this circulation, while the other plans provide 10 and 113 per cent less gold reserve. The Hitchcock plan provides that in addition to the gold reserve either commercial paper or refunding notes, or both, equal to the face of the circulation emitted shall be segregated to secure it. The provision as to reserves in the Hitchcock plan is made sufficiently elastic to meet unusual conditions. To establish a reserve with a fixed limit is simply going to perpetuate one of the worst elements in our present system. To change this we have provided that a tax shall be imposed against the issue of notes when the reserve is below the legal limit; that is, if it decreases to 42½ per cent, a tax of 1 per cent on circulation shall be imposed; if the reserve decreases to 40 per cent, a tax of 2 per cent shall be imposed; and that a similar tax shall be imposed down to a reserve of 30 So that, if the reserves reach that limit, in addition to the original rate of discount which will be charged by the bank, a tax of 6 per cent would be added. This tax is to be paid by the member banks in proportion to their rediscounts during that fiscal year. This is not strictly equitable, and yet it is the best adjustment that can be provided, as it compels the banks which are the beneficiaries of the system to pay the tax which unusual business conditions may necessitate.

As provided in the House bill, the elasticity of the currency would amount to an emergency currency not greatly differing from that provided in the Aldrich-Vreeland bill. My own judgment is that there is a redundancy of currency three-fourths of the year, and I base this conclusion on the fact that there is a constant stream of bond-secured circulation coming into the reserve centers and then being sent to the department for redemption. It is not retired, because the banks do not want to take chances in selling their bonds, even if they can find a market for them. Therefore it is sent out again to the banks originally issuing it, thus completing an endless chain. The 5 per cent fund which the law requires for redemption is frequently overdrawn. At the present time it is in that condition, and there are numerous cases of bundles of new bills which have been sent to banks in the country not requiring them, sent by those banks to their reserve agents to increase their reserves, the reserve agent, having no use for them, sending them in for redemption, and they come back to the Treasury in exactly the same condition they left it, the bundle never having been opened.

Of course it is not undesirable that there should be frequent redemption; that is what makes an elastic currency. In Canada, where the banks issue the circulation, it stays out, on an average, 29 days, and it must be remembered that Canada is a very large country territorially, so that if it were more compact quite likely the time which the circulation would remain outstanding would be even less. Their banks, receiving on deposit circulation issued by other banks, turn it in for redemption if it is profitable to issue circulation, emitting their own in its place. If, however, issuing circulation is not profitable, they pay out the notes of other banks. We are providing in our bill that these notes can not be used as reserves and that a bank receiving notes emitted by another bank shall send them in for redemption, under a severe penalty for not doing so. In my judgment, this will produce frequent redemptions and will make the circulation truly responsive to business demands. If. however, we were to continue the bond-secured circulation as at present and provide for the issuing of additional circulation of a different kind, it may be that the additional circulation would be put out as a result of an emergency and we would not, under ordinary conditions, have any of it in circulation.

bank issuing circulation against a 2 per cent bond makes a net profit of 3.18 per cent if it can loan its funds at 5 per cent. So it would be more profitable in ordinary times to hold 2 per cent bonds and issue circulation against them than it would be to change these 2 per cent bonds into threes not having the circulation privilege. Therefore we may presume that the banks, if they were assured that their twos could be sold at par, would not retire their circulation, so that the refunding of the 2 per cent bonds, as proposed in the House bill, into threes would cost the Government directly \$7,500,000 a year and indirectly 40 per cent of that, as 60 per cent of the profits of the banks is to go to the Government under the House bill. Under our plan of refunding fifty millions annually the process is so gradual that there can not be a jar; and as all the excess profits over 5 per cent are to go to the Government for some purpose it does not lose anything to refund the present twos into threes. Then, again, the House bill and the bill signed by Senator Owen and his colleagues provide that these notes may be used for reserves under certain conditions. Nothing, in my judgment, could be a more unwise policy, for if they could be used as a reserve they would not come in promptly for redemption, so they would lose their elastic quality. Gold certificates, how-ever, should be used as reserve, because they are really a representative of an equivalent amount of gold in the Treasury. Furthermore, if this were done, it would prevent the otherwise necessary shipment of gold back and forth between reserve banks, with the losses incurred in so doing, for the gold certificates could be shipped more economically and safely.

If we were to have a real elastic currency we would permit the banks to issue the circulation without the Government's guaranty. In my judgment, the Government guaranty is not needed to make the proposed currency perfectly safe. I do not recall any circulation which has as many safeguards. Moreover, there is no difference between a bank deposit and a bank note, except in form. Let us assume that a borrower makes a loan of \$10,000. He may take the proceeds of this loan in different forms, and it is immaterial to the bank in what form he takes it, except that if he leaves it on deposit, or any part of it, the bank adds to its deposits by that amount. In any case, whether the bank credits his account with the \$10,000 or gives him a draft on some other point for the same amount, or gives him its own notes for the same amount, it is in every instance an obligation of the bank. If it remains on deposit and is drawn out gradually by checking against it, all the balance that stands as a deposit is an obligation of the bank. Of course, that is the best condition from the bank's standpoint, because it has the use of such balance as has not been checked out. On the other hand, the bank may give the borrower a New York draft for the whole \$10,000; that check is the obligation of the bank, which, after going through one or more hands, finally reaches the New York bank, which is its correspondent, when it is charged against the issuing bank. On the other hand, the bank might pay the borrower in its own notes. These would go from hand to hand, but finally they would come back to the bank, its branch, or to the Treasury for redemption.

# BANK ACCEPTED BILLS.

I wish to call particular attention to one of the provisions in this bill which will change our banking policy greatly to the advantage of the average business man. At present the ordinary method of borrowing money is on a note made for different periods, from 30 days to 6 months, by the corporation or concern which needs temporary accommodation. This note generally is discounted in the bank with which the borrower does business. If, however, his credit is sufficient and the necessities for accommodation are greater than his own bank can supply, he borrows from other banks, very frequently through brokers, who carry on a special business for that purpose, and it is this class of borrowing which extends the credit of the borrower beyond his own bank. There is, however, a limit to the amount which can be borrowed in this way, and the method is limited to this country. Generally speaking, when such a note is dis-counted it becomes a dead asset, unavailable for any credit or other purpose until it has matured. The result is that all commercial banks have great quantities of this paper which can not be used even in case of necessity, because offering it for rediscount would immediately place the bank itself under suspicion, and because it would place the borrower under suspicion. In other words, doing this is contrary to our established

his bank has not available funds to loan; yet he needs additional accommodation, and his bank is willing to assist him to obtain it. In such a case he draws on his own bank for 30 or 60 days, or some other short time, and the bank accepts the draft. In doing this the bank might require security in some form, this being dependent on the credit of the borrower, charg-In doing this the bank might require security in some ing for its service such commission as conditions warrant; but it does not put out any of its own money in so doing; it simply loans its name to add to the borrowing capacity of its customers. Such a bill, having a well-known name attached as drawer and accepted by a well-known bank, becomes immediately a bill of exchange, which is readily salable anywhere in the neighborhood where both borrower and bank are known; and if they are sufficiently well known it would sell anywhere in the country where the transaction is consummated; or they might be sufficiently well known so that it would sell in other countries. In fact, large quantities of such paper made in European countries are sold in other European countries, thereby extending the credit of the borrower, enabling him to meet all of his business requirements readily, and almost necessarily enabling him to borrow at a lower rate of interest than he otherwise could do. The banks of one country owning paper of this class made in another country enables them to pay their debts by shipping the paper home instead of shipping gold, as they might, under other circumstances, find it necessary to do. The central banks in European countries buy freely paper of this kind made in other countries, frequently, however, requiring the indorsement of an additional bank or banks from whom the purchase is made. That should be the policy of our reserve banks. When conditions and money are easy in this country, instead of trying to compete in the local money market to add somewhat to the bank's profits they should invest their money in foreign bills and in short-time bonds, as provided in the law, so that when conditions change, as they are sure to do sooner or later, it will not only have short-time public funds which can be disposed of. but it will have foreign bills which can be sent back to the country making them in lieu of paying our debts in gold. It will be in this way, quite as much as raising the discount rate, that banks will be able to control our gold supply. To-day there is no means of doing this except by the spasmodic action of individual banks, and there are now no bills in this country except exchange drawn against shipments of products and finance bills, which can be used for such a purpose. When we have a balance of trade against us, we must sooner or later pay our debt, but we can put off the evil day until the balance of trade can be paid not in gold but in our having something which we can sell which will give us a credit abroad. The bills and securities provided for in this bill will be a new and reliable means to be used for that purpose.

# SUBSCRIBERS TO THE STOCK.

There is a radical difference in the propositions presented by the House bill, the Owen bill, and the Hitchcock bill as to who shall subscribe for and own the stock of the reserve banks. It is agreed that this stock shall be issued under such conditions that it can not be owned or controlled by any man or set of men, and therefore in the first two plans it is stipulated that the holdings shall be limited to a percentage of the capital or capital and surplus of the member banks, while in the Hitchcock plan it is proposed that no individual shall subscribe or own more than 100 shares. The radical difference is that the first two plans provide that the banks shall subscribe for and shall hold this stock as permanent assets conditioned on their continuing as members of the reserve association, while the Hitchcock plan proposes to sell to the public, through the national banks as fiscal agents, these shares, each bank making itself responsible for an amount equal to 6 per cent of its capital and surplus.

One of the most insistent criticisms which the banks have made to this legislation has been that it was unreasonable to require them to subscribe and tie up 20 per cent of their capital in this way. To be sure, the House bill only required that one-half of this should be paid in, the balance to be callable on demand; but in many sections, especially where deposits are not large, the bank's capital is an important element in providing for the requirements of the community; taking 10 per cent of this capital out of local business really meant a material hard-Those with whom I have been associated on the Banking and Currency Committee see no reason why this stock should not be held by the public instead of imposing it on the banks, Europe long ago adopted a different policy. It is a common practice in all first-class countries to not only indorse short-time paper under certain conditions, but to accept from borrowers short-time bills. The method followed in this latter process is substantially this: Assume that a borrower has used all the credit which his own bank can give him under the law or that banking capital added to the present bank capital of the country instead of diverting \$100,000,000 of the present capital of the

banks into a fixed and immovable investment,

This will not only relieve the member banks, but it does not change their relation with the reserve banks, because they are to deposit their reserves with reserve banks in a manner similar to that provided for in the House bill, and as the reserves will equal about four times the proposed capital, it only reduces by one-fifth the interest which the banks will have in the reserve banks, but the reserves which will be transferred to the reserve banks are now kept in other banks, so that it does not change the capacity that banks will have to care for local requirements.

Furthermore, we believe that it is wise to financially interest as many citizens as possible in governmental affairs. principle was followed in framing the postal savings bank law, by providing that bonds of a \$20 denomination and multiples thereof should be issued to the depositors in postal savings banks, and gradually bonds of this character are being sub-

scribed for by such depositors.

The French debt is very largely held by small investors in France, and the more generally we can distribute our Government indebtedness or such semi-Government securities as are provided in the stock of the reserve banks the stronger and

safer, in my judgment, will be the Government itself.

The Owen plan proposes a payment of 6 per cent dividend on this stock, which under that plan is to be held by the banks. That in itself would require \$1,000,000 a year dividend payment in addition to what the Hitchcock bill provides for. This \$1,000,000 in our plan would revert to the Government, so that the Government would be that much better off under the Hitchcock than under the Owen plan, even if there were not other substantial reasons for making the change. We must not lose sight of the fact that in order to make this plan successful it will be necessary to have the cooperation of the banks, and by removing such objections as the banks have offered, and especially when the objection can be removed by providing a better method of procedure, we should certainly not fail to make the change.

Mr. REED. Mr. President, I think the Senator, in the interest of accuracy, will want to change his figures as to the amount of difference in dividends to be paid under the 6 per cent plan of the Owen bill and the 5 per cent plan of the Hitchcock bill. He has overlooked the fact that the Hitchcock bill requires a capital of \$106,000,000, or approximately that, while the Owen bill requires a capital of \$53,000,000, or approximately So the real difference in the dividends, instead of being a million dollars, as stated, would be approximately \$500,000.

I think the Senator simply overlooked that fact.

Mr. WEEKS. That results from a change that was made in

the bill at some time, and I had overlooked it.

Mr. REED. I thought I would call the Senator's attention

Mr. WEEKS. I am greatly obliged to the Senator for doing so. CONTROLLING THE GOLD SUPPLY.

In this legislation we rely in regulating our gold supply on the raising or lowering of the discount rate and on the supply of foreign bills or short-time Government bonds or other public securities which the banks may hold. Whenever the rates of money are low in this country, the reserve banks should supply themselves with quantities of foreign-made prime bills, which they could send back to the country where made in case the balance of trade was against us and it was inconvenient to export gold, and the one-year refunding notes which are provided for in the Hitchcock plan will be extremely useful for this as well as other purposes. These notes will sell readily to foreign banks of all countries and to local lenders who have money which must be available at a specific time, and in all cases they will be sold for gold, so that even if the Government is not prepared to redeem them when they mature the banks would not lose anything by disposing of them temporarily, in case it is desirable to do so to protect the banks' gold reserves or to prevent the exportation of gold.

I do not think that raising the discount rate as provided for

in the bill will immediately answer all the purposes which similar action by the Bank of England has had, because that has been a result obtained after being employed many decades, until now it has become a signal to the whole world to take notice whenever the Bank of England increases its discount rate. It is a danger signal which is respected by banks the world over, and yet the only way to prevent the outgoing of gold or to bring gold into the country by automatic process is to raise the discount rate. Money finds its level as naturally as water, and if we owe a foreign country and had no other means of paying our debt than shipping gold, if the discount rate were high enough the shipment of gold might be prevented by raising

the rate sufficiently to warrant the owners of the money leaving it in this country to be loaned. Of course that is a temporary expedient, but it may last long enough to enable us to sell something abroad which will offset the balance of trade against us and finally prevent the necessity of our shipping gold to pay it.

It seems to me that the redemption plan proposed in the Hitchcock bill is safe and sound and wise from every standpoint, One of the most trying questions connected with this whole subject has been making suitable provision for the outstanding 2 per cent bonds. These have been issued to the banks at a considerable premium simply because they carried the circulation privilege. Intrinsically they are not worth over seventy-five cents on a dollar, and if the circulation privilege were taken away, they would quickly decline to about that price. I think there is universal agreement that the Government is in duty bound to refund these bonds at par, but refunding them at a rate which will maintain them at that level in the market without the circulation privilege would cost the Government in interest at least 1 per cent more than it does now and, furthermore, it would upset such elastic feature as there is in our circulation by retiring the national bond-secured circulation, and would necessitate the putting out of the circulation provided for under this bill in considerable quantities before banks and others had become used to the process which will be involved; in other words, there would be uncertainty and quite likely a serious effect on business.

Therefore, to adjust this whole question, we provide for the purchase by the reserve banks of \$50,000,000 of these bonds at par and interest, and also provide that one-year refunding notes shall be issued for these bonds. This will give the reserve banks an investment at once. It will enable the retirement of onefifteenth of the national bond-secured circulation. It will be a notice to banks that these bonds are to be taken care of at par and interest, and the very gradual method proposed to refund them and retire the circulation enables the getting out of the new circulation without any strain or probably undesirable

results

Several witnesses who appeared before the committee have believed that this action could be taken more abruptly without any danger, but it has seemed to our committee that in every respect caution and deliberation should mark the changes which we propose.

# FOREIGN BANKS.

All of the pending propositions provide for the establishment of banks in foreign countries, the difference in them being that the House bill and the Owen proposition provide that banks having a capital of not less than \$1,000,000 may establish The Hitchcock proposition provides that banks havbranches. ing a capital of not less than \$5,000,000 may establish branches in foreign countries, the difference being due to our belief that any part of a capital of \$1,000,000 or \$2,000,000, or even \$3,000,000, which could be set aside for such purposes would be entirely inadequate; that it would make any branch established in other countries so small compared with the established banks that it would be insignificant and ineffective. It is not going to be easy to establish banks in foreign countries, first, because they are generally well provided with capital for their needs, and, secondly, because the course of business and trade is already established, and the business our banks get must be diverted from the present course, which will result in pretty severe competition and probably small profits for some time to come. But believe it absolutely essential that we adopt such a system if we are going to maintain our proper place in the foreign trade of the world. Take the condition in South American countries. Every European country engaged in foreign trade to any extent not only has direct lines of steamers to South America but banks capable of financing the trade which has been developed, while we have inefficient steamship connections and not a dollar of American capital invested in banks south of the Isthmus of Panama. The result is that we are tre-mendously handicapped in our South American operations and will continue to be until we have established suitable lines of communication and authorized and established suitable banking facilities. If an American business man is going to Brazil or the Argentine at this time, he takes a steamer for England and sails from there to his destination. If the Government of the United States wishes to communicate with one of its South American representatives, the communication will follow the same course, and our banking arrangements with South America are entirely carried on through European exchanges, largely through London, thereby enhancing the financial importance of European capitals at the expense of our financial centers. If a tanner in the United States imports a bill of hides from the Argentine, he pays for them through a process similar to the following: He arranges with his banker to arrange a credit in London sufficient to pay the bill; the seller of the hides in

Argentina draws on the London bank, depositing the draft in his local bank, which in turn sends it to its London correspondent, which turns it over to the bank with which the credit has been arranged. This bank accepts the draft, making it a prime bill which will sell anywhere in England or, in fact, anywhere in Europe; but the purchaser of the hides or the payer of the bill has found it necessary to pay commissions to at least three banks in completing this transaction. Incidentally a large amount of money is paid European banks to finance our trade, which should either be paid to American banks or bankers or inure to the benefit of the purchaser of the goods-quite likely The president of a western bank publicly stated that his bank has paid as much as \$75,000 a year to London in com-missions for conducting trade of this character, which should have been done direct with the banks of this country. The fact is there is no American exchange in South America, and therefore it has been necessary to continue the present, from our standpoint, ill-advised arrangements. Going into this matter in greater detail would, I am sure, be of much interest to Senators, but it is universally conceded that we should take some advanced step, and I believe there will be no considerable opposition to the very moderate one which this bill presents.

I hope Senators will not minimize the importance of this legislation, but will consider it, as I believe it to be, as important, if not the most important, legislation with which any Congress has had to deal in the present generation. Currency is the lifeblood of our business organization, and banks are almost as important to business as the heart is to the physical system. If they are working properly, they are systematically pumping currency through the system, returning it to its source in the regular course provided by legislation. Any derangement of either the banks or currency must necessarily impair all of our business arrangements. In ordinary times in the past these facilities have generally answered our purposes, but during an exciting strain they have broken down and by so doing have deranged all of our commercial affairs. If we are legislating wisely, we will furnish a system which will work as well under pressure as it does in normal times, and Senators should not lose sight of the fact that we are not legislating for banks or great business or for one section of the country or another, but we are legislating for the whole country, and the legislation we adopt will affect every part of it to the remotest corner. It is as vital to the laborer, to the farmer, as it is to the manufacturer, the merchant, or the banker, that we have sound and useful banking and currency systems. I can not better close than by quoting Sir Robert Peel when he presented the bank act in 1844:

There is no contract, public or private, no engagement, national or individual, which is unaffected by it. The enterprises of commerce, the profits of trade, the arrangements made in all the domestic relations of society, the wages of labor, pecuniary transactions of the highest amount and of the lowest, the payment of the national debt, the provision for the national expenditure, the command which the coin of the smallest denomination has over the necessaries of life, are all affected by the decision to which we may come on this great question which I am about to submit to the consideration of the committee.

# SAN FRANCISCO WATER SUPPLY.

Mr. NELSON. Mr. President, I ask that the banking and currency bill be temporarily laid aside, and that the Hetch Hetchy bill be laid before the Senate.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

Mr. BORAH. Mr. President, not hearing any motion to adjourn, I presume it is incumbent upon this body to take up for consideration the bill which comes up under the unanimous-consent agreement—a measure much less interesting apparently than the one which has just been discussed by the Senator from Massachusetts [Mr. Weeks].

If anyone were ready to proceed with the discussion of the currency bill, or if we were in a position to vote on this particular measure, I think I should not assume to trespass upon the time of the Senate. The measure is before the Senate, however, and, as I say, under the agreement we are not in a position to vote upon it. Therefore I do not feel that I am trespassing particularly upon the time of the Senate, although perhaps upon its patience, by offering my views upon the

The Public Lands Committee is one of the most careful, conscientious, and painstaking committees of this body. I have no doubt the committee gave to this bill most earnest and unbiased consideration. I am very much of the opinion that had the

measure been permitted to proceed to a hearing before the committee without certain outside arrangements and agreements, which had the effect of preventing an investigation except really as to one side, there would not have been such a wide divergence of opinion growing out of the report of the committee.

So far as I am concerned, my first disposition was to vote for the measure if it were stripped of the things which I think we ought not to undertake to do. In other words, I felt that in all probability San Francisco was in a position where she ought to have the privilege of developing this water at some time, although I never was impressed with its immediate necessity. After undertaking, however, to investigate the terms of the grant itself, I received communications from the farmers of the San Joaquin Valley which led me to make other investigations; and in the opening of my remarks I am frank to say that as the bill now stands I am opposed to its passage.

During the last 50 or 60 years we have been very liberal with the public domain. Without let or hindrance we have granted to whomsoever would come and ask. The patrimony which the Government has given to private corporations in the last 50 years is far in excess of all the patrimony granted by the different kings and rulers of the earth to their favorite satellites and retainers. It has been based upon no legitimate consideration, and in many instances upon corrupt motives. There have been many grants made, based upon what was believed at the time to be a real consideration and a legitimate reason, but which afterwards turned out to be otherwise.

I have before me the report of the Commissioner of the General Land Office for the year 1912. From this report I see that we have granted to the different States of the Union, in order that those States in turn might grant them to the different corporations in their States for the purpose of railroad building, the enormous sum of 37,864,726 acres. Those are the grants which have been made to the different States with a view that the States in return would grant or donate them to different corporations for the purpose of railroad building.

In addition to that, however, the Government has transferred to corporations directly, during the last 40 or 50 years, the enormous amount of 77,609,259 acres. We gave the Union Pacific Railroad Co. 11,930,000 acres, the Northern Pacific 33,294,000 acres, the Union Pacific, Kansas Division, 6,175,000 acres, the Burlington & Missouri 2,374,000 acres, and so on. Thus we have depleted, as it were, this vast public domain of which we now stand so much in need, which it would be well to have that the countless thousands might make thereon homes.

Each year there is moving across the border into the Dominion of Canada 100,000 of our citizens seeking homes under another flag, because so much of the domain which belonged to the people of this country has been transferred and given to private corporations.

We have now reached another phase of the situation, the strategic places in our natural resources. Those places which command in a large measure a vast amount of country and control the destiny of a community have come to be of importance in this matter of grant and disposition. We have already reached the disposition, apparently, or the dismemberment of our public parks, which were set aside only a few years ago under the express stipulation and the solemn declaration of Congress that they should remain for all time in the possession of all the people for certain limited, designated purposes.

A few years ago, and only a few, the Government set apart a part of the Stanislaus Forest Reserve to become a part of the Yosemite National Park. Shortly thereafter the State of California receded to the Government other ground, which was to form the Yosemite National Park in conjunction with that which had been set apart by the National Government, and in this dedication made by the State of California it is made clear what are the purposes and objects of the recession and grant. I venture to call attention to the terms of that grant:

This act shall take effect from and after acceptance by the United States of America of the recession and regrants herein made, thereby forever releasing the State of California from further cost of maintaining the said premises, the same to be held for all time by the United States of America for public use, resort, and recreation, and imposing on the United States of America the cost of maintaining the same as a national park.

"Shall be set aside and held for all time by the United States of America for public use, resort, and recreation." My investigation leads me to believe that that express provision is not in that particular portion of the grant of the park which is covered by this bill, but no one would contend for a moment that the spirit, the purpose, the object of creating the entire park was other than that which is designated so plainly by the State of California. Therefore, while I do not rest the objection

upon the technical proposition that the recession itself protects by its terms this particular portion, I place it upon broader and higher ground, and that is the spirit and purpose which actuated and dominated the people in setting aside this park.

I call attention to that, not because it is controlling as a legal proposition, not prohibitive of our further proceeding from a legal standpoint, but to admonish us that within a very few years after we have solemnly declared to the American people that this great nature garden, one of the most remarkable scenic displays in the world, should be set aside for all time for all the people of the United States as a place of resort, we are now preparing to dismember and destroy it, at least to a marked extent.

It at least ought to have this effect, Mr. President, in presenting this matter, to impress upon us the necessity, the absolute, imperative necessity, of considering what we are doing. It ought to impress upon us the proposition that only human wants and human life-absolute necessity-should guide us to the enactment of this law. I say, in the beginning, if that necessity could be proven or based upon the showing in this affair, there would be no alternative, of course, much as we would dislike to dismember the park. But the necessity ought

to be clearly established and imperative.

I want those who are not already entirely familiar with the proposition to bear in mind another proposition, and that is what I consider the strategic position of this grant. In other words, if there were a gorge in the mountains through which alone one railroad could pass, we would be doing in that instance something like what we are doing here if we should grant to one corporation alone the right to use that gorge or puss, because, if my information is correct-and I have sought information from every source available to a man in Washington and not on the ground-if my information is correct, the great and almost immeasurable value of this grant consists in the fact that it is a natural monopoly upon the use, that the grant becomes effective by reason of physical conditions and by reason of the fact that this reservoir commands that whole country in its supply of water and power.

This is not like granting a right of way over a piece of waste land or even a piece of beautiful land, but it is like granting that which will enable the grantee to step in and become a dictator as to the commercial destiny of a very large portion

of that country.

That is the feature, Mr. President, which halted me in my investigation as to the granting of any right of way at all. As I said, in the first instance I was perfectly willing, if this grant should be stripped of the things which we ought not to try to do, to grant a right of way, naked and alone, and then permit the people of California, under the laws of California, to settle their rights and enjoy the privileges which they might enjoy under the general laws of that State after having the right of way. But when I ascertained to my satisfaction that a physical condition interposed, being appurtenant, as it were, to this grant, giving the grantee a practical monopoly, enabling it to control the destiny and measure the prosperity not only of the people of that community but to accentuate and enlarge its own at their expense, a different proposition was presented.

I believe, Mr. President, it can be safely said that tedious and uninteresting as this bill has come to be, we are now about to grant, if the bill should succeed, a franchise which is worth from fifty to one hundred million dollars the moment that the grant becomes available. Yet we are doing it as if there were an untold number of similar grants to be enjoyed by all the different people of the United States. It is practically ex-It is in its practical workings a monopoly. It is of vast value. It is not only dismembering the park, but it is giving a monopolistic advantage which Congress at this time

ought not to consider

If this grant could be made so that every one in that vicinity or in that general community could enjoy that which nature and nature's God seemed to intend that they should enjoy by coming in proximity to it, if the naked grant could be granted, for instance, to the State of California, and let the State of California dispose of it under her law, so that the farmer and the bay cities and San Francisco and all the other people of that community could enjoy equally and with the same advantage all the vast rights and privileges of this grant, I would not feel so opposed to the bill. There would be left, of course, the question of dismembering the park, which is a strong proposition with many people, but I am not sure that it would be con-

There has been a great deal of discussion of late years upon the part of many good, earnest people to the effect that all

hands of the Federal Government, because, said they, the Federal Government will take far better care of these natural resources than the States. Some of us who have thought that possibly some virtue still remained in the old doctrine that there was some sovereign power still left in the States and that there were some virtues left in the people who live in the States never could understand how a man was any wiser or more virtuous after he got to Washington than he was before he started. In other words, if the people at home are not capable of taking care of these things, it did not seem to me that there had been such a complete transformation after a party reached Washington as to enable him to do it.

If our theory of Government is correct, if we have built upon correct principles at all, then the basis of power, the basis for action, rests with the people at home, and those things which are of local concern and private concern should always be left

to them.

I should think that that doctrine would appeal still to those who believe, indeed, as the Senator from Georgia [Mr. BACON] said the other morning in discussing the question of precedence in Washington, that the States are sovereign communities.

But, said the conservationists, you people who are opposed to the National Government taking control of these things are advocating that which the power companies and the monopolies want you to advocate; you are the representative of corpora-I have upon my desk here a speech delivered some two years ago, in which a number of us were attacked because we were in favor of retaining some rights in the State government.

Now, Mr. President, I warn the people of the United States that that which is happening here now will be precisely what will continue to happen, and if the people do not arouse themselves the 77,000,000 acres granted to private corporations in the past will be followed from time to time, so long as sufficient influence and power can be brought to bear upon the Congress of the United States, until the last item of natural resources is gone and the last natural park that is available has

been dismembered and broken up.

There is no government in the world so easily moved to grant privileges and special favors as the Federal Government at Washington. There is no government where such insidious influence upon false and specious pleas is so effective as in this Washington before Congress and in the departments here, where arrangements are made which the people know nothing about until they have gone into effect. I know that is a strong statement to make, but I shall not cut it out of the When we know that our public domains have practi-RECORD. cally been disposed of out of mere favor there is no need to talk to me about the protecting power of the Federal Government with reference to our natural resources.

Mr. President, so far as I am concerned, I think we are approaching the time when, still recognizing the powers of the State and National Governments, these resources must pass more and more under public ownership and be operated by pub-

lic ownership.

Whenever we find a natural monopoly or where it has become apparent that as to a particular business competition has ceased to exist, and it has been disclosed that substantial competition can not be restored, I am in favor of absolute public ownership. The leasing system is a delusion, so far as our natural resources are concerned—the lurking rendezvous of incompetent service to the public and corruption. The idea that is now gaining ground in some quarters that we can regulate and control combinations and monopolies left in private hands will bring no relief to the people. The Republic may in some instances be strong enough to destroy monopoly, but it will never be strong enough to regulate and control it. The persistent, sleepless vigilance and the insatiable appetite of private gain will in the long run prove too powerful for spasmodic and intermittent public virtue. Wherever private gain has ceased to be under the law of competition the business must then come under public ownership, where private gain can be eliminated, whether it is a railroad or a coal mine. Some will call this state socialism, and so far as it is and to the extent that it is I am for state socialism. Names have no terror for me. I am for results. It is claimed by some that this is public control. In no proper sense is it such.

Let us now, Mr. President, examine the terms of this grant. It is an interesting proposition. Even if we were going to grant San Francisco this right of way, it would still be an interesting proposition to know whether we want to grant it in terms in which we have undertaken to grant it in this bill.

First I call your attention to the fact that this is a grant in præsenti. It is not a grant to take effect upon the performance these natural resources ought to be gathered up and put in the of certain conditions; it is not a grant to take effect if certain conditions are not performed; but the grant is a grant outright, and vests in the city of San Francisco, by the terms of the grant itself, the title to this property. It says that—

There is hereby granted to the city and county of San Francisco, a municipal corporation.

Giving a grant in præsenti and all the conditions which follow it are conditions subsequent. I think I shall be able to show in a few moments that there is no forfeiture clause in this grant at all with reference to anything except the failure to build and the attempt to sell it to some one.

All these other matters about which we have been talking, where the farmers' interests would become involved and where it is said forfeiture would result if they did not perform, are not forfeiture clauses or forfeiture conditions to the grant at all. They are conditions of the grant, but there is no forfeiture condition in regard to them.

I shall not undertake just at this moment to go into the particular clauses relating to the farmers' interests, because I am coming to that later. I want to call the attention of the Senate to this clause upon page 2 of the bill:

For conveying water for domestic purposes and uses to the city and county of San Francisco and such other municipalities and water districts as, with the consent of the city and county of San Francisco, or in accordance with the laws of the State of California in force at the time application is made.

And so forth,

When you come to construe this grant as a whole you will find that this clause here, "with the consent of the city and county of San Francisco," practically places the city and county of San Francisco in exclusive control of this great grant and all its privileges, and those who are to enjoy it hereafter must enjoy it by her consent or her privilege.

Now, Senators, there is in San Joaquin Valley at the present time a large number of people, but it is conceded that San Joaquin Valley, if permitted to develop, will in a few years be vastly more populous. It is a great valley, with a great future.

There are the bay cities surrounding the city of San Francisco, neighbors to it, and so forth, and this grant says:

With the consent of the city and county of San Francisco, or in ac-ordance with the laws of the State of California in force at the time cordance with the la application is made.

I am aware of the stress which will be laid upon the terms "in accordance with the laws of the State of California in

Mr. WORKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from California?

Mr. BORAH. I do.

Mr. WORKS. I hope the Senator from Idaho will not overlook the fact that that refers to the law at the time the application was made. The law of California has been materially changed since that time.

Mr. BORAH. I thank the Senator. I was going to call attention to that fact. If San Francisco is placed in a position by reason of the physical condition of the country where she has the only reservoir site, where she will be the only one who can practically appropriate or acquire title to water by reason of the fact that she has the physical advantage in the reservoir proposition, what benefit or virtue will the clause have "or according to the laws of the State of California"? The other people can not ripen their water rights; they can not bring them to a conclusive title, and the laws of California will not operate to any advantage either to the cities around the bay or to the vast number of people who live in the San Joaquin Valley. There are other clauses in this grant which support and accentuate that contention.

I do not assert, Mr. President-for a man would not want to say, unless he had the final guess upon the proposition-as a matter of law what the construction of a court would be; but I invite the attention of the lawyers of the Senate to the proposition that a fair construction of this grant as a whole grants an absolute monopoly to the city of San Francisco in this water and this power, and enables her to sell and dispose of it to all her neighbors and the surrounding country as the sole owner and dictator of the situation. I do not now forget the terms of the grant with reference to fixing rates, to which I shall come later. Why is this clause requiring consent there? What is its virtue? What advantage does it give? That is an interesting and important question.

Mr. KENYON. Mr. President-

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Iowa?

Mr. BORAH. I do. Mr. KENYON. It seems to me, Mr. President, that an argument of this character is entitled to a larger hearing, and I therefore suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Goff	Overman	Sterling
Bacon	Gore	Owen	Stone
Borah	Gronna	Page	Sutherland
Bradley	Hollis	Perkins	Swanson
Brady	Hughes	Pittman	Thomas
Bristow	James	Reed	Thompson
Bryan	Jones	Robinson	Thornton
Burton	Kenyon	Saulsbury	Townsend
Chilton	Kern	Shafroth	Vardaman
Clapp	Lane	Sheppard	Walsh
Clark, Wyo.	Lippitt	Shields	Warren
Clarke, Ark.	McCumber	Shively	Weeks
Colt	Martin, Va.	Simmons	Williams
Cummins	Martine, N. J.	Smith, Ariz.	Works
Dillingham	Nelson	Smith, Ga.	11 OL MA
Fletcher	Norris	Smith, Md.	
Gallinger	O'Gorman	Smoot	

Mr. SMITH of Maryland. I wish to again state that my colleague [Mr. Jackson] is absent on account of illness.

Mr. THORNTON. I desire to announce the absence of my colleague [Mr. Ransdell] on important public business. I ask that the announcement stand for the day

Mr. KERN. Both Senators from South Carolina [Mr. TILL-MAN and Mr. SMITH] are detained from the Senate on account

of illness, one in his family and the other personal.

The VICE PRESIDENT. Sixty-five Senators have answered to the roll call. There is a quorum present. The Senator from

Mr. BORAH. Mr. President, I was calling attention to the terms of this grant with reference to the features of it which give San Francisco the exclusive control of the situation. I will not repeat what I said, but I will invite especially the lawyers of the Senate to examine the grant from that standpoint, and see if they deem it a wise thing to grant the privilege in this form even if they should not agree with some of us that it ought not to be granted in any form. The provision to which I was calling attention is found on page 2, where it says:

For domestic purposes and uses to the city and county of San Francisco and such other municipalities and water districts as, with the consent of the city and county of San Francisco, or in accordance with the laws of the State of California in force at the time application is made.

That should be taken in connection with the grant upon page 1, which says:

That there is hereby granted to the city and county of San Francisco

The grant runs directly to the city and county of San Francisco; and then it says that it is for the benefit of the city and county of San Francisco and such other municipalities and districts as may, with the consent of San Francisco or in accordance with the laws of the State of California, and so forth.

Here, Mr. President, perhaps I might as well say as at any other time that I have no doubt of the power of the National Government to attach such conditions to this grant as any other proprietor may attach to a grant of land, and I have no doubt of the proposition that the Government can attach no other conditions than an individual proprietor of land could attach to a grant of land; in other words, the National Government can not, in making a grant of this kind, combine its proprietary rights with its sovereign power and do things as a proprietor because it is a Government that it could not do as a

proprietor if it were not a Government.

In discussing these matters which have reference to the disposition of public lands, and especially of power sites, and so forth, we sometimes fail to keep in mind the fact that the Government of the United States simply owns this land as a proprietor, as John Smith or Sam Jones owns his land, and that the Government of the United States in making a grant can no more interfere with the rights and privileges and powers of the State or embarrass or impede the State in the discharge of its duty toward its citizens, such as fixing the rates that public utilities shall charge, and so forth, than two individuals can enter into an agreement and impede or embarrass the operation of that State in regard to those things. In other words, if an individual owned this particular land and should undertake to grant it to San Francisco, that particular individual could not put into the grant such provisions as would allow the agent of the individual to go in and fix the rates which San Francisco should charge the bay cities or some other district. That individual could not put into the grant such provisions as would enable some other person than the person designated by the State to fix the charges which a public-utilities corporation might charge the parties using the water or the light. So we may, I think, readily come to the conclusion that if there are any provisions in this grant which will interfere with the ordinary functions of the State in fixing rates and charges for its citizens, they will be wholly inoperative; and being inoperative,

being void, they would at no time estop the grantee, the city of San Francisco, from saying that they were void and that she was not bound by them.

The Supreme Court of Wisconsin in a case has said:

The rule of law is well settled and, in fact, elementary that if a condition subsequent be possible at the time of making it and becomes afterwards impossible to be complied with, either by act of God or of the law or of the grantor; or if it be impossible at the time of making it or against the law, the estate of the grantee being ence vested is not divested, but becomes absolute. (Burman v. Burman, 79 Wis., 566.)

So the discussion which has proceeded upon the theory that if the city of San Francisco did not do thus and so by the farmers with reference to the distribution of this water, they could enforce their claim and that San Francisco would be estopped from denying it is, in my judgment, not well founded as a proposition of law.

The United States Court of Appeals said in a case:

As a condition subsequent may be excused when its performance becomes impossible by the act of God or by the act of the party for whose benefit it is created, or is prohibited or prevented by the act of the law, so it may be waived by the one who has the right to enforce it. (Mahoning Co. v. Young, 16 U. S. Ap., 277.)

The Supreme Court of the United States has said:

No one can take advantage of the nonperformance of a condition subsequent annexed to an estate but the grantor or his heirs or successors; and if they do not assert their right to enforce a forfeiture on that ground the title remains unimpaired in the grantee. The rule equally obtains where the grant upon condition proceeds from the Government. (Schubenberg v. Harriman, 21 Wall., 44.)

In the first place, all presumptions are in favor of the grant standing and against forfeiture; in the second place, all the conditions which are illegal or unconstitutional would be utterly without force and effect in a court on the question of estoppel; and in the third place, no one could raise the question of forfeiture or seek to enforce it, except the Government of the United States.

The farmers of the irrigation districts would be perfectly powerless to undertake to do anything to enforce any forfeiture or enforce any conditions in the way of breaking the grant. That could be done only by the Government of the United States. So in this instance the farmers or irrigationists and the bay cities would not be in a position to claim the benefit or privilege of these conditions if the city of San Francisco should see fit to refuse them.

I do not believe any of the conditions which have been imposed in this grant are enforcible except the two with reference to a resale and a failure to build. In those two instances, of failure to build and of resale, there is an express provision for forfeiture, and an express provision that the Attorney General The Govof the United States shall proceed to enforce them. ernment of the United States could proceed to enforce those conditions, but all the others are simply conditions of the grant, and if the parties should receive injury their remedy would be that in damages, if they had any at all.

Again, I call attention to the fact that this grant is not expected to become operative so as to confer its benefits upon the people of San Francisco for a number of years. In the first place they are not required to file their map and right-ofway plat for three years. After that it is estimated by the city engineers that in all probability the effective work will not be begun, or at least that they will not be in a position to realize the benefits of the grant, for all the way from 8 to 15 years. The argument that the passage of this bill is a matter of immediate necessity, that the people are suffering, that the conditions require quick action, and the portrayal of such scenes as that painted and undoubtedly believed by the Senator from Arizona, are aside from any proposition which is really before the Senate upon this subject.

Of course that is not an important matter in one sense, although there has been much stress put upon it at different times in the debate. I call attention to one feature of the grant which shows, in my judgment, perhaps I should not say the looseness with which this grant was drawn, because it was not drawn with looseness. The man who drew this grant is a very able and adroit lawyer, and had a very deep and profound and moving affection for his client.

The bill says, in section 3:

That the rights of way hereby granted shall not be effective over any lands upon which homestead, mining, or other existing valid claim or claims shall have been filed or made and which now in law constitute prior rights to any claim of the grantee.

What prior right would a homesteader have as against the grant in præsenti, under the terms of this bill, unless the homesteader's grant had ripened into a patent or, at least, a final receiver's receipt? He might have been upon his homestead for months, or even for two or three or five years, under the old law, and yet under this bill his right would not be protected, because his right is not one which in law constitutes a prior right to this grant.

The homesteader has no right which is recognized or protected in law as a prior right to an absolute grant unless his patent precedes the grant, or possibly I might modify that by saying, under the old practice, his final receiver's receipt, which is in effect a patent—his final proof.

Now we come to the real and only forfeiture here. It is

That the construction of the aforesaid works shall be prosecuted diligently, and no cessation of such construction shall continue for a period of three consecutive years, and in the event that the Secretary of the Interior shall find and determine that there has not been diligent prosecution of the work or of some integral and essential part thereof, or that there has been a cessation of such construction for a period of three consecutive years, then he may declare forfeited all rights of the grantee herein, as to that part of the works not constructed, and request the Attorney General, on behalf of the United States, to commence suit in the United States District Court for the Northern District of California for the purpose of procuring a judgment declaring all such rights to that part of the works not constructed to be forfeited to the United States, and upon such request it shall be the duty of the said Attorney General to cause to be commenced and prosecuted to a final judgment such suit.

Those are the two forfeiture clauses and the only ones which

Those are the two forfeiture clauses, and the only ones which are provided for in this bill, in my judgment. These other matters, which are of primary concern to the surrounding communities, are not based upon forfeiture clauses

In connection with the other proposition which I was discussing a few moments ago, with reference to consent, and the monopolistic features of this grant, so far as San Francisco is concerned, I call attention to part of section 6:

That the grantee is prohibited from ever selling or letting to any corporation or individual, except a municipality or a municipal water district or irrigation district, the right to sell or sublet the water or the electric energy sold or given to it or him by the said grantee.

This grant contemplates all the way through that San Francisco is to be placed in a position where, as a proprietor and owner, she can sell and dispose of this water and light to the other bay cities or to the people of the San Joaquin Valley.

I have no doubt that San Francisco under this language could enter into the business of supplying water to the farmers of the San Joaquin Valley. I do not think it is wise for us to grant that kind of a privilege, even to a municipal corporation, which, of course, I concede, would be much better than granting it to a private corporation. So far as these farmers are concerned, however, or so far as the other cities are concerned, it would be individual or private ownership. It is not public ownership unless it is confined to a city whose officers are elected by those who are affected. So far as all the other cities are concerned, and so far as the farmers of the San Joaquin Valley are concerned, it would be private ownership. San Francisco would be private as to them, because they have no voice in the election of the officers or in the selection of those who are to pass upon their rights. We are, in fact, placing in the control of the city of San Francisco-taking into consideration the terms of the bill and the physical situation of the surrounding country—not the power to supply water to her people alone, mind you, but the power to deal and traffic with the surrounding communities in regard to the water and light.

Mr. LIPPITT. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Rhode Island?

Mr. BORAH. I yield to the Senator from Rhode Island. Mr. LIPPITT. While the statement the Senator makes is perhaps correct, he also undoubtedly knows that it is with the consent of the surrounding cities. Oakland and Berkeley and a number of the other cities have expressed their willingness and their approval of this proposition.

Mr. BORAH. I was not aware of that. Mr. WORKS. That is a mistake. There never has been any action by any of these cities.

Mr. LIPPITT. I think the Senator will admit that action

has been taken by the authorities of those cities.

Mr. WORKS. No.

Mr. LIPPITT. I do not know that action has been taken by a public vote.

Mr. WORKS. There has been no action taken by the authorities of these cities. I will say to the Senator that they have talked about it and have expressed their desire to have it done, but there never has been any official action taken.

Mr. LIPPITT. Was there not a meeting and a hearing here in Washington to which delegates were appointed by Berkeley and by Oakland, and were they not authorized to agree to and approve of the plans of San Francisco?

Mr. WORKS. Not that I know anything about.
Mr. LIPPITT. I have a very strong impression to that effect.
Mr. WORKS. I think the Senator is mistaken. I think the hearings will show that.

Mr. BORAH. Mr. President, I think the Senator from Rhode Island is in error in regard to that; but it would not make a

particle of difference to me in voting on this bill if the people of Berkeley and Oakland and the other cities had consented to it. People can not enter a committee room, amid the surroundings of neighborly courtesy, and traffic with the interests belonging to the entire people of the United States. Congress ought not to be controlled by private contract. I do not think they entered into such an agreement. I know the farmers started to enter into it, and I know they have changed their

I desire now to call attention to the fact that when we come to the question of fixing the rates in this grant we enter upon a very interesting proposition. The bill says:

The said grantee shall develop and use hydroelectric power for the use of its people, and shall, at prices to be fixed under the laws of California, or in the absence of such laws at prices approved by the Secretary of the Interior, sell or supply such power for irrigation, pumping, or other beneficial use, said prices not to be less than will return to said grantee the actual total costs of providing and supplying said power.

And so forth.

Mr. President, there are other clauses in this grant, which I shall not take the time to read, carrying out that proposition. We are about to establish the precedent that a proprietor of public lands can make a grant, and in the execution of that grant send a Federal officer into a sovereign State to fix the prices which a public-utility corporation or a municipal corporation shall charge to its citizens or the amount of toll which they shall pay. Mr. LIPPITT.

Mr. LIPPITT. Mr. President—
The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Rhode Island?

Mr. BORAH. I do. Mr. LIPPITT. If the Senator will allow me for just a minute, I do not want to put too much emphasis on the point I made a moment ago, but I thought I could not be entirely mistaken. I find here in the report of the engineer of the San Francisco waterworks, Mr. Freeman, a resolution dated June 26, 1911, of the city council of the city of Oakland, which, after several "whereases" describing the occasion for passing the resolution, says:

Further resolved, That the city of Oakland formally joins with the city of San Francisco for the purpose of securing said water supply.

There are other resolutions, by the city of Berkeley, and so forth. I thought there was certainly ample ground for my statement.

Mr. BORAH. I was not aware of that; but, as I said after the Senator left the Chamber, a mere private contract would have very little influence with me. What right has the city council, the mere creature of a day, to contract away the rights of future generations with reference to the use of this water?

Mr. LIPPITT. Mr. President, the Senator was calling attention to the position of San Francisco in regard to supplying these other cities. I only wanted to call attention to the fact that the protest which was being made was not being made by the cities themselves, but was made by the Senator from Idaho. Instead of these cities having themselves protested against putting this grant into operation, they are apparently in favor of it, so far as a preference can be expressed by the vote of their accredited representatives. I suppose their accredited representatives are in a position at this time to take such steps as they think wise to take care of the future water supply of the cities, and that they are not bartering away the privileges or liberties of unborn generations, as the Senator seems to think

Mr. BORAH. There seems to be a divergence of opinion be-

tween the Senator and myself.

Going back to the proposition to which I was calling attention,

on page 22, it is further stated:

on page 22, it is further stated:

That the rates or charges to be made by the grantee or by any lessee under the last preceding paragraph for the use of power for commercial purposes shall at all times conform to the laws of the State of California or, in the absence of any such statutory law, be subject to the approval of the Secretary of the Interior, and in the absence of such law no rates or charges shall be made, fixed, or collected without such approval, and the grantee shall at any time, upon the demand of the Secretary of the Interior, allow the latter or such person or persons as he may designate full and free access, right, and opportunity to examine and inspect all of the grantee's books, records, and accounts, and all the works constructed and property occupied hereunder by the grantee.

You will see that by virtue of this grant they undertake to transfer this sovereign power just where they will.

Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Idaho yield

to the Senator from Nebraska?

Mr. BORAH. Just a moment and then I will yield. They first say that the rates may be fixed under the laws of the State of California, recognizing the fact that that is undoubtedly where the power to fix rates belongs. If it does belong there, can a grantee and a grantor of a right of way over the public

lands transfer it from one to the other? Can sovereignty be changed by the mere contractual relations of two parties?

We are nevertheless proposing to pass this bill knowing that that provision is in the bill and asserting solemnly as a Congress that we have the power to make such a law, adding to it our judgment and our approval and whatever of verity we can give to it.

I now yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, assuming that we desire to pass the bill and grant to San Francisco the right to develop this power, what objection has the Senator to the provision in the bill that the price paid for power sold shall be fixed according to the laws of California? Is there any objection to that?

Mr. BORAH. No; I have no objection to that. Mr. NORRIS. That was the part the Senator read, or at

least part of the part he read.

Mr. BORAH. I was referring to the part which authorized the Secretary of the Interior to participate in fixing the rate. In regard to the other provision, while, as I say, I have no objection to it, it is just like writing into this grant the Ten Commandments

Mr. NORRIS. It would not hurt it any if you put them in. Mr. BORAH. No; but perhaps it would not add any strength to it here

Mr. NORRIS. It would be a good lesson even here. Of

course it would not add any strength to it.

Mr. BORAH. But there is no need of putting into a grant a stipulation that the rates charged by a local municipal corpora-tion shall be fixed by the laws of California, for the reason that without any assertion in the grant that stands as the rule under which we would have to proceed, anyway.

Mr. NORRIS. The Senator, then, contends that with it in or with it out there would be no difference so far as the law is

concerned?

Mr. BORAH. I think that is so.
Mr. NORRIS. Then, assuming further that there is no law or that there might come a time when there would be no law in California fixing the rates, does not the Senator think in an emergency of that kind there ought to be some provision by which the rates could not be exorbitant or unreasonable?

Mr. BORAH. Yes. Mr. NORRIS. Then, under a condition of that kind, assuming that it should arise, what objection has the Senator to the balance of the provision which gives the right to the Secretary of the Interior?

Mr. BORAH. My objection is that in the first place we have no power or authority to send a Federal officer into a State to perform one of the sovereign functions of a State-that is, to fix rates

Mr. NORRIS. I have assumed that the State has no law. Mr. CLARK of Wyoming. That it has the right, but not the

Mr. NORRIS. The State has the right it is true, and this law recognizes it, and if you want to give any effect to it there That undoubtedly will never arise, but for is a condition. the sake of considering the particular provision, I think it is fair to assume that that condition has arisen. I assume it only for the purpose of considering that proposition.

Mr. BORAH. It seems to me I quite disagree in the suggestion or logic of the Senator for this reason, that upon that theory he was assuming that the State has not performed its function and exercised the sovereign power which belongs to it, and upon that theory the Federal Government assumes to do the thing which is asked. Upon that theory there would not be any limit to our power. We could assume, for instance, that the courts would not do their duty; we could assume that the governor of a State would not do his duty; we could assume that the legislature of a State would not do its duty; and we could provide machinery and pass any laws we saw fit.

Mr. NORRIS. The Senator believes that condition could not possibly arise. As I understand, however, that provision of the law the Senator thinks is absolutely useless. It could not have

any effect, as I understand the Senator's position.

Mr. SUTHERLAND. Mr. President-

Mr. BORAH. I yield to the Senator from Utah.
Mr. SUTHERLAND. I wish to suggest to the Senator from Idaho, in addition to what he has said—and I entirely agree with him-that this provision goes still further. The power to regulate the prices charged by a public-utility corporation and for furnishing water or power or transportation within a State is a power which belongs to the State alone, and does not in any way belong to the Federal Government. When the Federal Government undertakes to enter that field, it is a trespasser pure and simple.

The suggestion I want to make to the Senator is that that being a power of the State government, the failure upon the part of the legislature to make any regulations with reference to it is equivalent to a declaration of policy upon the part of the State to leave it unregulated and to leave it to the corporation, whether that is a wise thing to do or not, to fix their own prices, unaffected by any statutory law and unaffected in any way except by the action of courts of equity. This attempt to take out of the hands of the State the policy of inaction, which may be the policy which the State itself is determined upon, and commit it to the hands of the Federal Government is, I think, clearly something that Congress ought not to undertake.

Mr. BORAH. Mr. President, I agree with the Senator from

Utah.

Now, I wish to discuss that feature of the grant which rehas been said about it here, but perhaps a few connected remarks will not be out of place in the course of this general discussion. On page 13, subdivision (b), it is said:

(b) That the said grantee shall recognize the prior rights of the Modesto irrigation district and the Turlock irrigation district as now constituted under the laws of the State of California—

Of course, it is utterly without force or effect to provide that a municipal corporation shall recognize the laws of a State and the rights which have grown up under the laws of the State. It can do nothing else. I agree that it is purely superfluous, but it had for its object when it went in there of satisfying certain people who were greatly interested. It added nothing to the right, settled nothing, determined nothing, adjusted

or as said districts may be hereafter enlarged to contain in the aggregate not to exceed 300,000 acres of land, to receive 2,350 second-feet of the natural daily flow of the Tuolumne River, measured at the La Grange Dam, whenever the same can be beneficially used by said irrigation districts, and that the grantee shall never interfere with said

I do not believe that the Senators who are supporting this bill will urge that there is a single syllable in this entire paragraph that has any more force or effect in determining the right of the farmers of the San Joaquin Valley than if it were white blank paper.

Mr. NORRIS. Mr. President—
The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. BORAH. I do. Mr. NORRIS. I do not want that statement to go altogether unchallenged. I concede that we could not take away by this legislation nor any other the farmers' rights that have accrued to them under the California law. I will concede that; but if they had no right whatever, if they were not entitled to a gallon of that water, San Francisco, if this bill were passed, would be estopped to deny that they were entitled to the amount that is named there. As between San Francisco and those irrigationists it recognizes that they are entitled to that much and San Francisco could not deny it to them. They might be entitled to 2,000 more feet and be able to get it, but if they are not entitled to 2,000 additional feet, as far as San Francisco is concerned she would not dare deny that they were entitled to the amount named.

When the Senator says "dare" does he mean

that it is illegal and they could not?

Mr. NORRIS. I mean to say San Francisco would be

Mr. BORAH. No.
Mr. NORRIS. It takes this grant on that condition.
Mr. BORAH. I do not think the Senator was present awhile ago when I called attention to the fact that if this is an illegal proposition, if it is seeking to do that which we have no power to do, the mere fact that she takes a grant would not estop her from denying it.

Mr. NORRIS. I think it would. My contention applies to a broader power. If the Senator will permit me, if this were a dam on public land, a right of way or any condition could at-

Mr. BORAH. But you are attaching a condition here that does not belong to the proprietor at all. You are not attaching a condition which an individual could attach. Let me ask the Senator, suppose, instead of the United States, an individual should undertake to grant this to San Francisco, and that individual and San Francisco should enter into an agreement thus disposing of water rights contrary to the laws of the State of California

Mr. NORRIS. If an individual owned it he could sell it on

any conditions he saw fit.

Mr. BORAH. He could attach any condition to the grant Idaho that, as the proprietor, he was entitled to attach to a grant make?

ordinarily, but he could not go outside the terms of the grant and affect the rights of other parties or affect the rights of the State, or embarrass or impede the rights of the State. The State now has the right to say how its water may be acquired and distributed, to regulate and fix the rates for which it may be sold or distributed. The National Government can not affect that power of the State either by a general statute or under the guise of a grant of public lands.

Mr. NORRIS. If I were selling the Senator a farm I could

attach as a condition that he would permit the Senator from North Dakota to live on it for a year. I do not see any reason why we, representing the Government in this legislation, can not attach any provision that we see fit as a condition to the grant in regard to the price which San Francisco shall charge.

Mr. BORAH. Let me take the Senator's own illustration with reference to living upon a farm. The State of California did not undertake to say where a man shall live. It is not one of the functions of the State to determine the point where a man shall live. That is a matter of contract and private convenience. But the State of California says, We own every foot of this water, and it shall be distributed and charged up and apportioned according to the way we say in our law:

Mr. NORRIS. Let us take the same illustration. It is not my right to say where the Senator from North Dakota shall live. I have a right to put that in my deed as a condition. He does not need to live there if he does not want to, but he will have the

right to do it.

Mr. SUTHERLAND. Mr. President-

Mr. BORAH. I yield to the Senator from Utah. Mr. CLARK of Wyoming. With the permission of the Senator from Idaho, I was going to ask a question of the Senator from Nebraska.

Mr. BORAH. Very well.
Mr. CLARK of Wyoming. Does the Senator from Nebraska think that an enforceable condition could be attached to the grant of an illegal act?

Mr. NORRIS. No; but even that illegal act might be a part of a condition upon which the grant was given, and it could

not be taken back if properly drawn.

Mr. CLARK of Wyoming. Does the Senator believe that the grantee could compel the performance of the illegal act?

Mr. NORRIS. No.

Mr. CLARK of Wyoming. And if the illegal act is not performed, does the Senator believe that the grant would thereby be forfeited?

Mr. NORRIS. Not necessarily, and I have not claimed anything of the kind. I recognize that Senators have this view. I can not help but recognize the peculiar smile that runs over their countenances when I assert that I believe that in granting San Francisco the right to build a dam on the public lands of the United States and a right of way across the public lands of the United States we can attach any condition we see fit as to the power or development of the water. In this case we do not say that these irrigation districts are entitled to that much water. There is not anything in the proposed law that can be construed into meaning that, but we say that San Francisco shall recognize the right to that much water. They may never claim it. They may abandon it altogether. Under a State law they might lose all their right. Under the State law, I will say right now, I do not believe they have that much right, and they could not prove it in a California court to-day. It is put in there only for a benefit that San Francisco must recognize. If that is wrong, if that is unconstitutional, then the attempt to benefit the irrigationists who are now trying to defeat the bill is, of course, useless. I believe it is right, and the men who drew the bill thought it was right or it would not have been put in.

Mr. WALSH. Mr. President-

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Montana?

Mr. BORAH. I will yield first to the Senator from Utah [Mr. SUTHERLAND], and then I will yield to the Senator from Mon-

Mr. SUTHERLAND. We have gotten some little distance away from the point I want to suggest. The Senator from Nebraska a minute ago asked the Senator from Idaho whether or not if the Senator from Idaho owned a farm he could not grant it upon condition that the Senator from North Dakota should be permitted to live upon it. There can not be any doubt about that. But does the Senator from Nebraska think that the Senator from Idaho could grant a right of way to a railroad company across his farm upon the condition that, if the laws of the State did not regulate prices, the Senator from Idaho should regulate the charge which the railroad should

Mr. NORRIS. No, sir; I do not contend anything of the kind.

Mr. SUTHERLAND. What is the difference between the Senator and the Secretary of the Interior in that respect?

Mr. NORRIS. There is a great deal of difference. There was a case recently decided by one of the supreme courts on the very proposition the Senator puts to me, that I presume he is familiar with, of course, where that was done on condition that a man could have a pass. He was given a pass for life, but when the antipass law went into effect the court held that the pass was void; that it was contrary to law. I have not given a proposition that was contrary to law. There is not anything criminal in my position. There is not anything criminal in saying to the Senator from North Dakota, you have a right to live on the farm. There is nothing illegal about that. But if the legislature should pass a law and the Supreme Court should hold it to be unconstitutional, that the Senator from North Dakota had no legal right to live on the farm, I presume he would be taken off before the year expired.

Mr. BORAH. I yield to the Senator from Montana. Mr. WALSH. I observe that these colloquies grow rather more extensive and protracted than is intended, the interrupter at the time. Accordingly, I refrain now from asking some questions that I desire the Senator's views upon. I will probably reach them later.

I give notice that at the conclusion of the address of the Senator from Nebraska [Mr. Norris] to-morrow morning I shall, with the permission of the Senate, submit some remarks in connection with the legal proposition now being handled

by the Senator from Idaho.

Mr. PITTMAN. Mr. President—
The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Nevada?

Mr. BORAH. I yield.
Mr. PITTMAN. For the same purpose stated by the Senator from Montana, with the consent of the Senate, I give notice that, following the Senator from Montana to-morrow, I will discuss this hill.

Mr. McCUMBER. Mr. President—
The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from North Dakota?

Mr. BORAH. I yield to the Senator from North Dakota.

Mr. McCUMBER. Before the Senator from Nebraska [Mr. Normis] leaves I would like to have a little further elucidation of the proposition that he makes. The bill provides that the city of San Francisco shall grant to a certain district at least

a given amount of water.

Mr. NORRIS. No. I beg the Senator's pardon. The bill

does not provide anything of the kind.

Mr. McCUMBER. Will the Senator give me a statement of what the bill does provide in that respect?

Mr. NORRIS. The bill provides that San Francisco shall recognize the right of a certain district to so much water.

Mr. McCUMBER. That is, to a given quantity of water?

Mr. NORRIS. Yes; a given quantity.
Mr. McCUMBER. There is not much difference in the two

Mr. NORRIS. I think there is a difference.

Mr. McCUMBER. It recognizes a water right now as between San Francisco and that district. Suppose that the district should afterwards insist that she would have a right for a greater amount of water, does the Senator then contend that the contract between the city of San Francisco and the Federal Government should control the policy of the State of California?

Mr. NORRIS. Oh, no; it would not even estop her; it could never be offered in evidence. If the district is entitled under the laws of California to more water, there is not a thing in the bill that will interfere with her getting it. That is the object, at least, as I understand it. There is no other excuse, as I see it, for putting that provision in the bill. It is that as a matter of fact these irrigationists are told, whether they would be able to prove it under the law, that they are entitled to this

Mr. McCUMBER. Then does the Senator concede the exclusive jurisdiction of the State of California over the flow and distribution of the water notwithstanding any contract between the city of San Francisco and the Government based upon his construction?

Mr. NORRIS. I do not believe I would want to answer that

question right offband.

Mr. McCUMBER. Then I would like to know where the Senator draws the line, because it does become important in the construction of the bill.

Mr. NORRIS. It becomes important, I think, only to the extent that San Francisco would be estopped from denying the

right of these districts to use the amount of water that is mentioned in the bill. If there were a lawsuit—

Mr. McCUMBER. I can not imagine—

Mr. NORRIS. I am going to illustrate it. I will not do it without the consent of the Senator from Idaho [Mr. Borah].

Mr. BORAH. I yield.

Mr. NORRIS. I am not going to discuss it and I am not going to take up the time of the Senate in that way.

Mr. BORAH. I would be glad to have the Senator do so. Suppose San Francisco would refuse to recognize this. What would be the remedy of the farmer?

Mr. NORRIS. I think the farmer could get it in two ways think if he applied to the proper officials of the United States, they would commence an action against San Francisco. They could take away their right entirely. They would be entitled to it under the State courts, however. Without reference to the act at all they could go into the court, without regard to this provision, under their State regulations, whatever the law, and set up a claim, and if they could prove that if they were entitled to more water than the quantity that is named they would be entitled to get it. San Francisco in that kind of a lawsuit would be estopped from denying that they were entitled to at least this much.

Now, what else is the objection to this particular provision in the bill, if that is not it? Suppose two Senators were in litigation about the amount of water that the Senator from North Dakota had acquired in a certain stream. Suppose he claimed that he was entitled to 1,000 feet, and that was denied by the Senator from Idaho in the litigation. When they came to trial it might be well understood by the Senator from Idaho that he was getting 500 feet, and one of them would say in open court—the stenographer would take it down-it is conceded that the Senator is entitled to 500 feet, so as to shorten

the proceeding.

If it were not for the provision of the bill, let us see what would happen if these irrigationists were not entitled to the amount of water named in the bill. Suppose they were only entitled to 1,800 feet. I believe if they came to a test of that, that would be about all they would have a right to claim that they were entitled to. Let us assume that is true, whether it is or not, just for the sake of illustration. If that provision was not in the bill, that would be all they could get under the California law. With this provision in the bill, San Francisco says we recognize her right to so much more.

Mr. McCUMBER. Suppose San Francisco should say a year hence, or 10 years hence, that we have acknowledged that she has a right to so much, but the conditions are such that San Francisco needs a greater amount, does the Senator mean to say that San Francisco would be estopped from denying the right of any other section to any given amount of water simply

because she has contracted for doing so in the bill?

Mr. NORRIS. She has not contracted; she has simply recognized a right. That is bringing about a condition, however, that is not involved in the proposition I was discussing. Senator has now submitted a proposition that is entirely different, and, as I understand the facts, an impossible proposition. I understand that there is no such condition existing.

Mr. McCUMBER. It is not a question of whether that exists

to-day.

Mr. NORRIS. I will admit that it is not.

Mr. McCUMBER. If the Senator from Idaho will permit me, I will say nor is it an impossible condition. Mr. NORRIS. It is impossible to state a condition that could not possibly arise.

Mr. McCUMBER. Just a moment. I can not understand how the law of estoppel can affect the right of any citizen in the State of California when that right is based upon a contention that is inimical to the laws of the State of California. If you can not obtain by a direct contract a right to control the waters in any way, shape, or manner, it certainly can not be obtained under an indirect method of estoppel. If you can not contract away the sovereignty of your State over its waters directly you can not contract it away by any system of estoppel that would affect San Francisco or would affect the other sections

Mr. NORRIS. There is not-

Mr. McCUMBER. Just a moment. And if you can not estop San Francisco, you can not estop the other parties from making any kind of a claim they see fit to their own State for any added relief in the shape of water. So I can not see where the theory of estoppel can possibly be used on the one side or on the other side of this controversy.

Mr. NORRIS. The Senator has made his question or propo-

sition so long that I may not have gotten it correctly.

Mr. McCUMBER. That is possibly true.

Mr. NORRIS. But, as I understand, he makes this proposition: Suppose in this case that a third party comes in, that there is a shortage of water, and the third party says to San Francisco: "You are giving to this irrigation district 2,350 feet of water, when they are entitled to only 1,800 feet under the laws of California. I am short of water. I am entitled under the laws of California to some water, and I ought to have the surplus water." As I understand, that is the proposition which the Senator has raised, and it is one which I said was not involved in the original proposition found in the bill.

Mr. McCUMBER. No.

Mr. NORRIS. That brings a third party into it, and it is a question of law that it seems to me would be determined under the laws of California. If it could be established under the law that they were giving too much water, and there was litigation over it, the complete answer of San Francisco would be to come in and say: "Under our charter we must recognize this right. If the court takes it away, however, it is immaterial to us to which one of these people the water goes." I think that would be very easy for San Francisco, and the only proper course for her to recognize the court of t course for her to pursue if such a condition arose.

I have said to the Senator, and I believe it, that all the water of this stream is filed on, and a great deal more than there is in the stream is filed on. As between these irrigation districts and San Francisco there is not any question but that all the water has been legally taken. There is not any third

party. So that contingency would not arise.

Mr. CLARK of Wyoming. Mr. President—

The PRESIDING OFFICER (Mr. Martine of New Jersey in the chair). Does the Senator from Idaho yield to the Senator from Wyoming?

Mr. BORAH. I yield to the Senator from Wyoming. Mr. CLARK of Wyoming. That was just the subject of an inquiry which I made two or three weeks ago of the Senator from Colorado [Mr. Thomas] to ascertain the amount of water that there was tributary to this stream and how much had been I said then that I thought I could probably discover it somewhere in the reports, but I have been unable to discover it accurately. The Senator says that there is no question but that all the water has more than been legally appropriated. should like to find that information which the Senator has, and ascertain it definitely.

Mr. NORRIS. I understand that the irrigation district filed on 9,000 feet, and something more, did it not? There is not

that much water in the stream.

Mr. CLARK of Wyoming. That is what I want to ascertain. How much is there in the stream and how much is there tributary to the stream?

Mr. NORRIS. The flow of the stream is given in several of

Mr. CLARK of Wyoming. Oh!

Mr. NORRIS. But as to the exact amount of acre-feet I can

not tell the Senator.

Mr. CLARK of Wyoming. The Senator must understand that the natural flow of a stream cuts very little figure on the amount of irrigating water that can be drawn from the stream. The reservoiring of the stream so as to maintain the flood waters and surplus waters of the watershed, more than anything else, is what determines the value of the stream for irrigation, and

not the natural flow of the stream at all.

Mr. POINDEXTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Washington?

Mr. BORAH. I yield to the Senator from Washington. Mr. POINDEXTER. I should like to give notice in the ordinary form that at the conclusion of the remarks of the Senator from Nevada [Mr. PITTMAN] upon the pending bill I shall ask leave to address the Senate upon the subject.

I should like to lay upon the Secretary's desk a number of

photographs of the Hetch Hetchy Park, which it is proposed to flood under the San Francisco project, showing in a better way than any descriptive words could do the natural features and beauties of that piece of the Yosemite Park.

Mr. CLARK of Wyoming. Mr. President—
The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Wyoming?

Mr. BORAH. I yield to the Senator from Wyoming.
Mr. CLARK of Wyoming. Mr. President, following the apparent habit of the Senate this afternoon, I desire to give notice that immediately after the conclusion of the remarks by the Senator from Washington [Mr. Poindexter] upon the pending bill I shall ask to address the Senate.

Mr. BORAH. I know how very earnest the Senator from Nebraska [Mr. Norris] is about his views in regard to this matter, and I know that he would not have consented to the report

of the bill in its present form if he had not believed that some of the things could be done which they are attempting to do; but now I invite the Senator's attention and the attention of the Senate again to the situation which will arise in case the city of San Francisco should refuse to recognize the conditions in this grant with reference to the water rights of the farmers of the San Joaquin Valley. In the first place, if San Francisco should refuse to recognize those rights, the question would arise whether or not she was estopped from denying the rights, they being set forth in her grant. I have not any doubt but that she would be permitted to deny them for the reason that the provision is one the grantor has no power to make; and, being illegal and without authority of law, it can never work as an estoppel. I think that matter is pretty well settled by law, and I read some authorities upon it. I do not know whether or not the Senator from Nebraska was present at the time I did so, but, if he will take the time to examine the authorities, he will find that, although at the time it was made it was illegal, or afterwards became illegal, it works not as an estoppel upon anyone. If we are correct, therefore, in our position that it is illegal, of course it would not be an estoppel upon San Francisco. As I said last night, the only possible effect of it would be to embarrass the farmers. It might be an estoppel as to them, for the reason that when they appeared here by their agents they appeared here in their individual capacity, a right that they might waive and dispose of as individuals; and, therefore, it might be embarrassing to them to go into court and, after San Francisco has expended hundreds of thousands of dollars, say that they would not be permitted to say contrary to what they had said before she spent the money. That is a principle of estoppel which might work against an individual, but here

Mr. NORRIS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Idaho yield further to the Senator from Nebraska?

Mr. BORAH. In just a moment, when I get through with

my statement.

But here is the city of San Francisco taking a grant which does not provide for any forfeiture. I call the Senator's attention to the fact that there is no forfeiture provided for by reason of San Francisco's failure to comply with that provision. The only remedy which the farmer would have would be one of damages; and the Senator from Nebraska knows what a consolation it is to a farmer whose crops are burning up and whose land is becoming utterly useless to him by reason of the lack of water to have the right to bring a lawsuit against a city which may, with its salaried attorney, litigate him through the

The Senator contends-

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. BORAH. I yield. Mr. NORRIS. The Senator contends that that particular provision of the bill is absolutely unconstitutional, as I understand?

Mr. BORAH. Yes. Mr. NORRIS. So that the condition on account of which, at least, the evils that he has pointed out might flow could not arise. He is spending his time and we are having a discussion over a provision which, if the Senator's theory is true, could have no legal effect anyway; and it will be just the same whether you leave it in or strike it out.

Mr. BORAH. That is true; but I want the Senator not to

forget-

Mr. NORRIS. I do not agree with that contention, I will say to the Senator; I am not consenting to that; but that is the Senator's view.

Mr. BORAH. But, Mr. President, that was put in there in the belief that it was binding and that it would be effectual for the farmers, and upon that they based their consent.

Mr. NORRIS. It does not pretend to be binding upon the farmer. From its very terms it does not bind the farmer.

Mr. BORAH. I will show you in a few moments. Now, we will read on. First, perhaps, in order to refresh the Senator's memory, I had better read that provision again, although we are pressed for time:

(b) That the said grantee shall recognize the prior rights of the Modesto irrigation district and the Turlock irrigation district as now constituted under the laws of the State of California.

Would not San Francisco have to do that without that provision being there?

Mr. NORRIS. I think so, if they had a right.
Mr. BORAH. If they did not have a right, of course she would not recognize that which they did not have.

Mr. NORRIS. If they did not have any right, she would

certainly recognize what is put in there.

Mr. BORAH. In other words, the Senator thinks that it is within the power of Congress to compel San Francisco to recognize something that the farmers have not got-that is, to distribute the waters of the State by act of Congress,

Mr. NORRIS. I think so. Mr. BORAH. The bill provides:

(b) That the said grantee shail recognize the prior rights of the Modesto irrigation district and the Turlock irrigation district as now constituted under the laws of the State of California, or as said districts may be hereafter enlarged to contain in the aggregate not to exceed 300,000 acres of land, to receive 2,350 second-feet of the natural daily flow of the Tuolumne River, measured at the La Grange Dam, whenever the same can be beneficially used by said irrigation districts, and that the grantee shall never interfere with said rights.

Who is to determine when "the same can be beneficially used

by said irrigation districts"?

Mr. NORRIS. I presume it would be determined just as though that particular provision were not in there. The same difficulty might arise over that very thing if the provision

Mr. BORAH. But this says that San Francisco shall recognize the right whenever the water may be applied to a beneficial

Mr. NORRIS. Yes. Mr. BORAH. Well, does that give San Francisco the power to say in the act of recognition that it is or is not being applied to a beneficial use?

Mr. NORRIS. No; I do not think San Francisco would have a right to say that any more than she would have a right to that the irrigation districts were not entitled, as a matter of fact, to anything. I do not claim that.

Mr. BORAH. Somebody must determine "when the same can

be beneficially used."

Mr. NORRIS. Exactly; but suppose we struck that out. Senator can not make anything that is automatic that will not involve a possibility of litigation. If he can, I should like to have him do so.

Mr. BORAH. Wait a moment until I get through. The ex-

pression used is:

Whenever the same can be beneficially used by said irrigation districts.

Now, somebody must determine the question of beneficial use. If they are going to recognize-I am proceeding upon the Senator's theory that it is binding; I am accepting his theory now-if they are going to recognize this 2,350 feet "whenever the same can be beneficially used by said irrigation districts, who is going to determine it? It is legal; it is binding we will say; but who is going to determine when "the same can be beneficially used"?

Mr. NORRIS. Whatever machinery is provided for by the

laws of California for that purpose.

Mr. BORAH. Then, in the first place, if there is a dispute they must go into court and establish their beneficial use, and after that is established San Francisco will recognize it.

Mr. NORRIS. If we struck out that provision and put nothing there except what is in section 11, or words to the same effect as those in section 11 of the bill, suppose, then, that San Francisco said "there is not an irrigation district; there never was one;" or suppose she said "you are not entitled to more than 300 feet," or suppose she said "you are not using this for beneficial purposes." All those questions might arise. As I understand, the courts of California are the proper machinery for determining those difficulties.

Then, the Senator from Nebraska realizes the Mr. BORAH. point at which he has arrived, and that is that this contract settles nothing; that you have got to go to the courts to settle

Mr. NORRIS. No. In the first place, it is not a contract; it is simply a statement of one of the conditions that San Francisco must adhere to, that she will recognize the right of these irrigation districts to use so much water, and that that right to that extent shall be superior to her own. But if the irrigation districts were using the water for some purpose which under the laws of California was not a beneficial purpose, even with that provision in the bill, would she not have a right, and ought she not to have a right, to say, "They are not using it for that purpose; instead of using it, they are running it down into the ocean and not using it at all?" Does the Senator

think that could occur?

Mr. BORAH. The Senator has now returned to the proposition that San Francisco is going to determine whether or not the water is devoted to a beneficial use,

Mr. NORRIS. The Senator has not. The Senator has said that San Francisco must recognize as a prior right the right of the irrigation districts to take so much water.

Mr. BORAH. Provided it can be beneficially used.

Mr. NORRIS. The Senator ought to be fair, and I do not think he is quite fair, because he is setting forth difficulties with the provision to which he objects in the bill that he must know would arise if that provision were out or difficulties which

could come up just the same.

Mr. BORAH. I am going to be fair; I am going to argue it upon the Senator's contention. You say that the law is binding; you say that it is valid; that it is such a provision as we have a right to make Now Towns in the law is binding. have a right to make. Now, I am going to argue it upon that basis. I do not think it is tenable, but I am going to accept that proposition. Now, let us see where you arrive and what consolation the farmer gets out of this situation:

(b) That the said grantee shall recognize the prior rights of the Modesto irrigation district and the Turlock irrigation district as now constituted under the laws of the State of California, or as said districts may be hereafter enlarged to contain in the aggregate not to exceed 300,000 acres of land, to receive 2,350 second-feet of the natural daily flow of the Tuolumne River, measured at the La Grange Dam, whenever the same can be beneficially used by said irrigation districts, and that the grantee shall never interfere with said rights.

I know of no one who can determine the question of beneficial use except the courts under the laws of the State of California. Then, if no one can determine it except the courts under the laws of the State of California, you have not arrived anywhere or settled anything, for the reason that if they had to go to the courts of California and settle it under the laws of California they would go just the same, whether this provision was in here

or out of here; so this does not help any.

Mr. NORRIS. Not necessarily. If you would assume that, as a matter of fact, the irrigation districts were not entitled under the laws of California to that much water, there would be where the difference would come in. If it is correctly stated, then they would get the same amount of water whether the provision is in or out. I should like to have the Senator at least get the theory as I understand it. I did not draft the bill; I did not draw the provision; but I understand from those who did that the theory of it was-and that was the reason why the irrigationists, represented, as they were, at the time by able men, were anxious to have the provision in the bill—that there was at least a great deal of doubt of their ability to prove that they were entitled as a matter of law to the amount of water stated in this bill, and so they demanded that it should recognize their right to the amount set forth. The provision was put in on that account.

Mr. BORAH. Yes; I understood the theory upon which it was put in, but I have never believed it was a thing which could be accomplished in this way; and that is what I am trying to

show.

Having discussed subdivision (b), we will pass to subdivi-

sion (c):

(c) That whenever said irrigation districts receive at the La Grange Dam less than 2,350 second-feet of water, and when it is necessary for their beneficial use to receive more water, the said grantee shall release free of charge, out of the natural daily flow of the streams which it has intercepted, so much water as may be necessary for the beneficial use of said irrigation districts not exceeding an amount which, with the waters of the Tuolumne and its tributaries, will cause a flow at La Grange Dam of 2,350 second-feet.

There we have a provision that whenever the irrigation districts receive at the La Grange Dam less than that amount, the city of San Francisco shall turn out, free of charge, a certain

amount of water.

Does the Senator think the farmers down there could compel the city of San Francisco to turn it out under this provision? I have no doubt he does think so. There is where we differ. think San Francisco could snap her fingers at the farmers of the San Joaquin Valley, and the farmers would have to depend entirely upon the doctrine of priority and settle their rights under the laws of California, and this provision would avail them nothing. This is a grant in præsenti. The grant takes effect the minute the grant is delivered. There is no forfeiture clause in it with regard to this. The farmers of the San Joaquin Valley could not bring an action of forfeiture. No one could bring an action of forfeiture except the Government itself, and that only upon two grounds. If they did not turn it out, if they refused to have brought an action of mandamus, the city of San Francisco could say: "That is a provision which was contrary to the laws of the United States, and we are not bound by it.'

Mr. NORRIS. But that is not a provision that is contrary to the laws of the United States.

Mr. BORAH. There is where we differ.
Mr. NORRIS. Yes; I know we do. It seems to me that is one of the conditions that we can very properly put in this grant.

Mr. BORAH. Let us see about that. [Reading:]

(c) That whenever said irrigation districts receive at the La Grange Dam less than 2.350 second-feet of water, and when it is necessary for their beneficial use to receive more water, the said grantee shall release free of charge—

Who owns this water that the city of San Francisco is re-leasing? It belongs to the State of California. You are now disposing of that which belongs to the State, and you say that San Francisco shall turn over to a particular individual what the State of California says may be turned over to somebody else. You say here that San Francisco shall turn it over to The State of California may say it shall be turned Mr. A. over to Mr. B.

But the particular water with which the Sen-Mr. NORRIS.

ator is now dealing belongs to the irrigation districts.

Mr. BORAH. Oh, no.
Mr. NORRIS. Yes, indeed.
Mr. BORAH. No; you have already fixed that in subdivision B.

Mr. NORRIS. Yes; but the Senator now has a case where there is not that much, and they are required to turn out enough of the water they have impounded to make that much.

Mr. BORAH. I will say to the Senator that the bill does not

provide that at all. It says:

Whenever said irrigation districts receive at the La Grange Dam less than 2,350 second-feet of water, and when it is necessary for their beneficial use to receive more.

Mr. NORRIS. Yes. Mr. BORAH. It might be necessary for me to have a thousand inches of water upon my farm, to which I might never have acquired title.

Mr. NORRIS. But the city of San Francisco, under the grant, recognizing the right to have 2,350 feet. The Senator is stating now a case where at the dam there is not that much, so the grantee must release enough to make that much.

Mr. BORAH. Yes; but she is releasing water that does not belong to her, unless the laws of California and the courts ad-

judge it to belong to her.

Mr. NORRIS. No; if the irrigation people are entitled to that water, then it is their water. They have a property right in it. Mr. BORAH. Then, if it belongs to the irrigation districts,

and is their water, San Francisco has nothing to do with either releasing it or holding it.

Mr. NORRIS. She would be in a pretty bad fix if the dam were built there and you should say she must not hold the water and she must not release it. That would be a pretty serious proposition. She would have to do one or the other.

Mr. BORAH. According to what the State of California has

said; not what we say.
Mr. BRANDEGEE. Mr. President-

Mr. BORAH. I yield to the Senator from Connecticut. Mr. BRANDEGEE. Mr. President, if the bill provides that

the grantee shall furnish these irrigation districts 2,350 secondfeet of water, and if section 11 of the bill provides in substance that nothing in the bill shall be construed to authorize anything contrary to or different from what the laws of the State of California prescribe, and if the laws of the State of California should be contrary to this condition, does not the Senator think the condition of which he complains would fall and be of no offect?

Mr. BORAH. Precisely so.

Mr. BRANDEGEE. I have heard Senators state that the provision in the bill to which the Senator is now alluding in some way encroaches upon State rights. Will the Senator point out in what respect it does, if he thinks it does? I am asking

solely for information.

Mr. BORAH. I have not stated that the bill actually encroaches upon State rights, but I state that we assert the power to do things which would be an encroachment upon State rights. We can not encroach upon State rights by an act of Congress, as a matter of fact, for somewhere along the line will be found a tribunal with the knowledge and the courage to declare our efforts futile. I believe we should not seek to do it.

Mr. BRANDEGEE. No; not constitutionally, of course.
Mr. BORAH. We can not do it in contemplation of law. Of

course we may do it, and the States may accede to it, and it may work out. That is the vice of this proposed legislation, if all parties will consent.

Mr. BRANDEGEE. How could compliance by some city with an unconstitutional provision of an act of Congress, as the Senator says, work out anything in derogation of the Constitu-

tion of the United States?

Mr. BORAH. Suppose this grant were carried out here as between the parties and the city of San Francisco and the irrigation districts should undertake to distribute the water to which they were entitled, respectively, by reason of their prior appropriations, contrary to the provisions which the laws of California make with regard to it. The actual operation of the thing would be contrary to the laws of the State of California, but it could be stopped at any time anybody had a mind to stop it.

Mr. BRANDEGEE. That is the way it seems to me. course, the fact that somebody was complying with a condition that Congress had no right to impose would not, I assume, in the Senator's opinion, have the slightest effect upon any court in its determination of a constitutional question that might be

Mr. BORAH. Oh, no. There is the very vice of this legislation. We say it would not have the slightest effect upon any court, and yet when the attorney came into court with this grant he would say, "Here is a grant which the Congress of the United States, after most earnest debate and consideration, asserted the right to make, and here are the terms which it asserted the power to make. It was the solemn declaration of the Congress of the United States as to its constitutional power to do this thing." Is it not a well-established rule that the courts in construing a statute which a Congress has solemnly passed will resolve all doubts in favor of it simply and solely by reason of the fact that it has received the affirmation of Congress?

Mr. BRANDEGEE. I think no doubt the courts in every case, both State and Federal, will attempt to sustain the constitutionality of statutes; and the presumption is that they are consti-

tutional until their constitutionality is disproven. Mr. BORAH. Yes

Mr. BRANDEGEE. I do not, however, wish to interrupt the

Senator now if he objects to it.

Mr. BORAH. No; I would just as soon be interrupted as not.

Mr. BRANDEGEE. It seemed to me that the imposition or attempted imposition of a condition in this bill, assuming that we had no authority to make it or to reserve it, was utterly void. I am as much opposed as the Senator is to the use of language that is not necessary or to the interpolation in statutes of things that I do not believe we have authority to put in. But let me ask this question of the Senator, and then I will subside:

If the Government owns this land in fee and is giving to somebody a right of way over it, why has it not a right to impose . as a matter between grantor and grantee any condition that it chooses to impose, irrespective of the powers conferred upon the Congress of the United States by the Constitution? I mean, why can not that be done by the Government acting as a proprietor of land and making a deed or a grant to this grantee? Why could it not put in here, if it wanted to, a condition-and if it did wherein would it differ in principle from the present onethat this grant should operate only in case California continued to have woman suffrage or in case it should agree to plant one-quarter of the State in wheat instead of in grapes? What has a condition reserved in a grant to do with the question of who owns the water within a State?

Mr. BORAH. Mr. President, suppose we should put in a bill such asinine provisions as the Senator suggests; would the Senator, under his oath as a Senator to support the Constitution of the United States have a support the Constitution of the United States, be willing to add his solemn sanction to a law which carried such impossible, illegal, and unconstitutional

provisions?

Mr. BRANDEGEE. Mr. President, I am talking about whether it is illegal or not. Of course, the Senator must not beg the question. I am assuming that the owner of a piece of land has a right to grant an easement to somebody seeking it upon any conditions that he has a mind to contract with the grantee to impose. If the grantee thinks they are absurd or fantastic, he need not accept the grant. But why can not the grantor, if he can deed the whole of it absolutely in fee simple, deed a right of way over it subject to any condition, no matter how fantastic?

Mr. BORAH. Of course he can do that. I have no doubt he can do it.

Mr. BRANDEGEE. Then this would not be void.

Mr. BORAH. If we are discussing this bill upon the theory suggested by the Senator from Connecticut; if we are willing to put into a bill anything that may secure its passage through the Congress, any provision which may seem palatable to any-body who is interested, merely on the theory that it is a proprietary grant, of course there is nothing to prohibit us from doing it. In that event the courts will afterwards say: "The Congress of the United States has done all these ridiculous things and has sacrificed and compromised its position as a legislative body. We will hold this law utterly and absolutely void, because the things which were put in are not proprietary powers at all, but they are attempts to control sovereign powers of the State or of the National Government."

Undoubtedly we can do that; but the Senator from Connecticut is just as far from legislating upon that theory as is the Senator from Idaho. He would strip a bill of the things which are unreasonable or impossible or unconstitutional or illegal, if he thought them to be so, just as quickly as would

anyone else in the Chamber,

My contention is that they are not putting in here things which appertain to the power of a proprietor in deeding land, but that they are asserting here certain governmental functions in connection with it, and that we as a Congress are lending our sanction to the assertion that they have the right to put them in.

Mr. BRANDEGEE. Mr. President—
The PRESIDING OFFICER (Mr. Robinson in the chair) Does the Senator from Idaho yield to the Senator from Con-

necticut?

Mr. BORAH. Yes; I yield. Mr. BRANDEGEE. Of course I can not control nor even hope to change the Senator's view, if that is the view he takes about it; but I simply say that if in the end I should vote for this bill it would not be with any idea that I acceded to the claim, or wanted to establish a precedent or do anything in the nature of making it easy for the National Government to claim, that it owned within the borders of a State the waters of a nonnavigable river or had a right to sell them. It is because I take the view that the Government is acting merely as a proprietor of land, and has a right to attach any conditions to it, that I think, on my theory of the matter, I should not be inconsistent if in the end I should vote for the bill, although I do not know whether I shall or not.

Mr. BORAH. But permit me to say to the Senator from Connecticut that we do put into this bill provisions which distribute, redistribute, and apportion the waters of the State of

California.

Mr. BRANDEGEE. The question is, Are we doing it as a government, under a claim of right to do it if we did not own the land, or are we doing it just as any other proprietor of land

Mr. BORAH. The proprietor of land does not own any water in California.

Mr. BRANDEGEE. I have heard it asserted again and again that the State of California owns this running water. Now,

perhaps it does

I am not quite clear who does own the water that runs down from the peaks of the mountains to the sea, and is evaporated and brought back to the peaks of the mountains again. owns it I do not know, but I am quite sure the National Government does not own it in the midst of a State; and I am quite sure the only function the National Government has in connection with it is to regulate commerce.

Mr. BORAH. We agree upon that.

Now, Mr. President, proceeding a little further with the bill, as the hour for adjournment has not yet arrived, subdivision (d)

That the said grantee, whenever the said irrigation districts desire water in excess of that to which they are entitled under the foregoing, shall, on the written demand of the said irrigation districts, sell to the said irrigation districts from the reservoir or reservoirs of the said grantee such amounts of stored water as may be needed for the beneficial use of the said irrigation districts at such a price as will return to the grantee the actual total costs of providing such stored water.

There it will be observed that the bill provides for the sale of certain water, although it is contended constantly here that we are not undertaking to dispose of the water of this stream. I want to read another section of it:

as will return to the grantee the actual total costs of providing such stored water, such costs to be computed in accordance with the currently accepted practice of public cost accounting as may be determined by the Secretary of the Interior, including, however, a fair proportion of the cost to said grantee of the conduit, lands, dams, and water-supply system included in the Hetch Hetchy and Lake Eleanor sites.

There is a provision which, while not very interesting to the Senate of the United States, would be a very interesting proposition if a farmer were called upon to pay under that provision. It says that he shall "return to the grantee the actual total costs of providing such stored water," if they sell to these parties, the "costs to be computed in accordance with the currently accepted practice of public cost accounting, as may be determined by the Secretary of the Interior, including, however, fair proportion of the cost to said grantee of conduits, lands, dams, and water-supply systems included in the Hetch Hetchy and Lake Eleanor sites."

So when the farmer in the San Joaquin Valley comes to have the price fixed which he is to pay for the water, he is not in the position of the farmer who can go direct to the stream and divert it, but he must apply to San Francisco, and San Francisco can charge up as a part of the price a portion of the cost for the construction of this vast system of reservoirs; of course, I assume, a fair proportion. I am assuming that, but nevertheless the farmer must, under those circumstances, have an accounting between himself and San Francisco, which will practically ad-judge and determine what portion of the cost of the construction of this reservoir system shall be charged up to the price of the water which he uses upon his farm.

Mr. President, having had some experience in irrigation districts, and having observed the condition of affairs in the midst of a summer where water is scarce; having passed through a section of the country where farms were burning and where the farmer was witnessing the destruction of his year's labor, the entire expenditure of the year going in 30 days, I look upon some of the provisions in this grant, so far as the lands of San Joaquin are concerned, as nothing less than cruel. To say to them that you shall travel to the city, or if not to the city to the Secretary of the Interior at Washington, who may be upon his summer vacation, hidden away in the recesses of the mountains, in order to get water upon your farm before the crop shall be destroyed. If a man were a bonanza farmer, with his millions, and his salaried lawyer standing guard for his interests, he might possibly keep track of the situation; but what of the numberless farmers who are unable to employ counsel for such tremendous enterprises? What of those who are simply, in the first instance, going into the community and trying to build up their farms, those who must struggle with might and main to make both ends meet at the end of the year, then to say to them, "Yes; you shall have water." When? Whenever the city of San Francisco says you are using it for a beneficial purpose; or, if there is a disagreement between San Francisco and yourself, when the Secretary of the Interior shall determine it; or, if the Secretary of the Interior can not be found, then when the courts of California shall determine it. A farmer came to my office some time ago from this region of the country.

Mr. WALSH. Mr. President-

Mr. BORAH. I will yield in just a minute. I said to him, "What is the objection of the farmers of the San Joaquin Valley to this enterprise? I want to know from you." He said, "The objection we have is in placing that tremendous power at the source of our water supply, a power with which we can not cope, which practically controls the situation, owns the reservoir, the conduit, the ditches. They may turn water on or turn water off, and we would be powerless, except after endless litigation, year after year, to get our rights, until finally we would give up and move out."

I yield to the Senator from Montana.

Mr. WALSH. Mr. President, most of us over here had a kind of an idea that San Francisco would be dealing with these two irrigation districts. Will the Senator kindly call our attention to those provisions by which the individual farmers will be called upon to deal with San Francisco, and likewise why these irrigation districts would not be able to employ counsel?

Mr. BORAH. Mr. President, I am not familiar with the ideas which prevail over there or how they arise.

Mr. KENYON. Mr. President-

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Iowa?

Mr. BORAH. Certainly.

Mr. KENYON. Was not that farmer willing to give up the rights he thought he might have to this water in order that there might be some cheaper electric power generated for that

Mr. BORAH. I do not know.

Mr. KENYON. He did not express himself?

Mr. BORAH. No.

In answer to the suggestion of the Senator from Montana, but there are over 200,000 acres of land in that valley which need water, and I claim the right, and it is just as much my duty here to speak for the farmer who is coming in, for the settler, and for the home builder, for the man who is to arrive and take charge of those farms and build them up and make homes out of them, as to speak for those who happen to have been there and to have established their rights.

Mr. WALSH. Just because it may help us somewhat I will state that this is for the purpose of storing surplus water. understand that the natural flow of the river except at flood time is now all appropriated and all used. It would be helpful to the Senate if the Senator would go on now and explain how a new settler, a farmer, an individual settler, who comes into that country after this time, will be able to get any water out of that stream except some dam is put up above, such as the bill contemplates, for the purpose of storing the water.

Mr. SMOOT. Mr. President—

Mr. BORAH. I ask the Senator to wait just a moment. If understand the Senator from Montana correctly, he assumes that farmers who would go in there would be in no better po-sition if they should organize and build and own and control their own dam with the water rights than if the reservoir were granted to the city of San Francisco, under which San Francisco would control the whole situation. Of course, the farmers might combine and organize districts and act col-

lectively, but the expense would still have to be met in the first instance by the individual farmer.

Mr. WALSH. That is the real crux of the situation. It is simply a question now, as I understand it, whether we shall authorize San Francisco to construct this dam and store these waters or whether we will allow them to run away to the ocean for 10 years more, until an irrigation district is created which will come down here to Congress to ask exactly the same privileges-to construct a dam in the Hetch Hetchy Valley for the purpose of storing these waters and irrigating these 200,000 acres of land.

Mr. BORAH. That is one of the propositions here.

Mr. WALSH. That is the proposition.

Mr. BORAH. I am glad to have it so.

I am very glad to hear the Senator's answer. Mr. BORAH. I am going to discuss that later, and I shall be pleased by his presence when I come to discuss it.

The PRESIDING OFFICER. Does the Senator from Idaho

yield to the Senator from Utah?

Mr. BORAH. I yield. Mr. SMOOT. Mr. Pr Mr. President, I think these questions are worthy of most serious consideration. There are very few Senators in the Chamber, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Utah suggests the absence of a quorum. The Secretary will call the roll. The Secretary called the roll, and the following Senators

answered to their names:

Ashurst Bacon Gore Hollis Stone Sutherland Owen Sutherland Swanson Thomas Thompson Thornton Townsend Vardaman Walsh Warren Hughes James Jones Page Perkins Pittman Pomerene Borah Brady Brandegee Bristow Kenyon Kerno
Lane
Lewis
McCumber
McLean
Martin, Va.
Martine, N. J. Bryan Burton Chamberlain Reed Robinson Saulsbury Shafroth Chilton Clapp Clark, Wyo. Clarke, Ark. Sheppard Shields Shively Williams Works Smith, Ga. Smith, Md. Smoot Nelson Norris O'Gorman Colt Dillingham Gallinger

The VICE PRESIDENT. Sixty-one Senators have answered to their names. There is a quorum present. The Senator from

Idaho will proceed.

Mr. BORAH. Mr. President, it has been often asserted in this debate that the bill does not attempt to dispose of the waters of California. I concede that it does not attempt to determine the original title to the waters of the State of California, but I do assert that it undertakes to dispose and distribute and redistribute the waters of the State as between the residents of the State of California. That is dealt with all through the bill. I will read a few passages in order that it may be seen to what extent they undertake to dispose of this

water:

(d) That the said grantee, whenever the said irrigation districts desire water in excess of that to which they are entitled under the foregoing, shall on the written demand of the said irrigation districts sell to the said irrigation districts from the reservoir or reservoirs of the said grantee such amounts of stored water as may be needed for the beneficial use of the said irrigation districts at such a price as will return to the grantee the actual total costs of providing such stored water, such costs to be computed in accordance with the currently accepted practice of public cost accounting as may be determined by the Secretary of the Interior, including, however, a fair proportion of the cost to said grantee of the conduit, lands, dams, and water-supply system included in the Hetch Hetchy and Lake Eleanor sites.

Now, will anyone contend that that is not an effort to enforce

Now, will anyone contend that that is not an effort to enforce the sale and disposition of the waters of California? Does it not prove that whenever the irrigation districts make a written demand there shall be a sale and transfer of title, an exchange of property for price? Is it not a disposition of the waters? Is it not a distribution of them? What is it? One of those idle things, I presume, put in to palliate. Further it says-

upon the express condition, however, that the said grantee may require the said irrigation districts to purchase and pay for a minimum quantity of such stored water, and that the said grantee shall be entitled to receive compensation for a minimum quantity of stored water and shall not be required to sell and deliver to the said irrigation districts more than a maximum quantity of such stored water to be released during any calendar year.

There is another clause providing for another matter of distributing between these parties, disregarding all other people's rights of these waters, I grant you, upon the assumption that they have acquired the original title from the State of California, but having acquired the title and put it into the reservoir and other parties desiring it, the bill undertakes to provide how it shall be sold and what price shall be paid and who shall fix the price. I think I am correct in that conclusion.

Provided, however, That if the said irrigation districts shall develop sufficient water to meet their own needs for beneficial use and shall

so notify in writing the Secretary of the Interior, the said grantee shall not be required to sell or deliver to said irrigation districts the maximum or minimum amount of stored waters hereinbefore provided for.

What are they doing there? The Government of the United States is constituting the city and county of San Francisco its agent to dispose of the waters of California in a certain way. It assumes, I will say, that its agent has acquired original title from the State, but as soon as it has done so the Government says that the disposition of it, the use of it, the price which shall be charged, and who shall use it shall be as follows. The sovereignty or the National Government says—and it selects the city of San Francisco for the purpose of performing that which should be performed by the water commission of the State of California-

(e) That such minimum and maximum amounts of such stored water to be so released during any calendar year as hereinbefore pro-vided and the price to be paid therefor by the said irrigation districts are to be determined and fixed by the Secretary of the Interior in accordance with the provisions of the preceding paragraph.

They have provided for the sale and distribution, but then they say that the amount to be released and the price to be paid shall be fixed by whom? By the water commissioners of California, by a tribunal selected by the State of California to distribute the water, fix the price, and determine what shall be paid? Certainly not. But they say to whom it shall be sold, how the price shall be determined, and who shall fix the price. That is stated here in an act of Congress, and Congress selects the Secretary of the Interior to do the work.

I ask my friends what is there left to the sovereign authority of the State to fix the price of power, to fix the price of water, to fix the rates which railroads within a State may charge, if the Congress of the United States, under the guise of making a grant, can draw to itself the power to fix the rates through an instrumentality which it chooses, to wit, the Secretary of the Interior?

As was said by the Senator from Connecticut [Mr. BRANDE-GEE], you can put all these things in, and they may be avoided; but we are inserting them, and inserting them as an authority which we have and as a power which we possess, and which we may legitimately under our oaths exercise.

I would not care so much about this proposition, and would take my chances upon the courts holding it unconstitutional, if they had not all gone into the bill by reason of an understanding with those who are vitally interested that they would be binding, and by reason of that fact they were led into a cul-desac, which, in my judgment, they are very anxious to get out of-

Again, notice what they are doing with reference to water on page 17, subdivision (h):

(h) That the said grantee shall not divert beyond the limits of the San Joaquin Valley any more of the waters from the Tuolumne watershed than, together with the waters which it now has or may hereafter acquire, shall be necessary for its beneficial use for domestic and other municipal purposes.

How does the city of San Francisco get its water, and how does it get its right to divert and the amount which it shall divert? It goes to the stream the same as John Doe or Richard Roe, and it posts its notice under the laws of the State of California. If it posts its notice for a certain amount and uses due diligence in the diversion of the water and the application of it to a beneficial use, it ripens into a title to that much water. If it does that, it is entitled to divert all that it has posted notice for and applies to a beneficial use. It is entitled to divert no more than it requires, under the laws of the State of California. But this says:

(h) That the said grantee shall not divert beyond the limits of the San Joaquin Valley any more of the waters from the Tuolumne watershed than, together with the waters which it now has or may hereafter

Suppose it desired to do otherwise; suppose it desired to divert water for the purpose of sale to other individuals than those named here and it should go upon the stream or should go to the source of supply, post its notice for that extra amount, and should put it into this reservoir which we are granting, and should begin to sell it to fhe other people at a price fixed by the laws of California or otherwise, would this provision of this grant restrain them in any way from doing that? They would simply say, "We have complied with the laws of the State of California. The Congress of the United States could not limit us in our right as a municipal corporation or as individuals from availing ourselves of all the virtues of the laws of California and acquiring all the property rights that we could acquire legitimately under those laws." Would that not be a complete and efficient answer just the same as it would be an answer to the several preceding paragraphs in which they undertake to limit, to dispose of, to distribute, to redistribute, and to fix the price of the waters in this State?

But, Mr. President, this all comes back to the proposition that this grant would be a very ineffective proposition in many ways for San Francisco if it were not for the fact that this reservoir site is the key to the situation, and we grant the reservoir site in unconditional terms; we place the title in a grant in præsenti to the reservoir site, the only means practically for this entire community by which this water can be stored. That belongs to San Francisco; it is real property; and the moment it becomes real property the Congress of the United States can impose no terms or conditions. It is controlled from that hour by the laws of California; and San Francisco is in the same position, as I said a moment ago, as a railroad having the prior and exclusive right granted to it to pass through a gorge, and she may dictate terms. If that be not true, would they accept an amendment by which this grant should run equally and be to the benefit of all, without the consent of San Francisco being required, who might avail themselves, under the law of the State of California, of this water or of the reservoir in which it is stored?

Mr. CLAPP. Mr. President-

The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Minnesota?

Mr. BORAH. I yield. Mr. CLAPP. I desire to ask a question for information, and not in a spirit of criticism, and I am asking as to a matter upon which I have heard diverse statements. For the purpose of the inquiry we will assume that San Francisco has made filings that entitle her to a given quantity of water out of this river. I think it is 161,000,000 gallons. I should like to know from the Senator's study of the situation, in view of the physical conditions there, whether there is any way in which San Francisco can avail herself of that filing and get that amount of water except by a dam-I am not saying now the dam proposed by the bill-except by a dam at the place where the bill contemplates the erection of the dam?

Mr. BORAH. My information is that there is not any other way by which she can avail herself of this particular water

supply.

Mr. CLAPP. That is what I wanted the Senator's opinion on.

Mr. BORAH. That is my understanding.

Mr. CLAPP. I understand at the same time, from a suggestion of the Senator from Utah—if the Senator from Idaho Mr. CLAPP. will pardon me—that it is claimed that the settlers below there could build reservoirs and impound the excess of water in high water, so that they could use water covered by their subsequent filings without any dam being placed at this point.

Mr. BORAH. That is my understanding.
Mr. SMOOT. I will say, Mr. President, that Mr. Newell so testified, and others testified to the same effect.
Mr. CLAPP. I wanted to get the view of the Senator from Idaho. I was very much interested, I may add, in the suggestion the Senator was just making. If there was some way by which a dam could be built there and utilized, and there could be withdrawn from the bill anything like a recognition of the authority of either party to construct that dam—and San Francisco alone is mentioned in the bill in connection with the dam—and if there could be withdrawn anything like an assumption of authority to distribute the water to those who are entitled to it, it seems to me that might be a desirable solution of the difficulty; but I do not know how that could possibly be accomplished. I should, however, be very much interested in such an amendment.

Mr. WORKS. Mr. President—
The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from California?

Mr. BORAH. I yield, Mr. WORKS. That can be accomplished under the laws of California. The water commissioners have complete control over that matter. They could allow the city of San Francisco to construct a dam at such height as would store the water which that city needs, and they could allow somebody else to add to the dam such an addition as would store the quantity of water they could use, and so on. Therefore, the laws of California would control the water and send it where it justly and properly belongs, if not interfered with by Congress.

Mr. CLAPP. I do not see that there would be any legal objection. The objection that occurred to me was the practical objection of inducing the building of a dam under those circumstances, one party contributing the funds for the construction of the dam to a certain extent and the other party securing the cooperation of the other builders and providing funds for

the extension of the dam.

Mr. WORKS. That is specifically provided for by the law that I read to the Senate—the manner in which it shall be done,

how the operating expenses shall be borne, and all that, Mr. CLARK of Wyoming. Mr. President, as a practical mat-ter, it is done now by the Government itself.

Mr. CLAPP. I know the Government could finance it very readily.

Mr. CLARK of Wyoming. It is not a question of financing, . it is a question of proportionate contributions.

Mr. CLAPP. That is simple, but the question of constructing a dam there that would meet, first, the requirements of San Francisco and then impound an excess—a dam that would impound, say, 400,000,000 gallons, of which San Francisco could only take 161,000,000 gallons and the settlers the balance, or vice versa, would be a financial problem in that one phase of it.

Mr. CLARK of Wyoming. That is true; but there are few of these districts, and the evidence shows that at this particular point the parties interested are willing to and able to undertake

proposition of that sort.

Mr. CLAPP. I trust the Senator from Idaho will pardon me for the interruption, but it was on a practical phase of the question.

Mr. WALSH. Mr. President—
The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Montana?

Mr. BORAH. I yield to the Senator. Mr. WALSH. The Senator from California suggests a very interesting inquiry. He informs us that the laws of the State of California will allow one dam to be superimposed upon another, the original owner to have the water stored below and the subsequent builder the water stored above. Can the Senator inform us whether anybody has ever availed himself of that privilege?

Mr. WORKS. No; because the law has only within the last few months gone into force and has not been availed of at all. I think the water commission has only very lately been appointed. It is a new law in California, but it is a very specific

Mr. WALSH. Is the Senator able to tell us about the engineering difficulties attendant upon the construction of a series of dams superimposed one upon another?

Mr. WORKS. It depends altogether upon the action of the water commissioners. They would determine that question.

Mr. BORAH. I suppose that the water behind the dam would be something like money in a bank—no particular water would be something like money in a bank would belong to anybody in a bank, but they would be entitled to go there and get so much of it as they had remaining there. The engineering trouble, therefore, would be likely to be about the same that you have in getting money into a bank; there is not much trouble about getting it out.

Subdivision (1) provides:

Subdivision (1) provides:

(1) That the said grantee shall, upon request, sell or supply to said irrigation districts, and also to the municipalities within either or both said irrigation districts, for the use of any land owner or owners therein for pumping subsurface water for drainage or irrigation, or for the actual municipal public purposes of said municipalities (which purposes shall not include sale to private persons or corporations) any excess of electrical energy which may be generated, and which may be so beneficially used by said irrigation districts or municipalities, when any such excess of electric energy may not be required for pumping the water supply for said grantee and for the actual municipal public purposes of the said grantee (which purposes shall not include sale to private persons or corporations) at such price as will actually reimburse the said grantee for developing and maintaining and transmitting the surplus electrical energy thus sold—

That will be a more difficult proposition in finance than the other would be of engineering-

And no power plant-

Listen to this clause-

and no power plant shall be interposed on the line of the conduit except by the said grantee, or the lessee, as hereinafter provided, and for the purposes and within the limitations in the conditions set forth

So that dedicates the entire power to the city with some degree of completeness, if it can be done at all.

The said grantee shall develop and use hydroelectric power for the use of its people and shall, at prices to be fixed under the laws of California or, in the absence of such laws, at prices approved by the Secretary of the Interior.

That I referred to, Mr. President, a few moments ago, and I will not refer to it again. There is one provision here, however, to which I shall call attention before I close upon this part of the discussion:

Provided, however, That the grantee shall at all times comply with and observe on its part all the conditions specified in this act, and in the event that the same are not reasonably complied with and carried out by the grantee, upon written request of the Secretary of the Interior, it is made the duty of the Attorney General in the name of the United States to commence all necessary suits or proceedings in the proper court having jurisdiction thereof, for the purpose of enforcing and carrying out the provisions of this act.

It will be observed that that is entirely different from the provision with reference to forfeiture, with reference to the failure to complete and an attempt to sell. In the provisions of the grant which have reference to the question of sale or reference to the question of failure to complete, it is expressly provided that such failure shall constitute a forfeiture upon the part of the grantee, and that the Attorney General shall bring action for the purpose of bringing that forfeiture to a final conclusion.

But this is an entirely different proposition. It does not provide for any forfeiture, but simply provides that the grantee shall comply, and that upon its failure to do so the Attorney General shall bring such action as may be necessary for the enforcement and carrying out of the provisions of the act. No forfeiture being provided for, no forfeiture can follow from that fact, for the reason that forfeitures are not favored and must be specifically provided for before they can be enforced. The Attorney General could bring whatever action was necessary, perhaps an action of mandamus or something of that kind, to compel compliance with the law.

I ask, in connection with that, What would be the remedy of the irrigation districts if they should get into a conflict with San Francisco in regard to the rights under this grant? What remedy would they have? They could not bring any action such as is provided for in the bill. They would simply be relegated to common-law actions, or actions under the laws of the State of California, whatever they might be.

There is one provision here, however, which seems to be exclusive:

That this grant, so far as it relates to the said irrigation districts, shall be deemed and held to constitute a binding obligation upon said grantee in favor of the said irrigation districts, which said districts, or either of them, may judicially enforce in any court of competent jurisdiction.

Of course if these provisions were legal, if they were binding, they would go into court to enforce them the same as they would enforce any other contractual relation, or any other right based upon a contract in a grant; but they would have no power to enforce a forfeiture. They would not be permitted to proceed upon their own initiative in regard to such a thing, and they would simply be relegated to their common-law rights of action, whatever they were, or to actions as provided by the statutes of California. Very likely the only real remedy would be an action for damages, which, of course, would be a very difficult one to enforce against the city.

There has been a great deal of discussion in regard to the question of the supply of San Francisco at the present time of wholesome water. Something was said about it this morning by the Senator from Arizona [Mr. Smith], and it has been discussed more or less during the entire debate. If we will take the reports of the engineers, both the Army engineers, the engineers for the Spring Valley Water Co., and the engineer of the city, and read those reports, we will come to the conclusion that at the present time there is no want or insufficiency of supply. It is very clearly stated by the reports that the water they now have, with the development which is now provided for and in process of completion, and which will go forward regardless of any act of this Congress, is not only sufficient for the present, but sufficient for years to come. I have not been able to find anything to controvert that proposition.

When I first took hold of this matter I was under the impression that San Francisco was at the mercy of the Spring Valley Water Co. In fact I read that in something written by one of the persons advocating the bill on the outside. But I find that the Spring Valley Water Co. and San Francisco have entered into an agreement; that their contract has been closed; and that it is going to finality, regardless of anything we do here. The reports disclose that not only will that source give them an ample amount of wholesome water for the present, but it will give them an ample amount of water for 15 or 20 years. It is not contemplated that the water from the Hetch Hetchy Valley will be used for 15 or 20 years, according to these reports. There is no contemplation that the city can possibly be in a position to use it inside of seven or eight years, as I understand; but certainly there is no contemplation that the city will use it within any reasonable period of time.

I read from a newspaper article published in a San Francisco paper only a short time ago, in which it is said:

paper only a short time ago, in which it is said:

Contractors for the Exposition Co, have completed one well, from which water is being pumped at the rate of 400 gallons a minute, which is over 500,000 gallons per day. Three more wells are to be sunk, and if they yield as abundantly the aggregate yield will be 2,000,000 gallons per day, which is one-twentieth of the average demand on the Spring Valley system. The water is claimed to be excellent. An official of the contractors says they will develop water "which will supply 1,000,000 people during the exposition year," If it will do that for the exposition year, it will do it for succeeding years, and we can tell both Spring Valley and Congress to go hang until our population exceeds a million.

Mr. Freeman says it will take five years to bore the tunnels for this supply, so that it will be years before any water is gotten into the city out of the proposition we are now discussing. I do not think there is anything to be gained by insisting that the necessities are imminent and imperative. The Senator from Montana said awhile ago that this was simply a question of whether we would grant this right to San Francisco or wait 10 years and grant it to the irrigation districts. San Francisco will not be using this water inside of 10 years. But, aside from that, I will now answer the Senator's suggestion, as I told him I would awhile ago.

There is this question in the controversy, and it is the crux of the whole contention: Whether San Francisco should go to the Hetch Hetchy Valley and to this source of supply or whether San Francisco should go to the Sacramento Valley or other sources for her water. I do not contend that San Francisco should not have an opportunity to secure an additional supply of water at some time in the future, although I think it will be a long time before she needs it. She will be using the power a long time before she uses the water. I do not, however, object to San Francisco having that water if it can be supplied without doing an injury to other people; or, if there is no other source of supply, the injury, of course, must follow, anyway.

Mr. President, anyone who will take these reports and read them and study them will come to the conclusion that San Francisco can go to the Sacramento Valley, or to the McCloud River, or to the Eel River, or to the American River and get just as wholesome and just as efficient a quality of water as that which she is now seeking to get from the Hetch Hetchy source. There is a difference in cost—some say of \$10,000,000, some say of \$20,000,000, and I think some of the figures go above that, although I think the figures above that have been reduced until it is fair to argue it upon the basis of the two figures I have given—ten or twenty or twenty-five million dollars.

have given—ten or twenty or twenty-five million dollars.

Mr. President, against that what are we to weigh? Not the question of the scenery, which they say is a sentimental question. It is one which is most earnestly advocated by a great many earnest people who are entitled to respect and consideration, but it is one which does not at all control me. Against that, however, let us place the disadvantages which will inure to the farmers of the San Jonquin Valley and to those who are to settle that country in the future.

to settle that country in the future.

The Sacramento Valley has more than an abundant supply. She is anxious to get rid of some of the water she has. has floods, and the Government is taking steps to be rid of too much water in the Sacramento region. Shall we, for the purpose of avoiding the expenditure of a few million dollars at present, enter upon a proposition which means the ultimate injury to many millions more of property in the San Joaquin Valley? I think the reports show just as conclusively that this great region of country never can be reclaimed unless it is reclaimed from this source. When I say "reclaimed" I do not mean that perhaps in the technical sense, because in a technical way it has been already reclaimed; but they have not sufficient water with which to raise crops so that they can make it profitable. In one sense that entire walley, as I understand, has been covered by settlement; but it is a question of getting enough water to supply it so that the people can really raise crops upon the land they have; otherwise they must in time give it up, of course.

Therefore you not only have the irrigation districts which are there which may be provided for sufficiently under this bill—we will admit that for the sake of the argument—but you have these great tracts of land which are to be made valuable or valueless in the future, depending on whether you turn away this source of supply or keep it there—valuable if it stays, valueless if it is turned away.

As I understand—and if I am in error about this I should like to be corrected—the only difference between the propositions of the Sacramento and the San Joaquin is purely a question of dollars and cents. We have reached the point where it is only a question of dollars, or a few million dollars. Upon one side is the great San Joaquin Valley, one of the richest and most fertile valleys in the world, depending upon this water, with no other source of supply. Upon the other is the Sacramento Valley, able to supply the water, and ought to be rid of it. It is not the question of cost of to-day alone, but what will it amount to in the sweep of years, when you have assessed up against the \$20,000,000 which may have to be expended the loss which will arise by reason of the failure to reclaim or to dedicate those lands to homes and farms in the San Joaquin Valley?

I wish in this connection to read from an article in the Irrigation Age, written by a man by the name of John J. Bramhall. I do not know Mr. Bramhall, but he writes what seems to me a pretty fair article in regard to this matter. He says:

San Francisco needs more water. So does the San Joaquin Valley. The water sources in the Sierra Nevada are being rapidly appropriated, but there are still some unused sources on the watersheds of both the

document.

Sacramento and the San Joaquin Valleys, and the question might be put in this form: To which valley should San Francisco go for her water? San Francisco claims by appropriation certain water rights in the uper Tuolumne River, in the Hetch Hetchy Valley, in the northern part of the Yosemite Valley, and also in Cherry Creek and Lake Eleanor, north of Hetch Hetchy, and has acquired title to certain lands in those locations, and now asks Congress for a dam site and right of way which shall be free from revocation by the Secretary of the Interior, as in the Garfield permit. The question at issue is whether San Francisco should be granted these privileges or shall be compelled to go elsewhere for her supply.

There are two factors in the controversy, as opposed to the contentions of San Francisco: First, the interests of the irrigation farmers and those who might become such by the extension of the irrigated area, and, second, the advocates of the preservation of the national parks from all encroachment by corporate or municipal interests—commonly called the "nature lovers." These latter have been given rough usage by the advocates of the San Francisco scheme, but have been very useful to them, nevertheless, in clouding the main issue, which is the defense of the irrigation districts in the San Joaquin Valley. As the question will probably be decided on consideration of "highest use," I will disregard the plea of sentiment, but without prejudice.

Nor is it necessary to go into the history of San Francisco's efforts to get the grant of the Hetch-Hetchy reservoir or to discuss the question of whether the location is properly within the boundaries of the Yosemite National Park, or debate the powers of Congress in the matter. We may take these for granted until disproven.

In his communication to the mayor of San Francisco on the application for Lake Eleanor and Hetch Hetchy reservoir sites, under act of February 15, 1901, Secretary Fisher said:

"I have reached the conclusion that a permit for this purpose should not b

That, it occurs to me, is a pretty fair statement. The writer does not seem to be prejudiced, and this is a quotation which he makes literally from the Army engineers' report.

He then quotes further, which I will not now take the time to read, the difference in cost, which is about, as I said a moment ago, \$20,000,000, with some estimates as high as \$30,000,000, greater than the Hetch Hetchy project; but he says that by discounting to 1914 it becomes only \$13,000,000.

Secretary Fisher says:

I do not believe that the Secretary of the Interior should grant under the act of February 15, 1901, a permit in this case based upon the principal determining factor of the difference in cost between available alternative sources of water supply, whether that difference be \$13,000,000 or \$20,000,000, or even more than \$20,000,000. If the Secretary were to do this, he would in a certain important sense be placing a monetary value upon the preservation of the Hetch Hetchy Valley in its present natural conditions.

And, he might have said, he would be placing a monetary value upon the San Joaquin Valley and its possible agricultural future under its present development and condition. So the Secretary refused to grant permission.

I will discuss this matter later during the evening.

## ENROLLED JOINT RESOLUTION SIGNED.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the Speaker of the House had signed the enrolled joint resolution (H. J. Res. 155) extending time for completion of classification and appraisement of surface of segregated coal and asphalt lands of the Choctaw and Chickasaw Nations and of the improvements thereon, and making appropriation therefor, and it was thereupon signed by the Vice President.

## BANKING AND CURRENCY.

Mr. BRISTOW. Mr. President—
The VICE PRESIDENT. Does the Senator from Idaho yield to the Senator from Kansas?

Mr. BORAH. I do.

Mr. BRISTOW. I desire to announce that on Tuesday next, immediately after the routine morning business, I shall address the Senate on the banking and currency bill, unless it will interfere with other business of the Senate.

Mr. CLARK of Wyoming. Mr. President, will the Senator vield to me?

Mr. BORAH. I yield to the Senator from Wyoming. Mr. CLARK of Wyoming. I ask the Senator to yield to me in order that I may submit a somewhat lengthy amendment to this bill so that it may be printed. I ask that it lie upon the

The PRESIDING OFFICER (Mr. Robinson in the chair). The amendment will lie on the table and be printed.

### RECESS.

The VICE PRESIDENT. The hour of 6 o'clock having arrived, in accordance with the order previously made, the Senate of the United States will take a recess until the hour of 8 o'clock p. m.

Thereupon (at 6 o'clock p. m.) the Senate took a recess until 8 o'clock p. m.

## EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.

AGRICULTURAL COOPERATION IN EUROPE (S. DOC. NO. 214).

Mr. FLETCHER. Mr. President, I ask unanimous consent that an order be made that the manuscript of the report of the American Commission on Agricultural Cooperation in Europe be printed as a Senate document. There has been an order already made for the printing of this material, but the printing clerk desires this additional order made, it having reference more particularly to the arrangement of the document.

The VICE PRESIDENT. Is there objection to the request of the Senator from Florida? The Chair hears none.

The order as agreed to was reduced to writing, as follows: Ordered, That the manuscript of the report of the American Com-mission on Agricultural Cooperation in Europe be printed as a Senate

### CALLING OF THE BOLL.

Mr. SMOOT. Mr. President, I suggest the absence of a

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

STARTO II CALCOL CO.	ARREST ATTENDED OF T		
Ashurst Bacon	Gronna Hollis	Norris O'Gorman	Smith, Md. Smoot
Bankhead	Hughes	Overman	Stone
Borah	James	Owen	Swanson
Brady	Johnson	Page	Thomas
Bryan	Jones	Pomerene	Thompson
Burton	Kern	Reed	Thornton
Chamberlain	Lewis	Robinson	Vardaman
Clarke, Ark.	McCumber	Saulsbury	Walsh
Colt	McLean	Shafroth	Warren
Fletcher	Martin, Va.	Sheppard	Williams
Gallinger	Martine, N. J.	Shively	
Goff	Myers	Simmons	
Gore	Nelson	Smith, Ga.	

The VICE PRESIDENT. Fifty-three Senators have answered to the roll call. There is a quorum present.

## SAN FRANCISCO WATER SUPPLY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest and certain lands in the Yosemite Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

The VICE PRESIDENT. The Senator from Idaho [Mr.

The VICE PRESIDENT. 'BORAH] is entitled to the floor.

Mr. BORAH. Mr. President, at the recess hour I was calling attention to an article from the Irrigation Age written by Mr. John J. Bramhall, which, as I said, seemed to me to be a very earnest effort to be fair and impartial in the presentation of the situation, and doubtless it was written by one who has studied the situation on the ground. Quoting from the article, it says:

situation, and doubtless it was written by one who has studied the situation on the ground. Quoting from the article, it says:

It would perhaps be going beyond the province of an impartial statement, such as I am trying to make, to allege that the hearing on the Hetch Hetchy bill (H. R. 7207) before the House Committee on the Public Lands was a one-sided affair, notwithstanding the efforts of the chairman, Mr. Scott Ferris, to bring out all the facts. Nevertheless, a perusal of the hearing reveals the fact that the irrigation interests made no defense and did not even question statements that were manifestly to their disadvantage. This was brought about by certain concessions, or agreements, on the part of the San Francisco managers, in the shape of amendments to the bill, calculated to protect the rights of the districts and accepted by their representatives as a compromise. The appearance of the Secretary of the Interior, Mr. Lane, as an advocate for the bill was not without its influence.

The irrigation farmers of the region affected have been placed in a false position by the pledges of the advocates of the bill and are now apparently changing front in renewing their opposition. The San Jonquin Valley people have always opposed the diversion of their water, and they now more than ever dispute the efforts of San Francisco to establish herseif in the Hetch Hetchy, since it is her avowed intention to obtain an unconditional grant of the reservoir site and right of way and to deny the authority of the Federal Government to impose conditions upon the use of the waters of the national park. Remonstrances against the bill are now being circulated among the water users and are being signed almost unanimously.

It begins to be apparent, too, that the electric power which would be generated from the Hetch Hetchy dam is the real "nigger in the woodpile," and it is even asserted that San Francisco is not likely to utilize the water for any other purpose. This phase of the subject was briefly touched upon in the inqui

A warning, Mr. President, which should not go without some heed.

heed.

To understand the peculiar situation of these districts and the reason for the strenuous opposition to the claims of San Francisco on the part of the irrigation farmers, we should examine the topography of the San Joaquin Valley; and to understand also the position of San Francisco as regards water supply, we should look into the topography and climatic conditions of the Sacramento Valley. The Great Valley of California, about 500 miles in length and 75 or 100 miles in breadth, is inclosed by the lofty Sierra Nevada on the east and the Coast Range on the west, and Shasta and Tehachapi at either end. It is practically one valley, with the Sacramento flowing down from the north and the San Joaquin joining it from the south and emptying their waters into San Francisco Bay. In temperature the two ends of the valley are very similar, but in precipitation there is a wide difference. For the northern valley we find an average of 20 inches at Sacramento, 23 inches at Chico, 36 inches at Redding, and still higher readings in the mountains. In the southern valley we find the precipitation decreasing from 16 inches at Stockton to 5 inches at Bakersfield, with a higher range, of course, in the mountains. Quoting the California Conservation Commission, the mean annual run-off of the Sacramento River at Collinsville (including tributaries) is 26,000,000 acre-feet, and of the San Joaquin Naley has a scarcity of water and the Sacramento Valley a surplus, in a ratio of 6 to 1 per acre.

One of the valleys, Mr. President, in need of all the water that

One of the valleys, Mr. President, in need of all the water that can be possibly supplied for the purpose of reclaiming these lands or holding them for cultivation, and the other having a

very large surplus of water.

very large surplus of water.

In fact, the general problem in the Sacramento Valley is one of flood prevention. (See Rivers and Floods of the Sacramento and San Joaquin Watersheds, and also report of California Conservation Commission.) The rivers and floods report shows that within a radius of 20 to 40 miles from Kennett, in the lower Pit and upper Sacramento watersheds (including the proposed McCloud River water source for San Francisco) the annual precipitation sometimes exceeds 100 inches, and in 1909 was 115.9 inches. The same report gives details of flood losses since 1909 of \$10,325,000, mainly in the Sacramento Basin, and all attributable to the Sacramento, as it is the great flood tide of that river that backs up the San Joaquin. The United States Government is now prosecuting a great flood-protection work on the lower Sacramento River, which will cost \$30,000,000, divided between the Federal, State, and county Governments, and it is estimated that private capital is engaged in reclamation work to an equal or greater amount, in which lands to the extent of over half a million acres are to be reclaimed from overflow. From this it would appear that the Sacramento Valley would be only too giad to part with all the water that San Francisco could take.

from overflow. From this it would appear that the Sacramento Valley would be only too glad to part with all the water that San Francisco could take.

A few brief notes regarding the increase of value of farms and of production in Stanislaus County attributable in great measure to irrigation. (Report of State board of agriculture.) Value of all farm property, 1900, \$17,032,000; 1910, \$43,788,000; increase, 157 per cent. Increase in value per acre greater than any other interior county. There was very little alfalfa in 1900; the area now is estimated at 130,000 acres. The butter product in 1900 was about 800,000 pounds; in 1912 Stanislaus was the leading butter county in the State, with 6,894,225 pounds, practically all from irrigated land. The total irrigated area in 1899 was 17,500 acres; in 1903, 84,000 acres with 341,000 acres in existing projects. There are now 120,000 acres with 341,000 acres in existing projects. There are now 120,000 acres irrigated in the Modesto-Turlock districts, and about 30,000 acres outside. The works have not been extended to cover all the area included in the districts, but extensions have been already planned. Meanwhile, the lands to the eastward, now in pasture or stubble, and suitable either for citrus or deciduous fruit or for alfalfa, are being looked over with a view toward new irrigation districts, which, however, the passage of the Hetch Hetchy bill would exclude for all time. So that even if the existing districts are fully protected by the bill (regarding which the lawyers differ), the outside lands must remain arid. True, San Francisco did magnanimously consent to the enlargements of the districts from 257,000 acres to 300,000 acres, to include the proposed Waterford district, but would allow for no extra water for their development.

Much more might be said, for the subject is a wide one and important on account of the precedents it may establish, but enough has been set forth to demonstrate that the farmers and landowners of the San Joaquin Valley.

As a comment upon

As a comment upon that, Mr. President, aside from the general comment that it seems to be an effort to fairly and impartially present the matter by one whom I do not know to be interested, but can not say he is not—in addition to that comment, anything to my mind which in this country is calculated to withhold from irrigation and from farming or utilizaton for agricultural purposes any considerable area of land is a detriment and a calamity to this country which you can not measure in dollars and cents.

I remarked this afternoon that for the last five years the figures disclose that we are giving over to our sister Government upon the north 100,000 of our citizens. I was about to say our best citizens, because I consider that the man who goes out into the desert and waste places to make a farm where there never had been a farm before, and thereby add not only to the home-builders' dominion, but add to the general comforts and to the general supplies of the entire country, is altogether to be classed as one of our best class of citizens. Everyone who is familiar with the western country knows that for the last several years there has been a gradual pushing more and more to that part of the public lands which are very costly to

reclaim.

There is no such thing any longer, Mr. President, as a man going out on a piece of prairie land rich and fertile, turning it 1

over, and raising a crop without any further expense than that of merely reducing it to a cultivable condition. He must now go into those almost inaccessible places, where it is difficult to get water with which to supply the land; he must be at an extra expense in order to get water upon the land; and then he must wait until the water goes upon the land, until the land has been tamed, as it were, to the production of crops. So, Mr. President, we are now engaged in an effort to secure enough land in dif-ferent parts of the West, where it has not actually been taken, to hold our own people, and it has been demonstrated in the last five years that so far we have not the land or, if we have, that we have not the means available by which the people can get it. So we have lost 100,000 of our citizens year by year of our best blood and best brain, who have gone over to help build up the great Dominion of Canada.

Anything, Mr. President, that is calculated to reduce to an eternal desert or a portion of it for all time one of the most fertile and beautiful valleys in the country is not to be measured by an estimate of \$20,000,000, to say nothing of the other

conditions which might be of importance.

Therefore, if it is true, Mr. President, that the Sacramento Valley has a surplus of water and that there is an efficient and sufficient supply for San Francisco, or if it be true, as I think I shall show later, that the American River, the McCloud River, and the Eel River will afford a sufficient supply of wholesome water, the mere question of cost or additional cost ought not to insure the passage of this bill. So far as I am concerned, there is no difference to my mind between granting to a city a piece of property belonging to the Government that is worth from fifty to one hundred million dollars than it is to take \$30,000,000 out of the Treasury and give it to the city. I stated a moment ago as my candid judgment that it would be infinitely less costly to the United States Government to make an appropriation outright to transfer the water across from the Sacramento Valley than it would be to make this grant if the grant has the effect upon the San Joaquin Valley that seems to be conceded in these reports.

It is very difficult, Mr. President, interrupted as I was this afternoon, to present this matter in a logical way; so I refer back for a few moments to one feature of it, which I passed over, to make an additional statement in regard to it. What I shall now read is from the report of Mr. John R. Freeman, the expert for the city of San Francisco, which says:

THE EXISTING SUPPLY TO SAN FRANCISCO.

John R. Freeman, expert for the city, says of it: "The present quality of the water furnished by the Spring Valley Water Co. is. I believe, thoroughly wholesome and safe." (Freeman's Report, p. 61.) It is a mountain water from the coast range and, according to the Army engineers, can be developed to 131,000,000 gallons daily—more than three times the present supply (Report, p. 16) and sufficient for a population of 1,300,000, according to Mr. Freeman. Even taking into account all the cities around the Bay of San Francisco, the Army engineers find the "economical development" of the coast range supply is 233,000,000 gallons daily (Report, p. 17), or enough for a population of two and a quarter millions of people (present population about 750,000). One hundred gallons a day per capita is the present use.

THE HETCH HETCHY AT LEAST FIVE YEARS AWAY. Should this bill pass, water can not be brought from the Hetch Hetchy under 5 years (Freeman, p. 74), or 10 years according to former City Engineer Manson. Long before this the "Calaveras" supply would be ready, and with this Mr. Freeman advises "deferring" the building of the Hetch Hetchy works "four or five years," and thus "put off for a few years the paying of interest on the large sum of money involved in building the Hetch Hetchy Dam." (Report, p. 69.)

In 1910 George Otis "mith, Director of the Geological Survey, reported to the Secretary of the Interior, after a careful examination by engineers:

"The Lake Eleanor project is amply sufficient to meet the present and prospective needs of the city, and it is not necessary that the Hetch Hetchy Valley should be available to San Francisco for the purpose of a municipal water supply."

That statement was made by a responsible officer of the Government in 1910.

This board reported four other such sources: (1) McCloud River: (2) Sacramento River; (3) Lake Eleanor, etc.; (4) American River, etc.—all ample. Upon this showing Secretary Fisher, who visited the valley, refused a permit to the city, which therefore now makes this appeal to Congress.

TWO HUNDRED AND FIFTY SQUARE MILES OF ARABLE AND IRRIGABLE LAND

TO BE LEFT FOREVER ARID.

The demands of the San Joaquin Valley for complete irrigation are in excess of the water available. \* \* There can be no question but that a large portion, if not all, of the flow of the Tuolumne (from the Hetch Hetchy) could be used for irrigation if stored. \* \* It seems quite certain that to irrigate the southern part of the San Joaquin Valley would be less expensive from the Tuolumne than from the streams farther north. (The Army Engineers Report, p. 35.)

When I returned from dinner, after the recess, I found on my desk a letter under date of November 30, written by J. E. Gardner, an attorney at Watsonville, Cal. I am inclined to pay a good deal of regard to this letter, for the reason that the

writer refers to himself as just simply a country lawyer, and I have a very profound respect for the country lawyer. I do not know Mr. Gardner otherwise than as he introduces himself; but he says:

I am not directly or indirectly interested in any water supply for San Francisco, existing or prospective, and have no clients, friends, or relatives who are, nor am I directly or indirectly connected or associated with the so-called "system" which is supposedly in league with his santanic majesty to deprive San Francisco of this boon; but, as a citizen of the United States and of the State of California, for a number of reasons I am vitally interested in the preservation and perpetuation of Yosemite National Park. From the experience of several visits to this section, I have certain personal knowledge of the subject, which I feel to be sufficient excuse to inflict upon you some views of an obscure country lawyer.

I will not read the entire letter, Mr. President, but will ask to insert in the RECORD that portion which I do not read. will, however, read a paragraph or two from it. The writer states:

4. There are a lot of ridiculously false stories in circulation as to the water famine in San Francisco. I believe Mayor Rolph is now on his way to Washington with some 20,000 signatures to a statement that the condition of his city is desperate, the health of its people threat-

In the first place, this condition absolutely does not exist, has not existed, and there is not one bit of danger that it will come to pass.

I think that statement could be well based upon the report made by the parties in interest from San Francisco.

There is and has been an abundance of admittedly good water for all the people and for all purposes, and to supply the possible demands of the city for many years to come. But San Francisco for a long time has been fighting with the Spring Valley Water Co., and because of this fight pipes have not been laid to certain districts.

As I understand, the Spring Valley Co. and San Francisco have now come to an agreement about the sale, and a friendly suit for condemnation is proceeding.

Inasmuch as there are no connections with the established water system, these districts have suffered. Hetch Hetchy would not relieve this condition. The water from that source could not be landed in San Francisco within five years, and then, as now, would have to be piped. Long before that time expires, through condemnation proceedings, or some other available means, these neglected districts will be supplied with water.

To permit this grant would be a serious blunder, both from a sentimental and an economical viewpoint.

Then he discusses what he considers the sentimental view, which I do not at this time discuss. He proceeds:

That there are other adequate sources of supply for San Francisco is so well established as a fact that it does not need comment. To be sure, they can not be had for nothing, as the city would have this. But that is no reason why the people of the Nation should make San Francisco a present of that which should be worth to her, at the very least, \$160,000,000.

The entire letter is as follows:

WATSONVILLE, CAL., November 30, 1913.

Hon. W. E. Borah, Washington, D. C.

Watsonville, Cal., November 39, 1913.

Washington, D. C.

Sir: I presume that you are overwhelmed with correspondence relative to the Raker bill, proposing to grant to the city and county of San Francisco the right to convert Hetch Hetchy Valley into a reservoir and to use a part of the water flowing in the Tuolumne River. At any rate, I note that San Francisco publications are printing circular letters urging their readers to address you on the subject favorably to that city's interests.

I do not know what is being done by those who are opposed to the grant, but I do know that there is a vast amount of lying going on concerning this subject, and that the campaign being made on behalf of San Francisco is such that it is almost sure to give Members of Congress many false impressions as to the physical facts, and to lead them to believe that thousands of people are urging the grant with a full comprehension of its meaning, when in truth they are doing so as a mere matter of form or courtesy and with no real understanding of the subject.

I am not directly or indirectly interested in any water supply for San Francisco, existing or prospective, and have no clients, friends, or relatives who are; nor am I directly or indirectly connected or as sociated with the so-called "system" which is supposedly in league with his satanic majesty to deprive San Francisco of this boon; but as a citizen of the United States and of the State of California, for a number of reasons I am vitally interested in the preservation and perpetuation of Yosemite National Park. From the experience of several visits to this section I have certain personal knowledge of the subject, which I feel to be sufficient excuse to inflict upon you some views of an obscure country lawyer.

1. I have seen the statement repeatedly printed that San Francisco proposes to take only 25 square miles of territory, a goodly portion of which is now held by it in private ownership. This point is emphasized in literature seen out to chambers of commerce, women's club

strictions are placed upon the use of such areas. It is utter folly for an instant to suppose that with Hetch Hetch Hetchy devoted to this use campers, or pleasure seekers. The law would not permit it, and public sentiment would absolutely forbid it.

The company now supplying San Francisco owns a large portion of its watersheds. These are carefully fenced, diligently patrolled, and under strict and constant inspection. The city officials, who are now the supplying san beautiful that the supplying san francisco owns a large portion of its watersheds. These are carefully fenced, diligently patrolled, and under strict and constant inspection. The city officials who are now the supplying that could be heard in Jerusalem if the company's watersheds were used as public camping places, or if summer resorts should be established along the streams from which the water comes much more readily subject to pollution than those of the Spring Valley Water. Co. The Tuolumne gathers its waters from a district near by, a precipitous region, a region of granite peaks and slopes, a region that yearly is covered with a heavy fall of snow, and which with the melting most is washed clean every spring. To pollute this stream it is not. A typhold germ, deposited a mile away, might easily be carried into the river with the melting of the snow. The "leavings" at any old camp site may be carried into the river with the melting of the snow. The "leavings" at any old camp site may be carried more where water, flowing into its streams is pretty well distered before it arrives.

Now, if San Francisco must—as she rightfully and havfully does—ansist upon a rigid inspection and careful sanitation of Spring Valley's expanse, and a region where water, flowing into its streams is pretty well distered before it arrives.

Now, if San Francisco must—as she rightfully and havfully does—ansist upon a rigid inspection and careful sanitation of Spring Valley's seek exceed from these watersheds; why should she be expected to veter expanse, and a region wh

ceauty; that a road will be built into the caryon and around this lake; and that the people will thus be enabled to enjoy that which is now denied to them.

To one who knows, such an argument is so absolutely ridiculous as to be intensely amusing. To say that this most beautiful and picturesque of all the mountain valleys will be improved in appearance by converting it into a lake is a statement so obviously devoid of truth that it should need no refutation. There are hundreds of lakes more beautiful than this could possibly be. There is no valley—not even the Yosemite—that in natural beauty approaches it. Yosemite exceeds it in grandeur, but Hetch Hetchy stands alone in the picturesque.

As for roads about this lake, it is easy to understand that a road might be built into the valley, but to discover the route of a boulevard around it (when converted) would be a difficult task. It would have to run along the perpendicular canyon wall for a distance of something like 16 miles; nearly every foot of it would have to be biasted from solid granite; and it would be a clever engineer, indeed, who would be able to locate on its course one camping place that would accommodate 20 people; while horse feed would be wholly out of the question. And so they would make this place attractive and accessible to the people.

What should be done is to construct a road into this valley, provide a hotel or camp, condemn all private holdings, and give the people of the Nation a chance to enjoy one more of the wonders at home that so far exceed those abroad.

4. There are a lot of ridiculously false stories in circulation as to the water famine in San Francisco. I believe Mayor Rolph is now on his way to Washington with some 20,000 signatures to a statement that the condition of his city is desperate, the health of its people threatened, etc.

In the first place, this condition absolutely does not exist, has not existed, and there is not one bit of danger that it will come to pass. There is and has been an abundance of admittedly good

of this fight pipes have not been laid to certain districts. Inasmuch as there are no connections with the established water systems, these districts are no connections with the established water systems, these districts are not connections with the established water systems, these districts are not connected to the provided of the connection of the co

\$100,000,000.

So, much is made of the fact that water rights have been granted to Los Angeles and other cities. The cases are not parallel, and anyone who will think a very little and who has any desire whatever to be fair, will concede it to be true. Water rights have been granted

to certain municipalities, but in no case has there been involved the proposition of depriving the people of the whole country of the use and enjoyment of a large portion of one of their choicest treasures. There has never before been an attempt to destroy a national park for the selfish purposes of one municipality. If this is to be done for San Francisco now, who is to say that it may not be done for another city or for a private concern in the years to come. A city or a concern that may take a fancy to Yosemite Valley, for example. It is not a proposition of favoring Los Angeles above San Francisco; it is a case of San Francisco demanding more than Los Angeles or any other city ever had the effrontery to suggest.

I am not alone in entertaining these views. There are thousands of people within 100 miles of San Francisco who are more radical than am I. Some of them you may hear from. Most of them are inactive, as I to this time have been. Of one thing be sure, you will hear from all who favor the grant.

Respectfully,

J. E. Gardner.

That is the beauty always of coming to the Government.

That is the beauty always of coming to the Government. If you go elsewhere, of course you must pay something for what you get. The only unqualifiedly generous giver in the country is Uncle Sam. I would pause here to say—and I say this without any reflection upon Senators, but simply as an illustration of how we look upon the disposal of public funds, public property, and so forth, which belongs to all of us in a way—that if it were a grant being made by an individual client under the advice of any lawyer in the Senate, he would not for a moment contemplate advising his client to ever attach his signature to this grant. If we were dealing with anything except public property, except public funds, as it were, if we were acting in a professional relationship to a client and knew the value of this property and its worth to the entire country, we would not think of passing it over under any such conditions or terms as we are seeking to pass it over in this instance.

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER (Mr. MARTINE of New Jersey in the chair). Does the Senator from Idaho yield to the Senator from Ohio?

Mr. BORAH. I yield. Mr. POMERENE. I have not had the pleasure of hearing all of the Senator's argument, but I understand, Mr. President, the reason for his opposition. I have understood that the people of San Francisco were almost a unit in favor of the proposed plan. Now, if there is so much objection to this plan, and the Sacramento River plan is a feasible one, can the Senator explain why it is that the San Francisco people have been so unanimously, or almost unanimously, in favor of the plan contained in this bill?

Mr. BORAH. Well, Mr. President, I do not think I could explain that to the satisfaction of the Senator from Ohio, but I have my own very settled convictions about it. That, how-ever, would lead me into a field of discussion which I have

studiously refrained from approaching.

Mr. THOMAS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Colorado?

Mr. BORAH. I yield. Mr. THOMAS. I think the Senator was just reading from a letter from a citizen of San Francisco?

Mr. BORAH. No; a citizen of Watsonville, Cal. Mr. THOMAS. The writer states, does he not, that there is abundant water for San Francisco at present?

Mr. BORAH. Yes.

Mr. THOMAS. Will the Senator permit me to read right here a notice from the Spring Valley Water Co. which it gave to the people of the city of San Francisco last summer? It is headed:

THE WATER SUPPLY-WARNING.

The water consumption in San Francisco now exceeds the safe, dependable supply available for distribution. Until the city or the company can increase the development of sources now owned and install more aqueducts to San Francisco, extreme care must be exercised in the use of water or the supply will fail. Stop all waste; stop hosing steps and sidewalks with water. Please prevent all unnecessary use of water. We earnestly ask for your cooperation in maintaining the supply.

Spring Valley Water Co.

Mr. BORAH. Yes; I have read that. Mr. THOMAS. Does not the Senator believe that the company which supplies this water would scarcely issue a notice of this kind if it were not for the fact that the shortage of the supply makes it absolutely essential for the welfare of the city?

Mr. BORAH. Mr. President, I read that notice the other day in a special edition of the San Francisco Examiner which came out in this city, and reflected upon it at the time. When you come to examine that notice it is no more than such a notice as any water company might very well give to its patrons, namely, not to waste so valuable a thing as water in an arid region.

Mr. THOMAS. Does the Senator recall any other notice of

this kind?

Mr. BORAH. The notice is not to waste the water, which should not be done at any time, but it also says "until further developments are made," which developments are now in process

and arranged for, and which will take place whether this bill goes through or not, and which, when they have taken place, will, according to the reports, give an ample supply to the city for the next 10 or 15 years.

Mr. THOMAS. But the statement is made that-

Until the city or the company can increase the development of sources now owned and install more aqueducts to San Francisco extreme care must be exercised in the use of water.

Mr. BORAH. Exactly.

Mr. THOMAS. My interpretation of it is that the company is obliged to issue this request and insist upon its observance because of the fact that it has not sufficient water to go around

and supply the real needs of San Francisco.

Mr. BORAH. Mr. President, the attorney whose letter I am reading states very frankly that the conflict in San Francisco between the water company and the city of San Francisco has been such for a time that they have not kept up the supply and provided for the increased demands of the city. I have no doubt that that is true; at least, whether it is true or not, I am perfectly willing for the calculations. fectly willing, for the sake of the argument, to admit that it is

Mr. NORRIS. Mr. President—
Mr. BORAH. Just a moment; but notwithstanding that that does appear, according to the reports the Senator from Colorado will remember-and he is more familiar with the facts than I am-that with these provisions for an increased supply and the arrangements which have been made and which will be carried out, an increased supply will be given sufficient to take care of the wants of the city for many years to come.

Mr. THOMAS. Oh, yes. Mr. President—
The PRESIDING OFFICER. Does the Senator from Idaho

yield further to the Senator from Colorado?

Mr. BORAH. I do. Mr. THOMAS. That is true; but the Senator must not forget that this increased supply through the source of the Spring Valley Co. is one which affects, and injuriously so, the agricultural interests and development in the vicinity and neighborhood from which the supply is to come; that is to say, that no supply, whether it comes from the Spring Valley source, from the McCloud River source, from the Sacramento River source, or from anywhere else, can be had without confronting the same difficulty, the same opposition, and inflicting the same injury.

Mr. SMOOT. Mr. President—
The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Utah?

Mr. BORAH. I yield. Mr. SMOOT. In the hearing before the Committee on Public Lands of the Senate on Senate joint resolution 123 in February, 1909, the same question arose. Mr. McCutcheon, who testified before the committee at that time, gave the committee to understand that in the development of the water for the city of San Francisco as planned by the Spring Valley Water Co.—and, by the way, I suppose the Senator knows that he represented the company at that time—there was to be no interference whatever with agricultural lands. If there is some testimony on that point anywhere in the hearings of a later date I do not know where it is; and I will ask the Senator if he can recall any testimony showing that the plan mapped out by the Spring Valley Water Co. will interfere with agricultural lands.

Mr. THOMAS. My recollection is that at the hearing before the Senate committee last year Mr. Freeman was examined, or, rather, during the course of his statement some questions were asked bearing upon this subject, and that there and elsewhere asked bearing upon this subject, and that there and eisewhere—although I am not able at present to speak specifically as to any particular part of the testimony or hearing—statements were made to the effect that any further pressure upon the water supply will diminish the present level of the subsurface water, and to that extent affect injuriously the farms and supply dependent upon that supply for their meighton.

ranches dependent upon that supply for their moisture.

I should think that would appear to be an inevitable consequence, because if the present supply of the company is 37,000,000 gallons per day, and that is increased to 100,000,000 gallons per day, the added draft upon the general source of supply must necessarily diminish the quantity which is available for agriculturists. It does not make any difference whether or not the Spring Valley Co. declares that it does not propose to interfere with agricultural rights; the fact remains that it

will necessarily injuriously affect them.

Mr. SMOOT. Mr. President, I think the underground storage system that has been adopted by the Spring Valley Water Co., and percolation from that system into the mains, are such as not to interfere with the waters that are used for agricultural purposes. The water comes from a watershed whose slopes are very precipitous and goes from that watershed into an underground reservoir. I understand, at least, that as far as the in-

crease of water for the Spring Valley Water Co. is concerned, it does not in any way affect the agricultural interests of California.

Mr. THOMAS. We differ as to that, then. Mr. NORRIS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho

yield to the Senator from Nebraska?

Mr. BORAH. I yield to the Senator from Nebraska.

Mr. NORRIS. I wish to inquire of the Senator if this Mr. Gardner, who has written this apparently quite lengthy letter, discloses in the letter any means of knowledge that he has of the facts of which he is speaking in regard to the water?

Mr. BORAH. No; he simply asserts that they are facts with-

in his knowledge.

Mr. NORRIS. He does not live in San Francisco? Mr. BORAH. Oh, no; he does not live in San Francisco. Mr. NORRIS. Does the Senator know how far from San Francisco he lives?

Mr. BORAH. No; I do not; but there are not very many people who live in California who do not know a great deal

about San Francisco.

Mr. NORRIS. I have no doubt he has been there if he is a lawyer; but I should like to ask the Senator now this question, which I ask without making any reflection on Mr. Gardner—I think that is his name. I do not know him, of course. I never heard of him before. He may be absolutely accurate and absolutely right. He says he is a lawyer. It seems to me the absolutely right. He says he is a lawyer. It seems to me the Senator must concede that on the simple statement of a man who shows in his own statement that he does not reside there, at least, we ought not to give very great weight or consideration to that kind of a letter at this time. I wish to ask the Senator if he does not agree to that proposition.

Mr. BORAH. No; indeed I do not, Mr. President.

Mr. NORRIS. Does the Senator think, then, that any man

who sends in a letter here without disclosing on the face of it that he has any knowledge and who simply makes assertions, ought at this time, particularly after opportunities for investigation as to what he says have all passed by, to be given great

consideration by the Senate?

Mr. BORAH. Mr. President, we proceed here and legislate all the time, from day to day, upon newspaper clippings and upon petitions and upon letters printed in the Record, and in every other way convey information to our minds. We determine for ourselves, upon our own sense of what is right, and upon our own ideas, as to the probable standing and character of the person, and as to whether the information given by him

is right or reliable.

Here is an attorney apparently practicing law in a city in California; and, as I say, one thing which leads me to believe that he is not wholly without reputation and character and standing is the fact that he asserts these things. He says he has traveled over this territory it is sought now to grant, and has traveled over this territory it is sought how to grant, and that he evidently knows these facts. Another thing: He does not do as a great many other people have done who have written me from California and say, "Do not use my name." He is willing to stand upon what he says, and to have the world know that he has said it. Therefore I felt that it was reasonably safe to put it before the Senate.

Mr. NORRIS. I have not complained that the Senator has put it before the Senate. I have not even suggested that it is

put it before the Senate. I have not even suggested that it is not admissible. The suggestion I made to him, which he seems to repudiate, is, coming at this time from some one who does not show the means of his knowledge, whether or not it ought

to have very great weight with the Senate.

It is a question as to how much weight I think we ought to give to that kind of a statement. If letters of that kind are to decide this question, it seems to me we will have to wait until to-morrow, when we commence to ballot, and see who sends in the last letter.

Mr. BORAH. I really think we ought to wait until to-morrow, when we commence to ballot; that is, be ready to accept new Something might come in here to-morrow which would

control the judgment of this body.

Mr. NORRIS. Oh, that is true. It may be that to-morrow there will be laid on our desks a communication from some man who has an entirely new source of supply that never has been investigated.

Mr. BORAH. Yes; there may be another edition of the paper.
[Laughter.] Who can tell?
Mr. NORRIS. Yes; that might happen.
Mr. BORAH. I desire now to read an article by the editor of a paper called Alfalfa. It has been printed in the New York Evening Post. I think it is worthy of our consideration, although, of course, it would not be accepted in court as evidence. Nevertheless, it may be a matter which we will want

to consider, as this man evidently knows what he is talking about:

to consider, as this man evidently knows what he is talking about:

Sir: The newspaper comment upon "The fight for the Hetch Hetch," shows that "the opposition is based partly on the general principle that national-park territory, the property of all the people, should not be surrendered," etc.; "partly on the theory that the scheme involves the destruction of one of the Nation's beauty spots"; and "partly on the suspicion that San Francisco's interest in the Hetch Hetch is due to its possibilities as a source of hydroelectric power."

Now, it is curious, from our standpoint here in the San Joaquin Valley, that the contention of the waters of the Tuolumne River should be entirely ignored in the East. It is held by Congress, and I think property so, that the doctrine of "highest use" should govern the disposition of public property, whether in land or water. If San Francisco or some other community is in dire need, a need which can only be satisfied by the grant of the proposed privileges, then pass the bill, even should the land remain dry. But we contend and are ablil, even should the land remain dry. But we contend and are ablil, even should the land remain dry. But we contend and are ablil, which have a succession of stanislaus, are strenhously opposing the claims of San Francisco?

The San Joaquin Valley is a broad, level expanse, the bed of an ancient arm of the sea, reaching from the Tehachapi Range on the south, with Bakersfield at its base, to the mouth of the San Joaquin River, where it joins the Sacramento, at Suisun Bay. On the west is the Coast Range and on the east the high Sierras. The valley is 200 miles long and 40 to 60 miles wide from foothills to foothills, and contains seven and a half million acres, almost all of which is arable. The average rainfail at Modesto is 10 inches, and at Fresno 9 inches, with a much heavier precipitation in the mountains. It is from the mountions, holding back in their forests and valley reservoirs the snows of winter, that the dry valley below must depend for it

We heard something about that this afternoon-

We heard something about that this afternoon—

The reply to that statement will be found in the last volume of the United States Census on irrigation, in which it will be seen that up to 1910 the eight valley countles have spent \$20,000,000, in round numbers; were irrigating 1,383,000 acres, and had under existing projects (bona fide undertakings already begun) 2,690,000 acres. Certainly no lack of diligence in making beneficial use of waters of their rivers. In some cases, however, progress was retarded for lack of capital or from the fact that some of the systems were the property of large land and cattle companies who did not care to develop their lands for purposes of settlement.

In Stanislaus County (say 50 miles south of Sacramento and the same distance east of San Francisco) the Turlock and Modesto irrication districts, including together 257,000 acres, were organized in 1887, and the La Grange Dam and canals on the Tuolumne were completed and the water turned on in 1903. The cost of the works was about \$2,000,000. Mark the result: In 1902 the banks of Stanislaus County held \$871,000 in deposits; January, 1913, they held \$6,417,000. There were two banking towns in the county in 1902; there are now nine. There were about 100,000 pounds of butter made for market in the county 10 years ago; now Stanislaus is the banner butter-producing county in the State, producing last year 6,894,225 pounds. There was no alfalfa, except in small areas of river bottom, before the water came; now there are about 130,000 acres in the county and more being seeded every year. Record crops of 10 and 12 tons of hay in a season are made. So much for production. In population Stanislaus County increased in the last decade from 9,550 (after a period of decline) to 22,522, an increase of 135.8 per cent, which was greater than that of any other agricultural county in the State and second only to Los Angeles. All this remarkable development may be attributed to irrigation and to nothing else; without irrigation it would have been imp

Between the irrigation districts and the foothills of the Sierras is a wide tract of stubble land and pasture, probably greater in extent than the Modesto irrigation district. It is capable of irrigation from the same source—the Tuolumne River. The run-off of this river, which takes it rise under the glant peaks just north of the Yosemite Valley, through which flows the Merced, varies from some 800,000 acre-feet to upward of 3,000,000 acre-feet, showing a great variation between the wet and dry years.

Without going into bewildering details, suffice it to say that in some years, as in the two just past, there has not been sufficient water in the river to give the irrigated lands the water required for their crops, to say nothing of the amount upon which they had filed. Irrigation stopped in August instead of continuing to the 1st of October, as it should.

Now, whatever prejudiced engineers may say any project.

stopped in August instead of continuing to the 1st of October, as it should.

Now, whatever prejudiced engineers may say, any project to permit a considerable amount of water to be drawn from the river, whether it be called "flood water" or "natural flow," could not be otherwise than injurious to the interests of the irrigators. True, provisions of the bill permit them to buy surphus water at cost of storage, under certain onerous conditions, and also permit the districts to buy electric power "when any such excess of electrical energy may not be wanted for pumping the water supply for said grantee." Such protection, regarded also by San Francisco as "restrictions" to be got rid of later by legal process, is absolutely worthless. It is to be noted, too, that the amount of water filed apon and claimed as necessary by the irrigators, 9,500 second-feet, has been arbitrarily cut down by the bill under consideration to 2,350 second-feet. Is it surprising that the farmers of the valley oppose the scheme?

It is claimed that the people of the districts affected consented to the passage of the bill. Not so. It is true that their representatives, overawed by the attitude of the proponents of the bill, gave up their opposition. The county board of trade and the water users themselves never gave their consent, and they now, with a large proportion of the press and public bodies, are firmly opposed to the bill.

That, Mr. President, is written by a man who evidently knows something of the situation. I call attention to the fact as to this question of diligence, of proceeding to the ripening of their

this question of diligence, of proceeding to the ripening of their claims as to this water, as to the amount of money which they

have expended there, of all people in the world, you can not expect a farmer who has gone out for the purpose of reclaiming his farm to expend any more money than is necessary to supply the particular amount of water which he wants for the particular year. That is to say, if they had a certain acreage in these districts they would, in the first instance, reclaim sufficient to cover the acreage in those districts, but they have filed upon a very much larger amount. They have arranged for the diversion of a very much larger amount. The evidence of their good faith lies in the fact that they are there upon their farms improving them, extending the area, voting bonds to reclaim them, and paying interest upon the bonds, and increasing from year to year as their means will permit them to do.

I have not any doubt, Mr. President, from the facts stated here in this record upon the part of all parties that the irrigable lands of the San Joaquin Valley are entitled to all the water that is necessary for their irrigation upon the ground of diligence and upon the fact that they have thus far kept their water right alive under the statutes of the State of California.

It is hardly fair to say that those men who have been making homes under some stress of condition have been letting this water run on useless to the sea, and that we are simply taking up that which would become waste water, when it is shown here that they have expended millions of dollars for its reclamation and have undoubtedly reclaimed it as fast as their means

would permit.

Now I come to another feature. It is constantly urged that they consented to this bill as it was originally drafted and as it passed through the House. There is an extraordinary condition of affairs presented in regard to that. No man knows why those representatives consented to that change. It is far from me to assert that there was any reason for their change which would come under the term of corruption, or anything of that kind, because I have no knowledge of any such thing, and I would not for a moment assume it unless there was some fact. But this condition of affairs is disclosed by the record, that the farmers and the water users in the San Joaquin Valley have been opposed to this proposition from the beginning; that they expressed their opposition to it in different ways from the time it was first agitated; and that these men were sent here to the city of Washington not to compromise, not to agree, but that they were sent here to oppose the passage of this bill. It is clear as to purpose, the motive for which they were sent, and the status of mind of those who sent them. They were not sent here for the purpose of making a compromise, but they were sent here at the expense of the water users for the purpose of opposing the passage of the bill.

After they arrived here, for some reason that was unknown to their principal and some reason unknown to me, they concluded to enter into this compromise, and undoubtedly thought when they made the compromise that it was not only sufficient in fact but sufficient in law, unless there were other reasons moving, about which I know nothing.

Mr. President, what has happened since that took place? The very fact that those men are no longer representing the water users and that others have been selected in their placeother officers chosen-discloses that the water users were not represented in this compromise-I was about to say deal-at any rate in this settlement. Even the Congressman who represented that district was led to believe that that was a satisfactory settlement to protect the water users, and he gave his consent, as I understand, to the agreement. But the Congressman also learned upon a visit to his constituency that there had been a misunderstanding or misrepresentation upon the part of the representatives in Washington, and he put into the RECORD upon last evening, through the Senator from California [Mr. Works], his opposition to this bill, stating that he was from the beginning opposed to it and was led to accept this agreement, but now, as the representative of those people, he is opposed to its passage.

I think I am warranted in saying that it is a rather extraordinary situation, because it brought about a one-sided investigation on the part of the Public Lands Committee. There never was any real contest before that committee upon the matters which are now before the Senate. After that compromise was entered into it simply became a question whether San Francisco, without any real opposition, could establish her right to

have this water under the terms of this grant.

As I said this afternoon, not seeking for a moment to criticize the Public Lands Committee, because I know that they are careful, yet I have no doubt but if a contest had gone on, if the compromise had not been reached, this bill would not have come into the Senate with these terms, if it had ever reached here with a favorable report at all.

Mr. MYERS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Montana?

Mr. BORAH. I yield.

I rise to ask the Senator to what Public Lands Mr. MYERS. Committee he refers that had a one-sided hearing, the Public Lands Committee of the House or the Senate?

Mr. BORAH. I have reference to the Public Lands Com-

mittee of the Senate.

Mr. MYERS. I wish to state that the Senator is in error about that, because the parties who were opposing this bill appeared before the Public Lands Committee of the Senate and took a whole day practically to make their argument.

Mr. BORAH. The representatives of the water users' asso-

ciation?

Mr. MYERS. One was there, a Mr. Lehane.
Mr. BORAH. I am familiar with the appearance of Mr.
Lehane before the committee. That was after this contract had been entered into, after the arrangement had been made, and after the committee was led to believe that the water users' association, through their representative, had had all that they were entitled to have.

Mr. MYERS. But it was after some of the water users had repudiated the action of their representatives in making the compromise to which the Senator refers. The opposition of

the water users was active at that time.

Mr. BORAH. I am not seeking to censure the Public Lands

Committee at all.

Mr MYERS. I know the Senator is not censuring it. I merely wanted to have the facts stated correctly, that is all.

We had a hearing, and both sides were represented,

Mr. BORAH. I understand the facts to be that after this agreement was reached the real contest both before the Public Lands Committees of the House and Senate was practically eliminated by reason of that agreement. It is true that there gradually reached the farmers in the San Joaquin Valley the fact, and farmers are sometimes slow to move, they are slow to wrath, and they did not immediately express their views in regard to it; but finally, just at the very close of the hearing, Mr. Lehane appeared. When Mr. Lehane appeared here, it was charged that he did not represent the farmers at all, that he was representing some speculative proposition, and that the real representatives of the landowners had been here and foreclosed the proposition.

Mr. SMOOT. Mr. President—
The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Utah?

Mr. BORAH. I do.
Mr. SMOOT. I want to say to the Senate that the statement just made by the Senator from Idaho is exactly as I understand I was not present at the last hearing. It was held at a time when I was in Utah, as the chairman well knows. But I was at the hearing or pretended hearing before, and there was no opposition whatever. All were asking that this compromise that was made by the House and put into the bill be

passed by the Senate.

Mr. MYERS. Mr. President—

Mr. SMOOT. Just a minute, please. The Senator from Montana knows that the representatives of the Water Users' Associated the Market Users' A ciation made the statement positively that unless the objectionable regulations were in the bill they did not want the bill to pass, and the representatives of San Francisco said that they preferred the regulations not to be in the bill, but they compromised the matter so that they could get votes enough in the House to pass it.

Mr. MYERS. Mr. President, as to the hearing before the Senate Committee on Public Lands, which the Senator from Utah denominated a pretended hearing, he ought to know whether it was a pretended hearing or not, because he was the chairman of the committee at that time. He denominated it a pretended hearing, but the time had been set for it. I was not able to be there at that time, and I am not prepared to speak so much about what was done at that time. I was in and out, but I was

not there all the time.

The last time, when the Senator from Utah was not present, the opponents of the bill were afforded all opportunity to oppose it. That was after the water users had repudiated ex-Representative Needham and their other attorneys and agents and sentative Accountment their other attorneys and agents and declared they were sold out—when Mr. Lehane represented some of them. There was no opposition made to his appearing. Nobody, according to my recollection, branded it as being a speculation, and they were afforded all the opportunity they wanted. That is all I can say.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Idaho yield further to the Senator from Utah?

Mr. BORAH. I yield.

Mr. SMOOT. I want to remind the Senator that before I ever left Washington to go home I asked the chairman of the committee if this measure could go over and not be reported in my absence, and I understood the chairman to say that it would not be reported.

Mr. MYERS. Oh, no; I did not say that it would not be reported. I said that as far as I was concerned it would not be; that I would request for the Senator a postponement, which I

Mr. SMOOT. I was going on to say that when I left here that was the understanding and I want to add, Mr. President, if I had been in this Chamber—and I would not have left the city if I had thought the bill was to be reported, for my daughter could have been married without my presence, the same as my son was the year before—I never would have allowed the unanimous-consent agreement to be made, and this measure would have been thrashed out upon its merits, no matter how long it would have taken to do so.

Mr. MYERS. I am as sorry as the Senator from Utah that there was any unanimous-consent agreement given, but the advocates of the bill were forced to enter into that arrangement because the bill was being pressed and it was impossible to

reach a vote at that time.

· Mr. BORAH. Mr. President, I do not want the Senator from Montana to understand that I am criticizing the Public Lands Committee.

Mr. MYERS. Oh, not at all.

Mr. BORAH. I know precisely the modus operandi by which

the matter was diverted from a contest.

Mr. SMOOT. In this connection, if the Senator will just permit me, I think the Senator from Montana knows what was my position. I was opposed to the regulations that were put in this bill, and that is what I was opposed to more than any other thing. I wanted the question of regulations taken out of the controversy and the bill reported to the Senate without those regulations in it.

Mr. MYERS. I called the attention of the committee to the attitude of the Senator from Utah, and I, myself, personally voted against making a report of the bill in his absence, but I am not the committee and I can not control the committee.

Mr. BORAH. Mr. President, I ask leave to insert in the Rec-ORD, without reading, the resolutions of the annual meeting of the San Joaquin Valley Water Problem Association, representing the eight counties of San Joaquin Valley, at Merced. Cal., November 17, 1913.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolutions referred to are, as follows:

The resolutions referred to are, as follows:

Resolution No. —, adopted at the annual meeting of the San Joaquin Valley Water Problem Association, representing the eight counties of the San Joaquin Valley, at Merced, Cal., November 17, 1913.

Whereas the control of floods and the irrigation of arid lands in the San Joaquin and Sacramento Valleys constitute in reality but two phases of one problem; and Whereas in the San Joaquin Valley there is a deficiency in the water supply, and, even with the complete conservation of all the waters in the valley, there will be an insufficient supply of water with which to irrigate efficiently all the irrigable lands in said valley; and Whereas in the Sacramento Valley there is an excess of water, and, with its proper conservation, all of the land in the valley can be irrigated and navigability of the Sacramento River remain unimpaired and a supply of water left for diversion to other localities; and Whereas the city of San Francisco is attempting to divert water from the San Joaquin Valley and take it to San Francisco for municipal purposes; and

Whereas we believe that every unit in the development of water control in the Sacramento and San Joaquin Valleys should be constructed as a part of a comprehensive whole designed ultimately to accomplish the full development of both valleys and the conservation to the utmost of their resources:

\*\*Resolved\*\*, That we deprecate this attempt of San Francisco to violate what we believe to be one of the fundamental principles of the conservation of the resources of the interior valleys of California, because it is entirely unnecessary, and because great injury will result to water users if water is so diverted from the San Joaquin Valley; and, further, because the Sacramento Valley offers an ample source of water supply for San Francisco's need without injury to anyone.

\*\*Resolved\*\* further\*\*, That we hereby declare it to be the sentiment of this association that no water should be diverted from the San Joaquin Valley for any purpose,

Mr. BORAH. Without taking the time of the Senate to read it, I also ask to have inserted a letter from Mr. A. L. Cowell, dated San Francisco, November 26, 1913, in regard to the passage of those resolutions, and discussing the same subject matter.

The PRESIDING OFFICER, Without objection, it is so ordered.

The matter referred to is as follows:

SAN JOAQUIN VALLEY WATER PROBLEM ASSOCIATION, San Francisco, Cal., November 26, 1913.

Hon. W. E. Borah, United States Senate, Washington, D. C.

DEAR Sir: At the annual meeting of the San Joaquin Valley Water Problem Association, held in Merced, Monday, November 17, a resolution was adopted protesting against the diversion of any water from the San Joaquin Valley. I inclose herewith a copy of this resolution, and I was instructed to present with it a statement of the reasons for the adoption.

### WHAT THE ASSOCIATION IS

The association was organized about a year ago to consider the general problem of the conservation and utmost possible use of the available waters in the San Joaquin Valley. It has over 40 members, representing all of the eight counties of the valley. The most of the members are chambers of commerce, boards of trade, irrigation districts, and mutual water companies. There are seven private corporations belonging to the association, but none of them have any pecuniary interest in the Hetch Hetchy controversy.

### FUTURE OF THE STATE SHOULD BE CONSIDERED.

We contend that any measure like the bill to grant the city of San Francisco the use of Hetch Hetchy Valley as a reservoir should be considered with special relation to its effect upon the future development of the State. The fact that the waters of the Tuolumne River have not all been used for irrigation does not justify Congress in allowing the diversion of water which would certainly be used for irrigation in the natural course of the development of the San Joaquin Valley. California has only begun to awaken to its agricultural possibilities. Because the owners of large tracts of land have preferred to hold them undeveloped to profit by the natural increase in land values rather than to provide for their intensive cultivation is no reason why a large section of the State should be condemned to permanent aridity and the public lose the benefit of the wealth that this land under adequate irrigation could produce.

VALLEY'S WATER SUPPLY INADEQUATE.

### VALLEY'S WATER SUPPLY INADEQUATE.

VALLEY'S WATER SUPPLY INADEQUATE.

The official records show that if all of the waters of the San Joaquin Valley could be conserved there would still be an inadequate supply for the irrigation of the arable lands in the valley. The report on the Irrigation resources of California, prepared under the direction of Frank Adams and published as a part of the report of the Conservation Commission of the State of California in 1912, and later published as a bulletin of the United States Department of Agriculture, shows that the irrigable area of the valley exceeds 6,000,000 acres and that the average annual run-off of the valley is about 12,000,000 acre-feet. This would be insufficient in average years to provide such irrigation as is needed for a soil that is in nearly all places of a loose sandy nature, and where the growing season is from 9 to 10 months; and, of course, in years when the rainfall is below the average amount, the shortage of water would be more apparent.

It should be emphatically stated that the less the supply of water the greater is the need for it, as a shortage in the general supply indicates a scantiness of the season's rainfall and irrigation in greater quantities is needed to make up the deficiency. Consequently no plan for the ultimate development of the valley can be complete which does not take into account the necessity for providing an extra supply of water when the natural supply is below the normal amount. Further, it should be noted that in California dry years usually come in cycles, so that it will sometimes be necessary, if all the storage capacity of the valley is to be used to the best advantage, to carry water over more than one season.

Again, it must be remembered that the amount of water available for irrigation is not the total run-off of the valley, but the amount that it is practicable to store and to divert into canals. There will always be some waste, which makes it all the more certain that with the utmost possible conservation of water there will be some portions of

## A MANIFEST ABSURDITY.

A MANIFEST ABSURDITY.

While our association has seriously considered the ultimate necessity of bringing water from the Sacramento Valley to irrigate lands which our own water supply is inadequate to develop, it seems to us manifestly absurd to allow San Francisco to further deplete our natural water supply instead of bringing water for domestic purposes from the part of the State where official records show that there is now too much water. That the bringing of water for irrigation from the Sacramento Valley to the San Joaquin Valley is to be considered only as a last resort is practically admitted in the brief of the city and county of San Francisco and other bay cities before the Senate Public Lands Committee, Sixty-third Congress, 1913, by Percy V. Long, city attorney of San Francisco, and others, in which, on page 18, in commenting upon the suggestion that San Francisco should pump water from the Sacramento River for its domestic use, it is said "there remain very serious objections to this source. First, the heavy operating cost of such a system \* \*; third, the probability that irrigation needs within the next century will withdraw so much water from the upper Sacramento that the high tides of the bay will mingle with the stream below Sacramento and render it unfit for use." If San Francisco regards the lower Sacramento River as an impracticable source for domestic purposes on account of these reasons, it can hardly insist that the people of the San Joaquin Valley be forced to this method of retrieving the supply of water which the city proposes to take from the Tuolumne watershed.

VALLEY CAN USE WATER WHICH SAN FRANCISCO WANTS.

# VALLEY CAN USE WATER WHICH SAN FRANCISCO WANTS

A persistent effort has been made to convince Congress that the water which San Francisco proposes to take from the Tuolumne River would otherwise go to waste. This is an error against which we protest most emphatically. That it has been so generally accepted as true is proof that the measure now pending in Congress has not been considered with a full understanding of the conditions prevailing in the San Joaquin Valley

that the measure now pending in Congress has not occur considered with a full understanding of the conditions prevailing in the San Joaquin Valley.

Under this head two questions are raised:

First. Is the cost of the water storage which San Francisco contemplates so great as to be prohibitive for irrigation purposes?

Second. Is there sufficient area that can be reached economically with this stored water to make beneficial use of it?

Regarding the first question, the impression has assiduously been given that the immense cost of the so-called Hetch Hetchy project is in the storage of water, whereas the truth is that the bulk of the expense will lie in the costly conduits and other works that will be necessary to bring that water to San Francisco. On pages 130 and 131 of the pamphlet entitled "The Report of the Advisory Board of Army Engineers to the Secretary of the Interlor," in the report by H. H. Wadsworth, of the advisory board, are given estimates of the cost of the Hetch Hetchy project for various capacities. In these estimates the total cost of the Hetch Hetchy reservoir, including the construction road, with temporary raliroad, and the proposed scenic road, is less than \$5,000,000, and on page 11 of the same pamphlet the storage capacity of the reservoir is given as 344,000 acre-feet. Assuming that the total cost owuld be \$5,000,000, and that the storage capacity would be conly 300,000 acre-feet, we would have a cost of \$163 per acre-foot. Even supposing that additional items of expense for the purchase of lands in the Hetch Hetchy Valley, etc., might increase the cost of storage to \$20 per acre-foot, that would not be a prohibitive cost for irrigation. The south San Joaquin irrigation district, which takes water from the Stanislaus River, has recently voted bonds to the amount of \$750,000 for the construction of a reservoir having a capacity of not more than 70,000 acre-feet, an actual cost of over \$11 per acre-foot. While the cost of storage in foothill reservoirs is usually less than this, it is well known that an acre-foot of stored water, taking into account the reduction in the estimated capacity of the Hetch Hetchy reservoir, indicated above, would provide two irrigations for an acre of alfalfa. A conservative estimate of the net profits from these two crops would be \$5 per annum. In other words, the cost of \$20 per acre-foot for the storage of water could be met out of the profits of four years' used that a storage of water

Furthermore, it should be remembered that as San Francisco proposes to reduce the net cost of the Hetch Hetchy project by making use of the great power possibilities of that project, the irrigation districts that would be formed to make use of the water for irrigation could reduce the net cost of these reservoirs by making similar use of these power possibilities.

On the second question as to the receivility of the second greater as the receivility of the second great

would be formed to make use of the water for irrigation could reduce the net cost of these reservoirs by making similar use of these power possibilities.

On the second question, as to the possibility of using all of the available water of the Tuolumne River in the San Joaquin Valley, we would emphasize the point that the land that can use the water of this river is not limited to the Modesto and Turlock irrigation districts and the small irrigable areas lying east of them. There is a large reservoir site lying east of the Turlock district and north of the Merced River, known as the "Dry Creek site." It is practicable to divert water from the Tuolumne River into this reservoir. A movement is now well under way to organize a large district, comprising about 270,000 acres, in Merced County. Its source of supply is to be the Merced River, but in making the surveys to determine the boundaries of the proposed district it was learned that water could be diverted from the Dry Creek reservoir to cover at least 400,000 acres of land in Merced and Madera Counties east of the San Joaquin River. By pumping water to the levels above such an irrigating system, the area could be increased by probably 100,000 acres. The engineers who are advising the people planning the Merced district to be irrigated from the Merced River. But if the supply of that river could be augmented by water from the Tuolumne River it would be possible to bring under intensive cultivation the entire area that could be reached from the Dry Creek reservoir. Furthermore, there is a large area on the west side of the San Joaquin River, amounting to at least 150,000 acres, which could be irrigated with the water carried in conduits from the east side of the San Joaquin River, amounting to at least 150,000 acres, which could be irrigated with the water carried in conduits from the east side of the valley or allowed to flow to the San Joaquin River, and the report herefore referred to, prepared under the direction of Frank Adams, and according to the survey m

## EFFECT OF DIVERSION UPON NAVIGATION.

One other point, from the standpoint of our association, is worthy of special note. A survey is now being made at the joint expense of the National and State Governments to determine to what extent it may be practicable to use the San Joaquin River for navigation. The river is now used by light steamers and gasoline launches with barges for a considerable distance above Stockton, and at certain periods of the year it is navigable higher up. The use of the water for irrigation,

where proper drainage is provided, results in the return of a considerable quantity of water to the San Joaquin River, which is the main drainage artery of the valley. The diversion of water to San Francisco would mean absolute loss of any benefit from that much water for navigation. With the rapidly increasing use of light craft in the river and the special study which the Government is now making of the navigation problem on this stream, this point deserves special consideration.

Assuring you that our desire is not to deprive San Francisco of a water supply, but to insist upon such a study of the entire problem as will insure its settlement in a manner that will result in the utmost possible use of the waters of the State, I am,

Yours, respectfully,

A. L. COWELL,

Secretary of San Joaquin Valley Water Problem Association.

P. S.—In this statement I have been able to do little more than outline the general principles involved in the controversy. Several representatives of San Joaquin Valley interests will be in Washington to supplement the arguments with specific data.

Mr. BORAH. I read a line or two from a letter dated Haywards, Cal., October 17, 1913. This letter was sent to Rev. Daniel Gamble, who is a constituent of mine, and it was written by his brother. He says:

MY DEAR BROTHER: I wish you would call Senator Boran's attention to the question of granting to San Francisco the Hetch Hetchy Canyon as a source of water supply.

Then he goes on to discuss the park privileges and the necessity, in his judgment, of maintaining the park as a whole, and

Second. All the water of Hetch Hetchy is needed for the parched and arid plains through which it flows. In the last 10 months I have six times crossed the territory to which Hetch Hetchy belongs, and I can say that in its whole length and breadth it is a waste of sand. We have had two dry winters there. I lived there for several months at a time and I know the situation well. The farmers there are spreading the Hetch Hetchy waters over the thirsty ground as fast as they can, but as yet the results are only some green oases of alfalfa small and far apart. There were practically no grain crops the last two years in the San Joaquin, nor the usual hay crops, except irrigated alfalfa. Last year Charles—

I suppose it is his son, likely, of whom he speakshad no grain-

And so forth.

That letter is read for the purpose of illustrating the situation in which those farmers find themselves at the present time. They have undoubtedly been doing what they have done under a great stress of circumstances, and it seems to me that it could be nothing less than an absolute imperative necessity on the part of San Francisco to take these waters away from the San Joaquin farmers.

Mr. President, I pass now to a brief discussion of the question

of other sources of supply, to which I have referred heretofore.

I want Senators to bear in mind that there is only one question in the proposition of the other sources of supply under dispute, and that is the question of cost. All other propositions have been settled by the showing of San Francisco itself. All other propositions are put at rest by the report of their own engineers and of their own experts. If there were no river, no other source of supply, there would be no argument upon the floor of the Senate against this proposition; but when their own reports, uncontested, disclose other sources of supply to be ample and sufficient and it becomes a mere question of cost, then I feel that it is a legitimate proposition to place the detriment and the damage it will do to other parts of California and to the country against ten or twenty million dollars of extra expense.

The other rivers are accessible if you simply add an extra amount for the purpose of bringing the water to the point of The proposition with which this was placed before the country, that there were no other sources of supply, that they were impracticable, has disappeared as the discussion has proceeded, and now it is simply a question of dollars and cents, with the dispute among the experts as to what that would be.

How much do you suppose the San Joaquin Valley is worth? What is it worth to the people of California, to say nothing of the farmers themselves who have their homes there and those who desire to make homes; to say nothing of giving encouragement to the home builders or those who are seeking to get away from the more congested centers of the earth and make homes; to say nothing of those things, how much do you suppose it is worth in dollars and cents to the other parts of California and to the country to have that valley protected from eternal waste? Is it to be measured by ten or twenty or thirty million dollars?

Is there any difference between taking the money in the way of property from the United States Government and turning it over to a single corporation, and taking \$20,000,000 out of the Treasury and giving it to that corporation if it needs it, and thereby save the farmers and the great San Joaquin Valley from destruction? If you are going to measure it as a mere matter of dollars and cents, then I appeal to the Senate to con-

sider the homes of those farmers which, while they may not be measured in millions, are all in God's world that they have. Mr. MYERS. I should like to ask the Senator a question.

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Montana?

Mr. BORAH. I yield. Mr. MYERS. The Senator from Idaho refers to the destruction of the San Joaquin Valley. Does he claim that the passage of this bill would destroy the San Joaquin Valley?

Mr. BORAH. Mr. President, I claim that it would destroy the San Joaquin Valley as the San Joaquin Valley will be if it is permitted to use this water.

Mr. MYERS. But the Senator does not claim that it will destroy anything that is there now?

Mr. BORAH. Yes; I think it will destroy things that are there now.

Mr. MYERS. I do not see how the Senator can say that. Mr. BORAH. I will tell the Senator why. The Senator lives in an arid region. I do not know whether or not he was present this afternoon when I made the statement-

Mr. MYERS. I regret to say that I was not. Mr. BORAH. Then, at the expense of time and repeating it, I will say that some time ago a farmer from this immediate region came into my office. I said to him, "I want to know why you people are really opposed to this, if you are, or are you being excited by outside influence?" He said, "We are opposed to it." I asked, "Why? Have you not your water rights to it." I asked, "Why? Have you not your water rights fastened?" He said, "Whenever a great and powerful influence or a powerful municipal corporation is located upon the headwaters of our water supply, and we must be at their mercy as to when that water is turned on, or on the question as to whether we are applying it to a beneficial use, how we shall have it, and to litigate with them when they refuse us what we think is right-when that happens there will be hundreds of men who will sacrifice their farms and leave the valley.'

Mr. MYERS. Mr. President, I think that is simply characteristic of a great many people. They imagine, if they have any dealings with a corporation, municipal or otherwise, that they are going to be robbed and lose all that they have; but I do not think the courts of California or of the United States

will uphold any such fear.

Mr. BORAH. Oh, yes; "the courts of the State of California or of the United States." That is a great consolation to a farmer. If he can go into litigation with a fellow farmer he will get along fairly well, but if he must go to San Francisco and get into litigation with that city, when all the city has to do is to have the city council meet and pass an appropriation for an attorney's fee, and to take him to the Federal court in San Francisco, and from the Federal court in San Francisco to the Federal court in Washington—one lawsuit will be enough for him in his lifetime.

Mr. MYERS. I suppose, Mr. President, if these farmers have any litigation at all—and I do not think they will ever have any, because a great deal of apprehension from imagination is unfounded—but if they have any, I suppose they will litigate collectively. Instead of there being one lone, poor individual against a mighty corporation, it would be one corporation against another, for this irrigation company is nothing but a

corporation.

Mr. BORAH. Yes; but it all filters back onto the farmer, and he must pay it just the same in a sense as if he brought the suit individually. I am not in favor of putting those people at the mercy of San Francisco. If the Senator from Montana thinks that they ought not to be placed at the mercy of San Francisco, will be agree with me to strike out of this bill that clause which requires the consent of San Francisco for other municipalities and irrigation districts to enjoy the benefits of this grant?

Mr. MYERS. The clause which provides for municipalities other than San Francisco enjoying the benefit of it?

Mr. BORAH. Yes; which requires the consent of San Francisco.

Mr. MYERS. No, Mr. President, I will not agree to any amendment of the bill. I am for the bill as it is. My first reason for that is that the bill was framed as it is by the consent of the representatives of these farmers, and while it may be true that they have discharged their agents and attorneys and representatives, yet those agents and attorneys and representatives claimed that they were acting under express authority and under instructions in entering into an agreement in framing the bill just as it is. I do not believe in Congress vacillating and squirming around to suit people who change their minds with regard to bills which they desire passed through Congress.

Mr. BORAH. But the Senator knows that whatever the cause is those representatives did not represent the Water Users' Association.

Mr. MYERS. I think they represented them at the time, but the water users simply tried to back out and repudlate the work of their representatives.

Mr. BORAH. Well, this is the clause which I was wonder-

ing if the Senator would join me in striking out from the bill:

Ing if the Senator would join me in striking out from the bill:

That there is hereby granted to the city and county of San Francisco, a municipal corporation in the State of California, all necessary rights of way along such locations and of such width, not to exceed 250 feet, as in the judgment of the Secretary of the Interior may be required for the purposes of this act, in, over, and through the public lands of the United States in the counties of Tuolumne, Stanislaus, San Joaquín, and Alameda, in the State of California, and in, over, and through the Yosemite National Park and the Stanislaus National Forest, or portions thereof, lying within the said counties, for the purpose of constructing, operating, and maintaining aqueducts, canais, ditches, pipes, pipe lines, flumes, tunnels, and conduits for conveying water for domestic purposes and uses to the city and county of San Francisco and such other municipalities and water districts as, with the consent of the city and county of San Francisco, or in accordance with the laws of the State of California in force at the time application is made, may hereafter participate in the beneficial use of the rights and privileges granted by this act.

If we were to strike out of this grant from the beginning to

If we were to strike out of this grant from the beginning to the end those clauses which, in my judgment, make San Francisco the autocrat of the situation and put into her hands the power to create a monopoly of an indispensable element of life in that arid region, water, and secondly, light; if you will eliminate from the bill its monopolistic features, I shall not have very much trouble in supporting it. I have no desire to deprive San Francisco of the water she really needs, but San Francisco does not need a monopoly any more than does any other municipal corporation.

Mr. MYERS. No, Mr. President; but I understand these other communities need an adequate supply of water just as much as does San Francisco, and that they have not now an adequate supply any more than has San Francisco.

Mr. BORAH. Well, if the bill provided that they should have it as San Francisco proposes to get it as a first party of the grant, it would be an entirely different proposition.

Mr. President, without taking the time of the Senate to read, I am going to ask permission to put into the Record some facts gathered from the public records here with reference to the supply of water from the American River, the run-off of the river, and so forth, for the purpose of showing the facts with reference to that particular stream alone. It do not want to take

up the time of the Senate to read it.

The VICE PRESIDENT. Without objection, it will be in-

serted in the RECORD.

Mr. BORAH. Now, Mr. President, one feature more.
Mr. SMOOT. Mr. President, I would like the Senator, if he can state without going into the details of the information that he has just asked to have printed, the extent of the supply of the American River. It has not been discussed in this debate, and I believe it would be a very good thing for Senators to understand just what the extent of that supply is, if the Senator can give the information offhand.

Mr. BORAH. I can not give it offhand. It is an extensive, detailed statement of figures which it would be difficult for me to comprehend, much less recollect. But I have here a general statement by another party, which I have not read, because I, of course, felt that the figures themselves would prove whatever they prove. A party, however, who has gone over the figures makes this statement:

The fact is that there are several. The American River among others. Particularly note the reservoir site in the South Fork of the American, of which I send you a map. This site, with a 300 feet high dam (compared with 325 feet height proposed for Hetch Hetchy), will make a lake 12 miles long, with a capacity of about 350,000 acre-feet (114,000,000,000 gallons), which is about the same as the Hetch Hetchy, with a dam 25 feet higher. The watershed tributary is 665 square miles. compared to Hetch Hetchy's 452 square miles. Distance from San Francisco by conduit line about 50 miles less than Hetch Hetchy. Conduit very much less costly of construction.

Now, I will follow that general statement by the figures which I have been permitted to insert in the RECORD. This statement was not prepared by myself, but is supposed to be based on

The matter referred to is as follows:

INFORMATION RELATING TO AMERICAN RIVER, CAL. T.

Note.-Following the form of Senate resolution 191.

The drainage area east of Fair Oaks (United States Geological Survey gauging station) on the American River 15 miles east of Sacramento is 1,910 square miles. (Authority, United States Geological Survey "Water-supply paper 298," p. 312.)

COMPARISON (A).

The drainage area east of La Grange on the Tuolumne River is 1,500 square miles. (Authority, "Water-supply paper 299," p. 267.)

### II.

The run-off from the watershed of the American River east of Fair Oaks by seasons for the period of the records is as follows (authority, United States Geological Survey "Water-supply paper 298," pp. 312-314, from Nov. 4, 1904, to June 30, 1912, and the unpublished records of gaugings in the office of the United States Geological Survey at San Francisco, reduced by the computation of the writer to acre-fect, etc., from July 1, 1912, to Sept. 30, 1912):

Seasons.	Total.	Depth on drainage area.
Oct. 1 to Sept. 30; 1904-5. 1905-6. 1903-7. 1907-8. 1908-9. 1909-10. 1910-11. 1911-12.	Acre-feet. 11,960,000 4,762,000 5,710,000 1,4540,000 4,540,000 3,540,000 1,243,000	Inches.  46, 76 56, 02 14, 26 44, 65 34, 78 53, 80 12, 15

## 1 For 10.9 month:

CORRECTION.—Three ditches take water out of the tributaries of the American, none of the water taken out returning to the river. From a personal knowledge, I estimate their respective acre-feet of seasonal diversions, the variation from season to season being very small, as

	cre-feet.
Cedar Creek ditch, from north fork of North Fork, near Emi- grant Gap North Fork ditch, near Auburn Natoma Ditch, from South Fork, at Salmon Falls	15, 000 20, 000 25, 000
	60, 000

Seasons.	Total.	Depth on drainage area.
Oct, 1 to Sept. 30:  1905-6.  1906-7.  1907-8.  1909-9.  1909-10.  1910-11.  1911-12.	Acre-feet. 4,822,000 5,760,000 1,510,000 4,600,000 3,600,000 6,540,000 1,303,000	Inches. 47.34 56.60 14.84 45.23 35.36 54.38 12.73

COMPARISON (B).		
Seasons, October to September.	Tuolumne run-off depth.	American run-off depth.
1905-6 1906-7 1907-8 1908-9 1909-10	Inches, 44.09 46.96 13.43 33.10 25.98 42.69	Inches. 47.34 56.60 14.84 45.23 35.36 54.38
Mean	34.37	42 20

Note.—Mean seasonal depth of run-off from American watershed is indicated 20 to 25 per cent greater than from Tuolumne watershed. (Authority for Tuolumne figures, Water-Supply Paper 290, pp. 269-270.)

## COMPARISON (C).

Seasons, October to September.	Tuolumne run-off (acre feet).	American run-off (acre feet).
1905-6. 1906-7. 1907-8. 1908-9. 1908-0. 1909-10. 1910-11. Mean.	3,530,000 3,760,000 1,070,000 2,650,000 2,080,000 3,410,000 2,750,000	4, 822, 000 5, 760, 000 1, 510, 000 4, 600, 003 3, 600, 003 6, 540, 000 4, 472, 000

Note.—Mean seasonal acre-feet of run-off from American watershed is indicated between 60 per cent and 65 per cent larger than from the Tuolumne watershed. (Authority for Tuolumne figures, Water-Supply Paper 299, pp. 269-270.)

The total area of land irrigable or that can be irrigated from the American River and tributaries is approximately 260,000 acres.

As it happens, the larger part of the land north and west of the American River in Placer and Sacramento Counties is already irrigated, or can be irrigated, with water from the South Yuba and Bear Rivers. There is no other land on which to put the water of these rivers now diverted. The Consumnes River is assumed available to irrigate part of the land area north and west of it toward the American River. This is the reason that 260,000 acres is the utmost extent of probable irrigation from the American River. The area at this time irrigated is about 40,000 acres.

The land irrigated and which may be irrigated from the American River in seasons of average rainfall consumes an average of little over an acre-foot of water to the acre of land. In seasons of most deficient rainfall the consumption may average as much as 1½ acre-feet (21 inches depth) to the acre. The reasons for this are that there is always some rainfall to start with, the soil is heavy and holds water well without wasting it, and the crops for which the land is best adapted are not large water consumers.

The extreme seasonal quantity of water which can be foreseen as ever requirable for irrigation from the American River is 450,000 second-feet, and this is the total quantity of water from the American River which can be put to beneficial use in irrigation.

The writer is authority for the preceding. He knows of no better authority, having resided in the territory which is irrigable from this river for nearly 20 years, and during that period and during 15 years since has made most exhaustive investigations of the use of water for irrigation in it.

irrigation in it.

### COMPARISON (D).

The total area dependent on the Tuolumne River for irrigation is estimated at 411.520 acres, compared with 260,000 acres estimated as the total area which may become dependent on the American River for irrigation. (Authority for the Tuolumne area is the Report of the Advisory Board of Army Engineers, p. 105.)

### COMPARISON (E).

The mean seasonal number of acre-feet required per acre for irriga-tion of the Tuolumne lands is estimated 2½ acre-feet, compared with 12 acre-feet estimated required per acre for irrigation from the American River. (Authority for Tuolumne figure is Report of the Advisory Board of Army Engineers, p. 105.)

### COMPARISON (F).

The mean total seasonal number of acre-feet required for the irrigation of lands dependent on the Tuolumne River is estimated at 1,132,000 acre-feet, compared with 517,000 acre-feet (including 15 per cent allowance for wastage) estimated as required for the irrigation of lands dependent on the American River. (Authority for Tuolumne figure, Report of the Advisory Board of Army Engineers, p. 106.)

Note.—The mean seasonal acre-feet irrigation requirement from the American River is indicated 55 per cent less than the mean seasonal acre-feet irrigation requirement from the Tuolumne River.

### IV.

The quantity of water that can be stored in feasible reservoir sites on the American River and its tributary streams is 921,000 acre-feet, estimated detail as follows: North Fork tributary, 10 sites, dams 40 feet to 130 feet high.

(Authority: The writer's personal surveys.)

Middle Fork of Middle Fork tributary, French Meadows site,
dam 150 feet high.

(Authority: United States Geological Survey map, sheet No.
9 annexed, and computation by writer.)

3 additional reservoir sites upstream from French Meadows....
(Authority: Hon. H. T. Power, water commissioner State of
California.)

Rubicon Fork of Middle Fork tributary, 6 reservoir sites, with
about 90 square miles of drainage area. Have no figures to
which writer can refer, but believe total feasible capacity far
in excess of.

South Fork tributary, Coloma-Lotus-Magnolia reservoir site,
dam 300 feet high.
(Authority: United States Geological Survey map, sheet No.
11 annexed, and computation by writer.)

Bay Cities Water Co. system.
(Authority: Edwin Duryea, chief engineer of company. Report of Advisory Board of Engineers, p. 95.)
Greenwood Creek reservoir site, dam 200 feet high.
(Authority: Progress report, February, 1901, City Engineer
Grunsky, San Francisco water supply, municipal report,
1900–1901, appendix, p. 227.)

Reservoir sites of Silver Creek and other tributaries. Have no
figures to which writer can refer, but believe total feasible
capacity far in excess of...

60,000

60,000

195,000 66, 000

40,000

COMPARISON (G).

The total estimated feasible capacity of reservoir sites on the Tuolumne River and tributaries is 1,020,300 acre-feet, compared with 921,000 acre-feet estimated feasible capacity of reservoir sites on the tributaries of the American River. (Authority for Tuolumne figure: Report of Advisory Board of Engineers, p. 111.)

Note.—It is probable that precise surveys of the unsurveyed sites on tributaries of the American will show increased capacities over these estimates for them which will make the feasible total reservoir capacities of the two rivers about the same.

The quantity of water which it would be deemed advisable should be stored seasonally for irrigation is estimated as not exceeding 160,000 acre-feet. The shortage of the run-off as it came in the season 1912-13 from the full quantity required for irrigation would have been 159,000 acre-feet in the months of July, August, and September. (Authority: Computation by writer employing United States Geological Survey run-off gaugings and assuming one-half the total irrigation use after July 1 each year.)

## COMPARISON (H).

The quantity of water estimated necessary to be stored for irrigation requirements from the Tuolumne River is 370,000 acre-feet, compared with 160,000 acre-feet estimated necessary to be stored for irrigation requirements from the American River. (Authority for Tuolumne figure: Report of Advisory Beard of Army Engineers, p. 110.)

NOTE.—The storage requirement for irrigation utilization on the American River is indicated as 57 per cent less than the storage requirement for irrigation utilization on the Tuolumne River.

## VI.

The drainage area and run-off of such part of the total drainage area of the American River as may be available as a source of water supply

for incorporated cities and towns are, respectively: The drainage area, 1,500 square miles and the run-off for the seasons 1911-12 and 1912-13 as follows:

Seasons, October to September.	North Fork near Col- fax.	Middle Fork near Auburn.	South Fork near Pla- cerville.	Total, three forks.
1911–12. 1912–13.	Acre-feet. 253,000 309,000	Acre-feet. 575,000 829,000	Acre-feet, 469,000 515,000	Acre-feet. 1,297,000 1,653,000

(Authority: "Water-Supply Paper 298," pp. 302, 316, and 338 for period Oct. 1, 1911, to June 30, 1912, and record gaugings in office United States Geological Survey at San Francisco for period July 1, 1912, to Sept. 30, 1913. Computation from gauge records by writer. Correction by adding 15,000 acre-feet diversion by Cedar Creek ditch to North Fork record figures. Computation by writer of watershed areas from United States Geological Survey topographic atlas sheet.)

NOTE.—The only records are the two seasons above. They are, however, the lowest two successive run-off seasons of which there are any conclusive records made in California. The comparison is with Tuolumne records for these two years (which it is assumed will be furnished in response to Senate resolution 191 by the Secretary of the Interior) of the run-off of—

l		uare iles.
1	Hetch Hetchy drainage area Eleanor Creek drainage area Cherry Creek drainage area	452 81 130
1	Total drainage area	000

Cities, July-February Wasted (July, 1911)	Gallons. 62, 193, 000, 000 65, 352, 000, 000 5, 198, 000, 000
Run-off July, 1911-February, 1912, 410,236 acre-feet	132, 743, 000, 000
Irrigation reservoirs full July 1 Draft August and September, 1911	52, 000, 000, 000 27, 107, 000, 000

Irrigation storage carried over	24, 893, 000, 000
Cities' reservoirs full July 1	248, 000, 000, 000 120, 314, 000, 000
Cities' storage carried over	118, 686, 000, 000
Irrigation, March-June Cities, March-June Refill irrigation reservoirs Refill cities' reservoirs Wasted water, March-June	79, 200, 000, 000 97, 334, 000, 000 27, 107, 000, 000 129, 314, 000, 000 1, 815, 000, 000

Run-off March-June, 1912, 1,027,000 acre-feet\_ 334, 770, 000, 000

Irrigation, July-December, 1912\_\_\_\_ Cities, July-December, 1912\_\_\_\_ 32, 576, 000, 000 32, 513, 000, 000 Run-off, July-December, 1912, 202,660 acre-feet... 65, 089, 000, 000

Irrigation reservoirs full July 1\_\_\_\_\_\_ Draft August, September, and October\_\_\_\_\_ 52, 000, 000, 000 51, 724, 000, 000 Irrigation storage carried over\_\_\_ 276, 000, 000

Cities' reservoirs full July 1, 1913\_\_\_\_ Draft, July-December, 1912\_\_\_\_ 248, 000, 000, 000 113, 487, 000, 000 Cities' storage carried over\_\_\_ 134, 513, 000, 000

Irrigation, January-June
Cities, January-June
Refill frigation reservoirs
Refill eties' reservoirs
Wasted water 84, 200, 000, 000 146, 000, 000, 000 51, 724, 000, 000 113, 487, 000, 000 68, 976, 000, 000

> Run-off, January-June, 1913, 1,424,500 acre-464, 387, 000, 000

COMPARISON (I).

The preceding demonstrates the sufficiency of the American River tributaries' watersheds, after provision for all possible beneficial irrigation use through the period July 1, 1911-June 20, 1913, the two consecutive years of lowest water, to have provided 800,000,000 gallons daily to cities and have full reservoirs at the end of each year of the period. The comparison would be with the Hetch Hetchy-Lake Eleanor-Cherry Creek watershed of the Tuolumne River to have supplied the cities with half the water, 400,000,000 gallons daily, during the same period.

Separate statement of average annual flows.

Acre-feet. 266, 000 701, 000 402, 000 Average annual flow North Fork American
Average annual flow Middle Fork American
Average annual flow South Fork American

Total average annual flow three tributaries ..... 1, 459, 000

Reparate statement of the amount of hydroclectric power.

Total feasible hydroelectric power\_

cities.

The net hydroelectric power developable from the cities' water between the point (or points) of diversion of the water from the rivers and the cities is about 120 horsepower for each 1,000,000 gallons daily. This is not included in the 240,000 horsepower mentioned above, as its consumption in pumping the water will make possible the lessening of the cost of installation of the conduit by several million doflars.

COMPARISON (7).

The feasible power development on the American tributaries is estimated at 240,000 horsepower, compared with 115,000 horsepower estimated feasible power development on the Tuolumne tributaries. (Authority for Hetch Hetchy figure: "Report of Advisory Board of Army Engineers," p. 131.)

thority for Hetch Hetchy figure: "Report of Advisory Board of Army Engineers," p. 131.)

Nors: The feasible hydroelectric power development on the American River tributaries is indicated as double the feasible hydroelectric power development on the Tuolumne River.

Mr. BORAH. Mr. President, there are a large number of people in this country who are opposed to this grant purely upon what might be called sentimental grounds. I hope I am not wholly without appreciation for this noble sentiment which pleads so earnestly for the preservation of this park on account of its great scenic beauty. My own State is rich, marvelously rich, with these priceless gifts from nature's prodigal hand. But while wanton and prodigal in the particular scene which she seeks to embellish and adorn, there are not many of them in our country as a whole, and I do not wonder that they should be cherished with religious enthusiasm and a most unselfish zeal. I am frank to say, however, that this is not a controlling factor with me in this controversy. I realize that necessity may demand in some instances their destruction, few as they are, and that when the demand comes as a necessity we have nothing to do but to yield. But this ought always to be true-that they should be preserved until there is no alternative but to destroy them or deny some real want of humanity. In fact, sir, these wild, weird exhibitions of nature's beauty, nature's caprice, and nature's power are themselves factors of human development and elements in human wants in the higher and nobler sense, and only health and lives should call for their destruction. few thousand or a few million are as nothing to their value when measured by the wants and needs of the people in the sweep of the years. These people, therefore, who are making the fight upon this ground are entitled to be heard and have their claim seriously considered.

I am going to insert in the RECORD, therefore, some of their arguments, because they are entitled to be heard in their own words. I now want to read a letter from a gentleman connected with the Dally Princetonian, the official daily of Princeton University. The letter is addressed to me and is as follows:

THE DAILY PRINCETONIAN,
PRINCETON UNIVERSITY,
Princeton, N. J., November 24, 1913.

Hon. WILLIAM E. Borau, Washington, D. C.
DEAR SIR: It is my belief that certain facts concerning the proposed destruction of the Hetch Hetchy Valley are unknown to people who

have never visited that part of the country, and a perusal of the Con-gressional Record has led me to believe, also, that many of your col-leagues are in the same position.

No doubt that is true. Senators have to stay here and work: they can not visit these places.

they can not visit these places.

The Yosemite Valley is crowded with tourists and campers, attracted by what is one of the most glorious scenic and pleasure spots in the world. The Hetch Hetchy Valley, 30 miles distrant, is nearly identical with the Yosemite Valley—a level, grassy floor, inclosed by grand, precipiteus meuntains, a paradise belonging to no one section of the country, deserving of a better fate than to be destroyed for any local object, particularly when it is admitted that San Francisco is able, if it chooses, to obtain an adequate water supply from other sources. The only reason that the number of people at present able to visit the Hetch Hetchy is limited is simply because there is no road leading to it. As soon as the yearly increasing number of visitors to the Yosemite forces the State to build a road to the glorious Hetch Hetchy it will, in turn, become of like importance to the country. In the whole world there are no other valleys like these two.

When Italy and Switzcrland subsist on their climate and scenic attractions, is it not folly, even from the vaunted "commercial stand-point," to blot out what is bound to become one of the chief assets of short-sighted California?

I remain, sir,

Yours, very truly,

Hamilton Fish Armstrong.

The remainder, Mr. President, I shall not read, but ask leave to print in the RECORD without reading.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

Borkeley, Cal., November 25, 1913.

Berkeley, Cal., November 25, 1915.

The Hon. William E. Borait,

Senate Chamber, Washington, D. C.

Dear Sir: I hope it will be possible for you to throw your influence against the Raker bill, which proposes the invasion of Yosemite National Fark and the destruction of one of the two principal camping sites in the same. This bill should be defeated for the following reasons: First, there is not enough water in the Tuolumne watershed for both the Irrigationists and the city. This has been abundantly demonstrated by competent engineers. Second, it is not the part of same conservation to take water from a place where it is indispensable for the further development of arid country, when nearer to San Francisco excellent water is running to waste that can never be put to beneficial use. As Mr. Clement H. Miller and others have shown, the McClond and Eel River sources are actually cheaper than the Tuolumne. Third, experts like Mr. Whipple advised at a hearing before Secretary Fisher that within 50 years the city will have to filter Hetch Hetchy water if the Tuolumne watershed continues to be used for park purposes. We shall have to face the possibility that after a number of years the city will lave to Congress for the exclusion of campers from 500 square miles of the Yosemite National Park in order to protect the water supply from pollution. Portland applied to Congress after nine years for the exclusion of all persons from the Bull Run reserve. Fourth, the invasion of a national park for a purely commercial reason will constitute a serious precedent with reference to other parks, and may lead to a serious impairment of our entire national-park system. Fifth, San Francisco derives no benefit from the use of Hetch Hetchy which is not doubly offset, first, by the loss of seenic assets in Hetch Hetchy Valley and the Tuolumne Canyon; second, by the annual loss of \$20,000,000 from lands which can never prolitably be irrigated in the San Joaquín Valley. The water from the Tuolumne is the only water available for this purp

WILLIAM F. BADE.

Hon, William E. Borah,

United States Senate, Washington, D. C.

Dear Sir: Permit me a word of protest against the Hetch Hetchy Reservoir bill.

When this bill passed the House of Representatives it seemed to me beyond understanding how a majority could have been led into voting in favor of a measure which, if enacted, will seriously impair the beauties of the great Hetch Hetchy Valley and will pervent the use of this valley, the grand canyon, and the Tuolumne Meadows as a national park by visiting American citizens.

Then it occurred to me that while many Americans have been impressed with a knowledge of the Yosemite Valley, only a few have had opportunity to learn of the Hetch Hetchy Valley, the grand canyon of the Tuolumne, and of the wondrous Tuolumne Meadows, which contain the headwaters flowing to the Hetch Hetchy Valley, and which are surrounded by the high and snow-capped mountains forming in part the sky line of the Yosemite Valley.

My strong impressions of this region and strong protest against its threatened spoilation arises largely from the trips which I have personally made with my son. With him I have traveled, mule back, over a thousand miles and more of mountain trails throughout the high Sigras, crossing and camping upon the several forks of the Merced, the San Josquin, and the Kings Rivers, and along the Tuolumne River, and over the expanse of the Tuolumne Meadows, from which we have climbed to snow-capped peaks overlooking the Yosemite Valley.

I gave my son full opportunity to see, with me, his own country, including Alaska, before I took him to Europe. Among other places for two successive seasons I traveled with him over the mountains and trails in California.

It thus happened that we became acquainted with the grandeur and beauties of the wonderful Yosemite National Park, which includes as important features the Hetch Hetchy Valley, the Tuolumne Grand Canyon, and the wonder of our own country in preference to trips cardinately eastward across the Atlantic to foreign shores. It was wise

National Parks. Now it is proposed to close to the American public all that wondrous portion of the Yosemite Park through which flow the waters of the Tuolumne.

No one can visit this wonderful region without being aroused to a feeling of opposition and resentment against the present threatened spoliation. I wish it were possible that every Senator, before voting on the proposition, could have opportunity to view the grandeur and beauty of the scenery from which it is now purposed to shut out the American public. The defeat of the measure would then be assured.

Each Senator no doubt will receive descriptive sketches of the Hetch Hetchy Valley, of the grand canyon of the Tuolumne, and of the Tuolumne Meadows. It is not my purpose to enter into these detailed descriptions.

umne Meade descriptions.

descriptions.

As one American citizen who has had opportunity to acquire knowledge at first hand, and to be inspired by the wonderful scenic beauties whose destruction for national-park uses is now threatened, I wish only to enter a strong protest against this wanton scheme and to urge upon you to vote against the bill.

I have the honor to remain,
Yours, with respect,

Ben. L. Fairchild.

MR. JOHN MUIE'S REPLY TO A LETTER RECEIVED FROM HON, JAMES GARFIELD IN RELATION TO THE DESTRUCTIVE HETCH HETCHY SCHEME.

Hon. James R. Garfield, Secretary of Interior, Washington, D. C.

MR. JOHN MUR'S REPLY TO A LETTER RECEIVED FROM HON. JAMES R. GARPIELD IN ELATION TO THE DISTRUCTIVE HERCH HETCHY SCHEME.

Ron. JAMES R. GARPIELD,

Scorciary of Interior, Washington, D. C.

DEAR Sir. I have just received your letter on my return from some letter of the control of the control

eighty millions.
You say that Mr. Pinchot has given this matter the most careful consideration, and is in full accord with your action in granting the right to the city. Unfortunately, Mr. Pinchot never saw the Hetch

Hetchy Valley or the great Tuolumne Canyon above it, and therefore his opinion should have, very little weight against that of hundreds of mountain lovers who have long enjoyed and appreciated its wonders.

Anyhow, Mr. Secretary, though devoutly differing with you on this important matter, I am still, with sincere respect,
Faithfully, yours,

Mr. BORAH. Mr. President, I am going to take the liberty of reading to the Senate a description of one of the great scenic displays of this country, shout which Yow few records levery

displays of this country, about which very few people know anything, and which, too, is going the way of all the others, to destruction. I want to put in the Record as a permanent plece of literature a description of this piece of great natural scenery from the gifted pen of the veteran editor of the West, Mr. C. C. Goodwin. This is a description of what are known as the Shoshone Falls, in the State of Idaho:

from the gifted pen of the veteran editor of the West, Mr. C. C. Goodwin. This is a description of what are known as the Shoshone Falls, in the State of Idaho:

They are real rivals of Niagara. Never anywhere else was there such a scene; never anywhere else was so beautiful a picture hung in so rude a frame; never anywhere else was so beautiful a picture hung in so rude a frame; never anywhere else on a background so forbidding and welrd were so many glories clustered.

Around and beyond there is nothing but the desert—sere, silent, life-less, as though Desolation had builded there everlasting thrones to Sorrow and Despair.

Away back in remote ages, over the withered breast of the desert, a river of fire 100 miles wide and 400 miles long was turned. As the flery mass cooled its red waves became transfixed and torbidding face. But while this river of fire was in flow a river of water was fighting lis way across it, or has since made the war and forged out for itself a channel through the mass. This channel looks like the grave of a volume of the Household of its dead.

But while this river of fire was in flow a river of water was fighting lis way across it, or has since made the war and forged out for itself a channel through the mass. This channel looks like the grave of a volume or the Ohio, springing from the distant snow-created Thou was the angust display begins.

Saddenly, in different places in the river bed, jagged, rocky reefs are upraised, dividing the current into four rivers, and these, in a mighty plunge of 80 feet downward, dash on their way. Of course the waters are churned into foam and roll over the precipice white as are the garments of the morning when no cloud obscures the sun. The lovellest of these falls is called "The Bridal Yell," because it is made of the lace which is woven with a warp of falling waters and a woof of sunlight. Above this and near the right bank is a long trail of foam, and this is called the "Bridal Trail." The other channels are not so the lace which is woven with a w

energy that creates that endless panorama is comprehended; all the deep throbbings of the mighty river's pulses are felt; all the magnificence is seen.

In the reverberations that come of the war of waters one hears something like God's voice, something like the splendor of God is before his eyes, something akin to God's power is manifesting itself before him; and his soul shrinks within itself, conscious as never before of its own littleness and helpiessness in the presence of the workings of nature's immeasurable forces.

Not quite so massive is the picture as is Niagara, but it has more lights and shades and loveliness, as though a hand more divinely skilled had mixed the tints and with more delicate art had transfixed them upon that picture suspended there in its rugged and somber frame.

As one watches it is not difficult to fancy that away back in the immemorial and unrecorded past the angel of love bewailed the fact that mortals were to be given existence in a spot so forbidding, a spot that apparently was never to be warmed with God's smile, which was never to make a sign through which God's mercy was to be discerned; that then Omnipotence was touched; that with His hand He smote the hills and started the great river in its flow; that with His finger He traced out the channel across the corpse of that other river that had been fire, mingled the sunbeams with the raging waters, and made it possible in that Fe-blasted frame of scoria to swing a picture which should be, first to the red man and later to the pale races, a certain sign of the existence, the power, and the unapproachable splendor of the Great First Cause.

And as the red man through the centuries watched the spectacle, comprehending nothing except that an infinite voice was smitting his ears, and insufferable glories were blazing before his eyes, so through the centuries to come the pale races will stand upon the shuddering shore and watch, experiencing a mighty impulse to put off the sandals from their feet, under an overmastering consciousn

There is nothing elsewhere like it; nothing half so weird, so wild, so beautiful, so clothed in majesty, so draped with terror; nothing else that awakens impressions at once so startling, so winsome, so profound. While journeying through the desert to come suddenly upon it, the spectacle gives one something of the emotions that would be experienced to behold a resurrection from the dead. In the midst of what seems like a dead world suddenly there springs into irrepressible life something so marvelous, so grand, so caparisoned with loveliness and irresistible might that the head is bowed, the strained heart throbs tumultuously, and the awed soul sinks to its knees.

It is no wonder that those who see those vast displays of nature, so weird and so wild and so majestic, such exhibitions of nature's caprice and of nature's power, and appreciate them as this veteran editor did, are fighting earnestly and unselfishly and zealously for the preservation of one of the great beauty

spots of the world.

The marvelous scene which this editor has depicted has passed away. That river, too, has been dedicated to commer-The great Shoshone Falls are practically no more. In time they will be but the scene of commercial strife. One of the scenes which would have invited, in time to come, millions from all parts of the earth has been wiped out by commercialism. We stand here to-night contemplating the question whether we will dismember a spot set apart only a few years ago for the people of the United States, for all time to come, for resort recreation. We ought to pause and consider well our act. What we undo in the way of defacing and marring these marvelous scenes nature herself in all her majesty and strength can not restore.

Mr. LANE. Mr. President, I am sure it will be difficult to make an impression on this audience after the very beautiful closing speech of the Senator from Idaho. But to me, though I have never seen the Shoshone Falls, a rosy-cheeked baby, healthy and happy, appeals more strongly as a good and great creation than does a cliff with water pouring down over it.

If it is necessary for the health of the people and the lives of the little children that they have a greater supply of water than that which they now have in San Francisco, or a purer supply of water, and in the balance on the other side of the scale lies at stake merely the beauty and the grandeur of the Hetch Hetchy Valley, I would give the preference to the people of San Francisco and wipe out Hetch Hetchy just as quickly as I could do so.

I do not think there is any difference of opinion among us here in that respect. With me it is merely a question of whether or not San Francisco is in need of this water and

whether that is the only source of supply.

If there are other sources from which San Francisco can obtain as pure a supply of water at no greater cost or at no excessive cost, then San Francisco should be asked to do so.

That is the problem I have been revolving in my mind here for a number of days. They are the points I would like to have settled in order that I may vote intelligently upon this bill.

If it be true that by taking the waters from the Tuolumne River and impounding them behind a dam in the Hetch Hetchy Valley and conveying 400,000,000 gallons a day in a pipe line to San Francisco the people occupying the San Joaquin Valley will be forever deprived of the use of their lands, while at the same time San Francisco can obtain an equal amount of pure water at no greater cost from the McCloud River or other sources, then it seems to me she should be forced to go to the McCloud River, or to the Eel River, or to Putah Creek, or to any other source from which she may obtain the necessary amount of water.

In California a climatic condition exists which is different from that which obtains in this eastern country. In California every drop of water is almost as valuable as a grain of gold. They do not have one drop to waste. San Francisco is entitled to every last ultimate drop that she needs. She is not entitled

to one more drop than she needs.

There is something about this proposition which I can not understand. There is an appropriation made here in this bill for a city of 500,000 inhabitants, we will say—I believe that is a full and free estimate. The population of San Francisco is, I think a little less than that—in which she is granted a water supply of 400,000,000 gallons a day, which means 800 gallons supply of 400,000,000 gallons a day, which means 800 gallons each and every day for every man, woman, and child in that city, for the baby born yesterday and for the old man who is going to die to-morrow. It is enough water to drown the whole outfit twice a day every day in the year. [Laughter.] They can not get away with that amount of water. It is too much water. There must be something in this proposition besides water, although there is an excess of that. [Laughter.]

Quite a number of years ago I was camping up in the mountains with a party doing some work upon a water course; among other things, building a bridge. I had a gang working for me and we were living on canned food, as you have to

in the mountains when far from a source of supply of fresh vegetables. One day the foreman's wife drove in about 1 o'clock with a little bit of a boy. He was about 2 years old, I guessa smart little fellow, precocious, rosy-cheeked, and hungry. Almost everything had been eaten up, but the cook stirred around and got together what little he could, and among other things he had left a few tablespoonfuls of stewed canned corn. The little fellow was very fond of corn and he asked for it. His mother gave it to him and he ate it, and then he wanted more corn. She said, "There is no more corn," and the cook said, "There is no more corn." He pointed to the stewpan in which it had been cooked, and the cook scraped it out. Those of you who have ever cooked canned corn know that most of the pepper settles to the bottom of the stewpan in which it is cooked. The residue was scraped into his plate and the little fellow got his spoon in it and put it in his mouth. He took a swallow of it and suddenly turned to his nother with great indignation and said, "There is too damned much pepper in this corn." [Laughter.]

It strikes me that there is a similar excess of water in this appropriation for San Francisco. [Laughter.] It evidently is not simply a proposition of securing water for San Francisco, for they can not use that much of it if they get it. It must be

something else. It is probably a power proposition.

There are other things about it which are curious. a grant here to the city of San Francisco, with a sort of limited permission to the other cities about the bay to procure some of this water from San Francisco, after San Francisco receives from Congress the right to pass its pipe lines over the lands of the Government, if they do so. But if you will read it carefully you will notice there is no clause there in the nature of a common user, giving either Berkeley or Oakland or Alameda or San Jose the right to go to San Francisco and say, "We will take a little of this excess water which you are procuring, and pay our proportion of the cost of bringing it here, for the construction of the dam, the pipe lines, and so forth." 'There is nothing of that sort. The entire bill is silent upon that point.

I have seen a few franchises drawn. If I were a resident of Oakland, you could not sell me that franchise for a nickel.

[Laughter.]

That strikes me as peculiar. I like San Francisco. ple who live up north of San Francisco are friends of San Francisco. We always have been. My father went into San Francisco in 1848, and worked during the winter of 1848 and 1849 in the mines on the American and Feather Rivers. My mother's father went to San Francisco in 1849; my people have lived all their lives on the Pacific coast. We are fond of them. They are a good lot and good neighbors. There has been no jealousy between us. Nevertheless, they are at this time clamoring for a whole lot of water. [Laughter.] I do not know what they are going to do with it. You can take that amount of water, with the fall which at-

tends it—San Francisco being at sea level and the Hetch Hetchy Valley 3,500 feet up in the air above it-and you can sluice the entire city of San Francisco into the Pacific Ocean every four

[Laughter.]

Mr. MYERS. Mr. President, may I interrupt the Senator? The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Montana?

Mr. LANE. No; let me go on, please. I want to ask the Senator from Montana some questions after a while, and I think I will keep him busy when I do.

Mr. MYERS. Ask them now, Mr. LANE. If there is any question the Senator wishes to ask about any statement I am making, I would like to hear it

now. Yes; the Senator may interrupt me.

Mr. MYERS. I just wanted to say that the Senator seems to be under the impression that drinking is the only use to which water can be put. The people of San Francisco need water for bathing, for fighting fires, for laundry purposes, for cooking, for street cleaning, and for the great number of purposes for which water is needed in all large cities. The Senator should not be under the impression that they are to drink all of this water or to be drowned in it.

Mr. LANE. I am glad the Senator called my attention to that matter, for I have been looking it up. I have taken into consideration the water supply of a city for all municipal uses. Those uses consist of the water they drink, the water they bathe in, the water they cook with, the water for sluicing the sewers, for fighting fires, for washing streets, and for manufacturing

Durposes

San Francisco, with a population of 500,000 people, has now a supply of water of 40,000,000 gallons a day, according to your report. This is your report, I think. No; this is the report of Mr. RAKER, in the House. It uses 40,000,000 gallons a day

at the present time. That is 80 gallons per capita-80 gallons every day for every man, woman, and child, for all municipal That is more water than the average city uses for similar purposes. It may astonish you to know that, and yet it is true. It is more water than they use in New York. is more water than they use in St. Louis. It is more water than they use in a number of cities, if waste is excluded.

I had occasion at one time to check up this question. were putting in a plant of our own in the city of Portland. were having a great deal of waste. By the way, please bring me some water to drink. [Laughter.] We had to go out into the mountains and procure a supply of water. We were putting into the city 23,000,000 gallons of water every day by a gravity system. Along would come a spell of hot weather in the summer, and every man jack in town would turn on the faucet and let it run until it got cold, so that he could get a cold drink of water. Down would go our pressure, and that would exhaust the supply, out of our reservoirs. Then, in the wintertime there would come a cold spell of weather, and they would turn on the faucets. You know how that is done. They would be too lazy to go outdoors in the cold and turn off the house supply, and down it would go again. Our supply was 23,000,000 gallons of water a day, which was 100 gallons for every man, woman, and child in the city of Portland. Then there would come a spell of weather like we have been a positive would come as a spell of weather like we have been spelled by the like we have been spell of weather like we have here now, not quite so warm, but ordinary weather. There is hardly ever much cold weather and hardly ever a great deal of hot weather there.

Then, I found to my astonishment after checking day after day, week after week, that the actual ordinary consumption of the city was but 7,000,000 gallons a day, or about 28 to 30 gallons per capita. You will not believe that. No man will believe You will think I do not know what I am talking about, but

It will just read to you another authority on this subject.

Here is a report that was put out in New York City. It is entitled "Waste of water in New York and its reduction by meters and inspection," a report to the Merchants' Association of New York. It was an inspection that was authorized by an act of their State legislature, and this report was sent around all over the country. I had seen it before. Here are some figures which I will present to you. It was published in New York June 18, 1906, signed by the committee on water supply, the Merchants' Association of New York, by Henry R. Towne, chairman. It is a work that is considered reliable by all engineers in water departments all over the United States. It is quite interesting.

Of course, different cities vary according to their population and the business enterprises they are engaged in. Manufacturing cities use more water than do those that do not manufacture. In a dry climate they naturally use more than in a climate that is more damp, as is the case in the city where I live. Yet the figures run pretty close together, and I want to call your attention to some of the cities in which there are comparatively few meters. The bulk of water, perhaps nearly half of the water, which is piped into a city is wasted. There is only about 60 per cent of water that is put to use. The rest of it is wasted by leaky pipes and neglect.

I remember one instance where we suspected a citizen of wasting water on account of leaky pipes, and we sent an inspector to see him and give him the proper warning to fix up his pipes. He promptly ordered our inspector to get off his premises. We had a flat rate, under which he was paying about \$1.50 a month for water. We put a meter on his service pipe, and the next month his bill amounted to \$113. He repaired the leaks in his pipes and his bill went right down again. He was wasting \$111.50 worth of water every month, and had been doing so for months before we discovered it.

We had trouble with a prominent business man who owned a large brick building. His bill on metering was \$60 a month, jumping up suddenly from about \$5 or \$6 to \$60. He got a plumber to look over his pipes and discovered that a rat had eaten a hole in a lead service pipe.

A good part of the water which comes into a city goes directly out in the sewers, without ever being used. If San Francisco gets from Hetch Hetchy 400 gallons for every man, woman, and child in the city, 350 gallons of it will go down through the sewers unused. They will rip off the power up in the mountains with a 3,500-foot head. It will be a beautiful plant for manufacturing power, but the water will of necessity go down into and through the sewers into the ocean and do nobody any good. Three hundred thousand to three hundred and fifty thou-

Here is a list of cities with the average rate of consumption for municipal use given as less than 50 gallons a day. There are dozens and dozens of cities all over the world which do not use that much water. They do not use it in London. They do

not use it in Berlin. They do not use that much water in hundreds of cities all over the world.

Here is Brockton, in Massachusetts. In 1904 for manufacturing purposes there was used per capita daily 15.5 gallons, and for domestic use 5 gallons, and in addition to that 3 gallons daily for public use, such as street cleaning, and so forth. Water not accounted for-that is, wasted-13.3 gallons; or, in all, 36.9 gallons a day. That is in Brockton, Mass., in New England, and the people who live up in Massachusetts do bathe occasionally, I am told. It has been intimated here that if a fellow does not get a thousand gallons a day he does not bathe. ter.1

In Boston, which is the center of civilization, if you please, they use for manufacturing 30 gallons a day, for domestic use 30 gallons, 3 gallons for public uses—that is, for washing streets, and so forth-water not accounted for, 32 gallons; total, 95 gallons. San Francisco has 80 gallons now, and she is shy of water for people living on the hills. Why? Because the fellows who are below in the lower levels have leaky pipes or waste water. It would be worth a million dollars to San Francisco if she would hire a good plumber to go around and fix up and meter her service pipes. She has more water now than she can legitimately use. I do not think it is good water. I think the system ought to be changed. I am willing to help her to go to Hetch Hetchy, if no other source of pure water is available, and replace it with good water, but the quantity she

asks for is more than she needs.

Here is Cleveland. That is in Ohio. For manufacturing 40 Here is Cleveland. That is in Ohio. For manufacturing 40 gallons, for domestic use 26 gallons, 10 gallons for public use. That makes 76 gallons. Not accounted for, 20 gallons. Total, 96 gallons. I do not know what kind of water they have in Cleveland. Lake water, I suppose.

Here is Fall River, Mass., which uses for manufacturing 7 gallons, domestic use 15 gallons, public use 5 gallons, not accounted for 8 gallons; total, 36 gallons.

In 1902 there was a total per capita consumption of 40 gallons.

In 1902 there was a total per capita consumption of 40 gal-

lons in Fall River.

The next is Hackensack. That is not complete, but there is a tabulation of 446 gallons for a family—a family of five persons, perhaps. That would be something like 80 or 90 gallons per capita for all purposes.

Hartford, Conn., 3 gallons for manufacturing, 30 gallons for domestic use, 5 gallons for public uses, 24 gallons not accounted for (wasted); total, 62 gallons.

San Francisco has 80 gallons now. We have been told here all the time that San Francisco does not have water enough to

use. She has a supply above the average. Her water is impure. I am willing to concede that.

Now, we will take Harrisburg, Pa., in 1904. Manufacturing 81 gallons, domestic 30 gallons, for public uses 5 gallons, water

81 gallons, domestic 30 gallons, for public uses 5 gallons, water not accounted for 30 gallons, making a total of 146 gallons.

Milwaukee, Wis., in 1904, used 45 gallons for manufacturing and 25 gallons for domestic use. Water for public uses 5 gallons, water not accounted for 14 gallons, a total of 89 gallons.

Mr. SMOOT. And half of it for beer.

Mr. LANE. Probably that is true.

Madison a total of 44 gallons. I will read the totals now. Syracuse, a total of 108 gallons.

Taunton. In 1904 Taunton had 64 gallons.

Ware, 44 gallons.

Wellesley, 55 gallons.

Wellesley, 55 gallons. Woonsocket, 29 gallons.

Worcester, 68 gallons. Yonkers, Yonkers, in 1904, had 94 gallons.

Bamberg had 15 gallons. That is in Germany.
Berlin had 18 gallons for all uses. You may read them all
down the line, and Germany had 13, 14, and 15; Eisenach,
Hanover, Rudolstadt, Stralsund, Darmstadt, Gotha, Magdeburg, Mainz, Mannheim, Potsdam, Quedlinburg, Strassburg, Weimar, Worms, 14, 15, 13, 14, 32. The highest in the whole list is

32 gallons per capita for all uses, municipal and otherwise.
With all kindness in our hearts for San Francisco, for I like her people-and before now, at the risk of my political career, I have fought for her—I say she is asking for too much water. It is a power proposition. That is a valuable use of water, and I am willing to concede such a right to San Francisco, but if to secure it she must wipe out the farmers in the San Joaquin Valley, the richest valley on the Pacific coast when watered, and without water a desert, let her be just and pay the farmers for their loss.

No city and no person on that coast or anywhere else has a

right to waste any of nature's resources.

The McCloud River, I am informed, has an excessive amount of water. It has more than the Tuolumne River, and it is in a country where they do not need it so badly as they do in the San Joaquin Valley. I am informed that they would be glad to get rid of some of it.

This question has two sides to it. Rather than see San Francisco go without water I will vote for the bill, but if it can be shown that San Francisco can secure this supply from some

other source and do less harm to the people who live in the district from which it is proposed to take the water, I think she ought to be made to do it, in justice and without prejudice and without fear or favor to anyone, if you please. I do not be-lieve we have a right as Members of this Senate to allow ourselves to be whooped into the proposition without digging down into it and ascertaining the facts and then standing upon them and voting for what is right. If anybody can show me that it is proper to go to the Hetch Hetchy, I will vote for Hetch Hetchy and let the park go, and that despite the fact, if you please, that I am chairman of the committee for the preservation of forests. As between the needs of San Francisco and her people and the beauties of Hetch Hetchy, I would wipe out the Hetch Hetchy Valley as quick as the snap of a finger, but I would not give San Francisco the water to run it wastefully through her sewers into the sea while the people over in the San Joaquin Valley need it to raise grain with which to support their families.

Mr. PITTMAN. Mr. President, I realize the sincerity of the Senator from Oregon, and for that reason I want to call to his attention something for his consideration. I do not intend at this time to discuss this matter, because I have given notice that to-morrow I will discuss the bill, but I want to say that the plan of San Francisco for the utilization of this water does anticipate the bringing of this water to San Francisco on the original plan. The plan, of course, anticipates securing for San Francisco the water on the theory that unless it does so now, when it does need it it will have been appropriated under

the laws of California by others.

Mr. LANE. I know, but, Mr. President, we are here appropriating that amount of water. They are filing a claim for 400,000,000 gallons of water a day. Now, you say you do not need it. I know you do not. I am glad to hear you say so. Then, if you do not need it, why not file on that which you do need for a reasonable use and for a reasonable length of time; if you secure a hundred million gallons a day you will have enough to supply your city when she has 2,000,000 inhabitants.

Mr. PITTMAN. I will say that, according to the estimate of

the Government engineer, by the beginning of the next century there will be 3,500,000 people who will want that water, and it has been considered wise-whether wise or not I am not going to look that far ahead. They have concluded that it is wise to look that far ahead, and if so it would not be a very excessive amount of water at that time.

I also wish to say to the Senator for his consideration, because I know what he has in mind and that he always wants to consider facts, that pending that time every drop of water which is not conveyed to San Francisco for its beneficial use under the terms of the bill will go down in the same channel to the same farming districts where it goes to-day.

It will not be carried as the surplus water there is carried and thrown away, but it will go down to the same places where it is going now; and it will go there until that population shall have increased to such an extent that it will be demanded for

domestic uses

Mr. LANE. Mr. President, if at the beginning of the next century San Francisco shall have 3,500,000 people, using a greater average of water than the average city of the world, she will only require 175,000,000 gallons per day. In the meantime and until the beginning of the next century let us allow these other people the use of it to irrigate their lands. to be provided in this measure that every drop of water taken shall be utilized. Tie them to that; that is fair. Let San Francisco come here and give assurance through her official representatives that she will use for domestic purposes and for electric lighting purposes, for transmission, for the manufacture of power, as she can, the actual amount of water only which she needs, and we will give it to her, and the people of the upper San Joaquin Valley will have but little complaint to make, for it will not take much water from them.

Mr. PITTMAN. But, if the Senator from Oregon please, that is exactly what must be done under the laws of the State of California, because they have a water commission there on behalf of all the people of California, and they can do that; they can protect that when we can not protect it by any law that

Let me call the attention of the Senator to another thing which may not be known to him, that in the utilization of this water power is created between the Hetch Hetchy reservoir and a point on the Tuolumne River before it leaves the Tuolumne River; so that after it has created this power, the portion that

is needed for San Francisco goes through the pipe lines and the other portion continues to flow down the Tuolumne River.

I wish to-morrow, if the Senator will then give me his attention, to try to prove by Government statistics and facts that there is sufficient water in the Tuolumne River, if properly conserved-and it can be conserved more cheaply than it can be conserved in the Hetch Hetchy-to supply more than enough water to irrigate all of that land and yet supply San Francisco with any amount of water that it will ever require.

Mr. LANE. Well, all I have to say in reply to that is that I hope that it is true. If that is done justly, and the waste water from the overflow at the dam is given to these people on reasonable terms, I do not see why there should be any objection

to that.

Mr. PITTMAN. They will give it to them for nothing. Mr. LANE. But we have no assurance from them that that is going to be done; and when we grant them this strip of land, this neck of the gorge, this right of way over our public . lands, over the Government lands, which is the key to all that water, they will be up and gone, like a bird that flies free out of the door. There is not nor can be any check on them. After that is done, write it in the bond and present it with your bill, and then we will be in a position to know that we are doing right. That is all I want. I want them to have water from some pure and abundant source of supply.

Mr. PITTMAN. Mr. President, we can not do that; it is not the law; but I am satisfied that the government of the city of San Francisco is as just and honest as any government of the State of Oregon was when the honorable Senator was in charge of one of the biggest municipalities in that State; and I am satisfied that in his government of Portland he was able to protect the people of that municipality from any wrong or waste, and never tried to impose on anyone else in that State. I believe that every State in this Union is able to protect the people within its limits; but this Government has no right to say how

the water shall be distributed or controlled.

While this bill has some things in it of that character and kind-and I wish they were not in it-I would not have them there if to eliminate them would not defeat the bill, but would take them out of the bill if we had the right. I want to say that to-day the State of California is protected by one of the best water commissions which any State ever had, and the law of that State is as strict about the waste of water as is

that in any other State.

There is no question of one thing, that even though San Francisco be granted the right to build this dam 300 feet high and to impound 400,000,000 gallons of water daily, she will not be allowed to take away any more than is reasonable and just for the benefit of her people, and the water will go back down that valley where it has always gone after it has served its power purposes. We could not protect them any more in this bill than the people of the State of California can protect them by their own laws. I am just as anxious to see those people protected as is the Senator from Oregon. So far as that goes, we are both together on that proposition; we are exactly together on it. It is merely a question of method; we are trying to work it out, and I hope to-morrow to be able to bring facts to the Senator's attention that will convince him that even if San Francisco took 400,000,000 gallons of water daily away from that valley, to-morrow there would still be ample water, if there were a proper conservation, to irrigate all of the lands tributary to that stream.

Mr. LANE. Just a word and then I am through. I would say if they have no better success in protecting public property than I had as mayor of Portland in keeping the coyotes and thieves that were after it from getting away with it, there will be nothing much to boast of. About 33½ per cent of public expenditures get picked off by the way or lost by the unfit and the

Mr. SMOOT. Mr. President, I was very much surprised at the statement made by the Senator from Nevada [Mr. PITTMAN] in relation to the waters of the Tuolumne River running down and being sufficient to irrigate all the lands of that valley. Mr. President, I want to say to the Senator that he must know if water runs down the Tuolumne River after that dam is constructed it will be at a time of the year when the farmer will not particularly need the water, because every drop of the natural flow of that river to-day is appropriated. The time when the farmer most wants the water is when the water is the lowest, and then there will be no water running down the Tuolumne River to go into the valley; and if the farmers in that valley can not have water at the time they need it it will do them no good. What good will the water do in the wintertime for the farmers in that valley if it should run down as it has run down in the past? The only time it will do them any good will be when their crops are being matured and when the quan-

tity of water is at the very lowest.

Mr. PITTMAN. If the Senator please, I presume he was asking a question, and I will try to answer it for him. I want to state that if he has carefully read the bill he knows, as a matter of fact, that the bill does provide that during the very season that the farmers require water for irrigation, and when it is lowest, 4,000 second-feet of water are to be turned down that stream

Let me say further that the Senator is right, that the flood waters of all those mountain streams come down the river at a time of the year when they are least needed for irrigation. That is absolutely correct. For years and years it has been going to waste, and is going to waste now. For the very reason that there is not a dam sufficient on that river to stop it, it goes out to the sea. If this dam is placed at Hetch Hetchy, it will stop at least a portion of that flood water and keep it from going to the sea, and there will be enough of it turned over the dam to equalize that flow to 2,300 second-feet many days of the year; and they will have opportunity to use up to 4,000 second-feet during those months when they need water, and that, too, during those months in which they do not have the water at the present time, because they have no dam to retain that very flood water. That is the fact about it. The Senator should know that this dam will correct an evil that is existing now; will preserve water that goes to the sea; and will guarantee the farmers a uniform flow just at the season they have not any water at the present time.

Mr. SMOOT. Mr. President, nobody has denied that proposition. I certainly have said nothing that the Senator could construe as even intimating such a thing. Everybody knows that if a dam is put there, it will be put there for the purpose of storing water in the flood times. If it were not for that, the filings of San Francisco would not be worth a five-cent piece, because all of the water in the stream in its regular flow had been appropriated long before San Francisco made a filing upon

the stream. The Senator knows that.

I recognize the truth of what the Senator said in relation to water in a reservoir being a saving, just as much as he does. know that it would be a great benefit; and whatever benefit it may be and whatever filing San Francisco has, whether it be 160,000,000 gallons daily or 200,000,000 gallons daily, they are entitled to and they ought to have, and I never would vote to take it away from them; but I do not want to say by any vote of ours that San Francisco can have 400,000,000 gallons of water if she does not want to use it within a reasonable time and stop every citizen of the United States from filing on the waters that have not already been filed on.

Mr. NORRIS. Mr. President—
The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. I was merely answering the Senator from

Mr. PITTMAN. I yield the floor, if I have it.
The VICE PRESIDENT. The Senator from Nebraska is recognized.

Mr. NORRIS. Mr. President, I want to call the attention of the Senator from Oregon [Mr. Lane], if he has not left the Chamber, to what I believe is an answer to his question. It is in the bill itself, and I think it would be well also for the Senator from Utah [Mr. Smoot] to consider it, in view of what he has said. I am informed that the Senator from Oregon is not here, but I will read it into the RECORD. I believe it answers the dilemma in which the Senator seems to be. It is found on page 17 of the bill, subdivision (h); and I also call the atten-tion of the Senator from Utah to it:

(h) That the said grantee

That means San Francisco-

(h) That the said grantee shall not divert beyond the limits of the San Joaquin Valley any more of the waters from the Tuolumne watershed than, together with the waters which it now has or may hereafter acquire, shall be necessary for its beneficial use for domestic and other municipal purposes.

Mr. SMOOT. The language "and other municipal purposes" covers all purposes,

Mr. NORRIS. Does not that cover the proposition?

Mr. SMOOT. Yes; it covers not only the domestic but all

other purposes.

Mr. NORRIS. I think that would be for washing streets and such other purposes as a city usually uses water for.

Mr. SMOOT. No; that is not what that means; that is not what San Francisco wants, and that is not what San Francisco

Mr. NORRIS. Does the Senator say that that is not what it means? I want to assert that it is. That is what it is intended to mean, and I believe that is what it does mean. I am only giving my belief as to that.

Mr. LANE entered the Chamber. Mr. NORRIS. I want to read the provision again for the benefit of the Senator from Oregon:

(h) That the said grantee shall not divert beyond the limits of the San Joaquin Valley any more of the waters from the Tuolumne watershed than, together with the waters which it now has or may hereafter acquire, shall be necessary for its beneficial use for domestic and other municipal purposes.

Mr. LANE. Mr. President, in answer to that, I would say that when we picked up a grant for a water right which some sharp fellows had staked ahead of the city, all the right they would grant us was for municipal domestic use-none for other purposes, none for manufacturing of "juice."

Mr. NORRIS. Oh, no; this provision does not cover that.

Mr. LANE. Oh, yes; it covers that, in my opinion.
Mr. NORRIS. In my opinion, the "juice" of which the Senator speaks will all be manufactured before the water gets into the city. There is no intention of having electric power manufactured in the city of San Francisco proper. There is no such thing in contemplation.

Mr. LANE. It takes more water to manufacture electricity for municipal use than it takes to supply domestic use. It takes

a bigger head; it takes

Mr. NORRIS. But there is no idea of manufacturing electricity in the city.

Mr. LANE. No; it is manufactured at the headgates.

Mr. NORRIS. The Senator will notice that this subdivision provides that they shall not take any more water away from that particular valley, which he says ought to have the water, than they can use beneficially for municipal purposes.

Mr. SMOOT. But they make take it away from the reservoir for the purpose of creating power, and it will never get

back into that reservoir.

Mr. NORRIS. No; that is not what it says, as the Senator will notice if he will read it again-

That the said grantee shall not divert beyond the limits of the San Joaquin Valley-That is where the land is located which you want to irri-

That the said grantee shall not divert beyond the limits of the San Joaquin Valley any more of the waters \* \* \* than \* \* \* shall be necessary for its beneficial use for domestic and other municipal

Mr. SMOOT. "And other purposes." Mr. NORRIS. No; "other municipal purposes."

And that will be for the creation of power for Mr. SMOOT. the municipality.

Mr. NORRIS. The Senator certainly does not mean that.
Mr. SMOOT. Certainly I do.
Mr. NORRIS. The Senator knows that the power is going to be developed before it reaches the city. If this bill passes, there will be no electric-power plant within the city limits of San Francisco. Nobody contemplates such a thing and nobody has ever suggested such a thing.

No opponent of this bill, so far as I know, has ever made the charge that when they get the water down there they will use it for such a purpose. If they did the Senator does not believe that it would be permissible under the laws of California. The power is going to be developed before it gets anywhere near the city. Most of it will be developed before it gets to the San Joaquin Valley.

Mr. SMOOT. Mr. President, I do not think there ought to be any misunderstanding about this matter. The Senator himself, I think, will admit that the principal object of this bill is to provide for the creation of power, and the power can not be

created unless the water goes through the water wheel—
Mr. NORRIS. The Senator is not answering the proposition.
Mr. SMOOT. And when the water passes through the dam site, through the wheels, and creates the power it will never

go back again.

Mr. NORRIS. I want to say to the Senator that he is entirely mistaken. Most of that power will be developed before it reaches the San Joaquin Valley. The water that will go to the irrigationists will have created power before it gets to their ditches.

Mr. SMOOT. Anybody knows that the power has to be created right where the fall is. You must have a fall.

Mr. NORRIS. Then, the Senator ought not try to make the Senate believe that it is going to be created in the city limits of San Francisco.

Mr. SMOOT. The Senator has never said any such thing,

and never had any such idea.

Mr. NORRIS. Did not the Senator say, in regard to municipal purposes for the city, that it was to make "juice"-to

make electricity?

Mr. SMOOT. I never used the word "juice" at any time.
I never designate electricity by the word "juice." Mr. President, I simply say that if the Senator's position is right, then San Francisco would be building the dam site there for the purpose of taking out only sufficient water for domestic purposes, and that only to the amount the people of San Francisco and the surrounding cities may use. Does the Senator believe that that is true?

Mr. NORRIS. Out of the dam? Mr. SMOOT. Yes. Mr. NORRIS. No; I do not believe it is true. I never said it was. Nobody has claimed it. Why, that dam is a great many miles from the San Joaquin Valley, where they want to use the water for irrigation purposes. Before the water gets to that valley it will have gone through the water wheel and will have created the power, and the water will go on to the land, and the power on to wherever it is going to be used.

Mr. KERN. Mr. President, for reasons which I shall state presently, I have no purpose of discussing the merits of this

controversy

During the session last night, when a letter from Hon. DEN-VER S. CHURCH, Member of Congress from California, was read, in which he announced his opposition to the pending Hetch Hetchy bill, I expressed some surprise that Mr. Church should have changed his views on the question at this late date; and inquired of the junior Senator from California [Mr. Works] if he had any information as to the mental processes of that gentleman in reaching a conclusion so at variance with his former views, as expressed on the floor of the House. The change in his attitude was so out of the ordinary that it challenged my attention.

The Senator from California, expressing the highest opinion of the standing and integrity of Mr. Church, in which I fully concur, stated his belief to be that Mr. Church had changed his attitude because of an honest effort on his part to reflect here the views of his constituents, which had also changed, and

an earnest desire faithfully to represent them.

Since the colloquy referred to I have talked with Congressman Church; and if I had entertained the slightest doubt of his entire good faith, the sincerity of his purpose, or the patriotism of his action, such doubt would have been instantly dispelled by his own frank statement of the reasons which have prompted his action.

He came to Congress with the firm conviction that all the waters of the watershed of the Tuolumne River, including storage facilities, should be reserved for the exclusive use of the owners of the irrigable lands of the San Joaquin Valley. Accordingly he was opposing the Raker bill, when several gentle-men of prominence—men of high character and standing came to Washington as a committee especially representing the irrigationists of the Modesto and Turlock irrigation districts.

Mr. Church naturally was pleased that these men, representing so largely the people of his district, should come here to second his efforts in their behalf; and, working together, all proceeded to the task of protecting the interests of the people

of the San Joaquin Valley.

Early in the contest here in Washington this committee was induced to go into conference with those representing the in-terests of San Francisco for the purpose of determining whether a measure could be drafted and agreed upon which would give to San Francisco a water supply and at the same time fully protect the interests of the water users of the irrigation districts and of the San Joaquin Valley generally. As a result of this conference there was an agreement between the respective parties, the terms of which are substantially embodied in the pending bill.

The committee representing the water users reported to Mr. CHURCH that all the rights of his constituents had been fully safeguarded, and that the bill as then agreed upon contained every provision necessary for the full protection of all his

people.

Mr. Church relied upon the representations of these men. He believed in them, as he had a right to believe in them. They were special representatives of the people of the San Joaquin Valley and held a commission bearing a later date than the one held by him. It transpired subsequently, however, that they had been overreached in the conference, at least in the opinion of the people back home, as ascertained at a later date. But Mr. Church had no reason for suspecting the good faith of these representatives of the people or doubting the wisdom of their action. So when they solicited his support of the Raker bill it was but natural that he should accommodate himself to the desires of his constituents, for whom they had a right to speak.

But, as already suggested, as time went on and after the people affected by this proposed legislation had opportunity to study its provisions, the belief became widespread that their interests had not been properly guarded, and that their interests

would be seriously imperiled by the passage of the proposed measure

This feeling continued to grow, until there came to be a well-nigh unanimous belief amongst the people of the San Joaquin Valley that enactment of the Raker bill would mean the destruction of property values in that region and the utter ruin of many of its people. So, almost as one man, they arose and demanded of their Representative that he stand by their interests, even though that action should involve a charge of inconsistency against him.

Mr. Church received hundreds of communications to this effect, a few of which he has handed me, which, in justice to him, I take pleasure in reading. This is one of the later ones:

Modesto, Cal., December 4, 1913.

Modesto, Cal., December 4, 1913.

Congressman Denver S. Church, Washington, D. C.:

Sentiment here is unanimous against the Raker or any bill having for its object the taking of any water out of the valley. The sentiment is radical. To protect yourself from attacks that are being made here against you and for your future protection better place yourself at the services of local committee now in Washington. You can square matters with House committee by saying political suicide not to change now. Ferris and other committee men will appreciate your position. Telegrams here from committee that you alone stand in way of their success in defeating Raker bill. Protect yourself in this matter.

Modesto, Cal., December 4, 1913.

Modesto can be very bill having for any bill having for

Here is another:

Modesto, Cal., December 3, 1913.

Congressman Denver S. Church, Washington, D. C .:

Be it resolved. That the president of the board of directors of the Modesto irrigation district be directed to wire Congressman Church, at Washington. D. C., to oppose the passage of the Raker bill and to use all means in his power to defeat the passage of the same and also to oppose any other measure having for its object the giving to the city and county of San Francisco reservoir sites in the Hetch Hetchy Valley.

J. B. TRASK, President Board of Directors.

Another one of the telegrams is as follows:

TURLOCK, CAL., December 4, 1913. Congressman DENVER S. CHURCH, Washington, D. C .:

Water users here request you to cooperate with our committee there and to do all in your power to defeat the Raker bill. The following telegram sent to Mayor Rolph by the Turlock irrigation board:

"There has been great change in public sentiment here since our committee returned from Washington. People here generally agitated and are now strenuously opposing all acts providing for taking any water from San Joaquin Valley.

E. J. CADWALLADER.

Another is as follows:

Modesto, Cal., December 3, 1913.

DENVER S. CHURCH, Washington, D. C.:

Washington, D. C.:

Unanimous vote of Hickman Board of Trade against Raker bill or any bill allowing Hetch Hetchy water for any but irrigation purposes. Shall expect you to use every effort in your power to defeat Raker bill and protect irrigators in Turlock irrigation district.

HICKMAN BOARD OF TRADE, F. C. HALDEMAN, President.

One more:

SAN FRANCISCO, CAL., December 3, 1913.

Hon. DENVER S. CHURCH, Washington, D. C.:

Have written all Senators for water problem association. Please see letter to Kern and other Democratic leaders, and assure them of our sincerity. Facts vital to valley's development deserve serious consideration. Better settle Hetch Hetchy question right than quickly, Appreciate your position. Additional information justifies revised

In the face of such a public sentiment as is here indicated, what was Mr. Church to do. Should he, because of the opinion originally expressed under a misapprehension of facts, and especially of public sentiment, blindly cling to that opinion and close his ears to the appeals of his constituents? He chose the wiser part, and, remembering that he is a mere servant of the people of the San Joaquin Valley, hearkened to their voice, and boldly proclaimed his allegiance to them and his devotion to their interests.

Mr. President, I have not yet fully made up my mind as to the merits of this controversy, and shall not do so until the arguments are concluded. I have, however, made up my mind as to the good intentions and patriotic purposes of Representative Church, and do not hesitate to commend him for his fidelity to duty and the readiness with which he has responded to the desires of the people whom he has been elected to serve.

Mr. President, I now move that the Senate adjourn. hour of meeting has been already fixed at 10 o'clock to-morrow

morning.

The motion was agreed to; and (at 11 o'clock p. m.) Senate adjourned until to-morrow, Saturday, December 6, 1913, at 10 o'clock a. m.

# HOUSE OF REPRESENTATIVES.

Friday, December 5, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the fol-

lowing prayer:

We bless Thee, infinite Spirit, for the beautiful world in which Thou hast placed us, for the hopes and aspirations which fill our breast, for the unity of spirit which more and more obtains in the one God and Father of all men, for the joy of a clean conscience and a well-ordered life, for the certainty of just retribution for sin, for the faith which dispels doubt, for the hope that quickens our way, for the love which casteth out fear and unites us to Thee and our fellow men, for a cheerful disposition and a broader, saner optimism which puts music in the voice, wreathes the face in smiles, and the glow of a warm heart in the touch of the hand. So may we trust, so may we hope, so may we love, in the consciousness of a living God as revealed in the heart of the Christ. Amen.

The Journal of the proceedings of yesterday was read and

### RESIGNATIONS FROM COMMITTEES.

The SPEAKER laid before the House the following communications: DECEMBER 3, 1913.

Hon. Champ Clark, Speaker House of Representatives.

MY DEAR SIR: I hereby respectfully tender my resignation as a member of the Committee on Accounts.

Yours, very truly,

W. R. SMITH.

DECEMBER 5, 1913.

Hon. Champ Clark, Speaker House of Representatives.

DEAR SIR: I hereby tender my resignation as a member of the Naval Affairs Committee.

Very truly, yours,

JOHN J. MITCHELL.

The SPEAKER. Without objection, Mr. SMITH and Mr. MITCHELL will be excused from further service on these committees. Is there objection?

There was no objection.

### IMPROVEMENT OF RIVERS AND HARBORS.

Mr. GOULDEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include the admirable address delivered by Gov. Martin H. Glynn, of New York, a former Member of this House.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks in the Record and to include an address by Gov. Martin H. Glynn, of New York, formerly a Member of this House, Is there objection?

Mr. MANN. Mr. Speaker, I reserve the right to object. Mr. DONOVAN. Mr. Speaker, reserving the right to object, I wish merely to call attention to the presence of the distinguished Member from New York [Mr. GOULDEN], to give him credit for being here for a few days. On account of his distinguished service and constant attendance, I have no objection. The SPEAKER. The gentleman from Illinois reserves the

right to object.

Mr. MANN. Mr. Speaker, I will ask the gentleman from New York the subject of his address? Mr. GOULDEN. It is upon the improvement of the rivers and

harbors of this country.

harbors of this country.

Mr. MANN. Where and when was the address made?

Mr. GOULDEN. It deals particularly with the improvement of the Hudson River. The address was delivered yesterday at about 3 o'clock before the National Rivers and Harbors Constant of the Hudson Rivers with distinguished ability a former gress, over which presides with distinguished ability a former Member of this House, now a Member of the body at the other end of the Capitol, Senator RANSDELL.

Mr. MANN. Mr. Speaker, I have a great deal of respect and admiration for the governor of New York, based upon my acquaintance with him while he was a Member of the House. I am not so sure, however, that we ought to undertake to print in the RECORD all the speeches delivered at the National Rivers

and Harbors Convention.

Mr. GOULDEN. Does not the gentleman think that a former Member of this House should be extended more courtesy than a

man who has never sat here?

Mr. MURDOCK. Mr. Speaker, I should say that it would be according to the importance of the other gentleman.

Mr. MANN. Mr. Speaker, personally I shall not object to the request, but I am not so sure about publishing everything that everybody delivers. We have had four or five congresses, besides this particular one, in session in Washington lately. Are we to undertake to print everything in the RECORD that is said at these different congresses?

Mr. GOULDEN. Mr. Speaker, I would not ask for it were it not for the fact that Gov. Glynn served with distinguished ability here on the floor of this House for four years and is the chief executive of a sovereign State with 43 Representatives in

The SPEAKER. Is there objection? Mr. BORLAND. Mr. Speaker, rese Mr. Speaker, reserving the right to ob-

Mr. BARNHART. Mr. Speaker, I object.

The SPEAKER. The gentleman from Indiana objects.

MAILABILITY OF GAME BIRDS.

Mr. ANDERSON. Mr. Speaker, I move to discharge the Committee on the Post Office and Post Roads from further consideration of House resolution 314, which I send to the Clerk's desk.

The SPEAKER. Is the resolution privileged?
Mr. ANDERSON. It is.
The SPEAKER. How did it become privileged?
Mr. ANDERSON. It is a resolution of inquiry.
The SPEAKER. And has been in the possession of the com-

mittee for seven days?

Mr. ANDERSON. It has been in the committee since November 20.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolved, That the Postmaster General be, and he is hereby, directed to inform the House of Representatives whether any order, ruling, or instruction has been made or issued by him or by any officer of the Post Office Department relative to the mallability of game or game birds or animals when the exportation or shipment of such game or game birds or animals from any State or Territory of the United States is prohibited by the laws of such State or Territory, and to transmit to the House of Representatives copies of any such order, ruling, or instruction.

Mr. UNDERWOOD. Mr. Speaker, I move to lay the motion on the table.

The SPEAKER. The gentleman from Alabama moves to lay the motion on the table.

The question was taken, and the Speaker announced the ayes seemed to have it.

Mr. ANDERSON. Mr. Speaker, I ask for a division.

The House divided; and there were—ayes 64, noes 49.
Mr. ANDERSON. Mr. Speaker, I make the point of order there is no quorum present. I ask for the yeas and nays, Mr. Speaker, and withdraw the point of order.

The SPEAKER. The gentleman from Minnesota asks for the

yeas and nays.

The yeas and nays were ordered.

Crosser Decker Deitrick

Dixon Donohoe Donovan Doolittle Doremus

Doughton

Dupré Eagan Eagle Elder

Fields

Foster

Goeke Goldfogle

Cox

The question was taken; and there were—yeas 217, nays 103, answered "present" 3, not voting 111, as follows:

Abererombie Adair Adamson Allen Ansberry Ashbrook Ansberr Ashbroo Aswell Austin Bailey Baker Baitz Barkley Barnhau Barnhart Bathrick Beakes Bell, Ga. Blackmon Booher Borchers Borland Bowdle Bowdle Bremner Breckson Brown, N. Y. Brumbaugh Buchanan, III, Buchanan, Tex. Bulkley Bulkley
Burgess
Burke, Wis.
Burnett
Byrnes, S. C.
Byrns, Tenn.
Candler, Miss.
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Callaway Cantor	Griffin	Mondell	Smith, N.
Cantrill	Hamilton, N. Y.	Montague Moore	Sparkman Stanley
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The Clerk a	on to table was a	llowing pairs:	
Commencing	December 5 and with Mr. Coop	l ending Decemb	ber 10:
Mr. SHERLEY	with Mr. Coop	ER.	
Until furthe	ALD with Mr. Ca	TDEP	
Mr. CLANCY	with Mr. HAMI	TON of New Yo	rk.
Mr. FAISON	with Mr. McLa	UGHLIN.	
	ith Mr. MARTIN		
	DER WITH Mr. DU	INN.	
Mr. TALBOTT	of Maryland w	ith Mr. MERRITT	C.
Mr. Connoli	r of Iowa with	Mr. KENNEDY o	
	f Texas with M of West Virginia		TEN
Mr. CALLAW	AY with Mr. Bu	RKE of Pennsylv	vania.
Mr. CANTRIL	L with Mr. FALC	CONER.	
Mr. CHURCH	with Mr. GRAH	AM of Pennsylv	ania.
Mr. CURLEY	with Mr. Hughi	s of West Virg	inia.
Mr. DIFENDE	ERTER with Mr. I	XAHN.	
Mr. EDWARD	s with Mr. Kell	EY of Michigan	
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	ith Mr. MILLER.		
	with Mr. Monde	LL.	
	th Mr. Moore, th Mr. Powers.		
Mr. MURRAY	of Massachuset	ts with Mr. Mo	RIN.
Mr. NEELEY	of Kansas with	Mr. Mott.	NW STATE
Mr. RUBEY	with Mr. Nelson as with Mr. Pay	NE	The Manual Control
	with Mr. PARKER		

MI. SHARP with Mr. PARKER.

Mr. SMALL with Mr. PLATT. oon Mr. STOUT with Mr. PORTES. Mr. Stanley with Mr. Roberts of Nevada. Mr. Tebb with Mr. Roberts of Massachusetts. Mr. White with Mr. Shreve. Mr. Wilson of New York with Mr. Vare, For the session: Mr. METZ with Mr. WALLIN. Mr. BARTLETT with Mr. BUTLER. Mr. HOBSON with Mr. FAIRCHILD. nho M. C. ml. W. Mr. RUBEY. Mr. Speaker, I desire to vote. The SPEAKER. Was the gentleman in the Hall listening when his name should have been called? Cal. Mr. RUBEY. Mr. Speaker, I came in from lunch just as my name was being called, and I thought it was the first roll call. The SPEAKER. Did the gentleman hear his name called? Mr. RUBEY. I heard it; but, as I said before, I thought it TII. was the first roll call. The SPEAKER. The Chair hardly thinks the gentleman The result of the vote was announced as above recorded. PRIVATE CLAIMS. Mr. GREGG, Mr. FERRIS, and Mr. CLARK of Florida rose. Dak. The SPEAKER. The gentleman from Texas [Mr. GREGG] is Mr. GREGG. Mr. Speaker, I yield a minute to the gentleman from Oklahoma [Mr. FERRIS]. Mr. FERRIS. Mr. Speaker, I call up H. R. 27, being the first bill on the Private Calendar. The SPEAKER. The House has not gone onto the Private Calendar Mass. Mr. FERRIS. This is claims day, is it not? The SPEAKER. The Chair understands that very well, but the gentleman from Texas [Mr. GREGG] is on his feet to make the gentleman from Texas [Mr. Gregg] is on his feet to make a motion to go into the Committee of the Whole to consider bills on the Private Calendar.

Mr. MANN. Will the gentleman permit an interruption?

Mr. GREGG. Mr. Speaker, I thought the gentleman from Oklahoma [Mr. Ferris] wanted to make a correction.

Mr. MANN. I suggest as to the first bill that the gentleman from Oklahoma [Mr. Ferris] ask unanimous consent to consider it in the House as in the Committee of the Whole, so that we will not have to go into the Committee of the Whole twice.

The SPEAKER. The gentleman from Texas [Mr. Gregg] yielded to the gentleman from Oklahoma [Mr. Ferris].

Mr. GREGG. I thought it was simply a correction. I did Mr. GREGG. I thought it was simply a correction. I did not yield for any other business to precede this.

Mr. MANN. Will the gentleman from Texas yield a moment?

Mr. GREGG. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House for the considera-Y. tion of the bill H. R. 8846. Mr. MANN. Mr. Speaker, I make a point of order that that motion is not in order. Now, will the gentleman yield a moment? Mr. GREGG. Yes, sir.
Mr. MANN. The gentleman can not move to go into Committee of the Whole on the specific bill. I think we can arrange the matter. Mr. GREGG. I will change my motion. I move that the House resolve itself into the Committee of the Whole House

Mr. Sisson with Mr. Peters of Maine.

LEAVE TO SIT DURING RECESS AND SESSIONS OF THE HOUSE.

for the consideration of bills on the Private Calendar.

Mr. GOLDFOGLE. Mr. Speaker-

The SPEAKER. For what purpose does the gentleman from

New York [Mr. Goldfogle] rise? Mr. GOLDFOGLE. I rise for the purpose of offering a reso-

lution. I understand the gentleman from Texas [Mr. Greco] is willing to give way to me for a moment.

Mr. GREGG. I withhold my motion for the one offered by

the gentleman from New York.

Mr. GOLDFOGLE. Mr. Speaker, I send to the Clerk's desk a resolution and ask that it be reported.

The SPEAKER. The House will be in order. Is this a privileged resolution?

Mr. GOLDFOGLE. This is a resolution to give the Committee on Elections No. 3 leave to sit during recess of the House and during the sessions of the House.

The SPEAKER. The Clerk will report it.

The Clerk read as follows:

House resolution 330,

Resolved, That the Committee on Elections No. 3 during the sessions and during the recess of the House 3 have leave to sit

The SPEAKER. The question is on agreeing to the resolu-

Mr. MANN. Mr. Speaker, that is not a privileged resolution. Mr. GOLDFOGLE. Mr. Speaker, I ask unanimous consent for the present consideration of the resolution.

The SPEAKER. The gentleman from New York [Mr. Gold-FOGLE] asks unanimous consent for the present consideration of the resolution. Is there objection?

There was no objection.

The SPEAKER. The question is on agreeing to the resolu-

The resolution was agreed to.

LEAVE TO ADDRESS THE HOUSE.

The SPEAKER. The gentleman from Florida [Mr. CLARK] wanted to make a request.

Mr. CLARK of Florida. Mr. Speaker, I ask unanimous consent to address the House on next Tuesday, after the disposal of the morning business, for 40 minutes.

The SPEAKER. The gentleman from Florida [Mr. Clark] asks unanimous consent that on next Tuesday, after the reading of the Journal and other routine business, he be permitted to address the House for 40 minutes.

Mr. UNDERWOOD. Mr. Speaker, reserving the right to object, I wish to say to the gentleman from Florida that it is possible an appropriation bill may be in at that time.

Mr. CLARK of Florida. It is subject, of course, to anything

of that character.

The SPEAKER. The Chair should put it that way. gentleman from Florida [Mr. Clark] asks unanimous consent that on next Tuesday after the reading of the Journal and the transaction of routine business to address the House for 40 minutes, provided that no appropriation bill is up or ready

Mr. LANGLEY. Mr. Speaker, reserving the right to ob-

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the

Mr. LANGLEY. Mr. Speaker, I would like to ask the gentleman the nature of the question which he proposes to discuss.

I want to be here if it is important.

Mr. CLARK of Florida. Mr. Speaker, I intend to address the House on a bill I have introduced for the repayment of the illegal cotton taxes.

Mr. LANGLEY. I do not think I will come, then. I thought the gentleman was going to talk about the Everglades. [Laughter.]

The SPEAKER. Is there objection?

Mr. GARRETT of Tennessee. Mr. Speaker, reserving the right to object, I wish to make this announcement, and I do it for the information of Members and the public generally, by whom I have been questioned very much in the last week relative to a report. It is my hope that on Tuesday next the select committee of the House of Representatives appointed under House resolution 198 will be able to file its report, which is a privileged report under the resolution. It is my purpose, at the suggestion of many Members of the House, to ask unanimous consent that when that report is presented it shall be read in the House. Or I am perfectly willing now to ask unanimous consent that when the report is made it shall be read in the House.

Well, I think it would be better to dispose of it at the time. The gentleman then will know, I take it, whether

it requires unanimous consent.

Mr. CLARK of Florida. Mr. Speaker, has my request been

disposed of?

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent, in order that there may be no doubt about it, that when the report of the select committee appointed under House resolution 198 is made it shall be read in the House.

Mr. SLAYDEN. That is on the Mulhall investigation?

Mr. GARRETT of Tennessee. Yes.

The SPEAKER. Does the gentleman from Tennessee couple that with the request of the gentleman from Florida [Mr.

Mr. MANN. Mr. Speaker, I think there will be time to make that request when the report comes in.

Mr. GARRETT of Tennessee. I understood the gentleman to

suggest that it be made now.

Mr. MANN. No; it was just the other way.

The SPEAKER. Is there objection to the request of the gen-

tleman from Florida [Mr. CLARK]?
Mr. UNDERWOOD. Mr. Speaker, I do not intend to object to the request of the gentleman from Florida with the limitation placed upon it, but I wish to say this: That within the next few days the appropriation bills will be before the House. It is customary and usual in the House to have general debate on the appropriation bills when they come up. In order to translamendment.

act business during the winter I think the debate will have to be confined strictly, under ordinary circumstances, to debate on the appropriations. I therefore wish to give notice that as soon as the appropriation bills do come before the House I shall object to general debate in the way that we had it during the summer, because if we set apart an hour or two for debate for every gentleman who wants time during the winter session it will seriously interfere with the transaction of the public business. do not intend to make objection at this time but will do it further on

Mr. MANN. Mr. Speaker, reserving the right to object, I do not think the objection of the gentleman from Alabama [Mr. Underwood] to the discussion of general subjects in general debate on appropriation bills will avail anything unless he changes the rule. In view of his announcement, I shall object to setting aside any other time for discussion, because if the rules as we now have them are to be violated I do not propose to see ingrafted a new set of rules setting aside another time, and I therefore object.

The SPEAKER. Does the gentleman object?

I do. Mr. MANN.

The SPEAKER. The gentleman from Illinois objects.

READING OF HOUSE LOBBY COMMITTEE REPORT.

Mr. GARRETT of Tennessee. Mr. Speaker, there is an intimation that there would be an objection to my request. I ask unanimous consent that when the report of the select committee appointed under House resolution 198 is presented it may be read in the House.

The SPEAKER. The gentleman from Tennessee [Mr. GAR-RETT], chairman of the investigation committee under resolution 198, asks unanimous consent that when the report is presented to the House it shall be read in full.

Mr. MANN. Mr. Speaker, I take it that that request will include any minority views, if there are any?

Mr. GARRETT of Tennessee. Oh, yes; certainly. The SPEAKER. With the understanding that if there are minority views they shall be read, too. Is it intended by this

to undertake to crowd out the appropriation bill?

Mr. GARRETT of Tennessee. Mr. Speaker, that will be merely a matter of recognition on the part of the Chair. An appropriation bill is privileged under the rules of the House, of course, and this report is privileged by the terms of the resolution; so that it comes merely down to a question of recognition

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. There is no objection, and the order is ade. The question is on the motion of the gentleman from made. Texas [Mr. GREGG].

Mr. MANN. Will the gentleman withhold that for a sug-

gestion?

Mr. GREGG. The gentleman from Illinois [Mr. MANN]

wished to ask me some question.

Mr. MANN. If we go into Committee of the Whole the first bill that will come up will be House bill 27, that the gentleman from Oklahoma [Mr. Ferris] wants to call up. I suggest that the gentleman withhold his motion until the gentleman from Oklahoma can have the opportunity of asking unanimous consent to consider that bill in the House as in Committee of the Probably it will only take a very few minutes Whole.

Mr. GREGG. When we get on the Private Calendar that

will come up anyway.
Mr. MANN. Yes.
Mr. GREGG. All right; I did not have the calendar before me. H. W. O'MELVENY.

Mr. FERRIS. Mr. Speaker, I have no disposition to delay the House going into Committee of the Whole. Here is a little bill, H. R. 27, that will take only a moment, and I ask unanimous consent to consider it in the House as in Committee

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to consider in the House as in Committee of the

Whole the bill H. R. 27. Is there objection?

Mr. JOHNSON of South Carolina. Mr. Speaker, I suggest that the bill be stated from the Clerk's desk. We do not know what it is.

The SPEAKER. The Clerk will read the bill by title. The Clerk read the title of the bill (H. R. 27) to authorize the sale and issuance of patent for certain land to H. W. O'Melveny

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will read the bill by sections for

Mr. MANN. Mr. Speaker, some gentleman-I think it was the gentleman from California [Mr. Stephens] who introduced this bill—said that there was an identical Senate bill that it was

Mr. FERRIS. There is.
Mr. MANN. You had better have that read instead of the other, by unningual consent.

Mr. FERRIS. I ask unanimous consent that the Senate bill be read instead of the House bill.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to read the identical Senate bill in lieu of the House bill. Is there objection?

There was no objection.

The Clerk read the bill (S. 488) to authorize the sale and issuance of patent for certain land to H. W. O'Melveny, as fol-

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to issue patent to H. W. O'Melveny for the following real property situated in the county of Los Angeles, State of California, more particularly described as follows, to wit:

The east half of the northeast quarter of the northwest quarter, and the northwest quarter of the northwest quarter, and the northwest quarter, and the northeast quarter, and the northeast quarter, and the northeast quarter, and the southwest quarter of the northwest quarter of the northeast quarter, and the west half of the northeast quarter, all in section 7, township I north, range 9 west, San Bernardino base and meridian; also the west half of the west half of the southwest quarter of the southeast quarter, and the west half of the west half of the southwest quarter of the southeast quarter, all In section 6, township I north, range 9 west, San Bernardino base and meridian; on the payment of the sum of \$2.50 per acre.

Mr. FERRIS. Mr. Speaker, I take it that the House would

Mr. FERRIS. Mr. Speaker, I take it that the House would like to know something of what this bill is. It authorizes H. W. O'Melveny, a private citizen, to purchase 65 acres of ground at \$2.50 an acre, which ground he has been occupying for some 16 years. It is located in California. He has tried every conceivable means, under every conceivable law, to buy and acquire this tract of land. He first tried to buy it from the railroad, who had secured it by grant, but the Supreme Court finally held that the land did not belong to the railroad. then put up his money and tried to acquire it as public land. The Government took his \$200, and while his money was up, and while he was trying to acquire the land, they threw it into a forest reserve.

Now, I take it that the House will want to know whether this bill is in any manner objectionable to the Forestry Department? The forest-reserve people have indorsed it in the warmest terms. The Secretary of Agriculture and the Secretary of the Interior are favorable to the proposition, and everybody wants this man, who has occupied this "Z" shaped piece of land, 65 acres in extent, to acquire the legal title to it. I yield to the gentleman from California [Mr. Stephens] who can tell you more about it than I. How much time does the gentleman want?

Mr. STEPHENS of California. Five minutes.

Mr. FERRIS. I yield to the gentleman from California five minutes.

The SPEAKER. The gentleman can not yield under the fiveminute rule, but the gentleman from California may be recognized in his own right for five minutes.

Mr. STEPHENS of California. I ask for recognition. The SPEAKER. The gentleman from California is recog-

nized for five minutes.

Mr. STEPHENS of California. Mr. Speaker, this case has been set forth so clearly in a few words by the chairman of the Committee on the Public Lands [Mr. Ferris] that I feel it unnecessary to occupy the time of this House much longer in order to obtain favorable consideration of the bill.

H. W. O'Melveny, who asks to be allowed to purchase this certain 65 acres, is a citizen of my home city. He is a firstclass, patriotic, public-spirited man, who has given years of service in various public commissions in Los Angeles, and always without pay. He has given his time and money year after year to the betterment of forestry conditions, and is the one man more responsible than all others for the law in California authorizing counties to expend up to \$10,000 each year for the conservation of forests and the protection of watersheds. He has a patriotic and a sentimental interest in the forestry service and in this particular tract of land. This can best be told in his own words. I quote from his letter to me, dated May 12, 1912:

I make no attempt to conceal the fact that, by reason of 14 years of occupation of the property and it being the place where my children have spent all of their vacations, I am attached to the place next to my own home; that I desire to devote a good deal of time and attention to the study of tree growth upon our southern California mountains, and that I feel like the encouragement to do so would be lacking if I have such an uncertain tenure upon this property. I am willing to observe and have, as a condition of the conveyance, any reasonable

regulations that the department may desire to insert in the bill, and surely would be willing to pay any reasonable price for the property. I do not wish to have it inferred that my interest in the Forestry. Service is based upon a hope that I may get a patent to this property, for I shall continue the same interest in the matter whether the Government sees fit to grant me this favor or not.

Mr. Speaker, the Department of Agriculture, the Forestry Service, the Geological Survey, and the Interior Department generally have made thorough investigation and have given fullest consideration to this bill and all are favorable. Hon. A. A. Jones, Acting Secretary of the Interior, in a letter dated July 31, 1913, and directed to Hon. Scorr Ferris, chairman Committee on Public Lands, says in part:

A. A. Jones, Acting Secretary of the Interior, in a letter dated July 31, 1913, and directed to Hon. Scott Ferris, chairman Committee on Public Lands, says in part:

It appears from this record that Mr. O'Melveny has been endeavoring for 15 years to secure title to the property under the various laws which from time to time have appeared to him to be applicable. Mr. O'Melveny is not qualified under the homestead laws to enter lands otherwise, so the forester states in a letter dated March 30, 1912, and addressed to the Hon. W. D. Stephens, M. C., it would be possible to list under the act of June 11, 1906, so much of the land occupied by him as is chiefly valuable for agriculture. It appears, therefore, that there is no way for him to acquire this land under existing law. Mr. O'Melveny has always been an earnest and practical supporter of the forestry policy of the United States. He has at all times cooperated to the fullest extent with the forest officers, and is reported to have constructed at his own expense a firebreak and trails which, though used mainly for the protection of the property which he is occupying under the permit from the Forest Service, would be of great value to that service in case of forest fires. Ownership of this tract by him would, therefore, not result in injury to the reserve. The forest supervisor states in a report to the district forester that the tract contains no timber of value, being chiefly covered with brush and a few live oaks; that the improvements consist of a substantial house, with suitable outbuildings, a reservoir, pipe lines, and orchard, these improvements representing an investment estimated at from \$5,000 to \$6,000.

It appears from the records of the General Land Office that parts of the lands involved were withdrawn on March 2, 1909, from all disposal under any of the public-land laws, except the various right-own as the sum of the public land laws, except the various right-own as the sum of the public land laws, except the various right-own and the public land

In short, Mr. Speaker, Mr. O'Melveny wants the land. He is willing to pay any reasonable price for it. He deserves it, and his owership, possession, and occupancy of it will benefit the Forestry Service. All departments of the National Government have agreed to the advisability of a sale to him. passing of this bill will afford him the only way of acquiring title. I hope there will be no vote against it.

The SPEAKER. The question is on the third reading of the Senate bill.

The bill was ordered to a third reading, was accordingly read the third time, and passed.

On motion of Mr. Ferris, by unanimous consent, House bill 27 was ordered to lie on the table.

On motion of Mr. Ferris, the motion to reconsider the vote by which the bill S. 488 was passed was laid on the table.

## COLD STORAGE.

Mr. McKellar. Mr. Speaker, I ask unanimous consent that, after the regular business on Monday next, I may be allowed to address the House for one hour on the subject of the cold-storage bill (H. R. 9987), introduced in the House by me. Mr. Mann. Will the gentleman let me make a suggestion

that the Hensley resolution might still be before the House?

Mr. McKELLAR. Of course, that would take precedence of

my motion.

Mr. UNDERWOOD. Mr. Speaker, as I stated a few moments ago, I am not going to raise an objection to gentlemen asking unanimous consent to speak until the appropriation bills come before the House, but I would like to have the gentleman exempt appropriation bills.

Mr. McKELLAR. I understand that is included in my re-

Mr. MURDOCK. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Alabama a question. I understood the gentleman to say that when appropriation bills come up hereafter general debate was to be confined to the bills?

Mr. UNDERWOOD. No; I was insisting on the usual procedure in the House, that matters extraneous to the subject matter of the bill should take place in general debate on appropriation bills, and that gentlemen should not ask unanimous consent to address the House at other times because if we continue that practice, which we had in the summer and which was al right at that time because we had nothing to do, it will consume too much time. If gentlemen ask unanimous consent to speak an hour now and an hour then, we shall seriously interfere with the business of the session.

Mr. MURDOCK. I agree with the gentleman and I misun-

Mr. MANN. Mr. Speaker, reserving the right to object, if the gentleman from Tennessee will modify his request so that it will not interfere with debate on the Hensley resolution, or with any privileged business that may come before the House, I do not object.

Mr. McKELLAR. I think that is a proper modification, and

I so modify my request.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that on next Monday, after the transaction of the routine business, he may be permitted to address the House for one hour on his bill on the subject of cold storage, not to interfere with debate on the Hensley resolution or with appropriation bills, or any privileged business. Is there objection?

There was no objection.

## PRIVATE CLAIMS.

Mr. GREGG. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House for the consideration of bills on the Private Calendar.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole, with Mr. Sims in the chair.

The House is now in Committee of the The CHAIRMAN. Whole for the consideration of bills on the Private Calendar.

Mr. GREGG. Mr. Chairman, I move to take up the bill (H. R. 8846) making appropriation for payment of certain claims in accordance with findings of the Court of Claims, reported under the provisions of the acts approved March 3, 1883, and March 3, 1887, and commonly known as the Bowman and the Tucker Acts, and under the provisions of section No. 151 of the act approved March 3, 1911, commonly known as the Judicial Code.

The CHAIRMAN. The Clerk will report the bill.

The Clerk began the reading of the bill.

Mr. GREGG. Mr. Chairman, I ask unanimous consent that

the first reading of the bill be dispensed with.

Mr. MANN. Mr. Chairman, I want a chance to confer with the gentleman from Texas, the chairman of the committee, and temporarily I object.

The Clerk continued the reading of the bill to page 19, line 13. Mr. GREGG. Mr. Chairman, I ask unanimous consent that

the further reading be dispensed with.

The CHAIRMAN. The gentleman from Texas asks unanimous consent that the further reading of the bill be dispensed with. Is there objection?

There was no objection.

Mr. GREGG. Mr. Chairman, I would like to ask the gentleman from Vermont if we can make some agreement as to gen-I think 20 minutes will be long enough.

Mr. PLUMLEY. I think 20 minutes' debate will suffice.

Mr. GREGG. Then, Mr. Chairman, I ask unanimous consent that general debate be limited to 20 minutes, to be divided

Mr. MANN. I will ask the gentleman from Texas not to make that request at present as I want a little time, but not

Mr. GREGG. Very well, Mr. Chairman, I will withdraw the request for the present.

Mr. Chairman, I will consume as brief a time as possible. The amount carried by this bill is \$1,729,012.11. The number of claims included is 1,158. This committee has preriously called attention to the fact that proper legislative regard for the decisions and findings of the Court of Claims would ob-viously result in appropriations being made for the payment of the just claims reported by the court at every session of Congress; but that has not been done, and the result of congressional inaction is that the present Congress is confronted by a the claims on page 5, which were in the bill as it passed the

large number of adjudicated claims, some of which have been awaiting appropriations for eight or nine years, owing to the fact that even the appropriation act of February 24, 1905, was not

brought down to date, but left pending a number of claims previously reported by the Court of Claims.

In the Sixty-second Congress H. R. 19115 was passed by the House, and as passed contained all the claims embraced in the present bill save the small number mentioned, which were not before the House in time for inclusion in that bill. That bill, H. R. 19115, was passed by the Senate, but with numerous amendments, and the conferees were unable to agree upon any final report.

It is thus seen that in each of the three preceding Congresses a bill for payment of war claims allowed by the Court of Claims has passed each House of Congress, but the two Houses never agreed on any one bill. The present bill is presented in the hope that it may meet favorable consideration and become a law.

The claims covered by this bill may be divided, generally, into

three different classes, as follows:

First. Claims of volunteer officers of the Union Army during the Civil War for the difference between the pay they actually received and that which they would have received had they been mustered into the service in the rank of the position which they really filled; also included are claims of Union soldiers or officers of various kinds, each depending upon special circumstances, and several claims arising from service during the War with The total carried for these former officers and soldiers is \$51,240.49 in 163 claims.

Second. Claims of churches, Masonic and Odd Fellow lodges, schools, hospitals, and a few county or municipal corporations not at seat of war for use and occupation of their premises, with incidental damages thereto, and also, in several instances, for buildings torn down and used for military purposes, such as construction of quarters, and so forth. There are 370 claims of

this general class, aggregating \$486,403.29.

Third. Claims of individuals for Army stores or supplies found by the Court of Claims to have been taken under proper authority for Army use, and including some claims for rent of buildings used for military purposes at Federal Army posts during the Civil War. There are 625 of these claims, aggregating \$1,191,368.33.

I want now to explain that these three classes of claims are the claims and the only claims intended to be covered by this I find that through mistake two cases of different character have been included, and when they are reached, I shall join in a motion to eliminate them from the bill.

I reserve the rest of my time, Mr. Chairman, Mr. MANN. Mr. Chairman, the House has on various occasions passed the omnibus war claims bill. In the last Congress, under the leadership of the very distinguished gentleman who is now sitting as Chairman of the Committee of the Whole—the gentleman from Tennessee [Mr. Sims], who was then chairman of the Committee on War Claims-the House passed one day, without opposition, the omnibus war claims bill, and I take it that the House is going to do practically the same thing to-day. In the bill passed last year a few claims were inserted, through accident or oversight, which was very natural with the large number of claims that were pending, which the distinguished chairman of the committee, when his attention was afterwards called to them, did not favor. I believe those claims are all left out of this bill. As I understand it, there were several claims, though not very many, in the bill as it passed the House in the last Congress which are not in the bill as now presented. the bill in the last Congress passed the House it went to the There was pro-It there received long consideration. tracted debate over amendments offered in the Senate. bill afterwards went to conference and did not become a law because the conferees were unable to agree. I forget now how many items were added by the Senate as amendments, but my dim recollection is there were some fifteen hundred items affected by Senate amendments, either adding to or striking out; and while the bill passed the House practically by unanimous consent at that time, and probably will now, just, for instance, as a matter of interest and knowledge I desire to call attention to this fact: On the second page of the bill, which is the first page on which claims appear, there are 10 claims. Every one of those was stricken out as Senate amendments. On the next page of the bill there are 10 claims, every one of which was stricken out in the Senate by way of Senate amendments.

On page 4 there are a larger number of claims.

All of them were stricken out in the Senate by way of Senate amendments. On page 5 of this bill there are a large number of claims. Two of those claims are now in this bill. One of the claims on page 5 was inserted as a Senate amendment. All of

House, were stricken out by way of Senate amendments. I might go through the ninety-odd pages of this bill, and while the same statement would not apply to all of the items, because a few of them which were in the bill as it passed the House before were not stricken out by way of Senate amendments, yet nearly all of them were, after a considerable discussion and long debate in the Senate and long consideration by the Senate Committee on Claims. Most of these amendments of the Senate

were made practically by unanimous consent.

Mr. Chairman, I myself believe that it is quite proper to pay a considerable number of the claims which have been pending. We are often told that the Government refuses to pay claims after the Court of Claims had entered a judgment. That is not correct. In this class of claims the Court of Claims never enters a judgment. It makes a finding of facts. A few years ago I helped get inserted in the law a provision directing the Court of Claims in its findings to find whether a claim was legal or equitable. I am not sure that we did not make a mistake in respect to that. Of course, none of these claims is a legal claim. The Court of Claims gets in the habit of finding almost any old thing is equitable on some basis or other.

On several occasions before I have made the statement which I am about to make now. I am perfectly willing to pay these claims. Unfortunately it has been the habit of the distinguished body at the other end of the Capitol to insert a great many amendments in a bill of this kind with reference to a large number of claims and different classes of claims, to which the

House would not agree.

The truth is, Mr. Chairman, I never really appreciated the importance and value of it until I read in the columns of one of the morning papers in Washington the other day an article by one of the distinguished, if not the most distinguished, Senators of the United States on the subject of social precedence, and after I had read that article I wondered whether, if there were a conflict between a Senator and God, the Senator would be willing to yield to God. [Laughter and applause.] The Senate, if it would give less attention-and I am not seeking to lecture the Senate—to the question of social precedence and be a little more careful about the claims that it inserts in a war-claims bill which had no place in that kind of a bill, would be doing a service to the country, I think, in the way of paying these claims. [Applause.] The Senate has a Claims Committee. The House has a Claims Committee and a War Claims Committee. The War Claims Committee has jurisdiction over claims arising out of the Civil War. The Claims Committee has jurisdiction of claims arising out of ordinary claims against the Government, either by way of legal claims or gratuity, and we do not mix them in the House. When we send a war-claims bill to the Senate, they have become in the habit of inserting claims in that bill which in our body would belong to the jurisdiction of the Claims Committee. The Claims Committee will be familiar with those claims and with the law in regard to them. The War Claims Committee is not, and when it comes to sending a bill to conference we can not put on the conferees both the Claims Committee of the House and the War Claims Committee of the House, and the result has been over the series of terms of Congress that I have served that I think a war-claims bill has passed the House in almost every Congress since I have been here, and never yet in my recollection, I think, has one become a law. Now, if gentlemen who are interested in this bill can persuade the representatives of the States at the other end of the Capitol in considering an omnibus war-claims bill to confine amendments adopted by the Senate to matters growing out of war claims there will be no trouble at all in having the bill become a law; but a bill like this, with the great number of items that it has in it, does not have very much chance in the House of Representatives, except practically by unanimous consent.

Mr. AUSTIN. Mr. Chairman, I wish to congratulate the new chairman of the Committee on War Claims in submitting a favorable report on this bill at this early stage in the session of Congress. There are 10 claims contained in this omnibus bill coming from the district which I have the honor to represent, and I think every one of those 10 claims has passed either the Senate or the House during the past six years-three times through the House and once through the Senate. As stated by the minority leader [Mr. MANN], the defeat of this measure in the past has been with the Senate, and I hope that this bill will reach the Senate early, so that there will be no pretext or excuse for not giving it early consideration and early passage. The Government of the United States, through its Congress, created the Court of Claims for the adjudication of the very class of claims carried in this bill. Many of these claimants have passed away. In one case from the district which I represent one of the claimants is an insane woman. The lower House of Congress has passed her claim in three different sessions, or ville, \$7,500.

during a period of six years, and yet that claimant is patiently waiting, anxiously waiting, the payment of a just obligation on the part of the Federal Government. Another item carried in this bill is for the payment of a brave Union soldier, Mr. Henry L. Kinzel, a man now at least 80 years of age, living in the county in which I reside, and his case has been favorably reported by the Committee on War Claims on three different occasions. It has passed the House three times to be defeated in the other Chamber. Tennessee furnished more than 31,000 soldiers to the Union Army in Tennessee regiments alone, not counting the Tennessee soldiers who crossed the mountains into Kentucky and enlisted in Kentucky and regiments from other States. There is on every page of this bill a story of devotion and loyalty to the Union during the strife between the States, where those people, humble and poor, but yet loyal to the Union, gave up all that they had at the time to maintain the Union Army and care for its soldiers and feed them and house them, and now, after a half a century, waiting patiently all of these years, we have had, as Republican Members on this side of the House, the humiliation of knowing that a Republican Senate for six long years failed and refused to pass favorably these bills that ought to have appealed to the judgment, the justice, the fairness, and the patriotism of all men, regardless of their political affiliations.

I regret that when my party was in power and had the opportunity at the other end of the Capitol they failed to take advantage of it in giving to these people their just deserts, which have been so long delayed. And I hope that the Democratic Senate will do what a Republican Senate ought to have done but failed to do and promptly pass this bill and give relief to these people, who deserve it and who ought to have had it many, many years ago.

#### MESSAGE FROM THE SENATE.

The committee informally rose; and the Speaker having taken the chair, a message from the Senate, by Mr. Tulley, one of its clerks, announced that the Senate had passed without amendment joint resolution of the following title:

H. J. Res. 155. Joint resolution extending time for completion of classification and appraisement of surface of segregated coal and asphalt lands of Choctaw and Chickasaw Nations, and of the improvements thereon, and making appropriation therefor.

#### PRIVATE CLAIMS.

The committee resumed its session.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

To the Masonic Lodge of Bexar, Marion County, \$600.

Mr. GREGG. Mr. Chairman, I move to strike out that item. want to explain to the committee here why I make that motion. In formulating this bill, as you will see in the report, it was intended to embrace no items in it for property burned and destroyed. Our reason for that was this, namely, that there are hundreds of small items here, as stated by the gentleman from Tennessee [Mr. Austin], for things taken for the benefit of the Army from private individuals, and those people are growing old and need their money and should be paid. think the passage of this bill has been complicated in the past by including in it these items for burned property, and we thought it best only to report items about which there was no controversy. So the committee agreed that we would embrace none of those items in the bill at this time.

Mr. LANGLEY. Mr. Chairman, will the gentleman yield?

Mr. GREGG. Yes.

Mr. LANGLEY. Was the opposition to these items in the

Was it there where the trouble occurred?

Mr. GREGG. There is always opposition. I do not know whether it is confined to the Senate. It was agreed in the committee that we include none of those items in this bill, but that a separate bill be introduced for that, that we propose to fight out and try to get passed by Congress. Therefore, in order to act in good faith with other Members of Congress, for whom we declined to put in items of similar character, I move that this item be eliminated from the bill.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 5, line 25, strike out the line which reads as follows: To the Masonic Lodge of Bexar, Marion County, \$600.

The CHAIRMAN. The question is on agreeing to the amendment. The question was taken, and the amendment was agreed to.

The Clerk read as follows:

Mr. GREGG. Mr. Chairman, on the same ground I move to strike out that item.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 6, lines 13 and 14, strike out the item which reads as follows: "To the trustees of the Methodist Episcopal Church South, of Huntsville, \$7,500."

The CHAIRMAN. The question is on agreeing to the amend-

Mr. LANGLEY. Mr. Chairman, I would like to ask if this is a case where they occupied the property and it was burned afterwards?

It was not while it was occupied. Mr. GREGG.

Mr. LANGLEY. How can you consistently refuse to pay them for occupancy of property and then refuse to pay them for occupancy and destruction?

Mr. GREGG. Well, we want to get these bills allowed, and these bills for burning property have impeded the passage of the bill so often heretofore that we have agreed to eliminate all of those burning cases, and we can not leave this in and act in good faith with other Members of Congress.

Mr. LANGLEY. I am sorry that the situation is such that

an injustice of that kind has to be done for the sake of ex-

pediency.

Does not the gentleman make any distinction Mr. HULL. for compensation for the occupancy of property and compensation for the occupancy and also burning of property?

Mr. GREGG. We pay for occupancy of property.

Mr. LANGLEY. But not for occupancy and burning both?
Mr. HULL. You pay for the occupancy of it in cases where
it is burned, following the occupancy?

Mr. GREGG. The occupancy up to the time it was burned. But for the actual destruction of the property we do not allow anything

Mr. LANGLEY. This item, as I understand it, provides for

both the occupancy and the burning?

Mr. GREGG. As I understand, it involves the occupancy of the church.

Mr. HULL. You do not pay anything for the occupancy of this church because it is burned? If it had not been burned, you would have done so?

Mr. BYRNES of South Carolina. If the claim had been made for the amount due for occupancy, I think we would have ac-

cepted it.

And in all of these other cases of churches the Mr. HULL. allowance is for occupancy and not for burning or destruction?

Mr. GREGG. It is for occupancy.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Texas [Mr. Gregg].

The amendment was agreed to.

The Clerk read as follows:

To the trustees of the Missionary Baptist Church, of Waterloo, \$615. The CHAIRMAN. The Chair will call attention to the incorrect spelling of the word "Arkansas" in the next item.

Mr. MANN. That can be corrected by unanimous consent. Mr. GREGG. Mr. Chairman, I ask unanimous consent that

the spelling of the word "Arkansas" be corrected in line 6.
The CHAIRMAN. Unanimous consent is asked to correct the spelling of the word "Arkansas," page 7, line 6. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will correct it. The Clerk will

The Clerk read as follows:

ARKANSAS.

To N. B. Ashcraft, administrator of estate of Eliza Ann Ashcraft, deceased, late of Grant County. \$400.

Mr. MANN Mr. Chairman, I move to strike out the last word. The CHAIRMAN. The gentleman from Illinois [Mr. Mann] moves to strike out the last word.

Mr. MANN. I do not know whether the gentleman from Arkansas [Mr. Wingo] is interested in this item or not. He Arkansas [Mr. Wingo] is interested in this item or not. He stepped into the cloakroom a moment ago. This item of N. B. Ashcraft, which is not a large sum, includes a finding of value for damages to crops and fences. I am sure the gentleman from Texas [Mr. GREGG] will agree with me that the Government can not at this time start in to pay for damages to crops and fences committed by the Federal Army.

Mr. GREGG. I trust the gentleman will excuse me a mo-

ment until I can locate the findings.

Mr. MANN. The gentleman can pass that over until he finds them. It is the first item under "Arkansas." I ask unanimous consent, Mr. Chairman, temporarily to pass over that item.

Mr. GREGG. I ask unanimous consent to pass this over for

further investigation, and I will look into it.

The CHAIRMAN. Unanimous consent is asked to pass over the item. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

To Mattie U. Boykin, Thaddeus C. Ferrell, and Lulu D. Merlwether, heirs of Thaddeus N. Ferrell, deceased, of Arkansas County, \$5,119.

Mr. GREEN of Iowa. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Iowa [Mr. Green] moves to strike out the last word.

Mr. GREEN of Iowa. I do this simply for the purpose of asking the chairman of the committee a question. Will not the gentleman kindly give me his attention for a moment? In the case of all of these claims which have been allowed to minors who were adjudged to be loyal by reason of their tender years, was it found by the Court of Claims that the minors were owners in their own right of this property at the time it was taken?

Mr. GREGG. I could not tell the gentleman that in respect to all of them.

Mr. GREEN of Iowa. I notice it is suggested here in reference to this claim and in reference to some other claims.

Mr. GREGG. What case is that particular one?

Mr. GREEN of Iowa. In the case of the heirs of Thaddeus Ferrell.

Mr. GREGG. Mr. Chairman, I ask unanimous consent to ass that over. What line is it on? pass that over.

Mr. GREEN of Iowa. On page 8, lines 11, 12, and 13. Mr. GREGG. Who is the claimant? Mr. GREEN of Iowa. The claimants are Mattle U. Boykin, Thaddeus C. Ferrell, and Lulu D. Meriwether, heirs of Thaddeus N. Ferrell.

The CHAIRMAN. Unanimous consent is asked that lines 11, 12, and 13 of page 8 of the bill be passed over for the present. Is there objection?

There was no objection.
The CHAIRMAN. The Clerk will read.
The Clerk read as follows:

Committee amendment: On line 4, page 15, insert:
"To Mary A. Gammon, O. B. Whatley, and D. A. Whitehead, sole surviving heirs of Wilson O. B. Whatley, deceased, late of Pope County, \$1,019."

The CHAIRMAN. The Chair would like to ask the gentleman from Texas [Mr. GREGG], the chairman of the committee, a question. On page 15 of the bill, lines 5, 6, and 7, there are these words:

To Mary A. Gammon, O. B. Whatley, and D. A. Whitehead, sole surviving heirs of Wilson O. B. Whatley, deceased, late of Pope County, \$1,019.

That language being in italics, is it a committee amendment? Mr. GREGG. It is a committee amendment. Mr. MANN. On what page is that?

Mr. GREGG. Page 15.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. GREGG. Mr. Chairman, whenever the Clerk reads any of these items in italics they should be understood to be committee amendments.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

KENTUCKY.

To John W. Alves, of Henderson County, \$5,250.

[Mr. LANGLEY addressed the committee. See Appendix.]

The Clerk read as follows:

To Eliza Leathers, administratrix of the estate of Alfred Leathers, deceased, late of Anderson County, \$825.

The Clerk read the following committee amendment:

On page 22, after line 8, insert the following: "To Lucy C. Lee, administratrix of the estate of Jane T. Lee, deceased, of Mason County, \$915."

The amendment was agreed to.

The Clerk read as follows:

To William J. Worthington, of Greenup County, \$36.40.

The Clerk read the following committee amendment:

On page 24, after line 13, insert the following:
"To the vestry of Christ Protestant Episcopal Church of Bowling Green, \$300."

The amendment was agreed to.

Mr. GREGG. Mr. Chairman, I ask unanimous consent to return to line 3, page 24, for the purpose of correcting a name. The CHAIRMAN. The gentleman from Texas asks unanimous consent to return to line 3, page 24, for the purpose of correcting a name. The gentleman will state the correction.

Mr. THOMAS. The name which is spelled "T-r-a-n-g-h-b-e-r" in the bill should be "T-r-a-u-g-h-b-e-r."

The CHAIRMAN. Is there objection to making the correc-

tion stated by the gentleman from Kentucky?

There was no objection.

The Clerk read as follows:

To Remy Bagarry, of Iberia Parish, \$1,520.

The Clerk read the following committee amendment:

On page 28, after line 7, insert the following:
"To the heirs or succession of Selzer Bass, deceased, late of West Carroll Parish, \$3,407.50, representing his interest in property taken from him and his coowners."

The amendment was agreed to. The Clerk read as follows:

To Adolph Hartiens, tutor of Sidney L. Hartiens, William W. Hartiens, and Mary R. Hartiens, grandchildren and heirs at law of William H. Osborne, deceased, late of Rapides Parish, \$54,875.

Mr. GREEN of Iowa. Mr. Chairman, this is a very large claim, amounting to \$54,875. If I understand the report correctly, it has not been allowed by the Court of Claims.

Mr. GREGG. That was included in the bill that was passed in the last Congress.

Mr. GREEN of Iowa. That does not really answer what I intended to inquire about. It has not been allowed by the Court of Claims

Mr. GREGG. We will have the report here in a moment, covering that case.

Mr. GREEN of Iowa. In order that the consideration of the bill may not be delayed, I suggest that the gentleman pass that

Mr. GREGG. I ask unanimous consent that that item be passed without prejudice.

The CHAIRMAN. The gentleman from Texas [Mr. GREGG] asks unanimous consent that lines 16 to 19, inclusive, on page 32, be passed without prejudice. Is there objection?

There was no objection. The Clerk read as follows:

Mississippi.

Mr. UNDERWOOD. Mr. Chairman, I offer the amendment which I send to the Clerk's desk.

The Clerk read as follows:

On page 40, after line 16, insert the following:
"To Antonio Q. Lovell, Rosalie Q. Duncan, Fredrica Q. Ogden,
Eliza T. Routh, and Louisa Q. Lovell, deceased, children and heirs at
law of Gen. J. A. Quitman, deceased, and Eva C. Lovell and Alice Q.
Lovell, children and heirs at law of Louisa Q. Lovell, deceased, or to
their legal representatives, the sum of \$13,500."

Mr. UNDERWOOD. Mr. Chairman, this claim has been

found by the Court of Claims.

These premises were occupied by the United States Government from the year 1865 until January, 1866, a crop year. They were used by the Government for the Freedmen's Bureau and were taken without compensation.

In the two years prior to the occupation of this plantation, which consisted of several thousand acres of land, the plantation rented, as the records disclose, for from \$40,000 to \$50,000 a

The year after the occupation by the Government this plantation again rented for \$40,000, with a contract that the lessors were to have a part of the crop. It was estimated that that rental amounted to \$60,000 or \$70,000 for that year.

The Court of Claims found that the fair rental value of this place was \$13,500. The finding is in Senate Document No. 77, Fifty-ninth Congress, first session.

The difficulty in this claim has been this: The Court of Claims found the amount asked here, and there is no question, in my judgment, about its being under the fair rental value of the plantation, because before and after the occupation by the United States Government the plantation rented for four or five times as much as the amount found here and I am asking for. The Court of Claims went on and found that the claimants were not loyal. That is where the difficulty in this claim has

Now, at the time of the war the claimants were women, and a number of them were minors. I do not think there is any question but that the family were in sympathy with the Confederate Government. I want to be perfectly frank in my statement. But these claimants were women, and, as I say, many

of them were minors.

After the siege of Vicksburg these claimants all took the oath of loyalty to the United States Government. They took the oath of loyalty before this plantation was occupied by the Federal Government. Therefore I insist that at the time of the occupa-tion by the Government, which was in 1865, after the war was over, they were loyal to the Government, both by reason of the

fact that the war was over in June, 1865, and from the further fact that prior to that time they had taken the oath of loyalty. But, Mr. Chairman, this claim was referred to the Court of Claims under the Bowman Act for a finding. There is no provision in the Bowman Act as to loyalty for property used by the Federal Government. The provisions in reference to loyalty apply to supplies and stores that were taken, and not for the occupation of property. Therefore I contend that the finding of the court in this particular case that these claimants were not loyal was not within the power of the court to find, or within the law, because this is not for supplies or stores. Government went upon this plantation after the war, took it away from the women, put the freedmen's bureau there, and occupied it, and there is some testimony to show that the rental which the Government got from the freedmen who were forming a bureau amounted to more than the \$13,000 that these claimants are demanding. I think that is a full statement of I think it is a just claim. the case.

There is no question about the fact that these people owned the land or plantation, that it was taken away from them after the war without compensation, that the compensation that is found here by the court, and that they are asking for in this amendment because the court found the amount, is very much less than the rental value of the plantation either two years before or the year immediately following the occupation.

Mr. MANN. Mr. Chairman, the gentleman from Alabama puts the House in a rather embarrassing position. The leader on that side of the House offers an amendment for a personal and private claim, and asks the House to accept the amendment, not reported by the committee, a claim that has not been favorably acted upon by the committee of the Congress or heretofore, but in flat violation of the rules which have prevailed in the committee. He asks the House to do this without notice to the House, so that no Member except himself has a copy of the findings of the court, which findings are not favorable to his claim. If it shall become the practice in the House to make up these bills in the House and adopt a claim because some Member offers an amendment, the House will be in a worse condition about the claims bill than even the Senate has come to be in. If we may judge by the omnibus claims bill when it came back to us from the Senate, if they had any rule of procedure over there, as I am sure they had, it was violated when some distinguished Senator asked for it to be violated in some particular case. The result was that no bill became a law. It does not seem to me that the gentleman from Alabama ought to ask the House to act upon one of these claims without notice, where the committee has not reported it. If there is merit in it let the Committee on War Claims report it in a separate bill, so that the House can have an opportunity to examine it, and not endeavor to embarrass the omnibus claims bill by amendments of this sort.

Mr. UNDERWOOD. Mr. Chairman, I will say to the gentleman from Illinois that I have often heard gentlemen on that side of the House complain that there could be no amendment

that had not been reported offered to a bill.

Of course, this bill comes before the House subject to amendment, as all bills do. I very seldom offer a claim, but I wish to say this: This claim was called to my attention by one of my constituents last October. It is a Mississippi claim, but this particular constituent happens to have moved to my district. I do not think he has any interest in it himself, but one of his sisters has. At the time I called on the chairman of the committee he happened to be out of town. In the meantime I went to Alabama and when I returned the bill had been reported. I attempted to see the chairman of the committee before I left. bill was reported sooner than I expected it would be, and when I returned I did not have a chance to present the claim to the I have since that time presented the facts in recommittee. spect to the claim to the committee and I am willing to leave it to what the chairman of the committee says, as to whether he thinks it is a meritorious case.

Mr. MANN. But, Mr. Chairman, with all due respect for the chairman of the committee, the chairman of the committee does not attempt to control the matter of these\*claims wholly by himself. There is no new claim in this bill the findings in respect to which have not recently been carefully examined by this side of the House. As far as I can remember, since I have been a Member of the House I think there never has been an amendment to one of these bills, except that offered by the chairman of the committee or at his suggestion. It is impossible for the House to make up a claims bill in the House, especially when we have not before us the information upon which the claim is based. The gentleman from Alabama now offers a claim as to which he himself says the Court of Claims has found that

I have no doubt that a very large share of the membership of the House would like to pay claims of that sort to people whom they know, but if we do, how are you going to say to the next Member of Congress, if the claim which he presents is not paid on that ground, "Oh, well, we let the gentleman from Alabama have his claim because he is the leader, but you can not get that kind of a claim in." Mr. Chairman, let the gentleman from Alabama present his claim by itself. The Committee on War Claims has plenty of time at this session of Congress to report a bill.

Mr. Chairman, will the gentleman yield? Mr. CARLIN.

Mr. MANN. Certainly.

Mr. CARLIN. I was going to suggest that it is perfectly apparent that this item is going to cause some debate, and that we better allow it to be passed over without prejudice until we can take it up later.

Oh, I think we better dispose of it now. Mr. MANN.

Mr. UNDERWOOD. Mr. Chairman, I will ask the gentleman to let the matter be acted upon. I have stated the case. I am perfectly willing to take the judgment of the House. There is no reason why the claim should be passed over now.

Mr. MANN. I do not see any reason for passing it over now. Mr. CARLIN. The only purpose I had was to pass over matters that required debate. I supposed that was the under-

Mr. MANN. I had not heard of that.

Mr. CARLIN. The gentleman asked to have an item of his

Mr. MANN. Oh, I beg the gentleman's pardon-no item of my own at all.

Mr. CARLIN. Then an item on which the gentleman raised a point.

Mr. MANN. Yes. Mr. CARLIN. Several of that kind have been passed over.

For the benefit of the committee.

Mr. GREEN of Iowa. Mr. Chairman, with all deference to the distinguished gentleman from Alabama [Mr. Underwood], the point he makes with reference to objection made on this side on account of lack of opportunity to examine the bill is not well taken. The bill he offers now is practically a bill by itself. We have under consideration an omnibus bill, and what he offers is practically a new bill by itself, which he wishes to have considered without any notice to the House whatsoever.

The CHAIRMAN. The question is on agreeing to the amend-

ment offered by the gentleman from Alabama.

The question was taken; and, on a division (demanded by Mr. UNDERWOOD), there were—ayes 50, noes 26.

Mr. MANN. Mr. Chairman, I make the point of order that

there is no quorum present.

The CHAIRMAN. The gentleman from Illinois makes the point of order that there is no quorum present. The Chair will count. [After a pause.] One hundred and nine members -a quorum.

Mr. GREGG. Mr. Chairman, a few moments ago on an objection from the gentleman from Iowa [Mr. Green] we passed over lines 16 to 19 on page 32. I understand, now, that the gentleman has been satisfied upon that point.

Mr. MANN. Mr. Chairman, I am not satisfied with anything

ir the bill now. You better bring in your forces.

Mr. GREGG. Well, we will return to it later on.

The Clerk read as follows:

To T. A. Norris, administrator of the estate of N. M. Aldridge, deceased, late of Tishomingo County, \$980.

Mr. MANN. Mr. Chairman, I move to strike out the last word. I do not have the full findings in that case here, but I notice in the report this was a finding under the Bowman Act which was sent to court April 24, 1896. In that case the court found the claimant loyal and that supplies worth \$980 were taken for Army use. It also seems that the claim was filed before the Southern Claims Commission, appearing on page 8 of the index of such claims. It seems that the claim also passed the Senate in the Sixtieth Congress and has passed the House in the Sixtieth, Sixty-first, and Sixty-second Congresses. In this respect it is entirely different upon the claim which the House has just inserted in the bill on an amendment; not because it had merit, but because it was presented by the distinguished gentleman from Alabama [Mr. Underwood], who was absent from the city and House while the War Claims Committee was considering these claims, and therefore thought he ought to insert it as an amendment on the floor, by reason of his position as leader of the majority. The claim offered by the gentleman from Alabama opens up the question, contrary to the practice of the House in the past, of allowing claims to persons who were not loyal. If that practice is to be followed, it ought to be followed in the case of every Member of the House

and not in the interest of some particular Member of the House. I do not desire to detain the House, because there will be opportunities as other items are reached to say a little further, and I shall take the opportunity as the items are read to call attention to what they provide. I move to strike out the paragraph.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 40, lines 17 and 18, strike out the paragraph which reads as follows: "To T. A. Norris, administrator of the estate of N. M. Aldridge, deceased, late of Tishomingo County, \$980."

The question was taken, and the Chairman announced the noes seemed to have it.

Mr. MANN. Mr. Chairman, I ask for a division.

The committee divided; and there were—ayes 14, noes 55.

So the motion was rejected.

The Clerk read as follows:

To I. P. Watts, administratrix of estate of Charles Baker, deceased, late of Warren County, \$8,213.

Mr. MANN. Mr. Chairman, I move to strike out the last word. In this case the claimant originally was one Charles The claim is now the claim of the administratrix, I. P. Watts. This claim was sent to the Court of Claims under the Tucker Act by Senate resolution, July, 1897. It appears from the report of the Committee on War Claims—I do not happen to have the original findings in my hand-that the facts are

not as explicit as they should be.

I suppose the Committee on War Claims meant that the findings of fact are not as explicit as they should be, because I take it the facts are always absolutely explicit. The detail of fact may not be so explicit; the facts are always absolutely the same. It says the facts must be read in connection with the allegations of the petition in order to ascertain the exact facts which the court intends to report. It appears from the findings that Charles Baker is dead. He died in 1861, and that, subject to two legacies, his estate was bequeathed to Amanda Malinda Heath (afterwards Powell)-Amanda Malinda ought to be a name that would draw tears from a stone-was bequeathed to Amanda Malinda Heath (afterwards Powell) and to Elizabeth Jane Snyder (afterwards Welch); that said two persons were loyal. In this respect the findings in this case are entirely different from the findings of the court in the amendment which the committee just accepted, where the court found that the claimants were not loyal, where the practice of the House has been always, under either Democratic or Republican rule, until to-day that the claims should not be paid.

Mr. McKENZIE. Mr. Chairman, will my colleague yield for

question?

Mr. MANN. Certainly.

Mr. McKENZIE. I would like to ask the gentleman if these claims are not as a rule worked up and brought into the House by claim agents?

Mr. MANN. Well, I suspect the claim agents have some connection with most of them, but not all of them.

Mr. McKENZIE. From the gentleman's experience can be tell us about what is the usual and customary charge made by these claim agents for getting through a claim of this character?

Mr. MANN. Well, I think they usually charge a percentage, generally one-third if they can get it, sometimes less and some-

times more.

Of course the truth is that a large share of the claims that are presented here are not discovered by the people who have the claims, but are discovered by a claim agent through collusion with some employee in one of the departments. Then the claim agent sends word to the claimant that the claimant has a claim against the Government which the latter does not know anything about, and which the claim agent will collect on a percentage basis. I have received such communications myself from claim agents when I knew I had no claim, and I did not fall for it. Perhaps they would have discovered a claim for me. I do not know. I know I did not have any claim.

Mr. McKENZIE. Under such circumstances as you have re-

Mr. McKENNIE. Chief such that the attorney would certainly be entitled to a very good fee.

Mr. MANN. Well, I guess they get it.

The CHAIRMAN (Mr. HAY). The time of the gentleman from Illinois [Mr. MANN] has expired. Without objection, the pro forma amendment will be allowed.

Mr. MANN. I object.
The CHAIRMAN. The question is on agreeing to the amend-

The amendment was rejected.

Mr. MANN. Mr. Chairman, I move to strike out the para-

The question was taken, and the Chair announced that the noes seemed to have it.
Mr. MANN. Mr. Chairman, I ask for a division.

The committee divided; and there were—ayes none, noes 80. So the amendment was rejected.

The Clerk read as follows:

To Leopold Bickart, of Natchez, \$1,500.

Mr. MANN. Mr. Chairman, I move to strike out the paragraph. This is a claim of one Leopold Bickart, which was sent to the Court of Claims under the Bowman Act on March 6, 1888, something over 25 years ago. In that case the Court of Claims found the claimant loyal, in marked contradistinction to the finding of the Court of Claims in the claim presented by the gentleman from Alabama [Mr. Underwood], where the court found that the claimants were not loyal, and where, forgetting the practice and precedents of the House ever since the war, the committee inserted an item without consideration, not presented from the Claims Committee, and inserted it simply because the gentleman from Alabama presented it-not because it had merit, but because the leader of the majority took advantage of his side of the House and put them in the embarrassing attitude of considering without knowledge a proposition which he presented.

The court found in this case that the supplies were taken from Bickart and his coowner, Christian Schwartz, and further that Bickart's share in the supplies taken for Army use was worth \$1,500. It seems that this claim was presented by Schwartz to the Southern Claims Commission, and it has been favorably acted upon before by the House, again in marked contrast with the action which the House has taken concerning the claim presented by the gentleman from Alabama, where, if I am correct—and I may not be—committee after committee has re-fused to include that claim in the omnibus war-claims bill because it violated all the practices and precedents of the com-

Mr. UNDERWOOD. Mr. Chairman, I am very sorry that the gentleman from Illinois [Mr. Mann] should see fit to make a personal attack on me because I offered an amendment for legitimate claim.

Now, the gentleman is absolutely mistaken when he says that this claim has not been inserted in the bills before. It has been inserted in a bill by the Senate, I think the claims bill of last year, but not inserted by myself. It came from Missis-It was in one of the last bills, and I think it was in last year's bill, although I am not sure whether it was that bill or the bill of the year before. However, it has been favorably reported before, but it was one of those claims that went down with the general bills when they were up before. I explained to the House a few minutes ago the reason this claim was not reported by the committee. It was because unfortunately I was absent about three weeks last October and November. When the letters came to me about this claim, the chairman of the committee was absent, and when I got back the bill had been reported. I consulted the chairman of the committee, and introduced the amendment here to-day with his consent and concurrence.

Now, it is not a question of these people not being loyal. As I stated, this claim has been carried before and there is no question about the amount. The court found the amount, and it is very much less than the proof showed the plantation was rented for before that time and the year after. There is no dispute about the facts, except as the court did hold, as I stated myself, that their loyalty was not proven. Well, I was candid with the House in the present case, and said I had no doubt that these ladies belonged to a family that were not loyal at one time, but that after the fall of Vicksburg they took the oath of loyalty, before the war ended, and that this plantation was occupied after the war was entirely over, when everybody was loyal.

That was the only issue involved in the case. It is a perfectly clean, legitimate claim. And, more than that, the Bow-man Act, under which it is submitted, does not require the proof of loyalty for property that was kept and used. It is only in the case of claims for supplies and stores that the proof of loyalty is required, and not as to the proposition of the Government coming and turning a lot of women out of their home and off their plantation and putting the Freedmen's Bureau in it and not paying them the rent.

Those are the real facts in this case. Here were a lot of women owning this plantation and living off it; the war was over; and a general of the United States Army marched his troops on this plantation and put off those women and put the Freedmen's Bureau in there and rented it out to the negroes and collected more rent from the negroes than is claimed here.

I repeat, it is a perfectly clean, legitimate claim, and I am surprised that the gentleman from Illinois [Mr. Mann] under these circumstances should take the position that a Member of this House has not a right to submit an amendment to any bill that is under consideration here. It is for the House to accept or reject such an amendment.

Do the Members on the Republican side of this House want to take the position that when a committee brings a bill before this House it shall not be subject to an amendment; that no man shall offer an amendment on the floor of the House to any bill that is reported here by a committee; that a claims committee can not report a bill and have a Member of this House either offer to inject or to reject a claim?

And more than that, I will say to the gentleman from Illinois that he does not do justice to this side of the House when he says that this claim was put in this bill and inserted here merely because I offered the amendment. I would not ask my colleagues on the floor of this House, simply because I happen to be the floor leader, to vote for any proposition I might offer that does not meet with their approval any more than any other man's. I did not do it in this case. I candidly stated the entire facts with reference to this claim to this side of the House, and I demonstrated beyond peradventure that this is an honest claim.

It is a claim to pay women who had been driven off of their plantation by the United States Government after the war was over; a claim that had been reported and carried in another bill; and I think that the gentleman from Illinois is not doing credit to himself when he seeks to filibuster against this entire bill by reason of the fact that the majority Members of this House should adopt one item that does not meet with his

approval. [Applause.]
Mr. MANN. Mr. Chairman, the gentleman from Alabama [Mr. Underwood] says that this claim of his was inserted in the omnibus bill in the last Congress.

Mr. UNDERWOOD. No; I did not say that. I said in one of the recent Congresses. I said I thought it was in the last

Congress, but that I was not sure. Mr. MANN. Well, the gentleman says he thought it was in the last Congress. The distinguished gentleman from Tennes-[Mr. Sims] who now occupies the chair in the Committee of the Whole House was the chairman of the Committee on War Claims in the last Congress, when he presented his bill in the House, and it was passed by unanimous consent, under a practical agreement or understanding that the majority and minority members of the Committee on War Claims would go through the bill, that all claims would be presented to them, and that they would have opportunity to examine them.

The claim of the gentleman from Alabama was not in the bill as reported in the House in the last Congress and was not inserted as a Senate amendment. I do not doubt that the gentleman believes that the claim has been in some omnibus claims bill. If it was in one of the previous omnibus claims bills it was stricken out by the gentleman from Tennessee [Mr. Sims], who is now Chairman of the Committee of the Whole, as an unworthy claim, because all of those omnibus claims bills previously, with all the claims that were in them, were taken up and passed by the Committee on War Claims of the House.

Mr. CARLIN. Mr. Chairman, will the gentleman from Illi-

nois permit an interruption?

Mr. MANN. Certainly,
Mr. CARLIN. Mr. Chairman, the present occupant of the
chair, Mr. Sims, only had an opportunity to act on the last omnibus bill. He was not chairman except in the last Congress.

Mr. MANN. He had before him all the previous omnibus

bills. There has been no omnibus bill enacted into law, and the previous omnibus bills were before him. If the claim was ever in an omnibus bill, it was in some of these omnibus bills when the Committee on War Claims in the last Congress acted, and the committee left it out, knowing they left it out as an unworthy claim.

Mr. UNDERWOOD. Oh, the gentleman should be perfectly fair,

Mr. MANN. I am perfectly fair.
Mr. UNDERWOOD. The gentleman is not perfectly fair,
when I made the statement that the claim had not come to my attention and I did not personally know of it at the last Con-

Mr. MANN. I say that all the claims in the previous omnibus bills were considered by the committee.

Mr. UNDERWOOD. Some of these bills, or a number of bills, have already died. I said it had been in the bill on a Senate amendment. I am so informed, and I am satisfied that my information is correct.

Mr. MANN. The claim was inserted as a Senate amendment,

but that would not add anything to it, in my opinion, and would

be rather against it than in favor of it. If it was in, it was turned down by the committee in the last House. They refused They refused to report it. The committee of the last House did not require Members to come before the committee and call attention to the claims; they took all the findings that had been included in the prior omnibus war-claims bill. Those that they thought ought to pass they included in the bill of last winter.

Mr. UNDERWOOD. Mr. Chairman, without arguing away

from the point, will the gentleman come down to the point and let me ask him this question: Does the gentleman think the finding of the Court of Claims that there was \$13,500 due for

the rent of this plantation is incorrect?

Mr. MANN. I do not know anything about it. I do not remember this claim. The gentleman presents the claim un-

Mr. UNDERWOOD. Not at all. I did not present it unfairly. I notified the chairman of the committee and had his consent to offer this amendment, although it was not necessary to have his consent to offer an amendment. I never before heard any gentleman on that side of the House say that he thought a Member had not a right to offer an amendment if he saw fit.

Now, the facts in this case are so simple that you can not get away from them. Here is a finding of the Court of Claims that there is \$13,500 due, and the only thing adverse to it is that the court said that they were not loyal. There is no question that these were women; that they were driven out from their plantation by the soldiers of the United States after the war was over; and the gentleman from Illinois knows as well as I do that under the Bowman Act the question of loyalty does not apply under the law.

Mr. MANN. The gentleman may be correct, but I do not

know it.

Mr. UNDERWOOD. I will furnish the gentleman with a copy of the law.

Mr. MANN. Oh, I have read the law many times.

Mr. UNDERWOOD. It applies to the supplies and stores and not to rental value of property occupied. Now, I want to know if the gentleman from Illinois, or any other gentleman on this side of the House, is willing to stand for a proposition—

The CHAIRMAN. The time of the gentleman from Illinois

Mr. UNDERWOOD. I move to strike out the last word, and I assume that the I will give the gentleman a part of my time. finding of the court for \$13,500 is correct, although the plantation rented for \$40,000 a year two years before and more than \$40,000 the year after, so at least the amount is reasonable and is under the amount that ought to be allowed. Now, assuming that the court has found the value that is correct, I want the gentleman from Illinois to say whether, under these circumstances, a lot of women, some of them widows, occupying a plantation, having taken the oath of loyalty to the United States Government before the war closed, and a general of the United States Army marching his troops onto the plantation, driving them off and putting the Freedmen's Bureau in charge, those women ought not to be compensated?

Mr. MANN. If the gentleman will give me an opportunity to examine the findings in this case I will be glad to express my opinion on the merits of it, but the gentleman is seeking to

prevent my having such an opportunity.

Mr. UNDERWOOD. I am not seeking to prevent the gentleman having such an opportunity. I have read the report, I have given him the address and the number of the document, where he can read from the document the findings of the court, which court at that time was composed of all Republican judges

I really do not think the gentleman intends to carry this argument so far as to assume that he is not taking my state-

ment of fact as to what was in the document.

Mr. MANN. I never take the statement of fact as being absolutely correct of any man who is seeking to get a claim allowed, because the bias is natural and inevitable. question the word of the gentleman from Alabama. Of course that goes without saying, and I do not need to say that, because everybody knows that I take the word of the gentleman from Alabama on any proposition.

Mr. UNDERWOOD. Then the only proposition involved in this case is the fact, as shown by the record, that from June to January, 1865, this plantation was occupied. The gentleman The gentleman

himself knows the war was over at that time.

Mr. MANN. If the war was over, of course the claim has no business at all in this bill.

Mr. UNDERWOOD. The gentleman knows there are a great many claims that came in long after that date. I have no doubt there are claims in this bill of dates much later than 1865.

Mr. MANN. There are a great many claims in this bill which never were thought of until more than 40 years after the

Mr. UNDERWOOD. The war claims in this bill relate to claims of the time of that war, and there is no question in the world that this is a perfectly legitimate claim. The only thing world that this is a perfectly legitimate claim. in the world that has ever stood in its way was that one single, finding of the court, in which the court said that these women were not loyal. That is all there has ever been in its way; and the proposition I put to this House is that when these women took the oath of allegiance before the war closed, and then their property was occupied after the war, it is too late in this day and time to say in this House that these were not loyal women, and that they should not receive compensation for being turned out of their own home when the Government of the United States received more for the rental than they are claiming.

Mr. MANN. Mr. Chairman, if the Committee on War Claims wish to report in favor of the payment of a claim in behalf of persons whom the Court of Claims has found were not loyal, they will take that responsibility; and if the House passes such a bill and the Senate passes such a bill, it establishes that precedent. If the precedent is established, it ought to be applied impartially to all who come under it. Up to the present time such a precedent has not been established. I do not know

whether it ought to be established or not.

Mr. SLAYDEN rose.

The CHAIRMAN. Does the gentleman from Illinois yield to the gentleman from Texas?

Mr. MANN. There are two things I wanted to say, but the gentleman may go ahead. I will say them at some time or other. I yield to the gentleman.

Mr. SLAYDEN. It was on that question of claims arising after the war. I happen to have knowledge of the fact—and I want the gentleman's opinion on this—that claims for property not destroyed, but taken and used by the Army of the United States, which came into Texas in December, 1865, seven or eight months after Gen. Lee had surrendered, and property which the Government continued to take until April, 1866, are reckoned as war claims, and the question of loyalty has been considered in connection with the payment of such claims. Does the gentleman think that sort of a claim is anything more than technically a war claim, and that the question of loyalty ought to cut a figure in its settlement?

Mr. MANN. I prefer not to express an offhand opinion about matters of that sort. I never thought a current opinion was

of much good.

Mr. SLAYDEN. The property being taken more than a year after Gen. Lee surrendered and when we down there thought the war was over.

Mr. MANN. I am one of the Members of the House-I think they are not very numerous-who have taken the trouble to examine the findings of the Court of Claims in at least a large share of these cases. For several years and in the last Congress we had an understanding in the House, not binding upon anybody, that the Committee on War Claims would endeavor to reach a decision in reference to these claims from both sides of the House, and that the bill should be passed practically by unanimous consent. That was done.

On this occasion the distinguished gentleman from Texas [Mr. GREGG], the chairman of the committee, offered to furnish to me a copy of all the findings on the new claims inserted in this bill. I asked that they be referred, as they were, to the gentleman from Vermont [Mr. Plumley], the ranking Republican on the committee. He examined all of those findings. He called attention to the findings in two cases, and the chairman of the committee moved to strike those items out. And in the consideration of these omnibus bills, while the right to offer an amendment on the floor has existed, we have always understood that that right would not be presumed upon successfully by any Member of the House proposing to insert in the bill new items which had not been considered by the Committee on War Claims. That is what I am complaining about now.

This bill would have been read in full the first time and there probably would have been some general debate upon the bill. We are passing a bill, or were, by unanimous consent on the basis that the claims had all been recommended by the Com-mittee on War Claims, after examination. Thereupon my distinguished friend from Alabama [Mr. Underwood] injects a proposition that the omnibus claims bill, instead of being made up by the Committee on War Claims and passed practically by unanimous consent, should be made up in the House, where it is impossible for Members of the House to examine all of these findings or to know about all of these findings. As I said before, I do not think the gentleman from Alabama presumes upon his position, but I will say to him from knowledge of

prior events, that if any other Member of the House than he had offered his amendment it would not have received 10 votes. I do not think that he ought to put sand in the machinery. There are many Members on his side of the House and on this side who have items they would like to insert in this bill by way of amendment, and if the bill is amended without receiving the approval of the Committee on War Claims, those Members will be complained of, because they did not secure their par-ticular items in the bill. The same rule has been followed always in the consideration of this bill. I do not think the gentleman from Alabama ought to attempt to break up the entente cordiale that existed relating to this bill after gentlemen

had worked upon it for a year.

Mr. GREEN of Iowa. Mr. Chairman, the distinguished gentleman from Alabama [Mr. Underwood] has inquired whether any gentleman on this side would take the position that amendments ought not to be offered to bills of this kind. Speaking for one on this side I say that I intend to oppose any amendments, either in a war claims omnibus bill or a general claims omnibus bill, which introduces a new item, a new claim, for the reason that it is practically a new bill sought to be included in the omnibus bill. What is the use of our having committees make reports to the House, telling us what they have ascertained with reference to these bills, if the leader upon one side or the leader upon the other can offer an amendment in effect introducing a new bill and have it passed, the same as if it had been submitted to the committee?

Mr. Chairman, will the gentleman yield? Mr. CARLIN.

Mr. GREEN of Iowa. Certainly.

Mr. CARLIN. What is the use of having the House, if we have not the right to review the action of the committee'

Mr. GREEN of Iowa. The House has the right to review the action of the committee, and the House has repeatedly-as I know from experience as a member of the Claims Committee after the committee has examined and found in favor of a claim on every point, seen fit to reject it; but on this occasion the House has taken a claim that has not been examined or passed upon by the committee, and which no Member of the House except the gentleman from Alabama has had an opportunity to examine, and the House has now approved that The gentleman from Alabama asked if any one questioned his statement. No one questions the good faith of the gentleman from Alabama, no one would think of anything of that kind, but if I had the facts of this case before me I might reach a different conclusion from that which the gentleman has reached, and so might others, and valid objections to it might be made. What way is this in which to pass bills before this House—simply to introduce a bill as an amendment on the motion of the leader of one side or the other? Such a practice has never been heard of before, and I do not believe it will stand in this instance in the final conclusion reached on the

Mr. UNDERWOOD. Mr. Chairman, the reckless statements of some gentlemen on the other side of the House are only warranted by the fact of their lack of information as to the past history of the House. The gentleman from Iowa [Mr. GREEN] being a comparatively new Member, his experience dating back only a few years, does not remember back to the time when many other Members of the House can, when bills of this kind were continually amended on the floor of the House, were fought out item by item on the floor of the House, and passed The objection which I have to the procedure which the gentleman wants is this: My distinguished friend, the leader of the minority, says that he has been making up this bill and that he has had the claims submitted to him. I presume the main objection he has to this bill is the fact that I did not But I really have been so busy about other matters that I did not know that this war-claims bill was being made up by the gentleman from Illinois [Mr. Mann] or the gentleman from Iowa [Mr. Green]; but to say the time has come in this House when a Member can not offer an amendment to any bill is to enunciate a proposition that gentlemen on that side of the House have howled against ever since we have been in session, and there is this to say about that: Since this House has been controlled by a Democratic majority, there has been more latitude for amendment of all bills and more opportunity for real fair consideration of amendments than there has been in the 20 years preceding. There is no question about that. [Applause on the Democratic side.] Now, if the attack made on this amendment was a legitimate attack on its merits, I would say this side of the House ought to reject it. The issue is only two things. One is the amount of the findings of the court, which is placed in the bill. There can not be any ques-tion about that. The other is a question of loyalty.

Mr. ANDERSON. Will the gentleman yield?

Mr. UNDERWOOD. I merely have submitted the question of loyalty to this House. Yes; I will yield to the gentleman.

Mr. ANDERSON. Is there any difference in that respect in

the claim which the gentleman suggests and any other claim that a dozen or fifteen or twenty Members might offer on the floor?

Mr. UNDERWOOD. None whatever. Mr. ANDERSON. Is it not a fact that the gentleman is merely presuming upon his position as leader of the House to

secure this amendment?

The gentleman from Minnesota, who Mr. UNDERWOOD pretends to be one of those up-to-date Progressives, is evidently saying to the country to-day it is a pretense. Does the gentle-man from Minnesota stand here to-day before his country and say that he will surrender the right of himself and his constituency to offer an amendment on the floor of the House to any bill he thinks is right?

Mr. ANDERSON. I do not.
Mr. UNDERWOOD. Then he asks me to surrender my right.
Mr. ANDERSON. I do not. I ask the gentleman not to presume upon the position he occupies in the House which no one

Mr. CARLIN. The gentleman has the right to offer an amendment.

Mr. UNDERWOOD. In other words, the gentleman from Minnesota says that he would not surrender his right as an individual Member, and I take it no other Member ought to be precluded from offering an amendment on the floor of the House, according to the views of the gentleman from Minnesota, except the floor leader. [Applause on the Democratic side.] But because of the fact I happen to be floor leader of the majority, my constituency has no right to be represented here; and if a question comes up about a local matter in which I desire to present the views of my constituency, according to the distinguished Member from Minnesota, my constituency has no right to have their views voiced here because I happen to have been selected as floor leader of this House. Why, the gentleman from Minnesota could not sustain that position for one moment before his own constituency. The only issue that can properly and honestly be voiced here is the question as to whether this is a legitimate claim. As far as I am concerned, I want to say that after the surrender of the Confederate Army I would not raise the question of loyalty against any claim that was passed here.

Mr. HULINGS. Will the gentleman permit a question?

Mr. UNDERWOOD. Yes.
Mr. HULINGS. Why was not the item put in the bill? was not this claim of the gentleman presented in the bill?

Mr. UNDERWOOD. I am sure my friend was out. stated several times, and I will state it again, that in October this claim was called to my attention. It is not an Alabama claim; it is a Mississippi claim. My constituent, however, lives in Birmingham and called the claim to my attention. After examining it I concluded it was a just and legitimate claim, and went to the chairman of the Committee on War Claims to present the claim to him, and he was out of town. In the meantime, before he got back, I left the city, and when I got back and went to present it to him I found he had reported the bill. Then I explained the case to him and asked if it would not embarrass him, which I did not propose to do, although I had the right to do it, if there was any objection to my offering this amendment, and he said he did not see any, and I therefore offered it. I did not know my distinguished friend from Illinois Mr. Mann] was running the bill, or I would have called on my friend from Illinois and asked his permission.

Mr. MANN. Mr. Chairman, the gentleman from Alabama—
The CHAIRMAN. The Chair wishes to state that all time has been exhausted and the Chair has been allowing this debate

to go on by unanimous consent-

Mr. MANN. Mr. Chairman, the gentleman from Alabama has occupied the floor three different times, but I accept the ruling made just as the gentleman from Alabama finished after the third time

Mr. UNDERWOOD. Mr. Chairman, I ask unanimous consent that the gentleman from Illinois may have five minutes.

The CHAIRMAN. The Chair desires to state that the Chair has not attempted to be strict in this matter, inasmuch as the chairman of the Committee on War Claims has made no objection. The Chair recognizes the gentleman from Illinois.

Mr. MANN. Mr. Chairman, the gentleman from Alabama, contrary to his usual custom, seems to wish to resort to personal abuse in some way, first with the gentleman from Minnesota [Mr. Anderson], entirely unwarranted, and secondly by the untrue statement that I stated I made up this bill.

Mr. UNDERWOOD. I did not state that the gentleman said he made up the bill. I said that the gentleman was engaged in

making up the bill, not that he said so, but the gentleman stated that these claims had all been submitted to him.

Mr. MANN. I did not state that.

Mr. UNDERWOOD. You stated that you had examined the

old claims in the bill and that-

Mr. MANN. The gentleman from Texas [Mr. GREGG] tendered to me the findings in this bill, and I asked to have them submitted to the gentleman from Vermont [Mr. Plumley], the ranking Republican member of the committee.

Mr. UNDERWOOD. Certainly; and if the gentleman was not engaged in making up the bill at that time—

Mr. MANN. I was not engaged in making up the bill.

Mr. CARLIN. I want to say that the gentleman is doing now what he has done ever since I have been a Member of the House in making up this bill and every other bill.

Mr. MANN. I do not expect to do any less of it in the future than I have in the rest. I do not expect to do any less of it in the future

than I have in the past. I do not do anything illegitimately or

improperly.

The gentleman from Alabama wants to say that we want to deprive him of the right of offering an amendment. He has exercised the right of offering an amendment. It is in the bill, but the omnibus war claims bills always, when they have been passed, have been passed practically by the unanimous consent that items should not be offered on the floor, and the gentleman from Alabama [Mr. Underwood], who has never been here before, I think, when an omnibus claims bill was under consideration, was in error when he stated to the gentleman from Iowa [Mr. GREEN] that it was the practice during his day and mine to amend the omnibus war claims bill in the House.

Mr. UNDERWOOD. If the gentleman will refer to the RECORD, he will find where I have engaged in several very vigorous fights on these war-claims bills in the past on the floor of the House. Most probably the gentleman was simply

not here at the time.

Mr. MANN. Well, I think the House will remember that I have always been present when we had the omnibus warclaims bills up. I have no doubt there are various gentlemen who have wished that I was absent, and wish I was absent now, when such bills are being considered, and I do not think the gentleman from Alabama usually has been here.

Mr. UNDERWOOD. I have not been here—
Mr. MANN. I do not know whether he has offered an amendment or not before. I do not recall a time when any amendment to the omnibus war-claims bill was inserted, except when the Committee on War Claims itself urged the acceptance of the amendment, practically as a committee amendment.

Mr. UNDERWOOD. The gentleman's memory does not date

back far enough.

Mr. MANN. My memory goes back about as far in these matters as the memory of the gentleman from Alabama. While the gentleman came in in a prior Congress, he did not stay in very long.

Mr. UNDERWOOD. I am not referring to the gentleman's

service, but the gentleman's memory.

Mr. MANN. I am willing to put my memory about House proceedings against the memory of the gentleman from Alabama at any time, especially as to war-claims propositions. I followed the war-claims bills, not attempting, as the gentleman from Alabama erroneously and improperly says, to try to make them up and try to pass upon them when they were made up. The gentleman from Alabama knows, as every other gentleman of the House knows, that it is not possible for Members of the House in the House to consider the merits of all of these various items. There are hundreds upon hundreds of these claims in the bill and hundreds upon hundreds of claims which were not inserted in the bill.

The gentleman from Alabama gives as an excuse the statement that he was not in the city. Why, if the gentleman from Alabama were familiar at all with the method of making up the war-claims bills, he would know that his absence would not make any difference about the committee giving consideration to the findings. All of these findings are examined by some one connected with the committee, and the committee did not insert this finding in the bill. They took the items in the last war-claims bill as it passed the House, inserted a number of items as the bill was introduced, and afterwards inserted a number of items as amendments, not including the amendment of the gentleman from Alabama. The gentleman stated awhile ago that he would not press a matter that was really controverted. Well, there is a controversy over the question of whether there ought to be anything paid in this case, regardless of the question of loyalty, and, second, whether the courts ought to start in any pay claims where loyalty does not appear. If the House wants to do that, very well; but treat everybody alike when you do it.

Mr. GREEN of Iowa. Mr. Chairman, the distinguished gentleman from Alabama [Mr. Underwood] has very courteonsly referred to my lack of experience in this House. I yield to the distinguished gentleman in matters of experience, and also in capacity to evade the issue which is before the House.

The gentleman has stated that we upon this side, and myself in particular, are claiming that there ought to be no amendments offered to any bill. We make no such claim, have not made it, and do not make it now. We simply insist upon what has been the past practice and uniform custom in this House of requiring these matters to be investigated by the committee when a separate, independent claim is brought before this House.

The gentleman from Alabama declined to take my statement with reference to what had been the previous rule and custom in this House. I made it, Mr. Chairman, upon the statement, which has since been repeated, by the gentleman from Illinois [Mr. Mann], who has always been on watch and present when these bills were being considered, whereas, so far as my own limited experience is concerned, to which the gentleman from Alabama refers, the gentleman from Alabama has not been present heretofore, and is only present now because he has this bill, which he expects, by weight of his personal authority and position in this House, to carry through. [Applause on the Republican side.]

Mr. GREGG. Mr. Chairman, I ask for the regular order. The CHAIRMAN. Is not an amendment pending to strike

out the last word?

Mr. MANN. There is an amendment pending to strike outthe paragraph.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois [Mr. MANN] to strike out the paragraph referred to.

The question was taken, and the Chairman announced that the noes seemed to have it.

Mr. MANN. Well, I think we had better have a division. I ask for a division, Mr. Chairman.

The committee divided; and there were—ayes 0, noes 57.

So the amendment was rejected. The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

To Hiram Baldwin, of Adams County, Miss.; Joseph De France Baldwin, of Madison Parish, La.; and Richard Robert Baldwin, of Tensas Parish, La., in equal shares, as heirs of Robert Bradley, deceased, \$2,000.

Mr. MANN. Mr. Chairman, I move to strike out the para-

The CHAIRMAN. The gentleman from Illinois [Mr. MANN]

moves to strike out the paragraph.

Mr. MANN. Mr. Chairman, this is a claim which was referred to the Court of Claims under the Tucker Act by Senate resolution in 1904. It appears from the report upon the bill that in the findings a statement of the case was made with exclusive findings of fact, and that Robert Bradley died in 1863, leaving various heirs; that the claimants herein, Hiram Baldwin, Joseph De France Baldwin, and Richard Robert Baldwin were grandchilden and heirs of said Robert Bradley, owning an undivided 16 per cent of the estate; that supplies were taken for Army use from the Bradley heirs; and that the reasonable value of the interest of these three claimants there was \$2,000.

The report proceeds:

These three claimants were all under 7 years of age at the time the property was taken. Hiram Baldwin is the oldest of petitioners and was born about 1857. Claim was not presented to Claims Commission, and it is plain that the eldest of these present claimants did not attain majority until about 1878, or about five years after the right to present claims to that commission had been abrogated by act of Concress

This claim was presented to the Court of Claims under the Tucker Act. The claim which has just been inserted by way of amendment offered by the gentleman from Alabama [Mr. UNDERWOOD] was referred to the Court of Claims under the Bowman Act.

The gentleman from Alabama has stated on several occasions in the House that under the Bowman Act it was not necessary to make any findings as to loyalty. The gentleman from Alabama may be correct, but I think he is not. He has been in error about all the rest of the statements he has made, and I assume that he is in error about this one. I do not think the Court of Claims makes findings except where it is required to. Being required to make findings, it made findings in that case. All of the war-claims cases which have been presented have had a finding as to the question of loyalty.

Now, of course, the question of loyalfy has to be acted upon. In these cases the claimants were of such tender age that they

could not be supposed to be either loyal or disloyal.

I do not think that is the case with a woman. The gentleman from Alabama stated a moment ago that a woman could not be disloyal—that was practically what he stated. my stars, in this day, when we are about to grant to the women all the rights which men have, we ought not now to begin to say that they do not have sense enough to know which side they were on during the conflict. If there were any people who could be disloyal more than anybody else, it would be the women, who were very much excited and interested. And where the claimants are found to be disloyal there is no reason why they should be paid. Wherever an army goes into a new field or a war occurs it is impossible for the successful contestant to pay the claims for all property which is damaged, regardless of loyalty or disloyalty.

Not desiring to consume time unnecessarily, seeing that my time is about up, I temporarily yield the floor, and if no one else desires to be heard I would like to have a vote on my mo-

tion to strike out the paragraph.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question being taken, the Chairman announced that the noes appeared to have it.

Mr. MANN. On such a close vote I ask for a division. The committee divided; and there were-ayes none, noes 34. Accordingly the motion was rejected.

The Clerk read as follows:

To D. H. Chamberlain, of Jefferson County, \$340.

Mr. MANN. Mr. Chairman, I move to strike out the paragraph.

The claim of D. H. Chamberlain was referred to the Court of Claims on March 3, 1909, under the Tucker Act. The Court of Claims found that the claimant was loyal, and that supplies were taken from him and his coowners to the extent that his share is stated to have been \$340.

While it was not found as one of the facts reported by the court, it was alleged in the petition in the case that was filed in the Court of Claims that the claim of T. J. Chamberlain, who had been a coowner with D. H. Chamberlain, the claimant in this case, had been allowed theretofore, and an examination of the claims appropriation act of February 4, 1905, shows that the claimant T. J. Chamberlain, of Jefferson County, Miss., was paid to the extent of \$340.

The present claimant was of tender age in one sense, being only 15 years old when the war was ended. His brother has already been paid his share for the supplies taken, and the committee believe, as reported, that there is no reason for refusing to pay this brother his share for the property that was taken, as his other brother, either elder or younger, I do not

remember which, has already been paid his share.

It will be noticed, Mr. Chairman, that the committee in this case have not recommended the payment of a claim where the court has found that the claimant was disloyal. So far as I recall, from my observation of these cases, the House has never attempted to allow claims where the court found the claimant was disloyal, except in those rare instances where the majority leader, by reason of his influence on the majority side of the House, was able to secure an amendment, not because he was presuming upon his position but because they were afraid to vote against it.

The CHAIRMAN. The question is on the amendment offered

by the gentleman from Illinois.

The question was taken, and the Chairman announced that

the noes appeared to have it.

Mr. MANN. I ask for a division.

The CHAIRMAN. The gentleman from Illinois demands a

Mr. CLARK of Florida. I make the point of order that that is dilatery

The CHAIRMAN. Does the gentleman make the point that the motion is dilatory?

Mr. CLARK of Florida. I make the point that the demand for a division is dilatory.

The CHAIRMAN. The Chair can not determine that it is dilatory

Mr. CLARK of Florida. Because there were absolutely no votes in the affirmative. This thing has occurred three or four

The CHAIRMAN. All those in favor of the motion of the gentleman from Illinois will make it known by rising.

Mr. CLARK of Florida. I want to be heard on my point of

I think the gentleman ought to be heard. The CHAIRMAN. The gentleman from Florida wishes to be heard on his point of order.

Mr. CLARK of Florida. On several occasions there has been a call for a division by the gentleman from Illinois, and not a single Member upon that side has stood up. It is apparent that it is dilatory, simply to kill time.

Mr. MOORE. Nobody on that side stood up.

Mr. CLARK of Florida. Oh, yes; they did. I insist on the

point of order.

Mr. MANN. I should like to be heard on the point of order. The gentleman from Florida, who makes the point of order, is of course an authority on parliamentary law, and I feel a good deal of diffidence in differing from him on an important proposition like this. I think, perhaps, however, that he is like the gentleman from Alabama. I stated that the gentleman from Alabama was the only gentleman in the House who could have secured the adoption of that amendment, and I am sure the gentleman from Florida is the only Member of the House who could make such a point of order, even with his great knowledge on the subject.

The Chair is required to grant a division upon the demand of any Member of the House, under the rules of the House, and it is not required that a Member of the House shall burst his throat by voting "aye" or "no" in order to secure the

right to a division under the rule.

I hope the gentleman from Florida will not attempt to demand tellers upon each of these amendments. It is quite possible to obtain tellers and occupy more time than with a division, but the gentleman from Florida insists upon having tellers instead of a division, why, pretty soon I will ask for tellers.

Mr. UNDERWOOD. Mr. Chairman, speaking to the point of order, I am sure that my genial friend on the other side of the House [Mr. Mann] is only making his point of order and his observations, not to secure the adoption of his amendment, but to delay the consideration of the bill. Of course that is entirely satisfactory. I do not think our friends need disturb themselves about it, because we have not much to do now, but after awhile, when we get ready to pass this bill, why, we will pass it, regardless of whether the gentleman from Illinois or anybody else on that side of the House desires it passed or not.

I would like to have it run along to give gentlemen on that side of the House an opportunity to consider the bill, like we have always given opportunity to consider all bills. Of course, as I have often said before, we on this side of the House have followed the procedure of allowing bills to be open to amendment and real consideration, which they did not have when the House was controlled by the gentleman from Illinois. Naturally we realize that he is not familiar with the line of procedure we have adopted, but of course there is a limitation to that. We can not go on indefinitely considering a bill when the opposition to it is manifestly only for the purpose of filibustering. I hope my friend from Florida will withdraw his point of order and allow the gentleman to proceed a while longer.

Mr. CLARK of Florida. Mr. Chairman, I withdraw the point

of order.

The CHAIRMAN. The gentleman from Florida withdraws the point of order. The question is on the division demanded by the gentleman from Illinois.

The committee divided; and the Chairman announced that the

ayes were none and the noes were 17.

Mr. MANN. I make the point of order of no quorum, in order

to see if there is a quorum present.

The CHAIRMAN. The gentleman from Illinois makes the point of no quorum. The Chair will count. [After counting.] Eighty-five Members are present, not a quorum, and the Clerk will call the roll.

The Clerk began calling the roll.

Mr. GREGG. Mr. Chairman, I ask unanimous consent that the further calling of the roll be dispensed with in order that I

may make a motion that the committee do rise.

The CHAIRMAN. It is out of order. The Clerk will proceed.

The Clerk proceeded to call the roll, and the following Members failed to answer to their names:

Adair	Burke, Pa.	Dale	Gardner
Aiken	Butler	Davenport	Gerry
Ainey	Calder	Davis	Gillett
Alexander	Callaway	Difenderfer	Gittins
Ansberry	Campbell	Donohoe	Glass
Anthony	Cantor	Dooling	Godwin
Barchfeld	Cantrill	Doremus	Gorman
Bartlett	Carew	Driscoll	Goulden
Bathrick	Church	Dunn	Graham, Ill.
Bremner	Clancy	Eagan	Graham, Pa.
Britten	Clayton	Eagle	Griest.
Brodbeck	Connolly, Iowa	Edwards	Griffin
Broussard	Cooper	Fairchild	Hamill
Brown, W. Va.	Copley	Faison	Hamilton, N. Y.
Browne, Wis.	Crisp	Falconer	Hart
Bruckner	Cullop	Farr	Heflin
Brumbaugh	Curley	Frear	Helm

Page, N. C. Parker Patten, N. Y. Patton, Pa. Payne Lever Levy Lewis, Md. Lindquist Linthicum Loft Henry Hinebaugh Hobson
Howard
Howell
Hoxworth
Hughes, W. Va.
Humphrey, Wash,
Johnson, S. C.
Johnson, Utah
Johnson, Wash. Hobson Pepper Peters, Me. Peters, Mass. Platt Lonergan Lonergan
McAndrews
McDermott
McGuire, Okla,
Mahan
Maher
Manahan
Martin
Merritt
Metz Porter Pou Johnson, Wash. Jones Kahn Keister Kelley, Mich. Kelly, Pa. Kennedy, Conn. Kent Powers Ragsdale Raker Rauch Richardson Miller Mondell Roberts, Mass. Roberts, Nev. Kettner Kiess, Pa. Kitchin Konop Korbly Kreider L'Engle Lenroot Montague Saunders Scully Shreve Morin Morin Mott Neeley, Kans. Nelson O'Brien O'Leary O'Shaunessy Sisson Smith, Md. Smith, Minn. Sparkman Stanley

Stephens, Nebr.
Stevens, Minn.
Stout
Stringer
Taggart
Talbott, Md.
Talcott, N. Y.
Tavenner
Taylor, N. Y.
Thompson, Okla.
Thomson, Ill.
Towner
Vare
Walker
Walker
Wallin
Walters
Watson
Webb
Whitacre
White
Wilson, Fla.
Wilson, N. Y.
Winslow
Young, N. Dak.

The committee rose; and the Speaker having resumed the chair, Mr. Sims, Chairman of the Committee of the Whole House, reported that that committee, having under consideration bills on the Private Calendar, had found itself without a quorum; whereupon he had directed the roll to be called; that the roll was called; that 264 Members answered to their names, a quorum, and he reported to the House the names of the absentees.

The committee resumed its sitting.

Mr. GREGG. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Sims, Chairman of the Committee of the Whole House, reported that that committee had had under consideration the bill H. R. 8846, the omnibus claims bill, and had come to no resolution thereon.

#### ENROLLED JOINT RESOLUTION SIGNED.

Mr. ASHBROOK, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled joint resolution of the following title, when the Speaker signed the same:

H. J. Res. 155. Joint resolution extending time for completion of classification and appraisement of surface of segregated coal and asphalt lands of the Choctaw and Chickasaw Nations, and of the improvements thereon, and making appropriation therefor.

### ORDER OF BUSINESS.

Mr. CLARK of Florida. Mr. Speaker, I ask unanimous consent to address the House for 40 minutes on Tuesday next, after the reading of the Journal, not to conflict with any privileged matter or with any appropriation bill

matter or with any appropriation bill.

The SPEAKER. The gentleman from Florida [Mr. Clark] asks unanimous consent that on Tuesday next, after the reading of the Journal and the completion of routine business, he shall have 40 minutes to address the House, not to interfere with privileged matters and the consideration of appropriation bills. Is there objection?

Mr. MANN. Mr. Speaker, reserving the right to object, this morning I objected to the request of the gentleman, because this side of the House, erroneously perhaps, understood the gentleman from Alabama to state that he proposed hereafter to object to general debate on appropriation bills, apart from the bill itself.

Mr. UNDERWOOD. Mr. Speaker, I did not make myself clear, if I made that statement. My idea was to limit general debate to the time when we were considering appropriation bills.

Mr. MANN. I understood otherwise, else I would not have objected to the request this morning.

The SPEAKER. Is there objection. [After a pause.] The Chair hears none, and it is so ordered.

#### ADJOURNMENT.

Mr. GREGG. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 50 minutes p. m.) the House adjourned until to-morrow, Saturday, December 6, 1913, at 12 o'clock noon.

# EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Acting Comptroller of the Treasury, transmitting the annual report of the commissioner (ex officio)

of the Freedman's Savings & Trust Co. for the year ended December 1, 1913 (H. Doc. No. 388); to the Committee on the District of Columbia and ordered to be printed.

2. A letter from the Secretary of War, transmitting 1,623 reports of inspections of disbursements and transfers by officers of the Army received in the office of the Inspector General during the fiscal year ended June 30, 1913 (H. Doc. No. 289); to the Committee on Expenditures in the War Department and letter only ordered to be printed.

letter only ordered to be printed.

3. A letter from the Secretary of War, transmitting a letter from the Chief Signal Officer of the Army, reporting expenditures of the Washington-Alaska military cable and telegraph system, pursuant to act of Congress approved August 24, 1912 (H. Doc. No. 387); to the Committee on Expenditures in the War Department and ordered to be printed.

4. A letter from the Secretary of War, transmitting a letter from the Chief Signal Officer of the Army, reporting expenditures of the Washington-Alaska military cable and telegraph system, pursuant to act of Congress approved March 3, 1911 (H. Doc. No. 386); to the Committee on Expenditures in the War Department and ordered to be printed.

# REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. ASHBROOK, from the Committee on Public Buildings and Grounds, to which was referred the bill (S. 2689) an act amending an act entitled "An act to increase the limit of cost of certain public buildings; to authorize the enlargement, extension, remodeling, or improvement of certain public buildings; to authorize the erection and completion of public buildings; to authorize the purchase of sites for public buildings, and for other purposes," approved March 4, 1913, reported the same without amendment, accompanied by a report (No. 101), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

#### CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 1267) granting a pension to James Lennon; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 8262) granting an increase of pension to Catharine Dillane; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 8408) for the relief of the estate of John Barry, deceased; Committee on Claims discharged, and referred to the Committee on War Claims.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. MADDEN: A bill (H. R. 9894) fixing the price of gas and regulating the quantity of carbon monoxide in gas in the District of Columbia; to the Committee on the District of Columbia.

By Mr. STEENERSON: A bill (H. R. 9895) to prohibit banks or trust companies, or any person, firm, corporation, joint-stock association, or company engaged in any brokerage, investment, or insurance business from using the words "United States" or the initials "U. S." in the name or title of such institution or business; to the Committee on Banking and Currency.

By Mr. WILLIS: A bill (H. R. 9896) to pension certain persons who are deaf or partially deaf from causes arising while in the military service of the United States; to the Committee on Invalid Pensions.

By Mr. OLDFIELD: A bill (H. R. 9897) to amend section 12 of the act entitled "An act to amend and consolidate the acts respecting copyright," approved March 4, 1909; to the Committee on Patents.

By Mr. McGILLICUDDY: A bill (H. R. 9898) authorizing the payment of pensions monthly; to the Committee on Invalid Pensions.

By Mr. STEPHENS of Nebraska: A bill (H. R. 9899) to authorize the laying out and opening of public roads on the Winnebago, Omaha, and Santee Sioux Indian Reservations in Nebraska; to the Committee on Indian Affairs.

By Mr. CAMPBELL: A bill (H. R. 9900) providing pensions for honorably discharged soldiers who were in the military service of the United States in the campaign against the Indians in the years 1868 and 1869; to the Committee on Pensions.

By Mr. STEPHENS of Nebraska: A bill (H. R. 9901) providing for the taxation of the lands of the Omaha and Winnebago Indians in Nebraska; to the Committee on Indian Affairs.

By Mr. WINGO: A bill (H. R. 9902) for the establishment of fish-cultural station for the propagation of fish at or near Mena, Ark.; to the Committee on the Merchant Marine and

Also, a bill (H. R. 9903) to provide for the erection of a pubbuilding at Van Buren, Ark.; to the Committee on Public

Buildings and Grounds. By Mr. GRIEST: A bill (H. R. 9904) to extend the City De livery Service and provide for the permanent establishment of town and village free mail-delivery service; to the Committee

on the Post Office and Post Roads.

By Mr. PALMER; A bill (H. R. 9905) for the purchase of a site and the erection thereon of a public building at Mauch Chunk, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. BUCHANAN of Texas: A bill (H. R. 9906) to change the name of "oleomargarine" to "margarin"; to repeal all taxes on margarin; to protect the consumers, dealers, and manufacturers of margarin against fraud; and to afford the Department of Agriculture efficient means for the detection of fraud; to the Committee on Agriculture.

By Mr. GRIEST: A bill (H. R. 9907) to further regulate the salaries of clerks in first and second class post offices and letter carriers in the City Delivery Service; to the Committee on the Post Office and Post Roads,

By Mr. KONOP: A bill (H. R. 9908) for the relief of the Wisconsin Band of Pottawatomie Indians, and for other purposes; to the Committee on Indian Affairs.

By Mr. O'SHAUNESSY: A bill (H. R. 9909) to provide for the purchase of ground and the erection of a public building thereon for an immigration station in the city of Providence, R. I.; to the Committee on Public Buildings and Grounds.

By Mr. WALSH: A bill (H. R. 9910) for the erection of a public building at Bernardsville. Somerset County, N. J.; to the Committee on Public Buildings and Grounds.

By Mr. LOGUE: A bill (H. R. 9911) authorizing the Secretary of Commerce to ascertain the cost of establishing and maintaining United States commercial agencies in the principal cities of foreign countries, and to establish the same under certain conditions; to the Committee on Foreign Affairs.

By Mr. CURRY: A bill (H. R. 9912) appropriating \$400,000 for work on the Sacramento River below Cache Slough; to the

Committee on Rivers and Harbors.

Also, a bill (H. R. 9913) appropriating \$400,000 for the control of floods, removal of débris, and improvement of navigation in the Sacramento and Feather Rivers; to the Committee on Rivers and Harbors.

By Mr. STEPHENS of Mississippi (by request): A bill (H. R. 9014) to amend the new tariff law, being "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," enacted at the Sixty-third Congress, first session, and approved by the President October 3, 1913, imposing an income fax on individuals and corporations; to the Committee on Ways and Means,

Also (by request), a bill (H. R. 9915) to amend the new tariff law, being "An act to reduce tariff duties and to provide revenue for the Government, and for other purposes," enacted at the Sixty-third Congress, first session, and approved by the President October 3, 1913, imposing an income tax on individuals and corporations; to the Committee on Ways and Means.

By Mr. ROBERTS of Massachusetts: A bill (H. R. 9916) to provide for the survey of the Mystic River, Mass.; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 9917) granting pensions to all persons now on the pension rolls on account of loss of hearing; to the Committee on Pensions.

By Mr. KINKEAD of New Jersey: A bill (H. R. 9918) providing for a site for public building for post-office purposes and other Government offices at Bloomfield, N. J.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 9919) providing for a site for public building for post-office purposes and other Government offices at Belleville, N. J.; to the Committee on Public Buildings and

Also, a bill (H. R. 9920) providing for a site for public building for post-office purposes and other Government offices in West Hudson, N. J.; to the Committee on Public Buildings and

By Mr. TALBOTT of Maryland: Resolution (H. Res. 329) authorizing the chairman of the Joint Select Committee on Disposition of Useless Executive Papers to appoint a messenger to said committee and fixing his compensation; to the Committee on Accounts.

By Mr. CLAYTON: Resolution (H. Res. 331) authorizing the Committee on the Judiciary to sit during sessions of the House and the recess of Congress to consider the matter of laws amendatory of or supplemental to the antitrust act of July 2, 1890, and for other purposes; to the Committee on Rules. By Mr. HAWLEY: Joint resolution (H. J. Res. 161) author-

izing the detailing of two United States engineers as a board of consulting engineers in connection with the investigation of the Columbia River power project near The Dalles, Oreg.; to the Committee on Rivers and Harbors.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions

were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 9921) granting an increase of pension to Samuel Burkhead; to the Committee on Invalid Pensions.

By Mr. ANTHONY: A bill (H. R. 9922) for the relief of Dr. W. M. Stephens; to the Committee on Military Affairs.

Also, a bill (H. R. 9923) granting a pension to Francis M.

Jones: to the Committee on Pensions.

Also, a bill (H. R. 9924) granting an increase of pension to Lemuel Abbott; to the Committee on Invalid Pensions.

By Mr. BARTHOLDT: A bill (H. R. 9925) granting a pension to Charles F. Friedeck; to the Committee on Pensions.
Also, a bill (H. R. 9926) for the relief of Seemann & Co., of

St. Louis, Mo.; to the Committee on Claims,

By Mr. BORLAND: A bill (H. R. 9927) granting a pension to Kate Bolander; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9928) granting an increase of pension to Mabel P. Jewett; to the Committee on Invalid Pensions,

By Mr. CANTRILL: A bill (H. R. 9929) for the relief of Frank F. Hunt; to the Committee on Naval Affairs,

By Mr. CARLIN: A bill (H. R. 9930) to permit Willis Dixon, chief machinist, United States Navy, to take examination for promotion to grade of ensign, United States Navy; to the Committee on Naval Affairs.

Also, a bill (H. R. 9931) granting a pension to Harold L. Knight; to the Committee on Pensions.

Also, a bill (H. R. 9932) granting a pension to Bernard B. Furr; to the Committee on Pensions.

Also, a bill (H. R. 9933) granting a pension to Lula L. Lee; to the Committee on Pensions.

By Mr. DONOVAN: A bill (H. R. 9934) granting a pension to John F. Burrow, jr.; to the Committee on Pensions.

Also, a bill (H. R. 9935) granting an increase of pension to Mary Carroll; to the Committee on Invalid Pensions.

By Mr. ESTOPINAL: A bill (H. R. 9936) granting a pension to John Marshall; to the Committee on Pensions.

By Mr. FAIRCHILD: A bill (H. R. 9937) granting an increase of pension to Simon S. Tuttle; to the Committee on Invalid Pensions

Also, a bill (H. R. 9938) granting an increase of pension to Also, a bill (H. R. 9939) granting an increase of pension to J. Delos Pruyn; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9939) granting a pension to Carrie Sheldon; to the Committee on Invalid Pensions.

By Mr. FARR: A bill (H. R. 9940) granting a pension to

William A. Phillips; to the Committee on Pensions, By Mr. FERGUSSON: A bill (H. R. 9941) granting a pension

to William D. Rushing; to the Committee on Pensions.

By Mr. FRANCIS: A bill (H. R. 9942) for the relief of G. P.

Bumgarner for the loss of postal-savings stamps; to the Committee on Claims.

Also, a bill (H. R. 9943) for the relief of the Bethesda Cigar Co. for loss of cigar stamps while in transit from Cleveland, Ohio, to said firm; to the Committee on Claims.

By Mr. JOHNSON of Washington: A bill (H. R. 9944) granting a pension to Robert M. Dawney; to the Committee on Pensions.

Also, a bill (H. R. 9945) granting a pension to Mabel F. Coen; to the Committee on Pensions.

Also, a bill (H. R. 9946) for the relief of James Houyde; to the Committee on Claims.

By Mr. KINKEAD of New Jersey: A bill (H. R. 9947) granting a pension to Catherine C. Kerwin; to the Committee on Invalid Pensions.

By Mr. J. R. KNOWLAND: A bill (H. R. 9948) granting a

pension to John F. Crowley; to the Committee on Pensions.

Also, a bill (H. R. 9949) granting an increase of pension to Augustus W. Schreiber; to the Committee on Pensions.

By Mr. LEE of Pennsylvania: A bill (H. R. 9950) granting an increase of pension to Robert A. Reid; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9951) granting an increase of pension to Joseph Johnston; to the Committee on Invalid Pensions.

By Mr. LOGUE: A bill (H. R. 9952) granting an increase of pension to Harriet K. Bailie; to the Committee on Pensions.

Also, a bill (H. R. 9953) granting an increase of pension to Joseph Keener; to the Committee on Invalid Pensions. Also, a bill (H. R. 9954) to place the name of First Lieut. Charles H. Kirk upon the unlimited retired list of the Army; to the Committee on Military Affairs.

By Mr. McGILLICUDDY: A bill (H. R. 9955) granting an in-

crease of pension to Olive E. Crocker; to the Committee on In-

valid Pensions.

By Mr. PROUTY: A bill (H. R. 9956) granting a pension to Sophi White; to the Committee on Invalid Pensions.

By Mr. RAUCH: A bill (H. R. 9957) granting a pension to Edgar M. Wilson; to the Committee on Pensions.

Also, a bill (H. R. 9958) granting an increase of pension to Hiram Harrell; to the Committee on Pensions.

Also, a bill (H. R. 9959) granting an increase of pension to Daniel A. Bell; to the Committee on Pensions.

By Mr. ROBERTS of Massachusetts: A bill (H. R. 9960) granting a pension to Elizabeth N. Hussey; to the Committee on Invalid Pensions,

By Mr. RUBEY: A bill (H. R. 9961) granting a pension to William Dagley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9962) for the relief of T. H. Woodruff; to the Committee on Military Affairs.

By Mr. RUSSELL: A bill (H. R. 9963) for the relief of Allen

G. T. Gray; to the Committee on Military Affairs.

Also, a bill (H. R. 9964) granting an increase of pension to

Samuel Saunders; to the Committee on Invalid Pensions. Also, a bill (H. R. 9965) granting an increase of pension to Burden H. Barrett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9966) granting an increase of pension to Charley C. Gullic; to the Committee on Invalid Pensions.

By Mr. SHERLEY: A bill (H. R. 9967) granting a pension to Mary K. Munoz; to the Committee on Pensions. Also, a bill (H. R. 9968) granting a pension to Martha E.

Brabson; to the Committee on Pensions.

Also, a bill (H. R. 9969) granting an increase of pension to Sarah L. Gilliss; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9970) for the relief of the estate of Ferdinand Sonne; to the Committee on War Claims.

Also, a bill (H. R. 9971) for the benefit of John R. Gleason and George W. Gosnell, partners under the firm name of Gleason & Gosnell; to the Committee on Claims.

By Mr. SLEMP: A bill (H. R. 9972) granting a pension to

Emet F. Cox; to the Committee on Pensions.

Also, a bill (H. R. 9973) granting a pension to Samuel P. Shupe; to the Committee on Pensions,

By Mr. SUTHERLAND: A bill (H. R. 9974) for the relief of

James Johnson; to the Committee on Military Affairs.

By Mr. TOWNSEND: A bill (H. R. 9975) for the relief of Bayard T. Garrabrant; to the Committee on War Claims. By Mr. UNDERHILL: A bill (H. R. 9976) for the relief of

Fred R. Payne; to the Committee on Naval Affairs.

Also, a bill (H. R. 9977) granting an increase of pension to

John Cochran; to the Committee on Invalid Pensions.

By Mr. WINGO; A bill (H. R. 9973) to correct the military record of Wesley Maynor; to the Committee on Military Affairs.

By Mr. BULKLEY; A bill (H. R. 9979) granting an increase of pension to John F. Wilson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9980) granting an increase of pension to Edwin W. Burrage; to the Committee on Invalid Pensions.

# PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER: Report of the Secretary of Agriculture as to the methods used, results secured, and money expended in the study and investigation of the boll-weevil and hog-cholera plagues; to the Committee on Agriculture.

By Mr. ANSBERRY: Memorial of the board of trustees of the Toledo Commerce Club, favoring the revision of existing

patent laws; to the Committee on Patents.

By Mr. ANTHONY: Memorial of Lyon Post, No. 9, Department of Kansas, Grand Army of the Republic, Marysville, Kans., favoring the passage of legislation to give pension-roll status to surviving members of Military Telegraph Corps for service rendered during the Civil War; to the Committee on Invalid Pensions.

By Mr. BURKE of Wisconsin: Evidence in support of bill (H. R. 9703) for the relief of Thomas S. Johnson; to the Committee on War Claims.

By Mr. CARY: Petition of the Toledo Commerce Club, favoring the appointment of a national patent commission; to the Committee on Patents.

Also, petition of the Cutler Hammer Manufacturing Co., of Milwaukee, Wis., favoring an amendment to the Kahn law in the interest of the manufacturing industries of the United States; to the Committee on Ways and Means.

Also, petition of the Muskegon Chamber of Commerce, Muskegon, Mich., protesting against the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. COLLIER: Memorial of the Harrison County (Miss.) Bar Association, favoring passage of bill providing for a second Federal judge in the State of Mississippi; to the Committee on the Judiciary.

By Mr. COOPER: Petition of Kenosha Trades and Labor Council, Kenosha, Wis., favoring the passage of legislation to grant to the city of San Francisco the right to use the waters of the Hetch Hetchy Valley and the Tuolumne; to the Committee on the Public Lands.

Also, petition of board of directors of the Janeville Commercial Club, of Janeville, Wis., favoring the passage of legisla-tion for the prevention of floods on the lower Mississippi and the reclamation of its alluvial lands; to the Committee on Rivers and Harbors.

Also, petition of Racine Commercial Club, of Racine, Wis., favoring an amendment to the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. FARR: Memorial of the Erie Chamber of Commerce, of Erie, Pa., protesting against the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. HAMLIN: Papers to accompany bill (H. R. 9855) granting a pension to Carrie E. Howell; to the Committee on Invalid Pensions.

By Mr. HAYES: Petition of citizens of towns of San Jose, Palo Alto, Los Gatos, Santa Clara, Mayfield, San Luis Obispo, Paso Robles, Lompoc, Redwood City, Hollister, Gilroy, Santa Barbara, Santa Maria, Santa Paula, Pacific Grove, Monterey, Salmas, Watsonville, Santa Cruz, Castroville, all in the State of California, favoring a change in the interstate-commerce laws relative to mail-order houses; to the Committee on Ways and Means.

By Mr. LAFFERTY: Additional evidence in support of the bill (H. R. 1247) granting an increase of pension to John Beazan; to the Committee on Invalid Pensions.

Also, evidence in support of bill (H. R. 7806) granting a pension to Michael H. Spaulding; to the Committee on Pensions

Also, evidence in support of the bill (H. R. 1236) granting a pension to Lawrence F. Hickey; to the Committee on Pensions. Also, evidence in support of the bill (H. R. 1239) granting a pension to Edward O. Tripp; to the Committee on Pensions.

Also, evidence in support of the bill (H. R. 1240) granting a pension to Henry A. Ridgeway; to the Committee on Pensions.

Also, evidence in support of the bill (H. R. 1237) granting a pension to Henry Lee; to the Committee on Pensions.

Also, evidence in support of the bill (H. R. 9626) granting an increase of pension to Joseph Brown; to the Committee on Invalid Pensions.

Also, evidence in support of the bill (H. R. 9627) granting an increase of pension to Chester W. Lynds; to the Committee on Invalid Pensions.

Also, evidence in support of the bill (H. R. 8212) granting a pension to Susan S. Benson; to the Committee on Invalid Pen-

Also, evidence in support of the bill (H. R. 7858) granting a pension to Alice G. Hudson; to the Committee on Pensions.

By Mr. MOORE: Petition of Charles C. Kinney and 70 other citizens of Philadelphia, Pa., asking that favorable considera-tion be given to pension legislation in behalf of the surviving members of the United States Military Telegraph Corps; to the Committee on Pensions.

By Mr. PROUTY: Petition of the citizens of towns of Hamilton, Swan, Bussey, Tracy, Harvey, Knoxville, Pleasantville, Hartford, Palmyra, Pella, and Runnells, all in the State of Iowa, favoring passage of House bill 5308, relative to mail-order houses; to the Committee on Ways and Means.

Also, petition of the International Purity Federation, held at Minneapolis, Minn., favoring passage of the Kenyon red-light injunction bill; to the Committee on the District of Columbia.

By Mr. SCULLY: Petitions of sundry citizens of the State of New Jersey, protesting against the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. STEPHENS of California: Petition of citizens of Azusa, Monrovia, Santa Monica, Claremont, Norwalk, Oxnard, Ventura, Long Beach, Glendora, Pomona, Upland, Ontario, Co-rona, Fullerton, Compton, Watts, Los Angeles, all in the State of California, favoring a change in the interstate-commerce laws relative to mail-order houses; to the Committee on Ways and Means.

Also, petition of board of directors of the Los Angeles Wholesalers' Board of Trade, favoring the passage of legislation to create another judgeship for the southern district of Cali-

fornia; to the Committee on the Judiciary.

Also, petition of Santa Cruz Chamber of Commerce, Santa Cruz, and the Los Angeles Chamber of Commerce, Los Angeles, all in the State of California, urging the printing of a report of the Kelp survey of Lower California, etc.; to the Committee on Agriculture

By Mr. STEPHENS of Texas: Decision of the Commissioner of Indian Affairs in the Grace Cox inheritance case; to the

Committee on Indian Affairs,

By Mr. TEMPLE: Petition of the First Presbyterian Church of Beaver Falls, Pa., favoring the adoption of amendment to the Constitution prohibiting polygamy, and an amendment giving Congress power to enact uniform marriage and divorce laws; to the Committee on the Judiciary.

By Mr. THACHER: Petition of the Boston Marine Society, favoring passage of bill for an appropriation for work on the Pollock Rap Channel; to the Committee on Appropriations.

By Mr. UNDERHILL: Petition of the Toledo (Ohio) Commerce Club, favoring the passage of legislation to appoint a national patent commission; to the Committee on Patents.

Also, petition of State Council of New York, Daughters of America, favoring the passage of legislation to restrict immigration; to the Committee on Immigration and Naturalization.

By Mr. WILLIS: Petition of the Toledo (Ohio) Commerce Club, favoring the passage of legislation for the appointment of a national patent commission; to the Committee on Pat-

# SENATE.

# Saturday, December 6, 1913.

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D. The Secretary read the Journal of yesterday's proceedings. Mr. GALLINGER. Mr. President, I suggest the absence of a quorum

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

O'Gorman Overman Page Perkins Pomerene Reed Robinson Ashurst Bacon Stone Sutherland Hollis Sutherland Swanson Thompson Thornton Townsend Walsh Warren Weeks Williams Works Bacon Brady Brandegee Bristow Bryan Burleigh Hughes James Johnson Jones Jones Kenyon Kern Lewis McCumber McLean Martine, N. J. Nelson Norris Burton Chilton Clapp Clark, Wyo. Shafroth Sheppard Shields Shively Colt Works Cummins Gallinger Goff Smith, Ga. Sterling

Mr. SHEPPARD. I wish to announce the necessary absence of my colleague [Mr. Culberson]. I will let this announcement stand for the day

The VICE PRESIDENT. Fifty-seven Senators have answered to the roll call. There is a quorum present. If there be no objection or correction, the Journal will stand approved as read. SAN FRANCISCO WATER SUPPLY.

Mr. McCUMBER. Mr. President, following the list on the calendar, I wish to give notice at this time that at the conclusion of the address of the Senator from Wyoming [Mr. CLARK],

if there be any time left of the calendar day, I will take 10 minutes to explain an amendment which I have offered to the

Hetch Hetchy bill.

REPORT OF THE PUBLIC HEALTH SERVICE (H. DOC. NO. 392).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Treasury, transmitting, pursuant to law, the report of the Surgeon General of the Public Health Service for the fiscal year 1913, which was referred to the Committee on Public Health and National Quarantine and ordered to be printed.

BUREAU OF CHEMISTRY, DEPARTMENT OF AGRICULTURE (H. DOC. NO. 393).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of Agriculture, transmitting, pursuant to law, a statement of expenditures paid for the Bureau of Chemistry, Department of Agriculture, for compensation of or

payment of expenses to officers or other persons employed by State, county, or municipal governments during the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Agriculture and Forestry and ordered to be printed.

LIST OF JUDGMENTS (H. DOC. NO. 394).

The VICE PRESIDENT laid before the Senate a communication from the chief clerk of the Court of Claims, transmitting, pursuant to law, a statement of all judgments rendered by the court for the year ended November 29, 1913, the amounts thereof, the parties in whose favor rendered, and a brief synopsis of the nature of the claims upon which the judgments were rendered, which, with the accompanying paper, was referred to the Committee on Claims and ordered to be printed.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the bill (S. 488) to authorize the sale and issuance of patent for certain land to H. W. O'Melveny.

SAN FRANCISCO WATER SUPPLY.

Mr. PERKINS. I have received three telegrams relating to the Hetch Hetchy bill, which I ask may be read.

There being no objection, the telegrams were read and ordered to lie on the table, as follows:

Hon. George C. Perkins,

Senate Chember, Washington, D. C.:

Missouri Society of California strongly favor Hetch Hetchy bill and urges its passage by United States Senate.

THEC L. FORD, President.

Mrs. L. Marmaduke Eskridge, Secretary.

CAL., December 5, 1913.

Senator George C. Perkins, Washington, D. C.:

The Ashby Improvement Club of Berkeley strongly urges the passage of the Hetch Hetchy bill, which provides the best means of supplying water to the bay cities. We send this as an assurance that the people are not deceived by the proceedings of the convention of the civic center in Oakland, our sister city, which appears to have been held for the benefit of the corporations whose financial interests are opposed to the bill.

JOHN T. SHORT, Secretary.

Hon, George C. Perkins,

Senate Chamber, Washington, D. C.:

Within a day or two the newspapers here have published telegraphic statements from Washington to the effect that it was thought in some quarters that this company had inspired opposition to the Hetch Hetchy bill. The source of authority for these statements was not given. The evening papers print a statement to-day purporting to have been made to the Senate by Senator Thompson, to the effect that this company has a lobby in Washington opposing the bill. We do not feel that that statement, coming from the source it does, should go uncontradicted. The company has not made, promoted, or encouraged opposition of any nature to the bill in Washington or elsewhere and any statement that it has is unfounded. It has no lobby or representative in Washington; is not in communication directly or indirectly with anyone there, and no one in Washington has any authority or warrant to speak for it or in its interest, and no one, no matter where, has any right, authority, or warrant to oppose the bill in its interest. When this company opposed the grant it did so openly and above board. We request that you have this telegram read to the Senate.

Spring Valley Water Co., By W. B. Bourne, President.

Mr. HOLLIS. I present two communications regarding the Hetch Hetchy bill, one from President Charles W. Ellot, for many years president of Harvard University, and the other from Frederick Law Olmsted, of Brookline, Mass., a member of the National Fine Arts Commission. I ask that they be read.

There being no objection, the communications were read and ordered to lie on the table, as follows:

Hon. HENRY F. HOLLIS.

CAMBRIDGE, MASS., November 7, 1913.

CAMBRIDGE, Mass., November 7, 1913.

Hon. Henry F. Hollis.

Dear Senator Hollis: The final vote on the present bill to transfer the Hetch Hetchy Valley from park uses to San Francisco water and power uses is to be taken in the Senate, I believe, on the 6th of December. Thinking that you have an open mind on the subject, and that you understand the value of parks in general, large or small, national, State, or municipal, I beg leave to put before you in compact form the arguments against the use of Hetch Hetchy Valley as a water and power supply for San Francisco.

In the first place, the presumption is strong against alienating to other uses any territory which has ence been appropriated to park uses. All reservations made for purposes of public health and enjoyment derive a large part of their power to give satisfaction and pleasure from their unquestioned permanence, from the people's sense that these open spaces with their woods, shrubs, grass, and flowers age to be enjoyed generation after generation, so long as the Government which created them shall endure. If Congress or a State legislature may be expected to alienate them at will, or to destroy parts of them from time to time, the people's sense of security in such possessions will be low or much impaired. Moreover, as the population of the country increases the need and value of parks of all sorts will surely increase; so that the passing generation should not part with public possessions which are already useful, but will surely be much more useful in the future. The granting of the valley to San Francisco weuld be a bad precedent.

Secondly, enjoyable park areas ought not to be diverted or applied to other public uses such as city water supplies, unless it can be shown that the need is extreme and can be met from no other source. This is not at all the case in regard to a water supply for San Francisco. There are plenty of other available supplies. The city wants to use the Hetch Hetch Valley merely because it will probably cost less to get a water supply from that source than from any of the nearer sources, and it can also make the valley the source of salable mechanical power.

Thirdly, far the most profitable use of the water which might be stored in the Hetch Hetchy Valley, the interests of the whole State and of the country being considered, would be its use for irrigation purposes on the farming lands which lie within easy reach of the valley. If any large amount of water is to be stored in the Hetch Hetchy Valley in the immediate or the remote future, it should be for the irrigation use, and not for the urban and suburban uses of faraway San Francisco. The time may come when the Hetch Hetchy Valley ought to be converted into a lake—to its great injury as a health and pleasure resort—but it should be for the purpose of increasing the food supply raised on a large area of the State's arable but too dry lands. If that time should come, it would be a heavy public loss if San Francisco had already secured its water supply from the Hetch Hetchy Valley, and so made it impossible to convert hundreds of square miles of arid lands not far from the valley into highly productive agricultural areas.

I venture to hope that you will become in the Senate a vigorous defender of all the national parks we have and an advocate of new national parks in New England. Why should not the hilly, wooded parts of Maine, New Hampshire, Vermont, Massachusetts, and Connecticut supply some national parks? The New England brooks and rivers need such parks in perpetuity, and need to have them policed, developed, and conserved by national authorities. Why should on

DENVER, Colo., October 11, 1913.

Hon. HENRY F. Hollis, United States Senate, Washington, D. C.

DEAR SENATOR HOLLIS: I find your letter of October 1, forwarded from Brookline, on my return here from a brief absence, and thank you

Dear Senators Hollis: I find your letter of October 1, forwarded from Brookline, on my return here from a brief absence, and thank you heartly for it.

As to the effect of the proposed dam and accessory features upon the value of the Hetch Hetchy Valley for the purposes of a national park, it would be entirely unsafe to conclude on general grounds or upon argument by analogy either that the effect would be seriously harmful or that it would be beneficial. For that reason, in the absence of direct personal investigation on the spot, I had formed not even a tentative opinion until Mr. Freeman put me in possession of the facts contained in his report, with the accompanying maps and photographs. It is my business to form judgments upon exactly this class of questions, and while I should be unwilling to render a professional opinion for pay upon such an important matter without a personal examination of local conditions, I did obtain sufficient data from Mr. Freeman's excellent report to form a decided personal opinion that the effect of his recommendations would be injurious to the park. As a citizen, I felt the matter to be important, and if I could have afforded to do so I should have gone to the Yosemite to confirm or modify this opinion by personal investigation. I did not feel able to do this, and can only offer my opinion for what it is worth under the circumstances. I will not attempt to traverse the grounds that led to my opinion on this point, but I may as well mention one point: The reservoir would of necessity fluctuate in level in the performance of its function of storage and regulation of flow. The floor of the valley has a very gentle inclination, and the fluctuation in water level would alternately cover and expose a long stretch of this bottom land at the head of the lake. I have not the exact facts at hand here, but the length of the mufats thus alternately and irregularly exposed and flooded, as shown by Mr. Freeman's data, would be very large and their appearance very unsightly.

Assuming my opi

thereto.

From all that I have been able to gather, it seems clear that this is not the case. It appears that an adequate water supply can be obtained by the city elsewhere at an expense which is not prohibitive or strikingly disproportionate to that incurred by some other large cities for similar purposes. On the other hand, it appears to be equally clear that to obtain a water supply for San Francisco by damming the Hetch Hetchy Valley and as a by-product developing and selling water power affords, from the engineering standpoint, a peculiarly favorable opportunity for an efficient economic solution of the problem. To this must be added the further economic advantage to the city involved in the hope that the United States will grant the land or easements in land necessary for the execution of the project without demanding compensation.

land necessary for the execution of the project without demanding compensation.

Two distinct questions are here involved. One is whether the development of some other water supply for San Francisco, with or without an incidental power development, would involve, as compared with the Hetch Hetchy project, an absolute economic waste sufficient to counterbalance the waste involved in depreciating the value of the Hetch Hetchy Valley for the purposes of a national park, and also sufficient to offset the presumption which requires that any public property deliberately set apart for a given public purpose shall not be diverted to any conflicting purpose unless the public advantage of so doing is very decided. Upon this question I am not in possession of enough facts to warrant me in forming a positive opinion; but I am certain that Mr. Freeman very greatly underestimates the loss of value to the park.

certain that Mr. Freeman very greatly underestimates the loss of value to the park.

The other question is whether Congress, as trustee for the people of the United States, owning the land in question, would be justified in giving away to the corporate representative of the taxpayers of San Francisco this confessedly valuable right to develop and sell water power and to collect, store, and sell water for agricultural and other purposes as well as for the use of the people of the city, not only without demanding a fair compensation for the value of the rights thus alienated, but at a positive sacrifice of a portion of the value of the national park for its primary purpose. To this second question I

can see but one answer: Congress would not be justified in so doing except as a necessary means of averting from the people of San Francisco a catastrophe such as would call for a similar contribution from the national purse if it threatened any city in the country. No such catastrophe is threatened, and I can view the demand of the city in no other light than as a raid on national property, for local pecuniary advantages, and not for local necessities.

If Congress makes the grant to the city the peculiar viciousness of the precedent would lie not so much in repeating the old story of giving away national property for the benefit of limited local interests as in the fact that it would be the first serious inroad of local or private interests upon the lands that have been definitely and specifically set apart as national parks. It is extremely difficult to appraise the extent of any given injury to the recreation value of a park in such a definite manner as to make a clear case against the plea of a strong special interest, although the cumulative effect of such injuries may be enormous; and for this reason it is peculiarly important in the administration of parks to avoid a precedent that will weaken the presumption against every act that tends in any degree to impair their value as places of public recreation.

I received by the same mail as your letter one from Mr. Allan Chamberlain, of Boston, an active opponent of the Hetch Hetchy bill. He writes that almost the only hope of defeating the bill appears to be that of getting the Senate leaders to put the matter over until the December session for a more complete inquiry into its merits. He adds that Mr. Muir is of the opinion that the public sentiment in California is beginning to turn strongly against the city's position, and says that new facts are coming out all the time which will greatly strengthen the case against the bill by December.

I hope, therefore, that you will not only vote against the bill when it comes up, as you propose, but that you may be

FREDERICK LAW OLMSTED.

Mr. ASHURST. Mr. President, I present a telegram from Hon. H. D. Ross, one of Arizona's most valued public servants, a judge of the Supreme Court of the State of Arizona, urging me to vote for the Hetch Hetchy bill. I ask that the telegram

may be read at the desk.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read the telegram, as follows:

PHOENIX, ARIZ., December 5, 1913.

Senator ASHURST, Washington, D. C .:

Personally I am strongly favorable to Hetch Hetchy bill and would like to see you vote for it.

Mr. ASHURST. Mr. President, as I said on yesterday, I presume I have received 4,000 communications regarding the Hetch Hetchy bill. I have received many hundreds of communications from my own State urging me to vote for the Hetch Hetchy bill, but this morning I have received a communication from a

very worthy and cultured lady of that State urging me to vote against the bill. I ask that it may be read at the desk and incorporated into the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

PHOENIX, ARIZ., November 39, 1913.

PHOENIX, ARIZ., November 39, 1913.

Hon. Henry F. Ashurst,
United States Senate, Washington, D. C.

Dear Sir: I trust that it seems as sacrilegious to you as it does to me to grant to the city of San Francisco for reservoir purposes the beautiful Hetch Hetchy Valley; if so, you will by argument and vote oppose the bill on December 6.

I urge you to do this and thus save to the people—the people of Arizona, the people of the whole country—this beautiful valley, which should be to them a joy and inspiration.

Yours, sincerely,

(Mrs. B. A.) Ella O. Fowler.

(Mrs. B. A.) ELLA Q. FOWLER.

Mr. BRISTOW. Mr. President, I have here a memorial from a number of very worthy citizens of Kansas, protesting against the passage of the Hetch Hetchy bill. I have received a large number of communications, not only from my own home State but from other States, on both sides of this question; a majority of them, however, being against the bill. The memorials I have received from Kansas have been very largely against the bill, by very worthy people, and opposing it for reasons quite similar to those which have been contained in other communications which have been read to the Senate. I present this memorial to the Senate for proper reference, and take this occasion to say that its signers are among the best people of our

The VICE PRESIDENT. The memorial will lie on the table. Mr. WORKS. Mr. President, I have received a couple of short telegrams that I should like to have read.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read the telegrams, as follows:

LONG BEACH, CAL., December 4, 1913.

. JOHN D. WORKS, United States Senate, Washington, D. C .:

The Women's City Club, of Long Beach, to-day unanimously adopted a resolution most emphatically protesting against the despoilation of Hetch Hetchy Valley, as proposed by citizens of San Francisco. The claim that the waters are urgently needed by that city we regard as

entirely unsupported by facts, and we further believe that the divergence of these waters as proposed would work irreparable injury upon settlers in the San Joaquin Valley, who depend entirely upon that source of supply.

Mrs. C. F. A. Johnson, President. Mrs. May B. Moore, Secretary.

STOCKTON, CAL., December 4, 1913.

Hon, John D. Works,

Senate Chamber, Washington, D. C.:

Stockton School Women's Club, 96 members, protest against the destruction of Hetch Hetchy Valley, a national playground, and urges you to oppose any bill which will permit San Francisco to use Hetch Hetchy Valley for municipal purposes.

ETHEL BONNEY President.

ETHEL BONNEY, President. ALMA C. SIMON, Secretary.

PETITIONS.

Mr. BURLEIGH presented resolutions adopted by the Chamber of Commerce of Waterville, Me., favoring the adoption of a 1-cent letter postage, which were referred to the Committee on Post Offices and Post Roads.

Mr. WEEKS presented a petition of the congregation of the Methodist Episcopal Church of Chester, Mass., praying for the passage of the so-called antipolygamy bill, which was referred to the Committee on the Judiciary.

BRIG "LITTLE JOHN BUTLER."

Mr. BRYAN. A day or two ago the Presiding Officer laid before the Senate communications from the chief justice of the Court of Claims, requesting the return of papers in certain cases, and they were referred to the Committee on Claims for action. I send to the desk three resolutions reported from the Committee on Claims, each of them designed to comply with the request of the chief justice of the Court of Claims. I ask unanimous consent for the present consideration of the resolutions.

The VICE PRESIDENT. The Senator from Florida reports a resolution, which will be read.

The resolution (S. Res. 228) was read, as follows:

Resolved, That in compliance with a communication from the chief justice of the Court of Claims, the Secretary of the Senate be, and he is hereby, directed to return to the Court of Claims the following French spoliation case, namely, the brig Little John Butler, Smith, master, for further examination, and the said court is hereby authorized to proceed in said case as if no return therein had been made to the Senate.

The VICE PRESIDENT. Is there objection to the Senate.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. BRISTOW. May I inquire of the Senator from Florida if the claim has been allowed by the court in this case?

Mr. BRYAN. I am not sure about it. The findings of the

The VICE PRESIDENT. The Chair can give the information to the Senator from Kansas. The claim was allowed and referred to the committee, and upon yesterday or the day before the chief justice of the Court of Claims requested the return of the papers

Mr. BRISTOW. I do not intend to oppose the resolution at all.

Mr. BRYAN. Some finding has been made, but, as I understand, an application has been made for a new trial, and the court requests the return of the papers for further considera-

Mr. BRISTOW. I do not care to oppose the resolution at all, but the French spoliation claims grow year by year, and every time the court gets at them there is official evidence that has been accumulating during the century to increase the amount which ultimately the Government will have to pay, not because it is just but because the evidence against the claims has long been lost

Mr. BRYAN. That will not affect the merits of the case and will not control the Senate in its action.

The resolution was considered by unanimous consent, and agreed to.

ADAM L. ROSE V. UNITED STATES.

The VICE PRESIDENT. The Senator from Florida [Mr. BRYAN] reports another resolution, which will be read.

The resolution (S. Res. 229) was read, as follows:

Resolved, That in compliance with the request of the chief justice of the Court of Claims, under date of August 4, 1913, the Secretary of the Senate be, and he is hereby, instructed to return to the Court of Claims the findings of that court in the following case, namely, Adam L. Rose v. The United States, No. 13727-132, contained in Senate Document 432, Sixty-first Congress, second session, and the said court is hereby authorized to proceed in said case as if no return therein had been made to the Senate.

The Senate proceeded to consider the resolution.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

The resolution was agreed to.

T. L. LOVE V. THE UNITED STATES.

The VICE PRESIDENT. The Senator from Florida [Mr. BRYAN] reports another resolution, which will be read.

The resolution (S. Res. 230) was read, as follows:

Resolved, That in compliance with a communication from the chief justice of the Court of Claims, the Secretary of the Senate be, and he is hereby directed to return to the Court of Claims the following congressional case, namely, of T. L. Love, surviving partner of Robert Love & Son, v. The United States, No. 12781, and the said court is hereby authorized to proceed in said case as if no return therein had been made to the Senate.

The Senate proceeded to consider the resolution. The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

The resolution was agreed to.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BURTON:

A bill (S. 3500) granting an increase of pension to Leander R. Sayles; to the Committee on Pensions.

By Mr. OVERMAN:

A bill (S. 3561) to appoint Frederick H. Lemly a passed assistant paymaster on the active list of the United States Navy; to the Committee on Naval Affairs.

By Mr. CHAMBERLAIN:

bill (S. 3562) granting a pension to Ellenor M. Watson (with accompanying paper); to the Committee on Pensions. By Mr. SWANSON:

A bill (S. 3563) to authorize the Secretary of the Treasury to acquire, by condemnation or otherwise, such additional land as may be necessary for the enlargement of the post-office building in the city of Norfolk, Va., to cause said building to be enlarged, and making an appropriation therefor; to the Committee on Public Buildings and Grounds.

A bill (S. 3564) to provide for an examination and survey of the Norfolk-Portsmouth Harbor and entrances thereto from the Virginia Capes, with a view to increasing the depth of the channel to 40 feet from the Norfolk Navy Yard to the said

capes; to the Committee on Commerce.

By Mr. JONES: A bill (S. 3565) granting an increase of pension to Louis W.

A bill (S. 3566) granting an increase of pension to Jeremiah Robbins;

A bill (S. 3567) granting an increase of pension to Mary J.

chenck (with accompanying papers); A bill (S. 3568) granting a pension to Elizabeth E. Harris (with accompanying papers); and

A bill (S. 3569) granting an increase of pension to William McKinzy (with accompanying papers); to the Committee on Pensions.

By Mr. McLEAN:

A bill (S. 3570) granting an increase of pension to Clarkson

D. Ayers (with accompanying papers); and A bill (S. 3571) granting an increase of pension to Curtis B. Ralph (with accompanying papers); to the Committee on Pensions.

By Mr. WARREN:

A bill (S. 3572) granting to various States public lands for the construction, repair, and maintenance of public roads; to the Committee on Public Lands. By Mr. WEEKS (for Mr. LODGE):

A bill (S. 3573) granting an increase of pension to Sylvester Rhodes (with accompanying papers); to the Committee on Pensions.

By Mr. BANKHEAD:

A bill (S. 3574) granting a pension to Winona Hawthorne Buck; to the Committee on Pensions.

By Mr. O'GORMAN;

A bill (S. 3575) to supplement and amend the act entitled "An

act to incorporate the North River Bridge Co. and to authorize the construction of a bridge and approaches at New York City across the Hudson River, to regulate commerce in and over such bridge between the States of New York and New Jersey, and to establish such bridge a military and post road," approved July 11, 1890; to the Committee on Commerce.

AMENDMENT OF THE RULES.

Mr. SHEPPARD. In accordance with the notice I gave yesterday, I submit the following resolution and ask that it be read:

The resolution (S. Res. 231) was read, as follows:

The resolution (S. Res. 251) was read, as follows:

Resolved, That Rule XXV of the standing rules of the Senate shall
be amended as follows:

"Insert, after the paragraph which reads 'A Committee on Revolutionary Claims, to consist of five Senators,' a new paragraph, to read
as follows: 'A Committee on Roads, to consist of 17 Senators, to which
shall be referred all proposed legislation relating to the construction and
maintenance of roads.'

The VICE PRESIDENT. The resolution will be referred to the Committee on Rules.

Mr. SMOOT. I desire to give notice that during the session of the next legislative day of the Senate, or at a later day, I will offer an amendment to paragraph 1, Rule XXIX. nection with this I ask that the proposed amendment to the lles may be read. (S. Res. 234.)
The VICE PRESIDENT. The Secretary will read as rerules may be read.

The Secretary read as follows:

Amend paragraph 1 of Rule XXIX by inserting, in line 8, between the words "Senate" and "otherwise," the words "shall by vote," so that the paragraph as amended shall read:

"1. Every motion to print documents, reports, and other matter transmitted by either of the executive departments, or to print memorials extend to the state of the executive departments, or to print memorials extend the executive departments. transmitted by either of the executive departments, or to print memorials, petitions, accompanying documents, or any other paper, except bills of the Senate or House of Representatives, resolutions submitted by a Senator, communications from the legislatures or conventions, lawfully called, of the respective States, and motions to print by order of the standing or select committees of the Senate, shall, unless the Senate shall by vote otherwise order, be referred to the Committee on Printing. When a motion is made to commit with instructions, it shall be in order to add thereto a motion to print."

The VICE PRESIDENT. The notice will be entered.

HOUR OF DAILY MEETING.

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a preceding day, which the Secretary will read.

The Secretary read the resolution (S. Res. 225) submitted by

Mr. Kern on the 1st instant, as follows:

Resolved, That the hour of daily meeting of the Senate be 10 o'clock a.m., and that the Senate shall on each day at 6 o'clock p. m. take a recess until 8 o'clock p. m. and adjourn at 11 o'clock p. m., until otherwise ordered.

Mr. TOWNSEND. Mr. President, I have but little to say in completion of the statement which I started yesterday, and which I was unable to conclude then because of the expiration

of the morning hour.

I suggested that I considered this resolution unwise, first, because it is unnecessary and, second, because it seems to me to be entirely impotent to promote the intelligent and speedy consideration of the business of legislation. It is unnecessary, because the majority of the Senate is Democratic, and it is entirely docile and subservient to any orders which may be given it, and it can certainly from day to day arrange the hours which seem necessary for the purpose of considering any matter.

The history of the proposed currency legislation is that the bill came here from the House in such a condition that it is now admitted, I believe, by all Senators that it would have been unwise to have enacted it into law in its then condition. Through the intelligent efforts of the committee, changes were made in the bill which more nearly meet the necessities of an This was done through deliberation, through acceptable law. This was done through deliberation, through careful and intelligent discussion and exchange of views. After the committee had reported the bill to the Senate-in fact, after it had made two reports to the Senate, six members of the committee being in favor of one report and six in favor of another—on the 24th day of last month, a week ago last Monday, the Senate for the first time had something of a definite idea of what was proposed for consideration. A week later than that, after the caucus of the Democratic Party had considered the bill, rewritten it, and virtually passed it, it was printed and submitted to the Senate again, namely, on Monday of this week. Then, again, we had a new proposition submitted to the Senate, and with it came this resolution compelling Senators to come here at 10 o'clock in the morning, thus obliging them to deny themselves the privilege of attending committee meetings and of looking after their correspondence, and to remain in session until 11 o'clock at night.

This is certainly an extraordinary proposition, and one that I have never before known in any matter of legislation. It is further openly admitted that there has been no effort made to filibuster or to retard currency legislation. It is conceded that Senators are honestly intent on getting the best possible law for the country, and yet, I repeat, this extraordinary resolution is submitted and extraordinary reasons are given for its

adoption.

The experience of this week shows that we have not made any more progress, and we have not made as careful progress as we would have made had not the legislative hours been lengthened.

We were bound under the unanimous-consent order to vote to-night on the Hetch Hetchy bill, and the longer hours have not hastened, could not hasten, that vote.

I said yesterday that history was repeating itself.

All of us remember that 20 years ago there was a Democratic bill passed revising the tariff. We were promised by the Democrats at that time the same conditions of prosperity which the proponents of the late tariff bill recently promised the country. They did not materialize. The results were not what they

expected. Three years later the issue was changed from the tariff to the currency measure, and the Democratic Party insisted that the trouble with the country, and it was in great trouble, was the lack of proper currency laws. That was made the issue in the campaign 17 years ago. We know that that proposition did not prevail in the ensuing election, and prosperity did return to the country with the exactment of a protective tariff.

It seems to me we are confronted with exactly the same situation now. We have passed a tariff bill which, it was stated, was going to increase the prosperity of the country. is a significant fact that in the last address of the President of the United States to Congress no reference was made to the tariff or to its workings. It was eloquently silent on that subject. It is another significant fact already admitted by Senators on the other side that there is a condition of unrest and uncertainty, there is a disturbance of business in the country; but they say it is largely due to the fact of the uncertainty as to currency legislation—the same old excuse that was uttered 17 years ago. Mr. O'GORMAN. Mr. President-

The VICE PRESIDENT. Does the Senator from Michigan yield to the Senator from New York?

Mr. TOWNSEND. I yield. Mr. O'GORMAN. I fear the Senator from Michigan is laboring under a misapprehension when he states that it has been claimed by any Democrat that the business unrest or disturbance which may prevail in this country is due to the pendency of currency legislation. It is generally recognized that the condition of business unrest at the present time is world-wide, and is not due to any local cause. It is felt in every section of the world, and business in this country is affected by that condition, as business in every other country is affected. In this situation, however, every course taken by the Congress of the United States that may have a tendency to improve conditions ought to be encouraged by every patriotic citizen, particularly in this body, whether on that side or on this.

In this connection I am tempted to say that we may well challenge the patriotism of a public official who needlessly strives to make conditions worse than they are, particularly for

partisan advantage.

Mr. TOWNSEND. Mr. President, that excuse sounds familiar. It is always urged that something else is the cause of the unfortunate condition; but it is a notorious fact that whenever the Democratic Party has sought to change the tariff of this country, and has succeeded, excuses of this kind have been necessary, because depression has occurred. It, however, is a remarkable coincidence that Democratic control of this country is accompanied by business depression and hard times.

I agree with the Senator from New York that it is the duty of Senators and of all men, Democrats and Republicans alike, to assist in legislation which will make for peace and pros-perity. I have tried to do that, but by secret-caucus legislation I have been denied all rights except the right to protest. The Republican Members of the Senate are in favor of wise currency legislation. They are in favor of speedy enactment on that question. They have commended the Senator from New York because he dared stand out against what seemed the inevitable, and assist in making changes in a bill which will tend for prosperity instead of for the condition which would have prevailed had the original bill passed.

All they are pleading for now, sir, is that the bill shall be considered upon its merits and considered under such circumstances as will bring about the best possible results. Nobody wants to delay action. Nobody wants to hinder the legislation. I am as anxious as any man can be for a good law. As I said yesterday, if we had been looking for partisan advantage, we would have insisted upon the passage of the bill as it came to the Senate; and if partisanship had been all that was being sought the Republican members of the committee could have well refrained from taking part in its consideration. Because I want to avert disaster, I am pleading for intelligent nonpartisan consideration of the currency bill.

Mr. President, when Congress shall have passed the currency bill under the proposed rule there will be some other excuse offered for the unfortunate condition of the country—some other important legislation will be advocated—but all these will be of little avail, for the cause of the trouble that exists to-day and will exist to-morrow is the change of the fiscal policy of the country, which is showing itself in its disastrous effects not only upon production, but upon the revenues of the country. No permanent cure can be effected until the American policy of protection under which our prosperity has been attained shall have been restored. There lies the remedy. The respon-sibility for present conditions must be met by the Democratic Party. It can not be put aside by the suggestion that some other legislation is necessary in order to complete the work which is already begun. The people will judge by results and

not by promises

I am opposed to this resolution, and shall vote against it, because, as I said in the first place, I do not believe it is intended to promote the interests of careful, considerate, and wise legislation. I think the Senate can well afford to take up this question from day to day as it comes. If the majority of the Senate will be in its seats, there will be no question about its ability to legislate, because there will be no disposition on this ability to legislate, because there will be no disposition on this ability to legislate. this side to filibuster. I am willing to come here at any time and assist in legislation, but I want to be given the opportunity I do not want the questions foreclosed before they are submitted to the Senate, and then be compelled to sit here from 10 o'clock in the morning until 11 o'clock at night to assist the other side in maintaining a quorum to carry out the plan which they have already adopted.

Therefore I shall vote against the resolution. Mr. SHAFROTH. Mr. President, if the Senator from Michigan is so anxious to proceed in this matter, it seems to me he should be willing to take a vote soon upon the resolution which has been introduced by the Senator from Indiana.

Mr. TOWNSEND. I am ready to vote now, Mr. President.

[Laughter.]

Mr. SHAFROTH. I desire to say just a word. I will not occupy much time. [Laughter.] Very well; if the Senator is willing to vote now, let us have a vote.

The VICE PRESIDENT. The Chair understands that the Senator from New Hampshire has withdrawn his amendment.

Mr. GALLINGER. I have withdrawn it.

The VICE PRESIDENT. The question is upon agreeing to the resolution proposed by the Senator from Indiana. [Putting

the resolution proposed by the Senator from Indiana. [Putting the question.] By the sound, the ayes have it.

Mr. SUTHERLAND. I call for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHILTON (when his name was called). I have a general pair with the junior Senator from Maryland [Mr. Jackson]. If he were present, I should vote yea. I understand he would vote nay, and in his absence I withhold my vote.

Mr. GALLINGER (when Mr. Roor's name was called). The senior Senator from New York [Mr. Roor] is necessarily absent.

He is paired with the Senator from South Carolina [Mr. SMITH] and requested me to announce that if he were present and privi-

leged to vote he would vote against this resolution.

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. Clapp], who is unavoidably absent from the Chamber; but before leaving the Chamber he advised me that if he were present he would vote as I should vote. Therefore I am authorized to vote, and

Mr. SMITH of Georgia (when his name was called). a general pair with the senior Senator from Massachusetts [Mr. Mr. STERLING (when his name was called). I announce my pair with the senior Senator from Oklahoma [Mr. Owen].

Mr. SUTHERLAND (when his name was called). I inquire

whether the Senator from Arkansas [Mr. CLARKE] has voted? The VICE PRESIDENT. He has not.

Mr. SUTHERLAND. I have a pair with that Senator, and in his absence I withhold my vote.

Mr. KERN (when Mr. Tillman's name was called). The senior Senator from South Carolina [Mr. Tillman] is detained from the Senate by illness. If he were present, he would vote "yea."

The junior Senator from South Carolina [Mr. SMITH] is un-

avoidably absent from the Senate on account of severe illness

in his family

Mr. WILLIAMS (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. Penrose]. I transfer that pair to the junior Senator from Virginia [Mr. Swanson] and vote "yea."

The roll call was concluded.

Mr. DILLINGHAM. I have upon this question a pair with the senior Senator from Maryland [Mr. SMITH], for which reason I withhold my vote. If permitted to vote, I would vote "nay."

Mr. WEEKS. I wish to state that my colleague [Mr. Lodge] is absent on account of illness and that he has a general pair

with the junior Senator from Georgia [Mr. SMITH].

Mr. SUTHERLAND. I will transfer my pair with the Senator from Araknsas [Mr. Clarke] to the Senator from Maine [Mr. Burleigh] and vote. I vote "nay."

Mr. STERLING. I wish to announce the unavoidable absence of my colleague [Mr. Crawford], and to state that he is paired with the senior Senator from Tennessee [Mr. Lea].

Mr. CHILTON. I transfer my pair with the Senator from Maryland [Mr. Jackson] to the Senator from Oklahoma [Mr. Gore] and vote "yea."

Mr. SMOOT. I desire to announce that the Senator from Del-

aware [Mr. DU PONT] is unavoidably detained from the Senate, and that he has a general pair with the senior Senator from Texas [Mr. Culberson].

Mr. REED (after having voted in the affirmative). I voted a moment ago without recollecting that I have a conditional pair with the Senator from Michigan [Mr. SMITH]. I transfer that pair to the Senator from Mississippi [Mr. VARDAMAN], and allow my vote to stand.

Mr. GOFF. I transfer my pair with the Senator from Alabama [Mr. Bankhead] to the senior Senator from Illinois [Mr.

SHERMAN] and vote "nay."

Mr. CHILTON. I announce the necessary absence of the Senator from Oregon [Mr. CHAMBERLAIN] and his pair with the junior Senator from Pennsylvania [Mr. OLIVER].

Mr. SHIVELY. The Senator from Arizona [Mr. SMITH] has been called to one of the executive departments on important public business. He is paired with the Senator from New Mexico [Mr. Fall]. Were the Senator from Arizona present, he would vote "yea."

Mr. WEEKS. I should have announced when I had the floor

that the Senator from Illinois [Mr. Sherman] is absent on ac-

count of illness

Mr. OVERMAN. I wish to announce that the Senator from Alabama [Mr. Bankhead] is absent at one of the departments on public business, and that if he were present he would vote yea."

Mr. GALLINGER. I have been requested to announce a pair between the Senator from New Mexico [Mr. CATRON] and the

Senator from Nebraska [Mr. HITCHCOCK].

The result was announced—yeas 41, nays 18, as follows:

James Johnson Kenyon Kern La Follette Lewis Martine, N. J. Myers Norris O'Gorman Overman	Perkins Pittman Pomerene Reed Robinson Saulsbury Shafroth Sheppard Shields Shively Simmons	Smith, Ga. Smoot Stone Thomas Thompson Thornton Walsh Williams
		Tanada rosa a sana
Goff Jones Lippitt	McLean Nelson Page Stephenson Sutherland	Townsend Warren Weeks
	OTING-36.	
Dillingham du Pont Fall Gore Hitchcock Jackson Lane Lea	Martin, Va. Newlands Oliver Owen Penrose Poindexter Ransdell Root	Smith, Ariz. Smith, Md. Smith, Mich. Smith, S. C. Sterling Swanson Tillman Vardaman Works
	Johnson Kenyon Kenyon Kern La Follette Lewis Martine, N. J. Myers O'Gorman Overman Ove	Johnson Pittman Kenyon Pomerene Kern Reed La Follette Robinson Lewis Saulsbury Martine, N. J. Shafroth Myers Sheppard Norris Shields O'Gorman Shively Overman Simmons NAYS—18.  Gallinger McLean Goff Nelson Jones Page Lippitt Stephenson McCumber Sutherland NOT VOTING—36.  Dillingham Martin, Va. du Pont Newlands Fall Oliver Gore Owen Hitchcock Penrose Jackson Poindexter Lane Ransdell Lea Root

So the resolution was agreed to.

ADMINISTRATION OF THE LAND LAWS.

The VICE PRESIDENT. The Chair lays before the Senate resolution coming over fror a previous day. It will be read. The Secretary read Senate resolution 226, submitted by Mr. CLARK of Wyoming on the 2d instant, as follows:

CLARK OF Wyoming on the 2d instant, as follows:

Resolved, That the Secretary of the Interior be directed to furnish to the Senate the cost and expense of administering the land laws of the United States for the fiscal years 1908, 1909, 1910, 1911, and 1912, respectively, including rents, salaries of officers in Washington and elsewhere, and salaries, expenses, and subsistence of all agents, servants, and employees wherever and whenever employed, together with all and every expense incurred in or on behalf of the administration, supervision, care, and disposal of the public lands of the United States during the years mentioned.

The VICE PRESIDENT. The question is on agreeing to the resolution

Mr. BURTON. I should like to ask a question in this connection. Does the resolution contemplate including the expense of the Forest Service?

Mr. CLARK of Wyoming. It does not, because the Secretary of the Interior could not furnish that information. It must

come from the Secretary of Agriculture,
Mr. McCUMBER. Why could not the Senator ask in connection with that information, so that we may better understand all the matters pertaining to it, the sources of income from the Land Department?

Mr. CLARK of Wyoming. It is my purpose to follow this resolution with others, one directed to the Forest Service and the other directed to the amount of income derived from the lands; but I thought it was best in this single resolution simply

to ask for the cost of the administration of the land laws.

Mr. McCUMBER. The Senator speaks only of the income derived from the lands. I should like to know, if I could get the figures—they may be in the reports already—the amount of the income derived from the general sale and disposal of public

Mr. CLARK of Wyoming. I desire to have that information, and it is my intention to offer another resolution covering it, but this resolution refers only to the expense of the administration of the land laws.

Mr. McCUMBER. Very well; if it is covered in one of the

resolutions.

Mr. CLARK of Wyoming. I have not as yet offered it. The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

#### SAN FRANCISCO WATER SUPPLY.

Mr. THOMAS. I have just received a telegram, which I desire to read into the RECORD.

SAN FRANCISCO, CAL., December 5, 1913.

SAN FRANCISCO, CAL., December 5, 1913.

Hon. Chas. S. Thomas,
Senate, Washington, D. C.:

The California Water Commission act, supplementing previous State legislation, furnishes ample State power to protect fully interests of water users on San Joaquin drainage and Insures San Francisco water supply for municipal needs from same source. Bases on Installation of storage and use. Facilities by San Francisco available for all rightful users. Interests comprising power companies and promoters of private water schemes to mulet not only San Francisco but people of the State now opposing Hetch Hetchy act opposed passage water commission bill before last legislature and are engineering referendum to delay its operation. Among the active representatives of these Interests at Sacramento was Theodore A. Bell.

Francis J. Heney.

FRANCIS J. HENEY.

#### ELECTION OF SENATORS.

Mr. WALSH. Mr. President, yesterday morning I sought to get consideration for the bill (S. 2860) providing a temporary method of conducting the nomination and election of United States Senators. I now ask unanimous consent for the present consideration of that bill. I invite the attention of the Senator from Kentucky [Mr. Bradley] to the request. It comes up on a report from the Committee on Privileges and Elections recommending a measure providing for the election of United States Senators in various States under the recently adopted constitutional amendment, and making effective for that purpose such laws as are now in force in the various States touching the nomination and election of Representatives in Congress at large, and in case there is no such law making applicable the general laws of the States concerning the nomination and election of

the principal administrative and executive officers of the States.

Mr. CLARK of Wyoming. Will the Senator permit me a question? Does the Senator understand that the bill will give

rise to very much debate?

Mr. WALSH. I should imagine not. Otherwise I should not now make the request, but I expect some response possibly to the request from the Senator from Kentucky.

Mr. BRADLEY. I did not exactly catch the motion of the

Senator.

Mr. WALSH. I asked unanimous consent for the present consideration of the measure.

Mr. BRADLEY. I object. The VICE PRESIDENT. There is objection.

Mr. SUTHERLAND. Mr. President, I hope the Senator from Montana will move to proceed to the consideration of the bill, notwithstanding the objection. It is a very important measure. It is a bill that ought to have been passed months ago. had been passed we would have saved the difficulty with the Maryland case and the difficulty with the Alabama case; and the longer the matter is delayed the more likely it is that other cases of a similar character will come up. I think the bill ought to be disposed of.

Mr. WALSH. If the motion is in order, I move

Mr. CLARK of Wyoming. Mr. President, I hope the Senator from Montana will not make that motion, and for this reason: I for one am in favor of the passage of the bill, but the motion will evidently, from the objection that has been made, lead to some considerable debate. Of course, the Senator will recognize that this time has been given by unanimous consent to the consideration of the Hetch Hetchy bill, and I think that ought to be concluded.

Mr. WALSH. Mr. President, I appreciate the great force of the suggestion made by the Senator from Wyoming, and if the

consideration of the measure were to give rise to any considerable debate I should not press it at this time. Of course, the Senator from Kentucky will probably be able to advise us best concerning the likelihood of protracted debate.

I may say in this connection, however, that I gather from the expressions of the Senator from Kentucky in the committee that the only reason why he objects to present consideration is that in his judgment it might be considered as in some measure prejudging the questions arising upon the credentials which have been presented from Alabama and from Maryland. really feel that upon reflection the Senator from Kentucky will not be likely to think so, and, so far as those supporting the bill are concerned, I think I shall be able to speak for them when I say that none of them feel that it will or that it has any right to be considered as in any manner a prejudgment of the merits of either of those controversies.

Mr. GALLINGER. Mr. President, I am very warmly in favor of the bill, but I feel constrained to call attention to the fact that the motion is not debatable under the rule.

The VICE PRESIDENT. The Chair is compelled to rule as the Senator from New Hampshire has suggested. The question

is, Will the Senate proceed to the consideration of the bill?

Mr. CLARK of Wyoming. Mr. President, I make the point of order that the motion is not in order under the unanimous-

consent agreement.

The VICE PRESIDENT. If there is an objection, the Chair will be compelled to sustain the point of order. The morning business having been closed, the Chair lays before the Senate House bill 7207, in accordance with the unanimous-consent agreement.

#### SAN FRANCISCO WATER SUPPLY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

Mr. NORRIS obtained the floor.

Mr. PITTMAN. Will the Senator from Nebraska permit the reading of two or three telegrams before he commences?

Mr. NORRIS. I yield to the Senator from Nevada. Mr. PITTMAN. The reason why I ask this permission is because these telegrams may be of use to the Senator in the address he is about to make on the bill, and they are particularly introduced at this time because the Senator from Idaho [Mr. BORAH], in addressing the Senate yesterday, argued that San Francisco was given an unfair advantage or an unreasonable monopoly of this water over the other bay cities. As the other bay cities probably understand the circumstances better than even the Senator from Idaho, I send these telegrams to the desk

and ask that they be read by the Secretary.

The VICE PRESIDENT. Is there objection?

Mr. BORAH. Mr. President, I have no objection to the reading of the telegrams. I presume the telegrams originated something like all the agreements which were made outside with reference to this bill. But I was arguing the grant upon the face of the bill itself, and the telegrams can not change the terms of the grant. We can only change that by a vote of the Senate. If the Senator from Nevada does not think that the words to which I called attention give a special privilege, will the Senator from Nevada join with me in striking them out of the bid?

Mr. PITTMAN. I do not desire to trespass upon the time of the Senator from Nebraska, but I will take great pleasure in answering that a little later in the day when answering a great

portion of the Senator's remarks.

Mr. BORAH. I will be glad to be present. Mr. PITTMAN. I want to say in regard to these telegrams that while it might be a matter of construction as between us as to whether San Francisco is given a monopoly over the other bay cities, the other bay cities desire that the bill shall be passed. I do not believe that there is any such intention; at least they have confidence in the intention of San Francisco in this matter. They have confidence in the integrity of the government of San Francisco, and the telegrams go to show at least that the object of the obtaining of this water is not solely for the use of San Francisco, but it is for the joint use of all the

bay cities which require the water.

Mr. BORAH. I take it if they have confidence in the integrity of the government of San Francisco it must be of late

origin.

Mr. PITTMAN. We have a new administration in San Francisco, and I am very glad to say that the old administration is the one that tried to defeat and prevent the passage of this bill for a great many years. The present administration is very much in favor of the passage of the bill.

The VICE PRESIDENT. The telegrams will be read, as requested by the Senator from Nevada.

The Secretary read as follows:

OAKLAND, CAL., December 5, 1913.

Hon. Key Pittman, Washington, D. C.:

Any statement that this city and other bay communities are opposed to the Hetch Hetchy project is absolutely false. Sentiment here is overwhelmingly in favor of Hetch Hetchy water supply and for passage of the bill.

FRANK K. MOTT, Mayor City of Oakland.

BERKELEY, CAL., December 5, 1913.

BERKELEY, CAL., December 5, 1913.

Senator Key Pittman,
Senate Chamber, Washington, D. C.:

The city of Berkeley, which is as vitally interested in the solution of the water question for the San Francisco Bay district as the city of San Francisco, joins with the representatives of that city in an earnest appeal that the Hetch Hetchy grant be given to San Francisco at this time.

CHARLES B. HEYWOOD,
Mayor of Berkeley.

SAN JOSE, CAL., December 5, 1913.

Senator Key Pittman, Washington, D. C .:

The passage of the Hetch Hetchy bill will be of great benefit to San Jose and Santa Clara County.

Jos. Monahan, Mayor of San Jose, Cal.

SAN FRANCISCO, CAL., December 5, 1913.

Hon. KEY PITTMAN, Washington, D. C.:

All of the peninsular cities, as well as San Francisco, urgently require a greater and better water supply. Hetch Hetchy is the solution absolutely necessary, not only for present needs but for their future development. Five millions of people can find homes and health on the peninsula, but we must have pure water if this development is to be realized. We stand with San Francisco and demand Hetch Hetchy.

GUSTAY J. McGREGOR,

Mayor of Burlingame.

SAN FRANCISCO, CAL., December 5, 1913.

San Francisco, Cal., December 5, 1913.

Senator Key Pittman,
United States Senate, Washington, D. C.:
Following additional indorsements of San Francisco's Hetch Hetchy bill have been received from large labor organizations throughout United States: Elkhart Central Labor Union, Elkhart, Ind.; W. W. Scherling, secretary Central Labor Union of Lancaster and Depew, N. Y.; William J. Gerringer, secretary Central Trades and Labor Assembly of Syracuse, N. Y.; Charles A. Yates, secretary Everett Trades Council, Everett, Wash.; M. T. Allmian, secretary Kokomo Trades and Labor Council, Kokomo, Ind.; S. Banner, secretary Lansing Trades and Labor Council, Lansing, Mich.; M. J. Early, secretary Union County Central Labor Union, Elizabeth, N. J.; George J. Reiss, secretary Kewanee Trades and Labor Assembly, Kewanee, Ill.; W. H. Aldrich, secretary Eureka Federated Council, Eureka, Cal.; B. Kropp, secretary Bloomington Trades and Labor Assembly, Bloomington, Ill.; O. D. Stiles, secretary Waterbury Central Labor Union, Waterbury, Conn.; J. T. Burke, secretary Central Federated Union of Greater New York; John C. O'Brien, secretary Galveston Labor Council, Galveston, Tex.; James P. Walsh, secretary Georgia Federation of Labor, Savannah, Ga.; Robert Fechner, secretary.

JOHN A. O'CONNELL.

JOHN A. O'CONNELL Secretary San Francisco Labor Co

Mr. NORRIS. Mr. President, I am not physically able to-day to do justice to the subject upon which I shall try to speak; and if it were not for the fact that, after as intelligent and painstaking and honest investigation as I have been able to make I have become enthusiastically in favor of this bill, I should not detain the Senate at this time.

Mr. President, the Yosemite National Park contains about 15,000 square miles. You could drop the State of Rhode Island into it and it would be almost lost. Hetch Hetchy Valley, it is true, is within the Yosemite National Park and therefore a part of it, but the Hetch Hetchy Valley is 40 miles from the Yosemite Valley on a different watershed, and there is practically

no communication between one valley and the other.

I mention this because there are millions of honest citizens in the United States to-day who have, by misrepresentation, been led to believe that Congress in the passage of this bill is about to destroy Yosemite Valley.

Let us see for just a few moments what the Hetch Hetchy Valley is; and, for the purpose of illustration, I want to assume that the Senate Chamber here is Hetch Hetchy Valley.

Mr. MYERS. Mr. President—
The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Montana?

Mr. NORRIS. I yield to the Senator. Mr. MYERS. I suggest the absence of a quorum. The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst Gallinger Myers Norris Overman Page Perkins Simmons Bacon Goff
Hollis
Hughes
James
Johnson
Jones
Kenyon
Kern
La Follette
Lewis
Lippitt
McCumber
Martine, N. J. Smoot Stephenson Bradley Brady Brandegee Bristow Sterling Sutherland Thomas Thompson Thornton Pittman Poindexter Pomerene Bryan Burton Chilton Clark, Wyo. Clarke, Ark. Thornton Townsend Walsh Warren Weeks Williams Ransdell Reed Robinson Saulsbury Colt Cummins Dillingham Fletcher Shafroth

Mr. SHAFROTH. I wish to announce that the Senator from Oklahoma [Mr. Owen] is engaged to-day in matters concerning legislation and will be absent all day. I wish this announcement to stand for the day.

Mr. LEWIS. Please permit me to announce the absence of the Senator from South Carolina [Mr. SMITH], because of pre-

carious illness in his family.

Mr. CHILTON. I want to make the same announcement I made on the last roll call as to the Senator from Oregon [Mr. CHAMBERLAIN]. He is necessarily detained from the Senate and is paired with the junior Senator from Pennsylvania [Mr. OLIVER 1

The VICE PRESIDENT. Fifty-nine Senators have answered

to the roll call. There is a quorum present.

Mr. NORRIS. Mr. President, when I was interrupted I was about to describe the Hetch Hetchy Valley, and I started in to use the Senate Chamber as an illustration. Let us suppose that the Senate Chamber represents the Hetch Hetchy Valley. It will then represent an irregular floor containing between 21 and 3 square miles, surrounded by cliffs that rise 5,000 feet The floor will be the ordinary meadow land. into the air. irregular it is true, and the walls not straight, as those of the Senate Chamber are, but irregular and varying, as we would naturally expect in a large canyon of that kind. The floor of valley has some timber on it, but nothing of any value, although there are thousands of honest people who believe that the flooding of this valley is going to ruin some of the great trees of California. The trees in the valley are ordinary scrub pines.

Away over yonder in the distance there is a waterfall, the Tuolumne River, that comes down over the cliffs, falling between the rocks, and then trickling through the outlying rocks into a stream that runs through the valley. At the outlet of the valley the walls of this great chasm come almost together, so that they are at the opening less than 65 feet apart. There are thousands of people in the United States who honestly believe that this beautiful waterfall coming down over the cliffs is going to be ruined if we pass this bill, but I shall show you that it not only will not be ruined, but that it will be made accessible, where now it is inaccessible, and that it will be flowing many days and months in seasons when it is absolutely dry now.

This valley in the wintertime is filled with snow. I presume there are 40 feet of snow in that valley to-day. It comes early in the fall. In the springtime when the sun comes out and reflects its heat from the surrounding cliffs the snow melts and the watershed farther back over the mountains is also denuded of its snow, which is turned into water by the sun's rays; the waterfall then commences to pour itself down over the mountains, and there is a rushing flood; it can not all get out of this opening of less than 65 feet, and the result is that the floor of the valley is covered with water. The floor, as I have said, is irregular and not perfectly level and not densely wooded, as some believe, and the trees there, as I have said, are of no particular value to look at or to use. When, however, in the course of time the flood waters get out of this opening, the floor of this valley becomes a marsh, and as the summer advances and it becomes hot this valley becomes a place where it is absolutely impossible for men to stay on account of the millions and millions of mosquitoes that infest it. Men who go in at that time to work or to survey have to cover their faces and their hands to protect themselves.

Later on in the season the marsh dries up and the mosquitoes disappear. For a while thereafter the temperature in this valley is so hot that it is impossible for anyone to remain there with comfort. We must remember that the reflection of the sun in the heated season from the surface of 5,000 feet of granite will bring down upon the floor of this valley a heat that is almost unendurable. Being surrounded as it is by such huge cliffs and with only this small opening, there is practically no circulation of air. Later in the season, however, when the heat is not so intense, the atmosphere becomes comfortable, and the view from the valley is, no doubt, one of great beauty, but for the reasons I have just stated, even though Congress spent a couple of millions of dollars in building roads into this valley so it would be accessible, there would only be a very short time in any year that the valley could be comfortably visited. On account of the high altitude the snows begin early in the autumn, and the valley could not be visited, at least by sightseers, until the summer of the next year had begun to disappear and the temperature reduced.

A large part of the land in this valley that is going to be flooded-practically all of it that is of any consequence so far as soil is concerned-is owned in fee simple by San Francisco. She bought it and paid over \$100,000 for it when it was not really worth more than 100,000 cents. She was compelled to buy it to protect her water rights in this stream, by the orders of the officials of the United States Government. No man denies that she was compelled to do this, and that she has actually ex-

pended this money. I know it is said-Mr. POINDEXTER. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Washington?

Mr. NORRIS. I yield to the Senator.

Mr. POINDEXTER. Mr. President, I rise to ask a question purely for information. This is a claim that I never have heard of before—that the city of San Francisco was compelled by orders of officers of the United States Government to buy the 700 acres which were bought. What officers ordered them to buy that land, and by what authority did they compel the city of San Francisco to buy it?

Mr. NORRIS. When I said "compelled" I meant that she would have to do that or lose all the rights she had.

Mr. POINDEXTER. What officer was it?

Mr. NORRIS. The Secretary of the Interior. I think the Senator will find the order of the Secretary of the Interior setting forth certain things that she would have to do. This is only one of them. Under those orders San Francisco has actually expended between a million and two million dollars.

Mr. POINDEXTER. Did the Secretary of the Interior order the city to pay over a million dollars to Mr. John Hays Hammond and his associates for the Lake Eleanor and Cherry Creek

water-power site?

Mr. REED. Mr. President, it is impossible to hear in this

part of the Chamber what is being said.

Mr. POINDEXTER. I am sorry. I suppose that is due to the fact that I had my face turned in the other direction, speaking to the Senator from Nebraska.

Mr. POINDEXTER. I should like to ask the Senator from Nebraska if the money that was paid to Mr. Hammond is not the greater part of the money of which he was speaking, which

the city of San Francisco paid?

Mr. NORRIS. My understanding is-and I may be wrong; it does not make any difference who got it, for she paid it, anyway-that as far as the floor of the valley is concerned the money was not paid to Mr. Hammond, but a large amount of money was paid, so I am told, to corporations that are con-

trolled by Mr. Hammond.

I have no knowledge in regard to that matter. I did not intend to go into it, but since the Senator has spoken of it I will. I intended to confine what I had to say to what I thought I had evidence to prove, but I shall not be able to prove that. have heard a great many times that corporations owned by Mr. Hammond were the recipients of a whole lot of this money that San Francisco had to pay because Secretary Ballinger made orders that made it necessary for her to pay it. I am not making that statement on anything but hearsay. I would not have mentioned it had it not been that the Senator from Washington has brought it up, because, as I say, I am not able to prove it.

Mr. POINDEXTER. Will the Senator from Nebraska yield to me for just a moment further?

Mr. NORRIS. Certainly.

Mr. POINDEXTER. I only wish to say, by way of comment on the Senator's answer, that it is utterly inconceivable, and it seems to me impossible, that the Secretary of the Interior could have possibly made any order that would have required the city of San Francisco to enter into this deal with Mr. Hammond. I do not see how that can be demonstrated.

Mr. NORRIS. There was not any deal with Mr. Hammond. If I have the report right, it was simply a holdup that this corporation was able to exercise over the citizens of San Francisco. I will say to the Senator that I am going into the power proposition at some length. I think, as has been said before,

that to a great extent it is a power proposition.

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska ield to the Senator from Utah?

Mr. NORRIS. I yield to the Senator from Utah.

Mr. SMOOT. I suppose the Senator will agree with a statement I made the other night, and I believe he will also agree that the record shows that a great part of the \$1,700,000 spent by San Francsico was not spent in the Hetch Hetchy Valley, but was spent at Lake Eleanor and Cherry Creek.

Mr. NORRIS. Certainly; all of which will be useless, just as useless as the money she spent for the floor of the Hetch Hetchy Valley, if she is not allowed to build this dam and oper-

ate this aqueduct or right of way.

Mr. WORKS. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from California?

Mr. NORRIS. Yes.

Mr. WORKS. I rather think the Senator is mistaken about that. Lake Eleanor and Cherry Creek can be developed independently of Hetch Hetchy, and those two will furnish San Francisco all the water she needs. She has already acquired title to them by the deal she made with Hammond. not connected in such a way that one is at all necessary for the

Mr. SMOOT. Mr. President, I believe— Mr. NORRIS. Mr. President, I should like to answer one Senator at a time. What the Senator from California says is true in part, as I understand, but I will not agree to the statement that the other two lakes are sufficient. The proposition to permit San Francisco to conduct this water over the public lands and to build this dam means that into the very ditch or tunnel through which she conducts this water she will bring the

waters of Lake Eleanor and Cherry Creek.

I would have brought that out, if Senators had let me go on without interruption a little bit further, in the picture I was trying to describe; but I think, and I have no doubt, that both of these things must go together to make a success of the whole

project.

Mr. WORKS, Mr. President—
The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from California?

Mr. NORRIS. Yes; I yield again.
Mr. WORKS. The Senator from Nebraska is unquestionably right, if it is necessary to develop 400,000,000 gallons of water per day, because the two sources mentioned would not produce that supply of water; but the evidence here is conclusive that San Francisco does not need any such quantity of water as that, and that these two sources, independently of the Hetch Hetchy source, will produce all the water San Francisco needs for a

century.

Mr. NORRIS. Mr. President, that statement I absolutely

Mr. NORRIS. The statement is anyone holding that opinion. The deny. I have no objection to anyone holding that opinion. The Senator has argued it and discussed it, and says it is true.

do not believe it, however.

I was going to say that back of the Hetch Hetchy Valley, which I have been describing, over and through the mountains, The plan is to are two lakes, Cherry Lake and Lake Eleanor. conduct the waters of those two lakes over to the Hetch Hetchy Nobody denies, so far as I know, that under the laws of California San Francisco owns the water of those two lakes; and I do not believe anybody denies that San Francisco owns in fee simple the land within the Hetch Hetchy Valley. I believe nobody denies that when they came to survey the land there and make a correct survey of it, it was found that the city not only owned the land, but that one of the sides of this outlet is included in the land she owns. I do not think anybody will deny that under the laws of California, if she goes on and completes this great project, she is entitled to all the waters of that stream that do not belong to the two irrigation districts which I am going to discuss in a short time.

Mr. WORKS. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from California?

Mr. NORRIS. I yield to the Senator. Mr. WORKS. I think the Senator is mistaken again. The city of San Francisco has filed upon only 161,000,000 gallons of water per day. She has no claim or title, incheate or otherwise, to take out more water than that from the stream; and even as to that quantity, under the new law that has been passed in California, she would be subject to the regulation and control of the water commission. But she has no claim upon more than that

Mr. NORRIS. The Senator is speaking now of the flood waters of the Tuolumne. Can the Senator name any individual or corporation outside of the irrigation districts and the city of San Francisco who, under the laws of California, has title to a

single drop of this water?

Mr. WORKS. It does not make the slightest difference. do not know whether they have or not. It does not make the slightest difference, however, because San Francisco has limited her own claim upon the water by her filings.

Mr. NORRIS. And the filings go away beyond the amount of water, as they always do everywhere. This irrigation company has filed on three times more water than the flow of the

stream.

Mr. CLARK of Wyoming. Mr. President—
The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Wyoming?

Mr. NORRIS. I yield to the Senator. Mr. CLARK of Wyoming. I have been trying for several days to get some definite notion as to the amount of water in these streams and the amount that can be made available on these watersheds. Nearly every Senator who has spoken has indirectly said either that there is or that there is not an oversupply of water to fill these filings. Now the Senator says there is not enough water in Lake Eleanor and Lake Cherry to fill the needs of San Francisco. I should like to have the Senator say, in view of that statement, how much water Lake Eleanor and Cherry Creek will furnish.

Mr. NORRIS. I have not the information just at hand, but I presume it is on the Senator's desk-at least it is on minein the letter of the Secretary of the Interior, which came in answer to a resolution of the Senate. I should like to say to the Senator that it is conceded, I think, that the plans, if carried out according to the bill and the estimates of the engineers, will develop eventually a possible water supply of 400,000,000 gallons I do not think there is any dispute about that. Neither do I think there is any dispute that either one of these sources-Hetch Hetchy proper, if you eliminate the other two lakes, or those lakes, if you eliminate Hetch Hetchy—would not be sufficient to develop that much water.

Mr. POINDEXTER. Will the Senator yield to allow me to

make a statement?

Mr. NORRIS. Yes.

Mr. POINDEXTER. 'The report presented to the Senate November 29, 1913, in response to a resolution of the Senate calling for the identical information which the Senator from Wyoming has just asked for, contains two separate reports from the board of Army engineers and one from the Geological

The Army engineers' table of figures is as follows:

Average discharge for the 16 years from 1895 to 1911 of the Valley drainage area, acre-feet per year, 231,000; gallons per day, 206,000,000.

That is the Cherry Valley drainage area, which comes out

through Cherry Creek.

In the case of Lake Eleanor, it is 160,000 acre-feet per year,

or 143,000,000 gallons per day.

Approximate continuous discharge attainable by practical storage, regardless of prior rights (gallons per day): Cherry Valley, 160,000,000; Lake Eleanor drainage area, 130,000,000; making a total of 290,000,000 gallons a day altogether, independent of the Hetch Hetchy tributary, Lake Eleanor and Cherry Creek being the two other tributaries of the Tuolumne. Mr. NELSON. Will the Senator yield to me? I desire to

ask a question for information.

Mr. NORRIS. Yes. Mr. NELSON. Does not the water conserved in those two creeks or lakes-Cherry Creek and Lake Eleanor-in order to be utilized, have to be conducted through the Hetch Hetchy Canyon or Valley?

Mr. POINDEXTER. It does not.

Mr. NELSON. It can be taken outside of it?

Mr. POINDEXTER. Yes. It could not be conducted through the Hetch Hetchy Valley, because those streams flow into the Tuolumne River away below the Hetch Hetchy Valley. The Hetch Hetchy is one of the tributaries of the Tuolumne; so are Cherry Creek and Lake Eleanor. The three form a junction lower down the stream.

Mr. NORRIS. Mr. President— Mr. POINDEXTER. If the Senator will pardon me just one second, I should like to couclude this.

Mr. NORRIS. All right. The second is up, though. [Laugh-

Mr. POINDEXTER. I should like to state the water power of these two streams.

Approximate amount of power that may be developed from water from these portions of drainage areas, but with power plants necessarily located below them: Cherry Valley, 59,000 horsepower; Lake Eleanor, 48,000 horsepower.

Mr. NORRIS. Mr. President, I am not objecting to interruptions. For reasons that I stated at the beginning, however, I am anxious to get through as soon as I can. I think other Senators, particularly the Senator from Washington, who has used five or six hours of the time of the Senate so far on this bill and is going to use several hours more as soon as I get through, ought not to try to make an argument during my time. I shall be glad to yield to questions or to suggestions from any-body, but I hope Senators will not take up my time with arguments. I say this out of respect to the Senators who are going to follow me.

Mr. SHEPPARD. Mr. President—
The VICE PRESIDENT. Does the Senator from Nebraska

yield to the Senator from Texas?

Mr. NORRIS. Let me finish this first. I wish to say, however, that, in my judgment, what the Senator from Washington has just said is absolutely incorrect. He says the water of these streams can not be taken out through Hetch Hetchy. do not suppose he has been there, and I have not been there. but I have the word of the engineer who is at the head of it all, who has shown me the cuts and the plans and has told me with his own mouth that that is the intention. It is part of the plan. They are going to take this water through Hetch Hetchy. Whether they will bring it down over the falls or bring it in just below the dam has not been determined; but they can bring it and turn it into the stream that is making the waterfall that we have heard so much about in the literature we have had. I have only the word of Mr. Freeman, who, I think, is a far better authority on that proposition than any Senator and as good an authority as any man on earth.

Mr. WORKS. There is not any doubt about the correctness of the statement made by the Senator from Nebraska. By engineering this stream could be brought in above Hetch Hetchy, but its natural flow connects it with the Tuolumne below.

Mr. NORRIS. Nobody has disputed that. The plan of this proposition is to bring it into Hetch Hetchy. If you took it out in the way it has gone before, it would not run through the channel where the power is to be developed.

If you will add those figures together, you will find that they aggregate about 400,000,000 gallons a day. I am going into

that later if I do not get worn out before that time.

Before doing so, however, I wish to say that last night the Senator from Oregon [Mr. LANE], for whom I have such great respect and even admiration-and I regret exceedingly that he is not here to-day-said, in discussing this matter, that after all he thought there was something besides water in it. He

thought there was a power proposition in it. I wish to emphasize that, for, in my judgment, it has not been spoken of as much as it deserves. There is a power proposition involved here, and it is one of the reasons that has led me to support the bill. Think of the Hetch Hetchy Valley, which I have described; in all the universe God never made a place which was better adapted for the building of a dam and the development of power. I confess that one of the great reasons why I favor this bill is because it is going to utilize one of the sources of nature to develop power, and such utilization will not interfere in any way with the use of the water or with

anyone's rights on the stream, as I shall show later. Mr. SHEPPARD. Mr. President, I do not want to inter-

Mr. NORRIS. I beg the Senator's pardon, but he asked me a

while ago, I know-

Mr. SHEPPARD. I want to say that the Senator was giving a most interesting discussion of the physical features of this vallev when he was first interrupted, and some of us on this side wish him to proceed with his remarks on that phase of the subject.

Mr. NORRIS. I have been interrupted so often that I do not know whether I left anything out. I think I had about completed the description of the valley itself.

Mr. SHEPPARD. The Senator was speaking of the fact that the valley was a hopeless swamp during certain seasons and that the surveyors had to wear gloves for protection against mosquitoes

Mr. TOWNSEND. Before describing it, will the Senator, for my own information, state whether I understand him correctly as to the quantity of land in the valley owned by California?

Between seven and eight hundred acres.

Mr. TOWNSEND. Then, in the course of the description, can the Senator answer the argument which has been put forth here showing that a lot of this land may be used for agricultural purposes, and that the use of the valley for the reservoir would tend to destroy it for agricultural purposes?

Mr. NORRIS. I never heard that argument.

I think I shall show, and I have reasons that are satisfactory to me, that the beauties of nature are not going to be inter fered with; but so that there may be no misunderstanding, let me say here that I would be in favor of the development of this power even though all that has been said about the destruction of this beauty were true.

It is said that this can not be done without interfering with nature as it is there and without practically rebuilding the floor of the entire valley, because the waters from the snows are coming down there in torrents every year. When they get out through this opening they rush down into the valley, and instead of benefiting man they destroy his property, and the waters go to waste without being used either for irrigation or for the development of power.

The Senator from Michigan for the first time has suggested to

Mr. TOWNSEND. May I interrupt there?

Mr. NORRIS. Certainly

Mr. TOWNSEND. I did not make myself clear, I presume, a that proposition. I want this point cleared up if I can. It on that proposition. has been charged that the building of this dam and the collection of the water here is going to interfere with the agricultural possibilities of this stream.

Mr. NORRIS. Farther down, does the Senator mean?

Mr. TOWNSEND. Anywhere.
Mr. NORRIS. I am coming to the irrigation proposition later on in my address. I will not take that up now; but in the valley no one has ever claimed that it would interfere, that I know of. Suppose it did. San Francisco owns the land. Think of it for a moment. There has never been in that valley a vehicle. We have read circulars by the thousand that have gone over the country describing it as the Nation's playground. In the sand of that valley there has never yet been made the impression of a child's foot. As far as I know, the eyes of no woman or child have ever beheld it. You can not get within 8 miles of it with a wagon. It is even dangerous to wind your weary way down through there. A man who has not lots of money and lots of time does not even try to go in there. Outside of the men who go there officially, either from San Francisco or the War Department, there has not been an average of

five persons a year who have gone in there to see it.

It has been said, and said truly, that this condition can be changed by the Government expending money in the building of roads so that this valley shall become accessible. It has been said also that the necessary changes can be made so that mos-quitoes can not live there. It is true that the Government of the United States by the expenditure of a couple of million of dollars could build roads in there, but who is there here who thinks for a moment that it is going to do it? It will not be within the lifetime of any of us or any of our immediate descendants that such an expenditure will be possible through any appropriation of Congress. As far as I know, no one contends that it will. It would be possible for the Government to change the floor of this valley so that mosquitoes could not live there, but this would be a more serious change in the physical features than those proposed by this bill. This would destroy the floor of the valley, because it would have to be made so that no water could stand anywhere in the valley. It could not be fixed so that it would not overflow every year when the flood rushes into the valley and is unable to get out on account of this small opening where the dam is to be built. The valley is overflowed every year. It would be necessary, to make it secure from mosquitoes, to change the entire floor and in reality to pave it so that the rushing waters would not tear up gullies and leave places for water to stand, thus breeding the mosquitoes. But no work that we can ever do with any amount of money will do away with the intolerable heat that will come from the reflection upon these giant walls.

TOWNSEND. Have we not had telegrams and communications presented here showing that various clubs-outing

clubs, and so on-visit it annually?

Mr. NORRIS. No; I think not. There is a club that went up there, quite a number of them, I understand, several years ago. No man has ever gone there a second time.

Mr. THOMAS. Mr. President

The VICE PRESIDENT. Will the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I yield.

Mr. THOMAS. If the Senator from Nebraska will allow me,

I will say, for the information of the Senator from Michigan, that the maximum number of visitors to the Hetch Hetchy Valley is 279. It is extremely difficult to get within the precincts of the park.

Mr. NORRIS. I do not understand the Senator. Did he say

279 annually?

Mr. THOMAS. Two hundred and seventy-nine I understand

to be the maximum in any one year.

Mr. NORRIS. But that was only one year, and it included all of the officials who were compelled to go there. Except that one year there have not been half a dozen visitors in any one year outside of the officials who go up there on business. One year this club tried to get up there. Some of them got there. It is pretty nearly a millionaire's proposition. I am aware that the Government may build roads in there and all that, but it never will be any such thing as a playground unless something of this kind is done. A large portion of the season nobody could be there under any circumstances on account of the weather. Later on, when it begins to get cooler, I presume it would be possible to remain there.

I want to take up the power proposition. Before I do it, I want to state what the contemplation of the bill is in regard to the valley. This bill provides that San Francisco shall be allowed to build a dam across that opening of about 60 feet. will be allowed to build it 300 feet high. The estimate of the engineers says that it will develop, if used to its fullest capacity, 115,000 horsepower. The bill provides that San Francisco shall build roads, and she would have to build a road before she could build a dam. There is at present no way to get the material in there. Other roads are described in the bill, stating where they must be built. There is to be a road built around what will be the lake when it is put in there.

It will cost more than a million dollars to build this road alone. When the valley is filled up with flood waters that come down we will have a lake in there 2½ square miles in area and 300 feet deep. But no man could really tell if he was looking at it that the height of the cliffs had been diminished an inch, so small is the depth of 300 feet as compared to the height

of the walls.

The bill provides in addition to that that this dam shall be built of the color of the surrounding rock. All precautions like that are taken so as not to interfere with the beauties of nature or cause any contrast with the colors of those beauties. Over this road that will be built around there they can go with automobiles and other vehicles, and it will take you directly to the beautiful falls that come down. It is true that in looking down you see a bit of clear, pure water instead of looking down upon some scrub pines and some irregular meadow land that no different from what you can see almost anywhere in almost any country.

Then the bill provides that San Francisco must pay, beginning at \$15,000 and running up eventually to \$30,000 a year; that these roads will belong to the Government; that Congress, sees fit, shall have the power to increase the rate she must pay.

I am going to speak of that further on, because some of the enemies of this bill have condemned it, because they said it was a steal, and we were getting nothing for it, and other have condemned it

Mr. CLARK of Wyoming. Mr. President, I rise to a point of

order.

The PRESIDING OFFICER (Mr. THORNTON in the chair). Will the Senator from Nebraska suspend his remarks while the Senator from Wyoming states his point of order?

Mr. NORRIS. Certainly.

Mr. CLARK of Wyoming. The Senator is misstating the language of the Senator to whom he is now referring. The Senator to whom the Senator is now referring never said the words which the Senator attempts to put into his mouth.

Mr. NORRIS. If the Senator from Wyoming had been listening and heard what I said he would know that I did not accuse any Senator of saying that. I said that argument was made. have had it made to me a thousand times. I have not accused any Senator of making it.

Mr. CLARK of Wyoming. But the Senator was referring to an argument made on the floor of the Senate.

Mr. NORRIS. I was not referring to an argument made on the floor of the Senate. I had no reference to any argument made on the floor of the Senate. I do not suppose there is a Senator here who has not received communications calling this a graft and a steal. I received one this morning from a man in whom I have the greatest confidence and whose honesty I do not question for one moment. I have not accused anybody here; I have not accused anybody elsewhere with being dishonest in the matter; and I am not going to do so.

Mr. CLARK of Wyoming. The Senator misapprehended my statement. It was not a question of accusing anybody of being dishonest; it was a question of what had been said on the floor of the Senate in respect to the \$30,000 which San Francisco, under the bill, is to pay, to the effect that that \$30,000 was a steal.

Mr. NORRIS. I do not think any Senator has said that,

but that argument has been made over and over again. Then,

others have condemned the bill, among other reasons, because it had that provision in it, and said we ought not to charge San Francisco anything for this privilege, that all the conditions attached were going to be expensive and cost several million dollars, and they ought to be eliminated from the bill. But both those who oppose it because we do not get enough and those who oppose it because we get too much vote against the

I believe, Mr. President, if we had eliminated the power proposition we would never have had one-thousandth part of the campaign made against the bill that has been made against it. I want to pause there before I go into that to say that in what I shall say in regard to it I am not impugning the motives of any man who opposes it, whether he be here in the Senate or elsewhere, but I do believe that the water-power corporations of California are to blame for what I consider a campaign of misrepresentation made often by men and women who are honestly deceived as to what the real truth is.

Now. I have a circular letter here, an open letter, to the American people. This was one of the first publications put out, as I understand it-one of the first in the recent campaign, at least.

It is addressed to:

Fellow owners of the Yosemite National Park-

And it goes on at great length to tell what is being done here. The circulars that have gone out to the people of the United States have almost invariably declared that this was a graft. For instance, here is a representation that went to the American people. It is said here:

If the legislation is not railroaded through Congress, an even fuller report of the Mokelumne resources than that of the engineer, Bartell, will be presented, along with an offer of rights and sites, by the Sierra Blue Lakes & Water Power Co.

The advantages claimed for this source over that of Hetch Hetchy

Now, remember this corporation, the Sierra Blue Lakes & Water Power Co., and here are the advantages that are set out:

(1) It would obviate the invasion of your national park.
 (2) It would save 70 miles of tunneling, much of it through solid

rock

rock.

(3) It would be a shorter route by 65 miles.

(4) It could be completed in 4 years, as against the 10 needed to make Hetch Hetchy available.

(5) Its owners will offer it to the city at a price to be arbitrated.

(6) Its watershed is virtually in a forest reserve (not a national park), and thus is more fully protected than a scenic resort like Hetch Hetchy. Hetchy.

Then they go on-I am not reading near all of it-

In order to silence the opposition of the irrigation interests the ty's agents have agreed to divide with them the waters of the coveted city's a

That was before the irrigationists were opposing the bill.

The spectacle of thus parceling out the resources of one of God's most beautiful creations has had no counterpart since the casting of lots for the raiment of Jesus.

They have applied various epithets to this plan, calculated to impress the ordinary individual and citizen, especially when they noticed that it was signed by Robert Underwood Johnson, a man, by the way, whose motives I do not impugn; I believe he is perfectly honest and I recognize his ability and his patriotism, but he is so enthusiastic over it I think he is very unreasonable with the proposition.

In the face of these facts

After they have compared them-

After they have compared them—
where is the "emergency" requiring the passage of this piece of inexcusable folly? There is an emergency, but it lies in the other direction.
The emergency is that unless as American citizens you protest to your
representatives in both Houses of Congress, your great national park
is likely to be lost to you and your descendants forever.

Now, listen to this:

Yosemite Valley will become "the back door of San Francisco."

And so on.

Will the reader of these lines also remember that fact?
Citizens, will you not help prevent this outrage by writing in protest, however briefly, to your Senators and Representatives, and to Hon. Reed Smoot, United States Senate, and Hon. F. W. Mondell, Member of Congress, Washington, D. C., and to the press, and by asking others to do the same? "They have rights who dare maintain them."

And so forth.

seems, therefore, that the mighty cohorts of opposition to this bill, at least as far as the Senate is concerned, are under the leadership and the guidance of the Senator from Utah [Mr. Smoot]. This ought to explain fully and satisfactorily to everyone why it is that this Senator has received more than 5,000 letters protesting against the passage of this bill. An analysis of his correspondence would, no doubt, disclose that these letters have a wonderful similarity; that they have mostly originated from one source, and that they have come to him because he has been selected to lead the opposition against the

passage of this bill through the Senate. This letter is only a sample. It has been sent out, no doubt, by the millions, and, as I shall show, these representations in regard to the Blue Lakes water supply, upon investigation, have been shown to be absolutely false and without foundation. But thousands of honest people have been deceived, and Senators have been getting circulars from clubs and societies and organizations denouncing this bill in the severest terms, because those who send in these resolutions have honestly believed that we were about to destroy Yosemite Park. They have honestly believed these representations in regard to getting a supply of water from the Sierra Blue Lakes & Water Power Co.; and yet this claim is not only false, but it is a holdup made by men who have no other desire than to make money out of their opposition.

Now, referring particularly to the expression in this circular

letter regarding the Yosemite Valley, every citizen of the United States, I presume, who will read that circular in full can get no other impression but that Congress is about to desecrate that valley; that it is going to be ruined; it is going to be the back door of San Francisco. Yet the truth is that Yosemite Valley is not within 40 miles of Hetch Hetchy and the dam provided for in this bill. Now, what is the truth about the Sierra Blue Lakes & Water Power Co., mentioned in this circular letter,

that has been the basis of this campaign?

What are the facts? The president of this corporation wired to the House committee, after they had closed their hearings. setting forth in a long telegram the substance of this claim. They reopened the hearings, postponing them in order that he could get here, and the development later on showed that this particular proposition was absolutely without any merit whatever.

It was simply a scheme to sell something to San Francisco that the men themselves did not own, and the cross-examination of the man who represented them in the printed hearings will show that it was simply a plan to hold up somebody and get some money. One of the people interested in this plan that was repudiated even by the opponents of the bill later has lately turned up. I think the Senator from Colorado [Mr. Thomas] read his name in connection with another proposition. As fast as one plan is exposed he invents another. He has invented something else since that one was exploded and exposed. These men were denounced openly by the reputable citizens as being of the worst character possible. One of the men connected with this proposition was denounced as a recent partner of Abe Reuff in the various occupations that he carried on, and that could not be named here, perhaps, without a violation of the Senate's rules.

Now, with such expressions as that contained in this letter the good people of the country have been impressed that something wonderful is going to happen here in the way of robbing them of the park. It is only a sample; I only give it as an illus-

tration.

When Mr. Johnson was before the Senate committee and one other witness appearing before the committee referred to one of the men connected with this institution as his friend, promptly called him to order and repudiated him and said he did not want to be considered as his friend. Yet I have never heard that Mr. Johnson or any other opponent of this bill has ever apologized for that statement or told the people who have been deceived by it that it was a fake.

I said a few moments ago I believed that if the power possibilities had been eliminated this great campaign that somebody has carried on that must have cost somebody a great deal of money, would never have reached the great proportions that it has. I said that I was in favor of this bill to a great extent for the reason that it developed this power. This power will come into competition with the various water-power companies of

California, and there are lots of them there.

Let us pause right here for a few moments and consider some of the corporations that are engaged now, private corporations, in selling power. This bill is not giving to a private corpora-tion any power. It is giving to the people of the locality of San Francisco the right to use a cheap power when it is developed. To my mind, it is the very highest type of conservation. Here for ages this stream has been running down from the mountains, even destroying property, without doing man any good, and this proposition is to harness that power and to put it to public use not to give it to a private corporation. Why do we want to develop water power? Will we give it to the public or to a private individual or corporation?

Here is an instance where we are going to give it directly to the people, if we pass this bill. It is going to come into com-petition with power companies and corporations that have, or will have, if this bill is defeated, almost a monopoly not only in San Francisco but throughout the greater portion of California,

Now, I have here an official report made by the Bureau of Corporations, and, among other things, they have a table

Mr. THOMAS. Mr. President—
The PRESIDING OFFICER. Will the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. Yes. Mr. THOMAS. I merely wish to ask the Senator what is the

date of the report, please.

Mr. NORRIS. March 14, 1912. Here is a table showing the development of water power in California by basins and streams classified as commercial or manufacturing development. Then it gives what I presume is a complete list, making a total commercial horsepower development of 429,467 horsepower. The commissioner comments on it as I shall read. I will not read the list. I do not think it is material, because I am going to refer to some of them:

The above table discloses the fact that 119,609 horsepower commercial, or more—74 per cent of the total developed horsepower of the State—is on the streams centering in California Bay.

I wish Senators would not that.

Seventy-two thousand nine hundred and twenty-eight horsepower, or nearly 17 per cent of the total developed commercial power of the State, is in the great basin, thus placing more than 90 per cent of all the developed power of the State in these two drainage basins. Six nominally distinct corporations, with their subsidiaries, control practically 94 per cent of the developed power of these two basins, and over 86 per cent of the developed power of the State.

It begins to look, it seems to me, as if the interests of the water companies were greater in defeating this bill than the

interests of anybody else.

Mr. CLARK of Wyoming. Will the Senator allow me to

make an inquiry there?

Mr. NORRIS. Yes.

Mr. CLARK of Wyoming. I have not paid so much attention to the water-power possibilities of the bill, but I should like to inquire of the Senator how the grant to California is going to control or affect the distribution of water power in that locality, outside of that which is used for municipal use? As I said, I have not paid particular attention to that part of the bill, but it provides, as I remember it, that the water power developed under this grant shall be disposed of to these two irrigation districts, for pumping purposes and otherwise, and to the municipalities to which the grant is made, but that it shall not be sold to individuals or to corporations. That, of course, would bar the commercial use of the water power that is generated, and that power would still have to be furnished by the corporations. I am asking for information only.

Mr. NORRIS. I am coming to all that, if the Senator will

wait.

Mr. CLARK of Wyoming. I beg the Senator's pardon. I

will not interrupt again.

Mr. NORRIS. I will go into that as well as I can, but I would prefer not to do it now, because I want to read further from the statement here and call attention to the existence of conditions that are now there.

I am going to read a list of a few corporations that develop horsepower, and then I am going to take up each one of them and show just what they are and where they are using this

The Pacific Gas & Electric Co. has 118,343 horsepower. The Great Western Power Co., owned by the Western Power Co., has 60,000 horsepower. The Northern California Power Co. (Cons.) has 46,900 horse-

Those are the three important ones. There is another one—the Sierra & San Francisco Power Co.—that has 65,500 horse-power. There are two others, but they are not within the region of the State, that would be affected by this bill, so I will not pay any attention to them.

The four corporations first named-

Those are the ones I have read-

operate in all that portion of the State included in the Sacramento and San Joaquin Valleys; the last two, namely, the Southern California Edison Co. and the Pacific Light & Power Corporation, occupy a distinct field centering in Los Angeles. The first four also own more than 570,000 horsepower, undeveloped, and the six companies together operate steam auxiliary plants with a total capacity of about 200,000 horsepower.

Particular states

horsepower.

Particular significance attaches to the figures given in connection with the above corporations when account is taken of the fact that there is a particularly close relationship among the first three. This relationship centers in the Pacific Gas & Electric Co. An apparent relationship of the Southern California Edison Co. to the Pacific Gas & Electric Co. is established through the Great Western Power Co. PACIFIC GAS & ELECTRIC CO. AND ITS SUBSIDIARY AND RELATED COMPANIES,

The Pacific Gas & Electric Co. was incorporated in California in 1905 as a holding company to acquire the stocks of the San Francisco Gas & Electric Co. and the California Gas & Electric Corporation. Among the corporations now controlled are the following: California Gas & Electric Corporation: San Francisco Gas & Electric Co.; California Central Gas & Electric Co.; Bay Counties Power Co.; Valley Counties Power

Co.; Standard Electric Co. of California; South Yuba Water Co.; Central California Electric Co.; Oakland Gas, Light & Heat Co.; Sacramento Electric, Gas & Railway Co.; United Gas & Electric Co.; Stockton Water Co.; Yuba Electric Power Co.; Nevada County Electric Power Co.; Central Electric Railway Co.; Blue Lakes Water Co.

These make in all, as I have counted them, 18 corporations controlling the power in the vicinity of San Francisco that are under the control of this one corporation. Now, let us take another one:

In the organization of the Pacific Gas & Electric Co. and the controlled subsidiaries above given there were absorbed a number of other corporations, mainly electric light and gas companies.

The capital securities of the Pacific Gas & Electric Co. (1911) consist of \$19.272,500 common stock, \$10.000,000 6 per cent cumulative preferred stock, and a bonded debt of \$48,209,000.

And so on, stating what they are.

Now, let us take up another one of these corporations, subsidiaries of the Pacific Gas & Electric Co. That is another one of these holding companies. They-

have 11 hydroelectric plants, as follows: The Bay Counties Power Co. operates three plants on the Yuba River or its tributaries—

And so on, giving a regular list of them.

These five companies together, according to schedules furnished this bureau, have a total developed wheel capacity rated at 118,343 horsepower, as shown in the statement below: The Bay Counties Power Co. has 27,260 horsepower; the Valley Counties Power Co. has 33,500 horsepower; the Sacramento Electric, Gas & Railway Co. has 6,250 horsepower; the Standard Electric Co. of California has 37,500 horsepower; and the Central California Electrical Co. has 13,833 horsepower; a total of 118,343 horsepower.

That is already developed and is a larger development of horsepower than the Hetch Hetchy will make. There is then given a list of them.

given a list of them.

In addition to the power owned by the subsidiaries of the Pacific Gas & Electric Co., as indicated in the above statement, it buys from the Great Western Power Co. 20,000 kilowatts delivered at Oakland; this is equivalent to about 26,000 electrical horsepower at Oakland.

The Northern California Power Co. (Cons.) was incorporated in 1908 and is a consolidation of the old Northern California Power Co. and its controlled companies. These controlled companies consisted of various electric light and power concerns operating in the northern part of the State. There is an evident close relationship between the Pacific Gas & Electric Co. and this company. The Bank of California is its treasurer and Frank B. Anderson, president of this bank, and Joseph S. Tobin, a director of the bank, are also directors of the Pacific Gas & Electric Co.

That shows a connection between these companies and the companies operating in distant parts of the State, so that they can reach out their hands and control all the power in the State of California. Another one of these companies is the Great Western Power Co.

This company was incorporated in California in September, 1906, for the purpose of developing a hydroelectric plant. It succeeded the Golden State Power Co., the Western Power Co. of California, and the Eureka Mining Co. It controls the California Electric Generating Co., which has a steam plant at Oakland. This is leased to the Great Western Power Co. The Great Western Power Co. has \$27,500,000 capital stock outstanding, all of which is owned by the Western Power Co., a New Jersey corporation. All the officers of the Western Power Co. are also officers of the Great Western Power Co.

So we have a maze of corporations here. When you sum them all up you will find that they own practically all of the hydroelectric power of the State of California, and this bill, if passed, will bring into competition with them one of the greatest units for the development of power that has ever been developed in the history of the world. It means competition.

MONOPOLISTIC POSITION OF THE PACIFIC GAS & ELECTRIC CO.

Monopolistic position of the pacific gas & Electric Co.

It will be recalled that the Pacific Gas & Electric Co. controls directly or influences nearly 200,000 horsepower developed and under construction and at least 100,000 horsepower undeveloped. But as large as these holdings are, that alone does not by any means give this company a monopoly of the water power in the territory served. There is undoubtedly a vast volume of undeveloped power in this region that is not owned by it. This lack of ownership of practically all the power in the territory where it operates has not, however, prevented the Pacific Gas & Electric Co. from establishing a fairly effective monopolistic market condition.

The operations of this company and its subsidiaries cover the north central portion of California for about 225 miles from north to south and 125 miles from east to west. This territory embraces at least 30 counties, containing about 38,000 square miles. San Francisco, the largest city in the State. Sacramento, and other important cities are in this territory; more than 46 per cent of all the capital invested in manufacturing enterprises in the State in 1905 was in seven cities, reached by its transmission lines. It owns the street railways of Sacramento and suburbs and the electric-light distributing systems in more than 40 cities and towns.

The Pacific Gas & Electric Co, serves more than 200 communities with one or more of its products. It supplies light direct to 82 of those communities. It has more than 56,000 light and power customers, besides supplying more than 12,000 street lamps.

In San Francisco the company supplies all the lights—

The Senator from Wyoming [Mr. CLARK] was inquiring about coming into competition with this—

and nearly all the power except that used by the street railways, and, in fact, it sells some power to the United Railroads of San Francisco, It sells power to the street railroads of Oakland; to the North Shore Railway Co.; Petaluma & Santa Rosa Railway Co.; Vallejo, Benicia & Napa Valley Railway Co.; Northern Electric Railway Co.; Sacramento

Electric, Gas & Railway Co., which it owns; Stockton Railway Co.; Peninsular Railway; San Jose & Santa Clara County Railway Co.; San Jose Railway Co.—

That is a railway company, I take it, running about 40 miles out of San Francisco, and a ferry company gets its power from

San Francisco, Oakland & San Jose Railway Co.; and Presidio & Ferries Railway Co. It owns gas plants supplying the entire city of San Francisco and at least 17 other cities and towns.

Why, Mr. President, will it be understood in the face of all that that the power that shall be developed at Hetch Hetchy will not come into direct competition with the power that is sold by these private corporations, that this official of the Goverment said has practically a monopoly of power in almost all that portion of California? Here is something that one of the officers of the company said:

In a letter addressed to a banking firm in May, 1909, the vice president and general manager of the Pacific Gas & Electric Co. said:

"The company serves its territory practically without competition. It owns the distributing systems in the principal centers of population, and as its service is adequate and its rates low there is no incentive for other companies to undergo the heavy expense of duplicating systems with a view of offering competition."

That is from the side of the corporation. There is a map inserted here to which the writer is referring.

Interested here to which the writer is referring.

This map shows that the Pacific Gas & Electric Co. occupies almost alone all that populous and prosperous region of the Sacramento and San Joaquin Valleys centering in San Francisco. The only important hydroelectric company in this section of the State that is not connected in some way with the Pacific Gas & Electric Co. is the Sierra & San Francisco Power Co. This company is controlled by the Railroads & Power Development Co., which is controlled by the United Railways Investment Co. of San Francisco. Practically all its power is used in the operation of street railways in San Francisco, and it is, therefore, not a competitor of the Pacific Gas & Electric Co.

This shows with whom and with what the power developed at Hetch Hetchy will come in competition. The railroads of the bay cities, the gas of the bay cities, the electric light of the bay cities, and a large number of other uses to which gas and electricity are put are now under the control in the vicinity of San Francisco and all that part of the State of California of private power companies that own and have developed water power. The power developed at Hetch Hetchy is intended to operate street railways, to furnish electric lights to all those cities and to all the homes in those cities. It will be a direct competitor of gas. We see, therefore, from this report of the Government officials just exactly who is interested in and who will profit by the defeat of this bill. Every power company in California, and especially in the vicinity of San Francisco, every street railway, and every gas company there are anxious that this bill should be defeated, and it seems to me it makes plain why there has been such a nation-wide opposition to this bill, which proposes to put this great power in the hands and under the control and ownership of the people themselves.

Mr. President, I could go on at great length if I were physically able to do so, and develop those propositions and trace down in detail those various corporations, but I think I have gone far enough to show that If the power of the Hetch Hetchy is developed it will come into direct competition with what a sworn official of the Government says is a monopolistic control of the hydroelectric power of California,

Why, Mr. President, we ought to remember that Hetch Hetchy Valley was not originally a part of the Yosemite National Park, and that it was not put into the Yosemite National Park until after San Francisco had decided to get its water from that val-

ley and to develop that power.

Mr. SMOOT. Mr. President, just for the sake of the RECORD-

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. Yes. Mr. SMOOT. That statement has been made once before during this debate, and I think it ought to be called to the attention of the Senate just when the Hetch Hetchy was added to the Yosemite Park.

Mr. NORRIS. I think the exact date is already in the RECORD.

Mr. SMOOT. The resolution adding Hetch Hetchy was passed June 11, 1906.

Mr. THOMAS. That is even later than the date Mr. Long

gives in his testimony. He gave the date as 1905.

Mr. SMOOT. I take it from the United States Statutes at Large.

Mr. NORRIS. That is still later, is it not?

Mr. THOMAS. Yes.
Mr. NORRIS. I am making the statement from the testimony, and, if I am wrong, I will be glad to be corrected.

Mr. SMOOT. I simply wanted to correct the Senator from Nebraska

Mr. NORRIS. That does not contradict the statement that I have made, as I understand.

Mr. SMOOT. But San Francisco never filed on this water until years after that.

Mr. THOMAS. It made the filing on June 29, 1901.

Mr. NORRIS. The statement that the Senator from Utah makes only strengthens the statement that I have made. I do not say that that is material, but I think when you take all these power possibilities into consideration, it ought to be considered. I am not censuring the people who are responsible for putting the Hetch Hetchy into the Yosemite Park. I know we pass many resolutions and laws at times that have "jokers in them, and we do not know it; but it is peculiar, it seems to me, that when San Francisco said, "We want the Hetch Hetchy for our water supply and power," within a very short time afterwards it became part of the Yosemite Park. That was to make it more difficult for San Francisco to get it.

Mr. DILLINGHAM. Mr. President, does the Senator have in mind the date when San Francisco acquired these titles?

Mr. NORRIS. In 1901. Mr. THOMAS. June 29, 1901.

Mr. SMOOT. Mr. President, of course, I referred to the filings which were made in 1908.

Mr. NORRIS. I want to say to the Senator that an investigation was made quite awhile before that

Mr. DILLINGHAM. I had in mind the title to the land which the city has acquired.

Mr. THOMAS. She acquired those-

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I do. Mr. THOMAS. She acquired the lands in the Hetch Hetchy prior to the extension of the boundaries of the Yosemite Park, so as to take in the Hetch Hetchy.

Mr. NORRIS. I do not think there is any doubt about that, Mr. DILLINGHAM. That was the question I had in mind. Mr. NORRIS. I did not understand the Senator's question. As I understand-and I would like to be corrected if I am not right-San Francisco bought and owned in fee simple the valley of the Hetch Hetchy before it was included in the Yosemite National Park.

Mr. SMOOT. Mr. President, I have not the date here of the purchase of the 720 acres which San Francisco bought in the Hetch Hetchy. I will say to the Senator, however, that when I interrupted him I had reference to the filings of San Francisco in the year 1908. I knew that in 1905 the State of California receded to the United States the original park that was dedicated for recreation purposes; that it was accepted by Congress in June, 1906; and that at the time they accepted the receded land they also added the Hetch Hetchy Valley to that park.

Mr. THOMAS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I yield to the Senator. Mr. THOMAS. It is true, as the Senator from Utah states, that there was a filing upon the water by or for the city of San Francisco in 1908, but the original filing was on June 29, 1901, both on the waters of the Tuolumne and those of Lake Eleanor and its tributaries. An attempted abandonment of that filing, as the record shows, some time in 1906 caused the officials of the city of San Francisco, as a matter of precaution, to renew their filings, but they have relied at all times upon their original filings of 1901.

Mr. NORRIS. Oh, yes; I do not think there is any doubt

about that.

Mr. President, I want Senators to approach this subject, and I want to approach it, in an unbiased and fair-minded way. I believe—and I think it is on account of the campaign made over the country by the opponents of this bill in the interest of the water-power companies—that there is a misconception not only of what the bill is, but that the Senate of the United States, sharing unconsciously in the feeling that has been engendered by that campaign, are approaching the consideration of this subject with biased minds. Let us think of it for a moment. Why should San Francisco be interested in doing something that is illegal, that is dishonest, or that is wrong? San Francisco years ago awoke to the fact that she had to get additional water. Was she hunting farmers so that she could murder them? Was she looking for a place where she could injure somebody? Think, for a moment, if we were citizens of San Francisco and we had reached the conclusion that our water supply, perhaps not within 10 years, perhaps not within 20 years, but on account of the peculiar situation of our city, its rapid growth and development, would have to be enlarged, and as wise, patriotic citizens we could look forward and see the time when we were going to suffer for water, what would we do?

We would do what San Francisco has done. She started out to get a supply. She has spent thousands and thousands of

dollars and years of time surveying all the country, all the watersheds, not to see whom she could destroy or injure, but to see where, under all the circumstances, was the best source of supply. She examined all of the other sources that have been mentioned and some that have not been mentioned. She settled on Hetch Hetchy, and one of the reasons she settled on that was because that great watershed was up in the mountains, uninhabitable, where there would not be any interference in the future with the farmers and with irrigation. One of the reasons why she selected it was because of the smaller amount of legal friction that would exist on account of the title having been acquired to the water by irrigationists. Another reason was because of power development. She did it honestly. No man has questioned that. She was only seeking to do the best she could under the circumstances, and she selected Hetch Hetchy.

It is a remarkable fact that all the water-power companies, reaching from one end of California to the other, with interlocking directorates and owning each other ad infinitum, succeeded in creating a public sentiment in favor of the taking of Hetch Hetchy into the Yosemite National Park. The men who took it in were honest, undoubtedly, but it would make it harder for San Francisco, and for every step that San Francisco has taken from that day to this she has been met by an opposition that is untiring and, I believe, unreasonable and unfair.

San Francisco, finally, was in the clutches of a corrupt gang. While they had possession of the city they undertook to surrender all the rights that she had ever obtained in the Hetch Hetchy. That is another remarkable coincidence. I received a letter this morning condemning me for supporting this bill. and the writer said that San Francisco had for a great many years a lot of corrupt politicians at her head who were trying to get this water power, and the writer was suspicious, not knowing that these very men-at the behest, without doubt, of the water-power companies, who could be the only gainers by it-tried to surrender to these corporations the rights of San Francisco and of the surrounding cities.

Mr. SMOOT. Mr. President-

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Utah?

Mr. NORRIS. Yes.

Mr. SMOOT. I will not interrupt the Senator if he does not desire me to do so. I may have misunderstood him, and I inquire if I am correct in understanding the Senator to have said that the Hetch Hetchy Valley was put into the park at the

request of water-power companies in California?

Mr. NORRIS. No; I have not any proof that the waterpower companies opposing this bill had anything to do with that. Power corporations and other kinds of monopolistic corporations never come out in the open when they fight a proposition. They go around behind and, perhaps, get some nature lovers who are particularly honest to fight their battles. It will suit them better if they can go to a farmer, deceive him, and get him to fight their battles, so that many a time when they are trying to get something or trying to prevent somebody else from getting something the fight is always made under the name of somebody else and under the guise of being the fight of honest people and of honorable men.

Mr. SMOOT. If the Senator had lived in the Western

States

Mr. NORRIS. I thought I did live in a Western State, but,

perhaps, I do not.

Mr. SMOOT. Where the Senator from Colorado [Mr. THOMAS] and I live, where irrigation is of such vast importance, he would know that there has been no need whatever for any-one outside of the bureaus in Washington to suggest the addition of any public lands to any kind of a reserve. I think the Senator from Colorado will agree with me upon that point.

Mr. NORRIS. That is not any defense. That does not even

have a tendency to prove anything.

Mr. SMOOT. I am not offering it as a defense, but I asked the Senator the question if I understood him to say that the reason Hetch Hetchy was added to the Yosemite Park was because of the fact that the water-power companies were back of it?

Mr. NORRIS. I have before told the Senator that I could not prove that. I Lave not said so; but I have called attention to the fact that this was done after San Francisco had undertaken to get Hetch Hetchy, and that he beneficiaries of it are the same power companies which the official of the Government of the United States says have a practical monopoly to-day in that locality.

Mr. SMOOT. This was done, Mr. President, by act of Congress. Generally such things are done by an Executive order.

Mr. NORRIS. It was done by both, as I understand. It does

not make any difference, however, how it was done. I have said that I am not accusing the men who did it of doing inten-

Mr. PERKINS. Mr. President, if the Senator will permit me, will say it was done at the request of the Legislature of

California.

Mr. NORRIS. The Senator from California says it was done at the request of the Legislature of California. If the power companies wanted something from the Legislature of California, or wanted something from the Senate of the United States, they would not go to the legislature or to the Senate and say: have got a monopoly and we do not want it interfered with." That is not the way they do business, and I do not believe the Senator from Jtah thinks it is.

Mr. SMOOT. No; Mr. President, I do not think so. I was positive that they had nothing to do with that, and the senior Senator from California [Mr. PERKINS] says it was done at the

request of the Legislature of California.

Mr. NORRIS. I understood the Senator from Utah to say awhile ago that if I lived in the West I would realize that western people never made those requests; that they always came from the East. This one happened to comfrom the West. Mr. SMOOT. Mr. President, I did not say that they all came

from the East. I said that we in the West learned that there was no necessity for anyone from any part of the United States suggesting the addition of public lands to forest reserves, because that was attended to by the bureaus here at Washington.

Mr. NORRIS. In this case, as I understand, the West did it. Mr. THOMAS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I yield. Mr. THOMAS. I think the statement made by the Senator from Utah is, generally speaking, correct; but as to this particular instance it is significant that the extension of the boundaries of the Yosemite Park so as to include the Hetch Hetchy Valley occurred at about the same time that the Ruef government of the city of San Francisco sought to abandon the filings of the city of San Francisco upon that site and water.

Mr. NORRIS. A very remarkable coincidence; of course it was an accident; in such cases it always is an accident; but it is yet a very remarkable coincidence, which I think ought to be

taken into consideration.

Mr. SMOOT. Mr. President-The PRESIDING OFFICER. Does the Senator from Ne-

braska yield to the Senator from Utah?

Mr. NORRIS. Yes.

Mr. SMOOT. I voted for that resolution.

Mr. NORRIS. I presume, if I were present, I did also. I am not complaining about that.

Mr. SMOOT. I want to say to the Senator that I never heard

the intimation until to-day.

Mr. NORRIS. Of course you did not, and I did not hear about it. If such an intimation had been made I would not have voted for the resolution. On the face of it it looked like an honest proposition. There is not any doubt about that.

Mr. SMOOT. The senior Senator from California [Mr. Per-

KINS] supported that resolution.

Mr. NORRIS. Very likely. Mr. SMOOT. And all the Representatives of California who are supporting this bill supported that resolution.

Mr. NORRIS. Exactly.
Mr. SMOOT. I do not think they were all deceived.

Mr. NORRIS. It is a very remarkable coincidence. I said distinctly-and I will not permit any Senator to put me in any other light-that I was not for a moment questioning the honesty of any Member of the Senate or of the House of Representatives, or of any official of the Government who had anything

to do with the matter.

I presume we have all voted for a good many bills that looked nice on their faces, but later discovered that there was some-

thing besides what appeared on the surface.

Mr. President, there are hundreds and thousands of horse-power going to waste in this valley. In this age, when men are toiling and sweating, and when corporations are charging for water and for heat and for light enough to make a profit, perhaps, on watered stock, when we have an opportunity to put into competition with such a thing as that the development of a power that will not cost the Government a cent, but will reach out and relieve, in the course of years, millions and millions of honest men, it seems to me almost a sin not to do it.

Mr. President, the passage of this bill means to lighten the burden of every man who toils in any of the Pacific cities. It means relief to every woman who works and toils. It means that the woman who breaks her back over the washtub will be able to do her washing with electric power. It means that the citizen who has to buy electric light by means of which to educate himself and his children will have the price cut in two. It means that the street railways of San Francisco and other cities will be operated by this power. It means a 3-cent fare

to the poor of San Francisco on their street railways. Hold up your calloused hands, you senatorial strap hangers,

who for years have been riding on cars here and paying for something you did not get. Hold up your hands, and if you can not give relief to the citizens of the District of Columbia from an intolerable situation, at least let your brethren out on the coast get some relief. Defeat this bill and you will receive the plaudits, the acclaim, and the praise of every hydroelectric corporation in the State of California. Pass it and you give into the hands of the people a power that God intended should do some good for man.

Pass this bill and you relieve the burden of every man en that coast who earns his living by the sweat of his face. Pass it and you give relief to every woman who toils, to every child You start countless wheels revolving that will relieve humanity of its present burdens and make them lighter. You give it cheaper power, cheaper light, cheaper heat, cheaper

transportation, and an abundance of pure water.

The hundred thousand horses that we will harness are now idle, doing nothing, occasionally destroying property. Harness them and put them to work—100,000 horses that do not have to be fed, that never will get tired or weary, that never die of old age, that will be working 100 years from now as they can work

now, without tiring and without ceasing.

Pass this bill and you will perform the very highest possible act of conservation. Conservation does not mean to lock up resources. Conservation does not mean dealing out these resources to private capital for gain. It is not necessary to accuse those corporations of doing any wrong; but here will be an instance where the cheapest power on earth will be developed and where it will be sold at cost.

Mr. SMOOT. Mr. President, will the Senator from Nebraska yield to me for just a minute?

The PRESIDING OFFICER. Does the Senator from Ne-

braska yield to the Senator from Utah?

Mr. NORRIS. Yes.

Mr. SMOOT. I approve of all the Senator has said in regard to harnessing this mammoth power, but I wish to say to the Senator that the city of San Francisco can create very nearly the same horsepower by using the Cherry Valley drainage area and the Lake Eleanor drainage area, and do all the Senator has said for the good people of San Francisco.

Mr. NORRIS. No; she can not. Mr. SMOOT. That is what the report says, Mr. President.

Mr. NORRIS. I am going into that somewhat.

I believe the Congress of the United States has never before had the opportunity to pass a bill that will do more good than this bill along the line of putting to work the forces of nature. I was about to say, I think, when I was interrupted, that it did not necessarily follow and I am not necessarily asserting that these corporations are charging an exorbitant rate at the present time, or that they ever would do so. The inclination, of course, always is to do so. Everybody knows, however, that they will make a profit. Here is an instance where it is not intended to make a profit. The people who ride on street cars, the people who use electric lights, the people who are now using gas, those who eventually will use coal for purposes of heat, and those who use water for washing purposes will all receive all the benefit there is in this legislation without any rake-off by any corporation or monopoly.

Pass this bill, and its ultimate effect is going to reach away beyond the lives of any men who live. If by some convulsion of nature the country out there is not destroyed, in a thousand, yes, a million, years from now the people will still be getting the benefit of this legislation, which can hurt or harm absolutely no man on earth. Pass this bill, sir, and millions of children yet unborn will live to raise their tiny hands and bless your

I do not think anything to compare with this matter in importance has been before the country, recently at least. I have no sympathy with the man who in his conservation says that we must lock it all up, never develop water power, never do anything, unless the private corporations do it. Here is an opwhere we have a chance to carry comfort and blessings and happiness not only to the people who live around that bay now but to all those who shall live there in the future.

The charge is made that this is going to interfere with some irrigationists in the San Joaquin Valley. I am not questioning the honesty of those who make that assertion.

Mr. CLAPP. Mr. President-

The PRESIDING OFFICER. Does the Senator from Ne-

braska yield to the Senator from Minnesota?

Mr. NORRIS. Yes.

Mr. CLAPP. In that connection an inquiry is suggested to me that I had intended to make of the Senator, and I think perhaps it will be included. perhaps it will be in order with reference to the phase of the question he is about to discuss.

I should like to ask the Senator if, in his study of this subject, he has familiarized himself with the Los Angeles grant?

Mr. NORRIS. I will say that I have not done so in detail.

In a general way I know what it is.

Mr. CLAPP. What I was going to ask was, if so, whether

the Senator could point out the difference between that situation and this, especially with reference to the rights of settlers,

present or prospective, in regard to irrigation?

Mr. NORRIS. In the course of the argument I am about to make, while I am not going to refer to the Los Angeles proposition, because, as I say, I do not know the details of it, I think I shall be able to satisfy the Senator's mind in regard to the claim that anybody is going to be hurt or any man's rights are going to be taken away from him by this bill.

Mr. THOMAS. Mr. President, will the Senator permit me to

interrupt him?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. I yield.

Mr. THOMAS. I may say that at the time the Los Angeles

bill was pending in Congress a great many men in the West, myself among the number, were solicited to write to and invoke the favorable action of their Senators and Representatives upon the bill. At the same time we received a great many applications from those opposed to it to attempt to use our influence against the bill. The principal objection to the bill was that it would make the valley of the Owens River a widespread desolation and destroy all the farms and ranches that line both sides of the river from its source to the place where it leaves the border of the State. At any rate, so far as that phase of the opposition to this bill is concerned, it presented a precisely similar condition, although perhaps the opposition was not an organized one, as it seems to be here.

In speaking a day or two ago with a gentleman concerning the conditions down there, I was informed that much of the apprehended disaster never had occurred, the water supply being sufficient for the uses of Los Angeles and leaving practically enough for those whose rights then existed. In instances where damage had occurred the city of Los Angeles, of course,

had to meet it and make due compensation for it.

Mr. CLAPP. If the Senator from Nebraska will pardon a further interruption, I should like to ask the Senator from Colorado with reference to what use of power has resulted or may yet result from the passage of the Los Angeles bill.

Mr. THOMAS. I can not speak about that so definitely. My understanding is that the system contemplated the generation of sufficient power for the municipal uses of Los Angeles, but from reservoirs near the city, there being no such great gorge as Hetch Hetchy to form the initial point or foundation of the system. That is my information.

Mr. CLAPP. Can the Senator answer the question whether

or not, in the Los Angeles case, there was the opportunity to create power that depended upon any act of Congress-not as to the right to create it, but with reference to the right to place structures so that it could be created? That is, did the opportunity to create power depend upon any act of Congress?

Mr. THOMAS. The Senator will find the act granting Los Angeles its rights in the thirty-fourth volume of the Statutes at Large, on page 801, as I now remember. There is nothing in the act which specifically refers to power. Of course the construction of a dam, the creation of a reservoir, and the impounding of water so that it is held would create power and would give to Los Angeles the power thus created.

Mr. SMOOT.

Mr. SMOOT. If she filed on the water. Mr. THOMAS. Yes; as the Senator from Utah suggests, if she filed on the water. I think her filings did cover that power, but I simply assume it because it would be perfectly natural for them to do so.

Mr. CLAPP. The point I am trying to get at—and as I do not intend to speak on the subject I have taken the liberty of rising at this time-is whether Los Angeles could develop power in that case independently of any right to place structures where the right to place them depended upon the grant from the Government.

Mr. THOMAS. In one sense, no; because unless she made this construction she could not get the head of water necessary for power. I do not know that I exactly understand the Senator's question.

Mr. CLAPP. The question is whether or not it required any right granted by Congress to enable Los Angeles, in the placing of structures anywhere, to utilize any power incident to water which she got by filing.

Mr. THOMAS. I now fully apprehend the Senator's question. It did not.

Mr. NORRIS. I was about to take up the question of conflict between these two irrigation districts and the proposition on the part of San Francisco to use the water from the Hetch Hetchy Valley. I wish to say, as I perhaps said to some extent a while ago, that San Francisco investigated all the various watersheds and various water propositions that were anywhere within access of San Francisco. There is not any question of her doing that honestly. She had her engineers do it, and they came to Hetch Hetchy as a result. The Government engineers went after it, and they came to Hetch Hetchy as a result. They were afterwards ordered, I think, by the Secretary of War to get together again and go over the question again; and they did so and came back to the same place.

These men did not say, and I am not claiming, that it is impossible for San Francisco to get water anywhere else. I do not claim that. In these reports they went into the question just as any court would do, reviewed the various propositions, and showed how they could get water here and how they could get water there. Those reports have been read here time and time again. I have followed wearily many and many a night, until I was worn out, the evidence that led along different streams going in all directions from San Francisco; some of them good propositions, some of them proper to develop, I admit, but there is not one of them but that, in my judgment, would bring us more often than this one into contests with irrigationists. There is no one of them but that has all its difficulties. Some of them are impracticable; all of them have their difficulties. So these engineers, after going over and over and over again all the evidence and all the surveys, made by men who were moved by only one intention, and that was to get the proper supply of water, always came to the same conclusion. So when they say, as I have heard Senators read here evidently with a great satisfaction, "the water from the McCloud River would be good," nobody denies it. You could get a supply of water from that source. But all of these engineers have gone over the whole field, and they have always come to the same conclusion, that putting one thing with another, the most practicable and the fairest and the best proposition of all

is the Hetch Hetchy project.

The Senator from Idaho [Mr. Borah] the other day, in discussing the matter, himself admitted that in his judgment there was a difference in cost in favor of Hetch Hetchy of from twenty to twenty-five million dollars, as I remember. The different estimates run all along from thirteen to thirty million dollars, always in favor of Hetch Hetchy. But there is not another proposition that has power connected with it that can be compared with this-not one. Some of them have power companies that want to sell. There is not one that has the possibility of development of horsepower similar to or that can be even compared with the Hetch Hetchy proposition-not one. In my judgment, if they could get any one of the other propositions free, absolutely for nothing, and would have to pay, as they will in this case, \$77,000.000 to develop Hetch Hetchy, the latter still would be the cheapest. We are not considering this matter for to-day alone, but for the generations that shall follow.

Here is an opportunity to harness up one of the forces of nature that shall carry comfort and happiness all down the ages and the centuries. I do not think there is any comparison between Hetch Hetchy and any of the other propositions. Invariably every board-Army board and everybody else-comes back to Hetch Hetchy. It is the best. It is the cheapest,

It is not intended that all this power shall be developed at It is not a practical proposition to do so. It is not intended that all this water shall be carried to San Francisco at once, or that provision shall be made at once for carrying it all. If this bill is passed, however, the first part will pay for the second part. Power will be developed and the extension of the work and the increase of the supply that may be necessary in future years will be paid for out of the power that is first developed.

Is there any injustice to the irrigationists anywhere in this bill? Is there anything here that is going to take away men's homes?

I heard read from the desk here the other day a telegram from a farmer out in the San Joaquin Valley. He said:

The passage of this bill means the destruction of our homes.

If that be true, it is a serious proposition.

I do not believe there is a man here who wants to rob one of those farmers. There is no man here who wants to prevent the development of agriculture there.

Let us get down, now, to what I believe to be the true facts in the case. Objection is made by these irrigation districts to certain provisions of the bill which, when it passed the House, were put in at their request, and were then satisfactory to them. Now they object to them, and say the passage of the bill means the destruction of their homes. There is no man here or elsewhere who has studied this bill who will deny for a moment that if this bill is passed those irrigation districts will get more water than they ever have had in their entire history in the There is no doubt about that proposition. If the real truth were spoken; that is, the reason they had these provisions put in the bill. They had a filing, it is true, on more water than there was in the stream, but they never put it to beneficial use.

I am going to read some of the statutes and some of the decisions of the Supreme Court of California on the proposition. They are entitled, under this bill, to 2,350 second-feet-that is, the bill says that the city of San Francisco shall recognize their prior right to 2,350 second-feet. They have never used more than 2,000 second-feet in the past. They had a filing on 9,000 feet. They had a right to develop a good deal more if it was They went along all these years, and they have not done There is not a farm there, there is not a home there but that has been developed on less than 2,350 second-feet. I think if the real facts were shown, if the real truth were developed, they would not be able to prove in court a right to more than 1.800 second-feet.

So at the suggestion of these men themselves this provision was put into the bill; but that is not all. The bill provides that for 60 days in the irrigation season-from the 15th day of April until the 15th day of June-they shall have 4,000 second-They never had it before. They have not a ditch there now that will carry it. Then, there is an additional provision for supplying them with flood waters. Then there is another provision that they shall be able to get water, even in addition to all that, by paying the cost of the storage, for which, if they stored it, they would have to pay. No profit to San Francisco is provided. Then there is another provision in the bill-and the bill has been criticized on the one hand because the provision is in it, and on the other hand because a Senator thought it did not have it in it-which says that at no time shall San Francisco take out of the San Joaquin Valley more water than she can put to beneficial use for domestic and municipal pur-

The Senator from Oregon [Mr. LANE] discussed the proposition and said: "They are going to get 400,000,000 gallons daily." That is what they do expect to develop. They will never have it in San Francisco unless they have use for it. They do not want it there unless they can use it. The bill provides that they shall not take it there until they can use it. The Senator from Oregon demanded that it be put in the bond that they should not do it. The Senator from Idaho [Mr. BORAH] argued, because it was in the bond, that it ought to be The Senafor from Oregon did not know, perhaps, stricken out. when he said that that it was in the bond. It is there. There is not any question about it.

So these people are getting more water under this bill than they ever had in their lives, more water than they are entitled to under the laws of California. They can not prove title to nearly what they are getting, and there is not a home there but that is going to be benefited instead of injured by the passage

of this bill. Mr. President, here is a possible condition-and I want to be just as fair as I would like to have others fair to me. Suppose in the San Joaquin Valley there is additional land that is now arid, that never has been irrigated, that could be irrigated if this water were impounded here and held exclusively for its benefit. That is a condition which might possibly arise. But suppose some other irrigationists, instead of San Francisco, had filed on this water. Under the laws of California, some of which I am going to read, the man who first perfects the beneficial use, who first files and then perfects it in accordance with the filing, is the man who has the prior right.

These two irrigation districts filed on 9,000 feet. puted that they never have put to beneficial use, although they have had years and years in which to do it, as much as 2,350 feet. They tell me, those who know, that it would probably not exceed 1,800 feet. I think they will admit that it will not exceed 2,000 feet. Now, suppose it prevented the development on some arid land. That would not hurt a home. If a man has built up a home there by irrigating, and if he is going to get more water than he had before, he has not his home destroyed.

As I said awhile ago, I am not disputing the necessity of these men, but when such a ridiculous proposition is brought here in all seriousness by the men who think they are going to be ruined I can not help but call attention to the power possibilities and to the power companies that are interested more than anybody else in defeating this legislation and who are deceiving these farmers as to the real propositions involved.

I want to read that provision of the bill which prohibits

San Francisco from taking more water out of this valley than she can put to beneficial use.

Mr. THOMAS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. NORRIS. Yes. Mr. THOMAS. I I desire the attention of the Senator from Minnesota [Mr. Clapp] for a moment. A question was asked a few moments ago by the Senator from Minnesota concerning the Los Angeles grant. The attorney of the city of San Francisco, Mr. Long, has handed me this memorandum:

cisco, Mr. Long, has handed me this memorandum:

in the Los Angeles grant the city of Los Angeles was permitted to take water from lands which could be irrigated by such water and diverted from such lands to lands around the city of Los Angeles to be irrigated. It is true that the city of Los Angeles purchased all lands having vested water rights, but this project for Los Angeles, known as the Owens River plan, involved the abandonment of a big reclamation scheme contemplated by the Federal Government, as is evidenced by this language: "And provided further, That in the event that the Secretary of the Interior shall abandon the project known as the Owens River project for the irrigation of lands of Inyo County, Cal., under the act of June 17, 1902, the city of Los Angeles, in said State, is to pay to the Secretary of the Interior for the account of the reclamation fund established by said act the amount expended for preliminary surveys, examinations, and river measurements, not exceeding \$14,000," etc.

etc.
The Secretary of the Interior did, in the face of said opposition, abandon the Owens River scheme, and the big tract of land which could have come under irrigation by means of the reclamation plan has been absorbed by the city of Los Angeles.

Mr. CLAPP. If the Senator from Nebraska will pardon me,

that does not go to my inquiry.

Mr. THOMAS. Not the inquiry as last stated, I fully comprehend. I think I gave the only answer that can be correctly given to it.

Mr. CLAPP. It is without dispute here that the city of Los Angeles had filed for a certain amount of water. I do not know whether the laws of California require the damming of streams. Mr. THOMAS. I have no doubt it does; it must do it

Mr. CLAPP. If the laws of California permit the damming of a stream against which an application of water had been filed, and the city of San Francisco owned the land upon which the dam was to be built, then under that law and this filing the city of San Francisco could build a dam and get the benefit of the power.

Mr. THOMAS. If its location notice provided for power.

Mr. CLAPP. Exactly. I was assuming that situation to exist. While the inchoate right, if I may use that expression, is in the city of San Francisco, it so happens that it is not worth a postage stamp, because of physical conditions and because of the ownership by the Government of certain lands until the United States grants the right to build the dam.

Mr. THOMAS. Or sells it the dam site.

Mr. CLAPP. That would amount to the same thing.

Mr. THOMAS. Yes. Mr. CLAPP. I was inquiring whether there was a physical similarity in the Los Angeles case, whether they could use power there under their rights under the law of the State owing to the physical situation and the ownership of property or whether they had to come to Congress to get such a right as to enable them to exercise whatever right they had under the State law.

Mr. THOMAS. They get the right under the laws of the State.

Mr. CLAPP. That was the point.
Mr. NORRIS. Mr. President, I think, when diverted by the
Senators discussing Los Angeles, I had reached a point where I wanted to read a provision of the bill which provides that San Francisco shall not take out of the San Joaquin Valley any more water at any time than she can put to beneficial use:

(h) That the said grantee shall not divert beyond the limits of the San Joaquin Valley any more of the waters from the Tuolumne water-shed than, together with the waters which it now has or may hereafter acquire, shall be necessary for its beneficial use for domestic and other municipal purpos

That means that when she has enough for her use, including what she now gets from the Spring Valley Water Co., she can not take any additional water out of the San Joaquin Valley.

Mr. WORKS, Mr. President—
The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from California?

Mr. NORRIS. Yes,

Mr. WORKS. I should like to know under those circumstances what is to become of the balance of the water? been stored by San Francisco under this grant. Certainly the storage facilities provided for are far above any requirements. The first section, upon which I commented, I think conflicts with what the Senaotr has read.

Mr. NORRIS. I am reading this section in answer to the argument made by some of the opponents of the bill that San Francisco is getting too much water; that she will 400,000,000 gallons daily down to San Francisco and simply throw it away when they are suffering for it somewhere else. That is the argument, and I am reading this to meet it.

Mr. WORKS. But what I am suggesting is that we might as well do that as to impound the water and let it go to waste

Mr. NORRIS. There are other previsions of the bill.

Mr. WALSH. Will the Senator from Nebraska yield to me?

M : NORRIS. Yes.

Mr. WALSH. I think a very plain and simple answer can be given to the interrogatory of the Senator from California. The provision of the bill read by the Senator from Nebraska, like most of the others, is a restriction upon the power and right of San Francisco to supply its own water. It would have the right to carry the water beyond the San Joaquin Valley under this appropriation except so far as by doing so the right of subsequent appropriators in the San Joaquin Valley should be prejudiced. Under this provision San Francisco gives up a right which she would otherwise have under the laws of the State of California, to take this water anywhere she listed. It expressly provides that she will allow it to be used as long as there is excess by anybody who wants it in the San Joaquin Valley. If she could store enough so that all the necessities of the San Joaquin Valley were met and still had something left, she would be nominally by these provisions forbidden even to use that somewhere else. But no one could take advantage of that provision except some one who was injured by it, and no one can be injured by it except some one in the San Joaquin Valley, and we assume that every requirement of the San Joaquin Valley is satisfied.

Mr. WORKS. Mr. President— Mr. NORRIS. I should like to suggest to the Senator that

I would prefer to go on.

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from California?

Mr. WORKS. I simply wanted to say a word.

Mr. NORRIS. I suggest that it is very difficult for me to proceed when constantly interrupted.

The PRESIDING OFFICER. The Chair will suggest to Senators that it is impossible for the official stenographer to report accurately what is said when both Senators are speaking at the same time. The Senator from Nebraska has the floor. Does he yield to the Senator from California?

Mr. NORRIS. I will yield, but I stated in the beginning that I am hardly able to be on my feet to-day, and while some may think that an interruption would operate as a rest, on me it has the opposite effect. My head is giving me a great deal of pain right now, but I have been perfectly willing to be inter-

rupted for questions.

I hope Senators will not get off on side issues. I should like to get through just as quickly as I can. I wanted to answer the suggestion of the Senator from California [Mr. Works] when he said that the provision did not apply to the storage of water. I read it, as I said, to meet the argument made by the Senator from Oregon [Mr. Lane] that they were getting too much water. There are other provisions of the bill that provide as to how this storage water shall be given out to the irrigationists. I tried to go over that fully, and I think I showed that it gave them more water than they ever had before. We are assailed on the one hand that we are storing the water up here in the mountains, and we are assailed on the other hand that we have the water in San Francisco, and it is running down through the sewers into the ocean. Both of these statements can not be true. There is an answer to each one, but when I answer one of them the other Senator says that it is not an answer to the other point, and, of course, it is not intended to be. San Francisco under this bill will not be allowed to take a drop of water and waste it through the sewers like the Senator from Oregon said she would. If this bill passes, the city of San Francisco, in storing up the waters that would otherwise go away and do nobody any good, is required by the conditions of the bill to give out to these irrigation companies more water than they have a legal right to under the laws of California, although they had an opportunity to use all that ever came down through the valley. Now I yield to the Senator from California.

Mr. WORKS. I beg the Senator's pardon; I appreciate his condition, and I shall not interrupt him further; but I really wanted his view upon the question of the conflict between this section and the first section of the bill. I commented upon that line, because under the first section of the bill the right to take out the water is unlimited, and they are allowed to dispose of it to other persons or corporations. This section limits the amount to the actual use of the city of San Francisco. My point was that San Francisco should not be allowed to construct a dam that would store 400,000,000 gallons of water per day when it could only use for its own purposes one-fifth of that amount. I would be glad to have the Senator's view upon that point if he will give it.

Mr. NORRIS. I will say that the first section, to which the

Senator has called my attention, is a very long one. I, of course, would not have time to read it all, as it covers nearly four pages of the bill. In my judgment the subsection that I have read would absolutely control San Francisco in taking the water out of this valley, and it could not take any more. Perhaps I am wrong in saying San Francisco. The bill says the grantee, and the grantee, I believe, is defined in the bill in another place as being not only San Francisco, but the other cities around the coast that may be organized in the future into

some kind of an institution as provided in the bill.

Mr. President, I said awhile ago that there might be a condition in which some arid lands might not be irrigated if this bill were passed that could be irrigated if this dam were constructed and all the water held for the San Joaquin Valley. Of course, in my judgment, that is going a long way for any body to claim as an argument against the passage of this bill, because it is conceded, in the first place, that if there is any arid land there they have no legal right as against the grantee of this bill to take this water under the laws of California, at least the use of the water, for municipal purposes, for drinking and for health is equivalent to that for irrigation. If another irrigationist had filed on this water and were given permission to construct this dam and he impounds the flood waters, there would not be any question raised but that his right would be superior, because the other irrigationists during all these years made no attempt to put this water to beneficial uses. They do not even claim it.

But I want to cite a statement which has been made by those who favor the bill, that if this bill was passed even that arid land down there that never has been irrigated, that these irrigationists have never tried to irrigate, could be irrigated by pumping the subsurface water with the cheap power that they could get at cost—that would be developed at the Hetch Hetchy

Whether that is true or not, I do not know, I have never investigated it because it is not material, and I would not have mentioned it had it not been that so much stress had been laid upon the alleged attempt that is being made by California to deprive those people in San Joaquin Valley of their rights and of their homes. I am going to offer some evidence now upon it, and I am going to offer the evidence of the man who represents that district in Congress. He ought to know. I am willing to take his word. The Senator from California the other day had a letter placed in the RECORD from him showing that he was very much opposed to this bill. Last night the leader on the Democratic side took occasion to take some time to explain this Representative's opposition and read into the Record some telegrams from Democratic committeemen up there.

Mr. ASHURST. Mr. President-

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Arizona?

Mr. NORRIS. I yield, but I wish he would allow me— Mr. ASHURST. I want to know to which one of the leaders the Senator refers; there are so many leaders over here.

Mr. NORRIS. I refer to the Senator from Indiana [Mr. KERN], who addressed the Senate in regard to this particular provision.

Now, if it is true that there is subsurface water under this arid land that has never been irrigated and the development of this power will enable them by means of pumping to irrigate it, then there will be another benefit that has not been given very

much attention by those who have favored the bill.

As I said, I do not know of my knowledge whether that is true or whether it is not, but I am going to take the evidence of the Representative from that congressional district. Representative Church, who represents that particular district in Congress—although particular pains have been taken here to show that he is against this bill, both by the Senator from California and the Senator from Indiana-made a speech on this bill when it passed the House, and I think we ought to print in parallel columns the speech he made there and the letter he has

written here. This letter came under duress without a doubt. The Senator from Indiana showed that there were telegrams from the Democratic bosses down in that country telling him what to do. It would frighten almost anybody, probably, although I am sorry that the Representative was frightened. But here in the House of Representatives, before any strong hand of coercion was placed upon him, he stood up before his fellows and made a speech on this bill which ought to be printed in parallel columns with the letter that was put in the RECORD by the Senator from California. What he said in the House is short. Let me read it.

Mr. CHURCH. Mr. Chairman and gentlemen of the committee-

That is the Committee of the Whole of the House of Representatives and the date was September 2 last-

I have heard it frequently mentioned during the progress of this debate that the city and county of San Francisco will be the beneficiary under this act. I rise to say that San Francisco will not be its only beneficiary, for they are numerous.

If you will listen, he will bring these farmers in as being part of the beneficiaries, and I think he was right.

of the beneficiaries, and I think he was right.

Every traveler in the future who visits the Hetch Hetchy Valley will be a beneficiary under this act, for if this bill passes travelers, instead of riding mules, horses, or crawling on hands and knees up and down the narrow, rugged, and devious pathway that leads backward to this place of beauty in the heart of the mountains, can travel in an automobile over the broad and ample road provided according to the provisions of this bill.

And the nature lover, It matters not from what land he comes, in my judgment will be one of its beneficiaries, for after exerting all his strength and reaching at last the mountain top and looking for the first time downward into the Hetch Hetchy, instead of beholding it as it now is, warm, brushy, and covered with an inferior growth of oak, will see a lake, blue, beautiful, and deep, in which fishes swim and on the borders of which campers rest, far away from civilization and the humdrum of active life.

And farmers—

Now he is coming down to his constituents—

Now he is coming down to his constituents-

And farmers far down at the base of the mountains on the San Jacquin plains will be beneficiaries under this act when they draw from this contemplated reservoir, held by a dam, which the millions of others have made, surplus water at a cost with which to irrigate And other beneficiaries there will be-

Some more of his constituents-

And other beneficiaries there will be who pump water with which to irrigate their vines, orchards, and alfalfa fields, pumped by electric power generated far back in the mountains, in power houses not their own, brought to their very gateways at cost, on copper wires they did

A beautiful picture for his farmer constituents!

A beautiful picture for his farmer constituents!

And the great city of San Francisco, Queen City of the West, situated by the Golden Gate, will be the chief beneficiary, but I love to consider its benefit more from the standpoint of the people than I do the city, for a million men, women, and children will be there receiving benefits from this bill, for in the summer time they will have cool, refreshing water, product of Sierra's winter snow, pure as earth affords, with which to slake their thirst, and those there using electric power, whether it be the city operating electric car lines or the washerwoman using her electric iron, each and all will be benefited by this act.

The city itself will grow, and strangers on strange ships, coming from every land, will see her beauty and her growth. What helps our great city helps our State, and what helps our State adds new treasury to this great land, and so I claim from East to West, from North to South, all will be benefited by the passage of this bill.

Now, Mr. President, I have not offered to place in the Record

Now, Mr. President, I have not offered to place in the RECORD any telegrams, editorials, and opinions, because it seemed to me that the matter was perhaps somewhat overdone; but I have a telegram here from Mr. John M. Eshleman, who is the chair-man of the State railway commission of California, and who has charge of the regulation of all public utilities, and who would be the chairman of the commission, as I understand it, which would have charge of this matter if we pass this bill. He says:

I wish you success in your efforts to obtain Hetch Hetchy water supply for San Francisco. The needs of the city and the highest conception of national conservation call for the development of this project. Understanding that you propose to impound and use flood waters now running to waste and to protect irrigationists in their rights, I can see no valid basis for opposition.

I read that, Mr. President, because it seems to me that there are undoubtedly a great many other worthy men who understand the situation. That comes from the man who will be at the head of the very institution of California that has control of all these public-utility corporations, and it seems to me that his opinion is worth more weight and is of a great deal of value.

Mr. President, I want to read a few extracts from some of the statutes of California. It has been said here-or, at least, it was said before the committee-that you ought to defeat this bill, and then permit the irrigationists to build this dam and

for them to handle this power.

Mr. President, I think under the statutes of California that would be an utter impossibility, and I think it is completely answered by reading section 1410 of the code of that State:

All water, or the use of water, within the State of California is the property of the people of the State of California, but the right to the

use of running water flowing in a river or stream or down a canyon or ravine may be acquired by appropriation in the manner provided by law: Provided, That no water for the generation of electricity or electrical power or other power may be appropriated for a longer period than 25 years except by a municipal corporation other than an irrigation district or lighting district, or by an irrigation district when such electricity, electrical, or other power is for use and distribution only within its own limits and as subsidiary to and mainly for the purpose of serving and carrying out irrigation, or by a lighting district when such electricity, electrical, or other power is for use and distribution only within its own limits.

So I say we never could get the high and proper development of this power. That, to my mind, was one of the great reasons why we should pass this bill, unless it is given to a municipality. There are limitations in the law against making it a practical proposition to give it to an irrigation district.

Secton 1411 provides as follows:

The appropriation must be for some useful or beneficial purpose, and when the appropriator or his successor in interest ceases to use it for such a purpose the right ceases.

I am sorry that some of the Senators with whom I have been arguing this bill for a week in the cloakroom, and who particularly desired me to argue this particular point, are not present. Section 1414 is as follows:

SEC. 1414. As between appropriators, the one first in time is first in

Section 1416 in part-I will not read all-is as follows: Within 60 days after the notice is posted-

A prior section provides for the posting of notice showing the intention to file for water-

Within 60 days after the notice is posted the claimant must commence the excavation or construction of the works in which he intends to divert the water, or the survey, road or trail building necessarily incident thereto, and must prosecute the work diligently and uninterruptedly to completion, unless temporarily interrupted by snows of rain. \* \* \* Provided, That whenever any city and county, or any incorporated city or town within this State makes, or has made, or acquires, or has acquired, any appropriation of any waters of this State in accordance with the provisions of section 1415 of this code, it shall not be necessary for such city and county, city or town, to commence the work for development of more water so claimed than is actually necessary for the immediate needs of such city and county, city or town—

Mr. WORKS. Mr. President, does the Senator from Nebraska know the date of that statute?

Mr. NORRIS. No; I do not. I got that statute, however, from the city attorney of San Francisco, Mr. Percy V. Long.

Mr. WORKS. That statute has been repealed—not very long ago, it is true-and it has been repealed by the new act on that subject, which provides simply for permits to take water and the final license. It does not depend on the filing.

Mr. NORRIS. Does the Senator mean the last provision

which I have read, or all the sections?

Mr. WORKS. I mean all the sections which the Senator has read, if they are part of the code.

Mr. NORRIS. Mr. President, of course I am reading these sections without personal knowledge. I supposed, having gotten the document from the city attorney of San Francisco, that I certainly got the law as it is. Does the Senator say that any of these sections which I have read are not, in fact, the law of California now?

Mr. WORKS. They are not, in fact, the law now. Let me tell the Senator why, if I may take the time of the Senator—I will not interrupt the Senator if he should prefer that I should not do so, but it is rather an important matter.

Mr. NORRIS. I yield to the Senator. Mr. WORKS. The provisions the Senator is reading are provisions for filing upon the streams, for the commencement of work, the carrying out and the completion of it, which require no action on the part of anyone else to complete the transaction, but the new statute on that subject provides for applying to the water commissioners for a permit to do the work. That permit must set out the amount of water that is desired, the purposes for which it is to be used, and the various other things provided for in this statute. Then a permit is granted to do the work. After the work is all completed the water commission determines whether the terms of the permit have been complied with. If they have been, the commission issues a license. is altogether different, and I think Mr. Long, who is a very good lawyer, if he is consulted with respect to it and compares the two laws, will say that the new law has the effect of repealing the old statute.

I will say frankly to the Senator that San Francisco may have established her rights by her filing under the previous statute for that quantity of water. The only question would be whether she would have to submit to the regulations of the new statute

in that respect.
Mr. NORRIS.

I do not think it is very material. I do not

read were the law under which the irrigationists would have perfected their right to water if they had ever obtained a right. Is not that true?

Mr. WORKS. Oh, yes. Mr. NORRIS. That is what I am trying to show; that is my object in reading these statutes. I am going to show, I think, that there has never been a possibility of doubt that these irrigationists, although filing on 9,000 feet of water, have never perfected their right to use to exceed 2,000 feet; and that if they lost the right under the laws of California and the decisions of the courts to now come in, and even if they were to attempt to do so.

Of course, if these irrigation companies obtained any right to water at all under the laws of California, they obtained such right under the law existing at the time, and whether or not they have obtained such right must be decided according to the law in existence then. The Senator says that the law has recently been changed, but it will be admitted, I think, without any dispute, that the law which I have read was the law in existence during the years that these irrigation companies acquired whatever right they possessed, and, of course, it is that law, rather than what the law may be now, that will govern.

Mr. WORKS. That may be. I do not know what work has been done, but, of course, the irrigation district would have the right to follow up the work within a reasonable time and apply to beneficial use all the water they have filed upon if that much water was needed. Whether or not they have done so, as a matter of fact, I do not know.

Mr. NORRIS. I am not disputing that. That is what I have asserted to be the law, and the object of reading the statute was to lay the foundation for reading some brief extracts from one or two Supreme Court decisions. I do not think there is any dispute about that, nor do I believe there is any dispute that these men have not gone on uninterruptedly and within a reasonable time and perfected the right to use more water than they have been using for the last 10 years.

Mr. President, I am going to cut short a good deal of what I had intended to say about this proposition, because I fear that the principal object I had in stating it-for Senators have not done me the honor to be present-will be lost sight of, at least until after the vote on the bill, because Senators will have no opportunity to hear it or to read it until we have voted. I can not close, however, without taking up the attention of the Senate long enough to read extracts from one or two decisions of the Supreme Court of the State of California. I read from 115 California Reports, page 496. I am assuming, and the Senators with whom I have somewhat debated this question in private have assumed, that these irrigation districts have not perfected or put to beneficial use any more water than they have been using, which they filed on a good many years ago, and a question rests in those Senator's minds as to how soon must the districts complete their work, how soon must they go on and do it, how long can they wait. While they recognize that they have waited a good many years, the question as to how long they could wait and not lose their right was one that bothered Senators, and that is a question which I wish to elucidate. In Senior v. Anderson (115 Cal. Repts., 496) I read from the syllabus as follows:

Water rights—Appropriation for irrigation—Capacity of ditch— Quantity limited by user—

I think it fair to say that it appears in the hearings that the ditch of these companies has not capacity enough to carry any more water than they have been using.

Reasonable diligence—Abandonment of part.—An appropriation of water by the owner of land by means of a ditch, for the purpose of irrigation, is not measured by the capacity of the ditch through which the appropriation is made, but the appropriation is limited to such quantity—

not exceeding the capacity of the ditch as the appropriator may put to a useful purpose upon his land within a reasonable time, by the use of reasonable diligence, and if he delays increase of cultivation for an unreasonable time such delay must be construed as an abandonment of his claim of right to irrigate his whole tract, and the appropriation is limited, as against a subsequent appropriator, to necessary use as applied to the land cultivated within a reasonable time.

Another part of the syllabus reads:

Another part of the syllabus reads:

Rights of subsequent appropriator—Adverse user—Statute of limitations—Running of statute.—The rights of a subsequent appropriator having become fixed by the fallure of a prior appropriator to use more than a limited quantity for irrigation within a reasonable time, can not be defeated otherwise than by an adverse user for the full period-prescribed by the statute of limitations; and such statute does not commence to run from the mere construction of ditches or the laying of pipes for the purpose of using the water upon the lands, in the absence of a statutory notice of appropriation, but only from the actual adverse use of the water upon such other lands.

Which means as I understand that these invigationists if

Which means, as I understand, that these irrigationists, if think the Senator will dispute that the sections which I have they had not appropriated to beneficial use all the water that

they had filed on after they had appropriated a portion of it and San Frnacisco then filed on the water, they could not thereafter come in and have the right to the amount of water originally named in their notice, unless they commenced to use it, and used it during the running of the time of the statute of limitations, and that the statute of limitations would not commence to run until they had actually commenced to use the water and not from the time they began their improvements.

Mr. President, I want also to read from One hundred and twentieth California Reports, page 88. I read again from the syllabus. I had intended to discuss this at some length, but I am going to drop it without any discussion, because I find that I must draw my remarks to a close. In the case of Smith against Hawkins I find this:

Water rights-Appropriation-Loss of right by nonuser for five

Here is where the Senate will find what is meant by a "reasonable time"—

The failure of one who has appropriated water to devote it to any beneficial use for the period of five years next before the commencement of an action against a subsequent appropriator, operated, under section 1411 of the Civil Code—

That is one of the sections which I read-

to work a forfeiture of plaintiff's rights by nonuse, as against the defendant.

Id.—Partial loss of right—Capacity of ditch immaterial—An appropriation of water by means of a ditch is not measured by the capacity of the ditch, but is limited to such quantity—

Now, notice again:

Not exceeding its capacity, as the appropriator may put to a useful purpose; and no matter how great in extent the original quantity appropriated may have been, any amount less than the whole amount appropriated, which has not been devoted to a beneficial use at some time within five years, is lost and forfeited as against a subsequent appropriator thereof.

It seems to me that that absolutely disposes of the contention that is made here by some-probably not on the floor, but it has been made a good many times in the cloak rooms-that while these men filed a good many years ago on a large amount of water they have never put that much water to beneficial use. That is conceded; but it is said that perhaps under the laws of California and the decisions of her courts they can still do it. I think that question is absolutely settled by these decisions and the opinion, if I had time to read it, bears out what the syllabus says.

Mr. President, I have occupied more of the time of the Senate than I had intended, and yet I have not gone over a great many points that I should like to discuss that I have studied and have looked into. I have hurried over some others without giv-ing that detailed attention to them which perhaps I should have given, but I have reached a point where I am nearly exhausted, and I shall have to close.

It seems to me, summing up the case, that the facts are these: It is a proposition to permit San Francisco to build a dam on public land, to flood land that she already owns, to impound water to which she already has title; flood water that for centuries, in mad torrents, has rushed down to the sea, destroying and damaging property on its way. She has already expended, in good faith, nearly two millions of dollars in carrying out orders that have been made by governmental officials, all of which will be lost if some legislation similar to this is not enacted by Congress. The irrigationists on the San Joaquin Valley, who heretofore have only used from 1,800 to 2,000 secondfeet of water and have legal title to only so much as they have used, are guaranteed not only full protection for all the rights they have but for much more than that amount. In addition, they can have power at cost. In this connection, it must be remembered that from the place where the dam will be built to the San Joaquin Valley, where the water is to be used for irriga-tion, it is nearly 50 miles. It is within this 50-mile strip that all the power will be generated; so that every gallon of water, whether it goes to fertilize the land of the farmer or whether it goes for municipal purposes to the bay cities, will have first passed through the water wheel and done its share to the development of the power.

The impounding of these flood waters by San Francisco to develop water power will bring cheap light, cheap power, cheap transportation, and pure water to millions of people and confer benefits that will not only last during our time but that will continue so long as these mountains stand and so long as God permits this continent to remain unbroken. These benefits will be enjoyed, unless some great catastrophe of nature interferes, a million years from now by those who shall come after us, and no person or corporation anywhere on earth will be injured or interfered with in any way, except the water-power companies of California.

It is not going to destroy the beauties of nature in the park. I think it is going to add to them; at least it is going to make

them accessible to the thousands of our citizens who now are denied access to them.

I do not understand, Mr. President, how any man after he has given a fair and honest consideration to the subject can come to any other conclusion than that in the very highest sense this is a work of conservation. It is putting the works of nature into active operation for the benefit and the happiness and the comfort of mankind.

During the delivery of Mr. Norms's speech, The VICE PRESIDENT. The morning hour having expired, in accordance with the ruling heretofore made by the presiding officer, the Chair lays before the Senate the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting com-mercial paper, to establish a more effective supervision of banking in the United States, and for other purposes, and in accordance with the previous ruling, concurred in by the Senate, House bill 7837 is now temporarily laid aside, and the Senate resumes the consideration of the bill H. R. 7207, granting to the city and county of San Francisco certain rights of way, and so forth.

The Senator from Nebraska will proceed. After the conclusion of Mr. Norris's speech

Mr. THOMPSON. Mr. President, I know there are a number of Senators, some of whom are not now in the Chamber, who have expressed a desire to hear the Senator from Montana [Mr. Walsh] present this question, and I feel that I should suggest the absence of a quorum, so as to give them an opportunity to be present.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gore	Norris	Stephenson
Bacon	Gronna	O'Gorman	Sterling
Borah	Hollis	Overman	Stone
Brady	Hughes	Page	Sutherland
Brandegee	James	Perkins	Swanson
Bristow	Johnson	Pittman	Thomas
Bryan	Jones	Poindexter	Thompson
Burton	Kenyon	Ransdell	Thornton
Chilton	Lane	Reed	Townsend
Clapp	Lewis	Robinson	Vardaman
Clark, Wyo.	Lippitt	Saulsbury	Walsh
Colt	McCumber	Shafroth	Weeks
Cummins	Martin, Va.	Sheppard	Williams
Dillingham	Martine, N. J.	Simmons	Works
Fletcher	Myers	Smith, Md.	WOLAS
Gallinger	Newlands	Smoot	

Mr. LEWIS. May I announce the absence of the Senator from South Carolina [Mr. SMITH] because of sickness in his family?

Mr. CHILTON. I wish to announce the necessary absence of the Senator from Oregon [Mr. CHAMBERLAIN]. He is paired with the junior Senator from Pennsylvania [Mr. OLIVER].

Mr. LEWIS. Permit me also to announce the absence of the Senator from Indiana [Mr. KERN], called suddenly from the Chamber on important official business.

The VICE PRESIDENT. Sixty-two Senators have answered to the roll call. There is a quorum present.

Mr. SUTHERLAND. Mr. President, I desire to rise to a parliamentary inquiry, and one which I think is of some consequence. This morning we adopted a resolution (S. Res. 225) which provided for the hour of meeting and also for the hour of adjournment. The resolution reads:

Resolved. That the hour of daily meeting of the Senafe be 10 o'clock a. m., and that the Senate shall on each day at 6 o'clock p. m. take a recess until 8 o'clock p. m. and adjourn at 11 o'clock p. m., until otherwise ordered.

Under that resolution it seems that the Senate is bound to adjourn automatically at 11 o'clock to-night. We have a unanimous-consent agreement-

that before adjournment on the calendar day of Saturday, December 6, 1913, the Senate will vote upon any amendment that may be pending, any amendments that may be offered, and upon the bill—

That is the Hetch Hetchy bill-

through the regular parliamentary stages to its final disposition.

The inquiry I desire to submit is whether or not, under that unanimous-consent agreement, the Senate must not begin to vote upon the bill at such time that the voting may be completed and the bill passed, if it is to be passed—disposed of, at any rate-before 11 o'clock.

The VICE PRESIDENT. Is the Senator asking the opinion of the Chair upon that subject?

Mr. SUTHERLAND. Yes, Mr. BACON. Mr. President, if I may be permitted not know what may be in the mind of the Chair, and, therefore, I wish to make a suggestion before the ruling-I think the last words of that order plainly put it within the power of the Senate to extend the time to any hour to-night we may see proper. "Until otherwise ordered" is the language of the resolution. It would be impossible for the Chair or anyone else to determine what hour we should begin voting so as to bring the conclusion at 11 o'clock; and it seems to me that there is but one thing for us to do, and that is, at such time this evening, or any time to-day as the debate may indicate a conclusion of that part of our duty, we proceed to vote, and if that conclusion is not reached before 11 o'clock, by order of the Senate, extend the time to a later hour.

Mr. SUTHERLAND. I ask the Senator from Georgia, then,

whether it would not be necessary, if the Senate is not to dispose of this matter until after 11 o'clock to-night, for the

Senate to make an order to that effect?

Mr. BACON. I think when we approach that hour, and it is demonstrated that we will not get through by 11 o'clock, it will be time enough to consider that question.

Mr. SUTHERLAND. That may be quite true, but I think it very well to call attention to the matter.

Mr. BACON. I think it is very well that attention has been called to it, so that we may anticipate it. The parliamentary inquiry, however, is addressed to the Chair, and it is for the Chair to determine. I simply took the liberty of making the suggestion, without knowing what view the Chair might take

of the question.

Mr. LEWIS. Might I be permitted to say, Mr. President, that it seems that one of the able Senators on the Republican side of the Chamber called attention very appropriately the other day to a precedent of the Senate that where there has been adopted a resolution providing that a matter be done on a certain day it would be construed as a legislative day and, therefore, the time would be extended at any length necessary to make that legislative day? I fancy the same thing would

Mr. SUTHERLAND. The unanimous-consent agreement provides that the vote shall be taken "before adjournment on the

calendar day of Saturday, December 6, 1913.

Mr. LEWIS. Then, I must yield my judgment to that of Senators who are better acquainted than am I with the defini-tion of the expression "calendar day."

The VICE PRESIDENT. The Chair has an opinion, which

he is ready to give. He may be wrong—
Mr. O'GORMAN. Mr. President, if I may make a suggestion before the President of the Senate announces his view, I wish to say that it would seem to me that the unanimous-consent agreement under which we are acting can be harmonized with agreement under which we are acting can be harmonized with the resolution which was adopted this morning. The resolution of this morning provides, in substance, that it is to become operative, unless otherwise ordered. We have, by unanimous consent, made an order, or made an agreement which has the effect of an order, and if it shall conflict at 11 o'clock to-night with the provisions of the resolution adopted this morning the unanimous-consent agreement will have the effect of continuing the session automatically, it would seem to me, up to 12 o'clock midnight.

Mr. BACON. Twelve o'clock to-morrow.

Mr. O'GORMAN. Twelve o'clock to-morrow. Mr. BRANDEGEE. Mr. President, I disagree with the Senator from New York about that, for the reason that the resolu-tion which provides that we shall adjourn at 11 o'clock p. m. each day says "until otherwise ordered."
Mr. O'GORMAN. "Until." or "unless"?
Mr. SUTHERLAND. "Until."
Mr. BRANDEGEE. "Until otherwise ordered." I think that

merely contemplates a future order and is not intended and could not be intended to relate back to some order that had been made in the past.

Mr. O'GORMAN. Has it not been established by the precedents of this body that a unanimous-consent agreement could not be impaired or modified either by another unanimous-con-

sent agreement or by an order of the Senate?

Mr. BRANDEGEE. There is no conflict, as the Senator started to say when he first rose, between the two resolutions, in my opinion, and if they both stand they can be both opera-I agree with the Senator; I do not think the unanimousconsent agreement could be changed or modified by this order.

Mr. O'GORMAN. That is the only suggestion I desire to

make.

Mr. BRANDEGEE. If they both stand, what will happen will be that, if the unanimous-consent agreement is kept, we will have to vote on the Hetch Hetchy bill before we adjourn

at 11 o'clock on this calendar day; that is all.

Mr. BACON. Twelve o'clock is not the end of the calender day

Mr. BRANDEGEE. It says 12 o'clock. Mr. GALLINGER. As I understand this matter, the con-

to lose an hour in the consideration of this bill. I trust the Chair will make his ruling, because I am afraid we shall lose the hour at the present time unless the ruling is speedily made.

Mr. SUTHERLAND. Mr. President, I desire to be indulged just to say a word.

I should like to ask a question.

The VICE PRESIDENT. Does the Senator from Utah yield

to the Senator from Missouri?

Mr. SUTHERLAND. In a moment. I make this suggestion in the utmost good faith, because it is perfectly apparent that if the matter should run along until 11 o'clock we should be confronted then with the proposition that under the order we are bound to adjourn, and under the unanimous-consent agreement we are bound to dispose of the bill before we do adjourn.

Mr. BRANDEGEE. That is true, Mr. President. Before the Chair rules, if I may be allowed to say so, I do not think the Chair, unless it desires to do so, can be compelled to interpret or to enforce the unanimous-consent agreement. That is an

agreement made by the Senate.
Mr. GALLINGER. That is true.

Mr. STONE. I wonder if it is possible in the mind of any Senator that we are not going to conclude the consideration of this bill before 11 o'clock to-night?

Mr. BRANDEGEE. I hope not.

Mr. STONE. We will not, however, if we precipitate one of these parennial and inconsequential discussions.

The VICE PRESIDENT. The Chair had hoped that before this question arose the apparent discrepancy between the resolution adopted this morning and the unanimous-consent agreement would have been taken out of the realm of controversy by the temporary suspension of the resolution until the close of the present calendar day. The Chair believes that a unanimous-consent agreement entered into by the Senate of the United States is, of course, enforcible only by the Senate of the United States, but that it is the invariable rule and practice of the Senate of the United States to enforce its unanimousconsent agreements.

The Chair assumes, therefore, for the purpose of the ruling, that the Senate of the United States will enforce the unanimousconsent agreement heretofore entered into. That unanimousconsent agreement, in the opinion of the Chair, could be set aside only by the unanimous consent of the Senate. As the resolution this morning was not adopted by the unanimous consent of the Senate, the Chair, if unfortunately called upon to rule at 11 o'clock to-night, will hold that the unanimous-consent agreement is in force and effect until the expiration of the

present calendar day.

Mr. PITTMAN. Mr. President, I rise to a parliamentary inquiry. The agreement, I believe, provides that all amendments to the bill shall be voted on during the calendar day. Is it the interpretation of such an agreement that if the voting should commence on the calendar day and continue on until after the

calendar day the agreement would be complied with?

The VICE PRESIDENT. The Chair has already perhaps proceeded further than the Chair was required to do under the circumstances, simply for the purpose of expressing the views of the Chair to the Senate, so that, if incorrect, they might be corrected. The Chair now, however, refuses to decide what will become of the present bill if argument continues until 12 o'clock to-morrow. The Chair has at present no opinion on that subject; but if such a contingency shall arise, the Chair at that time will have an opinion.

Mr. GALLINGER. I call for the regular order.

The VICE PRESIDENT. The Senator from Montana is

Mr. WALSH. Mr. President, it was not my purpose to say anything on the bill now under consideration before the Senate beyond the remarks submitted when I occupied the floor by the grace of the Senators who were of right entitled to it. I was moved to depart from that course, however, very largely by reason of the telegrams read into the RECORD on yesterday morning by the Senator from Indiana and others, which indicated a very genuine concern on the part of some of the farmers in the San Joaquin Valley over what they deemed a peril to them in the enactment of this measure.

Lest the alarm thus expressed should infect any Member of the Senate, I concluded to ask your indulgence while I canvass with you for a short time, and in as brief and direct a manner as I may, some of the arguments heard in this Chamber cal-

culated to excite it.

I feel satisfied that I shall be able to convince those who will honor me with their attention that that alarm is entirely Mr. BRANDEGEE. It says 12 o'clock.
Mr. GALLINGER. As I understand this matter, the controversy is over the question as to whether or not we are going acquire, under and by virtue of it, if they should see fit to CONTRACTOR SEZOTERITATION

avail themselves thereof, rights that they do not now possess or enjoy. I shall undertake also to answer some of the arguments that have been advanced in support of the contention that this bill is void as unconstitutional, in whole or in part, because it is an unlawful invasion of the rights of a sovereign State.

I pause at this time to repeat what I said on the floor a few days since-that it is impossible, as it seems to me, to inject into this debate the question of the relative right of the States on the one side and the National Government upon the other to the control of the waters of streams within a State.

I explained at that time the nature of this bill as I view it. In its essence it is not a bill which undertakes to regulate or dispose of or distribute the waters of any river in the State of California or elsewhere. The primary purpose of the bill is to make a grant to the city of San Francisco of certain rights in certain public lands.

That the Government of the United States has the right to dispose of the public lands, or of any interest in the public lands, is, as a matter of course, not a debatable question. That it likewise has the right to attach to any grant of public lands any lawful conditions which it may see fit to impose as a condition of the enjoyment of that grant likewise, I take it, will give rise to no controversy.

This, then, is a question as to whether the Government, in making a grant of certain easements in public lands, is entitled to attach thereto conditions relating to the use of water which it is contemplated will be stored upon those lands or carried over them by virtue of the privileges granted in the pending bill.

It does not require any great degree of perspicacity to recognize that that is a question entirely separate and apart—related to, of course, but by no means identical with—the question whether, when the National Government undertakes to exercise, not a proprietary right at all, but a purely governmental right, the right of controlling the navigation of navigable streams, having no proprietary right either in the adjacent land, the land under the stream, or the water flowing in the stream, it may attach a privilege to dam such a stream conditions in character like those which are found in this bill.

In the consideration of this question the other day a controversy arose with respect to the effect of the conditions prescribed in this bill, the observance of which is required by the grantee in order that it may enjoy the benefits of the grant. It was urged in that connection that if those conditions are unconstitutional and void-and it was asserted that they are-the result would be one of two things, as I understood the course of the argument: Either that the entire act would be void, or that the obnoxious conditions would be held void, and the grantee would have the benefit of the grant without the burden of the conditions; in other words, that it would take the grant made, entirely divested of the obligation to observe the conditions.

The bill grants to the city of San Francisco the right to construct a dam upon public lands, and to back up the waters of the Tuolumne River, flooding lands owned by the city of San Francisco, and likewise lands owned by the Government of the United States. It also gives to the city of San Francisco the right to construct ditches and canals across the public lands for the purpose of conveying the water that shall be thus stored to its place of ultimate use. It gives, likewise, the right to take timber from the public lands adjacent to the line of construction for use in building the works; likewise, to take from the adjacent lands stone, earth, and other material necessary for construction. Throughout, the grant is one of a right in public lands with a condition.

In the first place, be it understood, I do not agree with the proposition thus asserted, that there is anything unconstitutional about the bill as a whole, or about the conditions themwhich it is asserted are beyond the power of national legislation; but if that were true it would by no means follow that the grant itself could be enjoyed by anybody without the performance of the conditions upon which it is made.

Some controversy arose in respect to that matter, and a challenge was hurled at me with some vehemence, and possibly with some asperity, provoked, perhaps, by some uncourteous demeanor upon my part when I had the floor a few days since by the permission of the Senator from Washington [Mr. Poin-DEXTER]. I do not care to do more in following it than to lay before you what the Supreme Court of the United States has repeatedly said upon the subject. Its rule is that when one obtains a grant of any kind upon conditions, the grantee in the act who takes the benefit of it will not be heard to assert that a particular condition of the grant is contrary to the provisions of the Constitution. In other words, he will be estopped from asserting that it is void for any such reason.

For the sake of brevity, I read from the Encyclopedia of United States Supreme Court Reports, which condenses and ex-

presses in terse language the rulings of that court, upon this point. I read from page 77 of Volume IV, as follows:

Estoppel to raise constitutional questions: When a party has availed himself of the benefit of an unconstitutional law, he can not, in a subsequent litigation with others not in that position, aver its constitutionality as a defense—

An evident error; it should be "unconstitutionality "-

although such unconstitutionality may have been pronounced by a competent judicial tribunal in another suit. In such cases the principle of estoppel applies with full force and conclusive effect. And where a litigant in a State court avails himself of a right or power conferred by a State law and joins in a trial or other proceedings in which he relies upon the statute as a valid act, he thereby waives all objections to its validity and estops himself from objecting to it as unconstitutional,

Mr. McCUMBER. Mr. President-

The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from North Dakota?

Mr. WALSH. Certainly.

Mr. McCUMBER. The Senator can elucidate that matter a little bit further by answering a single question which I should like to ask him in connection with it.

Mr. WALSH. I shall be very glad to do so, if I can.

Mr. McCUMBER. The question is this: Admitting that, as between the parties, the city of San Francisco in this particular bill would be estopped to deny the validity of all the conditions that she assumes, suppose the State of California should intervene, as between the two litigants; and, say, as a basis of her intervention, that this contract or condition is against the economic policy of the State of California and interferes with that policy: can not the State successfully intervene and insist that, notwithstanding the condtion these waters will have to be distributed in accordance with the laws of the State of California. which itself holds jurisdiction over the waters?

Mr. WALSH. I have not overlooked the suggestion implied in the question of the Senator from North Dakota, and I shall be glad to answer it now or to take it up in the course of my discussion of the subject, as the Senator prefers. I shall be glad to answer him now, if he would rather have it that way, or let it go and have him call the matter to my attention again

if I do not answer it.

Mr. McCUMBER. I will allow the Senator to choose his own method.

Mr. WALSH. I shall be very glad to do so. Then, I will proceed.

I take it that no one will doubt that it is impossible for the city of San Francisco to enjoy this grant and at the same time to assert that the entire act is void. That, of course, would not be permitted at all. Neither would it be hard to assert that any particular provision in the act is void. I desire to dilate upon that for a moment. Of course it would be entirely unjust, entirely unfair, and contrary to the first principles of equity that she should thus enjoy the grant freed from the conditions upon which alone it was made.

wish to make that a little more clear by referring to one of the cases which is adverted to in the note. It came before the Supreme Court, and is reported only briefly in One hundred and ninetieth United States—the case of Gano against the Minneapolis & St. Louis Railway Co. The decision was affirmed principally upon the authority of an earlier case by the Supreme Court of the United States in One hundred and sixty-sixth United States. I read now from the decision of the Supreme Court of Iowa, from which a writ of error took the case to the Supreme Court of the United States.

In the opinion is the following:

In the opinion is the following:

In Dow v. Electric Co. (N. H., 31 Atl., 22) the Supreme Court of New Hampshire said: "When a legislative grant of authority to exercise the power of eminent domain contains a condition that the grantee shall pay more than the value of the property taken under the power, the grantee accepting the grant and exercising the power can not question the constitutionality of the condition. The defendants were authorized to flow plaintiff's land upon the condition, among others, that they pay the damage thereby done to him and 50 per cent in addition. \* \* The statute is permissive. It conters a privilege which the defendants were at liberty to exercise or not, as they saw fit. By their exercise of the power conferred, flowing the plaintiff's land, and applying for assessment and damages, they are precluded from denying the validity of the condition. The question of its constitutionality under either the Federal or State Constitution is not open to them. Pitkin v. City of Springfield (112 Mass., 509); Deverson v. Railroad Co. (58 N. H., 129) and cases cited; Dodge v. Stickney (61 N. H., 607); People v. Murray (5 Hill, 468). The defendants' objection that the statute is in conflict with both Constitutions or either of them is overruled."

This case was afterwards appealed to the Supreme Court of the United States, and that tribunal said: "We agree with the Supreme Court of New Hampshire in thinking that the plaintiff in error, by availing himself of the power conferred by the statute, and joining in a trial for the assessment of damages, is precluded from denying the validity of that provision which prescribes that 50 per cent shall be added to the amount of the verdict. The act confers a privilege which the plaintiff in error was at liberty to exercise or not, as it saw fit." (See 166 U. S., 489; 17 Sup. Ct., 645; 41 L. Ed., 1088.)

The act considered was one authorizing railroad companies exercise the right of eminent domain. The statute provided to exercise the right of eminent domain. The statute provided that in case the railroad took the land the owner should be awarded costs and attorneys' fees, thus requiring as a condition to the exercise of the power that the company desiring to condemn should pay attorneys' fees for services rendered to the landowner in the proceedings. It was held that the railroad company, having taken advantage of that statute, and having appealed to it as the basis of its right, could not be heard to contend that the provision was unconstitutional, simply because it was one of the conditions upon which the company was entitled to exercise the right at all.

Mr. BORAH. Mr. President The VICE PRESIDENT. Does the Senator from Montana yield to the Senator from Idaho?

Mr. WALSH. I do. Mr. BORAH. The Senator has explained the facts of that case, but I am not sure that I exactly caught them. As I understand, however, in that instance, the railroad company was proceeding under a certain statute to condemn; the statute provided that if parties proceeded to condemn under it they should do certain things—pay costs and attorneys' fees—and by virtue of the fact that the railroad company had proceeded under that particular statute, the court held that it could not be heard to say that any of the provisions of the statute were void.

Mr. WALSH. Exactly. So, here, the city of San Francisco, in proceeding to build this dam and asserting any rights it may care to assert under this act, will be in like manner estopped to deny any of the conditions of the act under which it proceeds.

There is, as a matter of course, a limitation to every principle, and I would not have it understood that there is not in this A consideration of the principle to which I now desire to advert probably will serve to indicate the proper conclusion to be arrived at on the line of thought suggested by the Senator from North Dakota. It is as follows:

from North Dakota. It is as follows:

There can be no estoppel in the way of ascertaining the existence of a law. That which purports to be a law of a State is a law or it is not a law, according as the truth of the fact may be and not according to the shifting circumstances of parties. It would be an intolerable state of things if a document purporting to be an act of the legislature could thus be a law in one case and for one party and not a law in another case and for another party; a law to-day and not a law to-morrow; a law in one place and not a law in another in the same State. And whether it be a law or not a law is a judicial question, to be settled and determined by the courts and judges. The doctrine of estoppel is totally inadmissible in the case. When certain parties have acted and have been placed in obligatory positions toward others under a statute subsequently declared unconstitutional, such persons can not claim the benefit of an estoppel in such manner as to have such void law executed as against the parties claimed to have been estopped. Speaking upon this point, the court said: "We are unwilling to assent to the doctrine of legislation by estoppel. The courts can not by the execution of an unconstitutional law as a law supply the want of power in the legislative department." This result is not inconsistent, however, with the cases which hold that, "although a law is found to be unconstitutional, a party who has received the full benefit under it may be compelled to pay for that benefit according to the terms of the law. This is upon the theory of an implied contract the terms of the law. This is upon the theory of an implied contract the terms of which may be sought in the invalid law and which arises when the full consideration has been received by the party against whom the contract is sought to be enforced."

That is the principle by which we are to be governed in the determination of this matter. This is a contract between the Government of the United States, on the one hand, and the city of San Francisco, on the other. The Government grants these easements to the city; and it, upon its part, agrees to perform the conditions which are designated here as the consideration upon which it gets the grant.

I wish now to address my attention for a while to the claims made on behalf of the irrigationists in the San Joaquin Valley. I shall return later to the feature of the case which I have been canvassing, when, if I have not fully answered the question of the Senator from North Dakota, I shall be obliged to

him if he will call my attention to it.

It will be understood that long years ago all of the water of the stream in controversy here was appropriated and taken out for use in irrigation and other beneficial purposes. We will be entirely justified in assuming that there is to-day no river in the State of California affording any considerable amount of water the waters of which were not many years ago appropriated and put to some beneficial use, chiefly for the purpose of irrigation. So that years ago, and before San Francisco ever contemplated this source for a municipal water supply, it is undoubtedly true that all the water which flowed in the Tuolumne River at the low season of the year was appropriated by the farmers living in the San Joaquin Valley for the irrigation of the lands of which you have heard. Likewise, within recent years efforts have been made, by the construction of dams and the establishment of reservoirs, not only to make available what is flowing in the stream at the low season, but to hold for use at that season the excess waters that go down to the sea

during the period of flood. Undoubtedly long ago whatever opportunities of that character upon this river existed were utilized.

So, Mr. President, we approach this question upon the understanding, in the first place, that the farmers in the San Joaquin Valley have certain vested rights in the waters of this stream. It may be assumed that they have 2,300 cubic feet, or that they have a thousand cubic feet, or that they have 3,500 cubic feet. They acquired those rights pursuant to the laws of the State of California. Lest it might be asserted at any time that there was a question as to the right of the State to parcel out the waters of a stream flowing through it, as early as 1866 the Congress of the United States passed an act to the effect that whenever rights had accrued and were vested and enjoyed pursuant to the local law or custom, such rights should be in the persons who had enjoyed these rights; and in 1870 Congress passed another act to the effect that all patents to lands anywhere within the public domain should be subject to water rights which had accrued or rights to ditches or reservoirs under or which were recognized by the act of 1866.

So these people in the San Joaquin Valley have certain vested ghts in the waters of this stream. That is property. It is rights in the waters of this stream. That is property. It is property in the very highest sense. They own it as much as they own their lands. They own these rights as much as they own their cattle. They own these lands as much as they own

money that they have in the bank.

Mr. President, somewhat strangely an apprehension exists in the minds of some, a fear lest something said in or done under this act might operate to deprive them of any of the rights which they have thus acquired. But I am very sure that not only the lawyers but the laymen in this body will recognize, on reflection, that it is beyond the power of Congress, no matter what they may say in this bill or any other bill, to take away from those people one jot or tittle of the rights

which they have thus acquired.

I want to follow that a bit further. We are going to enact this winter, as I hope, a general dam act; an act to permit those who desire to do so to erect dams upon the public domain for the purpose of damming the waters for power purposes. The Geological Survey estimates that there is undeveloped water power in the State of Montana to the extent of 2,000,000 horsepower. Most of it can be utilized only by the construction of dams upon lands now owned by the Federal Government. Will it be contended for a moment that when we pass an act authorizing the construction of dams generally upon the public lands for the purpose of storing water to generate electrical power we put in peril the holdings of people who have acquired water rights upon any stream? Is it necessary that we shall be careful to ascertain the extent of the right which each of these may have or the amount of all of them, collectively, and make a provision in the bill that we shall enact in order that they may be protected in their rights? Mr. President, you would undertake an impossible task.

Mr. President, we have heard a great deal of contention, a great deal of discussion, upon this floor as to whether these farmers in the San Joaquin Valley are entitled to as much as 2,300 cubic feet per second, or as to whether they are entitled to as much as 3,500, and my distinguished friend, the Senator from Washington [Mr. Poindexter], the other day expressed his dissatisfaction with the bill because he said it did not give those people enough, that they ought to have 3,500 cubic

feet at least.

When we come to pass a bill of the kind mentioned, is it possible that we will be called upon to sit in judgment upon the question as to the amount the several proprietors of water on each river affected is entitled to on account of appropriations made years before? This body is not constituted so that it can determine those questions. They are always the subject of long and heated controversy and protracted litigation in every State in which the right of appropriation exists.

No, Mr. President; nothing that we could do by this act will, as I say, in virtue of the provisions of the fifth amendment of the Constitution, in any manner affect, nor can it affect, the rights of these people. That amendment provides that—

No person shall be deprived of his life, liberty, or property without due process of law.

It is beyond the power of this Legislature to take those rights away from them.

That being the case, we pass to the question of the effect of these conditions, which have been assailed as vesting or attempting to vest in the General Government powers that inhere in a sovereign State and that can be exercised by the State and by the State only. The determination of that question depends upon the answer to the inquiry as to whether, if this grant were made by a private person, similar provisions would be void.

other words, we are to regard the Government of the United States in considering this bill as in the attitude of a proprietor of land. It is undertaking to give to the grantee, the city of San Francisco, certain rights and privileges in its lands. It makes these conditions. If those conditions would be valid in a grant made by a private person, they are equally valid in a

grant made by the Government.

So, I want to consider with you a little while as to whether these grants are valid or not. You can very readily conceive that a public-spirited gentleman might have a large domain in the State of California. Upon that domain there is an excellent dam site. By the utilization of it by anyone who should acquire a right to the waters the highest use could be It could be utilized for irrigation; it could made of the water. be utilized for municipal purposes; it could be utilized for the generaton of electric power. The owner of the site is perfectly willing to give that property to some one who will expend the money necessary to develop it, but he wants the grantee to utilize it for the benefit of his fellow countryman. conditions just the same as those we find in this bill.

I want to examine those provisions with you. Do not let us talk generally about the disposition of the waters of the stream by the State as against the General Government, but let us

inquire what these provisions are.

Take subdivision (d) of section 9 as illustrative of the character and because it has been made the subject of criticism. At page 13 you will find a number of subdivisions of section 9 Subsection (b) provides that the irrigation districts shall be preserved in their rights; that their right to 2,350 cubic feet of water per second shall be recognized. Then subsection (c) provides for the measurement of the water to which they are entitled. Then subsection (d) provides as follows:

(d) That the said grantee whenever the said irrigation districts sire water in excess of that to which they are entitled under the

That is, the 2.300 feet-

shall, on the written demand of the said irrigation districts, sell to the said irrigation districts from the reservoir or reservoirs of the said grantee such amounts of stored water as may be needed for the beneficial nee of the said irrigation districts at such a price as will return to the grantee the actual total costs of providing such stored water, such costs to be computed in accordance with the currently accepted practice of public cost accounting as may be determined by the Secretary of the Interior, including, however—

And so forth.

Thus it is said a power of disposition of these waters is put into the hands of the Secretary of the Interior. He is charged, it is said, with determining what amount should be paid for these waters, and the power is taken away from the State of Califor-

nia or from its water commission.

Let me ask you, Mr. President, if this were an individual making a private grant, and he should provide exactly as is here provided, that his grantee should sell water to this irrigation district at a price-being the actual cost of the same-to be determined by Mr. Jones or Mr. Franklin K. Lane, would anybody say that the provisions of the laws of California had been transgressed? Of course an individual could not impose such a duty upon another without the consent and acceptance of him in whom these powers were reposed, but if Mr. Jones or Mr. Franklin K. Lane, as private citizen, should say, "Well, I will be very glad to accept this trust and to discharge the duties as best I can," would anybody say that the laws of the State of California had been violated in any particular, or that the sovereign rights of the State of California had been invaded?

This section from which I read continues upon the express condition, however, that the said grantee may require the said irrigation districts to purchase and pay for a minimum quantity of such stored water, and that the said grantee shall be entitled to receive compensation for a minimum quantity of stored water and shall not be required to sell and deliver to the said irrigation districts more than a maximum quantity of such stored water to be released during any calendar year.

The Secretary of the Interior, by the next section, is to determine the amount of the maximum and minimum, the language being as follows:

(e) That such minimum and maximum amounts of such stored water to be so released during any calendar year as hereinbefore provided and the price to be paid therefor by the said Irrigation districts are to be determined and fixed by the Secretary of the Interior in accordance with the provisions of the preceding paragraph.

Just substitute for the Government a private individual, and for the Secretary of the Interior substitute a private person, and who is there who would be heard to assert that a provision of the kind read would make the whole thing void or that the condition itself must fall?

Now, Mr. President, I want to pass to another class of provisions of the bill. When it comes to the matter of fixing prices this private grantor might provide, might he not, that the payment was to be made at such a price as should be fixed by the

laws of the State of California, or in the event that the laws of the State of California made no provision for the fixing of the price, then the price was to be fixed by some person named by him. A provision of that character is found in a number of sections of this bill. I refer you to subdivision (m), page 20, where we read as follows:

The said grantee shall develop and use hydroelectric power for the use of its people and shall, at prices to be fixed under the laws of California or, in the absence of such laws, at prices approved by the Secretary of the Interior, sell or supply such power for irrigation, pumping, or other beneficial use, said prices not to be less than will return to said grantee the actual total costs of providing and supplying said power, etc.

So, Mr. President, you will have to determine, if you reach the conclusion that these provisions are an invasion of the rights of the State, that it would be beyond the power of a private grantor of lands to make such requirements as a con-

dition upon which his grant is to be enjoyed.

I now desire to pursue the line of inquiry suggested by the Senator from North Dakota [Mr. McCumber]. He asks, in effect, if the State might not intervene in a proceeding involving these conditions and assert their invalidity as a usurpation of its jurisdiction. I ask the Senator to assume that a private individual makes a grant upon conditions substantially the same as are here provided, that these terms upon which water and power shall be sold are to be fixed by a third party. done for the benefit of prospective purchasers, of parties other than the parties to the contract. The parties who are thus to be benefited are not parties to the contract; they are not bound by it at all; they may, if they choose to do so, come in under the contract and avail themselves of its provisions, or they may say, "No; we do not care to come in under that contract; we prefer to have the water commissioners fix the rates we are to pay.

Mr. President, it will be borne in mind that water can not be impounded and kept without use. In all the States permitting appropriation water is affected with a public use. Anyone who engages in the work of impounding water or in transporting it is obliged to sell at a reasonable price to anyone who may

demand water.

Now, one of the citizens of the State of California might choose to come in under the provisions of such a contract and ask that he be accorded the price provided therein. Another might say "I choose to have the water commissioners fix the price. I do not care to avail myself of the provisions of this contract." So he might likewise say "I do not care to rely upon the contract which the city of San Francisco has made with the Government of the United States. I ask the water commission of the State of California to fix the price which I shall

Have I answered the Senator?

Mr. McCUMBER. Partially, Mr. President. My mind was not focused so much upon the price which is provided for in this bill, and which I can not conceive as being contrary to the rule that would be established by the laws of the State of California, but if I read the bill correctly, there is a guaranty in it that a certain district may have a certain amount of water. If there is water enough for all the districts, in which there could be no possible dispute, I could understand that there would be little chance for a conflict there. But suppose the district, which may be the Modesto or the Turlock district, claims the full amount under the provisions of the bill which is practically guaranteed them by the city of San Francisco, but there is not enough of that water to supply the demand of the district and some other section that is equally entitled to water, and the State of California, through her water commission, should make an award of a quantity of water as between districts or between individuals which would not be in exact harmony with the distribution that would be made by the Secretary of the Interior or under the provisions of the bill.

Mr. WALSH. I am very glad indeed that the Senator has opened that line of thought, because exactly those conditions will be encountered when California undertakes by any proceeding to regulate these matters. There are to-day in existence in the State of California and all over the West private contracts between those who own canals through which water is carried and private individuals by which they agree to pay a fixed price for the water they use, in perpetuity or otherwise. The company is under obligation, under contract, to supply those thus

contracting with water.

It is beyond the power of the State of California to interfere with the performance of those contracts or to decree that the water shall be taken away from those who have contracted for it and given to some one else. Likewise it is impossible for the Legislature of the State of California effectively to say that those having so obligated themselves need not pay the amount which they have thus contracted to pay, but shall pay some other

price to be fixed by their water commission. In other words, legitimate contracts entered into remain, notwithstanding any provision that California may make vesting powers, however extensive, in a water commission.

But, Mr. President, it is suggested that inasmuch as the farmers in the San Joaquin Valley are not parties to this contract

they will have no right to sue upon it.

The question as to when a party other than those making it may sue upon it is one that involves us in many technical distinctions raised by the courts. It is not possible to reconcile the decisions. Some courts will hold that a third party, for whose benefit a contract was made, may sue under certain conditions, while another court will hold that under exactly the same conditions he will not be entitled to sue. Whether or not a farmer in the San Joaquin Valley may avail himself of the provisions of this contract between the Government of the United States upon one hand and of the city of San Francisco upon the other I do not deem it necessary at this time to debate. My own opinion about it is that they have that right and that any of them may come in under this act, appeal to its provisions, ask the privileges it grants them, and have those privileges enforced against the city of San Francisco by any court in the land. But if I am wrong about that and they occupy a position which does not entitle them to that relief, then, Mr. President, the only remedy there is in case a violation of any of the conditions of this grant occurs is, as was suggested, a procedure by the Government of the United States to forfeit the grant.

But, Mr. President, what reason have we to suppose that, if it should be determined that the individuals in whose interest they were written into the bill have not the right to avail themselves of the provisions of this act, the Government of the United States would be remiss in its duty in that regard? What right have we to assume that the city of San Francisco can go on unnoticed by the Government of the United States and violate with impunity the conditions under which it obtained this grant? What right have we to assume that the Department of Justice will overlook any violation of the provisions of this act, intended to safeguard the interest of any citizen; or, if it should, what right have we to assume that this body or the coordinate body upon the other side of the Capitol will be derelict in its duty by failing to call the attention of the Government to the fact, and compelling the institution of a proceeding to forfeit

It has been suggested that in any controversy that may arisethat in a lawsuit to determine whether any rights were taken away from the users of this water by virtue of this act, there would be, upon the one side, a weak litigant, a farmer of restricted means; and, upon the other hand, a great, powerful municipal corporation with practically limitless resources, as his antagonist. In answer to that, Mr. President, I call your attention to the fact that the opposing litigant would not be a single farmer, with his limited resources, at all, because all of the rights granted by this bill, if it grants any right at all, all of the conditions, are written into the bill in favor of two irrigation districts of great wealth. It is conceded that they have the first right to at least 2,300 cubic feet per second of Do you know what that means? That means something like 92,000 miners' inches of water; enough, as water is now utilized, to irrigate from 200,000 to 250,000 acres. The prior rights that these districts enjoy, represent a value that runs into the millions, not to speak at all about the farm values and other property that is back of them. So, instead of a weak single individual on the one side contending with a great city, we shall have these two great irrigation districts, holding and enjoying property of immense value, a patrimony that would do

credit to a prince or that would ransom a rajah.

Then we are presented with a picture of a single isolated farmer seeking to establish himself in the San Joaquin Valley and endeavoring to get some water out of the Tuolumne River and endeavoring to get some water out of the Tubolimine River in antagonism to the great city of San Francisco, which is granted rights by this bill. But, Mr. President, such a condi-tion can not possibly arise, because, as indicated a while ago in the course of my remarks, all of the waters of that stream that flow through during the season of low water were appropriated years ago. All that could be utilized of the flood waters of the stream by the construction of dams at small cost are likewise utilized, and there is no way of increasing the available water now except by the construction of a great dam, such as this bill contemplates, in the Hetch Hetchy Valley. It will be accordingly necessary for that single lone farmer to associate himself with a large number of other farmers or others interested who will be able to build a dam such as that for which this bill provides. Then it will be necessary for those who thus associate themselves to come here to Congress in order to get just exactly the privileges which it is intended by this

bill shall be conveyed to the city of San Francisco. There, Mr. President, is, as I said the other day, the crux of this whole question. It is simply a question as to whether the water to be impounded if this bill passes shall be allowed to run idly and uselessly to the sea until at some future time when other's interested will combine themselves into irrigation districts and ask of us the privilege to construct a dam for the purpose of carrying the water to the arid lands of the San Joaquin Valley still remaining unreclaimed, or whether we shall devote it to the use of the city of San Francisco immediately, as is provided by the pending bill.

The Senator from Idaho [Mr. Borah], in the course of his remarks, made a number of other objections to the bill, which I do not deem it necessary at this time to notice, except for one. Complaint was made about the provision of the bill found at

page 5 and reading as follows:

Sec. 3. That the rights of way hereby granted shall not be effective over any lands upon which homestead, mining, or other existing valid claim or claims shall have been filed or made and which now in law constitute prior rights to any claim of the grantee until said grantee shall have purchased such portion or portions of such homestead, mining, or other existing valid claims as it may require for right-of-way purposes and other purposes herein set forth.

I do not know that I clearly understood the Senator, but I gathered from him that under that language the rights of no one would be safe, except one who had obtained a patent for his claim, or, at least, had made final proof upon it. The Senator must have overlooked the decision of the Supreme Court of the United States in the case of the Northern Pacific Railway Co. against Trodick, reported in Two hundred and twenty-first United States, in which it is ruled that anyone who settles upon public lands intending to assert a homestead right to them, being bona fide in the occupation of them for that purpose, enjoys a "claim." It was undoubtedly to protect the assertors of such claims that this provision was incorporated into the bill, and I deem the language ample to protect them.

Mr. President, I have not undertaken to discuss here those considerations which properly, to my mind, appeal to the judgment and discretion of Senators in relation to the disposition that ought to be made of this bill. That labor has been discharged and the facts have been amply developed with special skill and ability and with much learning in the course of this debate. I have simply endeavored to clear up some questions in relation to which much time has been devoted, but which, as I view the matter, are entitled to very little weight in the determination of this measure. I have accomplished the purpose with which I started out if I have impressed any Members of this body with the view that there is really only one question that is legitimately open to consideration or investigation or debate in this connection, and that is as to whether a small portion of the Yosemite National Park should be devoted to the utilitarian purpose that is contemplated by this bill; in other words, whether the conditions are sufficiently grave to justify us in invading its precincts.

For myself, living, as I do, in a semiarid region of the country and knowing the blessings of an adequate supply of wholesome water, not always as a matter of course obtainable there, I can not, in consonance with my duty as a legislator of the Nation, permit the love that I have for the beauties of nature to outweigh for a moment the appeals for water to drink

of a whole city full of people.

Moreover, it does seem to me that the request of the city of San Francisco comes to us with particular force and strength; it certainly does to me, not at all by reason of that devastating calamity that befell her, but by reason of the superb courage with which she rose after that visitation from amidst the ashes of her stateliest homes and her proudest public monuments. saw her in devastation and ruin, plundered by faithless public servants, racked by strikes, when her corrupt city government had gone to pieces, leaving her a prey to lawlessness. Only four years after I saw her again, rebuilt, celebrating her re-habilitation amid the plaudits of thousands, who were amazed at the work that had been accomplished in that short time and gazed in wonderment at the new city more beautiful and more enduring than the old. I want San Francisco to have this water, and I want her to have the power as well, because, among other reasons, she typifies some of the very best features of American

Mr. STERLING. Mr. President, I had hardly expected to take the time in addressing the Senate upon this question, but by the courtesy of the Senator from Nevada, who gave notice that he would speak to-day, I am to have a little while in which I may at least explain my vote in opposition to this bill. One reason why I think it proper for me to address the Senate is that I am a member of the Committee on Public Lands, which reported this bill favorably. I was not present, however, at the hearings before the committee, nor was I present at the time the report was agreed upon. I was unavoidably absent at that time. But, Mr. President, I find in the report of the advisory board of Army engineers and in some admissions made here on the floor of the Senate ample ground, as I view it, for my opposition to the bill. I want briefly to call the attention of the Senate to some statements in this report. I read from page 50, where the following statement is made:

The valley of the San Joaquin has less rainfall and less run-off from its rivers than the valley of the Sacramento. The Tuolumne River could, if not used for city supply, be used to irrigate a large amount of fertile land, as could almost any river in the valley of California if means are found economically to store the water.

The board believes that on account of the fertility of the lands under irrigation and their aridness without water the necessity of preserving all available water in the valley of California will sooner or later make the demand for the use of Hetch Hetchy as a reservoir practically

Now I turn to page 22 of this report and read as follows:

Now I turn to page 22 of this report and read as follows:

The McCloud River is a branch of the Pitt River, which itself is a tributary of the Sacramento. McCloud River rises on the southern and southeastern slopes of Mount Shasta. It flows in part from glaciers and in part from large springs. The water is clear, cold, and palatable. The inhabitants of the valley drink it at any point and consider it of first-class quality. At some times of the year, said to be for only short intervals, it assumes a milky appearance. This seems to be due to a small tributary, Mud Creek, which at times carries considerable lava sand. On the day of the inspection by a member of the board Mud Creek was carrying a large amount of this sand and the river was quite milky in appearance. It is not thought that this affects the hygienic qualities. It seems probable that by damming Mud Creek and forcing the water to percolate through the soil this sand could be held back or the water could be confined in a reservoir and allowed to settle. The minimum discharge of the McCloud River being about 1,200 cabic feet per second, or 770 million gallons daily, the flow is ample without storage. settle. The minimum 1,200 cubic feet per se ample without storage.

This comes under the discussion by the board of the other available sources of water supply for San Francisco.

Turning again to the conclusions of the board, on page 50, I

The board is of the opinion that there are several sources of water supply that could be obtained and used by the city of San Francisco and adjacent communities to supplement the near-by supplies as the necessity develops. From any one of these sources the water is sufficient in quantity and is, or can be made, suitable in quality, while the engineering difficulties are not insurmountable. The determining factor is principally one of cost; in some cases, however, such as the Sacramento, sentiment must be taken into consideration.

The project proposed by the city of San Francisco, known as the Hetch Hetchy project, is about \$20,000,000 cheaper than any other feasible project for furnishing an adequate supply. The only exception is the filtered Sacramento project, which in actual cost is about thirty millions greater than the Hetch Hetchy project, but by discounting to 1914 becomes only \$13,000,000 greater.

So, Mr. President, this much as a basis for my opposition to the bill as found in the report of the board of Army engineers. There is the McCloud River, in the Sacramento Valley, which will furnish 770,000,000 gallons daily of cold, clear, palatable water at a cost, under the discount, only \$13,000,000 in excess of the cost of the Hetch Hetchy project.

What else have I as a basis for my objection to this bill? The admissions upon the floor of the Senate here, coming from those in favor of the bill. They are that in the Turlock-Modesto irrigation district there are now approximately 150,000 acres under irrigation. What is the minimum value of the 150,000 acres? Three hundred dollars an acre, or an aggregate valuation of the lands now under irrigation of \$45,000,000. What is the further admission on the floor? That there are at least 150,000 acres yet within those districts easily susceptible of irrigation—as much so, I think, as those already under water. What is their value? At the minimum, as given here on the floor, \$300 an acre, or an aggregate valuation of \$45,000,000. So we have \$90,000,000 of land valuation as against the \$13,-000,000 San Francisco would have to expend on the Sacramento project over and above what she would have to expend in securing water through the Hetch Hetchy project. The bill before the Senate gives barely one-half the quantity of water necessary for the irrigation of the 300,000 acres.

I should like to have Senators view this matter for a moment from a purely economic standpoint. What else is there to be considered here? In addition to the 300,000 acres in the two districts to which I have referred there are, according to the reports, at least 150,000 acres lying outside of the Turlock-Modesto irrigation district which are susceptible of irrigation, and which should be brought within the limits of those districts, making, in addition to the \$00,000,000 aggregate valuation of the land if it has sufficient water, \$45,000,000 of further valuation. So, taking it from the purely economic standpoint, and considering, too, the needs of San Francisco and the additional cost of taking water from the McCloud River, in the Sacramento Valley, I say this is a question which the Senate should not hesitate long in determining.

What does it mean to San Francisco? Mr. President, San Francisco will not get through the Sacramento project the power that she will get through the Hetch Hetchy project. That is granted. That power has an estimated valuation of \$45,000,000. It is urged here that in order that San Francisco may have at her command this immense water power, which will enable her to compete with the electric-light companies, with the street car companies, and so forth, and prevent the extortions of those companies, and so forth, and prevent the externols of nose companies, she should be allowed the advantages she would have through the Hetch Hetchy project. The patriotism, the public interest, the high-mindedness of the San Francisco people have been alluded to here.

I think that the patriotism, the intelligence, and the public spirit of the people of San Francisco will cure these evils and prevent the extortion of street car companies and electric-light companies in the future, without the possession of this power coming from Hetch Hetchy, to the detriment of these other great and vital interests.

Think of what is involved, not only for the people immediately and directly affected in the Turlock and Modesto irrigation districts, but for San Francisco herself, with these fields at her very doors—these fields for the varied products of which San Francisco furnishes the market. With 300,000 acres and more devoted to alfalfa, to grains, and to fruits, I can not but believe that from the economic standpoint San Francisco and all the men, women, and children of that great city will be benefited more by having these districts and the various irrigable districts in the San Joaquin Valley under cultivation, and for which all this water is needed, than they will be by having the Hetch Hetchy project opened up to them, other available sources of abundant water supply being considered.

Mr. President, much has been said about the effect a reservoir will have in marring the beauty of Hetch Hetchy Park; there has been much opposition to the project because of the injury it will do to this fine piece of natural scenery.

I think I appreciate all that; but if it were a question between the nature lovers and the urgent needs of the people of San Francisco I would not long hesitate, but would decide in favor of satisfying the needs of the inhabitants of that great city rather than to gratify mere sentiment or please the artistic taste of the nature lovers.

But that is not all that is involved in this question. time when I thought that it was perhaps about the only question involved my impression was in favor of this bill, for the needs of San Francisco were said to be most urgent. But here now is this other element, with the need of San Francisco for Hetch Hetchy at the minimum. Viewing it now from the purely economic standpoint, considering what it would mean to the irrigation districts with lands under cultivation as at present, what it will mean for the lands which may yet be opened to cultivation and to the people who will dwell thereon, what it will mean through them to the people of San Francisco herself, and to the people of the State of California, I can not help but think this measure should be defeated.

Yes; dam up Hetch Hetchy if great human need require it. and there may come the time when a reservoir should be made of that little valley. But it will be for some other use—a more reasonable use, as I view it, a higher use than that of now simply supplying water and power to the city of San Francisco, with a need no more urgent than she has here shown. Let it be for the rich but thirsty lands in the Modesto-Turlock districts and the lands of such other districts as may yet be created. This will be the demand which, in the language of the engineer's report, may be "practically irresistible."

Then when at some future time the nature lover and artist

traveling through these districts views the fields of alfalfa, waving grain, and rich orchards, multiplied in number and in yield, as they will be manyfold with this more abundant supply of water, he will find in seeing all this wealth and prosperity and happiness some compensation for the marring—if they are at all marred—of the beauties of Hetch Hetchy.

Mr. MYERS. Mr. President, I desire to ask a question of the Senator from South Dakota. The scenery which the Senator has so eloquently described—waving fields of grain and alfalfa—is the only character of scenery to be found in the State of South Dakota, is it not?

Mr. STERLING. Oh, no. We can show you in South Dakota, in what is said to be, because of its mineral wealth, the richest 100 miles square on the continent, the Black Hills country, as beautiful a piece of scenery as anyone could desire. It is not, perhaps, so majestic as the Rocky Mountains, as they are known to the Senator from Montana, but in the matter of pure beauty it is equal to the Rocky Mountains themselves.

Mr. LIPPITT. Mr. President, I believe the Senator from Nevada [Mr. Pittman] had given notice that he was going to speak at this time.

The PRESIDING OFFICER (Mr. SHIVELY in the chair). The

notice was given and is on the desk.

Mr. PITTMAN. Mr. President, the Senator from Rhode
Island has asked to take a few minutes of my time. I am more than glad to give him an opportunity to use as much time as he

The PRESIDING OFFICER. The Chair referred to the list because there are a number of Senators whose names are on the list, and those whose names appear subsequently to that of the Senator from Nevada may have some rights in the matter. The Senator from Rhode Island is recognized.

Mr. LIPPITT. Mr. President, I thank the Senator from

Nevada for his courtesy.

I shall take only a few minutes to explain the vote I am about to give upon this measure. I take occasion to do that, not because I think this question needs any additional discussion-for I think all sides of it have been very thoroughly discussed in this body during the past week-but because I have received from citizens of my State a number of letters protesting against what they call the destruction of the Hetch Hetchy Valley. There are some 40 or 50 of them altogether-not, perhaps, a very large number-but on account of the character and importance of the people who sign them I do not like this measure to go to a vote without briefly stating my position.

I presume, and think I am not egotistical in saying so, that there are few men in the United States to whom an appeal of this kind by nature lovers would come with greater force than Ever since I was a boy I have been irresistibly driven to the open places of the earth. For more than 30 years nearly every one of my leisure hours was spent upon the water. For the last 10 years I have had almost as strong an impulse

driving me to the hills.

When the introduction of the automobile made it possible I began to go around the northern part of the State of Rhode Island, which is a beautiful region of wooded hills and ponds and streams, looking for a place where I might locate. Some five or six years ago, after three or four years spent in such research, I found a place in the northern part of the State where, upon the top of a hill, surrounded by dense woods and ponds and streams, I built myself a house where I can look for miles over the surrounding country. This came about, not from any settled purpose upon my part, but because some inclination to those scenes seemed irresistibly to compel it. The result of that has been that for the last four or five years practically every leisure moment I have had while in Rhode Island has been spent in those surroundings.

I think, therefore, that even the most ardent nature lover can not say that I am indifferent to the scenes in which he takes so much pleasure. On the other hand, my busier hours have been engaged in an occupation that compels my attention to the importance of the kind of development that is proposed

at Hetch Hechy.

The prosperity of Rhode Island was dependent upon its water power. It originated with it. It was because there was a water power at Pawtucket that Slater, coming from England, started the first cotton factory in the United States there. It is because of the clear water in her creeks, and the power they have developed, that the textile industry, the most important of her industries, has grown up and prospered there.

It is only within some three or four years that I spent several days going around the State for a man who was about to locate a new industry in this country, one which I think will grow into large proportions, trying to find a water supply in the State that would answer his needs. But because our water was so thoroughly taken up, and because I could not find it for him, the State of Rhode Island lost the benefit of that in-

dustry, and it was obliged to locate elsewhere.

I found myself, therefore, at the beginning of this week, when this question was brought up for discussion in this body, very strongly moved by two directly opposing influences—my appreciation of the benefits of natural scenery, my great sympathy with the people who enjoy them, and the importance and value of water, which had been developed in me by a long business training. Under such conflicting emotions a man is apt to arrive at the time for voting wishing that he could cast two votes. I have found myself in that position before on some of the questions that have come before this body. I do not find myself in that position upon this question to-day. thoroughly convinced of the correctness of the vote which I am going to cast. I am thoroughly satisfied that that vote ought to be in favor of this measure. I am satisfied of that, because I believe that the theory of the nature lovers that a great scene of beauty is going to be destroyed is not correct. Nothing is going to be destroyed. The beauty of the Hetch Hetchy Valley Nothing is is still going to be there.

The grandeur of its cliffs is still going to be there; the beauty of the Wampana Falls is going to be there uninterfered with; and, what is more important, there is going to be a means provided for the general public of seeing these things. There is no use in natural beauty that is inaccessible, and the present condition of that valley is such, as I understand it, that no wagon has ever penetrated to its interior. means of getting there are by trail or on foot, and the number of people, as the Senator from Colorado [Mr. Thomas] said the other night, who visit it annually is only something over 200. Under this project there is going to be built a first-class wagon road, the cost of which will be over \$600,000, which will circle the valley. It is going to be so located that the scenic effects will be readily accessible, and I think that all of this is a strong recommendation for the project.

Different natures enjoy scenery in a different way. love the ocean. Its unceasing restlessness attracts them. love the quiet of a woodland scene, and some are inspired and thrilled by the grandeur of the mountains. I believe that many a man in the future will look at the quietness of the lake that is going to rest at the foot of the Hetch Hetchy hills and

see in it a beauty he would be very sorry to miss.

On the other hand, nature has put in the State of California a great natural resource. A great deal has been said upon the floor of the Senate this week in regard to the benefit that the water of that valley would be for the domestic uses of San Francisco. A great deal has been said about the value it would be for irrigation and agricultural purposes in the Modesto and other districts.

A little has been said about the value of the water power that is going to be developed from this source, but a very little. Nevertheless, as I have studied this bill, and I have studied it as carefully as I know how, I have given it my closest attention, I have followed very carefully the debates, I have talked with many Senators outside in regard to it, the value of that power

appeals to me very strongly.

Our judgments are all the result of our heredity and our environment. Mine has been such as to make me appreciate the meaning of a great water power. It is supposed here that the city of San Francisco is under contract to develop a power of some 60,000 horsepower, but that is by no means all that the engineers' plans call for in that direction. As an ultimate development, they call for a water power at a point about a dozen miles below the Hetch Hetchy Dam, and entirely outside of the Yosemite district, of a plant that will develop 75,000 horsepower. A little lower down in the valley, and to be developed later on, they call for another plant that will develop 75,000 horsepower, and at another point, at some perhaps still more remote period in the future, for a plant that will develop 12,500 horsepower; in all, a development of more than 160,000 horsepower, and a power of such a nature that it runs con-

In our manufacturing districts when we speak of a power we usually think of it as something that is going to run 10 hours a day and perhaps 60 hours a week. At least it used to be that. It is now 54 hours. Here is a power that runs 24 hours a day and 7 days in the week, and it never tires. One of the important things that have made the Atlantic seaboard the populous and thrifty and industrious country that it is is because at the back of it there was coal and there was iron-coal to produce power, iron to serve all the great manufacturing purposes to which that metal is indispensable. California has no coal accessible enough to be cheap coal—cheap enough for manufacturing. She has for the time being oil, but how long she will have oil is, in the minds of many people, a very problematical thing. We are certainly using our oil supplies, which have required countless generations to create, at a very rapid and perhaps a very wasteful rate. But even oil can not furnish power as cheaply as these waterfalls will. I am told that down the west coast of South America there are great iron mines, containing iron of a high grade and in almost inexhaustible quantities. One of the developments that people look forward to from the opening of the Panama Canal is the development of some of those mines. It may well be that if California is supplied with the great power, such as is going to be produced at Hetch Hetchy, and if iron should be found not too far for cheap transportation as the result of this development, there may be created in the future another great manufacturing district in California; and I do not believe it is necessary for me to remind any Member of this body of the great value of a manufacturing industry in close proximity to an agricultural industry. But any such development is impossible unless California can have the power either developed or in potential development.

Now, Mr. President, there has been something said here about the control of this water and this power. I am not worried about who is going to control either. I think that the important matter to-day is to see that it is created. That is the question that is immediately before us. It is to see that this stream which has run for countless generations uselessly down to the ocean is made the servant of mankind, is harnessed to work for man, and when that has been done I have absolute confidence that the legislators of the future, the people of California, will see that proper regulations are made to get the supreme beneficial use out of that great improvement for her people and the people of the rest of the country.

To tell the truth, I am not so much worried about monopolies To tell the fruth, I am not so much worried about monopoles as some people are. I believe there is nothing easier to control by legislation than a monopoly. You have only one person to deal with. We are dealing with them from day to day, therefore, as they exist, very effectively. If there is any undue monopoly connected with this power development, it will be taken care of without any question by the people who are responsible for such carefaking in the future.

sponsible for such caretaking in the future.

I can only say, therefore, that as the result of my study of this question-and it has been as thorough as I know how make it-I should not rest satisfied if I did not vote to give to the people of California-and when I say the people of California I mean to the possession of all the country—the benefit of this great natural resource which is within her borders.

Mr. SMOOT. Before the Senator takes his seat, I appreciate the Senator's position in desiring not only by his vote to give to San Francisco necessary water, but also the development of the power for the utilities that may be established in California at some future period. However, I want to call the Senator's attention to the fact that there can be developed on the Cherry Valley drainage area and the Lake Eleanor drainage area 98,000 horsepower, and that will not interfere at all with the Hetch Hetchy Valley. That creates within a few thousand horsepower what the report shows that the Hetch Hetchy will create. The city of San Francisco has virtually lands around Lake Eleanor and the rights to the water. The water from that source, according to the report, amounts in Cherry Valley to 160,000,000 gallons daily, and the Lake Eleanor 130,000,000 gallons daily, which will be sufficient for a city of 2,000,000 population, 100 gallons per day for each man, woman, and child. Why would it not be better for San Francisco to take that and develop that water power and not interfere with Hetch Hetchy at all?

Mr. LIPPITT. I will say in reply to that, that I am a Yankee, and the Yankees very frequently answer one question by asking another. I might very well ask the Senator why would it be better? I do not ask him to answer that question now, because I know his fertile mind will find a great many most excellent reasons why it will be better, but I will tell him why I think it is better to adopt this measure now. The reason why I think so is because I want both sources of supply I hope some time in the future somebody will come to this body and ask authority-if any authority is necessary, perhaps it is not-for the development of this other source of

hope some time that other 100,000 horsepower he speaks of will be developed for the use of California, and I hope and believe that she will need every unit of power that lies within her borders for the important developments that are going on there. She will need them for her municipal purposes; for light; she will need them for her street railways; she will need them for what are now her steam railways. It can not be far in the future, if the power is available, before the railways of this country will be electrified. They are infinitely better

run by electric power than by steam power.

Therefore my answer to the question of the Senator is that the immediate question before us is that there has been pre-pared by people ready to carry it out a project for the develop-

ment of this power.

If we say "no" to this, we are not saying "yes" to something else, to this particular something else perhaps that the Senator has in mind. Those things can only be done one at a time, and the time now is for the development of the Hetch Hetchy plan. Moreover, that requires Government sanction. We all know how difficult it is to get through this body, owing to the natural and very proper suspicion the Members of it have of propositions for the control of great public benefits by irresponsible private capital, by unregulated private capital. There are not many projects that could be brought in here which would get even a hearing where the result might be for the development of this Government-owned Hetch Hetchy Valley. Therefore I think the time is now for us to vote in favor of the particular project, if we are in favor of the great principle of conservation which underlies this project. One hundred and fifty thousand horsepower means the saving of 1,000,000 tons of coal a year; it means the saving of the equivalent amount of !

oil a year. Conservation, as I understand, is to preserve such things as far as possible for future generations. develop our power by water we injure no one, present or future; when we develop our power with oil or coal, we are taking something away from some one who some day is going to live in this world, and who perhaps will not be able to get it. So far as I am concerned, I want to see the water powers of this country developed just as rapidly as it is possible for them to be developed.

Mr. SMOOT. Mr. President, in order that the Senator may understand my position, I will say that I asked him the questional may be a senator of the senator o tion, not for the purpose of indicating that I am opposed to granting to California any water that she may be entitled to or any right of way over any lands that she may be entitled to. That was not my idea. The claim has been made, and made strenuously, that San Francisco can not get water any where else; that she can not get power anywhere else; that this is the only source of supply. My question was simply designed to show that there were other sources. I also asked the Senator if the mere question of San Francisco being unable to get

water anywhere else was the question involved whether this measure would be satisfactory to him.

Mr. LIPPITT. I will say, Mr. President, that I have made no claim in anything that I have said that this was the only source of supply; that it was physically possible for San Francisco to get a water supply. I do not understand that to be the case. I do, however, understand it to be the case that her engineers, who are amongst the most competent of any in the country, have decided, after careful study of the case, that this is the best source of supply for San Francisco, and, so far as I go, I want her to have it.

Mr. McCUMBER. Mr. President-

The VICE PRESIDENT. Does the Senator from Rhode Island yield to the Senator from North Dakota?

Mr. LIPPITT. While the Vice President was out of the Chamber the Senator from Nevada [Mr. PITTMAN] kindly yielded to me for a few moments that I might make these remarks, and he has the floor.

Mr. PITTMAN. I very willingly yield, for I want to have

that question discussed.

Mr. McCUMBER. Mr. President, I simply want to ask a question of the Senator from Utah [Mr. Smoot]. The Senator from Utah has indicated that there was certainly some reason why the city of San Francisco should adopt some other project instead of this particular one. I should like to ask the Senator if he knows of any ulterior reason that is guiding the purpose of the city of San Francisco in attempting to secure this particular location? Why does the city of San Francisco carry on this very vigorous contest-and certainly it has shown itself to be a contest? Why is she so persistent in insisting that this shall be the project that shall be developed for her particular benefit if she can secure elsewhere just as good water, under just as favorable conditions, and can also develop all the horsepower in electrical energy that she will need for her purposes? That has been a question that has somewhat bothered me right along in the discussion of this matter. The Senator may have reasons which would influence him in believing that waging this constant war for this particular point that he would give the Senate the benefit of.

Mr. SMOOT. Mr. President, the Senator's question is very direct, and is one that perhaps it would be well for me not to try to answer in a few words. I do not know that I can answer it to the full satisfaction of myself, but I do know that what San Francisco wanted in the first place was a grant from Congress for a right of way and the privilege of building a dam. San Francisco never asked that these regulations be put in the bill; San Francisco never asked that authority be granted to the Secretary of the Interior to regulate the rates per horse-power; San Francisco never asked that there be an act of power; San Francisco never asked that there be an act of Congress interfering with the distribution of the waters within the State of California. I will, moreover, say that it is my opinion that the reason San Francisco wants this particular dam site is for the power that she thinks can be developed cheaper than from any other source, and at the same time get a large supply of water. That is my personal opinion.

Mr. McCUMBER. The whole question, then, the Senator thinks, is a question of finance?

Mr. SMOOT. I think so.

Mr. McCUMBER. That it will cost the city less to get the same amount of water?

And to get the same power.

Mr. McCUMBER. And to get the same electrical energy from

this particular project for less than it would cost elsewhere?

Mr. SMOOT. I think that is true. I think that there is not a representative of the city of San Francisco who will not say

that the regulations in this bill were put into it to secure the necessary votes in the House of Representatives to pass the bill.

Mr. President, may I add to that they were also put into the bill by the very men and the very influences that are trying now to beat the bill here because these provisions are in the bill.

Mr. SMOOT. So far as I am concerned-Mr. THOMAS. Pardon me.

Mr. SMOOT. 1 want to say to Senators that I resent that imputation, if the Senator means that it has had anything to do

with influencing any Senator.

Mr. THOMAS. I did not mean a single Senator on the floor, and I am sorry if my statement conveyed any such impression, because I know that it is not the case, and I want to make the statement as fully as possible. I very much regret that my positive statement did not refer to influences outside of this Chamber

Mr. SMOOT. I accept, of course, the Senator's statement

without really a tinge of feeling.

Mr. THOMAS. I am very glad the Senator does, because nothing was further from my mind.

Mr. SMOOT. I want to say to the Senator from Colorado that this is not a new question.

Mr. THOMAS. I understand that. Mr. SMOOT. This matter has been before Congress for about I have attended a number of hearings in relation nine years. to it, and I know just what San Francisco wants. If this bill contained only what San Francisco wanted it would have been passed within one day and all of this discussion would never have occurred in this Chamber, and I doubt whether there would

have been more than a very few votes against it.

Mr. McCUMBER. The Senator and myself can have no contentions about the provisions that are in the bill that ought to be out of it. I agree with the Senator, and I am in favor of granting to San Francisco the right to all the water she is entitled to receive. I would eliminate, and expect to do so by introducing an amendment, all of the provisions that are in the bill-and there are pages of them-which assume control by the Government of waters which belong to the State of California. I do not want them in the bill as a precedent for any future grant that may be made by the Government. I do not think they belong there; so that there will be no contest upon that proposition; but the Senator has now stated that the real question is the question of cost. That might be a legitimate proposition. Then the question that would follow that would be simply this: Is the cost of the other projects to the city of San Francisco so greatly in excess of the cost of the Hetch Hetchy as to make them practically nonavailable at the present time? In other words, will the cost of this project be as much as the city can afford to pay at this time for the service that she will receive? If that be so, then certainly it would seem to me to be a legitimate judgment upon her part to seek to secure this site which she can bond her citizens to pay for rather than to attempt to secure something that will cost her so much more that she can not raise the necessary funds by bonds or otherwise to correspond with the cost of construction

Mr. SMOOT. Mr. President, the Senator's statement so far as he has gone is exactly in accord with my position. If it were only a question of water, I will say to the Senator that San Francisco can get from other sources all the water she needs for less money than it will cost to get water from this source. She has already agreed to purchase the Spring Valley water system, and the whole cost of the Spring Valley Water Co. system, with an expenditure of from \$7,000,0000 \$10,000,000 for the extensions, would amount to not more than \$45,000,000, and the Army board reports show that there would be ample water for domestic purposes and for city purposes

for many, many vears.

Mr. McCUMBER. The Senator can see that that does not fully answer the question, because, while San Francisco might get water at less cost, considering the question of water alone, it may be necessary for her to secure power which she could develop and utilize, and thereby reduce the cost to bring it within her ability to pay for the construction of the project. Therefore, while she might secure another project that would give her water at less cost, still it might give her water at such cost in its ultimate result that she could not afford to take it. That is the question upon which I should like information, because it is an important consideration in passing upon the justness of the claim of the city of San Francisco.

Mr. SMOOT. That is true, Mr. President. I agree with the Senator. If there were not involved in this bill the question of an assumed power of Congress to grant an authority to the city of San Francisco which I do not believe we have the right to grant, there is no question, in my opinion, but that San Francisco would go to some source other than this project. No person that I am aware of wants to deprive San Francisco of any of her lawful holding of water. I understand that her filings have been made on the Tuolumne River. I do not care whether their filings date back to 1901 or if they were not made until 1908; that makes no difference. No one can take her rights away from her, and all that would be necessary for her to begin the development of those rights would be to get the right of way over the public domain and the right to build the dam.

Mr. STERLING. Mr. President, I should like to ask the Senator from Utah [Mr. SMOOT] a question. His attention has been directed by the Senator from North Dakota [Mr. Mc-CUMBER] to the question of San Francisco's motive, as to whether San Francisco had or not an ulterior motive in trying to get this bill through. I should like to ask the Senator from Utah if, in his opinion, that is material, if the economic need to be served will be greater if all the waters can be used for irrigation purposes? In other words, whether or not Francisco's motive in trying to get water through the Hetch Hetchy project is material if a greater economic need can be served by using the waters for irrigation purposes?

Mr. SMOOT. It would not be material, Mr. President, as to results, but I do believe that it would have an influence upon

me as to whether or not I would vote for a measure.

Mr. STERLING. I will ask the Senator a further question:
If 450,000 acres can be irrigated by the use of the waters of the Tuolumne River by damming them up in the Hetch Hetchy or otherwise, and meanwhile San Francisco is able to extend her source of supply and get water at a cost of thirteen or fourteen million dollars more than by the Hetch Hetchy project, would not that serve a greater economic need and purpose than that San Francisco should have the water from the Hetch Hetchy project?

Mr. SMOOT. Mr. President, perhaps I misunderstood the Senator's former question. I will answer the Senator's last question by saying that, in my judgment, it would.

Mr. THOMAS and Mr. REED addressed the Chair. The VICE PRESIDENT. The Senator from Colorado. Mr. THOMAS. I yield to the Senator from Missouri. Mr. REED. Did the Senator from Colorado have the floor?

Mr. THOMAS. The Senator from Nevada [Mr. PITTMAN] has the floor.

Mr. REED. I did not desire to ask a question; I wanted to make a few remarks.

Mr. THOMAS. If the Senator desires to ask a question of the Senator from Utah, I will gladly yield. Mr. REED. No; I said I desired to make a few remarks, and

I will yield to the Senator from Colorado.

Mr. THOMAS. The Senator from Nevada [Mr. PITTMAN] has the floor. I merely wanted to say, Mr. President, that the question asked by the Senator from North Dakota [Mr. Mc-CUMBER] of the Senator from Utah [Mr. Smoot] seems to me to express in concise form the principal issue that is to be here determined. The Senator's emphasis upon the composite purposes of San Francisco, which can be better subserved, and perhaps only subserved, by utilizing this source, is, to my mind, the real key to the history of the Hetch Hetchy project, because there is no other project that will yield the same amount of electric power, regardless of cost; and, of course, hydroelectric power is almost as much of a municipal necessity in these days as is water itself. Consequently I have no doubt that both the city officials and the city engineers were actuated very largely by the general purpose that has been so well expressed by the Senator from North Dakota in his question.

My real purpose, however, for interrupting, Mr. President, was to ask permission to have read into the Record a letter from Mr. Theodore A. Bell which refers to a telegram that was addressed to me which I read into the RECORD this morning, and which referred to him directly by name. I think, therefore, it is but justice to Mr. Bell that he should be permitted to have his reply to that telegram inserted in the RECORD.

The VICE PRESIDENT. Without objection, the letter will be read, as requested.

The Secretary read the letter, as follows:

Washington, D. C., December 6, 1913.

Hon. CHARLES S. THOMAS, United States Senate.

My Dear Senator: I am informed there has been read into the Record a telegram from Francis J. Heney, which states that I am representing power interests in my opposition to the Hetch Hetchy grant, and that in a similar capacity I have opposed the new water conservation law in California.

So far as I am personally concerned, no statement or opinion coming from Francis J. Heney can cause me any mental disturbance; but as I am appearing here for thousands of farmers in the San Joaquin Valley,

and especially the water users of the Modesto and Turlock irrigation districts, I deem it my duty to state that Heney's charges are absolutely

false. My credentials from the people that I represent here are open to inspection. I am not now, nor have I ever been, employed by any power concern, either within or without the State of California.

I am counsel for one irrigation company that is now developing and conserving the waters of Clear Lake, in northern California, and applying the water to a large area of land in the Sacramento Valley. This company may develop some power in the future, if it can be done economically, in conjunction with its irrigation system. This company hasn't the remotest interest in the passage or defeat of the pending bill.

Mr. Heney overlooks the fact that since 1911 there has been in full force and effect a law declaring that no water can be diverted for power purposes in California without a permit from the water commission.

power purposes in California without a permit from the water commission.

The 1913 law, which has been referred to the people, under the referendum laws of California, seeks to extend the law of 1911 so as to include water appropriated for irrigation.

While this last act was pending in our legislature I expressed the view that the principle of the proposed law as an excellent one, but that I was opposed to the provisions that seemed to give the water commission power to destroy riparian rights in that State. The law is all right for the large companies, who have the money to speedily develop and perfect their constructive appropriations, but it is harsh toward the small riparian farmer, who must gradually enlarge his use of the water. I also expressed the view that any attempt to divest riparian owners of their rights would be violative of the Constitution, as the right of the riparian owner to a reasonable use of the water is as sacred as his title to the land itself.

With only these facts to support him, Heney has based a personal attack on the writer, prompted by political animosity, and in a considerable degree due to his habit of abusing everybody that does not happen to agree with him.

With respect to the referendum of the 1913 law, I beg to state that I was absent from California at the time the petitions were prepared and circulated, and I did not even know that the referendum might be invoked until I learned it incidentally at Washington some weeks after the petitions had been filed.

Trusting that I have not trespassed on your patience, and with assurances of high personal regard, I beg to remain,
Very truly, yours,

The OICE PRESIDENT. The Senate may be laboring under

The VICE PRESIDENT. The Senate may be laboring under a misapprehension that the ruling recently made by the Chair as to the hour of the expiration of this calendar day is to remain the ruling of the Chair. The Chair ruled that the unanimous-consent agreement took precedence, and in the course of the ruling held that the calendar day would not expire until

12 o'clock to-morrow.

The Chair was moved to make that ruling by reason of the fact that it has been the immemorial custom of the Senate of the United States to convene at noon on the 4th day of March; and at the time of making it the Chair believed there could be a calendar day for the Senate aside from the usual and ordinary calendar day.

Upon investigation of such precedents as are at hand the Chair finds that prior holdings have been exclusively with reference to legislative days, and that the action of the Senate and House of Representatives in remaining in session until noon of the 4th day of March is in accordance with the extent

of a legislative and not of a calendar day.

The laws of this country recognize Sunday as a separate calendar day. The Chair believes that in the ruling the Chair proceeded further than it was called upon to do, and desires to withdraw that ruling.

Without provoking discussion at the present time, if the question again arises in the event that the pending measure be not disposed of before midnight of to-day, the Chair will submit to the Senate of the United States the determination of the question as to whether the calendar day of the Senate is synchronous with the calendar day of the world or whether it is a separate and distinct calendar day. The Chair believes now the calendar day expires at midnight to-night.

Mr. REED. Mr. President—
The VICE PRESIDENT. The Senator from Nevada [Mr. PITTMAN] is entitled to the floor.

Mr. PITTMAN. I yield to the Senator from Missouri. Mr. REED. Mr. President, I have been asked to say a word

or two upon this question.

It seems to me that if this is not a case of "much ado about it surely is a case of much ado about little. Senate of the United States has devoted a full week of time to discussing the disposition of about 2 square miles of land, located at a point remote from civilization, in the very heart of the Sierra Nevada Mountains, and possessing an intrinsic value of probably not to exceed four or five hundred dollars. The great national park in which the paltry 2 square miles to be taken is embraced contains, I am informed, over 1,100 square miles of territory. It is merely proposed to put water on these 2 square miles. Over that trivial matter the business of the country is halted, the Senate goes into profound debate, the country is thrown into a condition of hysteria, and one would imagine that chaos and old night were about to descend upon

What is it all about? The Hetch Hetchy Valley has remained an undisturbed and uninvaded solitude through all of the cen-

turies. The little stream of water out there has run its course since time began. A few farmers have in recent years drawn from the stream a little water. Nobody has ever dreamed of doing anything to conserve that water, or of storing the surplus waters in a reservoir.

The farmer has gone on his usual course, getting such water as might flow by. Finally, the city of San Francisco, in order to supply its 500,000 people with pure, healthful water, proposed to build a dam and impound the waters now going to waste, and, behold, we have a national issue because somebody concluded to put the water to some use.

Women's societies are meeting and passing resolutions. Business organizations are solemnly pondering the tremendous question. College professors who never have been near enough the Yosemite Park to know anything whatever about it are enlightening us with reference to our duty. The degree of opposition increases in direct proportion with the distance the objector lives from the ground to be taken. When we get as far east as New England the opposition has become a frenzy.

I undertake to say that if it had been suggested that the National Government expend three or four million dollars to build a dam in order to create a lake that was to be of no particular use to anybody anywhere these same lovers of nature and devotees of scenery would have been knocking at the doors of Congress, raving of the glories of water. They would have told us that entire country was an arid desert; that the eye of the traveler grew tired straining for a glimpse of silvery waves dancing beneath the sunshine. They would have dis-cussed the wonderful blessing water is to man; they would have rhapsodized over the ineffable beauties, the indescribable glories, of an artificial lake in the Hetch Hetchy Valley. The good ladies would have passed their resolutions, the college professors would have grown enthusiastic, everybody would have demanded an immediate vote, and the tourist would have packed his grip and started for the enchanted valley of the Hetchy Hetch. when it was proposed that a dam be built in order to obtain water for men and women to drink, that circumstance damned the project, for be it known if there is anything that horrifies these good people it is a suggestion that utility may be united with beauty. The tender sensibilities of the modern esthetician can never bear the thought of having anything around that is of any account.

Mr. President, it is claimed that the creation of an artificial lake in the Hetch Hetchy Valley would mar the beauty of the

national park.

There are two things lacking in that part of the world-one is population and the other is water. They have almost everything else except soil. Beyond all question, if the good Lord were to create a lake of water in that part of the country it would be hailed as a divine beneficence. The claim that the creation of a lake in any part of the great West will detract from the beauty of the scenery is utterly without merit. The truth is that this lake will be a distinct contribution to the natural splendor of that part of the world.

Mr. MARTINE of New Jersey. Mr. President, will the Sena-

tor permit just a suggestion?

Mr. REED. Certainly. Mr. MARTINE of New Jersey. I wish to suggest that that may be very much a matter of taste. It may be the judgment of the Senator from Missouri that it would add very much to the scenery, but just as fairly and honestly it may be the judgment of other Senators that it would detract from it.

Mr. REED. Mr. President, there are people in this world to whom the mere mention of water is obnoxious. [Laughter.] Mr. MARTINE of New Jersey. I have to say that had I been unfortunate enough to have lived on the borders of the muddy Missouri and to drink water that was half water and

half sand I should have echoed the sentiments of the Senator from Missouri. [Laughter.]

Mr. REED. Why, Mr. President, it would not have at all

affected either the generosity of soul or the physical habits of

my friend. Mr. ASHURST. Mr. President-

Mr. REED. It will not be disputed by any man who has traveled over the great arid portions of the West that the country only lacks the waters of rivers and lakes to make it the garden of earth. There are enough rocks, enough chasms, enough gorges, and enough wild and splendid scenery within a few miles of the Hetch Hetchy Valley to satisfy the longings of all the lovers of natural grandeur who live upon the earth.

Does the Senator from Arizona wish to ask me something? Mr. ASHURST. I did want to interrupt just for a moment

upon another point.

The distinguished Senator from Missouri [Mr. Reed] adverted to artists placing in the pictures of the valley an imaginary lake. Permit me to say that in many, if not most, of the pictures that have been painted of this valley the artists have taken care to place a translucent lake in the Hetch Hetchy Valley.

Mr. MARTINE of New Jersey. That, however, was since the San Francisco scheme was started.

Mr. ASHURST. The Senator from Missouri will permit me to reply to that?

Mr. REED. Certainly, Mr. ASHURST. The Senator from New Jersey refers to some "San Francisco scheme." Does he refer to the Spring Valley waterworks, which for more than 20 years mistreated the citizens of that city and extracted exorbitant charges for water? Or does the Senator refer to the occasion upon which the notorious "Abe Ruef gang" of supervisors attempted to waive and relinquish the valuable rights acquired by the city of San Francisco by the then mayor, Hon. James D. Phelan, who made an appropriation of water for and on behalf of the city in July,

Mr. MARTINE of New Jersey. The Senator's observation is most paralyzing.

Mr. ASHURST. I am glad there is something that will para-

lyze the Senator from New Jersey.

Mr. MARTINE of New Jersey. It will take more than that to paralyze me. The Senator will have to try something else.

Mr. REED. Mr. President, nothing would disturb the firm

and settled judgment of my friend. Having made up his mind on this question, he, of course, will not shift his position. It would be as impossible for him to vacillate in his judgment as it would be to change his kindly and genial disposition.

But, Mr. President, I am talking now with reference to the mere question of destroying the beauty of the park. My friend from New Jersey seems to be greatly interested. I simply want to inquire of him if he ever was in the vicinity of the Hetch Hetchy Valley.

Mr. MARTINE of New Jersey. I will respond by saying that

have never been in the Hetch Hetchy.

Mr. REED. Has the Senator ever been within a thousand

miles of Hetch Hetchy?

Mr. MARTINE of New Jersey. If the Senator wishes to make something of a geographical calculation, I will state that I have taken in the beauties of the Yellowstone and the canyons of Arizona.

Mr. REED. Did the Senator ever see any surplus water in that section of the country?

Mr. MARTINE of New Jersey. The Senator is getting funny

Mr. REED. I am not attempting to be humorous. I asked a categorical question, to which I should like to obtain, if possible, the same kind of an answer. I mean, my dear friend, to inquire whether it is not true that in that entire section of the country there is a dearth of water, a lack of rivers and lakes. I inquire whether the country does not thereby suffer. I am

not trying to be funny. Mr. President, there can not be anything in this question of destroying the beauties of the national park. If they had more lakes there, they would have a better park. If somebody, I repeat, proposed to build a lake at Government expense, there would be a great wave of enthusiasm emanating from the very individuals who now criticize. It is curious to note the character of these criticisms. As you know, there are a few people in this country who naturally assume the rôle of animated probono publicos. Sometimes they limit the field of espionage to their own town or village, but the more ambitious frequently constitute themselves the custodians of the morals of several We heard a telegram read this morning from one of these gentlemen, in which he assails the character of another. Then we heard the letter of the man assailed read a few moments ago charging that all that had been said about him was

It is a singular thing-and I simply remark it in passing that about every time the character of any man from the West is brought in question somebody rises with a telegram denouncing that citizen for all that is bad and wicked and villainous, and at the end of the telegram we generally find the euphonious name of Francis J. Heney. He denounces Mr. Bell. I do not know, but I imagine that Mr. Bell is just as good a man as Mr. Heney, notwithstanding the fact that Mr. Heney is for this bill and Mr. Bell is against it.

There are others besides Mr. Heney who regard themselves as the natural custodians of the people's rights. They live in an intellectual altitude which enables them to survey the entire country and to pass upon all questions of religion, of finance, and of politics. We always hear from them at the time when we do not particularly care to hear from them. They generally know less about the questions of which they speak than those they assume to instruct.

I am going to read from a letter that was introduced here this morning:

Moreover, as the population of the country increases the need and value of parks of all sorts will surely increase.

Mr. President, there was never but one excuse in the world for setting aside the Yosemite Valley and creating the national park. It was not that the people needed a breathing place. In the vast open spaces of the West, where mighty mountains rear their lofty and sublime heads above the clouds, there is enough of breathing room for all the men who are and all the shadowy hosts who are to be. The park was never set aside as a breathing place. It was selected because within its boundaries is to be found a combination of indescribable beauty and sublime grandeur beyond poet's pen or artist's brush. No one ever dreamed of establishing the national park as a breathing place where an overcrowded population could go and get a mouthful of fresh air. Why, sir, you must travel about a thousand miles through the mountains, where there is nothing but fresh air, before you get to it.

So our friend who wrote this letter did not worry about the fresh-air problem nor fret lest an increasing population may be deprived of a chance to breathe. Truth to tell, the fellow who needs fresh air never has enough money to get to the park.

Let me call his attention to the fact that the population of the great West do not need fresh air, while the 500,000 men and women of San Francisco do need pure and wholesome water. If he is interested in the crowded population which may some time exist, why deny the crowded population that now exists the prime necessity of life? The stream proposed to be dammed has run its way through countless centuries. The valley, in all the course of time, has scarcely been invaded by the foot of man. Why, then, are we suddenly so agitated because somebody had enterprise enough to propose to impound the water of the stream for the benefit of men, women, and children?

This propaganda of opposition was not born of itself. an ancestor, and it has a number of wet nurses. fully looked after. Its agents are now in Washington. It is in my opinion the offspring of the greed, cupidity, and avarice of the monopoly that holds San Francisco in its grip and furnishes filthy and polluted water for men and women to drink.

I do not charge that Senators who oppose the bill are actuated by improper motives, but I do charge that it took money to carry on this propaganda. I do charge that it took money from some source to send these agents here. I do charge that all the literature that has been piled upon our desks was paid for by somebody. It was not paid for by the gentlemen who are so much interested in the beautiful and the lovely. It was paid for by somebody to whom the clink of gold in a purse is more musical than the songs of birds in mountain valleys.

I will read a little more from this letter: There are plenty of other available supplies,

L have heard that question debated upon this floor, and am convinced there is no other supply really available. That water can be brought from somewhere is probably true. the fact that if you have money enough you could bring water across the continent; but it does not follow because San Francisco can get water some place else she should not have this

Moreover, the opposition to this plan is that the water can be used for irrigation purposes, and that because it can be used for irrigation purposes the people ought to be denied the privilege of having it to drink.

Mr. President, I want to ask the Senators from the West, I ask the Senator from Utah [Mr. Smoot], if there is a single place San Francisco can get water and at the same time that water can not be used for irrigating purposes? I further inquire if the water from other sources is not as necessary for irrigating purposes as is the water of the Hetch Hetchy Valley?

Mr. BRADY. Mr. President—
The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Idaho?

Mr. REED. Certainly.

Mr. BRADY. I will say that from my investigations I have satisfied myself that there is no place from which San Francisco can secure its supply of water and at the same time not come in contact with land that could be irrigated. But I do say that in the Hetch Hetchy Valley there are about 5,000,000 acres of land with a rainfall that will cover the land of that valley only 18 inches deep, if all the land was covered, and in the Sacramento Valley there are about 3,000,000 acres of land and a rainfall that will cover the lands of that valley 8 feet deep.

Mr. REED. Mr. President, I am glad the Senator made the statement he did. Those who contend against the Hetch Hetchy proposition do it upon the hypothesis that the water can be used for irrigation purposes. Hence they say, "You shall not If the water from every other available source can be used, as the Senator has just stated, for irrigation purposes, then it follows that when San Francisco is turned away from the Hetch Hetchy Valley and goes to these other sources, the same argument which denies her the use of the Hetch Hetchy Valley will deny her the use of the waters from other sources

There is, therefore, no argument which can be made against Hetch Hetchy which can not be made against every other source of supply, and the conclusion of all these arguments, if they are harkened to, is that San Francisco shall remain in the grip of the water company that now occupies its streets and at the same time refuses to furnish sufficient water.

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Utah?

Mr. REED. Certainly.

Mr. SMOOT. Does not the Senator know that San Francisco has already agreed to purchase the Spring Valley Water Co., that it is only a question of transfer, and that the transfer will take place no matter whether this bill passes or not?

The consideration-Mr. REED. Mr. PITTMAN. Mr. President-

Mr. REED. I yield to the Senator from Nevada.

I wish to say that the price has not been Mr. PITTMAN. agreed upon, and that unless this bill passes it will not be purchased at all.

Mr. SMOOT. I should like to ask the Senator from Nevada what authority he has for that statement?

Mr. PITTMAN. I think it is shown by the whole transaction.
Mr. SMOOT. No; that is not authority.
Mr. PITTMAN. The compensation was based upon this bill.
Mr. SMOOT. Mr. President, I want to say that I am informed, and I believe it to be absolutely true, that there is an agreement now between San Francisco and the Spring Valley Water Co. for the purchase of that company's entire property, and that it is to be purchased even if San Francisco develops the Hetch Hetchy proposition. They will own the water; they will own that system and take control of it.

Mr. REED. Mr. President, I heard read here this morning into the RECORD a telegram from the Spring Valley Water Co. protesting that they had not sent Mr. Bell here to represent them, but stating that they were opposed to, or had been opposed to, this grant. If that was not the substance of that message I did not hear it aright.

Mr. CLARK of Wyoming. I have sent for the message and shall have it again read. It will disclose whether or not the

Senator from Missouri is right,

Mr. SMOOT. The President of the company is now over in Europe. He is taking his ease and rest and is entirely content, because he thinks that this sale is absolutely sure. I want to say to the Senator from Missouri that I think it is sure, and I am glad that San Francisco has purchased the company.

Mr. REED. But, Mr. President, I do not think that the absence of the president of a company in Europe argues either that the plant has been disposed of or that the company is not

exceedingly busy now in this country.

Mr. SMOOT. Not necessarily so, Mr. President, but I simply made that as a side remark. From every source that I have been able to reach comes the information that that sale is to

take place.

Well, Mr. President, the Senator who is in charge of this bill, and who has given it great thought, states that his understanding is that the sale is conditional, or has not been closed, and that it will not be carried out if San Francisco does not secure the water supply. So far as San Francisco having bargained for the pipes in the ground is concerned, the pipes in the ground are of no more use without the water than a gun without ammunition. The whole question resolves itself into whether the city can obtain a supply of healthful water. Whether she has made a conditional bargain or an absolute bargain for the pipes in the ground is, after all, a question of very

Mr. MARTINE of New Jersey. Mr. President-

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from New Jersey?

Mr. REED. I do.

Mr. MARTINE of New Jersey. I simply want to state that I have learned within 15 minutes, from telegrams received in the House of Representatives this morning, that condemnation proceedings for the Spring Valley Water Co. in San Francisco have already been instituted.

Mr. REED. Very well. Then that completely demolishes the statement made by the Senator from Utah that there had been

a bargain and sale made. If there have been legal proceedings taken to condemn the plant, it goes, of course, without saying that the plant has not been sold.

Mr. MARTINE of New Jersey. I did not claim that it had been sold. I claimed that negotiations had been in progress for the sale, but they failed, and they are now instituting condemnation proceedings.

Mr. REED. Very well. Mr. SMOOT. The statement of the Senator is hardly justi-There could be an understanding between the company and San Francisco as to the sale of this water, and yet there be instituted condemnation proceedings as well. I will state to the Senator that the question of the purchase of this company by San Francisco is not a new thing; it has been under consideration for I do not know how long, but I believe for over 10 years. The question of condemnation was brought up here in the hearings in 1908 before the Committee on Public Lands. I am quite sure that condemnation proceedings have been considered, and yet I believe that the agreement and bargain for the sale have been made between the company and the city.

Mr. REED. Mr. President, it is impossible that there should have been a bargain and sale consummated, as the Senator from Utah a few moments ago said he believed had taken place, and yet at the same time there should be a condemnation, for it would be utterly idiotic to condemn a thing you have already agreed to buy and which the other man is willing to sell.

Mr. SMOOT. But condemnation proceedings started before the parties had agreed to purchase.

Mr. REED. But the Senator from New Jersey stated that

he had received a telegram-

Mr. MARTINE of New Jersey. I did not say that, sir. You are putting words into my mouth. I said I had just become aware within 15 minutes that the other House had received a telegram.

Well, my friend has for once lost his reputation and placed an ineradicable blot upon his character for urbanity

and good nature. He has grown angry with me—
Mr. MARTINE of New Jersey. I hope I will be judged through eyes other than those of the Senator from Missouri.

Mr. REED. You could not be judged through more charitable

Mr. MARTINE of New Jersey. I trust not.
Mr. REED. The Senator from New Jersey had said that a telegram had been received by somebody in the other House; that that fact had been communicated to him; and I inadvertently said in the heat of debate that the Senator had received a telegram. I most humbly apologize for misrepresenting the Senator.

Mr. MARTINE of New Jersey. I accept your apology.

Mr. REED. It was a very serious breach of decorum and good taste on my part, and I trust I may have the Senator's

Mr. President, the fight that is being made upon this bill is bottomed upon the allegation that this water about to be taken to San Francisco can be used for irrigation purposes and that other water can be obtained by the city, but it stands now admitted by the Senator from Idaho that if water is obtained from any of the other places it in like manner can be used for irrigation purposes. Hence, I repeat, the argument which denies the use of the waters of the Hetch Hetchy to San Francisco will bar San Francisco from every other source of supply.

Mr. POINDEXTER, Mr. President—
The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Washington?

Mr. REED. Yes; I yield.

Mr. POINDEXTER. I merely want to remark that if they take the McCloud source of supply that would not interfere, and could not possibly interfere, with the irrigation of any lands in the San Joaquin Valley,

Mr. REED. But it might interfere with lands outside of the San Joaquin Valley.

Mr. POINDEXTER. It would not.

Mr. REED. And the lands of the San Joaquin Valley are not, in my judgment, entitled to greater consideration than are

lands of other valleys.

Mr. POINDEXTER. I think the Senator from Missouri might take a different view if he would consider the fact that there is a great scarcity of water for purposes of irrigation in the San Joaquin Valley, and that there is a surplus of water in the Sacramento Valley, where the McCloud River is, so much so that the people of the Sacramento Valley now have bills pending or proposed in Congress for the appropriation of \$5,000,000 to prevent floods in the Sacramento Valley. Furthermore, there are a number of other sources of supply besides the McCloud, which could be used by the city of San Francisco, which are not needed for irrigation, among others the Spring Valley source.

Mr. REED. It is a singular fact that all of this important information never came to the floor, but remained hidden in the womb of obscurity until this bill was about to pass. Mr. POINDEXTER. Mr. President, the Senator is mistaken

Mr. REKD. It is a peculiar thing, if these other water supplies are just as available and so much more abundant, that San Francisco should have expended an enormous sum of money get this particular supply.

Mr. POINDEXTER. Will the Senator yield long enough for me to make a statement?

Mr. REED. Certainly; I always yield to the Senator.

Mr POINDEXTER. I only desire to say that from information which comes to me-and I think it is not seriously disputed by the people who are familiar with the physical conditions of California-the surplus waters of the Sacramento Valley are very great as compared with those of the San Joaquin Valley. That subject has all been gone over in this debate and placed upon the records of Congress. is that the Senator has been absent so much he did not hear it. I do not mean to say in that connection-

Mr. REED. I do not know why the Senator rose-Mr. POINDEXTER. If the Senator will pardon me, I do not wish to reflect in any way upon the Senator for not being here. We have all been compelled to be absent more or less, but it is a very obvious thing that a good deal of this debate has been conducted before empty benches.

Mr. REED. Well, Mr. President, I am a little surprised the Senator rose to interject that remark. He did not understand my remark. I did not say that these facts were not known to the Senator; I did not say they had not been debated in the Senate; I have not claimed that the Senator has not known all about them. What I have claimed is that it is a singular fact, if there were so many available sources of unlimited supply, that San Francisco never found it out and nobody else ever found it out for her until this debate began. mean by that to argue-and I do argue from that fact-that these other sources of supply do not really exist or the city would have gone to them.

Mr. POINDEXTER. Mr. President, if the Senator will pardon me for interrupting once more, the conclusion which the Senator has just announced amounts to this: That the whole matter should be left to the decision of the city of San Francisco, and because the city of San Francisco has decided upon this source of supply that it ought to be granted to her.

Mr. REED. No, Mr. President; but it ought to be granted unless there is an insuperable objection, and that insuperable objection never ought to be a private corporation that is engaged in making money out of the objection.

I made the statement a few moments ago that there had been a telegram read here from the Spring Valley Water Co., in which they admitted their opposition to this bill. I understood that statement to be rather questioned. I have the telegram now. It reads:

Within a day or two the newspapers here have published telegraphic statements from Washington to the effect that it was thought in some quarters that this company had inspired opposition to the Hetch Hetch bill. The source of authority for these statements was not given. The evening papers print a statement to-day purporting to have been made to the Senate by Senator Thomrson to the effect that this company has a lobby in Washington opposing the bill. We do not feel that that statement, coming from the source it does, should go uncontradicted.

Now, notice the language:

The company has not made, promoted, or encouraged opposition of any nature to the bill, in Washington or elsewhere, and any statement that it has is unfounded. It has no lobby or representative in Washington, is not in communication, directly or indirectly, with anyone there, and no one in Washington has any authority or warrant to speak for it or in its interest, and no one, no matter where, has any right, authority, or warrant to oppose the bill in its interest.

If they had stopped there, the denial would have been rather complete, but notice the next clause:

When this company opposed the grant, it did so openly and above-

That last sentence is a confession by the water company that it has opposed the grant.

Mr. CLARK of Wyoming. Mr. President—
The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from Wyoming?

Mr. REED. I do.
Mr. CLARK of Wyoming. If the Senator is in a perfectly judicial frame of mind—and I know he is—I will say that the telegram is not at all inconsistent with itself. It is well known that this grant has been asked from Congress for many years. For a good while the Spring Valley Water Co. was opposed to the grant, and they opposed it openly before the committees of Congress, because they believed that it would either injure the property they had in San Francisco or infringe on the terms of their franchise. At the present time the claim of that company is-and I believe it is borne out by the facts-that they are not seeking in any way to oppose or to advocate this grant, for the reason that, as a matter of fact, their property is to all intents and purposes disposed of to the city of San Francisco, and, as they say, they have no interest in this legislation.

Mr. REED. Mr. President, the Senator says that for years this company did oppose the grant, and they opposed it here in Congress. It appears that they have opposed it pretty suc-

cessfully in the past.

Mr. SMOOT. Mr. President, I simply want to call the attention of the Senator to the fact that the last hearings at which the Spring Valley Water Co. appeared before the Senate or the House were the hearings which closed in February, 1909.

Mr. REED. Well, let us look at the situation; let us just take a judicial survey of it for a few moments; let us take what the Senators say as the absolute situation. It then appears that this company, which obtained a grant from the people of San Francisco, which came there hat in hand asking for the privilege of furnishing water to the people of San Francisco, which made its millions of money off the people of San Francisco, was contemptible enough, dishonest enough, infamous enough to go before the committees of Congress and try to prevent that city from obtaining the right to get water elsewhere in order that it might hold its monopoly.

That has been the common practice of concerns of the kind. Senators now say in one breath that the property is sold, while another Senator, who strangely enough is on that side of the question, says that the word comes that condemnation proceedings have been instituted. Of course both can not exist.

Mr. MARTINE of New Jersey. Mr. President, I should like to ask the Senator what he means by saying "strangely enough."

Mr. REED. Mr. President, it is always a strange and marvelous thing and a very regrettable thing when my friend parts company from me. That is what is strange about it all. Mr. MARTINE of New Jersey. I thank the Senator very

much for that reference, but I say that in my own mind and for my own reasons my position is not strange at all.

Mr. REED. Of course the Senator's opinions, whatever they are, are always sincere and always honest. I really do not understand the Senator this afternoon. I could understand his getting impatient with anybody else in the Senate, but for him to get impatient with me is a matter beyond human comprehension.

Mr. MARTINE of New Jersey. Indeed I am not getting impatient with the Senator as an individual, but I am getting impatient with the Senator when he would put me in positions that are false and untrue.

Mr. REED. Oh, I would not do that. I said that strangely enough the Senator is arrayed on the other side, and to save my life I can not understand how the Senator got there. It is just one of those things that happen that have no utility in the world except to prove the fact that all rules have their exceptions.

Mr. MARTINE of New Jersey. That is true.

Mr. REED. And as the Senator from New Jersey is right as a rule, I presume he is wrong this time in order to furnish the necessary example of an exception to the rule.

Mr. MARTINE of New Jersey. The S never made a greater mistake in his life. The Senator from Missouri

Mr. REED. I hope the Senator will get good-natured now, and quit scolding.

Mr. MARTINE of New Jersey. I am perfectly good-natured. It is the Senator from Missouri who is ruffled. Mr. REED. Mr. President, I trust now I shall be allowed to

run along the even tenor of my way for four or five sentences. Why is all this outery being made? I ask the question.

have asked it before. Two square miles of an almost inaccessible valley, where nobody lives, is to be overflowed with water, and that, it is said, is going to destroy a park that has 1,100 square miles of land in it.

Mr. President, we have in the little city where I live a park with 2 square miles of ground in it, and I suppose every acre of that ground is worth more than all the ground that will be overflowed in the Hetch Hetchy Valley. It is said that this bill will deprive some farmers of water. I have two answers to that. First, under the terms of the bill more water is guaranteed to these people than they now use. Second, there is no prospect in the world that they ever will be able to get another gallon of water by building a dam at their own expense, and

certainly nobody is going to build it for them. Hence the claim

is absolutely without merit of any kind.

The other consideration I submit to the Senate is that if the gentlemen who own some land out there have legal rights, as has been asserted, this bill will not deprive them of a single legal right. If they have made filings which in law are valid and legal, every lawyer on the floor of the Senate knows that the passage of this bill will not detract by so much as one hair's weight from their vested rights,

You all know that. When you argue that these people have legal rights, you argue yourselves out of court, for you have taken away from yourselves every reason for opposition to the bill, because all the bill will mean, if these men have legal rights that are paramount to those which are granted, is that we have enacted a bill which deprives them of nothing what-

Then I have this final observation to make: If there is an actual dearth of water and I have to choose between putting that water to the thirsty lips of a child and pouring it out en an alfalfa patch, I am going to give it to the baby. If there is an actual shortage of water and there is not enough to irrigate a vast field and at the same time give the crowded population of a city pure water to drink, I am going to take it off the land and give it to the people. If it takes millions of gallons of water annually to make a bit of desert blossom, and we have the water to spare, I am willing to turn the desert into a gar-den and make the flowers spring forth in their beauty; but if there is not enough water for both the field and the women and children, I would rather see the rose of health spring in the wan cheeks of childhood and womanhood than to behold a desert girdled with flowers.

What ought to be our position? We should deprive no one of his legal rights. But, Mr. President, we can not deprive any man of his legal rights; hence we need not disturb ourselves about that proposition. If there be no legal rights to be disturbed, and they can not be disturbed if they exist, then our position ought to be, "Give this water where it will do the most good." There are more people to be blessed in the city of San Francisco than ever can live upon all the land that can be watered from this stream. There are probably a thousand times

more people.

It is a singular thing that a great city, with a crowded population, to which pure, fresh water is an absolute essential to life, which will be swept with pestilences and decimated by disease and shadowed by death unless water is given to it, should be denied that privilege in order that a few more bushels of potatoes or tons of alfalfa, peradventure, may be raised somewhere in the foothills of the Sierra Nevada Mountains.

Mr. THOMPSON. Mr. President—
The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Kansas?

Mr. PITTMAN. I do. Mr. THOMPSON. Mr. President, I had not observed, before the reading of the telegram from the Spring Valley Water Co. by the Senator from Missouri [Mr. Reed], that my name was mentioned in the telegram, and that I was criticized for the statement I made in my remarks yesterday that the Spring Valley Water Co. was an interested party in opposition to this bill.

In view of the statement in the telegram, I think I owe it to myself and the Senate to say that in addition to the public information we have all received through the press, I have information from a reliable private source, from a gentleman of unimpeachable character who lives in Oakland, Cal., by the name of J. C. F. McGriff, who transacts business every day in the city of San Francisco, and who knows whereof he speaks. He furnishes this information in the following language in a letter addressed to me on November 26, 1913:

The only people here who are opposed to it—the Hetch Hetchy Valley proposition—are the Spring Valley Water Co. and those affiliated with them in commercial interests, and a few nature lovers who do not understand the situation.

This is the exact language which I employed in my remarks. I prefer to take the statement of an entirely disinterested witness whom I know and who is on the ground, and whose reputation for truth and veracity can not be impeached, to the statement of an interested party.

GIFT OF SENATE TO MRS. JESSIE WOODROW SAYRE.

Mr. CLARKE of Arkansas. Mr. President—
The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Arkansas?

Mr. PITTMAN. I do. Mr. CLARKE of Arkansas. I am sure the Senator will yield when he knows the purpose for which I rise.

Due to an unfortunate, but pardonable, inadvertence the communication which I send to the desk did not reach me promptly. It is a letter sent by the fair bride of a few days since, making acknowledgment of her thanks for the present that the Senate was so pleased to offer to her in token of its respect and affection on the occasion of her marriage.

I feel greatly honored at being made the medium through which her thanks have been so felicitously expressed to the Senate. I hope I may be allowed now to record my regret that my absence and the inadvertence of another have delayed the performance of the most agreeable service assigned to me. I am sure, however, that my unintentional tardiness will not be permitted to detract from the appreciation of the Senate of this thoughtful and beautiful recognition of its remembrance.

Mr. GALLINGER. The Senator will ask that the letter be

Mr. CLARKE of Arkansas. I ask that it may be read and included in the RECORD.

The VICE PRESIDENT. In the absence of objection, the Secretary will read as requested.

The Secretary read the letter, as follows:

THE WHITE HOUSE, November 25.

Senator James P. Clarke, President pro tempore of the United States Senate.

President pro tempore of the United States Senate.

My Dear Senator Clarke: May I not express to you, and through you to the Members of the Senate, my most grateful appreciation of the Senate's gift. It is as beautiful as it is useful.

Again and again, as I use it, will the pleasure be renewed of being so generously and so thoughtfully remembered. It will seem as if you had presented to me a store of delightful recollections, recollections of friendship ideally manifested.

With deepest thanks from both Mr. Sayre and myself, I am,

Cordially and sincerely, yours,

JESSIE WOODROW WILSON.

JESSIE WOODROW WILSON.

### SAN FRANCISCO WATER SUPPLY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

Mr. PITTMAN. Mr. President, while I believe there should be no question of sentiment involved in this discussion, it seems to be unavoidable. I believe this bill should have originally contained nothing except a grant of the privilege of building a dam upon Government land, and the impounding of water upon the Covernment land. The only question before this body today, as I take it, is whether or not we are willing to permit San Francisco to use the public land for such purpose.

There are, however, a great many sincere, intelligent people throughout the country who are concerned with regard to more than the actual legal effects of this bill. They want to know what the moral effect will be, and they insist on discussing that moral effect before this body. They want to know, if we grant this right to San Francisco, not alone whether it will injure the park or the land, but whether it will injure anyone else, and if

there is any way of avoiding that injury.

These people have received the impression that some farmers in the San Joaquin Valley below this project will be injured; that they will be divested of some water rights they now possess; and that their farms will be destroyed. Under that view of the matter, some of them say: "Why destroy these farms, if you can get water elsewhere?" Others say: "You should not destroy these farms, whether you can get water elsewhere

Be that as it may, the good people throughout the country, whom we have the honor to represent, are writing to us and urging their opinions upon us; and whether or not it be germane to the consideration of this bill, it is perfectly right and proper that we should respect their sentiments sufficiently to give the matter consideration.

The VICE PRESIDENT. The hour of 6 o'clock having arrived, the Senate of the United States will take a recess until 8 o'clock p. m.

Thereupon (at 6 o'clock p. m.) the Senate took a recess until 8 o'clock p. m.

## EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.

Mr. SMOOT. Mr. President, I suggest the absence of a

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst Bacon Bankhead Newlands O'Gorman Gronna Hollis Smith, Ga. Smith, Md. Overman Page Perkins Pittman Smith, Md. Smoot Swanson Thomas Thompson Thornton Townsend Vardaman Warren Hughes James Jones Brady Brandegee Bryan Burton Kenyon Kern Lewis McCumber McLean Martin, Va. Martine, N. J. Myers Nelson Kenyon Poindexter Clapp Clark, Wyo. Clarke, Ark. Pomerene Reed Robinson Colt Root Shafroth Warren Cummins Works Dillingham Fletcher Sheppard Sherman Shively Gallinger Nelson

Mr. JAMES. The Senator from Kentucky [Mr. Bradley] is unavoidably absent. He has a general pair with the Senator from Indiana [Mr. Kern].

Mr. LEWIS. The Senator from South Carolina [Mr. SMITH]

is detained from the Chamber by illness.

Mr. GALLINGER. The junior Senator from Maine [Mr. Burleigh] is detained by illness and will not be present during

the evening.

The VICE PRESIDENT. Fifty-seven Senators have answered to the roll call. There is a quorum present.

### CLAIMS OF COLOMBIA (S. DOC. NO. 259).

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table and be printed:

### To the Senate:

Responding to the Senate resolution of April 15, 1913, requesting, if not incompatible with the public interest, the transmission of all correspondence between this Government and the Government of Colombia not heretofore submitted to the Seuate in relation to the claims of Colombia against the United States, I express my concurrence in the opinion of the Secretary of State, as set forth in the report hereto annexed, that the transmission at the present time of the correspondence in question would not be compatible with the public interest. WOODROW WILSON.

## THE WHITE HOUSE, December 6, 1913.

## RURAL CREDITS.

Mr. FLETCHER. I ask that an order be entered, by unanimous consent, that 1,000 additional copies of Senate Document No. 214, having reference to the material collected by the United States commission on the subject of rural credits, be printed. The document has been ordered printed. We are called upon for a number of copies, and additional copies can be provided now at a very small expense, if it is done while the document is in process of printing. I therefore ask that 1,000 additional copies be printed. It comes within the limit of \$500.

Mr. SMOOT. Can the Senator state how much 1,000 copies

additional will cost?

Mr. FLETCHER. I do not know precisely, but it will come within the limit, because I have had the estimate made.

VICE PRESIDENT. Is there objection? hears none, and the order is agreed to.

The order as agreed to was reduced to writing, as follows:

Ordered, That 1,000 additional copies of Senate Document 214, entitled "Information and evidence secured by the United States commission appointed by President Wilson to cooperate with the American commission assembled under the auspices of the Southern Commercial Congress to investigate and study in European countries cooperative land-mortgage banks, cooperative rural-credit unions, and similar organization: and institutions devoting their attention to the promotion of agriculture and the betterment of rural conditions," be printed for the use of the commission.

Mr. ELECTRIED. Last propries of Senate Document 21 and 1997.

Mr. FLETCHER. I ask unanimous consent for the printing of a document entitled "Rural Credits," from the articles by the well-known author, Frederic J. Haskin. It is a very valuable contribution to the subject. I have had an estimate made of the expense, and it comes within the rule. The VICE PRESIDENT. Is there objection? The Chair

hears none, and the order is made.

# SAN FRANCISCO WATER SUPPLY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes

Mr. PITTMAN. Mr. President, I know there are other Senators who intend to discuss the pending bill to-night, and I am | legal questions and complications.

very anxious to govern my time accordingly if it is in any way going to shorten or to interfere with the time desired to be occupied by others. If I can get an expression as to the length of time that Senators who have announced their intention to discuss this matter expect to take, I will try and govern my time to suit their convenience.

Mr. McCUMBER. Mr. President, there are a number of Senators who gave notice yesterday of their intention to speak on this subject. I gave notice this morning that I would desire to explain an amendment. I think the Senator's question is a very pertinent one, indeed, at this hour, and I think all those Senators who intend to discuss the subject this evening ought to give him some idea about the time that they will take.

I will answer the Senator, as far as I am concerned, by stating that I wish to take between 15 and 30 minutes-I guarantee that it will not be over 30 minutes-to explain the amendment and give reasons for the amendment which I have offered. I

will take probably not to exceed 20 minutes.

Mr. POINDEXTER. Mr. President, I gave notice that I would speak on this bill at the conclusion of the remarks of the Senator from Nevada [Mr. PITTMAN]. I think it will require about 45 minutes to say what I desire to submit, and as there will probably be interruptions, I might take as much as an hour.

Mr. GALLINGER. Mr. President, if I have an opportunity during the session this evening, I will occupy two minutes of the time of the session on this bill.

Mr. MARTINE of New Jersey. Mr. President, I beg to state that I should like to occupy at the tail-end of the consideration of the bill 20 or 25 minutes.

Mr. CLARK of Wyoming. Mr. President, since the direct question has been asked, as I am one of those who gave notice that I should like to submit some views, my answer to the Senator's inquiry is that I am utterly unable to make any statement I have no set preparation; I have no desire to prolong the debate, and I have no desire whatever to have the Senator limit himself. Therefore, I pray the Senator to go on Senator limit himself. Therefore, I pray the Senator to go on and take the time that he thinks is necessary to present the matter from his point of view, and I for one will take chances.

Mr. SMOOT. Mr. President, I will say to the Senator from Nevada that I intended to make extended remarks upon this question, but I am not going to feel at all badly if I do not get chance to do so. I very much prefer that the Senator from Nevada, who had given notice that he would desire to make a speech, should go on and take his time and let all others take their chances.

Mr. CLARK of Wyoming. It might help some of us in reaching a conclusion if the Senator from Nevada would indicate the time he would want to take.

Mr. PITTMAN. I could easily take two hours, but I do not

feel that I would be at liberty to do so.

Mr. COLT. I should like to trespass on the time of the Senate

not exceeding five or six minutes.

Mr. PITTMAN. If the Senator from Rhode Island desires the five minutes at the present time, I will yield to him for that Durbose.

Mr. COLT. I thank the Senator.

The VICE PRESIDENT. The Senator from Rhode Island will proceed.

Mr. COLT. Mr. President, I only wish to express in the most summary way my objections to the passage of this bill.

In the first place, I am opposed to the bill because it seems to me that San Francisco has other available sources for a water supply, and therefore there is no public necessity for the passage

I am opposed to the passage of the bill because I think, on principle, the national parks of this country should remain devoted to the uses for which they were intended, in the absence of some grave public necessity.

I am opposed to the passage of this bill because I think that Congress occupies a peculiar relation toward the people with respect to the national parks; that we are in a broad sense the custodians and trustees of the people—to protect and safeguard these parks-and that, therefore, in the absence of any urgent public necessity, we should recognize what appears to be the overwhelming voice of the people in opposition to the passage of this act.

I am opposed to the passage of this bill because I believe it will set a bad precedent, and we lawyers know what force and

effect precedent has upon our future conduct.

I am opposed to the passage of this bill because I am suspicious of it and because I do not know what will be the effect of it. The ablest lawyers in this Chamber disagree as to the meaning of its provisions, and the bill seems full of unsettled

I am opposed to the passage of this bill because I do not know what effect it will have, with respect to irrigation, upon the present or the future settlers of the great San Joaquin Valley.

For these reasons, I deem it to be unwise and inexpedient to

pass this bill at the present time.

I thank the Senator from Nevada.

The VICE PRESIDENT. The Senator from Nevada will proceed.

Mr. GALLINGER. Mr. President—
The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from New Hampshire?

Mr. PITTMAN. I do.

Mr. GALLINGER. I will ask the Senator if he will give me Just two minutes. That is all the time I shall take,

Mr. PITTMAN. Certainly. Mr. GALLINGER. Mr. President, I feel sure that a very brief discussion of the bill now before the Senate will be refreshing, especially to those Senators who have complained that many of the speeches already made have occupied too

I have received hundreds and hundreds of letters and telegrams in opposition to the Hetch Hetchy bill, and so far as I can recall not a single letter or telegram has come to me in favor of the measure. In deference to the views held by the people of the New England States, and believing that there is no urgent necessity for the passage of the bill, I shall vote against it. The discussion has clearly shown that San Francisco is not in need of a larger water supply than she now has, and that even if the supply is inadequate there are other sources from which additional water can easily be secured without invading the beautiful valley of the Hetch Hetchy. I have always given warm support to the national forests of the West and am unwilling that any one of them should be invaded at the behest of commercial interests, which manifestly is the case in this instance.

Mr. PITTMAN. Mr. President, I was interrupted, I believe, in the middle of a sentence at the time of the recess, and I have forgotten what was the first part of the sentence, but for the moment I will digress to say that this bill has evolved more peculiar conditions in the Senate than any bill since my presence here. It has received exhaustive argument and exhaustive investigation, yet it appears that neither that argument nor that investigation is being considered, but that there are other matters regarded as more important to be considered than the facts and the arguments.

It is a peculiarly strange thing that all municipalities in the State of California, with the possible exception of one town and I have no recollection of that-have unanimously indorsed this bill, have unanimously stated that there is a need for this water, have unanimously stated that there is not an adequate supply that can be at this time obtained from any other source than the Hetch Hetchy.

It is indeed a strange thing that every character of business man in San Francisco, in the adjoining bay cities, and throughout that State has declared the need of San Francisco for this water and that this is the only real available source of supply; it is indeed strange that the men of every occupation and every profession have agreed in this state of facts, and yet from other portions of the country come petitions to the Senate denying those facts and urging upon this body to deny the relief granted in this bill. It seems to me that the people who live in a State, that the people who must suffer by a monopoly of the water by one person or another, that the people who are to benefit by the bill or to be damaged by the bill are the people who should be listened to. Is it not perfectly natural that those people in that State should know its conditions? Is it natural that the residents of the State of New Hampshire should know as much about the State of California as the Californians do? it natural that the residents of the State of Massachusetts should know as much about the conditions in San Francisco as the people in San Francisco?

I want to call your attention to the fact that nearly all the protests against this bill have emanated either from Massachusetts or from some of the other New England States, and with the rapidity of slander have worked out through the East and the South. Is it not strange that a matter involving facts and physical conditions in the State of California should first be attacked in the far New England States? The evidence adduced in favor of this case is based upon Government records almost entirely, while the evidence being used by those who are opposing this bill consists of telegrams and letters, a character of evidence that would not be considered in a court for a minute and should have no weight whatever except to stimulate investigation.

There is nothing even to indicate that 99 per cent of the writers of those letters and telegrams have ever seen the State of California. There is a presumption that the people who live in San Francisco know something about the conditions there. Their letters and their telegrams are not hearsay; there is a presumption that they know something about the conditions of those rivers and those watersheds, because they travel in that region in the summer time; but do you not know, at least have you not a right to assume, that a man in New England, a man in Massachusetts, or a man in Indiana in writing to you to oppose this bill on the ground that there is no need for it in San Francisco is doing so because he has been influenced either by newspaper articles or some other form of hearsay evidence? Do not Senators in this body know that they have received letters, and in those very letters it has been stated that the writers knew nothing personally of this matter, but that they had been requested by some friend to write the letter, and such an endless chain of letters has started out through this country? If that character of argument, if that kind of evidence is to decide a vital question such as is involved in this bill, then it seems to me that legislation enforces very little responsibility in this body. I want to say that those who are supporting this bill have not relied on that character of support and do not intend to do so. Unless we are able to show by the facts, by the statistics of Government departments, and by disinterested men that San Francisco is entitled to this water, then, of course, we do not expect the support of this body.

The protests against this bill on the ground that it creates a condition which would be injurious to a national park is a material ground for attack. This bill asks our Government to grant to San Francisco a part of the public domain, to grant to San Francisco the use of a portion of a national park; and it becomes material to determine whether or not that grant will be so injurious to the public domain and the purposes for which the park was created as to justify a refusal of the grant; but the question of the title to the water and the right to create power is immaterial and should not require the consideration of this

The State of California owns the Tuolumne River. It has granted that water to San Francisco, with the privilege of diverting at the Hetch Hetchy Valley. To do this a dam will be The site of the dam is Government land. question is, Will you confirm the State's grant or will you ob-There is in the bill a certain condition concerning water which, as a matter of fact, I admit should never have been in the bill. It was placed in the bill because the people who had been fighting the bill for years and had the power to prevent its passage demanded that it be placed in the bill for their protection. It was a concession to those demands, and those demands solely, that this extraneous matter was ever placed in the bill.

Mr. SMOOT. Mr. President, will the Senator from Nevada

tell the Senate who it was that had that power?

Mr. PITTMAN. Yes; certainly. It was the committee here representing the Turlock and Modesto irrigation districts before the House of Representatives. They had that power through the sentiment that they could create throughout the country in favor of the farmers of the irrigation districts. I want to say further

Mr. SMOOT. Let me ask the Senator-

Mr. PITTMAN. Let me first finish my answer.

Mr. SMOOT. Excuse me.

Mr. PITTMAN. I want to say, further, that if some of the Senators on the other side, no matter how honest their purpose may be, are successful in forcing upon this bill any amendment which will strike out any of that which is believed to be a protection to those people, the bill will not receive the approval of the Public Lands Committee of the other House or one-third of its vote. I believe this is a good opportunity to say that any Senator who wants to grant to San Francisco the privileges provided for in the bill can not do it if he votes for a single amendment to the bill.

Mr. CLARK of Wyoming. Mr. President-

Mr. SMOOT. Just let me ask another question. I should like to ask the Senator if he thinks that if the representatives of the water users' association alone had appeared here against those provisions and if Mr. Gifford Pinchot had opposed them instead of insisting upon them, they would have had the power to put them in the bill? Is it not a fact——

Mr. PITTMAN. Does the Senator want a question answered

or does he want to make a speech?

Mr. SMOOT. I do not want to make a speech; I want to ask a question; but if the Senator objects, I will not say another word.

Mr. PITTMAN. I am always glad to answer any question of the Senator if he will confine himself to asking a question.

Mr. SMOOT. Is it not a fact that the bill never could have passed the House in any shape against the opposition of Mr.

Gifford Pinchot? Mr. PITTMAN. Mr. President, I am not sufficiently familiar with the influence of Mr. Pinchot with the House Members to be able to answer that question, but I do know that the in-terests of the farmers of this country do have a great bearing upon legislation and a great bearing upon the sentiments of the representatives in both Houses of Congress. I believe that it is perfectly proper that the interests of that class of people should be conserved as well as the interests of any other class; and when those people came before the Houses of Congress and made a concerted fight, as they have made in years past, in the belief that they were going to be wronged, then I say to you that it was impossible to pass any character of bill at all, because then they changed the fight from the fight of the people of San Francisco against monopoly to a fight of the people of San Francisco against the farmers.

San Francisco acceded to the demand of the farmers, and the bill carried by an overwhelming majority.

Mr. SHAFROTH. I should like to ask the Senator a question for information, if he will allow me. I have heard it declared on the floor of this House several times that the farmers were being deprived of rights by reason of this bill; and inasmuch as the Senator lives in a neighboring State to California and no doubt knows the laws in California, I want to ask him whether

or not there could be an injury to the farmers?

I want to say that in my State of Colorado priority of appropriation gives priority of right to water. That being the case, it becomes a vested right, and nobody can be deprived of such a right, either by a State statute or by a United States

Now, I want to know how there can be any injury to a farmer if he has a vested water right. He can not be deprived of it in the State of Colorado. The only remedy that he might have would be an action against the party depriving him; or the usual proceeding is for the company which claims title to begin a condemnation suit and pay the farmer for whatever injury he may have sustained. I should like the Senator to state whether it is possible under the conditions in this bill that any farmer could be deprived of a right which he has

Mr. PITTMAN. Mr. President, I am going to devote but very little time to the answer-and I will apologize to the Senator for having to do so-for whenever there is plenty of water for all parties there is no use in discussing the legal priorities, and I intend to demonstrate to this body-and I believe I will be able to do so-that there is ample water on those watersheds to irrigate every foot of land tributary to the Tuolumne River and at the same time furnish, when needed, the 400,000,000 gallons daily to San Francisco. But before I leave that subject I simply want to say that I agree with the Senator that there is nothing that we could put in this bill that could possibly deprive any farmer in California of any water

WILLIAMS. Mr. President, have you not in the bill gone further than that and protected and conserved their rights by the very language of the bill?

Mr. PITTMAN. We have.
Mr. WILLIAMS. That is what I thought.
Mr. PITTMAN. I will come to that later.

But I must proceed, because I really want to get down to the question of the farmers of that valley, and on account of the short time I shall have to hurry along.

I am satisfied that the law of this matter has been argued as thoroughly as it can be, and I know I could add nothing to what has already been so ably presented on both sides of this body on that phase of the question; but reverting to the question as to whether or not there would be sufficient injury to a national park to justify this Government in refusing this grant, this is a material question, because the Government itself owns the property in the park; at least it owns that part of the property which by this bill San Francisco is seeking to use. That question has been presented most thoroughly to-day by the Senator from Nebraska [Mr. Norms], and I do not intend to go into it to any extent whatever. I believe the Senator from Idaho [Mr. BORAH] admitted that if it were solely a question as between maintaining the beauty of a small portion of a national park or conserving the interests of a great num-ber of human beings, whether they be in the city or on the farm, the injury to the park would naturally be justified.

There is no use of arguing as to the extent of this valley. We all know that this piece of ground in the park is in the extreme northwest corner; we all know that it is only one seven-hun-

dredth of the total area of the park. It is not to be desecrated, as would be some great falls, such as the one the Senator from Idaho spoke of last night and read about so beautifully. The falls that are in that valley will be preserved in all their beauty, because they are not touched. Below those falls, instead of being a valley with grass in it there will be a valley with a lake in it. As to which is the more beautiful artists would differ, and the difference would be perfectly natural. Through the literature we have received, often have we heard the name of John Muir mentioned as holding up his hands in a prayerful attitude and begging us not to desecrate this great national park in the creation of which he was one of the moving causes. Mr. Underwood Johnson, who has done so much advertising on the other side of the controversy to the desecration of this park, has frequently referred to John Muir. John Muir is a man who loves nature. I do not question his honesty, his motives, or anything else, and I do not believe anyone else does; but I want to say that in 1904, at the time when California ceded this park to the United States Government, there was created by act of Congress the National Park Commission for the purpose of determining what lands should be excluded, what new lands should be taken in, of reporting to the Secretary of the Interior where a road should be built into the park, estimating the cost, and generally to give the Department of the Interior such other information in regard to this great national park as would enable the Government to conserve it and protect it. I have here the report.

here the report.

Water resources within the park: The boundary as proposed excludes 542.88 square miles of the present park and adds 113.62 square miles, making a total diminution of area of 429.26 square miles. It excludes the greater part of private timber claims. It excludes practically all mineral lands and relieves the park of that never-ending menace to its future existence. It does not exclude the very valuable water resources, but fortunately these are all capable of a use which will enhance the beauty of the park and serve the public as well. If the needs of the country below ever necessitate the storage of water within the limits of the park the work can be done by the Government, or under Government supervision, in a way which will really contribute to the beauty of that region. The streams in the highlands, which come to the brink of Vosemite and Hetch Hetchy Valleys and pour over in cascades hundreds and even thousands of feet high, are one of the chief beauties of that region. But with the advance of summer the streams diminish greatly and in some cases dry up completely. Residents of the valley informed the commission that there is a marked falling off in visitors as soon as these falls disappear or are greatly diminished. Well-chosen reservoir sites in the upper valleys of these streams, if judiciously utilized under Government supervision, would add beautiful lakes to the landscapes, maintain the cataracts throughout the season, and at the same time conserve the water for the people below. This possibility is suggested merely to show that the park boundaries, as proposed by the commission, have nothing within them that should jeopardize the integrity or mar the natural beauty of the reservation in the future.

If any more indorsements are required, I do not know where to go for them. This commission, in making its report for 1904, admits that the Hetch Hetchy Valley would be beautified

by impounding the water.

Mr. LANE. Mr. President, I do not so understand him. I understand him to say that the building of reservoirs in the upper stretches of the stream, above the Hetch Hetchy Valley, would cause the storage of water by which the falls leading into the Hetch Hetchy Valley might be maintained in times of drought. I do not see how a reservoir made below the falls of the Tuolumne River would retain the water in the falls.

Mr. PITTMAN. Let us see. There are falls at the mouth of the Hetch Hetchy Valley.

Mr. LANE. But are not the falls above the Hetch Hetchy Valley

Mr. THOMAS. Not the falls of the Tuolumne.

Mr. LANE. The falls of the Hetch Hetchy Valley are at the head of the valley, are they not?

Mr. PITTMAN. There are some small ones in the valley.

Mr. LANE. I refer to the higher falls.
Mr. PITTMAN. But some of the falls of the Tuolumne, the beautiful falls that have been spoken of here, as the Senator states, are below these valleys.

What did the commission mean when it said that this water could be conserved for the people below, serving a good use, and at the same time making a beautiful lake in these valleys?

Let me call your attention to another thing. John Muir, in getting out his book on the Yosemite National Park, selects as a frontispiece a picture of a mountain scene with a lake in the valley in the foreground.

We come down now to the question as to the equities involved in this matter—as to whether or not the Senate is justified in depriving San Francisco of a right that has been granted it by the State by reason of some injury that it does to some other people in the State.

In discussing that question I am going to treat any possible injury that might be done to anyone in the State as material to this discussion. It seems to me, however, that when San Francisco has been granted all the water in the Hetch Hetchy except that which is admitted in the bill to belong to the irrigation districts, when San Francisco has been granted the right to build a dam at this very identical spot, there should be great cause shown to justify the National Government in obstructing

the State in carrying out that grant.

I do not believe it is the policy of the Federal Government to throw obstacles in the way of a State in the use of its property. The State owns that water, and the State has a right to grant that water, and the State has a right to grant the power of diverting that water. Under that right to grant the power of diverting that water. Under that right it has granted the water to San Francisco. It has granted the right to divert the water by a dam in the Hetch Hetchy Valley. It has sent those people now to the National Government, saying: "Go to the National Government and ask them to confirm this title by removing the obstructions that are in the way in this national park."

It seems to me that if anyone is injured in this matter he should first prove that he can not himself remove that injury before asking San Francisco to abandon this grant. Why, all the argument in this case has been made as though these farmers had the grant and it was a question as to whether San Francisco were to be allowed to take it away from them, whereas, as a matter of fact, San Francisco owns the grant, and the question is, Shall we take the grant away from San Francisco?

Why is it that all of the argument has revolved around the question as to whether San Francisco can get water somewhere else? Why is it not material to ask whether these farmers can get water somewhere else? Has there been any effort on the part of any of those opposing the bill to show that the farmers can not get water elsewhere? It seems to me that if anyone is attacking the bill, if anyone is trying to prevent the National Government from giving up a piece of land for a reservoir site on the ground that it will injure some irrigationists, he should show that those irrigationists can not get the necessary water somewhere else.

Mr. SHAFROTH. Would there not have to be compensation

to the irrigationists if they were injured?

Mr. PITTMAN. Oh, undoubtedly; but I am going to show that they will not be injured. I am going to show you that there has been no evidence presented here to prove that they would be injured, because you fail to prove that a man will be injured by being deprived of one reservoir site until you show that he can not get another reservoir site elsewhere that is just as good and just as cheap. I am going to show that there are better reservoir sites than the one in the Hetch Hetchy Valley for purposes of irrigation; that while they are not fit for the purpose of conserving water for domestic purposes, they are absolutely perfect for conserving water for purposes of irrigation. I intend to show that such reservoirs are closer to these small farmers, and the water can be more economically impounded in them.

Those are the questions that arise. I say they have been throwing on San Francisco the burden of the defense in this matter all the time, when, as a matter of fact, there is no excuse whatever for refusing to grant this right to the city of

San Francisco, and no cause that requires defense. They come in here and charge that San Francisco has other water sources. Suppose she has other water sources, and suppose the irrigationists have other water sources, then what is the equity in the matter? What is there to decide in a case of that kind?

I want to say to you that they have finally settled on two rivers as offering available water sources for San Francisco. One of them is the McCloud River, and the other is the Sacramento River. They have come down to that point, and they have gotten no farther. Consequently, I will take up the McCloud River and the Sacramento River for just five minutes, to show that they are not practicable and available water

I read from page 60 of the hearings before the House Committee on the Public Lands on this bill:

The Chairman. What would the protests amount to and where would they come from? Would they come from the irrigation people with whom we would interfere in this case?

He is speaking of the protests against San Francisco taking the McCloud River water.

The McCloud River water.

Col. Biddle. They are beginning now to put under irrigation a great part of the Sacramento Valley. There is a good deal of water in the Sacramento River, so that I do not know that there would be a great number of protests immediately, but eventually the sentiment would be practically the same.

Mr. Raker, Is it not a fact that the entire Sacramento Valley is now working and has been working for 12 years upon the idea of using the McCloud River and its tributaries for the water supply of the Sacramento Valley?

Col. Biddle. I did not know that they were working especially for the McCloud River, I do know, however, that they are rapidly putting

the whole valley under irrigation, and, of course, the McCloud River is a very important factor in that valley. I will say this: The McCloud River is a river which flows with great uniformity all the year around. In fact, it is the chief means of supply to the Sacramento River at times of low water. A large part of the irrigation in the Sacramento Valley comes from pumping from the Sacramento River, and, according to an act of Congress, as construed by the Chief of Engineers, they can not take water out of the Sacramento River, when it reaches a certain stage; that is, a stage of 2 feet above low water. When it reaches that stage of 2 feet above low water, no authority is given to pump water out of it. Now, the water in the Sacramento River reaches that stage about the time that irrigation is most important, and, therefore, if you should take away all or a large part of the McCloud River, that stage in the Sacramento River will come that much earlier and to that extent would affect irrigation. Mr. Raker. Is it not a further fact that the Government itself withdrew for irrigation projects, 10 or 12 years ago, all of those proposed sites that would be available here, while figuring on the Iron Canyon Dam, by which this water would be taken for the irrigation of the Sacramento Valley? Now, if this source of supply were considered, would it not, as a matter of fact, have the effect of bringing the people of the entire Sacramento Valley and of all the northern part of the Sacramento is represented by the sacrament of the sacrament o

Col. BIDDLE. I think they would ahead.

Mr. Raker. Yes; and they are doing that now.

Col. Biddle. I would like to state in this connection that there is no water-power development at all on the McCloud River. I would also like to state in reference to the McCloud River that this project consists mainly of the aqueducts to carry the water, and that to bring any water a large initial expenditure is necessary, whereas on the other systems the expenditure is more gradual.

Mr. Raker. You would consider that that would make a marked difference?

any water a large initial expenditure is necessary, whereas of other systems the expenditure is more gradual.

Mr. Raker. You would consider that that would make a marked difference?

Col Biddle. Yes, sir.

The Chairman. Let me ask you about these three last-named water systems, so as to get at the situation of that supply. Could the city of San Francisco, without any law, National or State, appropriate those waters? Could the city of San Francisco appropriate those waters or file on them, or are they already appropriated?

Col. Biddle. No, sir; they would have to buy out the private rights. The Chairman. From whom?

Col. Biddle. From the different owners; in some cases corporations and in some cases individuals.

The Chairman. They are all under private ownership?

Col. Biddle. Yes, sir; to a greater or less extent.

The Chairman. Is every supply that you investigated under private ownership save the Tuolumne supply?

Col. Biddle. And the Sacramento River.

The Chairman. And these supplies would have to come by grant, would they not?

Col. Biddle. The Tuolumne supply would have to come by grant. In the Sacramento River proposition there would be simply the question of pumping water out of the river.

That goes to show that the McCloud River affects navigation

That goes to show that the McCloud River affects navigation in the Sacramento River, and that whatever rights are there are owned by private individuals, and must be purchased if they

are taken at all. Now, I want to read again from the report of the Army board on the McCloud River. The report says, on page 124:

on the McCloud River. The report says, on page 124:
Filings prior to those of the proponents of this project on water for power development and applications for rights of way over public lands have been made. Conflicting rights are still unadjudicated.
There are extensive lumbering operations on this catchment area. There are also some agricultural and dairy interests.
Analyses of the water at Baird show it to be a very pure soft water, and the Government fish culturists have found it particularly well adapted to their uses.

Contamination by sewage from the sawmill town of McCloud will have to be guarded against, though no guidence of start.

Contamination by sewage from the sawmill town of McCloud will have to be guarded against, though no evidence of such contamination has been noted.

Those are the conditions surrounding the McCloud River, a river where there are conflicting claims, a river where a right can only be obtained by purchasing private interests, a river whose flow affects the navigation in the Sacramento River, a river whose watershed is subject to the contamination of sew-erage as it is settled upon. Curtis H. Lindley, of San Francisco, one of the ablest lawyers on the Pacific coast, as consulting counsel of the city of San Francisco, passed upon the titles to the McCloud River, and I have his opinion here, which I will not read unless I am asked to read it. He stated in that opinion that the title to the waters of the river were too insecure to warrant the city in investing money in such a site; that the locations made on it were too conflicting to justify the city in purchasing any of those sites.

Now, what becomes of the McCloud River? I leave it to Senators who are urging that San Francisco has another source of supply whether they, as counsel of any municipality, company, or an individual, would recommend the buying of such a watercourse. Have any of the Senators on the other side who have opposed this bill, or any on this side who have urged that there are other sources for San Francisco to purchase, shown from whom the water of the McCloud River can be obtained? Have any of them stated that there is any water in the McCloud River subject to appropriation by the laws of California? What difference does it make how large a river is or how great its flow is if the river can not be acquired? Are gentlemen prepared to come here and state that the McCloud River is an available source without showing how such source can be obtained?

Mr. SMOOT. I do not think the Senator will deny the fact that the board of Army engineers in their report recommend it as a superior source of supply, and state how many million gallons per day they can secure.

Will the Senator from Nevada pardon me for Mr. CLAPP.

Mr. PITTMAN. Certainly, Mr. CLAPP. The physical fact of supply might be there, but is the Senator from Utah prepared to answer the question of the Senator from Nevada? If the city of San Francisco can not

obtain the title, that is a matter of some importance.

Mr. SMOOT. That is a new question which I have not heard mentioned before. I will say that I do not believe the Army engineers who, in their report, call particular attention to the McCloud River would claim that there could be developed nearly 800,000,000 gallons of water per day and recommend it as an available source for the city of San Francisco unless they had made an examination of that question.

Mr. CLAPP. That would not follow at all. The Army board would not be supposed to deal with the question of title. They deal with the physical fact. I do not care to enter into a discussion, but it does occur to me that that is a vital question.

Mr. SMOOT. In answer to the Senator from Minnesota, I would say that all the water of the Tuolumne River is appropriated, and perhaps the same is the case with the McCloud River; but the reservoiring of the water would develop it just the same as the reservoiring of the Tuolumne River will develop the water, and whatever is developed and San Francisco files upon and appropriates she is entitled to, just the sare as she is entitled to the water that she has already filed upon in the Tuolumne River-nearly 161,000,000 gallons a day.

Mr. PAGE. May I interrupt the Senator from Nevada?
Mr. PITTMAN. Certainly.
Mr. PAGE. I have been following the Senator's argument with a great deal of interest, and it seems to me that the Senator has now struck a feature of it that is, to my mind, the

moral test of my judgment on this bill.

I believe that if it can be shown conclusively that San Francisco can obtain a supply of good water at a reasonable price at some other point, we ought not to vote for this measure. But now that the Senator is opening a new feature I hope he will be able to show affirmatively that San Francisco can not get good water at practically a reasonable figure except in the Hetch

I want to say that, so far as my general judgment on this measure is concerned, I have tried to study it with a good deal I know, as the Senator has remarked, that people in my State are very much opposed to this measure, and yet, for all that, I do not want their views to govern me unless my mind is in doubt. If it is, I shall let it be governed. My mind seems to reach the doubt when I come to this particular fea-Can not San Francisco get good water somewhere else? I wish the Senator would elaborate on that point further than he has explained to-night.

Mr. PITTMAN. I appreciate the importance of the questions the Senator from Vermont has in mind, and I intend to discuss

such subjects to-night.

Mr. BRANDEGEE. Would it inconvenience the Senator to answer me a question now?

Mr. PITTMAN. Not at all. Mr. BRANDEGEE. I have heard Senators in private conversation ask the question whether this project had been approved or indorsed by the Legislature of the State of California or not. I see in the House report-Report No. 41, Sixty-third Congress, first session-it is stated on page 16, that

The use of the Hetch Hetchy Valley in the Yosemite National Park as a reservoir for storing water for the city of San Francisco and other cities and for irrigation purposes is urged by the following:

Then follows a long list of bodies, among others the Legislature of California. I wish to ask the Senator if he has any knowledge on that subject.

Mr. PITTMAN. Yes, sir; it has been filed here among the indorsements. The legislature has indorsed it; indorsed it affirmatively; and not only indorsed it, but it has passed remedial acts to aid in the carrying out of this grant by the State.

Mr. BRANDEGEE. How long ago was that done?

Mr. PITTMAN. Those acts were passed about two years ago. I have not the dates, but I will get them.

Mr. BRANDEGEE. It was not passed with reference to this specific bill, but on the general program?

Mr. PITTMAN. It was passed in 1911. I will get it in a little

Mr. BRANDEGEE. I wish the Senator before he finishes would refer to it specifically.

Mr. PITTMAN. Certainly; the Legislature of California passed remedial legislation in aid of this project.

Mr. BRANDEGEE. What does the Senator mean by remedial

legislation?

Mr. PITTMAN. I mean legislation that would facilitate and legalize the taking over by the city of San Francisco of those rights that had been acquired by private individuals and at the same time confirming that title in San Francisco. San Francisco's rights are not alone dependent upon the location of these waters that have been sold to it, but the State, which has the sole and absolute jurisdiction over the waters of the State, has through its legislative body enacted a law confirming the title of San Francisco in this water.

Mr. BRANDEGEE. May I inquire if the Legislature of the State of California is in session at present?

Mr. PITTMAN. It is not. Mr. SMOOT. I will say to the Senator that the Legislature of the State of California can not transfer water to the city of San Francisco unless in conformity to the irrigation laws of that State, and that by filing on and appropriation of the

Mr. SMITH of Arizona. Which they have already done.

Mr. SMOOT. I will say to the Senator from Arizona that I have stated here a dozen times that San Francisco has filed on 161,000,000 gallons of water of the Tuolumne River daily, and no one can take that away from San Francisco, in my opinion, if she complies with the laws of California, not even the Legislature of California.

Mr. BRANDEGEE. Let me ask the Senator from Nevada one further question, and then I will have done. Has any legislature of the State of California in recent years passed any resolution or given vent to any expression of opinion in opposition to the storage of the water in Hetch Hetchy and the piping of it to San Francisco? Mr. PITTMAN. It never has.

Now, going back to the question I was on, I have stated that believe it is the duty of those who are trying to defeat this bill to show that San Francisco has other available sources of water supply, if they believe that that is a legitimate excuse water supply, it they believe that that is a legitimate excuse for voting against the bill.

Mr. STERLING. If the Senator will excuse me—

Mr. PITTMAN. Certainly.

Mr. STERLING. I should like to make a suggestion upon

that important question. It seems to me that the burden is upon the city of San Francisco claiming the right and asking for this legislation to show that there is no other available source of

Now, as to the immediate question of title, the board of Army engineers do discuss the question of title. They refer to it in discussing the McCloud River project. I call attention

to what is said on page 23 of the report:

The rights to the flow of the McCloud River are claimed by the Mount Shasta Aqueduct Corporation, represented by Mr. R. P. Doak, Mr. Doak has ofered to build the aqueduct or to sell the rights claimed by the corporation he represents to the city, though the offer is indefinite, being based on the estimated saving in cost over the Tuolumne project. The latest offer of the corporation proposes only selling its rights.

The inference, if anything, from the statement of the advisory

board is that the title can be procured.

Mr. STONE. Mr. President, before the Senator from Nevada answers, if he will permit me, I should like to say that there are Senators here who would like very much to hear the Senator from Nevada make his argument in a consecutive and intelligent way. He has given study to this subject and knows about it, and I would like to hear him; but if he is interrupted every moment or two it not only breaks in on his argument, but it very much interferes with those of us who are listening to it.

Mr. CLAPP. There are some Senators here with an open mind on this subject. The Senator from Nevada has given study to this question, and it does seem to me that if it is agreeable to the Senator from Nevada, as he proceeds, provided he is satisfied, that each Senator should have the right to inquire as to those matters that to his mind are in the way of reaching a conclusion one way or the other. Of course, if the Senator desires to go on without interruption, I would be the last to interrupt him. It seems to me that the only way we can get the light on this subject is by inquiring of those who, for one reason or another, with opportunity and time, have given more study to some of these details than the rest of us have been able to give to it.

While I am on my feet, if the Senator will pardon me, it seems to me that it is vital to this case; it is in my mind, as in the mind of the Senator from Vermont [Mr. Page], to know what the other opportunities are for San Francisco to get a supply of water. It was with that in mind that I made the inquiry relative to the title that might be obtained to the particu-

lar project the Senator was discussing.

Mr. PITTMAN. Now, then, referring to the Senator's inquiry, I want to read from the same report. In regard to the McCloud River it says this, further—it follows what the Senator from South Dakota [Mr. STERLING] has just read on page 124:

Filings prior to those of the proponents of this project on water for power development and applications for rights of way over public lands have been made.

Now, listen. The Senator would judge that there was only one filing on that river and that that was a prior filing. The Army board says this:

Conflicting rights are still unadjudicated.

There are extensive lumbering operations on this catchment area.

There are also some agricultural and dairy interests.

Now, Mr. Curtis H. Lindley, who is known to every lawyer in this Chamber as one of the ablest lawyers in this country, in passing on the title of Mr. Doak, the president of this company, on the title just read by the Senator, says:

Doak's proposition shows upon its face that he has nothing in esse to sell. It is all in posse. It is a purely speculative scheme upon its face. He proposes to acquire water and land in the drainage area of the McCloud River. There is no assurance that he will ever acquire either.

That is not all he says about it. I will read just a little of it, because I do not want to take the time. He further goes on and states that the appropriation is a purely perfunctory appropriation, without the intention of carrying it out, and there is no claim that the law was ever complied with. Consequently, Curtis II. Lindley, in advising the city, stated that these people did not have a title that could be purchased; that there were too many conflicting interests to acquire the water. The Army board found on its investigation that there was no water to appropriate there; that it was all claimed by private individuals with conflicting interests that were not adjudicated.

Consequently, there is not a lawyer in this body who would advise San Francisco to purchase from Mr. Doak, and Mr. Doak is the only man who is offering anything for sale.

Mr. STERLING. Mr. President, I can not agree with the Senator at all in that position. The city is asking for the concession, and the concession is asked on the ground that the city has not a sufficient water supply. The bur show that there is no other available supply. The burden is upon it to

Mr. PITTMAN. We are not asking for water. San Francisco already has it. We are asking for a dam site. As to the Sacramento River, the Sacramento River is purely and simply a pumping proposition. Of course, the water could be pumped to San Francisco. The water could be pumped on the land for irrigation, too, and for less money and with more practical results. The report of the engineers here shows that it would be very expensive to pump water for San Francisco. There would be the continual expense of pumping, and the water would have to be filtered.

Mr. LANE. I should like to say to the Senator that the proposition of pumping the Sacramento should not be considered at all. The water is unfit to use, and there is a permanent fixed

expense in pumping. It is not worth considering.

Mr. PITTMAN. Eliminating the Sacramento, we are then forced to the conclusion that San Francisco has no adequate, practical, available water supply other than the Hetch Hetchy.

Now, I want to come down to the other proposition, as to what effect the taking of the water out of the Tuolumne River will have on the farmers who have land tributary to that river. I believe that I can demonstrate from the maps I have here, which are taken from Government maps and from the reports upon which they are based, that there is sufficient water to supply San Francisco with 400,000,000 gallons daily and at the same time irrigate every foot of land within that whole district.

Mr. President, I want to read to you from the Army board report as to the farmers of this district, but before reading that want to call attention to this map of that district. river [indicating] running down through the center of this map is the Tuolumne River. On the north, above it, is the Stanislaus River; on the south, below it, is the Merced River. All three of these rivers are tributaries of the San Joaquin River. The All three San Joaquin is shown on the map flowing to the north. About where this map ends the San Joaquin enters into the bay

I want to call attention at this point as to where the Hetch Hetchy dam will be. It is indicated on the map by the figure "8." The farming country is in the lower and of the "8." The farming country is in the lower end of the Trolumne Valley, where I am now indicating. The dam of the irrigation districts is at this point [indicating], supplying the water for this section of the country. Above there and to the east [in-

dicating] is the mining country, and the mountains rise abruptly, so that this is a territory that is unsuitable for irrigation. This [indicating] is the Modesto irrigation district and this [indicating] the Turlock irrigation district. Off to one side, in vellow. is marked an additional area of 42,647 acres, which some are contending should be included in the water supply for that district and protected in the bill.

Let me now call your attention particularly to the location of the lands tributary to the Tuolumne River. The only land that could possibly be tributary to that river would be the land lying between the Stanislaus River on the north, the Merced River on the south, the San Joaquin River on the west, and the mountain ranges on the east. There can be no uncertainty as to the amount of land that is naturally tributary to the Tuolumne River. This area marked in pink [indicating] in each one of those districts indicates land where to-day the water stands on the surface or is 10 feet or less below the surface. Think for one moment of men contending that they are starving for water when there is water standing on and just below the surface of over two-thirds of the district.

Let me call your attention to something else. You see these lines in brown [indicating] running down in this direction through the pink. They represent drainage systems for that

land.

There was an oversupply of water on that land, partially caused from overirrigation, as is reported in a pamphlet issued in 1909 by the Agricultural Department, under the supervision of Mr. A. C. True, director of irrigation, whose report I will now read:

when irrigation was begun in these districts the ground-water level was 20 to 25 feet below the surface. Since that time it has risen very rapidly. In 1882 Miller McPherson sunk a well on his ranch, about 5 miles south of Modesto, near the lower end of the Turlock district, but not on the lowest ground in that section, and the rise of the water table in the well is probably close to the average for the district. When the well was dug the water was 18 feet below the surface and there was no noticeable rise until irrigation was commenced. By June 12, 1906, however, the water was only 8 feet below the surface, and by June 10, 1908, it had risen to 6 feet. For the past two years the water level under the town of Turlock has been but 5 feet below the surface. In the winter and spring of 1906 the level had risen throughout the districts until ponds were standing in the swales on the lower land. By 1907 these ponds had extended until a comparatively large acreage was submerged and rendered untillable. This rise of 15 to 20 feet within three years was the result of overirrigation, coupled with unusually heavy rainfall during the winter.

Mr. Burton Smith, superintendent of the Turlock irrigation

Mr. Burton Smith, superintendent of the Turlock irrigation district, said, December 31, 1910, that-

under present conditions, namely, the snow storage, the water supply is exhausted about the middle of July each year.

He further said:

This creates a desire among the irrigators to give the land an over-dose of water during the irrigation season.

Mr. J. H. Dockweiler, in a report placed on file in triplicate with the board of Army engineers July 15, 1912, concerning the necessity for drainage of the irrigated lands in these districts, reports as follows:

Despite the drainage ditches, the ground water stands at injurious heights over large areas of both districts; in the Turlock district it is between 5 and 6 feet below the surface in land through which the main drain passes. The Turlock district looks to solve the drain problem by means of electrically driven pumps placed in sumps below the level of the land. The water is to be pumped into the irrigation canals. The Turlock district has bonded itself for the sum of \$163,000 for the aforesaid pump installation, as per the statement of the chief engineer of said district.

Mr. SMOOT. Mr. President, I see it is 9.30 o'clock p. m. now. I do not want to interrupt the Senator, and shall not do so, but if I had time I should ask the Senator to let me explain that. It would, however, take too much time now, and I shall

not ask the Senator to yield to me for that purpose.

Mr. PITTMAN. Just a few words. I have shown here-and I have it by the Government reports and by the Geological Survey reports, which I have right with me if Senators desire to read them-that that area [indicating], which is two-thirds of those districts, is underlaid with water at a depth of 10 feet In those three districts there are 300,000 acres of or less. ground. This in yellow [indicating] is a new district which has been organized. The area of the two organized irrigation districts, which comprise nearly all the land tributary to the Tuolumne River, namely, the Modesto irrigation district and the Turlock irrigation district, is 257,000 acres, and to-day there are 119,000 acres in those two areas under cultivation out of 257,000 acres. That has been cultivated, mind you, by the natural flow of the Tuolumne River. They have just built three reservoirs—the Dallas and Warner Lakes Reservoir, the Davis Reservoir, and the Dickenson Reservoir. These three reservoirs will impound 138,000 acre-feet of water, which, according to the estimates of the engineers, will irrigate 54,000 acres more. Adding 119,000 and 54,000 gives 173,000 acres, which,

with their present works, are capable of being irrigated in those two districts right now, out of 257,000 acres.

Let us see how much water it will take. It will take 317,000 acre-feet of water to irrigate every bit of land in that whole district. They have a number of reservoir sites now under their proposed system, and the question is, Can they get any other reservoir sites? The demand these people are making upon the Senate is that they need the Hetch Hetchy as a reservoir site. Here [indicating] are the reservoir sites which they voir site. Here [indicating] are the reservoir sites which they can obtain that are not controlled by the Hetch Hetchy: Empire, 35,000 acre-feet; Coffin Hollow, 12,000; Lilly Lake, 15,000; Cherry Mouth, 8,200; Poopenaut, 44,300; Cottonwood, 25,000; Ackerson, 26,000; Stone, 26,000; Fernbrook, 26,000; Herndin, 25,000; Big Creek, 125,000; Moccasin Creek, 12,000; Upper La Grange, 200,000; Dry Creek, 325,000, making 792,000 acre-feet of reservoir sites below the Hetch Hetchy Reservoir site and because to this ferming area. Unidicatingly and the outplease of closer to this farming area [indicating], and the engineers estimate that these extra reservoir sites

Mr. CLAPP. Mr. President, a question arises here as to where they will get the water for those sites to which the Sena-

tor has just referred.

Mr. PITTMAN. I will gladly explain that to the Senator. The reservoir sites which I have indicated will impound 792,000 acre-feet, which will irrigate 317,000 additional acres of land, Now, we have reservoir sites

Mr. SMOOT. I think there is a difference of opinion as to

that.

Mr. PITTMAN. There may be a difference of opinion as to how much.

Mr. SMOOT. I take the Army board report for it.

The Army board report puts it at 21 acre Mr. PITTMAN. feet an acre, while the district wanted it 2% acre-feet to the acre. This calculation is based on the Army board report of 24 acre-feet to the acre, which means 317,000 acres' worth of storage.

Let us see whether or not they have got the water to store. According to the Government reports, and the Army reports, too-because they both conform-and, by the way, I want to call your attention to the fact that the Senator from Idaho, who requested the Department of the Interior for certain answers to certain questions in regard to this district, did not have time to read the answers to the questions which he propounded to the Secretary of the Interior; but the Secretary of the Interior has answered those questions through the proper channel, and we have the answers here: The Stanislaus River has an offflow of 1,380,000 acre-feet, and the annual average flow of the Tuolumne River, according to the measurements, is 2,040,000 acre-

Mr. SMOOT. Mr. President, the Senator will state, will he not, that all of the water of the Stanislaus River and also all of the water of the Tuolumne River has been filed upon and can not be used in the dozen reservoirs he has indicated if they had the reservoirs?

Mr. PITTMAN. No. All of the water in these reservoirs is filed on at low water; but here is the situation: San Francisco is entitled to 400,000,000 gallons of water, which is only

440,000 acre-feet.

Mr. SMOOT. The Senator means to say that the bill is going to try to grant her 400,000,000 gallons of water?

Mr. PITTMAN. I mean that if San Francisco obtains the maximum amount of water it seeks, 440,000 acre-feet will supply the 400,000,000 gallons per day, and there is an overflow going to the ocean of 2,400,000 acre-feet. The situation is this: When San Francisco has 440,000 acre-feet in this dam it has its supply of water. That leaves a big surplus of water here [indicating] running down this river. There is more water in the offflow of the Tuolumne River than can even be impounded by dams in the reservoir sites that are now known to exist, and the water must continue to flow.

The Merced River has an average offflow of 1,228,000 acre-There is only one-third of 1 per cent of that water impounded. Only one-third of 1 per cent of the Merced's great flow of 1,228,000 acre-feet is impounded. Of this great big river [indicating] bounding this same district on the north, the Stanislaus, with an annual average outflow of 1,380,000 acre-feet, only 7 per cent of it at this time is impounded, and the rest of it finds its way to the sea. Now, I candidly ask you who have been watching the situation if those two irrigation districts look as though they were in any trouble for water? Is there any question in your mind at all about that at this time with all of this vast territory? The Senator from Minnesota [Mr. Clapp] asked me where the water would come from to fill these reservoirs, and I have undertaken to answer his question. The water is there; the water is all above this point [indicating].

I do not wish to tire Senators, and I am not going to take up any extra time, but I want to call attention to another fact, that to-day this land [indicating] is being drained. want to call attention to the fact that the plans of the irrigationists for the irrigation of all this land to the west of the San Joaquin River in that valley [indicating] contemplate pumping We have the language here of Mr. Lehane, who came on here for the very purpose of fighting this matter before the Public Lands Committee of the Senate and gave the following

Mr. Lehane. I presume if Congress would do what our board of trade has asked the Senate committee to do and appoint a committee and give it power and authority to investigate our conditions out therewhich has never been done yet by any Congress—that we could make a showing from our actual conditions, so that this Congress or this Senate could determine, as a matter of fact, whether we had any reservoirs sufficient to store enough water to take care of our lands. Speaking for myself, I do not think we have, but I have no right to say so positively, because that has not been worked over from an engineering basis.

Again, on page 52 of the hearings, Mr. Lehane said:

Now, I want to say one word about the west side. The west side does not expect to get water out of this river, because it would have to pipe it across the river.

But even if there was a shortage of water from the Tuolumne River it would be much easier to irrigate the land by means of pumping than to attempt to supply San Francisco with water for domestic purposes by pumping. San Francisco by using the Hetch Hetchy project incidentally creates over 100,000 horsepower of hydroelectric energy, which will supply power to the farmers of the San Joaquin Valley if there should ever happen to be any shortage of the flow of the Tuolumne River. Lehane, in testifying before the Senate committee, said:

Mr. Lehane. Just a word there in connection with the west side. The west side has 100,000 acres of land. All they want is power. Power is synonymous with water. Here is what they intend to do and what they can do. They can go down to the lower end of the San Joaquin River and the Sacramento, put in a pumpling plant at what they call Old River. They will pump that out at the San Joaquin and run it down to the west side and raise all the crops they need.

Mr. Lehane testified before the committee that their plan for the irrigation of all this country is to pump water on the land down here [referring to map]. Consequently, it is only this area that requires irrigation. They have more than enough water, and they have more than enough reservoir sites, and they have too much water where you see the pink color on the map.

I tell you the whole situation, Senators, comes down to this: The committee that came on here was composed of men who had spent their lives in that district. They were men who, of their own experience, knew what that irrigation district required. They did not have to have somebody write them a telegram to tell them what the irrigation district required.

Mr. Church, the Congressman for that district, who was present when the pending bill was drawn up, who was a member of the Public Lands Committee that voted for the bill, did not have to ask anybody for information about that district. I tell you that if he did not believe their rights were amply protected in this bill, if he did not believe 2,350 second-feet of water was an ample amount for them and more than they ever could get in any other way on earth, he never would have stood for having it put in the bill, and he would have made a fight against it. I tell you that ex-Congressman Needham, who was in Congress for years and knew every foot of that district, would not have stood by the Public Lands Committee and said,
"This bill protects the people of our country, and therefore we
are satisfied that it shall pass," unless it actually had protected

That is the situation, Senators. The bill was properly drawn. The representatives of the district came here and got what they wanted. They knew what they wanted. They knew that all they wanted was that 2,350 second-feet of water should be permitted to run down in the river so as to get into their impounding dam, They were glad that a dam was going to be placed across Hetch Hetchy, because it would conserve waters that every year had been running to the sea, and those waters would be let down to them gradually so that they could keep their own reservoir up to a certain level.

Is it not natural, is it not common sense, that the men who came here should know what they wanted? Would it not be an unusual thing that five of the most prominent men of a district should come here, one of them an ex-Congressman, one of them a judge on the bench, and represent these people and should insist on the passage of a bill through Congress and should allow two or three months to go by and still be satisfied if the bill had not been properly drawn to protect their interests? I say to you that if it had not been, such conditions could not have existed.

Do you not believe that this is what happened: Do you not believe that some one went among those people and said, "Here, while this is enough water for us, we can induce the Senate of the United States to destroy San Francisco's rights up in that valley"? Do you not think it is natural that somebody should do that?

Mr. LANE. Mr. President—
The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Oregon?

Mr. PITTMAN. I do. Mr. LANE. I received a letter a short time ago from a woman rancher, who stated that they had had short crops, due to a lack of sufficient water for irrigation. I saw a man from there to-day, an engineer, I think he is, who tells me—whether it is true or not I do not know—that for 26 months, outside of the early season when there were a few inches of water from the melting snow, not one drop of water has gone down from the bed of the Tuolumne River below the irrigation districtnot a drop for 26 months. He tells me that there has been a precipitation of only 4 inches in 26 months, that they have had a drought there, and that their crops are drying up. I do not know that he is representing anyone, but he told me that, and gave me a map showing it. I handed it, for information, to the Senator from Idaho [Mr. Borah] to use, and he is not here at this moment.

Mr. PITTMAN. I have no doubt the Senator has received letters of that kind.

Mr. LANE. No; I saw the man in person. Mr. PITTMAN. I have no doubt there have been men here in person. There have been men here in person. I will say to the Senator, however, that he can not always rely entirely on what people say, even when they say it with the best of intentions and even when they are honest. You know that people are often mistaken as to conditions. Very frequently they exaggerate the conditions. It is a great deal better to take the actual records of engineers, the actual records of men whose business it was to study those things, and present them to the committee.

We had a Public Lands Committee which sat as a judge and

jury for the House of Representatives. It was composed of members of all parties. They heard evidence. These things were all thrashed out before them. The amount of water necessary for their irrigation was thrashed out before those people, and they were given that amount in the bill, and it satisfied them for several months.

For three or four long months we never heard a complaint. What is the complaint now? I will ask the Senator from Oregon. It is: "We do not want them to have any water. We will not accept any compromise. We will not accept any amount. We are going to fight them and prevent them from having any

That was the language of the telegram that was sent here. The explanation of the whole thing is that somebody has gone back there and has said to these people, "Here, I will tell you what we can do. We can get water for more than the lands naturally tributary to our river. We can not only get sufficient water to irrigate the lands tributary to the Tuolumne River, but we can get a power right. Then, when we get the power right, we can organize a great big district down here to the west of the San Joaquin River, and pump from it; and we can sell bonds and pumping contracts, whether we ever put the pumps in or not, and we can speculate in lands."

I tell you that if you will examine the hearings before the Senate Committee on Public Lands you will find out that some of the men who came here are speculators in land. The farmers down in that valley will regret the day they ever turned over

their interests to land speculators of that character.

I believe that to-day some of the men who are most sincere in behalf of these farmers are doing them the greatest injustice that ever was done any community in this country. I know they are sincere in their efforts. I know that. I want to tell you that the only way to equalize and extend the irrigation of that part of the country is to conserve the waters. I want to tell you that if they have only 10 per cent, if they have only the overflow of the waters from the Hetch Hetchy dam, they will get more water than they have there now; and if they must depend on reservoir sites they can get reservoir sites nearer to them than this one that are better than they ever have had in all that part of the country. I really think an injustice is being done to these people by some of those who are trying to help

Mr. LANE. I can not certify to the correctness of the statement I have made. I stated the way in which it was made to When it gets down to a matter of fact concerning the San Joaquin Valley, however, I can say something of my own knowledge. I was born out there. I have been out there now for nearly 60 years. For three or four years back the news has come up into our part of the country that there was a drought

in the San Joaquin Valley, and the farmers have gone down like flies before a frost. Drought has been burning out the richest valley in California. That valley is subject to drought. and needs waterworks wherever it can get them. It has had drought enough, and it is no matter of theory to say that it is having one now. If it is, it is simply what has often happened before.

You gentlemen can not make water out of nothing to put on that land. It must drop in from the sky. After you have taken the water out and impounded it and put it into a pipe line and run it to San Francisco, 120 miles away, those farmers will not be able to get, with a lemon squeezer, a teacupful of water out of 10 acres of land. [Laughter.]

Mr. PITTMAN. Yes; they have droughts in the San Joaquin Valley and they have droughts on the watershed of the Spring Valley at certain seasons of the year; the only difference is that the watershed of the Spring Valley is in the low foothills and depends entirely upon the rain, while the watershed of the Tuolumne is in the high Sierra Mountains and depends for its supply upon the accumulations of snow throughout the winter. San Francisco has suffered from drought of rain for three or four years and her reservoirs are now nearly empty. San Franfour years and her reservoirs are now nearly empty. San Francisco, we admit, would have 90 gallons of water per capita if her reservoirs were full, but as the reservoirs get lower the water gets scarcer and the people must use less. It is possible that if there is another dry season the reservoirs will be entirely empty. There never would be a drought in the San Joaquin Valley if the water that comes down from the Sierra Nevada Mountains in the freshet season did not run to waste in the early spring. The country fed by mountain waste in the early spring. The country fed by mountain streams is generally subject to freshets in the spring and to drought in the summer and fall. Impound all the waters of the Stanislaus, the Merced, and the Tuolumne and there will never be another drought in the San Joaquin Valley.

The Army board appointed by this Congress to investigate into the matter, after estimating all the flow of these great rivers and discovering the reservoir sites that are shown in the report and on the maps that have been presented to you to-day, give their final opinion in the conclusions to the report found

on page 50 in these words:

The board is of the opinion that the use of the Hetch Hetchy Valley as a reservoir site is necessary if the full flow of the upper Tuolumne is to be conserved. The board further believes that there will be sufficient water. If adequately stored and economically used, to supply both the reasonable demands of the bay communities and the reasonable needs of the Turlock-Modesto irrigation district for the remainder of this

Mr. MYERS. Mr. President, this forenoon the Vice President ruled that this calendar day would extend until noon to-morrow. I understand that later, while I was out of the Chamber, he changed that ruling and declared that this calendar

day would end to-night at midnight.

I ask now, in addition to the unanimous-consent agreement under which we are operating, as a supplementary unanimousconsent agreement, that the debate on the bill and pending amendments cease at 11 o'clock, and that at 11 o'clock we begin to vote on all pending amendments and on the bill without fur-

ther discussion.

My object in asking that is that, under the last ruling of the Chair, as I am informed, it is very apparent that we must finish consideration of this bill according to the original unanimousconsent agreement and finish our voting by 12 o'clock to-night. I do not know how many amendments are pending; I think two or three. It takes about 15 or 20 minutes to call the roll of the Senate. It seems to me that we shall have to quit debating by 11 o'clock in order to get through with the bill by 12. Therefore I make that request.

Mr. SMOOT. I suggest to the Senator that before we make any supplemental unanimous-consent agreements we shall have to get rid of the order which the Senate passed this morning to

adjourn at 11 to-night.

Mr. MYERS. I am glad the Senator called my attention to

Mr. WILLIAMS. Mr. President, the Senator from Utah is mistaken about that. If he will read the order he will see that it says, at the very end of it, "until otherwise ordered."

Mr. SMOOT. That is what I mean.

Mr. WILLIAMS. Any action of the Senate is "otherwise

ordering.'

Mr. MYERS. I will incorporate that in my request, thenthat instead of adjourning at 11 o'clock we shall cease debate and begin voting on pending amendments and on the bill itself at 11 o'clock, and stay here, remaining in session, until the amendments and the bill are finally disposed of.

Mr. SMOOT. In answer to the Senator from Mississippi, I wish to say that what I said was virtually what he said—that

automatically, at 11 o'clock, the Vice President would say that the Senate would stand adjourned unless the Senate otherwise ordered.

Mr. MYERS. I am asking that it be otherwise ordered in the unanimous-consent agreement that I am asking. I ask that

that agreement be made.

Mr. THOMAS. Mr. President, my information is that one or two Senators on the other side desire to be heard upon this matter, and it might be unfair to them to limit to 11 o'clock the time of commencing the balloting. I am sure the Senator now having the floor and those of us who have spoken in favor of the bill have no desire to prevent the expression of further views upon the subject that Senators may desire to express before a vote is taken. At the same time we are anxious to get through as soon as possible.

If it be true that the Senator from Wyoming [Mr. CLARK] and the Senator from Washington [Mr. POINDEXTER] desire to be heard further, I think we should consult their views in regard to the matter before arbitrarily determining to begin

balloting at 11 o'clock.

Mr. MYERS. I suppose that if those gentlemen consented to it, that would dispose of that matter.

Mr. THOMAS. Oh, surely. Mr. MYERS. They will have to consent in order to make a

unanimous-consent agreement.

Mr. CUMMINS. Mr. President, it seems to me—and I make this suggestion to the Senator from Montana—that if we enter into any further agreement, it ought to be that the Senate will adjourn to-day when this bill is disposed of. The effect of that would be to modify the general rule which has been adopted and at the same time it would leave the unanimous-consent agreement standing just as it is.

Mr. THOMAS. Let me ask the Senator from Iowa a question. That would virtually mean that the legislative day would be extended indefinitely, and we might be in session here for two

or three days?

It is the calendar day, not the legislative day. Mr. MYERS. Mr. CUMMINS. We have agreed to vote upon this bill during the calendar day. I assume that the calendar day will expire at 12 o'clock. The only possible construction that can be put upon the agreement is that we will begin to vote at 12 o'clock, for it is beyond human foresight to determine how much time will be involved in voting. If I were construing the unanimousconsent agreement, my construction would be that at 12 o'clock to-night, assuming now that we modify the general rule that has been adopted, we will begin voting upon this bill. If it takes us 30 minutes, we will be in session 30 minutes longer. If it takes us an hour, we will be in session an hour longer.

Mr. MYERS. Mr. President, that will be quite agreeable to me. I am only interested in seeing that the calendar day does

not expire without the bill having been disposed of.

I will now make a parliamentary inquiry. Would the Chair hold that we would have a right to begin the voting on the pending amendments and the bill itself at 12 o'clock and finish after 12 o'clock, taking as long as may be necessary for the

The VICE PRESIDENT. The Chair has already ruled that the Senate of the United States must construe this unanimousconsent agreement, and that it was the opinion of the Chair that the present calendar day ends at 12 o'clock to-night. The Senate, if it chooses to do so, can change that calendar day.

Mr. MYERS. That was my idea in making such a proposition

for unanimous consent as would finish the voting by 12 o'clock.

That is why I asked for it.

Mr. CUMMINS. That could not be. I think the ruling of the Chair is obviously right; but I think we will all have to concede that the unanimous-consent agreement must be interpreted to mean that we shall begin voting at the close of the calendar day.

Mr. THOMAS. That would be at 12 o'clock
Mr. CUMMINS. That would be at 12 o'clock. It would be impossible to enforce the unanimous-consent agreement in any other way, because, as I said before, you can not tell how long the voting will require, and the agreement might fall on account of that interpretation. If there is any way in which to avoid that difficulty, I should be glad to do it. I had hoped the Chair would put an interpretation upon the unanimous-consent agreement which would make possible the course I have suggested.

The VICE PRESIDENT. The Chair does not feel that the Chair can stretch a calendar day to contain more than 24 hours.

The Senate may do that.

Mr. SUTHERLAND. The unanimous-consent agreement is not, as stated by the Senator from Iowa, that we shall vote during the calendar day, but it is that we shall vote before adjournment on the calendar day. Now, that unanimous-consent agreement does not prevent the Senate, it seems to me, from fixing at 11 o'clock. I ask that that be put to the Senate.

an hour of adjournment. We have fixed the hour at 11 o'clock, at which time, under the order adopted this morning, the Senate will automatically adjourn, it seems to me, unless that order

is modified. It is directory in its expression.

Mr. WILLIAMS. I submit to the Senator from Utah that

we can not set aside the unanimous-consent agreement by an order adopted by a majority of the Senate.

Mr. SUTHERLAND. We have not set it aside.

Mr. WILLIAMS. But you have just been saying that we

Mr. SUTHERLAND. No.

Mr. WILLIAMS. You have been saying that notwithstanding the unanimous consent to take this vote upon the calendar day we will automatically adjourn at 11 o'clock.

Mr. SUTHERLAND. On the contrary, I have said that the order and the unanimous consent are not in conflict. We have provided that we shall adjourn at 11 o'clock. Therefore, under the unanimous-consent agreement, we must vote upon

this bill before 11 o'clock.

Mr. WILLIAMS. That is just what I understood the Senator to say. Prior to the adoption of the order there was a unanimous-consent agreement of the Senate that the vote should be taken upon this calendar day. The order adopted by the majority can not set aside a unanimous-consent agreement of the Senate.

Mr. SUTHERLAND. It does not set it aside.

Mr. WILLIAMS. The Senate under this particular calendar order, non obstante, does not adjourn at 11 o'clock, and remains in session until 12 o'clock.

Mr. MYERS. I ask the Chair to put a unanimous-consentagreement proposition that I think will clear up the situation.

Mr. WILLIAMS. I had not quite finished my sentence, but it

all right.

Mr. MYERS. I will take this opportunity, Mr. President, to ask unanimous consent that the Senate do not adjourn at 11 o'clock to-night, and do not adjourn until this bill and all pending amendments may be disposed of.

Mr. GALLINGER. Mr. President, that is in open violation

of the unanimous-consent agreement. I will take the liberty to suggest to Senators that we might just as well by unanimous consent extend the day from 24 hours to 25 hours as to extend the calendar day from 12 o'clock to-night. It can not be done,

Mr. WILLIAMS. If the Senator from Montana will pardon me, I think what he wants can be arrived at by asking unanimous consent that the voting shall begin at a certain hour,

and that will not conflict with anything.

Mr. MYERS. Senators on the other side say that 11 o'clock adjournment is in the way. I ask unanimous consent that we do not adjourn at 11 o'clock to-night, but that we remain in session until this bill and the pending amendments are disposed of.

Mr. WILLIAMS. The Senator should not put the request

in that shape. I do not want to have the pending currency bill interfered with by an indefinite legislative day that might go on forever, and we would be in a quandary.

Mr. MYERS. There is no danger of that.

Mr. WILLIAMS. If the Senator will ask unanimous consent that the voting shall begin at a certain hour during this calendar day and continue until all pending amendments and the bill are disposed of, he will accomplish his purpose.

The VICE PRESIDENT. The Chair has once ruled to-day, and from that ruling no appeal was taken, that the unanimousconsent agreement takes precedence of the resolution; and the Chair has announced that it is the opinion of the Chair that the calendar day ends at midnight to-night, but has said that it may not be within the power but it is within the discretion of the Senate at least to put more than 24 hours into the calendar day.

Mr. STONE. Mr. President, there is such a simple solution of this whole difficulty that it seems to me there ought to be no hesitancy about adopting it, and that is to begin voting within 15 minutes from this time.

Mr. CLARK of Wyoming. Mr. President, I ask for the regular order.

Mr. STONE. What did the Senator say?

Mr. CLARK of Wyoming. I say we are getting nowhere.

Mr. STONE. I ask unanimous consent to end the debate and begin voting at half past 10 o'clock.

Mr. CLARK of Wyoming. I can not give consent to that.

Mr. MYERS. Is there objection to my request?
The VICE PRESIDENT. The Chair understood that the

Senator from Wyoming objected.

Mr. MYERS. Then I will renew my request that we begin voting on the amendments and the bill, without further debate,

Mr. PITTMAN. I will state that I resign the floor entirely and will not take up another minute of the time if that is agreed to.

The VICE PRESIDENT. Is there any objection to the request of the Senator from Montana that the Senate shall commence voting on the bill and amendments thereto at the hour of 11 o'clock without further debate?

Mr. POINDEXTER. I object. Mr. SMOOT. Mr. President, I demand the regular order.

Mr. MYERS. Mr. President, we have entered into a solemn unanimous-consent agreement to finish this bill on the calendar day, and I ask those gentlemen who have objected what they will consent to. Are we to violate the unanimous-consent agreement? I renew the same request for 11.30 o'clock.

Mr. JAMES. Mr. President, I desire to submit to the Chair a parliamentary inquiry. I understand the unanimous-consent agreement reached in the Senate was that this bill should be voted upon before the end of the calendar day. The Chair has ruled that the calendar day ends at 12 o'clock. Is it possible that under that unanimous-consent agreement, entered into by the Senate, gentlemen can defeat it by a continuance of the debate up to the hour of adjournment?

The VICE PRESIDENT. The Chair has already ruled that unanimous consent agreements are exclusively in the control and resting upon the honor of Senators. The Chair has no power to enforce such an agreement nor to be the guardian of

the honor of any Senator in the Chamber.

Mr. JAMES. The Chair of course knows that there are a number of amendments, and is it not within the power of the Senate, under the agreement, to order the voting to begin at a sufficient time to conclude the voting upon the amendments and the bill before the end of the calendar day, as the agreement which was reached in the Senate contemplated?

The VICE PRESIDENT. The Chair has already ruled that it is purely a question of honor. Senators are as well advised as the Chair, and if the agreement is not kept it is not the fault

of the Chair but the fault of the Senate.

Mr. MARTINE of New Jersey. Mr. President, I desire to move to amend the motion of the Senator from Montana.

Mr. MYERS. There is no motion. My request was objected to. I make the same request for 11 o'clock and 15 minutes and ask that it be put by the Chair.

Mr. MARTINE of New Jersey. Make it 11 o'clock and 45

Mr. MYERS. No; I make my request for 11 o'clock and 15 minutes and ask that it be put.

The VICE PRESIDENT. Is there objection to beginning the voting at 11 o'clock and 15 minutes?

Mr. MARTINE of New Jersey. I object.

Mr. MYERS. Then I make the request for 11 o'clock and

Mr. MARTINE of New Jersey. I object.

Mr. MYERS. I ask the Senator from New Jersey to name a

Mr. GALLINGER, Mr. President, I call for the regular

Mr. MYERS. I want to say that if the bill is not disposed of to-night under the unanimous-consent agreement there shall never be another unanimous-consent agreement entered into as long as I am present on the floor of the Senate.

Mr. GALLINGER. Mr. President, who is entitled to the

The VICE PRESIDENT. The Senator from Nevada [Mr. PITTMAN] has the floor.

Mr. GALLINGER. I hope the Senator from Nevada will

Mr. MYERS. Mr. President, I make the same request for 11 o'clock and 45 minutes.

Mr. PITTMAN. If I still have the floor I want to yield it. I will discontinue any further discussion and yield the floor permanently so that other Senators may consume as much time

as they wish.

Mr. POINDEXTER. Mr. President, it is the obvious feeling of every Senator, I think, that we ought to conclude this discussion, and no Senator is more anxious to have this matter disposed of than I am. I listened with a great deal of attention to the argument of the Senator from Nebraska [Mr. Norris], and if I were to surrender the privilege of forming my own opinion upon the evidence presented in this case, there is not a Senator whom I would rather follow than the Senator from ebraska. But it is absolutely necessary-Mr. MYERS. Mr. President— Nebraska.

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Montana?

Mr. POINDEXTER. I yield.

Mr. MYERS. I was under the impression that I had the floor. I make the same request that I made a while ago, that the vote begin at 11 o'clock and 35 minutes, and I ask that that be put to the Senate.

Mr. POINDEXTER. I object to that, Mr. President. say that I think I will conclude what I have to say within 10

or 15 minutes. I see no reason why the matter should—
Mr. MYERS. I will make one more request, then. I will ask
that the same proposition be put for 11 o'clock and 25 minutes.

Mr. GALLINGER. Mr. President, I object to that, and I hope that the regular order will be proceeded with.

The VICE PRESIDENT. There being objection, the Senator

from Washington will proceed.

Mr. POINDEXTER. It is absolutely necessary to intellectual freedom that one should form his own opinion upon the facts presented. This case seems to have resolved itself, Mr. President, into a contest of assertion. The Senator from Nebraska devoted his remarks very largely to the water-power phase of the franchise which the city of San Francisco seeks to obtain under this bill. The Senator was very eloquent in his description of 100,000 horsepower going on forever, not requiring to be fed, lasting beyond the present generation with undimin-ished power, apparently based upon the assumption that the bill is for the purpose of developing water power. The assertion has been bandied about a great deal, both in the Senate and outside the Senate, that those who have opposed this measure are acting in the interest of water-power companies. One very peculiar thing that I have observed is that some of the assertions are contained in newspapers with which I am familiar, and I never have known them on any other occasion to oppose anything that a water-power company wanted. It seems to me that if in the long debate upon the bill the waterpower companies of San Francisco were concerned in its defeat somebody would have heard something from these water-power companies, and they would have had some representative to appear in opposition to the bill. I have received hundreds of communications on the subject of this bill, some in favor of it and some against it, but I have never seen anyone or heard from anyone who intimated that any water-power company was concerned in any way about it.

I have here and I have already had printed in the RECORD a document published by a very prominent association which contains the statement that the so-called water monopoly in the city of San Francsico-at least the president of the Spring

Valley Water Co., Mr. Bourne-is favoring this bill.

Mr. President, after hearing the account of the Senator from Nebraska as to the water power that will be developed if this bill is passed, to compete with the water-power monopoly which is said to have its hand upon the throat of the city of San Francisco, on turning to this very extensive and voluminous document which has been prepared for the city of San Francisco by the distinguished engineer, Mr. Freeman, at very great expense, with very great care, indicating the most comprehensive and thorough examination of every possible engineering phase of the case, and setting out the purposes of the city, I was very much surprised to find the statement that the city does not propose in the immediate future to build any plant for the development of hydroelectric power. I had supposed, from the debate which has been going on here to-day, that this was a water-power bill, and yet I see here in this report that it is not the intention of the city of San Francisco in the immediate future to build any plant for the development of hydroelectric power. The report states:

The city does not propose in the immediate future to build any plant for the development of hydroelectric power, but it plans to carefully conserve all reasonable opportunities for power development against the time when it may become expedient for the city to undertake such

To-day, with cheap oil fuel and with three large hydroelectric enterprises bringing electric current to the city and competing actively for business under the oversight of a public-service commission, no occasion appears for the municipality to go into the power business. Moreover, it is said that its charter does not permit the city to engage in this commercially.

If Senators will read the bill they will find that there is a provision in it that at some indefinite time in the future, without limitation, the city may begin the development of appliances for the production of hydroelectric power. It is not required that they shall begin it within any length of time, but there is a rather astonishing proviso that within 20 years after they begin work upon a water-power plant they shall have developed 60,000 horsepower.

The record of the debate in this case, among other things, will afford in future discussions of this great water-power question an indorsement by Democratic Senators of the proposition that the Federal Government may grant a franchise for the production of water power and attach conditions to the franchise as to the distribution of the power, as to the division of the water, as to how it shall be sold, as to the price which shall be charged. Whatever may be the fate of this measure, in the discussion of that question, in the bills which hereafter will inevitably have to be considered by the Senate, this debate will have afforded the advantage of having acquired the support of a great many Senators who have heretofore opposed the doctrine of Federal control of water power developed through dams or other appurtenances upon the public lands of the country.

But while the bill, Mr. President, on its face purports to reserve in the Federal Government the right to control the disposition of this power, the truth of the case is, so far as its actual effect is concerned, that it is a grant by the Federal Government of one of the greatest water-power projects that has been discussed in this body under any bill, and which left it entirely subject not simply to State control but to city control, and even to the control of a water district or of any munici-

pality.

The city of San Francisco, if it acquires the privilege of developing this power at some indefinite time in the future—the time not being limited; it being expressly provided in the bill that they may have 20 years after beginning the work, the time when they shall begin the work not being stated, they need only to supply 60,000 horsepower with a project that is capable of developing 160,000 horsepower—may grant to its grantees the privileges conferred by this bill, the only requirement being that it must be to a water district or a municipality. There is a specious provision in the bill that the city of San Francisco shall not grant to any private person the right to sublet or to sell the power or the water which it may acquire the right to develop or to use under this bill; but that is left entirely to the good faith of the city.

There is no forfeiture clause; there is no practical way in which the Federal Government could ever enforce that provision. It is not very long since the Congress of the United States for the purpose of giving cheap power to the city of St. Louis granted a franchise to a company to construct a dam in the Mississippi River called the Keokuk Dam. That company issued circulars and advertisements to the effect that the citizens of St. Louis would get cheap power. The result of it was that they sold their power to a subsidiary company at a reduced price, and that company disposed of the power to the same monopoly which has heretofore controlled the sale, disposition,

and use of power in the city of St. Louis.

I have heard the remark made from time to time by those who are in favor of developing the water-power resources of the country that it would never be possible to get Congress to give this franchise to a private corporation, that if the grants were ever to be acquired from the Federal Government this was the opportunity, because it went to a municipal corporation. result will be that the Federal Government to all practical intents and purposes will not only have parted with the power, but will have lost control over it, and the future disposition of it will be left for the puny contest of some little municipal corporation or water district or the city of San Francisco contending with a mighty special interest, which frequently overcomes even the legislatures of the States in the struggle to preserve the public welfare in dealing with these matters. I am not going to take the time of the Senate to discuss further that phase of this question.

I stated that it seemed to resolve itself into a contest of assertion. In very eloquent terms the Senator from Nebraska [Mr. Norks] made the assertion this morning that the eye of no woman had ever looked upon the Hetch Hetchy. We are entitled to judge, I suppose, the reliability of information which Senators have in discussing this bill by what we know of important statements which they make, and we will judge their other statements by those which we happen to know the accuracy of. The fact of the case is that hundreds of women—I do not

The fact of the case is that hundreds of women—I do not know that it makes any difference, but it shows the amount of the information of some of those who are advocating the passage of this bill—have visited this park, have written minute descriptions of it, and have taken photographs of the various details of its beauties, showing the grandeur of its scenery. Those photographs have been placed upon the table of the Secretary of the Senate, subject to the examination of Senators.

The Senator from Nebraska talked about this park as though it were a pesthole, that nobody who has ever visited it once has visited it again, whereas the truth of the case is that many of those who had the privilege of visiting it have visited it again and again year after year and if it is preserved for the benefit of the people, and particularly those living in the State of California, the accessibility of it will be increased, roads will be built, and opportunities will be given for tens of thousands to

visit it where only hundreds now visit it. I want to read from one of these women, whom the Senator from Nebraska says have never seen the park, a description, which seems to me is about as good a description of this portion of the Yosemite National Park as I have read. It is by Cora Calvert Foy and was published in the magazine called Out West of December, 1910. It says:

The Hetch Hetchy is a part of the Yosemite National Park, about 15 miles northwest of Yosemite as the crow files, an almost perfect replica of the Merced Yosemite; there is the same flat valley floor, with meadow, gardens, and parklike forests, river (the Tuolumne), falls, and cataracts, and granite walls rising sheer 2,000 feet, exactly the same scenic features that have made the sister valley over the ridge to be proclaimed the Queen of Queens by the people of the whole world, and to be protected and preserved inviolate forever by the Government of the United States for these same people of the whole wide world.

The Senator from Nebraska and other Senators have argued that the creation of an artificial lake will improve this park. The greatest landscape artists in this country, among them Mr. Frederick Law Olmsted, of Boston, who has given his opinion upon the question, are of the opinion that it would destroy the peculiar attractions of this valley, which consist in the details of its forests, of its flowers in immediate conjunction with the stupendous scenery, and of its towering cliffs 2,000 feet high.

But, Mr. President, while I do not for a moment underestimate the value of those features of this national part, while I believe that the principle of preserving the national parks and avoiding a precedent under which a raid will be started upon every natural object of commercial value in all of our national parks, I do not base my objection to the passage of this bill principally upon that phase of the case. However beautiful it may be, even though it were ten times as valuable as a park as it is, if it were necessary to supply the city of San Francisco with water, to take it, and to take every other national park in this country, if 400,000 people needed it to supply water for domestic use, as is claimed by the advocates of this bill, I would gladly vote to devote all of our national parks to that purpose; but the truth of the case is that San Francisco has no necessity, in fact, in my judgment, it is not advisable, although the city perhaps would be entitled, other things being equal, to make a choice-there is at least no reasonable ground why the source for the supply of its water needs should be granted by the United States.

It is admitted here that in 1914 the needs of San Francisco will be relieved by the development of the Spring Valley water system through the Calaveras Dam, which is now already in process of construction; and by 1916 the development of that project will produce 60,000,000 gallons of water c day in addition to the 42,000,000 gallons a day which are now in use. Not only is it not necessary for the city of San Francisco to destroy this park and to take this water power—which will not be developed, but under this bill will be tied up and the people deprived of the use of whatever water power can be developed for an indefinite time-but there is another consideration, and perhaps the most important one which enters into the case, and that i that with the increasing population, with the increasing encroachment upon the resources of the country of the needs of the people for food and opportunity, some 200,000 or 300,000 acres of land in the State of California will be forever condemned to aridity and to remain a desert if the waters of the Tuolumne River are conveyed to the city of San Francisco to take the place of other waters which are available from other

I am not going to take the time of the Senate to go into additional statistics and figures to support the statements which I have just made. I think the record is already sufficiently filled with evidence and with demonstration to support the statement that these lands can not be irrigated from any source except from the waters of the Tuolumne River.

There was handed me this evening an affidavit by a man named Thomas Caswell, who describes his experience as a farmer in the Tuolumne Valley, the value of the land when he went there before it was irrigated—something like \$34 an acre, which has increased to a value of \$150 an acre with water—and the struggle of these water districts, containing 250,000 acres and now irrigating 119,000 acres of land, to extend the irrigated area from the waters of the Tuolumne River. I will read a very short portion of his affidavit, signed and sworn to here in the city of Washington, in which he says:

Plans have been made and moneys are being raised by the issuance of bonds to extend the storage facilities of the districts. There has been a steady enlargement of the canals and ditches since I first went there, the aim being to increase the size of the main feeding canals as fast as new lands were leveled and checked for irrigation. The districts have reached the point where storage has become absolutely necessary, and it is a matter of common knowledge and observation on the part of those who have, like myself, lived in that country for many years that the districts must gradually draw on what might be termed the storm or extraseasonal waters of the Tuolumne if the remaining lands in

the districts are to be irrigated. Just outside the districts are about 150,000 acres of lands which also require water, making a total of over 400,000 acres under that particular watershed.

I am the president of the Ceres Water Users' Association, and I represent over 1,000 individual irrigators, who have sent me here to voice their protest and opposition to the proposed grant to San Francisco. I am ready and willing to submit further facts and details if desired.

On the other hand, Mr. President, in the Sacramento Valley, as I said earlier in the evening during the remarks of the Senator from Missouri [Mr. Reed], there is a surplus of water; and I have in my hand a bill, House bill 9912, which has been introduced in that body, calling for an appropriation of \$400,000 as a preliminary amount for taking care of the surplus flood waters of the Sacramento Valley, which are not only not used for irrigation, but are continually destroying property in the valley by their excess, whereas in the San Joaquin Valley, as is admitted by the Army engineers' report, there is an inadequacy even for irrigation. This bill has been introduced in pursuance of a plan proposed by the board of Army engineers for the control of floods in the rivers and streams of the Sacramento. the control of floods in the rivers and streams of the Sacramento Valley. In its report filed June 29, 1911, House Document No. 81, Sixty-second Congress, first session, pages 54 and 55, a detailed statement is set forth of the various features of this proposed flood control of the Sacramento Valley to the amount of \$30,000,000 for the completed project.

In the Army board's report, the officers of that board having examined the various sources of supply for San Francisco, and which report has been constantly relied upon by the advocates of this bill, is found the statement that water from this valley, which the Government is planning to protect from floods at an ultimate expenditure of \$30,000,000, can be obtained to supply

the domestic needs of San Francisco at a much less cost than water can be obtained from the Hetch Hetchy.

There is another source of supply, to which I want very briefly to refer, which has not been mentioned heretofore, and that is the Yuba River. On page 28 of the Army board's report I find this:

Yuba River: It is estimated that about 164 million gallons daily can be obtained from the Yuba River.

It should be borne in mind that 42,000,000 gallons a day is the amount now being consumed by the city of San Francisco.

It can not be combined economically with any other of the sources considered available. A report on this source has been submitted by the city of San Francisco, but in the final reports and in the comparison submitted of the costs of the various supplies it has not been further considered by the city.

In a report submitted by the Spring Valley Water Co. the total cost of supplying 200 million gallons daily at an elevation of 165 feet in San Francisco is given as \$38,224,460. It is proposed, in addition, to develop 191,677 horsepower at a cost of \$18,113,757, valued at \$20 per horsepower per year, which, capitalized at 4½ per cent, gives a value of about \$85,000,000, or a net value of about \$67,000,000.

There are other details in regard to the project, which includes, as will be seen from that statement, the development of a vast water power as well as an ample supply of water for the next 50 years for all the domestic needs of the city of San Francisco

It is claimed by some of the advocates of this bill that the passage of it can not affect the legal rights of the water users or of the city of San Francisco. In the first place, Mr. President, the legal rights of these parties are very uncertain as to what the city is entitled to and what the water users are entitled to, and, in the second place, it is admitted that there is a large portion of the water in this stream which is in dispute between them. However, the question which the Congress of the United States or any other department of our Government or the State government of California should have before it in dealing with this question is not the narrow technical decision of what legal rights have been acquired by the several parties to this controversy, but what adjustment can be made in the interest of the entire State of California, in the interest of the reclamation of several hundred thousand acres of land, enough land to make 5,000 farms capable of supporting a population of 25,000 in a State where already land is so scarce that they have brought this country almost to the verge of an international war in a controversy for the possession of the soil with aliens who have established themselves in some of their fertile valleys, in a section of the country where population increases so fast that instead of the western migration continuing as it has heretofore men are coming from the West back to the East and taking up the abandoned farms which their ancestors left when they went West.

Yet it is proposed here, because the city of San Francisco has taken a fancy to the peculiar advantages of this valley for a site for the construction of a dam, to ignore the general interests | water for irrigation, and the report of the Army board itself. I

of the country, and to refuse to take a comprehensive survey of the entire California Valley. Because they desire this particular water it is proposed to take it, although there is other water equally as good which they could obtain elsewhere without doing injury to a single soul.

The amount of water needed by the two irrigation districts which are already organized is enough to irrigate 257,000 acres. It is estimated that 4 acre-feet are required each season. total amount needed for the two irrigation districts each year is 1.028,000 acre-feet. The total run-off of the Tuolumne River for the year 1912 is 1,050,000 acre-feet. The total run-off of the Tuolumne River for 1913 is 1,080,000 acre-feet. The amount available for San Francisco during these years, if the districts obtained the amount they needed, as I have already said, would be nothing. The duty of water in the Modesto irrigation district per second-foot is 70 acres—that is, each second-foot will irrigate 70 acres of land. The total area, as stated before, is 257,000 acres. The amount of water needed by the Turlock and Modesto irrigation districts, as already set forth, is 3,670 second-feet. The amount they are allowed under this bill is 2,850 second-feet. The shortage of water under this bill will be 1,320 second-feet. That is without reference to the vast area of arid lands outside of the districts which ought to be taken into consideration in any wise disposition of the waters of this stream.

A great deal has been said about the action of the committee representing these districts and about the judge of the superior court who was a member of that committee. statement which was prepared for printing by that member of the committee on June 3, before he had made his compromise and his consent to the final form in which this bill was drafted in the House of Representatives. I will read very briefly from it. He says:

It is true that our rights to the waters are vested and can not be legally taken from us except by condemnation proceedings, and this at the present time would indeed be expensive.

We who know the true conditions here, the lack of an adequate supply of water for both San Francisco and these districts at all seasons of the year, are unalterably opposed to San Francisco sharing the water, which at times is even insufficient for our own needs in the districts, let alone the needs of the valley in general. If the San Francisco people who are honestly in this fight and who from good motives believe they should have some of the water from the Tuolumne River had knowledge of the run-off during the season of 1911–12 and for the season of 1912–13, they would not be so anxious to share in the water and might conclude they were being handed a "gold brick" by the proponents of the scheme. Why they are kept in ignorance by the politicians and the press is an enigma to me.

As the time is approaching when we must take a vote upon the bill, I will close what I am saying. I do not know what construction the Chair will place upon the rule, and I do not desire in any way to interfere with the carrying out of the rule to its true intent and purpose, whatever that may be held to be. I wish to refer very briefly, however, to one statement which has been repeatedly made here during this debate. I revert to the phase of this question of which I first spoke, namely, the character of the Hetch Hetchy Valley and the statement that was made that it would not be destroyed.

I have talked personally with one Senator whose sensibilities were very much outraged because of a publication in some magazine which said that the waterfall in this valley would be destroyed if it should be flooded under this bill. He said that that was a misstatement that was being made by those who were opposed to the passage of the bill. I was very much surprised, after hearing him express his indignation, to read the same statement in the Army board report. It says:

The relative beauty of the Hetch Hetchy Valley in its two conditions—as it is at present or dammed up into a reservoir—seems to be a matter of individual opinion. It is admitted that the Yosemite Valley is as a whole more wonderful than the Hetch Hetchy Valley, but the floor of the latter is more diversified in its trees and flowers and of at least equal beauty. Flooding the valley would destroy this floor and the falls of the Tuolumne at the head of the valley.

I do not know how much importance may be attached to that. As is stated in the report, that is a matter of individual opinion. I can see no reason, however, why magazines should be denounced for making that statement when it is contained in the report of the Army engineers who visited the scene of this particular project, although failing to visit the alternative project which had been proposed by those who were not in favor of the Hetch Hetchy project.

I only want further to call attention to the fact that heretoform I have gone into the question of the McCloud River source of supply and the Spring Valley source of supply, and more particularly into the amount of land in the San Joaquin Valley outside of this immediate district which must have this think there will be no harm in repeating that here, because it is only a few lines:

The San Joaquin Valley is relatively less well provided with water than the Sacramento Valley, both as to rainfall and as to run-off of rivers. The demands of the valley for complete irrigation are in excess of the water available.

Mr. President, there is no precedent for the grant of a national park, one of the great scenic wonders of the country, unless this bill should pass. If it should pass, there will be an application made for every water-power site that has value in any national park, and the whole purpose and system of the reservation of these parks will be at the beginning of its end. There is no occasion for setting a precedent of that kind when there is no necessity for it, and when the needs which are proposed to be supplied can be supplied from at least half a dozen other sources.

Mr. CLARK of Wyoming. Mr. President, I do not rise to discuss this bill as I had intended to do for the reason that time prevents, and I have no desire to prevent a vote upon the bill at the time appointed, although I do say that if we should fail to vote upon this bill to-night it would not deprive San Francisco of water. In my judgment there is no such immediate haste as is evidenced in this bill, notwithstanding the complaint of delay made by the Senator from Nebraska this morning and yesterday.

The bill involves questions that we have not considered, and questions of the highest importance. It involves more than the question whether or not San Francisco shall get her water supply from the Hetch Hetchy or the Sacramento Valley. When the charge of delay is urged, I want Senators to know, and I have a right to tell, the circumstances under which the

bill appears.

We all know that this is a log-rolling proposition. We all know that San Francisco never has asked that this bill should pass in all her years of former application for this water. San Francisco never has come before the Congress of the United States until within the last three months to ask that a bill like this should be passed. All she has asked for, all she wants tonight, is the privilege of building a dam at the site mentioned. She has always considered that so far as the water was concerned it was a matter to be settled by the State of California, and not to be assumed to be settled by the Congress of the United States.

This bill was introduced in the House, I think, in August. It passed the House. It came to the Senate in September, at a time when we all know it was the general understanding that general legislation should not be had. The Senate of the United States was adjourning three days at a time and only meeting once in three days, to avoid the inhibition of the Constitution—not meeting for business, but meeting to adjourn for three days again.

The bill came into the Committee on Public Lands. Certain members of the committee who were known to be opposed to the bill were compelled to leave the city. Assurances were given to those Senators that in their absence this bill would not be acted upon. The bill was acted upon and came before the Senate. At one of the sessions unanimous consent was asked that it be fixed for consideration at this time. In the absence of Senators opposed to the bill that unanimous consent was given, and now complaint is made that undue delay has occurred in the legislative course of the bill.

Mr. President, the question in my mind is not as to whether San Francisco shall get her water supply from the Tuolumne River or from the Sacramento Valley. I am willing that San Francisco shall get her water supply wherever the State of California, under her laws, says she can take it from. Senators upon the other side know, and have expressed upon the floor within the last two hours, that there are things in this bill that ought not to be there; and the intimation is made that the Senate of the United States stands in the humiliating position that we shall not amend a bill as it comes from another body.

Since when did anybody attempt to dictate to the Senate of the United States what should be its legislative action on any bill that came before it? Who was it that wrote into the bill the objectionable features that now are bringing forth the opposition of some Members of the Senate? It was not the city of San Francisco. The city of San Francisco is well content to rest her rights, her needs, and her necessities upon what the State of California shall give her of this water.

First, we have a compact. The city of San Francisco is anxious to get this grant, and probably she ought to have it. We will assume that she ought to have it. She is anxious to get this grant. She is willing to make concessions to the opponents of the bill if they will cease their opposition.

We talk about logrolling. It began then and there, when the city of San Francisco and the water users of the Tuolumne River entered into a compact that one would allow the Congress of the United States to give this water to San Francisco if their rights were not interfered with. Then what? Then, if I mistake not, certain gentlemen served notice upon the people of San Francisco that if they did not allow other provisions to be written in this bill they should not have the grant; and the provisions that were written in it on that demand are the provisions to which I most strongly object in the bill.

There never has been a grant of water power in this country within the last 15 years but that those same gentlemen have insisted upon writing into it, so far as they could, the very thing they have written into this bill. If the bill shall fail, it will not be because of the lack of merit of San Francisco, but because of the opposition of the gentlemen who say that the bill shall not be passed unless these objectional features are written into it; and these objectional features add not one whit to the relief that San Francisco wants. These objectional features give her not a drop of water that she would not get without them. These objectional features cut off her desires in no

way on the face of the earth.

The feature to which I refer is the feature that assumes to give to the Congress of the United States the right to go within the borders of a sovereign State and determine how that State shall dispose of the watercourses within her boundaries. Here is no question of a navigable stream. Here is no question of an interboundary water. Here is no question even of an interstate stream, but a stream lying wholly within the borders of a State from its source to its mouth, through every valley within the State—all within the State. Yet we are told that unless we write into the bill that the Government of the United States shall have some authority over the water impounded by the dam the bill shall not pass.

No. When San Francisco is looking about for those who are opposing her desire for water, when she is looking about for those who refuse to give water to the thirsty ones, as we have been so pathetically told, let her look to those who demand that there shall be written into this bill an unconstitutional

provision.

But some of my friends who agree with me say that there is no danger in it; it does not amount to very much. I see Senators before me who in public and private have combated as vital to the interests of their State and its development and happiness and prosperity that the General Government should not come within its boundaries and lay the governmental hand upon the resources of the State. Yet I fear that some of them are going to acquiesce in this bill that gives the Government of the United States the right to say how much water shall be granted to this one or to that one in the State of California. But, they say, we do not look at it just that way; we hardly think the bill provides that. It is at least a debatable question, for the best lawyers in this body have debated it on the floor this week. If it is a debatable question, my friends, it is a dangerous question.

Your vote to-night may determine which way the balance will swing. Do not put yourselves in the position of a man in the rapids above Niagara. He knows he is in the rapids, but he is callous to his danger. He says there is no danger in the Falls; yet many chances to one the next day that gentleman will be fished out of the pools below, and the following day friends will be sending flowers to the church and condolences to

the widow.

Now, you are going to allow to be written into this bill something that you do not think will hurt, but even you question whether it is not acquiescing in the doctrine that to the Government belongs the supervision and control over the waters of the State. Do you tell the Senate of the United States they shall not amend the bill in that particular? Do you come to the doors of the Senate Chamber with a threat that unless the demands of certain gentlemen are complied with in this respect we shall have no bill? Who suffers from it? The people of the city of San Francisco. They are the sufferers, and they suffer not because of honest opposition to the bill but because of the unconstitutional clauses that are forced into the bill at the demands of certain interests.

Mr. President, I have prepared an amendment to the bill. I want to call attention right now to the fact that the issue has been switched from the main feature in the bill. The issue has been switched as to whether San Francisco shall have the water to saying how she shall have it. The petition signed by 20,000 men and women, citizens of San Francisco, presented by the honorable senior Senator from California [Mr. Perkins], which was sent to the desk and read as an indorsement of this

bill, and as a prayer that this bill should be passed, asked for

nothing except water.

The amendment which I propose gives it. The petition says we need the water. The petition says, in effect, you have made a like grant to the city of Los Angeles. Can you refuse to us what you have granted to Los Angeles and Portland and Seattle? That is what they ask. They do not ask for the passage of a bill that shall have written into it the principle that the Government shall control, that California shall relinquish her control and her right over the water. are asking for is a bill which will give them what Los Angeles That is the question I am willing to meet and answer in the affirmative; and I have prepared an amendment, which will be offered at the proper time, which is in almost the very words of what Los Angeles got. Los Angeles came before the Congress of the United States setting forth her needs for the present and the future, and said: "We have got to go into the mountains a hundred miles and get a water supply. We must get it from the public domain. Give us the right to erect dams upon the public domain and we will impound the water under the laws of the State of California, looking not to the Government of the United States for the distribution of the waters, which is purely a local concern under State authority and State ownership." The right of way was granted. The appropriation of water was made, and that appropriation of water carries with it of necessity the power. Los Angeles has got her system under that grant.

San Francisco could have her water system under a like What, then, is the need of putting in these extraneous grant. matters, that add nothing to the comfort of San Francisco and yet raise up a valid and an honest opposition to the terms but

not the principles of this bill?

The amendment to which I have alluded follows the course of the Los Angeles bill. It gives to the city of San Francisco the land upon which to build this dam. It gives to the city of San Francisco the right to cross all the public domain that is necessary to reach the city of San Francisco. It gives a right of way and room to build power sites, to build conduits, to build everything that is necessary. It says nothing whatever about impounding the water. It says nothing whatever about the distribution of the water. It does nothing about guaranteeing the right of any user of the water, which is only properly determined in the judicial institutions of California. It gives them It does nothing about guaranteeing the It gives them the right of way. If San Francisco has the right or can acquire the right from the State of California to impound the waters and use the waters and distribute them, that is for California and San Francisco to settle and not for the Congress of the United States.

The Senator from Nevada, speaking upon another phase of this question, says it is only a small piece of land; the land does not matter. We all agree to that. But the statement that it is only a small piece of land inspires me to say to my friends who believe as I do on this matter of State control, it is only a small piece of legislation in this bill, but the principle is there, the assertion of authority is there, the attempt to carry

it out will be there.

The small piece of land, the small thing in the bill, may lead, if followed up, and if followed up will lead, to the assumption of all power by the General Government over the water powers, over the water itself, over the distribution of water within the lines of the States represented by every Senator upon

this floor.

Mr. President, I have prepared another amendment in case that should fail, and I hope it will not. I am frank to say that judging from the discussion I am afraid it will, but I hope it I do not see why, when San Francisco is asking us for a station for a water supply, we should go outside of the purposes of the bill and put on things that are entirely extraneous and which have been put in the grant of no other city that has gotten power sites or reservoir sites from the Government of the United States. But I have prepared another amendment.

We are told that there is no intention in this bill to interfere with the right of a State to conserve and distribute its own waters, but I am afraid we will not be able even to enunciate that doctrine if it is true that the Senate of the United States has gotten to the pass where it dare not amend the bill. The amendment that I had prepared is a short one. I will not read the other. In the eleventh section of the bill as reported by the committee occur the words which are said to put to rest all the doubts that I have expressed. There must be a doubt in there or there would not have been any necessity of putting it to rest. Section 11 contains these words:

That this act is a grant upon certain express conditions specifically t forth herein, and nothing herein contained shall be construed as

affecting or intending to affect or in any way to interfere with the laws of the State of California relating to the control, appropriation, use, or distribution of water used in irrigation or for municipal or other uses.

Now, Mr. President, I have an amendment which I propose to add to that as follows:

Nor as giving or assuming to give a grant to the grantee herein any right to any quantity of water in excess of the amount to which it is or shall be entitled under the laws of the State of California, nor to give to said grantee any right to impound or distribute any quantity of water in excess of the amount which may be apportioned to its usu under the laws of the State.

If there is no intent for the Government to fix the appropriation of water, it would be more satisfactory, in view of the doubt that exists in the bill, to have a clear declaration of that in the form of the five-line amendment which I have proposed.

Mr. President, I had wanted to discuss this question at length; I had wanted to go into the sources of supply, but I am warned that I can not do it. I am not opposed to giving San Francisco all the water she needs and that she can rightfully get under the laws of the State of California. I am not opposed particularly, although there are grave arguments against the proposito granting this particular site. I would be willing to waive that. But I am opposed to the Government of the United States, by direction or indirection, controlling or assuming to control the appropriation, the division, or the distribution of the waters that belong to the State of California as I would be opposed to the strong hand of the Government coming into the State of Wyoming and setting aside her local laws in regard to matters which the Congress of the United States has said and which, without the law of the Congress of the United States is true, that each State is sovereign within her own borders as to her own property.

Mr. McCUMBER. Mr. President, if there was nothing more in this provision and in this bill than the mere act of granting to the city of San Francisco a right to construct a dam and secure water in the Hetch Hetchy Valley, I would take no time either in presenting any discussion upon the subject or offering any amendment to the bill. But there is something more than that provision at stake in this proposed law. There is, Mr. President, the principle of establishing the right of the Government of the United States to depart from its long-settled policy under the Constitution to hold all its property in every one of its States in trust for the people of that State and adopt a policy that is growing upon us to-day, that the Government shall utilize

all of its lands for its own profits.

Mr. President, there have been two schools of thought upon this great question-one the old school which held strictly to the trust idea of the Government, and the other the new school of thought which has grown into existence since we have started our conservation theories, to the effect that the Government owns the land for its own benefits and that it may utilize it for its benefit, destroying the idea of trustee and cestui que trust and compelling the beneficiary of that trust to pay a stipulated sum to the Government of the United States for enjoying the rights over the property within its own borders.

The subject has heretofore been discussed, Mr. President, by Members mostly from the Mountain States of the West. I have listened intently to their arguments and have in the main agreed with them. Had the Senator who occupied the seat in front of me for two years still been a Member of the Senate I doubt very much if a bill would have ever gotten before the Senate by consent or ever been disposed of in a week or two weeks which provided upon its face that the Government of the United States should exercise an authority over the waters of any other State and, above all that, it should lease or hire out to the public for a valuable consideration any of the rights within that State.

Mr. President, I am addressing my remarks mostly to the Senators from the western part of the United States. undisputed in this debate that the city of San Francisco has made an honest investigation to ascertain the best place to secure water for her use. I think that it stands undisputed that this particular project gives her under all circumstances the better opportunity to secure the requisite amount of water for

a given expenditure of money.

I wish to see my way clear in order to accord to the city of San Francisco the right to utilize the water supply of this valley, if it can be done without an injustice to those farmers who have filed an appropriating right upon the waters of that valley and if it can be done without being in conflict with my own sense of the right and duty of the Government of the United States toward the people for whom it holds in trust the soil over which it exercises its own jurisdiction.

Mr. President, I am not doubting for one moment what Senators say is the right, but I will not dignify it by the name of right. I am not doubting the power of the United States, as proprietor of land in any State, when she grants an easement over that land to affix to the contract of easement any conditions that she sees fit, even though the conditions may conflict both with the economic policy of the State and be in direct conflict with the laws of that State. But I deny that she can go further in that authority than to merely exercise it by the power of forfeiture. She can not inject her authority over the property of a State which belongs to that State. Now, in this instance she is exercising that authority, and it is the entering wedge for a great system by which the Government of the United States is to lease out her land, is to take possession of great sections of the Western States and exercise not the authority of a trustee for the benefit of the people but the authority of ownership over it, and for a valuable consideration to lease and rent it out.

I am not denying, Mr. President, the authority of the United States to take the mines in the State of Idaho which she owns and to mine them for her own benefit, or she can go further than that and lease them out for a given consideration; but what I do deny is her moral right under the Constitution and under the policy of this Government to lease out or sell any of these great properties for her own remuneration.

Now, let us look at the question for one moment, Mr. President, of her right to sell the electric power generated by the water which is owned by the State of California. I want to put the question directly to those Senators who represent the Western States and who have insisted that their States had authority over the water and the Government ought not to exercise indirectly a power that she can not exercise directly.

I want to put to those Senators the question whether they believe that the Congress of the United States, owning simply the land in trust for the people of the State of California, can so exercise its power over that land that she can sell for \$600,000 the right of the State of California to use her own waters to generate an electric current.

She is charging San Francisco \$30,000 a year, the equivalent of 5 per cent on her funded indebtedness of \$600,000, for the exercise of an ownership in a power that is generated by a property owned by the State of California. If you will eliminate that from the bill, and if you will eliminate other sections from the bill which attempt to project national authority as against the authority of the State over its own waters, I certainly shall vote in favor of it. But, Mr. President, I have offered an amendment to this bill, which I think will give to the city of San Francisco everything that she has asked-the right of way to secure the water, and, in addition to that, to secure the electric energy without the payment of a single dollar to the United States. I believe that is what she is entitled to, because the resources in any State are really for the benefit of the people of that State and of the United States. This Government has no more moral right to sell the electric energy generated by the water that flows through the State of California than she has a right to sell the electric current generated by windmills in the State of California. is the property of the United States.

It is no part of the function of this Government, and I want to keep this Government just as clear as it is possible for me to do so by a single vote from embarking upon this parental idea of owning its territory and renting it out for the benefit of the people. The Government has the right upon its ranges to raise cattle if it sees fit to do so; it has a right to cultivate its agricultural lands if it sees fit to do so; but it is no part of the governmental functions to do it. More than that, those lands belong really to the people of the United States.

The Government has a right to make a charge of \$10 for

The Government has a right to make a charge of \$10 for every man who enters the Yellowstone National Park—it might get quite an income from doing so—and it would be as much justified in obtaining an income and exacting it from the people of the United States for entering upon that park and observing its scenic beauties, which is one of the uses for which the people are entitled to hold the land, as it would have to charge for an electric energy generated by water belonging to the State of California.

I understand the purpose of this provision in the bill. I understand what it will mean to the States in the future when the Government owns all of the property and leases it out to the people to whom it absolutely belongs. It gives the Government a little income that it can utilize for pressing forward further into the field of ownership and control over the things which in reality belong to the State itself. Mr. President, I do not want the Government to exercise that authority; I do not want it to sell to the people and receive a remuneration from the people for that which honestly and, in fact, does belong to the people of the United States.

The amendment which I have offered is one of elimination I propose to leave in the bill everything that has been placed in it in connection with the granting of the right of way for water purposes. I have not gone into the question of the selling of electric current for the reason that I believe that the current generated should belong to the city of San Francisco and, if used for a public purpose, it should be controlled by the laws of the State of California. Under this bill that electric energy generated is to be sold under contract and is to be taken entirely without authority of the State of California unless it is to be used for a public or a quasi-public purpose. Suppose that the city of San Francisco wanted to use it for manufacturing purposes, there is nothing, then, in this bill which can compel her to sell it for a reasonable price or for an unreasonable price; but I want to ask some member of this committee this one question before I close: What is the value of this water power, a part of the electric energy of which you convey for \$30,000 a year? I do not believe that the Government of the United States ought to go into the business of developing water power which belongs to the people of the State and selling it to the people of the State; but you who do believe in it and are going to vote it into the bill, I want to ask what you are selling and what it is worth? I have not heard one syllable uttered on this floor indicating the value of the commodity of which you are disposing for an annual payment of \$30,000. Is it worth \$1,000,000, \$10,000,000, or \$20,000,000? If it is worth \$20,000,000, then you are making a mighty bad contract to sell the use of it for \$30,000 a year.

Mr. President, this exemplifies the objection that I made to the Government utilizing its great powers for its own benefit. To-day we are turning over to a corporation that which has great value, without the slightest idea among any of us of what the real value is. It ought to be left to the State that knows, if it is selling property, the value of that property.

I shall offer my amendment in order that we may have the opportunity of voting to the city of San Francisco the free and unrestricted right to go into this valley, construct its dams, take the waters, utilize those waters under rules governing them in the State of California, and use the electric energy generated under the laws of the State of California.

I come now simply to a single question about the rights of the farmers. I conceive that the rights of the farmers in that valley will be protected, as the Senator from Montana says they are protected, by their previous filings and the law under which they obtained their rights. If they have those rights they are really protected, if we do not attempt to cover them with a lot of conditions in this bill; and, Mr. President, from page 13 to page 21 will be found paragraph after paragraph, every one of them assuming authority on the part of the General Government to contract in reference to waterways in the State of California. I propose to eliminate every one of those provisions in the bill and to give the city of San Francisco everything she asks. More than that, I relieve her from being compelled to pay for what she now owns in conjunction with the balance of the cities in the State of California, and give her the free use of the waters of that State. I ask every Senator who has stood upon the floor year after year battling against this attempt of the Federal Government to control the waters of the States, directly or indirectly, or to assume a guardian-ship over this land in conflict with that of a pure trustee, a principle for which the late lamented Senator from Idaho, Mr. Heyburn, laid down his life in attempting to prevent bills of this character being enacted into law—I think I have the right to ask every one of those Senators to support a proposition that is entirely in harmony with what they have fought for during all of these contentious years. That is all I have to say concerning this bill.

Mr. WILLIAMS. Mr. President, in connection with this question there is an order of the Senate. That order was adopted by unanimous consent. It reads as follows:

It is agreed, by unanimous consent, that on Monday, December 1, 1913, immediately upon the conclusion of the routine morning business, the Senate will proceed to the consideration of the bill (H. R. 7207) granting to the city and country of San Francisco certain rights of way, etc., and that before adjournment on the calendar day of Saturday, December 6, 1913, the Senate will vote upon any amendment that may be pending, any amendments that may be offered, and upon the bill, through the regular parliamentary stages, to its final disposition.

Here is a unanimous-consent order which can not be set aside except by the Senate Itself, for the Chair was right in ruling that it is a question over which the Chair has no jurisdiction. The decisions are that the question, when raised, must be submitted to the Senate and can not be decided by the Chair. It is a question not within the honor of an individual Senator, but within the judgment of the Senate—all Senators, not a Senator.

Let us see. On February 24, 1902, a question of this sort coming up and the point being made that the proposition submitted was a violation of the unanimous-consent order, the then Presi-

dent pro tempore. Mr. Frye in the chair, ruled:

The Chair can not rule upon a question arising from a unanimousconsent agreement; it is for the Senators themselves to determine what

The responsibility of violating the agreement must rest with the Senars themselves. The Chair has no power to enforce it. tors themselves.

On March 2, 1909:

Mr. Heyburn moved to proceed to the consideration of the conference report on S. 2982, to codify, revise, and amend the penal laws of the United States.

The Vice President—

Mr. Fairbanks being the Vice President at that time-

That motion is in order and is not debatable.

Mr. Bailey. I understand, Mr. President; but the parliamentary inquiry which I desire to make is whether it is permissible, under the rule and practice of the Senate, to move to take up any order of business against a previous order made by unanimous consent.

The Vice President (Mr. Fairbanks). The Chair is of the opinion that it is in order. In the case of a unanimous-consent agreement it is for the Senate to determine whether it will violate its agreement.

I think the Chair would have used a better word if he had said "supersede" the agreement.

On May 8, 1906:

An objection was raised to the motion being entertained, as being a violation of the unanimous-consent agreement of April 30, limiting debate on amendments to 15 minutes until discussion thereon should be concluded.

The Vice President, Mr. Fairbanks, submitted the question to the Senate, Is the motion in order?

On May 14, 1906:

On May 14, 1906:

The same bill being under consideration with a pending amendment. On motion by Mr. Hale to lay the amendment on the table, Mr. Bacon raised a point of order, viz: That a motion to lay an amendment on the table before the same has been discussed, or when a Senator has expressed a desire to debate it, is in violation of the unanimous-consent agreement of April 30, which declares that discussion upon amendments shall proceed under the 15-minute rule until discussion thereon is concluded.

The Vice President, Mr. Fairbanks, stated that in the opinion of the Chair this question was settled by the Senate in its interpretation of the rule on the 8th instant, and decided that the motion to lay on the table was in order.

Now, Mr. President, I have read the unanimous-consent agreement, I have read the precedents, and I now move that it is the sense of the Senate that, in order to comply with the unanimous-consent order of October 7, it is necessary that the Senate shall now begin to vote upon the pending amendment and amendments that may be offered and upon the bill through the regular parliamentary stages to its final disposition. That is the exact language of the agreement. I make the point of order that the Chair has no control over the matter and must submit the motion to the Senate.

Mr. GALLINGER. It is debatable, though.
Mr. MARTINE of New Jersey. Will the Senator from Mississippi yield to me for a moment?

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from New Jersey?

Mr. WILLIAMS. It depends upon how long the Senator desires to occupy, because I want to be sure—
Mr. MARTINE of New Jersey. I will not occupy half as long

as the Senator has.

Mr. WILLIAMS. I do not care about that.

Mr. MARTINE of New Jersey. I do not care whether you do or not.

Mr. WILLIAMS. I do not care about that. Mr. President, if I can get time to have this motion voted upon, so that the unanimous-consent order of the Senate may be complied with in good faith, I could then yield the Senator three minutes

Mr. MARTINE of New Jersey. Mr. President, I want to say that I have no desire to interfere with the unanimous-consent order. It was my purpose and disposition to express some thoughts on this measure. I am absolutely and firmly against it, because I believe it to be an iniquity, a monstrosity, and a wrong. I am utterly opposed to it. Other Senators have a right to do what they please. I thought I might have had an opportunity to present my views to the Senate, but, for reasons I need not now explain, it seems to be impossible. As I have said, I am opposed to this bill, and I feel I would be justified in pursuing any method possible to defeat it, even to talk it out, if I could, but I will not do that. I will simply express my regret that I have not had an opportunity to say a few words on this question, and I will not interfere with the vote on the bill, but vote with all the earnestness of my nature and life against this thing as being undemocratic, ungenerous, un-American, and for the detriment and not for the welfare of the State of California and of the country at large.

Mr. WILLIAMS. Mr. President—
Mr. MYERS. Will the Senator yield to me for a moment?
Mr. WILLIAMS. There is not time to argue it.

Mr. MYERS. I am not going to argue it. Mr. WILLIAMS. I believe that perhaps it would be useless to make this motion.

SEVERAL SENATORS. Vote! Vote!

Mr. MYERS. If the Senator will yield to me-

Mr. WILLIAMS. But the Senator will defeat my purpose. If I yield too much, we can not possibly vote upon the bill.

Mr. MYERS. If the Senator refuses to yield to the chairman

of the committee having the bill in charge, then I will not ask to take the floor.

Mr. WILLIAMS. Mr. President, I have not yielded to the Senator. I believe I will first ask unanimous consent that we proceed to vote in five minutes.

SEVERAL SENATORS. Let us vote now.

Mr. WILLIAMS. Very well. I then ask unanimous consent, in order to comply in good faith with the order, that we proceed now to vote upon amendments to be offered to the bill through the regular stages to its final disposition.

Mr. MYERS. Mr. President—

Mr. MARTINE of New Jersey. I move that we vote.

Mr. WILLIAMS. I am going to ask unanimous consent be-

fore I make a motion.

The VICE PRESIDENT. Is there any objection to proceeding to a vote now? The Chair hears none.

Mr. CLARK of Wyoming. Mr. President, I offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment will be stated.

The Secretary. It is proposed to strike out all after the enacting clause, and to insert in lieu thereof the following—
Mr. CLARK of Wyoming. The amendment is somewhat long,

and in order to avoid the consumption of time, I will say that it is an amendment I spoke of that grants to San Francisco the same identical rights that we granted to the city of Los Angeles. I will not ask for the yeas and nays, but for a division of the Senate, on the amendment.

The amendment offered by Mr. Clark of Wyoming is to strike out all after the enacting clause, and to insert in lieu thereof

the following:

The amendment offered by Mr. CLARK of Wyoming is to strike out all after the enacting clause, and to insert in lieu thereof the following:

That there is hereby granted to the city and county of San Francisco, a municipal corporation of the State of California, all necessary rights of way, not to exceed 250 feet in width, over and through the public lands of the United States in the counties of Tuolume, Stanislaus, San Joaquin, and Alameda, in the State of California, and in, over, and through the Yosemite National Park and the Stanislaus National Forest; together with such lands in the Hetch Hetchy Valley and Lake Eleano Basin within the Yosemite National Park, and the Cherry Valley within the Stanislaus National Forest, in said State, irrespective of width or extent of said lands, as may be determined by the Secretary of the Interior to be actually necessary for the constructing, operating, and maintaining power and electric plants, poles, and lines for the generation and distribution of electric energy, together with such lands as the Secretary of the Interior may deem to be actually necessary buildings and structures to be used in connection with the construction, operation, and antructures to be used in connection with the construction, operation, and astructures to be used in connection with the construction, operation, and maintenance of said water, power, and electric plants, whenever said city and county shall have filed, as hereinafter provided, and the same shall have been approved by the Secretary of the Interior, a map or maps showing the boundaries, locations, and extent of said proposed rights of way for the purposes hereinabove set fortees after the passage of this act the city and county offices in the districts where the lands traversed by said city and county offices have for the purposes stated in section 1 of this act, but no construction work shall be commenced on said land until said map or maps showing the boundaries, location, and extent of said proposed rights of way for the purposes s

claimant or claimants thereof, or by due process of law and just compensation paid to such owner or claimant.

Sic. 4. That the said city and county of San Francisco shall conform to all regulations adopted and prescribed by the Secretary of Agriculture governing the forest reserves and the Secretary of the Interior governing the forest reserves and shall not take, cut, or destroy any timber within the forest preserves accept such as an observed and diumes, storage dams and reservoirs, and it shall pay to the United States the full value of all timber and wood cut, used, or destroyed on any of the rights of way and lands within forest reserves hereby granted: Provided farther, That the city and county shall construct and maintain in good repair bridges or other practicable crossings over its rights of way within the forest reserve and antionin good repair bridges or other practicable crossings over its rights of way within the forest reserve and and one of the United States Department of Agriculture, and elsewhere on public lands along the line of said works as required by the Secretary of the Interior; and said grantee shall, as said water-works are completed, if directed by the Secretary of the Interior, construct and maintain along each side of said right of way a lawful fence as defined by the laws of the State of California, with such lares Provided further, that the grantee shall clear its rights of way within forest reserve and national park of any debris or inflammable material as directed by the Forester of the United States Department of Agriculture: Provided further, That the said city and county shall allow any wagon road which it may construct within the forest reserves to be freely used by the forest officers and the officers of the United States Department of Agriculture and to the officers of the United States Department for official business only the free use of any telephones, tolegraphs, or roads it may construct and maintain within the forest reserves or on the public lands, together with th

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Wyoming.

There were, on a division—ayes 23, noes 35.

So the amendment of Mr. Clark of Wyoming was rejected.

Mr. POINDEXTER. Mr. President, I move that the bill be recommitted to the Committee on Public Lands.

The VICE PRESIDENT. The question is on the motion of the Senator from Washington that the bill be recommitted.

The motion was rejected.

Mr. CLARK of Wyoming. I offer the amendment which I send to the desk.

The VICE PRESIDENT. The Secretary will state the amendment.

The Secretary. After the word "thereunder" in line 15, page 26, it is proposed to insert:

Nor as giving or assuming to give or grant to the grantee herein any right to any quantity of water in excess of the amount by it heretofore or hereafter appropriated or owned under the laws of the State of California, nor to give to said grantee any right to impound or distribute any quantity of water in excess of such appropriation or owner-

Mr. CLARK of Wyoming. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. JAMES (when Mr. Bradley's name was called). My

colleague [Mr. BRADLEY] is unavoidably detained from the

Chamber. He has a general pair with the junior Senator from Indiana [Mr. Kern].

Mr. CUMMINS (when his name was called). On this question I am paired with the senior Senator from Oregon [Mr. CHAMBERLAIN], and therefore withhold my vote.

Mr. HOLLIS (when his name was called). On this question am paired with the senior Senator from Pennsylvania [Mr. Penrose]. If I were at liberty to vote, I should vote "yea.

Mr. KERN (when his name was called). I am paired with the senior Senator from Kentucky [Mr. BRADLEY]. know how he would vote on this amendment, and therefore I withhold my vote.

Mr. MARTINE of New Jersey (when his name was called). have a pair with the junior Senator from Pennsylvania [Mr. If I were at liberty to vote, I should vote "yea. OLIVER 1.

Mr. ROOT (when his name was called). I have a pair with the junior Senator from South Carolina [Mr. SMITH]. I transfer that pair to the junior Senator from Maine [Mr. BURLEIGH]

and will vote. I vote "yea."

Mr. SMITH of Georgia (when his name was called). pair with the senior Senator from Massachusetts [Mr. Lodge]. I transfer that pair for the balance of the evening to the senior Senator from West Virginia [Mr. CHILTON] and will vote. I

vote "nav.

Mr. STERLING (when his name was called). I have a pair with the senior Senator from South Carolina [Mr. TILLMAN]. If I were at liberty to vote, I should vote "yea."

Mr. SUTHERLAND (when his name was called). I have a

pair with the senior Senator from Arkansas [Mr. Clarke], who is absent. On that account I withhold my vote.

Mr. WILLIAMS (when his name was called). I have a pair with the senior Senator from Pennsylvania [Mr. Penrose]. That pair has been transferred to the junior Senator from New Hampshire [Mr. Hollis] and I am therefore at liberty to vote. vote "nay.

The roll call was concluded.

Mr. REED. I neglected to announce that on this vote I am released from my pair with the Senator from Michigan [Mr. SMITH] by virtue of the fact that I have been advised from him that he would vote the same way that I have voted.

Mr. GALLINGER. I have been requested to announce the absence of the junior Senator from Maine [Mr. Burleigh] on

account of illness

Mr. LEWIS. I desire likewise to announce that the absence of the senior Senator from West Virginia [Mr. Chilton] is caused by illness. He has a pair.

-yeas 25, nays 41, as follows: The result was announced-YEAS-25.

Borah Brady Brandegee Burton Clapp Clark, Wyo. Dillingham	Gallinger Gronna Johnson Jones Kenyon La Follette Lane	McCumber Page Poindexter Root Sheppard Shively Smoot	Townsend Warren Weeks Works
Ashurst Bacon Bankhead Bristow Bryan Fletcher Gore Hughes James Lewis	McLean Martin, Va. Myers Nelson Newlands Norris O'Gorman Overman Owen Perkins	Pomerene Ransdell Reed Robinson Shafroth Shields Simmons Smith, Ariz. Smith, Ga. Smith, Md.	Stone Swanson Thomas Thompson Thornton Vardaman Walsh Williams
Bradley Burleigh Catron Chamberlain Chilton Clarke, Ark. Colt Crawford	Pittman NOT Culberson Cummins du Pont Full Goff Hitchcock Hollis Jackson	Stephenson VOTING—29.  Kern Lea Lodge Martine, N. J. Oliver Penrose Saulsbury Sherman	Smith, Mich Smith, S. C. Sterling Sutherland Tillman

So the amendment of Mr. CLARK of Wyoming was rejected. Mr. McCUMBER. I offer an amendment, and ask that it be voted on without reading, as it has been already explained.

The amendment offered by Mr. McCumber is as follows:

The amendment offered by Mr. McCumber is as follows:
Strike out all after the enacting clause and insert the following:
"That there is hereby granted to the city and county of San Francisco, a municipal corporation in the State of California, all necessary rights of way along such locations and of such width, not to exceed 250 feet, as in the judgment of the Secretary of the Interior may be required for the purposes of this act, in, over, and through the public lands of the United States in the counties of Tuolume, Stanislaus, San Joaquin, and Alameda, in the State of California, and in, over, and through the Yosemite National Park and the Stanislaus National Forest, or portions thereof, lying within the said counties, for the purpose of constructing, operating, and maintaining aqueducts, canals, ditches, pipes, pipe lines, funnes, tunnels, and counties for conveying water for domestic purposes and uses to the city and county of San Francisco and such other municipalities and water districts as may be provided by

the laws of the State of California relative to the use and appropriation of the waters of said State, and subject thereto, for the purpose of constructing, operating, and maintaining telephone and telegraph lines, and for the purpose of constructing, operating, and maintaining roads, trails, bridges, tramways, railroads, and other means of locomotion, transportation, and communication, such as may be necessary or proper in the construction, maintenance, and operation of the works constructed by the grantee herein; together with such lands in the Hetch Hetchy Valley and Lake Eleanor Basin within the Yosemite National Park, and the Cherry Valley within the Stanisiaus National Forest, irrespective of the width or extent of said lands, as may be determined by the Secretary of the Stanisiaus National Forest, irrespective of the width or extent of said lands, as may be determined by the Secretary of the Stanisiaus National Forest adjacent to its right of way, within such distance as the Secretary of the Interior and the Secretary of Agriculture may determine, stone, earth, gravel, sand, tufa, and other materials of like character actually necessary to be used in the construction operation, and repair of its said waterworks, its said telephone and telegraph lines, and its said means of locomotion, transportation, or communication, under such conditions and regulations as may be fixed by the Secretary of the Interior and the Secretary of Agriculture, within their respective jurisdictions, for the protection of the public lands, the Yosemite National Park, and the Stanislaus National Forest: Provided, That said grantee shall file, as hereinate provided, a may expect the said grantee shall file as hereinate provided, as the said stanislaus said necessary to seed this st. wy and tands for the provided, as metally provided further, That the Secretary of the Interior shall approve no location or change of location in the national forests unless said location or change of location with laws been approved in writing by the S

map or maps with the register of the United States Land Office as provided for herein, which said map or maps and locations shall as in all other cases be subject to the approval of the Secretary of the Interior.

"Sec. 3. That the rights of way hereby granted shall not be effective over any lands upon which homestead, mining, or other existing valid claim or claims shall have been filed or made and which now in law constitute prior rights to any claim of the grantee until said grantee shall have purchased such portion or portions of such homestead, mining, or other existing valid claims as it may require for right-of-way purposes and other purposes herein set forth, and shall have procured proper relinquishments of such portion or portions of such claims, or acquired title by due process of law and just compensation paid to said entrymen or claimants, and caused proper evidence of such fact to be filed with the Commissioner of the General Land Office, and the right of such entrymen or claimants to sell and of said grantee to purchase such portion or portions of such claims are hereby granted: Provided, however, That this act shall not apply to any lands embraced in rights of way heretofore approved under any act of Congress for the benefit of any parties other than said grantee or its predecessors in interest.

"Sec. 4. That the said grantee shall conform to all regulations adopted and prescribed by the Secretary of the Interior governing the Yosemite National Park and by the Secretary of Agriculture governing the Stanislaus National Forest, and shall not take, cut, or destroy any timber within the Yosemite National Park or the Stanislaus National Forest, and shall not take, cut, or destroy any timber within the Yosemite National Park or the Stanislaus National Forest, and operate its said reservoirs, dams, and other structures above mentioned, but no timber shall be cut or removed from lands outside of the right of way until designated by the Secretary of the Interior or the Secretary of Agriculture, respecti

terior and the Secretary of Agriculture, respectively; and said grantee shall permit any road or trail which it may construct over the public lands, the Yosemite National Park, or the Stanislaus National Forest to be freely used by the officials of the Government and by the public, and shall permit officials of the Government, for official business only, the free use of any telephone or telegraph lines, or equipment, or railroads that it may construct and maintain within the Yosemite National Park and the Stanislaus National Forest, or on the public lands, together with the right to connect with any such telephone or telegraph lines private telephone wires for the exclusive use of said Government officials: And provided further. That all reservoirs, dams, conduits, bridges, fences, and other structures not of a temporary character shall be sightly and of suitable exterior design and finish so as to harmonize with the surrounding landscape and its use as a park; and for this purpose all plans and designs shall be submitted for approval to the Secretary of the Interior.

"Sec. 5. That all lands over which the rights of way mentioned in this act shall pass shall be disposed of only subject to such easements: Provided, however, That the construction of the aforesaid works shall be prosecuted diligently, and no cessation of such construction shall continue for a period of three consecutive years, and in the event that the Secretary of the Interior shall find and determine that there has not been diligent prosecution of the work or of some integral and essential part thereof, or that there has been a cessation of such construction for a period of three consecutive years, then he may declare forfeited all rights of the grantee herein as to that part of the works not constructed, and request the Attorney General, on behalf of the United States, to commence suit in the United States District Court for the Northern District of California for the purpose of procuring a judgment declaring all such rights to that part of th

United States.

"Sec. 6. That the word 'grantee' as used herein shall be understood as meaning the city and county of San Francisco and such other municipalities or water district or water district as may, in accordance with the laws of the State of California, hereafter participate in or succeed to the beneficial rights and privileges granted by this act.

"Sec. 7. That this grant is made to the said grantee subject to the observance on the part of the grantee of all the conditions hereinbefore and hereinafter enumerated:

"(a) That upon the completion of the Hetch Hetchy Dam or the Lake Eleanor Dam, in the Yosemite National Park, by the grantee, as herein specified, and upon the commencement of the use of any reservoirs thereby created by said grantee as a source of water supply for said grantee, the following sanitary regulations shall be made effective within the watershed above and around said reservoir sites so used by said grantee:

"First. No human excrement, garbase or other waters.

grantee, the following sanitary regulations shall be made effective within the watershed above and around said reservoir sites so used by said grantee:

"First, No human excrement, garbage, or other refuse shall be placed in the waters of any reservoir or stream or within 300 feet thereof.

"Second. All sewage from permanent camps and hotels within the watershed shall be filtered by natural percolation through porous earth or otherwise adequately purified or destroyed.

"Third. No person shall bathe, wash clothes or cooking utensils, or water stock in, or in any way pollute, the water within the limits of the Hetch Hetchy Reservoir or any reservoir constructed by the said grantee under the provisions of this grant, or in the streams leading thereto, within 1 mile of said reservoir or, with reference to the Hetch Hetchy Reservoir, in the waters from the reservoir or waters entering the river between it and the "Early intake" of the aqueduct, pending the completion of the aqueduct between "Early intake" and the Hetch Hetchy Dam site.

"Fourth, The cost of the inspection necessary to secure compliance with the sanitary regulations made a part of these conditions, which inspection shall be under the direction of the Secretary of the Interior, shall be defrayed by the said grantee.

"Fifth, If at any time the sanitary regulations provided for herein shall be deemed by said grantee insufficient to protect the purity of the water supply, then the said grantee shall install a filtration plant or provide other means to guard the purity of the water. No other sanitary rules or restrictions shall be demanded by or granted to the said grantee as to the use of the watershed by campers, tourists, or the occupants of hotels and cottages.

"(b) That the said grantee shall recognize the prior rights of the Modesto Irrigation District and the Turlock Irriration District and construct, under the direction of the Secretary of the Interior, such wells of the said grantee, and at any other point on the Tuclume River or its tributari

by the said Secretary, and also leading from said scenic road or trail a trail to the Tiltill Valley and to Lake Vernon, and a road or trail to Lake Eleanor and Cherry Valley via McGill Meadow; and likewise the said grantee shall build a wagon road from Hamilton or Smiths Station along the most feasible route adjacent to its proposed aqueduct from Groveland to Portulaca or Hog Ranch and into the Hetch Hetchy Dam site, and a road along the southerly slope of Smiths Peak from Hog Ranch past Harden Lake to a junction with the old Tioga Road, in section 4, township 1 south, range 21 east, Mount Diablo base and meridian, and such roads and trails made necessary by this grant and as may be prescribed by the Secretary of the Interior. Said grantee shall have the right to build and maintain such other necessary roads or trails through the public lands for the construction and operation of its works, subject, however, to the approval of the Secretary of Agriculture in the Stanislaus National Forest and the Secretary of the Interior in the Yosemite National Park. The said grantee shall further lay and maintain a water pipe, or otherwise provide a good and sufficient supply of water for camp purposes at the meadow, one-third of a mile, more or less, southeasterly from the Hetch Hetchy Dam site.

"That all trail and road building and maintenance by the said grantee in the Yosemite National Park and the Stanislaus National Forest shall be done subject to the direction and approval of the Secretary of the Interior or the Secretary of Agriculture according to their respective jurisdictions.

"(f) That the said grantee shall furnish water at cost to any authorized occupant within 1 mile of the reservoir and in addition to the

jurisdictions.

"(f) That the said grantee shall furnish water at cost to any authorized occupant within 1 mile of the reservoir and in addition to the sums provided for in section 7 it shall reimburse the United States Government for the actual cost of maintenance of the above roads and trails in a condition of repair as good as when constructed.

"(g) That in case the Department of the Interior is called upon, by reason of any of the above conditions, to make investigations and decisions respecting the rights, benefits, or obligations specified in this act, which investigations or decisions involve expense to the said Department of the Interior, then such expense shall be borne by said grantee.

cisions respecting the rights, benefits, or obligations specified in this act, which investigations or decisions involve expense to the said Department of the Interior, then such expense shall be borne by said grantee.

"(h) That the grantee shall file with the Secretary of the Interior, within six months after the approval of this act, its acceptance of the terms and conditions of this grant.

"(i) That the grantee herein shall convey to the United States, by proper conveyance, a good and sufficient title free from all liens and encumbrances of any nature whatever, to any and all tracts of land which are now owned by said grantee within the Yosemite National Park or that part of the national forest adjacent thereto not actually required for use under the provisions of this act, said conveyance to be approved by and filed with the Secretary of the Interior within six months after the said grantee ceases to use such lands for the purpose of construction or repair under the provisions of this act.

"(j) That the city and county of San Francisco shall sell to the United States, for the use of the War Department, such water as the War Department may elect to take, and shall deliver the same through its system in or near the city of San Francisco to the mains or systems of such millitary reservations in that vicinity as may be designated by the Secretary of War, under such rules and regulations as he may prescribe. In payment for such water and the delivery thereof the United States, shall pay to the said city and county of San Francisco a rental, to be calculated at a fixed rate per one thousand gallons, said rate not to exceed the actual cost of said water to said city and county for all the water so furnished, as determined by meter measurements: And provided further, That payment of said rental shall be made by the local disbursing officer of the War Department in the usual manner: Provided, however, That the grantee shall at all times comply with and observe on its part all the conditions specified in this act,

The VICE PRESIDENT. The question is on the amendment

offered by the Senator from North Dakota.

The amendment was rejected.

Mr. CUMMINS. I offer an amendment which I send to the desk. The VICE PRESIDENT. The amendment will be stated.

The Secretary. It is proposed to amend the bill by inserting, after the words "set forth," in line 3, page 4, the following:

Provided, That the grant herein made shall not take effect unless and until the Legislature of the State of California shall pass a resolution declaring in substance that the best interests of the people of that State will be served by allowing the city of San Francisco to use the lands of the United States described in this act in the manner and for the purposes herein named.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Iowa.

The amendment was rejected.

Mr. WEEKS. I offer the amendment which I send to the

The VICE PRESIDENT. The amendment will be stated. The Secretary. It is proposed, on page 12, line 11, to strike out "300" and insert "50."

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Massachusetts.

The amendment was rejected.

The VICE PRESIDENT. The bill is in Committee of the Whole and open to amendment. If there are no further amendments to be proposed the bill will be reported to the Senate.

The bill was reported to the Senate without amendment. Mr. POINDEXTER. I ask for the yeas and nays on the

passage of the bill.

The VICE PRESIDENT. That point has not yet been reached. Are there any amendments to be offered in the Senate? If not, the question is, Shall the bill be ordered to be read a third time?

The bill was ordered to a third reading and read the third time.

The VICE PRESIDENT. The bill having been read three times, the question is, Shall it pass? Upon that question the Senator from Washington [Mr. POINDEXTER] has asked for the yeas and nays

The year and nays were ordered, and the Secretary proceeded

to call the roll.

Mr. COLT (when his name was called). I have a pair with the junior Senator from Delaware [Mr. Saulsbury]. I transfer that pair to the senior Senator from Kentucky [Mr. Bradley] and will vote. I vote "nay."

Mr. CUMMINS (when his name was called). I have a pair with the senior Senator from Oregon [Mr. CHAMBERLAIN]. understand that if he were present he would vote "yea."

I were at liberty to vote, I should vote "nay."

Mr. HOLLIS (when his name was called). I am paired with the senior Senator from Pennsylvania [Mr. Penrose]. If I

were at liberty to vote, I should vote "nay."

Mr. WEEKS (when Mr. Lodge's name was called). I wish to say that my colleague [Mr. Lodge] is absent on account of

illness. He is paired on this question, but if he were present he would vote "nay."

Mr. MARTINE of New Jersey (when his name was called). I again announce that I am paired with the junior Senator from Pennsylvania [Mr. OLIVER]. If at liberty to vote, I should vote

Mr. ROOT (when his name was called). Announcing the same pair and the same transfer as on the previous vote. I vote

Mr. STERLING (when his name was called). I announce my pair with the senior Senator from South Carolina [Mr. Till-Man]. If I were at liberty to vote, I should vote "nay."

Mr. SUTHERLAND (when his name was called). I again announce my pair with the senior Senator from Arkansas [Mr. CLARKE]. On account of his absence, I withhold my vote. If I were at liberty to vote, I should vote "nay."

The roll call was concluded.

Mr. KERN. I have been authorized by the senior Senator from Kentucky [Mr. Bradley], with whom I am paired, to vote. I vote "nay."

Mr. BANKHEAD. I announce my pair with the junior Senator from West Virginia [Mr. Goff] and therefore withhold my

Mr. JAMES. I have been requested to announce that the senior Senator from Nebraska [Mr. Hitchcock] is unavoidably absent. He has a pair on this question with the junior Senator from New Mexico [Mr. Catron]. If he were present, he would vote "yea" and the Senator from New Mexico would vote "nay."

Mr. SMITH of Maryland. I wish to announce that my col-

league [Mr. Jackson] is absent on account of illness.
Mr. KERN. I desire to announce that the senior Senator from South Carolina [Mr. TILLMAN] is absent on account of

The result was announced—yeas 43, nays 25, as follows:

	Y	EAS-43.	
Ashuret Bacon Brandegee Bryan Fletcher Gore Hughes James Johnson La Follette Lewis	Lippitt McLean Martin, Va. Myers Nelson Newlands Norris O'Gorman Overman Owen Perkins	Pittman Pomerene Ransdell Reed Robinson Shafroth Sherman Shields Simmons Smith, Ariz. Smith, Ga.	Smith, Md Stephensor Stone Swanson Thomas Thompson Thornton Vardaman Walsh Williams
	N	AVS-25	

Lewis	Perkins	Smith, Ga.	Williams
	N	AYS-25.	
Borah Brady Bristow Burton Clapp Clark, Wyo. Colt	Dillingham Gallinger Gronna Jones Kenyon Kern Lane	McCumber Page Poindexter Root Sheppard Shively Smoot	Townsend Warren Weeks Works

NOT VOTING-27.

Bankhead Bradiey Burleigh Catron Chamberlain Chilton Clarke, Ark. Crawford Culberson Cummins du Pont Fall Goff Hitchcock

Hollis Jackson Lea Lodge Martine, N. J. Oliver Penrose

Saulsbury Smith, Mich. Smith, S. C. Sterling Sutherland Tillman

So the bill was passed.

The VICE PRESIDENT. The Senate stands adjourned until 10 o'clock a, m. on Monday next.

Thereupon (at 12 o'clock midnight) the Senate adjourned until Monday, December 8, 1913, at 10 o'clock a. m.

# HOUSE OF REPRESENTATIVES.

Saturday, December 6, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the fol-

lowing prayer:

The longer we live, O God our Father, the more profoundly are we impressed with the works of Thy hands; from the tiniest grain of sand on the seashore to the most stupendous star that shines above us; from the tiniest blade of grass that springs beneath our feet to the most gigantic tree of the forest; from the smallest germ cell to man with his wonderful capabilities. What wisdom, what skill, what power, what beneficence. The wonderful adaptation of means to ends. The vast variety of forms and conditions, the great diversity of gifts bestowed upon Thy children bring us to our knees in wonder, awe, admiration, and gratitude. Teach us wisdom, obedience, nobility of soul, that with singleness of purpose we may strive to do Thy will, and help us to realize that it is not the position we occupy, nor the work Thou hast called us to do, great or small, but the spirit we put into it that makes for righteousness. In His name. Amen.
The Journal of the proceedings of yesterday was read and

approved.

CONSTRUCTION OF LEVEES (H. DOC. NO. 390).

Mr. HUMPHREYS of Mississippi. Mr. Speaker, I ask unanimous consent to have printed as a House document an article written by Gen. Thomas C. Catchings, who was for 16 years a Member of this House, and for some time the chairman of the Committee on Rivers and Harbors. The article is on the subject of the power of Congress under the Constitution to provide money for the construction of levees.

The SPEAKER. The gentleman from Mississippi [Mr. Hum-PHREYS] asks unanimous consent to print as a House document an argument by Gen. Thomas C. Catchings, of Vicksburg, Miss., who was for 16 years a Member of this House, on the subject of the constitutional authority of Congress to appropriate money for the building of levees. Is there objection?

There was no objection.

ENEOLLED JOINT RESOLUTION PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. ASHBROOK, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following joint resolution:

H. J. Res. 155. Joint resolution extending the time for completion of classification and appraisement of surface of segregated coal and asphalt lands of the Choctaw and Chickasaw Nations and of improvements thereon, and making appropriation therefor.

LIEUT, COL. DAVID DU BOSE GAILLARD.

Mr. AUSTIN. Mr. Speaker-

The SPEAKER. For what purpose does the gentleman from

Mr. AUSTIN. Mr. Speaker, I rise for the purpose of asking unanimous consent for the consideration of a resolution in reference to the death of Lieut. Col. Gaillard, of the Panama

The SPEAKER. The gentleman from Tennessee asks unanimous consent to consider a resolution of regret or condolence on the death of Lieut. Col. Gaillard, one of the Panama Canal con-Is there objection? structors.

Mr. MANN. Mr. Speaker, reserving the right to object, let

us hear it read.

The SPEAKER. The Clerk will read the resolution.

The Clerk read as follows:

House resolution 332.

Resolved, That the House of Representatives has heard with profound sorrow of the death of Lieut. Col. David du Bose Gaillard, for whose conspicuous and valuable services in connection with the construction of the Panama Canal the Nation is indebted.

Resolved, That the Clerk of the House transmit a copy of these resolutions to the family of the deceased.

Mr. MANN. Mr. Speaker, reserving the right to object, I think ordinarily resolutions of this sort ought not to be presented or considered by the House, but I think this is a con-spicuous instance where we ought to vary from the ordinary rule, and therefore I do not object.

The SPEAKER. Is there objection? [After a pause.] The

Chair hears none.

The question was taken, and the resolution was agreed to.

SUSPENSION OF NAVAL-CONSTRUCTION PROGRAM.

Mr. HENSLEY. Mr. Speaker, I call up House resolution 298 and ask for its further consideration.

The SPEAKER. The Clerk will report the resolution by title.

The Clerk read as follows:

H. Res. 298. To authorize the President to cooperate with the United Kingdom of Great Britain to the end that naval construction may be suspended for a period of one year.

The SPEAKER. Night before last when the House adjourned the gentleman from Ohio [Mr. Sherwood] had yielded

10 minutes to the gentleman from Indiana [Mr. Gray]. Mr. GRAY. Mr. Speaker, it is a monstrous policy which has been announced in this House of continuing war to furnish employment to labor. Oh, workingman, what crimes are committed in thy name! Child labor, the sweatshop system, and many of the villainies against men and society have longbeen defended upon the ground of furnishing employment to labor, but this is probably its first use to justify a policy of war and human slaughter. I deny that the laboring men of America stand for war. I deny that the laboring men of America are asking for human bloodshed to secure employment. I deny that the laboring men of America are asking for the destruction of human life that they may secure wages. Of all men, let it be said, to the honor and credit of American workingmen, they have first stood for peace and against war. This demand comes not from labor, but from a commercialism that would coin blood and quivering flesh into profits. Shame on the man or men who would ask to continue war for selfish gain. War is a game which, were the people wise, kings, financiers, and

commercial pirates would not play.

Mr. Speaker, few men to-day will realize the full meaning or true significance of this movement. Few men to-day will comprehend the effect upon human society or the change to be wrought in the affairs of nations. I believe that this movement will mark a new era in the history of civilized men. I believe that the human race will here turn from strife and mortal combat, from gore and carnage, from the bloody channels of the past, from wanton destruction, from the slaughter of the innocent and the awful waste of human life—turn to mutuality of human effort, to a glorious future of peace and good will.

I believe that the black cloud of war is lifting from the earth. I believe that the dark night of human antagonism is breaking. I believe that a new day is dawning upon the human race, a day when there shall be no more war, and when men shall only strive in the arts of peace or to reach the goal of a higher and

a more exalted civilization. [Applause.] Humanity, Mr. Speaker, everywhere is groaning under the burdens of crushing war taxes. The nations of the earth are everywhere striving against the exhaustion of their resources from military rivalry. The sense of civilization is everywhere revolting against the horrors and atrocities of war. I believe the world is ready for this movement. The time for mere expressions of approval has gone by. Mr. Speaker, while I am in full and hearty accord with this resolution, and while I would not impair or detract from it, I would add to it. I would go further. I would have this Government take the initiative. want the Stars and Stripes to lead the way in this great movement of peace. [Applause.] I want this great Union to hold alort the torch that will dispel the black night of human antagonism. I want this Nation to herald the coming of this new day. I want this great constellation of States to give the signal to the world for the march to victory over war and the triumph of universal peace. [Applause.] And to that end I offer an amendment, which I send to the Clerk's desk to be read.

The SPEAKER. The Chair will state to the gentleman that

this resolution has not reached the stage for amendment.

I want to have it read and have it pending. Mr. GRAY. The SPEAKER. The gentleman can have it read. Is there objection?

Mr. MANN. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. GRAY. I will have it read in my time.
Mr. MANN. The resolution being before the House and not being considered in the Committee of the Whole, it is not subject to amendment. I do not think the gentleman from Ohio [Mr,

SHERWOOD] yielded to the gentleman from Indiana [Mr. GRAY] for the purpose of offering an amendment.

The SPEAKER. The gentleman from Indiana simply wants

it read.

Mr. GRAY. I want it read for information.

Mr. MANN. I have no objection to that, but if any gentleman secures the floor in his own right, he has the privilege of offering an amendment at this stage, as there is no other stage for consideration of this resolution. It is not ready for amendment.

Mr. GRAY. Mr. Speaker, I ask-

The SPEAKER. Will the gentleman from Indiana suspend minute until the Chair can get his wits together about this? The Chair would like again to hear what the gentleman from Illinois [Mr. MANN] said as to this matter.

Mr. MANN. In the Committee of the Whole, of course, the resolution is read for amendment under the five-minute rule. But this resolution is being considered in the House, not in committee, and an amendment may be offered by any gentleman who secures the floor in his own right at any time.

The gentleman did not secure the floor in The SPEAKER.

his own right.

Mr. MANN. I understood that. But I understood the Chair to state that an amendment was not in order at this stage of the proceedings. Of course, there is no other stage of the proceedings at which an amendment can be offered.

Mr. FOSTER. May I offer a suggestion? The gentleman

was given 10 minutes for debate-

I appreciate that fact. I stated the gentleman Mr. MANN from Ohio [Mr. Sherwood] did not yield for the purpose of offering an amendment, and the gentleman could not offer an amendment until he had the floor in his own right.

Mr. GRAY. Mr. Speaker, I ask unanimous consent that the Clerk read the amendment for information, in my own time.

Mr. MURRAY of Oklahoma. Mr. Speaker-

The SPEAKER. For what purpose does the gentleman from Oklahoma rise;

Mr. MURRAY of Oklahoma. I take it the gentleman could submit this as a portion of his argument.

The SPEAKER. That is what he has asked to do.
Mr. MURRAY of Oklahoma. And that he could do it with-

out unanimous consent, if he has the time.

The SPEAKER. Nothing can be read at the Clerk's desk without the consent of the House. The gentleman can take the amendment and read it himself.

Mr. MURRAY of Oklahoma. Certainly.

The SPEAKER. Is there objection?
Mr. MURDOCK. Now, Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.
Mr. MURDOCK. My understanding is that the gentleman from Indiana can not offer this as an amendment, because the time yielded to him was for debate and not for offering an amendment?

The SPEAKER. That is exactly true.

Mr. MURDOCK. Now, is it true in these proceedings that

some men can offer an amendment and others not?

If that rule is applied, and the ruling sug-The SPEAKER. gested by the gentleman from Illinois [Mr. Mann] is correct, that is precisely what could happen. Now, it has been ruled here time out of mind that any gentleman that secures a piece of time from another gentleman for debate can not offer an amendment during his speech or at any other time then.

Mr. MURDOCK. Then the remedy of the gentleman from Indiana [Mr. Gray] is to get time in his own right?

The SPEAKER. Of course that would straighten out that difficulty. That has been the universal custom here, and if it were not so, any man who could get a minute might bob up and offer an amendment that might knock a bill endwise.

Mr. GRAY. Mr. Speaker, then I will not offer the amendment now, but will send it up to be read for information in my own

time

The SPEAKER. That is exactly what the Chair was putting, to see if there was objection. Is there objection? [After a pause.] The Chair hears none.

The Clerk read as follows:

The Clerk read as follows:

And be it further resolved, That for the purpose of obviating the growing expenditures by the powers of the world to maintain the military forces of such powers, and to reduce such expenditures, and to secure an agreement by all the formidable nations of the world for the immediate suspension of the present naval construction program, the President be, and is hereby, empowered to invite and to provide for the reception and entertainment of members of the parliaments and national legislative bodies of all the countries of the world to meet in Washington, in the District of Columbia, in the United States, during the autumn months of the year 1914 to deliberate upon and to take action to secure the approval of such agreement; and to provide for such reception and entertainment of said members and to carry out

on the part of the United States the terms and conditions of such agreement a sum not exceeding \$500,000, as may be required therefor, be, and the same is hereby, appropriated out of any money in the Treasury not otherwise appropriated; and the Secretary of the Treasury is hereby authorized to pay said sum to the Secretary of State for the disbursement of the same for said purposes.

Mr. GRAY. Mr. Speaker, how much time have I left? The SPEAKER. The gentleman has five minutes.

Mr. GRAY. Mr. Speaker, while we are annually appropriating many millions of dollars for war and the instruments of human slaughter I am asking only in this amendment for a few thousand dollars in this one year for peace and the promulgation of the principles of good will.

We were told that the Panama Canal would more than double our naval power in the world. Scarcely has that great undertaking been brought to completion than the advocates of war are again before us clamoring not only for larger warships than ever before but for a greater number of warships than ever before. They tell us that we must still increase our Navy.

Mr. Speaker, if we increase our Navy to-day England will increase her warships to-morrow, and then, in turn, Germany will seek to outrival England, and then France to excel Germany, and then we must build again and again to keep pace in this mad rivalry of war. When will we reach the limit in arms and armament? How long until the nations of the world will exhaust their resources in militarism? How long until humanity falls prostrate under the burden of crushing war taxes? How long will we dwarf the institutions of civilization and all the charities that soothe and heal and bless for armies and navies in time of peace? How long will we refuse to supplant force and might with courts and the tribunals of civil justice? How long will civilized and enlightened men continue in such a vain and inglorious policy?

Mr. Speaker, the advocates of peace do not ask for a disarmament of the nations. They recognize that there is to-day, and long will be, a certain element of society which can only be restrained by force. But instead of every civilized nation of the world supporting an army and navy to cope with all the world they ask that all the civilized nations of the world together maintain an army and navy only sufficient to cope with the barbarous and uncivilized nations of the world.

Mr. SHERWOOD. Mr. Speaker, I yield the balance of my time to the gentleman from Virginia [Mr. SAUNDERS].

The SPEAKER. The gentleman from Virginia [Mr. Saunders] is recognized for 24 minutes.

Mr. SAUNDERS. Mr. Speaker, I yield for a moment to the gentleman from Alabama [Mr. Underwood].

Mr. UNDERWOOD rose.

The SPEAKER. For what purpose does the gentleman rise? Mr. UNDERWOOD. I desire to make a request. The gentleman from Virginia [Mr. Saunders] has yielded to me for the

Mr. Speaker, after consulting with the gentleman from Missouri [Mr. Hensley], I think there is business that will come up Monday that will probably defer the further consideration of this bill, and I wanted to see if we could reach an agree-ment to close debate to-night and take the vote on Monday In other words, many Members may not be here this morning. evening if the previous question is ordered, and I wanted to see if we could reach an agreement that when the House adjourns to-night the previous question shall be considered as ordered and the vote be taken on Monday morning on amendments and all.

I think that will be satisfactory. Mr. MANN.

Mr. MURDOCK. That will accommodate the men who are on the list?

Mr. UNDERWOOD. Yes; but it may be that some gentlemen on the list may not be able to take their full time.

Mr. MURDOCK. But it will let all in who desire to speak?

Mr. UNDERWOOD. Yes. I think, if it goes over to next week, it will probably take some time. We shall probably want a record vote on it on Monday morning, and if the vote is taken on Monday morning that will give everybody ample notice to be here.

Mr. MANN. I think it will be perfectly proper for the House to order the previous question to-night. I do not know what arrangement will be made to accommodate those who are on the list. I believe I am early on the list for recognition for I have no intention myself to take very much time. Possibly it would be better to have some arrangement about time, so that Members who are to have an hour each would not

take quite so much time.

Mr. UNDERWOOD. My purpose in asking to close debate to-night, and not to vote to-night, instead of moving the previous question, was to allow that much more time for debate.

Mr. MANN. I understand. Mr. UNDERWOOD. And then everyone will have notice that the vote will be taken on Monday morning. I think if we secure that agreement probably an arrangement can be made about the distribution of the time.

Mr. SLAYDEN. I should like to ask the gentleman from Alabama r question. As I understand, the gentleman is negotiating now with the gentleman from Illinois to bring about the conclusion of this discussion on the Hensley resolution.

Mr. UNDERWOOD. Yes.

Mr. SLAYDEN. How much additional time will be devoted to the discussion of the resolution?

My proposition was that the previous Mr. UNDERWOOD. question should be considered as ordered when the House adjourns to-day. Of course the House can run on this evening as late as it wants to, and have a night session if the House de-An arrangement of that kind will give to-day and to-night, if the House desires it.

Mr. SLAYDEN. I have no doubt a night session would be very agreeable to some gentlemen, because they always have a magnificent audience in the galleries. Unhappily I myself would nct be able to come to-night, and I do want an opportunity to

make a brief speech on this question.

Mr. UNDERWOOD. I have no doubt that an arrangement can be made by which the gentleman can have the time.

Mr. MANN. We could easily run, if necessary, until 6 o'clock. That will give us over five hours.

Mr. MURDOCK. The Speaker knows more than anybody else

about how much of a demand there is for time.

The SPEAKER. Is there objection to the request of the gentleman from Alabama, that when the House adjourns to-day the previous question shall be considered as ordered on this resolution, the vote to be taken immediately after the reading of the Journal on Monday?

Mr. HULINGS. Mr. Speaker, under that arrangement the House might adjourn at any time, after one, two, or three hours. There is no provision as to what time the House shall adjourn. I desire to give notice that I request an allotment of some time to address the House on this resolution before the previous question is ordered.

The SPEAKER. The gentleman is down on the list.

Mr. UNDERWOOD. I will say to the gentleman that I think it is necessary to order the previous question to-day, in order to get a vote on this resolution on Monday. Of course that can be done by a motion. My idea in asking unanimous consent is not to cut off debate, but really to allow a greater latitude for debate, because it does not take the time that would be occupied in calling the roll. It is not my purpose at all to attempt to cut off gentlemen from debate, but it is only to give them more time for debate.

Mr. Speaker, to make the statement clear, I will renew the request for unanimous consent that when the House adjourns to-day the previous question shall be ordered on this resolution and all pending amendments, that any amendments may be offered during the day and voted on during the day, and that the final vote shall be taken immediately after the reading of

the Journal on Monday next.

The SPEAKER. Does the gentleman mean by that that when man offers an amendment here the House shall vote on it immediately?

Mr. UNDERWOOD. Probably that could not be done, Mr.

Speaker, and I withdraw that.

The SPEAKER. The Chair only desires to know what the request is.

Mr. UNDERWOOD. I will ask unanimous consent that the amendments may be pending and be voted upon on Monday.

The SPEAKER. The gentleman from Alabama asks unanimous consent that when the House adjourns to-day the previous question shall be considered as ordered on this resolution and all pending amendments. Of course that will bring it up the first thing on Monday ordinarily. Something might happen in the way of a question of privilege or something of that kind. Is there objection?

Mr. ANDERSON. Reserving the right to object, I should like

to make a brief statement.

Some days ago I introduced a resolution of inquiry directed to the Postmaster General, asking for certain information relative to an order or instruction which the public press stated had been issued by that department relative to the mailability of game birds. The resolution is of some importance in my State, where we are trying to do all we can to prevent the total extinction of what game is left.

I asked manimous consent for the consideration of that resolution. The gentleman from Kentucky [Mr. Johnson], acting as leader of the majority at that time, objected to the con-

sideration of the resolution. I had previously asked the department for the information, and up to this date I have had no answer to my letter nor has the committee made any effort to get the information. Yesterday, acting upon my rights as a Member of the House, I moved to discharge the committee from consideration of the resolution, and the gentleman from Alabama very discourteously, it seemed to me, moved to table the motion, thereby shutting me off from any opportunity of stating the facts in relation to the resolution and having them considered by the House.

Gentlemen on that side of the House, acting, I have no doubt, as a matter of habit rather than of conviction, voted with the gentleman from Alabama and tabled the motion. I should have no complaint, I should accept the result with equanimity and cheerfully if the House had tabled the resolution after it had given me an opportunity to say what little I had to say about it; but I do feel that I was not treated fairly in connection with the resolution, and I here give notice that until I get the information I have asked for there will not be very many unanimous consents given in this House. I shall insist on every parliamentary rule being observed here. that there are many Members who believe that the rules give all the opportunity to every Member of the House that he ought to have. I do not concur in that view. But those gentlemen who do believe it will, I think, have an opportunity to demonstrate whether it is true or not.

Mr. UNDERWOOD. Mr. Speaker, I will say to the House in reference to this matter that it is impossible for the floor leader to keep up with all the resolutions of inquiry that come up. I think that it is a part of the duty of the chairmen of the committees to keep advised in reference to these matters and report the resolutions adversely or favorably. But I do not think it is proper, and it has not been the custom of this House, to allow resolutions of inquiry directed to departments to come up without the chairman of the committee to whom they are referred having some opportunity for a statement. I will say to the gentleman from Minnesota that I really know nothing

about his resolution.

As far as I am concerned, I might, if I investigated it, be entirely favorable to it. But when the gentleman offered a resolution the other day without advising me of his intention of doing so, without giving me an opportunity to send for the chairman of the committee that had the matter in charge, so that he might be present, and allow the man who really understood the situation an opportunity to be here on the floor and know what should be done, the gentleman offered his resolution-as I acknowledge he had a right to do-without giving any notice to me, without giving me a chance to advise with the chairman of the committee; and therefore I exercised my right as floor leader to not consult with the gentleman from Minnesota about the matter, but to move to lay the resolution on the table.

I will say this to the gentleman from Minnesota, that if he will advise with the gentleman from Tennessee, the chairman of that committee, possibly they may report his resolution. not, as far as I am concerned, I am perfectly willing for him to have a fair opportunity to be heard when the gentleman from Tennessee is here to state his opposition to the resolution, if he has any. If he has no opposition to it, I suppose it will go through by unanimous consent. But I do insist that if gentlemen want to offer resolutions of that kind on the floor of the House, if they do not want to be met with a motion to lay their resolutions on the table, they certainly should give notice to the floor leader on this side of the House, in order that he may have an opportunity to have the chairman of the committee

who has the matter in charge present.

Mr. ANDERSON. Mr. Speaker, I think I have made all the requests in this case that any Member of this House ought to be asked to make. I am not willing to do that which my distinguished friend, the leader of the Progressive Party, once said on an occasion, now historic-present myself at the door of the committee room, or at the door of the room of the gentleman from Alabama, with my hat in my hand, and ask for his permission to present a resolution. I will say that I have not done that before and I will not do it in the future,

Mr. UNDERWOOD. Mr. Speaker, I never asked anybody to present himself at my door hat in hand; but somebody must attempt in some way to drive the team; somebody must have the right of way; and if the gentleman from Minnesota is un-willing to consult the management on this side of the House as to what he desires to have done, then he must take the result and have his resolution laid on the table.

Mr. ANDERSON. I will say to the gentleman from Alabama that I was endeavoring to exercise my rights in the House with a great deal more courtesy and, I think, with a great deal more propriety than the gentleman from Alabama exercised in asserting his rights on the floor of the House yesterday afternoon

in connection with the omnibus war-claims bill.

The SPEAKER. Is there objection to the request of the gentleman from Alabama, that when the House adjourns to-day the previous question shall be considered as ordered on the Hensley peace resolution with all pending amendments thereto? [After a pause.] The Chair hears none, and it is so ordered.

The Chair will ask the indulgence of the House in order that he may submit a request to the Members. It is something that the Chair has been intending to do for some time. The Speaker of the House does not desire any Member to ask him permission to do something which the Member has a right to do, but when a Member has a resolution which he thinks is privileged, or which may demand quick action, which he desires to present, about which the Chair has to make up his mind quickly, would be very greatly obliged if the Member would notify him either in writing or by word of mouth that he desires to call it up. The reason for the request it seems to the Chair is plain. The Speaker does not know everything any more than anyone Some of these questions are very close, and it is difficult to decide at the moment whether they are matters of privilege or not. It is not unusual that when they are suddenly presented the House is in somewhat of an uproar, and there may be half a dozen gentlemen who are trying to get recognition to argue the matter. The Chair has no fair chance, unless he has been previously notified, to find out what ought to be done. There is nothing oppressive in the request, and there is nothing improper. Of course, cases will arise in which the Member does not desire anyone to know in advance what he intends to propose, and the suggestion submitted by the Chair does not apply to such cases.

The gentleman from Virginia [Mr. SAUNDERS] is recognized

for 24 minutes.

[Mr. SAUNDERS addressed the House. See Appendix.]

The SPEAKER. The gentleman from Missouri [Mr. Ham-LIN] is recognized for one hour.

Mr. HAMLIN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. HAMLIN. I have concluded that I will not occupy my full hour, and intend to yield to a couple of my colleagues. desire to yield now, if I may be permitted to do so, before I

The SPEAKER. The gentleman can yield any part of his

hour that he wants to yield.

Mr. HAMLIN. I understood that, but I wanted to know whether I could do it now rather than at the close of my re-

The SPEAKER. The Chair thinks it does not make a particle of difference when the gentleman yields the time.

Mr. HAMLIN. Then I yield five minutes to the gentleman

from Georgia [Mr. Park].

Mr. PARK. Mr. Speaker, I take the resolution to mean and intend an act of simple courtesy of this great Republic to other

republics and nations of the earth.

It is a tender, which, if accepted, becomes nothing more nor less than a gentleman's agreement; but if not received favorably, leaves our people exalted in the respect and esteem of other civilized people by reason of the beneficence extended and

I understand the resolution to be as though one neighbor among others of doubtful bearing toward him should propose: "Let us stop whetting our swords for a year and let us plow and hoe awhile. Let us quit thinking of war for a season and let us think of peace. Let us attend to the use of the implements of peace and abandon for a time the making and sharpening of weapons of war. Let us assume the attitude of peace, and we will grow more friendly-the first step toward the establishment of universal peace."

The act is a genuine and not a dissembled courtesy and will find sympathetic response in the hearts of the masses, from whence come the men who bear the brunt and who fight the

battles of our country

The proposition which we are asked by the resolution to extend is not prompted by apprehensions of war, nor by mis-

apprehension of the attitude of other nations.

The Briton may justly boast that the drumbeat of the Engush soldiery is a ceaseless roll that follows the rising sun, and that the flag of England reflects continuously the unbroken light of day.

The German may proudly claim that under his country's splendid and superior preparation she can mass a million trained troops within a space of 24 hours; and other countries of perhaps equal dignity may claim equal rank in martial supremacy.

Yet, while the recognized greatness of England on the seas brings bubbling from the heart of the British tar the words of her national anthem, "Britannia rules the seas," still we of this great and proud Republic will ever be mindful and never forget that-

Above our gippling, tossing flag On Freedom's breeze outblown, With eye of flame and talons stretched, The Eagle guards his own.

and this simple and gracious resolution that the building of battleships do suspend for a period of 12 months aptly may come from the representatives of this unconquerable Nation, whose emblem is the proud bird of the sun, which strikes only from above and in the broad light of day.

Mr. Speaker, there is a deeper and broader and more sacred meaning to this resolution if acceded to by other nations. If it shall go into effect it will lift from the straining arms and shoulders of the struggling, toiling masses a part of the crushing

burden of taxation.

Instead of more battleships, we should provide for better public and post roads, for more and better public schools and longer school terms for the people who are hungering and thirsting for better educational advantages for their children.

It will be an act of charity and humanity to the people of this and other nations.

Let us swing the great funnel of the Treasury away for a time from the manufacturing places of great battleships to the places where good roads and better and longer term public schools are needed for the helpless and poor children of our country, and God will bless our act. [Applause.]

Sixty millions of dollars, the approximate cost of four great battleships, judiciously invested in public roads and common schools under State supervision, in my humble opinion, means more to this country's future welfare than three hundred millions expended for an increased Navy. [Applause.]

Mr. Speaker, if by adopting this resolution the result shall be that we may be able to care better for the needs of our people in times of peace, then in times of war our people and their children will take care of our common country.

May God speed the day when every act of this Congress shall be directed with intelligent and prayerful efforts to do the greatest good to the greatest number of our citizens.

I am in favor of the resolution. [Loud applause.]

Mr. HAMLIN. Mr. Speaker, I now yield 20 minutes to the gentleman from Ohio [Mr. Braumbaugh].
Mr. Brumbaugh. Mr. Speaker, this occasion seems to me to be a most opportune time to consider and to vote upon this great We have recently listened to, and there is yet fresh in our minds, one of the greatest presidential messages ever delivered by any President of these United States. [Applause.] A message that will have a far reaching effect for good, a message that will live in history, a message that in its human side wherein it deals with man's obligations to his fellowmen, to quote the President's own words uttered on another occasion, seems like a breath out of God's own presence."

Mr. Speaker, it is surely a matter of congratulation to the country and to us all, regardless of political affiliations, to observe how grandly and with what consummate ability our great President is meeting and measuring up to every delicate emergency. He is leading the thought of the world to higher planes and better things. I believe that in the future our school readers will contain, and the youth of the land will commit to memory, his great speeches for their classical diction, their literary eloquence, and their patriotic inspiration, just as they now commit the speeches and sayings of the immortal Jefferson and the immortal Lincoln.

It is a strange observation to note that when Lincoln delivered his great Gettysburg oration it took the country some time to appreciate it, and we came to know it in its full force and beauty only after the great magazines of the country had pointed out to us its grandeur and sublime eloquence.

The magazines of the country are beginning to point out to us that President Wilson's recent great oration at Gettysburg is a fitting companion piece to Lincoln's immortal oration delivered there 50 years ago. They form the milestones of 50 years that mark the Nation's loftiest thought and purest aspirations.

Mr. Speaker, this resolution seeks to have the great nations of the world agree to suspend naval operations for one year; or, in other words, to take a naval holiday. I shall most gladly support this resolution, because it points to the beginning of that better day for which prophets have prayed, poets have sung, and humanity has longed for; that day when we can beat our swords

and implements of warfare into plowshares, and when men shall learn the trade and art of war no more forever. That grand and sublime condition of human brotherhood among all God's

children is a consummation devoutly to be wished.

There has not been, nor do I think there can be, any real justiflable argument presented against the grand and almost holy

purposes of this resolution,

The horrors of war all admit; the burdens of war in blood and money fall upon all, but are necessarily heaviest on the unoffending, the innocent, the laborers, the workingmen, and the

Think of it, \$15,000,000 to build and equip just one battleship. With that great amount of money spent for just one battleship the Nation can build a good-roads highway of trade and commerce from ocean to ocean and, better still, thus preferring to build, would be building a highway of righteousness through the hearts of all mankind. the hearts of all mankind.

With that money spent for just one battleship we can succor and support every worthy old man or old woman, in their sunset of life, in the United States. But, my friends, the stupendous waste and folly is only apparent when we stop to ponder that, as the matter now stands, it is not just one battleship, but two or four, per year; and, as the matter now stands, in this insane, wicked waste and folly we must build in the future not 1 but 24 battleships to equal either of our great rivals—England or Germany. And then keep going on.

How long will labor and the people stand to be thus taxed to make up such stupendous tax burdens and wicked folly?

The amount of money expended for war preparations among the nations of the world, even while they are now at peace with each other, is appalling to contemplate. In the United States the amount expended for battleships and maintaining a warlike preparation, not to speak of pensions, exceeds the amount expended in support of our schools and colleges; our courts and public roads; the support of our churches and the promulgation of the gospel in foreign lands.

The amount of money expended among the nations of the world at large is not only appalling to contemplate, but staggers the imagination. Forty-two billions of dollars is the sum placed upon the backs of labor and the poor to equip and maintain the navies of the nations of the earth. The interest on this tremendous sum at 4 per cent amounts to more than one and one-half billions yearly, which equals the wages of more than 3,000,000 workingmen at the rate of \$600 per annum.

Nations are like men. One goes armed, the other feels that it must go armed. One nation builds four battleships, the other nation feels that it must build four battleships; and so the rivalry in building instruments of death and destruction goes on. These battleships, we are told, only last four or five years until they are obsolete, out of date, and only fit for the junk pile, and new, more costly, and more deadly battleships take their place.

Some of the nations of the world are now approaching bankruptcy and national-debt repudiation. Every nation on earth feels its heavy burdens and great drain in taxation, which rests most heavily upon the laboring people and the poor. This rivalry in battleship building must stop sometime—why not

[Applause.]

It has been argued that this resolution, Mr. Speaker, can do no good. It is sufficient answer, I think, to say that it can do no harm, and yet I do believe that it will in the end do great good. I believe we will so arrest the thought and attention of the world by this resolution and discussion that this agitation will go on, and I would not be surprised to see, and in fact I expect to see, the great political parties in the next convention incorporate a plank in the party platform dealing with this same great resolution. It has been argued that this resolution might lead to some humiliation to us from some quarters. It is sufficient answer to say, Mr. Speaker, that no real humiliation can come to any man or nation for attempting to do the right thing at any time or any place. As Lowell has so well put it:

Not failure but low aim is crime.

[Applause.]

It has been argued, Mr. Speaker, that this proposition has been withdrawn by Mr. Churchill. If that be true, then all the more reason why we should start it anew and be the pioneers in this laudable undertaking. It is not simply the ministers of the gospel and the reformers who are interested in this great matter. The men on the farms—the place where liberty has its home and patriotism its abiding place-are deeply interested in this proposition. The laborers and the labor organizations of the country are also deeply interested in this proposition. The farmers and laborers in factory, shops, stores, and mines make up the bone and sinew of our country, and they are all deeply interested in this proposition, because when war comes they furnish the blood and pay the taxes and carry the burden.

It has been argued, Mr. Speaker, that this might throw some men-the men employed in armor-plate factoriesployment, and some are very solicitous upon that score. Why, that same argument can be advanced in favor of any proposition that we might want to discontinue. One speaker asked, What will we do with the wood and the steel now used in the construction of battleships? How will we use all of these articles? We can easily find use for the wood in construction of homes; use for the steel in building steel cars on our railroads for the comfort and protection of the traveling public and the safety of the people. We could easily pension every man engaged in the manufacture of armor plate with a magnificent pension and then save large sums of money. The cost of one or two battleships would pension every man engaged in this industry for the balance of his life; and as for employment of the men themselves, we can use them in our great undeveloped domain in the United States or in that great wonderland of Alaska, the country that holds the future coal supply of the world, the country that has eight times more cultivatable acreage than Norway and Sweden, which support a population of from 12,000,000 to 15,000,000. We can use them all in developing that great country.

Mr. Speaker, we are getting over some of the old shibboleths of the past. Why, it used to be argued that even dread war was necessary for civilization and the education of the people. A great soldier once said that a little bloodletting now and then was a good thing. I thank God we are getting away from

such ideas as that. [Applause.]

Mr. Speaker, it was long ago said by a wise man that "war is a game which, were their subjects wise, kings could not play at. It is not necessary in arguing this question to claim that all of the wars of the past were unnecessary, but it will be a sad commentary upon the efficacy of our education and our religion if future wars shall be necessary in our dealings with our fellow men. I will not say, Mr. Speaker, that there are those now who would favor war simply for the thrill of famous victories or to be the heroes of those famous victories, but that was the low plane upon which many of our wars of the past were fought. No one has so fittingly described that low plane as the poet Southey, and if I can recall his lines I want to repeat them, for they show how fickle and unjustifiable are often the alleged grounds for war. The poet tells it thus:

It was a summer evening,
Old Kaspar's work was done,
And he before his cottage door
Was sitting in the sun,
And by him sported on the green
His little grandchild Wilhelmine, She saw her brother Peterkin
Roll something large and round,
Which he beside the rivulet
In playing there had found;
He came to ask what he had found
That was so large and smooth and round. Old Kaspar took it from the boy,
Who stood expectant by;
And then the old man shook his head,
And with a natural sigh,
"Tis some poor fellow's skull," said he,
"Who fell in the great victory.

"I find them in the garden,
For there's many here about;
And often when I go to plow
The plowshare turns them out,
For many thousand men," said he,
"Were slain in that great victory."

"Now tell us what 'twas all about,"
Young Peterkin, he cries;
And little Wilhelmine looks up
With wonder-waiting eyes;
"Now tell us all about the war,
And what they killed each other for."

"It was the English," Kaspar cried,
"Who put the French to rout;
But what they killed each other for,
I could not well make out;
But everybody said," quoth he,
"That 'twas a famous victory.

"My father lived at Bienheim then,
You little stream hard by;
They burnt his dwelling to the ground,
And he was forced to fly;
So with his wife and child he fled,
Nor had he where to rest his head.

"With fire and sword the country 'round,
Was wasted far and wide;
And many a nursing mother then,
And new-born baby died;
But things like that, you know, must be
At every famous victory.

They say it was a shocking sight
After the field was won;
For many thousand bodies here
Lay rotting in the sun;
But things like that, you know, must be
After a famous victory."

Tes, this is the cost of famous victories, but it is yet more than this. War stalks the earth to the music of widows' moans and orphans' sighs. It means broken homes, orphaned children, distracted country, and an embittered land. It has been fittingly described by the great soldier, Gen. Sherman, as hell let loose on earth, and the sad thing about it all is this: That those who are so willing often to plunge the countries and nations of the world into war are usually far removed from deadly shot and bursting shell, and that it so often happens that it is the weak, the innocent, and the unoffending who are the real sufferers.

The strong, brave, contending soldiers are not the only sufferers of war. There are other wounds than those made by shot and bayonet. The wives, the mothers, the fathers, the sisters—those necessarily are the keenest sufferers. No comradeship of tent or field, nor music of fife or drum can steal away their pain or heal their aching wound. [Applause.]

The maid who binds her warrior's sash
And. smiling, all her pain dissembles,
The while beneath the drooping lash
One starry teardrop hangs and trembles,
Though Heaven alone records the tear,
And fame shall never know her story,
Her heart has shed a drop as dear
As e'er bedewed the field of glory!

The wife who girds her husband's sword.

'Mid little ones who weep or wonder,
And bravely speaks the cheering word,
What though her heart be rent asunder,
Doomed nightly in her dreams to hear
The bolts of war around him rattle,
Has shed as sacred blood as e'er
Was poured upon the field of battle!

Was poured upon the held of battle:

The mother who conceals her grief
While to her breast her son she presses,
Then breathes a few brave words and brief,
Kissing the patriot brow she blesses,
With no one but her loving God
To know the pain that weighs upon her,
Sheds holy blood as e'er the sod
Received on Freedom's field of honor.

Mr. Speaker, it has been said of old that it is braver and better to dry a tear than to make a wound, and that is what this resolution will attempt to do. [Applause.]

If we do away with armed conflict—which God grant in His

If we do away with armed conflict—which God grant in His own good time we may—let none lament that courage will decline in the hearts or lives of men.

We will have need for all our bravery and courage on other battle fields—the battle fields of life, where the hot flashes of injustice and inequity and wrong dance along the nerve tracks of pain. If with an honest purpose we strive on these battle fields, we can be assured of this: That angel hands out of the skies will fan the weary brow, and the blessings of the Christ of peace will thrill our souls.

Mr. Speaker, this resolution is appropriately before the attention of the whole world at this season of the year, the season when the bells will soon be ringing out to all the land the story of Bethlehem. May we not hope that here now by this resolution we may begin a movement that shall be like a new star of Bethlehem, whose influences for good shall go round the world ringing and singing the old new song of peace on earth, good will to men until righteousness shall look down from heaven and peace and justice and love shall cover the earth as the waters cover the sea? [Loud applause.]

Mr. HAMLIN. Mr. Speaker, I do not know that anything I may say will illuminate this subject; indeed I feel that the proposition submitted here is so just, so humane, and so righteous that it is self-illuminating. I had hoped that there would not be a single voice raised in opposition to it. There may have been a time in the history of the world when wars were excusable in a way, and perhaps a necessity, though I am not quite clear upon that point in my own mind; but if true, it was at a time when civilization was at the very lowest possible standard, when men were little better than savages, and when the law of nations was the law of might. If such a time ever existed, certainly it does not exist now in this age

of civilization and of Christianity.

I would not say that I would never, under any circumstances, favor war. I can conceive of conditions which might arise where we would in self-defense be connelled to strike back.

favor war. I can conceive of conditions which might arise where we would, in self-defense, be compelled to strike back. Of course, if our country was being invaded by a foreign enemy or if some great principle of justice and right were at stake, I believe that no people would be any more ready to rise in defense of that principle or in defense of their homes, country, and liberty than we here in the United States. But in this age of the world those occasions are very rare, if indeed they shall arise at all. It is incomprehensible to me that any man will oppose this resolution. But there are a few here who have the temerity to do so. It has been somewhat amusing to me to listen to some of the reasons assigned in opposition to it. I re-

call that one Member said that if you adopt this resolution and the President should attempt to present the matter to the other nations of the world, he would be rebuffed and humiliated, and therefore the whole Nation disgraced. Another argument was from the standpoint, apparently, that if adopted, it meant a dismantling of all of the existing ships owned by us and the other nations agreeing to the resolution. Others suggested or argued as though they construed the resolution to mean that if we adopt it here it would have the effect of dismantling all of our fighting vessels, but not those of other nations, and therefore would give the other nations the advantage. I am persuaded that those gentlemen have not listened to the reading of the resolution or have not read it themselves. The first part of the resolution simply calls attention to the humane proposition submitted by Mr. Winston Churchill, of England, looking to one year's cessation in the building of naval armaments, and the other part of the resolution suggests to the President of the United States that if he can do so without jeopardizing in any way the interests of this country that he do what he can to bring about this agreement among the leading nations of the world. Therefore, if he should fall, no harm is done. If he succeeds, great good is accomplished; and whether he succeeds or whether he fails our status as compared with the other nations of the world will not be changed one particle, but will remain as it is to-day.

I recall that the gentleman from Alabama [Mr. Hobson] suggested that we could not afford to adopt this resolution now because Germany has 26 battleships and armored cruisers to our 12 and therefore we must continue to build and not agree to this naval holiday program, but try to catch up with Great Britain and Germany; but it occurs to me that if we were to build 14 more ships so as to bring our number up to 26 within the next two or three years Germany will not be idle, and when we shall have reached 26 in number Germany will turn up with 40, and our relative standing be not changed, but our people greatly impoverished. So the mad rush would go on and on and on, and where it can possibly end I can not conceive except in plunging the nations of the earth into bankruptcy and consequent anarchy. So, view it from every standpoint, I can not understand why any gentleman upon this floor who wants to serve God rather than mammon can oppose the adoption of this resolution. Of course I understand that we here are all more or less affected by our environment and by the conditions at home. We can boast of our independence of thought and ideas and action; but, after all, I know and you know that we keep in touch with the people at home, and when they speak in no uncertain tones their opinions are reflected, more or less, by our actions here.

I can understand, therefore, in that view of the case, why some gentlemen upon this floor would oppose this resolution, because certain interests, perhaps located within his district or in his home town, do not want any cessation in the building of armaments in this country because war is more profitable to them than peace. I regret to say that there are those, even, upon the floor of this House who seem to have heard the rumbling of the thunder and to have seen the flash of the lightning, the eddying smoke and destroying fire of Mount Sinai, but who failed to catch the message that was delivered by that sweet human voice on the mount of the beatitudes in the quiet of the early dawn, proclaiming:

Blessed are the merciful, for they shall obtain mercy.
Blessed are the peacemakers, for they shall be called the children of God.

[Applause.]

Of course, the people engaged in the building of armaments in this country and in Germany, or anywhere else, oppose any kind of a step taken which looks to world peace. They coin widows' tears into gold with which they build mansions, and yet there are those who have the audacity to refer to such as patriots. God save the mark!

I opine, Mr. Speaker, that if this naval program must go on, that if we are to continue to build great battleships with which to destroy our fellow men, if we will build all our future ships in the Government navy yards and then act favorably on the recommendations of the present Secretary of the Navy and build plants for the manufacture of our own armor and all of our powder and other ordnance, the place that has heard the voice of the big-navy advocate will hear him no more forever. [Applause.]

It was only a peculiar coincidence, perhaps, that up to the present time there has been only two discordant notes sounded in this debate, and one came from the City of Brotherly Love and the other from the city named after one of the greatest apostles of peace the world has ever known—St. Paul. [Applause.] But we, perhaps, can imagine some reason for this opposition.

Talk about patriots. Let me read an excerpt from the report of the Secretary of the Navy in regard to the establishment of our armor plants. I think that it gives us a very clear insight into the motives and purposes of some people in this country who grow frantic every time there is even a suggestion made to reduce the armaments here, and I think that it may give us some insight into the reason for the opposition to the adoption of this resolution. He says:

IMPORTANCE OF ARMOR-PLATE FACTORY.

I desire to recommend the passage at the earliest moment of a sufficient appropriation to begin the construction of a Government armor plant to relieve a situation which, in my estimation, is intolerable and at total variance with the principle of economy in spending Government money. It is not my intention to enlarge here upon the economic reasons that prompt me to make this recommendation, as I have already gone into them at length in a letter to the Senate in response to a request for information and which I add to this report as an appendix (p. 39). It is sufficient to mention here that only three firms in this country can manufacture armor plate, and that these firms have put in bids for armor plate seldom varying over a few dollars, and in many instances being identical to a cent. Asked for reasons as to the uniformity of these bids, two of the firms replied frankly that as the contract would be divided amongst them anyway the only effect of competitive bids would be to reduce the profits made by all of the three firms.

I want to call your attention to just what has been going on in

I want to call your attention to just what has been going on in

I want to call your attention to just what has been going on in these concerns. He says further:

The department has made every effort to secure real competition and reasonable prices, even to the extent of withholding awards until the necessity of building battleship No. 39 made it imperative that action be taken. After long negotiations the best efforts of the department resulted in securing a saving of \$111,875 by new "competitive" bids, a purely nominal competition, inasmuch as the successful bidder proposes to divide up the work with his rivals. This saving, while well worth the time it took to secure it, is after all very small as compared with the total cost of the armor. Prices charged by these firms for armor have been investigated by Congress a number of times and by special boards of experts, and in every case the investigators have reported that the prices charged are greatly in excess of the cost of manufacture. With the desire to be just, the Secretary offered to transmit to Congress any figures these companies cared to submit to show that their prices were reasonable, but they have refused to present the absolutely necessary data to the Secretary unless he would agree to accept it as confidential, which, of course, means that he would not allow Congress to analyze the figures. Confidential information about public expenditures was not desired and was not accepted. It is evident that without an armor plant of its own the Government in time of war or impending war would be entirely at the mercy of these three manufacturers and obliged to pay practically whatever price they asked. History does not warrant an assumption that the patriotism of these companies would prove superior to their desire for profits, inasmuch as during the time that war with Spain was imminent these companies refused to accept the price fixed by Congress after investigation as a just rate and declined to manufacture any armor until they got their own price of \$100 a ton more than that which Congress had determined on. In this

Do you call that patriotism? I call it treason. I do not think there is a man here who believes there is any patriotism in men behind a concern that will sell to the very people that they intend that we shall be prepared to fight war material for less

than they sell it to their own Government here at home.

Mr. CALLAWAY. What do you think of the judgment of a government that will purchase armor plate from a company at

that difference in price?

Mr. HAMLIN. I would have very little respect for it if they

had any opportunity to do otherwise.

Mr. CALLAWAY. Does the gentleman claim the Government has not had any other opportunity than to pay \$500 a ton for armor plate which these companies are selling abroad for \$360 a ton?

Mr. HAMLIN. I do not see how our Government can avoid it at the present time. If we are to continue this miserable policy of building battleships, we ought to prepare to manufacture our own material and put those concerns which now have a monopoly on the manufacturing of armor out of the business or make them reduce the price to the proper level.

Mr. CALLAWAY. Are there not other people who can manu-

facture armor plate except these fellows?

Mr. HAMLIN. No. No other companies are prepared to build this armor plate except the Midvale Steel Co., the Carnegie Co., and the Bethlehem Steel Co. That being true, they have formed a monopoly, and whenever one of them gets a contract they divide it up with the other two, and they admit that they do this.

Mr. CALLAWAY. And the Government is powerless to pre-

vent that?

Mr. HAMLIN. Yes; I think so, until it goes to work and prepares to manufacture its own war material.

Mr. CALLAWAY. Then these people have got the Govern-

ment in their hands?

Mr. HAMLIN. So far as the manufacturing of armor and other war material is concerned, yes. And yet they have the audacity to come on this floor and in the lobbies of this Capitol here and tell us that we are not patriots if we refuse to compete with Great Britain, Germany, and France in building machinery with which to destroy our fellow men.

Mr. HENSLEY. Mr. Winston Churchill says they are the

servants of the people and should obey.

Mr. HAMLIN. Of course they are servants, and the sooner we teach them that they are the servants and not the bosses in this country the better it will be for this country.

Mr. BUCHANAN of Illinois. Mr. Speaker, will the gentleman

yield?

Mr. HAMLIN. Certainly.

Mr. BUCHANAN of Illinois. Has the gentleman information as to the actual cost of manufacturing armor plate?

Mr. HAMLIN. I have not those figures here, because they were not available when the Secretary made his report. He was asked for those figures, but they were not available at the me. I am sorry that I can not give them to the gentleman. Mr. BUCHANAN of Illinois. It is my understanding that it

costs but \$200 a ton.

Mr. HAMLIN. That accords well with my understanding, but

I have not the figures at hand.

Now, Mr. Speaker, if we view this question from the standpoint of dollars and cents—and I submit to you that we could not consider it upon a lower basis—then the argument is all in favor of the adoption of this resolution. If the powers of the world should agree to it and there should be a cessation in the building of battleships for even one year, it would mean a saving to the United States of something like \$50,000,000. You take \$50,000,000 and divert it from military channels into the avenues of peace and use that \$50,000,000 in internal improvements, such as building good roads, post roads, and so forth, throughout the country, and you would double the wealth of the country in a few years and make rural life more attrac-

Mr. CALLAWAY. Mr. Speaker, will the gentleman yield? Mr. HAMLIN. In a moment. Make rural life more attractive and bring the schoolhouses and churches nearer the homes of boys and girls who are living in the country. Then you will attract more people to the country and make them happy Then you and contented. And I undertake to say that no nation can have a greater asset than a happy, prosperous, and contented people; and it will be an asset, Mr. Speaker, that will not become obsolete or even obsolescent within five or six years, like a battleship, but it will endure as long as this Nation shall stand. [Applause.]

Now, I will yield to the gentleman. Mr. CALLAWAY. The gentleman Mr. CALLAWAY. The gentleman from Missouri says we would save \$50,000,000, in round numbers—

Mr. HAMLIN. Yes; \$50,000,000, in round numbers, in one

Mr. CALLAWAY. If this resolution were passed and we stopped building battleships for one year?
Mr. HAMLIN. Yes.

Mr. CALLAWAY. That is nearly twice as much as the Agricultural Department has asked for in appropriations, is it not? Mr. HAMLIN. Yes; just about twice as much as they have asked for and more than twice as much as we have been giving them, and yet this is the greatest and most important department of the Government to-day.

Now, right there in that connection I want to call attention to the fact that I have believed for years in Government aid to good roads, and I claim for myself to be one of the pioneers of this idea. I recall back in 1902, on the 4th of July, I made a speech on the question of Government aid in the building of good roads. From that time on I have been contending for it, but that proposition, like every other great reform, comes slowly but surely, and I am firmly convinced that there is nothing that we could do, if we have the authority to do it, that would bring about as much good to all the people of the United States as aiding them in building good roads.

The people of the different States are becoming thoroughly alive to the importance of good roads, as the following state-

ment will show:

Expenditures in the United States for improvement of roads has more than doubled since 1904, according to figures compiled by the Office of Public Roads of the Department of Agriculture. In 1904 expenditures for this purpose amounted to \$79.771.417, while in 1912 the total was \$164,232,265, or an increase of \$84,450,948.

It is shown that the greatest progress in road construction took place in those States that aided in the work by appropriations out of their State funds. In 1904 there were 13 States that contributed \$2,607,000,

while in 1912 there were 35 States that appropriated to the extent of \$43,757,438.

The expenditures for this purpose in 1912 amounted to \$74.65 per mile, which was double that of 1904, when the per mile outlay was \$37.07.

Now, let us cut out battleships and use that money in help-

ing to develop our country.

They talk about the employees who work in these armor factories being thrown out of employment in case this resolution should be adopted. Suppose they are; we had much better force two or three thousand men to seek other kinds of employment than to continue to build great engines of warfare with which to destroy thousands of our fellow men. But I believe if you would take that money and make rural life more attractive, many of those fellows would be induced to go to the country. Millions upon millions of virgin acres throughout the length and breadth of this land are waiting to be cultivated, and that would go far toward solving this vexed problem of the high cost of living, and you would at the same time make your

people happy and prosperous.

Viewed from any standpoint, I say, it seems to me there can be only one conclusion reached in this matter. Many Members upon the floor of this House have had their attention directed to the enormous amount of money that we are spending each year in support of the Army and the Navy in these times of profound peace. I am sure my friend from Texas [Mr. Callaway] knows the amount of it, for he has been looking into the question, but perhaps there are others here who do not. I want to call your attention to the amount that we appropriated last year for military purposes. The total appropriations last year, exclusive of the amount payable from the postal revenues, were \$788,864,598.73. There was appropriated for the Army and Navy out of that amount \$335,440,612.35. Practically one-half of the total appropriation of this Government last year was for military purposes.

Mr. RUCKER. And you have not added pensions.

Mr HAMLIN. Yes; and when you add pensions, it is more than half of the total appropriations. So that while we are boasting on the floor of this House and from the stump in the country, echoing the sentiment expressed in the first part of the President's annual address the other day, the happy announcement that there are no war clouds upon the horizon, that we are at peace with the world, yet more than half of the tremendous amount of money appropriated each year goes to the support of the military arm of this Government.

After all, it is an evidence of our lack of civilization. Na-tions are not unlike people. If I strap a six-shooter around me and walk up to my friend here from Kentucky and make some insinuating remark-it may not be very insulting, but he will naturally resent the very manner of my approach—I am pretty liable to get into trouble; but if I have a difference with him and I go to him unarmed we will talk our difference over and instead of having a fight with him we will settle it peaceably and will be better friends in the future than we were in the past. And nations are not different from individuals.

Do you tell me that we ought not to pass this resolution for fear that the other nations will not agree? Let me remind you that nearly 2,000 years ago when the doctrine of peace on earth and good will toward men was first preached by the lowly Nazarene, there were those who said "It can not be; the people will not believe it; they will not accept it." They said it was no use, that He would be humiliated and insulted, and He was. Ah, they even took His life. But that same doctrine which He preached has come ringing down the ages for 2,000 years, until it has belted the entire globe, and there are millions dead and millions living who have gladly testified and do testify to the efficacy of the doctrine preached by Him, that the people of His time said would never be accepted by the people of this world. [Applause.]

Shall we decline to pass a resolution so just and so proper simply because, for sooth, some nation may decline to accept it; that our proposition may be rejected and we humiliated?

can not be humiliated in trying to do right—
Though scoffers ask, "Where is your gain?"
And mocking say, "Your work is vain,"
These scoffers die and are forgot;
Work done for God, dieth not. Press on; press on; nor doubt nor fear; Through every act these words may cheer, Whate'er may die or be forgot, Work done for God, it dieth not.

I want to say that if my colleague [Mr. Hensley] remains in Congress for 30 years-and I hope he may, if he wants toand if he never does anything else than what he has already done in presenting this resolution, his constituency and the people of this Nation will owe him a debt of gratitude that it will be difficult for them to repay. [Applause.] I am glad

to stand humbly by his side and help all I can. I would rejoice if, when the vote comes on Monday morning, this resolution could be passed unanimously and not a single vote be registered against it. [Applause.]

Mr. Speaker, I believe my time is about up. I simply want to say in conclusion that we are not to be discouraged, we are not to be deterred, simply because some nation may not accept this resolution now. We may not get it accepted in 1914. If not, let us try it in the good year 1915, and if we fail then, try again in the good year 1916. We ought not to be weary in welldoing. I believe as firmly as I believe I am standing here that there is coming a time when we shall have universal peace. The doctrine of peace has been preached ever since the night that the angels came to the shepherds upon the Judean hillside

Fear not. I bring to you glad tidings of great joy, which shall be to all people.

That announcement was accompanied by the angelic song-Peace on earth, good will toward men.

And I have not one particle of doubt that the time is coming when the world will be ruled by the principles taught by Jesus of Nazareth. [Applause.] We, as a people, owe it to ourselves, we owe it to our children, and we owe it to our God to do what we can to bring about that happy condition. And as He ascended to heaven you will recall that the angel said to the men who were watching:

Ye men of Galilee, why stand ye gazing up into heaven? This same Jesus, which is taken up from you into heaven, shall so come in like manner as ye have seen Him go into heaven.

And when He comes again He will rule for a thousand years, and there will be no wars or rumors of wars at that time. Why? Simply because the doctrine of love and peace that He preached will have permeated the hearts and minds of the people of the world to the extent that they will have abolished the savagery of war and stopped building great engines of warfare for the destruction of their fellow men, and peace will rule

throughout this world. [Applause.]
That illustrious bard, Shakespeare, looking forward to the time when wars should be no more, gave voice to this beautiful

sentiment:

Farewell the plumed troop, and the big wars,
That makes ambition virtue! O, farewell!
Farewell the neighing steed, and the shrill trump,
The spirit-stirring drum, the ear-piercing fife,
The royal banner, and all quality,
Pride, pomp, and circumstance of glorious war!
And, O you mortal engines, whose rude throats
Th' immortal Jove's dread clamors counterfeit,
Farewell!

Mr. Speaker, the time is coming when the nations "shall beat their swords into plowshares, and their spears into pruning hooks: nation shall not lift up a sword against nation, neither shall they learn war any more." I hope that my associates upon this floor will join with my colleague from Missouri [Mr. HENSLEY] in initiating the policy expressed in this resolution. Suppose, if you please, that Mr. Winston Churchill has abandoned this policy. I do not believe it, but suppose that he has. Let the United States, that stands for the greatest amount of liberty and christianity, take the initiative, take up the gauntlet where he has thrown it down, carry it across the sea, and say to him, "Here is your proposition, if you have abandoned it, we will take it up." Then go to Germany and Spain and all the other countries and make this reasonable proposition to them, and I believe that it will ultimately be accepted. It is founded upon the eternal principles of right and truth, and it can not fail. [Applause.] But, if not, we will have the satisfaction of knowing that we have done our duty. This proposition is right, and "Righteousness exalteth a nation, and the work of righteouness shall be peace." [Applause.]

The SPEAKER pro tempore (Mr. LLOYD). The gentleman

has eight minutes remaining.

Mr. HAMLIN. I yield that time to the gentleman from Ala-

bama [Mr. HEFLIN]

Mr. HEFLIN. Mr. Speaker and gentlemen of the House, let the people of this Republic rejoice and be glad, for their Representatives in Congress are preaching the gospel of peace and pleading for the friendship and good will of the nations of the We shall obtain that cordial friendship and lasting good will not by parading the seas in threatening manner with mighty engines of destruction, but by the humane impulses and Christian virtues of a peace-loving, patriotic people. [Applause.] The gentleman from Missouri [Mr. Hamlin] has said truly that this Government should take the lead in this great work of establishing peace among the nations of the world. [Applause.] The armor-plate trust and the steel trust, which consitute the shipbuilders' trust, are forever urging Congress to build more battleships. Millions of the people's money are expended building one

battleship after another, and the same interests in America that profit greatly whenever we build a battleship send their agents abroad to urge other nations to build more battleships because America is doing so. They sell material to this and other countries.

I am told that whenever we order the building of a new battleship this shipbuilder's trust makes a photograph of it and takes it to England and France and Germany. The picture is exhibited to these foreign powers, and they are told that they The picture is had better build more battleships, because America has just ordered a new one to be built. And on it goes. England is told to hurry and build another battleship, because America has just ordered one built. Then Germany is told to build one, because America and England have increased their navies. And then France is urged to build one, because America, England, and Germany are all building more battleships. Then they come back to America and show us the pictures of the new battleships of England, Germany, and France. We are urged to build another; and so on around this endless chain of America, England, France, and Germany. Let us enter into an agreement with two or three of these large powers that no more battleships shall be built for the period of one or two

Instead of the nations engaging in a contest as to who can build the most battleships in a given time, why not pause where we are and take a rest? We will save millions of the people's money and be relatively as strong as a naval power at the end of a year as we would be if we continued to build battleships. For instance, suppose England had five battleships, Germany had four, America had four, and France had three. Then the trusts that furnish the high-priced material for the construction of these battleships here and abroad should induce England. Germany, America, and France to add to their respective lists one more battleship. We would be, relatively speaking, just where we are now. England would have six, Germany five,

America five, and France four.

Let us devote some of our time and employ some of our energies and use our good offices in showing to other nations the farreaching benefits and everlasting good of peace universal. With united voices let us pray to the God of Nations;

Sow Thou the seeds of happy peace; All evil drive from us afar; And bid the rage and tumult cease Of hateful war.

A few years ago, Mr. Speaker, Argentina and Chile were forever at war with each other; killing each other's people was the order of the day. There they stood, arrayed against each other in mortal combat; but what happened between these two coun-Their representatives met on the border line and struck hands about a common center for the good of both countries and swore eternal friendship. They took their guns and battle blades and molded them into a mighty monument; and standing on that monument is a bronze figure of Christ, with a scroll in His hand, on which is written "Peace on earth, good will to Written on the base of that monument are these words:

Sooner shall these mountains crumble to their base than Argentina and Chile break the faith that they have this day plighted at the feet of Christ, the Savier.

[Applause.]

Mr. Speaker, instead of burdening ourselves beneath the weight of our own armament and squandering millions of money that should be used for other purposes, let us build at the principal seaports of this Nation, where every ship that sails may see, a colossal figure of Christ, with a scroll in His hand containing this message: "Peace on earth, good will to men." [Applause.]

I am glad, Mr. Speaker, to say a word in favor of this resolu-tion. I am heartily in favor of it. I am proud of my country. I love the United States, and I am glad to see it take the stand that it has. I am sorry that there is a dissenting voice heard here against this great resolution of the gentleman from Missouri [Mr. Hensley]. I want to say to him that the speech he made here a few days ago advocating 'his policy of peace has rung around this Republic like a bugle call. You have led in a movement, sir, that means good to the human race, and you have contributed to the cause of peace, and that speech will do good and the sentiments that you have uttered here will live long after we have passed from the service in this House. [Applause.]

Mr. MANN rose.

The SPEAKER pro tempore. The gentleman from Illinois is

recognized for one hour.

Mr. MANN. Mr. Speaker, in connection with the consideration of the peace resolution, I wish to make a brief reference to the parliamentary war that occurred in the House yesterday. In the course of the debate I said something which I regret con-

cerning my very distinguished friend the gentleman from Virginia [Mr. CARLIN], whom I have asked to be present and hear what I say, because I hope that what I say now will be more pleasing than what I said yesterday. I did not have in mind in any retort which I made yesterday any reflection upon the capacity or the value of the services of that gentleman, whom I have known with pleasure in the House for many years and for whom I have the very highest regard as one of the most valuable Members of this distinguished body.

Mr. CARLIN. Mr. Speaker, will the gentleman yield for a

moment?

Mr. MANN. I yield to the gentleman, always. Mr. CARLIN. Mr. Speaker, since my good friend has been so generous, I feel that I ought to say that at the time the lit-tle discussion between us took place, I did not at the moment think that anything very offensive had been said. Subsequently it occurred to me, in view of what others thought, that such a construction might be placed upon it. I did not make reply, because I knew that the gentleman who made the remarks would do the manly thing, which he has done here to-day and which is characteristic of him in his dealing with his fellow man. [Applause.] Mr. Speaker, I heartly reciprocate every kindly expression which he has uttered.

Mr. MANN. Mr. Speaker, what I have said here to-day has been said with great pleasure to myself. I thought it was appropriate to say it upon this occasion-entirely appropriate because it was true and entirely appropriate because of the reso-

lution which we are now considering.

When the gentleman from Missouri [Mr. Hensley] presented his resolution in the House and asked unanimous consent for its consideration without reference to a committee, it came before the House at a time when, in what seemed to me a laudable effort, I was endeavoring to persuade the majority side of the House to be here and attend to business, and for that reason not permitting them to do much business while they were ab-There was not a quorum present. I did not raise an objection to the consideration of the resolution at the time, because it seemed to me the gentleman from Missouri [Mr. Hens-LEY] had had an inspiration that was of value to us all, and that it was wise to have the consent granted by which the House would have an opportunity at some time of voting upon the resolution in a way that might give it some valuable effect

throughout the country.

Permit me to say, Mr. Speaker, that I think the consideration of this resolution is entirely apart from the question of making appropriations for battleships or for the support of the Navy. do not think the passage of the resolution or the consideration of it has anything whatever to do with the question of whether at this session Congress shall make appropriation for no battleships, for two battleships, for four battleships, or for the number which my friend from Alabama, Mr. Hosson, would like to make-and I do not know how many that would be, but I sup-

pose a dozen or two.

Mr. BARTHOLDT. Twenty-four in the immediate future. Mr. MANN. Mr. Speaker, it seems to me that the United States is peculiarly well situated to offer this proposition to the nations of the world. In the first place, we have greater resources of taxation than any other nation of the world; we expend more money annually for governmental purposes than any other nation of the world; we have greater wealth behind as than any other nation of the world; and we are quite willing, as they all know, when the necessity arises, to expend every dollar of money and every ounce of blood that is necessary for the position which we take. We are not in direct competition with any nation of Europe, such as exists probably between Germany and England or between some of the other powers of Europe in the preservation of the balance of power there. I think we can afford to pass a resolution which puts on record our expression of opinion, that the nations of the world might well halt in their rivalry to outdo each other in the building of

If we progress in the future far along the lines we are now pursuing, it is inevitable that the burden will become so great upon some of the nations of the world that a revolution will ensue repudiating public indebtedness. The nations of the world owe, I believe, something over \$42,000,000,000, which even at 4 per cent interest would amount to more than a billion and a half dollars a year interest, and that would practically maintain nearly 3,000,000 people working a year each upon the basis of \$600 a year, which probably is a reasonable basis for the amount of wages paid upon the average throughout the world. Shall we pursue that or shall we take the chance of passing a resolution which may bring about more economic consideration of these questions? This resolution proposes to request the President to use his efforts. We have been discussing it for several days. We give it long and grave consideration. If we pass the resolution, I take it, the President will then sound informally the various cabinets of the world interested in the proposition and see whether it be practicable, in their opinion, for the different great powers of the world, through a meeting of delegates or otherwise, to enter upon some

program which may save the expense.

It is certain, in my opinion, that if Great Britain keeps on increasing her navy as she has done in the past, that if Germany keeps on increasing her navy as she has done in the past and is doing now, that if the other great countries of the world keep on increasing their navies as they are doing now it will become inevitable that the United States, whatever burden it will bring to bear upon us in the future, will be compelled to build a navy large enough to preserve peace throughout the by force of arms if necessary. I do not want to see the United States undertake to police the world if it can be avoided, and therefore I think, Mr. Speaker, that the resolution ought to pass, and I hope that it will receive the support of practically all the Members of this House as an expression of opinion that this country can well afford to offer this proposition to the world. I do not think that it will affect injuriously our dignity if our offer should not be accepted. I do not think that any man or nation loses his dignity by a dignified offer of peace [applause], and whatever comes out of it, if nothing eventuates at present, it at least will help in the future as an expression of opinion of a great, dignified legislative body that we believe we can afford in this world to take some chance of peace without attempting to ruin ourselves by unnecessary preparations for war when all agree to it. [Applause.]

Mr. Speaker, how much time have I used?

The SPEAKER pro tempore. The gentleman has used 11 minutes

Mr. MANN. I yield 30 minutes to the gentleman from Texas

[Mr. SLAYDEN]. [Applause.]
Mr. SLAYDEN. Mr. Speaker, for some time I purposely concealed the fact that I expected to try to make a speech on this resolution, but when I look around at the seats in this House I see that I was not discreet enough. Information evidently leaked out and the House emptied. This debate has been useful, instructive, and interesting, and it has developed many things which will make us all feel proud of membership here. For example, it has offered an opportunity for a reconciliation, if that is the proper word, between the distinguished gentleman from Illinois [Mr. Mann] and the distinguished gentleman from Virginia [Mr. CARLIN], whose quarrel I had not heard of before they undertook to compose it here in our presence. It also gives me an unexpected and gratifying bit of information in the development of the evangelistic spirit and evangelistic power of our friend from Missouri [Mr. Hamlin] [Applause.] I am quite sure, if he should elect to abandon the House and go to the Chautauqua platform or to the Gospel tent, or any other theater in which such peculiar talents are to be exercised, that those who are now champions in such fields of work had better look to their laurels.

Whether this resolution or another differently worded shall be accepted by the House is not a matter of great importance, but it is important-and the value of it will be admitted on both sides of two great oceans-to show that the representatives of the American people are in sympathy with any reasonable project for relieving the taxpayers of a burden which has become almost intolerable. The discussion is valuable and will have a fine influence far beyond the walls of this Chamber. It has already had an echo on the other side of the Atlantic. Letters have been received in Washington from editors in London and from members of the British Parliament who had read an account of the preliminary discussion of the Hensley resolution and who cordially approve the spirit of it. These letters were from commoners and members of the House of Lords, and, aristocrat and democrat alike, both long for peace and believe that a declaration in favor of the spirit of this resolution by the American House of Representatives will contribute to that end.

The discussion itself is a hopeful sign and marks a tremendous change from conditions which prevailed for nearly 50 years after the founding of our Government. A hundred years ago men had only begun to dimly perceive and to point out the folly of war. Previous to that the brutality and the cost of it had been accepted as disagreeable but unavoidable facts of life. There was no peace party. The advocates of war were perfectly frank and did not do then as they appear to do now, mask their sympathy with strife by claiming to be the advocates of peace. They did not declare themselves for peace and support policies which make war inevitable. That is a development of more recent times when men are ashamed of the purposes of the great armament which they advocate. In those days they rejoiced in the prospect of slaughter and killed each other in private

gaged the people in wars which the exercise of a little patience and common sense would have avoided, and they were pro-claimed heroes. The greater the butchery, the more horror was piled on horror, the greater heroes they were. They were re-warded with titles from kings for whom they killed their fellow men and with large grants of money taken from the poor fools who fought the battles. But times have changed. between individuals was abolished by the quickened conscience of the people, and in spite of all that may be done to prevent it the duel between nations will also go. I am not dreaming dreams. I am not so hopeful as to believe that it will be done immediately and everywhere, but to doubt that it will be done is to impeach civilization and to flout the reason of men.

Time was when England and France were nearly always at war, but since the Corsican was sent to St. Helena, now nearly a century, they have been at peace. A century has elapsed since we were at war with England, and we are about to celebrate the hundredth anniversary of the close of that struggle. never had a real war with any other country in Europe, and we are now less likely to have it than at any period in our history, for we have become so strong that what might one time have been undertaken with a reasonable prospect of success no longer appears inviting. These prophets of evil who proclaim and seem to hope for a war make themselves ridiculous by

their raving.

I am convinced that this resolution, or one like it which will embody its spirit, will be agreed to by a tremendous majority, and it will be a message of hope to the war-cursed people of Europe and Asia.

I had hoped until Tuesday of this week that it would be agreed to by every Member of the House, but the opening remarks of my friend from Pennsylvania [Mr. Moore] convinced me of my error. The same influence which stirs up strife in Europe and prevents the peaceable composition of international quarrels the war traders-forbids.

And I want to say in passing, Mr. Speaker, that I admire my friend [Mr. Moore] for the frankness of his position. It is perfectly understandable. He does not mask his purpose by any pretended sympathy with a movement that leads in the opposite direction. With great frankness my friend exposes his reason for opposing the Hensley resolution. On page 77 of the Record of December 2 he says:

The passage of this resolution will not be unanimous by any means. It is a very important resolution, involving the employment of labor, the investment of capital, and the national welfare to a large extent.

There you have it baldly and frankly stated. We must not yield to a good impulse; we must not do what we can to abolish war, because it involves the employment of labor. And invested capital must not be disturbed. It must be left to earn its dividends at whatever cost in human misery. That is the true military spirit, the true spirit of the makers of and dealers in war material. It is the same spirit which controlled the great can-non makers of Germany—the Krupps—when they resorted to the bribery of a Paris newspaper to stir up hostility in France toward the Germans and reprinted the publications in Germany to stir up hostility in that country toward the French Republic. The fact that they were doing that which might cost the lives of hundreds of thousands of Frenchmen and Germans was of small consequence to "invested capital." That must not be disturbed. That must be left to earn dividends. That is the logic of the position of the gentleman from Pennsylvania [Mr. Moore].

When Dr. Liebknecht charged in the Imperial German Parliament that this great gunmaking firm had resorted to bribery and other dishonorable methods of promoting its business, he was denounced as a slanderer and his charges were indignantly denied; but in his statement in parliament he made so strong a case that the courts were compelled to take notice of his charges, and five officers and agents of the company and of the military service have been convicted. In pursuit of its dividends "invested capital" could not be halted by the groans of the dying or the weeping of widows and orphans, but it is hoped that the sight of its agents on the wrong side of a prison door may have a deterrent influence. Indeed, it may direct attention to the fact that there are other avenues of employment for capital, and that plows, harvesters, and other implements of domestic use offer the possibility of profit. Even Philadelphia manufacturers may so employ their capital and energies, which will be better for the world at large.

I am quite sure that every pacificist will be grateful to the gen-

tleman from Pennsylvania for admitting what has been so often charged and as often denied—that the demand for battleships and other war material has been largely made by those who profit in the trade.

Then there is our friend from Alabama, who has never failed to stand for the maximum demands of the war traders, and who has usually advocated more than they have the nerve to ask. and public quarrels and were not punishe! for it. They en- He also has spoken eloquently, although unconvincingly, against

this small effort to promote the cause of peace on earth to men of good will,

I know what a high-minded gentleman he is. I know how in other matters his sympathies are with the oppressed and the helpless, and I was curious to know, although convinced that he would oppose the resolution, just what attitude he would take in his opposition. I am quite sure that he will not misunderstand me or think that I mean to be offensive when I say that he is a most contradictory compound-a sort of political Dr. Jekvll and Mr. Hyde.

On the Chautauqua platform, when not asking for an office, he strikes a high if sometimes illogical note. He stands for the uplift, whatever that is; he preaches eugenics and prohibition in the interest of physical man, and is a sort of Whitfield in appeals to his fellows to forsake the ways of sin. But here in the House he invariably supports every project for military extravagance and glorifies war in perfervid speeches. He is, like the rest of us, a mixture of good and bad, of reason and unreason; but he has one virtue to a marked degree, he is consistent. He always stands for a greater and ever greater military force.

And it is quite impossible for a man of the most highly developed imagination, who is most reckless in his demands on the Treasury, to write a bill which will call for more in the way of appropriations for naval development than will meet the support and sympathy of my friend from Alabama.

The peace platform of the Nazarene makes no appeal to him. Before undertaking a reply to the arguments of the gentleman 1rom Alabama I would like to say a word or two about the Hensley resolution itself. Some gentlemen have pleaded to the letter of that resolution and ignored its spirit. Others complain that if it should be adopted it would be an action by this House based on newspaper advices, and that possibly information so received may not be accurate. But, Mr. Speaker, it is a matter of common knowledge that Mr. Churchill, First Lord of the British Admiralty, has twice suggested such a program for the consideration of his own and other governments in Europe, his second reference to it being seven or eight months after his first speech. That is pretty good evidence that he took the matter seriously, and that he had it in mind all the time. There is nothing wrong in acting on common knowledge about such matters, and I think that in the history of this House there can be found many instances where legislation involving appropriations has been adopted on no better basis than newspaper reports. The disaster in Martinique is one case that I call to mind at this moment. The resolution is not put forward as a treaty, but as a suggestion to the President by the House of Representatives that in its opinion it is worth while to try to save lives and treasure by abandoning for one year the preparations for war.

In passing I want to say, Mr. Speaker, I have an abiding faith that if we do get an agreement of this kind between the nations of the earth to suspend for one year the development of these great and expensive navies the people will have learned something. The people who pay these bills and for whom we will have saved these millions of dollars will have learned that they can get along just as well without these expenditures, and thereafter they can not be persuaded it will not be a good thing to get along without them for two, three, or five years, and thereafter, in my judgment, the naval programs of all the governments in the world will be modified and brought within the bounds of reason and made less unendurable to the people at large, and that, Mr. Speaker, is one reason why such people as my friend from Alabama oppose this resolution and all resolutions based on this thought. [Applause.]

The House is clearly within its rights in making such a suggestion, and I do not believe that it will or could give any offense to the President. So much for the resolution itself.

The gentleman from Alabama [Mr. Hobson] makes a long and interesting argument for the establishment of what he calls an equilibrium.

I listened carefully to his speech, Mr. Speaker, but I must confess that I have not learned yet exactly what the gentleman from Alabama meant by the term "equilibrium." It is a new panacea which he has set up for all the ills of the world, but concealed behind it is the certainty that there will be an expanding Navy, not only in this but also in other countries. His idea of an equilibrium appears to be to take the greater part of what the people of the United States pay into the Treasury in taxes and to spend it for battleships and war material. He says that we ought to have a fleet in the Atlantic equal to that of Germany, so as to maintain an equilibrium in He says that we ought to have a fleet in the Pacific

equal to that of Japan to maintain an equilibrium in that ocean. This is not the first time in the course of his legislative career that the gentleman from Alabama has made a speech on the

floor of the House suggesting or hinting that the Japanese or the Germans meditated an assault on the Government of the United States, its territories, and some of its policies. First one and then the other of these two powers has been put forward as an imminent danger.

I had hoped that the fact that we have never had any controversy with Germany, that our territories are not contiguous. and that there is no conflict of interests between us had made him ashamed of his position with respect to that country and that he would abandon the making of speeches which are calculated to arouse suspicion and create hostility where neither has existed heretofore. The fact that we outnumber the Japanese by two to one in population, and that the difference between the resources of that country and of ours is even greater, ought to allay his fears.

But if it does not he may comfort himself with the further information that the distance from the Pacific coast of North America to Japan is so great and the difficulty and risk of transporting an army across the ocean so evident that a county like Japan, which has domestic problems of a vexatious nature and no surplus in its treasury, is not likely to commit the folly of attacking one which it knows it can not finally defeat.

But, Mr. Speaker, I submit, in all fairness, that there is no reason for assuming that the Japanese are our enemies. I believe, on the contrary, that they desire nothing more than peace, and that from that source at least this country is absolutely unthreatened.

I think the gentleman's attention ought to be drawn to the fact that there is another very important sea on which at least two first-class powers and one of less strength border, and in which they maintain fleets. With Italy we have had controversies over her immigrants and an international quarrel about immigrants is just as apt to develop into a war as a quarrel about anything else. France has territory in the West Indies, and although she is traditionally and actually our friend I should think the gentleman would advance his theory of an equilibrium in the Mediterranean also.

But it is only about 18 years since we were on the verge of a quarrel with Great Britain about some worthless territory in which we had no interest whatever down in Venezueta. Now, Great Britain has a mighty fleet on nearly all the seas of the world, and as there is a remote possibility that we may some time quarrel with the British people why should we not establish an equilibrium with reference to that power also? Certainly if we learn anything from history we must regard England as the most likely of all our foes, for in the whole period of our existence we have only had four foreign wars and two of them have been with Great Britain.

In the discussion of this question with the gentleman from Illinois [Mr. Mann] the gentleman from Alabama said:

When America announces that proposition—that no matter what the size of the navy of any military power on the continent of Europe or Asia we propose \* \* to have a navy of equal size in the Atlantic and of equal size in the Pacific, respectively—that day we are practically left out for there can be no race with America.

The very weight of the unprofitable burden would bring these nations in the shortest time to seek an organization for peace that will take the place of armaments.

The gentleman from Illinois [Mr. Mann] asked him if he meant that early bankruptcy is necessary—is the shortest cut to the procurement of peace. His reply was:

Yes, if the European nations go on as they are now; and as, clearly, armany intends to go on, irrespective of propositions from Great Brit-Germany intend ain and others.

There can be no race with America. That is where the gentleman from Alabama laid down the extraordinary proposition that we should make appropriations, not to the verge of, but to actual bankruptcy, because when we had committed that colossal folly, that unparalleled crime, against the interests of the people, the other nations with less resources would be compelled to abandon the contest as hopeless, because they would be bankrupt before we were.

The peace plan of the gentleman from Alabama does not commend itself to me. I am not in favor of universal bankruptcy. I believe that it is better to make an appeal to the reason of all the nations of the earth, who in their own interest and to relieve themselves of what the gentleman from Alabama calls "the very weight of the unprofitable burdens," and when an appreciation of this condition is brought home to them I am convinced that they will accept arbitration and peace rather than war and bankruptcy.

The difference between ourselves and the gentleman from Alabama is that we avail of that opportunity and means at this time-an opportunity and a means which he scorns to em-We suggest the application of reason now. to defer it until after the world shall have been ruined.

In this connection I would like to call the attention of the gentleman from Pennsylvania [Mr. Moore], who in his address on Thursday last vehemently denied that these expenses were a burden, to the testimony of the expert from Alabama, who calls them an "unprofitable burden."

Touching this question of whether such expenses are a burden, I call another witness to the stand. In an address to the Parliament of his country the premier of Bavaria, Baron von Hertling, said on Saturday, November 29:

There must be a pause in armaments; the German possessions are not in a position to bear further burdens of this nature.

The Associated Press dispatch, which brought this extract from the speech of the Bavarian premier, commenting on the situation, said:

Bavaria is the second largest State of the German Empire. The Imperial Government, in proposing the latest increase in the army last spring, informed the federated States that it could not assume responsibility for the safety of the Empire unless the augmentation of the forces was agreed to. Bavaria was bound under such conditions to give her consent, but she did so without enthusiasm.

In that connection, Mr. Speaker, and as tending to show to what this madness for military expenditure is leading us, I will print here, under the leave to extend my remarks, an analysis of the new Germany army bill made by the American Embassy in Berlin and sent to me by the secretary of the embassy:

#### THE NEW GERMAN ARMY BILL.

The guiding idea of the bill is the further development of general compulsory military service according to population; it provides for an increase of 4,000 officers, 15,000 subordinate officers, and 117,000 common soldiers; 27,000 horses are also to be added. It is planned that the new measures shall go into effect in October, 1913. Extra expenses will also be incurred through the intended improvement of fortified places and the increase of the airship fieet. It is estimated that the recurrent expenses thus entailed will amount to 180,000,000 to 190,000,000 marks annually. The nonrecurrent expenses are estimated at 1,050,000,000 the parks.

will also be incurred through the intended improvement of fortified places and the increase of the airship fleet. It is estimated that the recurrent expenses thus entailed will amount to 180,000,000 to 190,000,000 marks annually. The nonrecurrent expenses are estimated at 1,050,000,000 marks.

It is proposed to meet the nonrecurrent expenses by means of the proceeds of a single extraordinary defense contribution (Wehrbeitrag), which is to take the form of a duty of one-half per cent on fortunes; in addition, a single tax of 2 per cent is to be levied on all incomes of 50,000 marks and over, unless derived from fortunes already taxed to such an amount. The contribution may be paid in two installments, and charged for a period not exceeding three years. Stock companies and commandite companies are likewise to be assessed. The proceeds of the contribution are estimated at from 975,000,000 to 1,000,000 marks, of which 373,000,000 must be available in 1913, whereas the bulk is expected to be paid in in 1914. Fortunes less than 10,600 marks are exempt from the single contribution.

The recurrent expenses are to be collected from the various States, which are required to increase their matricular contributions toward the common expenses of the Empire by 1.25 marks per head of their population, such increase to be filled by the proceeds of general fortune, income or inheritance taxes, which must be introduced if not existing, or increased if already in operation. Further funds are to be secured by amendments to the existing imperial stamp duty act whereby a stamp duty is to be levied on corporation and insurance contracts; the proceeds are estimated at 22,000,000 marks in 1913 and 44,000,000 in 1914 as well as 1915. Furthermore, the right of inheritance of the proceeds are estimated at 22,000,000 marks in 1913 and 44,000,000 in 190,000 marks annually.

That military bill had not gone into effect when I had the

That military bill had not gone into effect when I had the privilege of spending three or four weeks in Germany last summer, but it made such a tremendous draft on the resources of the people, an immediate draft of such huge proportions, and fixed upon them for all time to come such an enormous increase in the expenses of the Empire, that there was a degree of discontent, a muttering which was most ominous, and which is reflected in the quotation from the remarks by the Bavarian premier which I have just read to you.

I will give you just this much of the analysis. The new German military bill calls for an immediate outlay of \$270, 000,000 to supply weapons, clothing, barracks, and so forth, for the huge increase of the army. That is a nonrecurrent tax, because the weapons and barracks are presumed to last.

Then it calls for an annual permanent increase, a recurrent tax, of about \$60,0000,000 a year. You can easily understand how this is true, when it provides for 4,000 commissioned officers, 15,000 noncommissioned officers, and 119,000 men in addition to the regular army of Germany, and 27,000 horses to make provision for the cavalry and artillery. That costs a great deal of money, as we know, when we appropriated \$100,000,000 for our small Army last session.

Mr. SISSON. Mr. Speaker, will the gentleman yield? The SPEAKER. Does the gentleman from Texas yield to the gentleman from Mississippl?

Mr. SLAYDEN. Yes.

Mr. SISSON. Does the gentleman put into the RECORD in that statement what the expenses of the German military budget will be after this increase is made?

Mr. SIAYDEN. No; I merely tell the increase.
Mr. SISSON. Just the increase?
Mr. SIAYDEN. Yes.
Mr. SISSON. Can the gentleman tell the House what the probable expenses will be under this budget?

Mr. SLAYDEN. I have read it within a few days, but I

could not speak with sufficient accuracy to answer the gentleman's question now.

Now, the effective increase of the burden, if my friend from Pennsylvania [Mr. Moore] will only consent to the employment of that word to characterize the distribution of such manifest benefits, as he terms them—the effect of it has been to irritate the German citizens to a degree which has alarmed the Imperial Government.

Last summer, while I was in Germany, I had a friend go over the new army bill and make an analysis for me, this quite independent of that which had been made by the American Embassy in Berlin.

German citizens and the German Government itself choose to regard these great taxes as a burden, wherein they differ in their peculiar economic view from my friend from Pennsylvania [Mr. Moore].

In a letter to me returning the papers which I had sent him

my friend said.

First of all, the law is so carefully drawn that no matter how much you may try to find a loophole you will every time run into a cul-de-sac. There is no escape for either native-born or foreign-born residents in Germany.

If our friend from Tennessee had had this German military bill before him when he drew the income-tax provisions of our tariff law and had been so minded, he could have gathered revenue enough from that one tax to have built a navy of such a size that even the gentleman from Alabama would have been content.

On page 87 of the RECORD of December 2 the gentleman from Alabama referred to the so-called Venezuelan incident when a blockade was established by Germany and certain other powers in 1902. I will quote his language, because he makes some statements which are of great importance and would be of much greater importance if they were accurate.

With a solemn and mysterious mein, with the air of a man who is struggling to conceal secrets which would upset the

world, the gentleman from Alabama said:

world, the gentleman from Alabama said:

Mr. Speaker, if I remember correctly, it was in 1904 that Germany landed upon the soil of Venezuela and hoisted her flag. Of course it was then known that that act was in violation of the Monroe doctrine. This was undoubtedly realized in Germany, but the growing commerce with South America and the development of German colonies in South America prompted the step. Now, in 1904, Germany hoisted her flag in Venezuela. It was very fortunate that at that time—not from any concerted action on our part, not from any wisdom, but merely from the fact of the popularity of the national defense and the Navy as a result of the Spanish Wer—that we had a good fleet. We were the second naval power in the world, and our fleet available in the Caribbean, the Gulf of Mexico, and the Atlantic was probably 40 to 45 per cent superior to that of Germany, so that unquestionably if the man behind the gun in America was a good man—and he had demonstrated that he was—then America had undisputed control of the sea, and all Germany's armies could not send one soldier across the sea to Venezuela.

There was nothing for Germany to do, when we requested her to re-

Venezuela.

There was nothing for Germany to do, when we requested her to retire, but to retire, and she retired gracefully. But before we gave our request to her to retire we were human enough to assemble our whole fleet at Guantanamo, put it on a war footing, and dispatch Admiral Dewey from the Navy Department to take command; and when he was there with the whole fleet, we very courteously requested Germany to retire, and she retired gracefully.

This statement contains a number of errors. The Venezuelan difficulties were not in 1904, but in December, 1902. did not land on the soil of Venezuela and did not hoist her flag there. No act was committed by Germany in violation of the Monroe doctrine. We did not request Germany to retire, and she only "retired gracefully" when the purpose of the blockade which she had inaugurated was fulfilled. We did not at any time protest against Germany's action, and would have had no ground for so doing.

Ample proof of all of the foregoing is contained in Foreign Relations for 1903. From this it would appear, page 418, that on December 3 Mr. Dodge, of the American Embassy, informed Mr. Hay that the undersecretary of foreign affairs of Germany

told him that Germany's position-

had been explained and was perfectly understood by the United States Government, and that all Germany desired was that Venezuela should not shield herself behind the United States from fulfilling her just obligations

Later Mr. Hay informed Mr. Dodge that Seligman & Co. had been trying to make an arrangement to effect a settlement of the Venezuelan difficulties and that the President would be glad if such an arrangement could be made, as it might obviate the necessity of any force on the part of Germany and Great He was to understand, however, that the United States would assume no obligations whatever in the nature of a material or moral guaranty of any liability created by the transaction. On December 9 the German undersecretary for foreign affairs informed Mr. Dodge that negotiations were pending between the British and German Governments, but that nothing had so far been decided as to what form any armed intervention would take. A few days later Mr. Hay directed Mr. Tower to say to the German Government that the United States adhered

to the position taken by it in relation to the Cretan blockade in 1897 and did not acquiesce in any extension of the doctrine of pacific blockade which might adversely affect the rights of States not parties to the controversy or discriminate against the commerce of neutral nations, our Government reserving all its rights in the premises. On December 14 Mr. Tower informed Mr. Hay, upon statements from the German Government, that Germany was at first inclined to a pacific blockade, but that Great Britain insisted upon a warlike one; that Germany had yielded to the wishes of Great Britain and intended to establish a warlike blockade in a few days, but that Germany had no intention at that time to declare war or to proceed beyond the establishment of a warlike blockade.

At the suggestion of Mr. Hay, Mr. Tower inquired further of the German Government as to its intentions, and he was informed, among other things, that the united powers did not intend to make a declaration of war or to take any hostile step beyond the establishment of a warlike blockade. To all of this our Government interposed no objection, except as stated, and England and Germany proceeded to blockade the ports of Puerto Cabello and Maracaibo, with the result that finally an agreement to arbitrate was entered into between the blockading powers and Venezuela.

In the course of the difficulties three Venezuelan warships were seized and two were sunk. Some shots were fired by a German vessel at the fort at the entrance leading to Maracaibo. while some British sailors landed at La Guayra, rescuing British subjects and taking them aboard British war vessels.

This sums up the situation as shown by American official

documents, and from them it does not appear that a single German ever landed, even temporarily, on Venezuelan soil and Germany never hoisted her flag there, as stated by Mr. Hobson, and we never requested her to retire, but, on the contrary, accepted the German position that under the laws of nations she had the right to enforce a settlement of her claims in the manner sought by her. No bluster was indulged in by the United States toward Germany, nor were there any threatening acts.

The SPEAKER pro tempore (Mr. Murray of Oklahoma).

The time of the gentleman from Texas has expired.

Mr. SLAVDEN Mr. Speaker I would be seen to the content of the conten

Mr. SLAYDEN. Mr. Speaker, I would like to ask the gentle-man for a few minutes more. I can conclude in seven or eight minutes.

Mr. KENT. Is this in the time of the gentleman from Illi-

The SPEAKER pro tempore. Yes.

Mr. SISSON. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. SLAYDEN] may proceed for 10

The SPEAKER pro tempore. The gentleman from Mississippi [Mr. Sisson] ask unanimous consent that the gentleman from Texas [Mr. Slayden] may proceed for 10 minutes. Is there objection

Mr. CAMPBELL. Mr. Speaker, reserving the right to object, I assume that this will not come out of the time of the gentleman from Illinois [Mr. MANN].

Mr. SLAYDEN. I see the gentleman from Illinois [Mr. Mann] is here. If there is any objection, I will stop.
Mr. MANN. Mr. Speaker, I have promised the balance of

The SPEAKER pro tempore. This would not come out of the time of the gentleman from Illinois [Mr. Mann] anyhow. Is there objection to the request of the gentleman from Mississippi [Mr. Sisson]? [After a pause.] The Chair hears none, and the gentleman from Texas [Mr. SLAYDEN] is recognized for 10 minutes more.

Mr. SLAYDEN. In the latter part of his speech the gentleman from Alabama [Mr. Hosson] speaks with contempt of treaties between nations and of the ease with which they have been broken. I do not recall that anywhere he condemned this breach of faith. I will not say that he approves it, because I think he is too honest a man to do any such thing, but I do say that in making an address as important as his it is not wise to pass lightly over acts of bad faith, which have such a tremendous influence on the happiness and welfare of men. He apparently has no faith whatever in treaties. I suppose he thinks that they are not worth making. Can you conceive of the chaos, of the enmities, of the piracy and acts of criminal aggression to which the world would be subjected if all of the treaties of amity and of commerce between the nations of the earth were destroyed? His suggestion appears to be to have no solemn engagements to be honest and fair, but to build larger and always larger fleets. He appears to want to return to almost primal conditions, where each man and each country is armed to the teeth and relies upon his or its own strength

and skill for self-preservation. He describes with a good deal of interest and philosophic reflection the growth of civilization through the clans and tribes up to the establishment of orderly government, with adequate police protection for the lives and property of the people. But feudalism, as the gentleman must know, was abandoned in Europe, because with advancing civilization and intelligence the people realized that it would be better to abandon the habit of cutting each other's throats and to establish mutually satisfactory conditions for the peaceful cultivation of the soil. They covenanted with each other through statutes and by regulations, just as it is suggested now that the Governments of the world shall covenant with each other by treaty to establish better conditions throughout the universe.

The gentleman refers to the fact that in The Hague conferences the delegates were not given the authority which they should have had to make binding agreements for the keeping of the peace. He says that the military nations would not consent to give these delegates even advisory power. That is present to give these delegates even advisory power. That is pre-cisely what we complain of. The military nations and the military people, of whom the gentleman from Alabama is such a conspicuous example, stand in the way of agreements which would be for the benefit of the whole human family. He says

If there were appointed at The Hague conferences an adequate committee with power to codify what is known as international law in an authoritative way and practically lay down precedents of international obligations and establish a basis of international common law, then at some future Hague conference, through proper powers delegated by all the nations, actually giving jurisdiction to The Hague tribunal, we would have an evolutionary process going on for developing an adequate international judiciary.

It gives me pleasure to be able to assure the gentleman that the program which he outlines is practically being executed. The first and second Hague conferences have gone into history. They did a great work and have set forward the cause of peace and justice in a wonderful way, and if the gentleman from Alabama and those like him who prefer the violent method of settling international disputes will only get out of the way the time is not far distant when there will be such a court as he describes and international justice will be dispensed by the supreme court of the world. And in this connection it may be well to say that no supporter of The Hague idea abates in the slightest degree his patriotic sentiments or seeks to deprive his own country of any dignity or of any right. No important person has any serious thought that there will grow out of these Hague conferences any scheme of world government which will destroy the identity of nations or races. I mention this because there are some people who have professed to believe that the development of The Hague arbitral court would have a tendency to wipe out national boundaries, and that thought has aroused hostility to a movement which is thoroughly wholesome and thoroughly patriotic.

The gentleman from Pennsylvania is solicitous for the dignity of the President of the United States. He may be, in a certain sense, his brother's keeper, but I believe that Mr. Wilson would cheerfully relieve him of the duty of guarding his dignity in relation to the request embodied in the Hensley resolution. That resolution merely assumes the truth of public news by which we were advised that Mr. Winston Churchill did declare on two separate occasions that the United Kingdom was willing to cooperate with other Governments to secure a suspension of naval construction for one year, and no one has yet come forward to deny that such a proposition was made.

No one, unless it be my friend from Pennsylvania, will deny that it would be a relief to the taxpayers if governments would leave in their pockets the hundreds of millions of dollars which will be expended in the next year for battleship construction if the naval holiday idea is not adopted. In paragraph 2 of the Hensley resolution there is preferred a respectful request that if he can do so with due regard for the interests of the United States, the President shall do what he can to consummate the agreement suggested by Mr. Churchill. No resolution was ever more respectfully couched, nor can even hypercritical Members find anything in it which undertakes to direct the President against his own judgment. It requests him to do something which there is reason for believing would be in the line of his own wishes.

At another point in his speech the gentleman hints at the idea that the author of the suggestion only wanted to promote a peaceful understanding between Great Britain and Germany and that a dangerous factor-Japan-is altogether omitted from the contemplation of the author of the resolution.

Mr. Speaker, Japan spends hardly more than half as much for military and naval purposes as the Government of the United States. Yet within the last year or two the fremey-

dous burden of taxation in that country has caused the over-throw of one political party and has indicated a condition of unrest which is not promising for the internal peace of that Empire. But those are the domestic problems of Japan which we can not in good taste or good judgment discuss here. only say that in my opinion, basing it on information which is available to every student of the question, Japan is peacefully inclined; that she wants to be left alone to work out her own problems; and that, above all things, she does not desire to engage in any more foreign wars. The people of Japan are unusually capable. They know the strength and resources of every other government on earth, and even if they cherished warlike ambitions they know where they could engage in war with a reasonable prospect of success, and they are clever enough to understand that a war with a country as rich as this would be exhausting. But I prefer not to discuss the Japanese question from the point of view of possible war. I prefer, rather, to look at it from the point of view of a friendly nation asking the right to live and competing for commerce in an honorable I believe that Japan would like to be assured of an indefinite prolongation of the peace of the world, for in that lies her opportunity for the development of an Empire which has amazed the world by its rapid development, by its brilliant accomplishments on the field of battle, and by its more impressive victories in the field of intellectual endeavor. Japan is not the foe of anyone in this House, unless it be the gentleman from Alabama, who seems generally hostile, or the gentleman from Pennsylvania, whose interests are frankly commercial. [Applause.]

The SPEAKER pro tempore. The gentleman from Illinois [Mr. Mann] is recognized for 19 minutes.

I yield that much time to the gentleman from

Mr. MANN. I yield that much time to the gentleman from Pennsylvania [Mr. HULINGS]. Mr. HULINGS. Mr. Speaker, I am in favor of every measure that will abolish war. I am in favor of an authoritative announcement by the Government of the United States that it will agree with the other great powers to build no warships for a

There is no great likelihood that other nations will agree, but no great harm will be done if they refuse; and if they should agree, an enormous sum of money that would be expended on warships could be diverted to productive industries. But in any case it would serve as further evidence of the desire of this great Republic to abolish war and substitute other methods of settling national disputes than resorts to arms and brute force

I do not agree with my colleague from Pennsylvania [Mr. MCORE !. who opposes this resolution on the ground that the building of battleships furnishes work for the laborer and the artisan, and that for that reason the building of them should not be suspended.

I do not agree with him, for I believe that all such expendi-

tures are a tax upon the energies of the country.

All labor that is unproductive or that does not aid in production or its distribution and enjoyment is a burden, a tax

upon the energies of the country.

The pay of the policeman who guards our streets is a tax pure and simple, a burden imposed on society by the wrongdoers whom the policeman is employed to watch; a burden which would be lifted if there were no wrongdoers, and society would be the gainer and relieved of the tax if he were to turn to some productive labor.

In the same way the cost of insurance of our property against fire is a tax, a burden upon productive industry, the measure of which is the imminence of fire, precisely as the fire itself, should it occur, would be a burden upon the energies of the

Now, the policeman must be paid, and the agents and clerks and staff of the insurance companies must be paid; but it would be a poor argument against the reform of the lawbreaker to say he should not reform, because if he did the policeman would be out of a job; and it would be a queer sort of argument in favor of conflagrations to say we must have them, for if there were no fires the insurance agents would have to go to farming. [Applause.]

The very best that can be said of naval or military expenditures is that they are an insurance against war; but nevertheless they are a tax, a burden, upon the energies of the Nation precisely as insurance against fire is, but with this difference: If all persons were to cease paying for insurance, the fires would still occur; while if all nations were to quit building warships naval warfare would cease.

Mr. Speaker, I am not one of those who regard war as an unmitigated evil.

As the struggle of the young pine tree in the thicket upward for the breath of life produces the clear stuff and the tall timber, so in human life struggle, toil, and arduous effort are the atmosphere that develops the grand qualities of the race.

The man who in pursuit of some worthy purpose has not held on until he could taste blood, who has not persisted until every breath became a gasp, has never tasted the real wine

The boys who endured the stern discipline of that long and bloody Civil War returned to civil life self-reliant, seasoned. disciplined men; their beards had sprouted in the smoke of battle; they returned to the works of peace; they engaged in the internal development of the country with a surge of energy and achievement that amazed the world.

They undertook the building of the great railroads and of

wonderful bridges.

What to them were the risks of the peaceful arts? had builded the like under the storm of hostile bullets. They had no fear to undertake anything their daring brains could

In the great tuition of war they had learned to play the game with their lives as counters, unblanching and unafraid. and I firmly believe that the country owes, in a great measure, the wonderful industrial achievements of the generation past to the tuition of the men of the North and the South in the great Civil War.

The stairway of human progress is an escalade of battles.

War-horrid, wicked, illogical as it is-is not without its compensations.

The Almighty framed His universe upon a plan of benevolence, and in His gracious goodness ordained that out of our very blunders and foolishness may come blessings, so that even in the jaws of the lion honey may be found. He in His goodness makes it possible that our sufferings and experiences in wickedness become stepping stones to better things.

Evolution to higher standards is the natural order. The day will come when war shall be no more.

The day may come when men will not fight or steal. The day may come when the only function of the policeman

will be to help lame ladies over crowded streets.

The day will come when nations will settle their disputes in a great international court precisely as individuals are required to settle their disputes in civil courts.

But such times will come by natural evolution. The power and majesty of the human spirit in its inventive genius and command of material forces is making war more and more expensive and less and less possible.

The aerial ship will make untenable the armed camp and the embattled fortress. The submarine boat in its development

will laugh to scorn your superdreadnoughts.

Within a few days an invention was reported by which at a distance of 8 miles, without wires or other attachments, one may explode gunpowder inclosed in an iron box submerged in 21 feet of water. If this is true, and I have no doubt it will be true, what becomes of your war fleets, your arsenals, and your

The mounting expense of the enginery of war and militarism, the invention of newer and more frightful engines, will make war impossible and drive nations into more rational ways of

Human nature will probably not greatly change. Mankind will remain selfish, but the world is beginning to see that altruism is but enlightened selfishness.

The nations will perceive that war no longer pays, that an enlightened selfishness forbids war.

It is in this natural way the day will come when nations will

Resolutions will not bring peace. Peace societies will not stop war. The Hague Tribunal will not stop war. Solemn treaties have not prevented war. The halt in war-ship building will not stop war. They are helpful to show that we are advancing in enlightenment.

They are indices showing the awakening conscience of mankind to a realization that there are better ways of settling dis-

putes than with grape and canister.

The groans of European millions under the burden of milltarism and the awakening sense of the power of democracy throughout the world are doing more to stop war than all other agencies whatsoever.

The curse of war will be lifted when an enlightened democracy realizes that war does not pay.

eace will never be secured by disarmament.

Disarmament is a chimera that will only become real after peace is established. Peace societies are following a "will-o'-

the-wisp" in disarmament. The Hague Tribunal has broken down; it lacks power,

The way out is clear. War has been the court of last resort. The world is awearying of its expense, its injustices, and its inhumanities and seeks a better court.

A great international high court of last resort, whose decrees will be enforced by the power of the community of nations, as the civil courts enforce their decrees by the power of the community of individuals, is the clear, logical, evolutionary substitute for war.

Until that day the best assurance of peace is to be prepared for war.

Until that day the policy of this country, firm in rectitude, should be ready with the hand of peace and good fellowship for every nation, ready for disarmament, ready to establish an international court, but ready in case of assault to curl up like the porcupine, bristling at every point, impregnable to attack.

Avoiding offenses, scorning the tricks of diplomacy, standing up to the spirit and letter of her contracts, convincing the world that she will seek no evasion of treaties, whether it be concerning Panama Canal tolls or a canal site; demanding her rights with a magnanimity comporting with her greatness, yet with the disposition and power to maintain them. Thus the United States, with the greatest potential military strength of all nations, would be the champion of peace. [Applause.]

I do not see how the resolution can do any harm as it is

I do not see how the resolution can do any harm as it is written, although I agree with the gentleman from Minnesota [Mr. Stevens] that it would better be referred to committee and amended so that it will be simply an authoritative statement that this Government would agree to join the great nations in suspending war-ship building for a specified time, or in any other concerted effort to abolish war.

I fear its only effect will be to show the peaceful disposition of this country, but that is important, showing what our disposition is.

In case of their refusal, I think our Navy should be rapidly increased, so that we should be paramount beyond compare in the Western Hemisphere; and then, secure against invasion, we should take up the "white man's burden" within our own boundaries by attending to our own affairs. [Applause.]

Mr. KENT. Mr. Speaker-

The SPEAKER pro tempore. The gentleman from Illinois [Mr. Mann] has two minutes more, if he desires to control the time.

Mr. MANN. I do not desire to occupy it, but I will reserve it.

The SPEAKER pro tempore. Very well. The gentleman from California [Mr. Kent] is recognized. [Applause.]

Mr. KENT. Mr. Speaker, I should not have taken the time of the House to consider this question except that the gentleman from Missouri [Mr. Hensley], who has had the honor of introducing this resolution and has had the privilege thereby of doing this great service to the country and to the world, requested me to say something.

It is practically impossible to cover any new ground in this connection. War is not being outgrown solely on account of advancing morals. War is becoming outgrown on account of changes in the economic conditions of war. If an Indian went to war with another Indian, he would jeopardize little except his life. If he got away, he could haul more brush and construct another habitation. His warlike activities were not productive of waste and of poverty to his tribe.

In older days there was profit to be made by the brigandage of collective murder and organized robbery.

Not only were goods obtained by the victors, but in the enslavement of the vanquished beasts of burden were obtained for the nation, tribe, or clan.

War no longer furnishes the incitement of collective profit, although the powder makers, the ordnance purveyors, the battleship builders reap a great reward from public spoliation. Their reward, however small in proportion to national waste, has been sufficient to cause them to incite extravagance and to encourage distrust and trouble.

The fomenters of war are the lead-pipe thieves of civilization. From an enormous destruction they reap a petty reward.

They should be obliterated by the assumption of armament production by the nations themselves.

Step by step war has become more and more unspeakable from the standpoint of economics and the standpoint of bad morals, until now we are reaching a point where the absurdity is obvious, in spite of the patriotic periodicity gentleman from Alabama [Mr. Hobson]. Dreadnoughts now going at \$14,000,000—for utterly useless floating flatirons. A broken-down artillery horse on the Continent of Europe can be eaten up when no longer fit for other use; but I do not believe anyone has ever

found use for a discarded battleship. We have left far behind the need of personal contest. No man needs longer to protect his personal honor by shooting up somebody else or being shot. We must reach the same state of mind as regards this question of what people loosely term "national honor." The individual who has had to rough it in the world, who

The individual who has had to rough it in the world, who has had to associate with people of rather crude ideas of their personal honor, who does not desire to kill or to be killed, has found out—and I have talked with many of them and have had some experiences of the sort myself—that a man can better afford to be insulted than to start personal reprisals that would result in killing. In other words, a man or a nation can assume the attitude, however hard it may be, that one who goes out to bandying insults is not the sort to insult those who claim good manners and decent breeding. Such a view carries with it calm courage and should be coupled with an unalterable determination to stand for rights and against aggression.

There is an element of bluster and bragadocio that has often led to war. It seems fine to our jingoes to think how easily we could send 10,000 men down through Mexico to the City of Mexico. It would make some of them very proud to consider that we could do it; but we must turn around and consider the cost, consider the ultimate result, consider the morals of the proposition; and then if we are civilized, as we claim, if we are capable of logical thought, we know that we should take no pride in the ability to assault a neighbor—that the unpardonable wrong would react on ourselves.

Nations are more backward along this line of civilized development than are individuals. The individual has come to think that as the choice of evils a lawyer may be better than brass knuckles or a battleship, but the nations have not yet reached that point.

One thing that has shocked me here in Washington, in connection with this House and the other House at the other end of the Capitol, has been the tendency that I have seen here to totally disregard what seemed to be international obligations. I remember the abrogation of the Russian treaty, which treaty should have been abrogated, because it was not tenable by either party to it; but that it should have been done in an offensive manner, a manner which under the old doctrine of national honor would have brought on war, is something horrible to contemplate. The talk here in the House and in the Senate were both sufficient, under the old-time doctrine of national honor, to lead to war.

We had an international convention concerning the seal fisheries. That convention had been laboriously worked out between the nations. It might or might not have been a worthy proposition. There was a difference of opinion. But in some of the discussion—not all of it, by any means—there was carried the idea that we would do as we pleased about those seals, irrespective of the rights of other nations on the ocean.

We had some discussion here about Panama Canal tolls. Part of that discussion was addressed to the merits of the case and to what the treaties really meant; but there was another tone here, and that was that we would do what we pleased with our canal, and that treaties were not to be particularly considered.

It is these international bad manners that we must cure. I think these sessions of the House that have been devoted to this resolution are most hopeful in promoting peace—that so many of us should get together here and solemnly resolve, as far as we are personally concerned, as we are doing by our attitude, that we are not going to be taken off our balance by any jingo outcry, that we realize that war is a serious matter, and that it is a national disgrace unless it is forced upon us.

Peace, after all, is not a physical condition; it is a state of mind. It is found in the soul of man. The Romans had what they called peace, the peace of those that were down and crushed, the truce of the defeated, but that was not peace; and so the peace that Diaz maintained in Mexico was simply the peace of power. It meant the confinement of explosive gases, as we have since learned.

It seems to me that on the other side of the water the greatest movement that has been made toward peace has come from the calm contemplation of the subject by the working people of England and of Germany. Thousands upon thousands of them have enrolled under the banner of peace, and have stated, although that would have been considered treason in the old days, that they would not fight one another.

that they would not fight one another.

I do not believe that the time has passed when we need policemen. I differ to a certain extent with my friend from Texas [Mr. Slayden] as to the attitude of one of the nations that he mentions. It seems to me that when a nation demands for its emigrants the right of citizenship in this country, demands the right to own our land, we may consider that there is in such aggressive impudence a lingering possibility of trouble.

I am not prepared at the present moment to say that I shall never vote for another battleship. I hope it will never be necessary. [Applause.]

I am delighted to add my word in favor of this resolution, and I would go further and say that it seems to me that the logic of the situation is that if two or three important nations join together in the movement contemplated by this resolution they thereby are practically entering into an alliance for the sake of peace, and that nations which violate the rights of other nations and break into the world's peace that would be started toward an establishment by this measure, the nations that heedlessly infringe upon such a mutual understanding for the promotion of peace, and the abolition of economic waste, such nations will have enlightened allies joined in an international police force to fight with. [Applause.]

I yield 30 minutes to the gentleman from Ohio [Mr. Sharp]. Mr. SHARP. Mr. Speaker, I have been generously given half an hour by my friend from California [Mr. KENT] in which to discuss the pending resolution. I would ask, out of courtesy to my colleague from Pennsylvania [Mr. BAILEY], that at the end of 28 minutes I be notified, because I want to yield two minutes to him, upon his request, as he is not upon the regular list of those asking for time.

Mr. Speaker, I am not at all hopeful of advancing any new thoughts upon this very important resolution. A man would be indeed very egotistical if he had any such thought in mind after hearing from perhaps 20 or 30 of our best speakers on this subject. I think, however, if I may be permitted to say so, that most of them have made the mistake of treating the opposition too seriously. It develops that there have been three Members in this House who have by speech opposed this resolution, if I am correct. I would not for a moment want to believe that any one of them had any real opposition to it, but I think that out of the kindness of their hearts each has consented to occupy the position of a real straw man, so that the rest of us could punch the stuffing out of him. [Laughter.]
I remember as a young law student one of the first lessons

that came to me was to learn that, in order to perfect the pleadings in a case, you would have to join issue of some kind. So that I rather think, to take a charitable view of it, that these three able gentlemen-and I am glad from a nonpartisan view one comes from our side and two from the other side of the aisle—have agreed to assume that rôle in order that the pleadings may be perfected and that we may have an issue before this House.

If it can be said that there is no serious opposition to this resolution, let me say that nevertheless from my experience, covering five or six years in this body, I do not know of any measure that has been more important, that may bear more fruit for good, than the one that we have been considering during the past two or three days. I am very glad, Mr. Speaker, that it comes at the beginning of the session rather than at its close, so that we can have sufficient time in which to discuss its features.

The distinguished gentleman from Alabama [Mr. Underwood], in asking time for the consideration of this resolution, made the prediction that it would receive almost the unanimous support of the House. I think he was entirely right in that statement; but to my surprise there have been editorials appearing during the past two or three days that would lead me to believe that, whatever may be the sentiment of the House on this question, there is some opposition to it among the news-

papers of the country.

About the severest indictment that has been leveled at this resolution came from the lips of the gentleman from Minnesota, my good friend Mr. Stevens, who said that it was about as effective and had about the same characteristics as a last year's bird's nest. But, if I may further use that rather homely comparison, let me say that many of the very greatest reforms, both national and international, have reposed in last year's bird's nests a great many years. We know that the great Magna Charta slept many years in that kind of a domicile, and in that kind of a house of straw and rags reposed the agitations that finally led up to the Declaration of Independence more than 100 years ago. So with the antislavery movement, and many other reforms that have come to fruition only as a result of a half century of agitation.

I want to take half a minute of time, and I do not want to spend much time reading, because it comes out of the time which I must devote to other phases of the subject. I want to read from a letter of Thomas Jefferson, the patron saint of the Democratic Party. It is an expression of his views of 90 years ago, in a letter to President Monroe, pertaining to the Monroe doctrine. It seems to me to be particularly appropriate at this time.

Mr. Jefferson, commenting upon the situation then presented. away back in 1823, as the outgrowth of the Monroe doctrine, said:

The question presented by the letters you have sent me is the most momentous which has ever been offered to my contemplation since that of independence. That made us a nation; this sets our compass and points the course which we are to steer through the ocean of time opening on us. And never could we embark on it under circumstances more auspicious. Our first and fundamental maxim should be never to entangle ourselves in the broils of Europe. Our second, never to suffer Europe to Intermeddle with cis-Atlantic affairs.

One nation, most of all, could disturb us in this pursuit. She now offers to lead, ald, and accompany us in it. By acceding to her proposition we detach her from the bands, bring her mighty weight into the scale of free government, and emancipate a continent at one stroke, which might otherwise linger long in doubt and difficulty. Great Britain is the nation which can do us the most harm of any one or all on earth, and with her on our side we need not fear the whole world. With her, then, we should most sedulously cherish a cordial friendship.

Those were prophetic words that have come on down to us through almost a hundred years; but I wish to read now an echoing sentiment, as expressed by a writer in one of the great London dailies within the past few weeks, upon the Mexican situation. I would be very glad to have the gentlemen present listen to this, because it is not only beautifully expressed, but it is so completely in harmony with the Jeffersonian idea above set

The Daily News, in a strong editorial, demands the recall of Sir Lionel Carden on the ground that he is doing his best to help President Huerta in his design to set the British and American Governments at logserheads. The newspaper says:

"The maintenance of American friendship is the keystone of British policy. Not all the British capital invested in Mexico would compensate for the risk of losing America's friendship, and under the present circumstances it would be our duty and plainest common sense to acquiesce in the American policy, even though we thought it mistaken.

"But President Wilson's policy is not a mistaken one. All that has happened in Mexico confirms the keenness of his insight and justifies the courage of his conduct. We are not prepared to sacrifice the friendship of the United States at the dictation of a few rich speculators."

That is the sentiment, Mr. Speaker, that prevails to-day on the other side of the Atlantic, and is in complete harmony, I take it, with the feeling that prevails throughout this country. But the object of this resolution, or the probable result of it, has been likened and compared in effectiveness to a last year's bird's nest. I have only to cite the splendid exhibition of statesmanship displayed in the handling of the Mexican situation by the gentleman who now graces with such signal ability and patriotism the highest office in our own country-President Woodrow Wilson-to show that whereas there were abroad some pessimistic views-and, I am sorry to say, shared by some of the people of our own country at the beginning of that conflict-yet they unite to-day in extolling the wisdom of that great Executive. [Applause on the Democratic side.]

His attitude toward that unfortunate country receives to-day the commendation and approval of all the nations of the world. There is not a country on the face of the earth that stands in a stronger position to-day to bring about a world-wide disarmament than the United States of America.

But while I have referred to the words of commendation of the movement for a world-wide peace, yet I am sorry to see sounded in the press this morning a different sentiment. I refer to an article appearing this morning in the editorial col-umns of the Washington Post, which usually stands for sensible things. I am surprised and disappointed to find in its leading things. I am surprised and disappointed to find in its leading editorial a criticism very marked and pointed, not only upon this resolution—though it does not specifically refer to it—but to the attitude taken yesterday by Mr. Joseph Choate, formerly our ambassador to England. There is contained in the editorial to which I refer a very remarkable statement. The editorial is headed "Mr. Choate on canal treaties." I will take two or three minutes to read the pertinent extracts to which I wish to refer:

Mr. Joseph Choate's tribute to Lord Pauncefote and Secretary Hay is worthily bestowed, but his intimation that a treaty as written and understood by such men ought to be regarded as the last words in the matter and lived up to without question does not logically and necessarily follow. It is not the way of the world. It is not a rule of practical statesmanship in affairs diplomatic.

A treaty is a law, and Mr. Choate is so good a lawyer that he need not be told by a layman that all laws are open to challenge and review.

This last assertion is only partially true, and sometimes a half truth is a great deal worse than an entire falsehood. The dictionaries define a treaty thus: "A treaty—a formal agreement or compact as between nations. The act of negotiating for an agreement; also the agreement so made."

It is in truth, as the writer of that editorial says, a law after it is negotiated, but there is this very essential and important difference between a mere law and a treaty. Once executed, it has the binding effect of a law; but when you enter into a treaty it takes two, according to the old adage, to make a bargain, and, as the dictionaries define it and as every man knows to be the truth, it contains the essential element of mutuality and agreement between nations, so that it radically differs in its nature from being merely a law. I read the concluding paragraph of that editorial:

Europe is falling away from the mockery-

This refers to a further consultation and mutual exchange of views at The Hague—

not so much from distrust of the United States as from a realizing sense that the ends of practical statesmanship as again displayed across the channel are better served by setting other nations together by the ears than by employing the processes of arbitration.

Now, Mr. Speaker, if we were to believe that, then we might just as well close the doors, draw down the blinds, and make no further effort to better mankind. If human nature is so mercenary as depicted in the concluding paragraph of this editorial, then there would be no further hope of international, world-wide peace. But let me here take occasion to say that we not only have as Chief Executive at the White House one who is determined to have peace if it can be brought about with honor, but we have also a great statesman in the person of Mr. Bryan, who was pronounced at a banquet at which I had the pleasure of attending the other evening by a gentleman who stands high in the councils of the party on the opposite side of the aisle-I do not think he will care if I mention his name-Mr. Bartholdt, of Missouri-who, as toastmaster, introduced Mr. Bryan not only as a great Secretary of State but as the greatest Secretary of State since the beginning of our Government. Surely if there is any power in the national mandate voiced by the President and the Secretary of State, I know, my colleagues, we will have peace; and I believe before the end of the present administration we shall have taken greater strides toward the final consummation of the policy of peace and good will among the peoples of the earth than has been accomplished during the last quarter of a century

I have spent the most of my life upon the shores of Lake Erie, one of that great chain of lakes which constitutes a part of the border line between Canada and the United States. Since the time that the treaty of peace was signed between Great Britain and the United States there have been billions of tons of the freight of commerce carried up and down those Great Lakes undisturbed by frowning fortress or the thundering of a single cannon to impede their progress. This happy condition grew out of that treaty, which provided that henceforth there should be no armament upon those lakes except the maintaining of a single little gunboat of 100 tons capacity, each such gunboat bearing a single cannon of 18 pounds force; a craft so light that it would hardly be dignified in comparison with many of

the private yachts which ply those waters to-day.

I believe that what Great Britain and America consumated and have carried out effectively during the past 100 years can be done with other nations. The author of the resolution before us [Mr. Hensley] well pointed out the other day that it was foolish to consider any serious complications with a country like Germany, when we have 20,000,000 of descendents of her people, who are now good American citizens. The same applies, although in less number, to Italy, France, Austria, and Russia. We are emphatically, then, the one nation on the face of the earth that can make the greatest impression on all our sister nations by the adoption of this resolution. And I do not know but, as in the case of the abrogation of the Russian treaty, which was made all the more emphatic, that the dissension in our ranks was represented by only one vote at that time. If we have only three votes now in opposition to this resolution, and the balance of the membership for it, it will be a happy event.

Before I conclude, I want to illustrate the power of public sentiment by giving just one simple, concrete illustration. We endeavored for a great many years in this country to abate the destructive manner—equally useless I was going to say—of celebrating our national Independence Day. You remember that, up to two or three years ago, when you picked up the morning paper under the date of the 5th of July, you saw the conspicuous headlines announcing so many deaths by lockjaw, so many people having their limbs blown off, so many, through carelessness, who were nearly killed or maimed for life. The accidents became so numerous that one of our great daily papers, the Chicago Tribune, if I remember correctly, made a yearly chronicle of the number of accidents or deaths that followed from that foolish, senseless policy of trying to kill off our children in order to show that we really rejoiced over our Independence Day.

Well, all at once a reform came about; had it been predicted the year before it would have seemed absolutely impossible to

accomplish. The newspapers, the greatest agency on the face of the earth with which to build up a healthy sentiment or destroy it, the greatest moral reform agency on earth, we have come to realize, finally took up the agitation for what they called a "safe and sane Fourth." Within two years' time they had brought about a condition, awakened such a public sentiment, and crystallized it in such a concrete manner that not only city councils adopted ordinances against the use of these deadly instruments of injury, but State legislatures enacted laws to the same end.

The last year showed the beneficent effects of that kind of a law. I have not the figures before me, but the number of deaths and accidents during the past two or three years, incident to our celebrations of the Fourth of July, have been cut down to one-tenth of what they were before. Why, as a result of those celebrations they used to have hundreds of cases of tetanus, or lockjaw, in the city of New York alone; the last year they had less than a dozen, I believe. Of course they have new and more effective remedies with which to treat lockjaw, but at the same time the accidents were few. That reform was brought about in a few short years, because the people came to realize that the great annual toll of death was a useless one. So will we come in time to regard the destruction of wars.

I want to predict in closing—because I want my friend from Pennsylvania [Mr. Balley] to have the remaining two or three minutes—that even though we may not see the immediate fruit of this resolution to be adopted here by the American House of Representatives to-day, we will have taken a long step in advance toward securing peace among nations and the settlement of their disputes by arbitration. And if, as a result of 10 years' advocacy of this point, we bring it about, we will certainly be very glad that, collectively and individually, we have been given the glorious privilege of standing upon this floor and, by voice and vote, advocate the passage of this resolution. [Applause.]

Mr. Speaker, I yield the few remaining minutes to the gentle-

man from Pennsylvania [Mr. BAILEY].

The SPEAKER pro tempore. The gentleman from Pennsylvania [Mr. Bailey] is recognized for five minutes.

Mr. BAILEY. Mr. Speaker, if I were to make a criticism of the resolution which is pending, it would be that it does not go far enough. I believe in a naval holiday, not for one year,

but for all time, if it could be brought about.

And, Mr. Speaker, referring to an expression of hope on the part of the gentleman from Minnesota [Mr. Stevens] to the effect that he might be given an opportunity to vote for a proposition that would really promise something in the way of a naval holiday, I believe that something has been offered. In a bill which I had the honor to introduce a few days ago I proposed that these big navy boomers should themselves be given an opportunity to pay for the Navy. In other words, I proposed that a supertax or surtax be placed upon large incomes for the support of the naval establishment; and I believe with all my heart that that would go very far toward discouraging these demands for a great navy.

That was one of the reasons, but not the chief reason, for

That was one of the reasons, but not the chief reason, for the introduction of that bill; not because I believe in a great navy, but because I would discourage it, and I believe that if the jingoes had to pay for jingoism we would have a great deal

less of it. [Applause.]

One of the gentlemen who spoke the other day, my distinguished and eloquent colleague from Pennsylvania [Mr. Moore], referred to the employment which is given to labor in the construction of battleships, in the production of steel that goes into the making of these great dreadnoughts. Well, I happen to come from one of the greatest steel towns in America; at least a town in which one of the greatest steel establishments in the world is located, and I stand here to say that if we were producing armor plate, if we were producing guns, and if we were producing any of these other materials that enter into the construction and maintenance of the Navy, just the same I would stand up here opposing the expenditure of the public money in the maintenance of that establishment, in the construction of battleships.

For I can not think of those people employed in the navy yard or in the shipbuilding establishments of Philadelphia without thinking also of those people back in the mines, back in the forests, back in the fields, who are laboring to support these people in their useless employment, because the building of a battleship is not a gainful occupation; it is nothing which adds to the wealth of the world or to the comfort of humanity. For that reason I believe that the plea of my colleague from Pennsylvania [Mr. Moore] made the other day is not one that

is in the interest of labor, not one that is to be considered for

a moment as an economic proposition.

Some one has said here—I think in the discussion this after-noon—that in the support of this Hague tribunal, this court of the world, this supreme court of the universe, it must have power behind it. While the gentleman from Pennsylvania [Mr. HULINGS], I think, was speaking for this resolution, he at the same time declared for force. He said we must have a great force to back this supreme court. Well, we have had an institution in this country ever since the Republic was an institution in this country ever since the Republic was founded that has been supported wholly, or almost wholly, I should say, by public opinion, and I believe to-day that public opinion is the greatest force in all the world. We have an electoral college. We have had men chosen for presidential electors since the beginning of the Government, and there has never been a single man since the foundation of that political part of our establishment who has violated the unwritten law which governs the elector and requires that he shall carry out the mandate of his party or the mandate of the people whom he represents. There has been no recreancy there. There has been no need of policemen, no need of any power, save alone the power of public opinion. And I believe we might appeal with greater certitude to that power than to any other force in all the world. [Applause.]

But my jingo friends—and it is with regret that included

among them must be the gifted and gracious and ordinarily pacific Secretary of the Navy-insist on keeping up the pace. We must spend uncounted millions on battleships, destroyers, submarines, and other instruments of war. We must relax nothing in the amazing course which Republican imperialism

Well, my answer to such demands is embodied in the bill before alluded to—II. R. 9322. It provides for a supertax of 5 per cent on incomes of \$20,000 and over to meet the cost of

This proposition has met with a howl of protest from our plutocratic friends as wild as the one which rose up from the landlords of Great Britain when something of the same sort was suggested by Lloyd-George. There was a dreadful hubbub raised by the Tories over what they said was the design of the to abandon the two-power standard. The British Chancellor of the Exchequer came back with the assurance that the Tories could have battleships and dreadnoughts to their hearts' content.

But we shall ask our Tory friends to supply the funds-

Said the chancellor-

We can not impose the burden on the already bowed back of labor; bor is even now being crushed by the load it must carry, so we prose to go to the land values of the country, and a share of these will taken to maintain the two-power standard which his lordship and is grace so vehemently demand.

So Lloyd-George is making the jingoes shoulder the burden of jingoism. He is making the privileged foot the bills for a policy designed to protect and aggrandize privilege. Is there any reason why we should not adapt the Lloyd-George idea to our own situation? We may not directly impose the burden of jingoism on the land monopolists of this country, but we can lay it on the great incomes, resting well assured that most of

them are derived from some form of landlordism.

A naval establishment limited in size only by the patriotism of our plutocrats! Why not? Is the proposition so monstrous? Jingo organs have denounced it from one end of the country to the other. But what does that argue? Only that the privileged class in this country are no keener than the privileged class of Great Britain to go down in their own pockets for the needed coin to build battleships and destroyers. the real big Navy enthusiasts. They are the inspiration behind our Hobsons and our Deweys. There is gain to the privileged class in militarism, imperialism, and their concomitants, but none for the man in the factory or in the furrow. These latter we do not hesitate to draft when any fighting needs to be done. But our plutocrats rarely do any fighting. Their patriotism usually takes the form of loaning money at excessive rates to the Government in times of deadly peril. The unprivileged masses do the fighting. It is they who brave the leaden hail and the hardly less fearful ordeals of the camp in time of war.

I am offering, and I want Congress to offer, our millionaires the first real chance they have ever had in this country to show the genuineness of their patriotism. They should seize it with joy and they should exert their tremendous influence in favor of my bill. According to my calculations, this bill will raise a total revenue of \$143,581,250, a little less than the estimates of Mr. Underwood and Mr. Simmons of the amount required for the Naval Establishment for the fiscal year 1914. As far as I can make out, the great body of the people are not suffering. Well, if war is hell, and peace such as we have had in the last

for a big Navy. The demand for naval exploitation comes almost exclusively from those upon whom this supertax would fall, and I feel sure that they will not, or ought not, protest against paying for what they so ardently want. If we enter into a competition such as that which the big-navy boomers advocate it will take a lot of money. I recall that the Demo-cratic Party at Baltimore pledged itself to a lessening of the burdens of taxation, but this pledge can not be fulfilled if the big-navy boomers are to have their way, or, having their way, are not required themselves to foot the bill.

Personally, I regard this naval competition as in the last degree unwise. There should, indeed, be a "naval holiday," and it should last not for a year but indefinitely. There is no more sense in nations going around armed than there is in the private citizen making of himself a walking arsenal. Just as we have progressed in civilization we have dispensed with the loaded hip pocket; and it is a material blot upon this civilization that we have not likewise abandoned the national hip pocket as symbolized in our great Navy and our huge standing

But if we must have this great Navy, it is my thought that it should be supported by the special interests that never miss an opportunity to clamor for it. That is the thought which is back of my bill, and I am grieved to note that this thought is not meeting with that generous response in plutocratic circles

which innocently had been expected.

Mr. Speaker, I can not help feeling that the proposal in the pending resolution of a "naval holiday" can be most effectively promoted by the plan modestly suggested by me. do not mean to say or to imply that all who shrick for a big navy are rich or that all who oppose a big navy are poor. I mean to say is that without the support of certain great plutocratic interests big-navy demands would receive scant attention, either in the newspapers and magazines or in the Congress of the United States. The big-navy propaganda is purely plutocratic in its inspiration; it derives its vitality from sources of privilege; and we can not more certainly check its progress than by calling privilege to the captain's desk and making it fork over the passage money.

The SPEAKER. The gentleman from California [Mr. Kent]

has 16 minutes left.

Mr. KENT. Mr. Speaker, I yield the balance of my time to the gentleman from Nebraska [Mr. Sloan].

Mr. MANN. And, Mr. Speaker, I yield back the two minutes I have remaining to the gentleman.

The SPEAKER. The gentleman from Nebraska [Mr. SLOAN] is recognized for 18 minutes.

Mr. SLOAN. I do not expect, Mr. Speaker, to argue at length the merits of this resolution. It would be decidedly unfashionable so to do. The real merits of this controversy seem to have been generally ignored. Since the gentleman from Ohio has referred to the discussion of the gentleman from Minnesota [Mr. STEVENS], I feel like accepting the challenge and saying that from my viewpoint in this discussion, although there has been a great deal of elequence unbottled, he almost alone really argued the question before this House.

It was well said by the leader of the majority [Mr. UNDERwood] that probably nearly everybody would vote for this resolution. I believe it is true. The discussion should have taken place along the line of wording the resolution and the basis of fact therefor, so that we could place ourselves before the country and the world in the most satisfactory way and

with the strongest possible footing.

It was said that only one Member from the majority side and two from the minority side opposed this resolution. I think the Members on the minority side referred to were the militant son of Mars, Maj. Moore, of Philadelphia, the City of Brotherly Love, and the gentleman from Minnesota [Mr. STEVENS]. Of course, they included for the majority the hero of the Merrimac, Capt. Hobson. But I want to call attention to the fourth Member, coming from the majority side, the rather bellicose giant from Mississippi [Mr. Sisson], who laid down a proposition here that is astounding and unique. He said that if there is one thing more cruel than war itself, it is the burden borne by the taxpayers in preparation for war in time of peace. That is a very startling proposition. If we eliminate the pensions based upon former wars and every dollar that would be necessary for the purpose of keeping down domestic insurrection, all that we spend on armament on land and sea would not be a dollar apiece per annum for the people of the United States.

It is a serious proposition for a great man to say on the floor of this House to the world, that paying a dollar per capita in the United States for preparation is more cruel than actual war. The great Gen. Sherman said, "War is hell." Perhaps it is. 16 years is worse, we must have been living in a superhell of a condition here in the United States for the last 16 years. [Applause.]

But it is just such propositions as that that are magnified into a stature and volume which lead the outside world to an erroneous conclusion, and that is one trouble with this resolu-

Winston Churchill, a marvelous young man with American blood coursing through his veins, which is entirely to his credit, finally became First Lord of the Admiralty of Great Britain. Last April, when saying what the Government expected to do, he proposed a national armament-building holiday. The proposition went primarily, of course, to Germany as the one nation most distinctly concerned. The wise The wise old chancellor of Germany waited to see what Churchill meant in the concrete, and when the Germans heard it, they said, with practically one voice, "Denken Sie ein Deutscher ein Gans war?" Because, after the proposition of Winston Churchill had been discussed and rejected by every leading Government and opposition organ in the great British Empire, he took it before the ministry so that he might have its approval to meet the demands of the German chancellor and tell what it meant. He said that he did not mean a national holiday for all armament building. He went up into Manchester in October, in the northwestern part of Great Britain, away from London, the Channel, Strait, North Sea, and the Thames. Up there, where the pulse of Liverpool is not so distinctly felt, surrounded by people like some of those in the interior of this country who do not like battleships, he said:

The proposal I put forward in the name of the Government for a naval holiday is quite simple. Next year, apart from the Canadian ships or their equivalent, apart from anything that may be required by any development in the Mediterranean, we shall lay down four great ships to Germany's two. Now, we say to Germany, "If you will put off beginning to build your two ships for 12 months, we will put off, in absolute good faith, the building of our four ships for exactly the same period," while the relative strength of the two countries would be absolutely unchanged.

That is the proposition that we are to consider in this resolution, that is what it means, and that is what it is confined to. The Times, the great "thunderer" of England, said :

It is impracticable. Naval strength can not be reckoned in terms of capital ships alone. Such a proposal, if accepted, would not preclude Germany from spending the money which she thus saved upon minor warships or upon submarines.

Once again the first lord of the admiralty exposes England to the deep humiliation of seeing an appeal regarded, as this is certain to be—

Observes the Standard-

either as a sign of weakness or an artifice to delude a rival into a feeing of false security.

The proposal is assuredly one which no foreign Government will accept—

Is the final verdict of the Daily Chronicle.

What justification-

Angrily asks the Birmingham Post-

has Mr. Churchill in mind for hoping that his latest advance will be any more successful than the others.

And after Germany received the proposition and had it reduced to the concrete, this is the response by their Government organ (Lokal Anzeiger):

He thinks to anticipate the production of Germany's naval estimates, doubtless recognizing the fact that if he could make them appear wrong on any one point, the Reichstag would throw out the whole of them. Now, what does this proposal mean? It means that England would either build three ships herself or get them from Canada. It is well known that Austria and Italy intend to enlarge their programs in the Mediterranean. England would meet this by building two ships. England would therefore have five new ships, abstain from building five more, and expect Germany to build none.

Mr. HENSLEY. Will the gentleman yield right there?

Mr. SLOAN. Yes.

Mr. HENSLEY. I want to know the pamphlet from which the gentleman reads.

Mr. SLOAN. The Literary Digest, which is regarded as pretty good authority, internationally as well as here.

Mr. KINDEL. I would like to ask the gentleman from Nebraska who the gentleman from Mississippi was that he referred to?

Mr. SLOAN. Mr. Sisson, who made such a remarkably belligerent speech on the 28th of April directed at our neighbor, Japan, of the Far East, in which he was ready to go to war upon the slightest provocation. A few days before that he had voted against two battleships. He is like a great many distinguished gentlemen who are always in favor of a gunless war and a shipless navy.

Now I want to call your attention to this resolution (sec. 1): Resolved, That in the opinion of the House of Representatives the declaration of the Lord of the Admiralty of Great Britain, the Right Hon. Winston Churchill, that the Government of the United Kingdom is willing and ready to cooperate with other Governments to secure

for one year a suspension of naval construction programs offers the means of immediately lessening the enormous burdens of the people and avoiding the waste of investment in war material.

Stripped of confusing verbiage it means:

It is the opinion of the House of Representatives that Churchhill's declaration of the British Government's readiness to cooperate with other governments to secure one year's suspension of naval construction programs offers means of lessening great tax burdens.

The proposition of Churchill was not to suspend naval construction for a year. At most, it was a doubtful modification of its own. This was proposed primarily to Germany, and in effect contingently to others, and was rejected by Germany. That this status of the proposition does not offer the means of lessening great tax burdens immediately is a necessary conclusion which will probably cause our President to smile at the

grotesque lack of foundation of our solemn opinion.

In the face of these facts will we still say it is our opinion and say it offers the means of immediately lessening the enormous burdens of the people and avoiding the waste of investment in war material? Upon what can we predicate such an Why, gentlemen, it is a shrewd move on the part of Winston Churchill, who desires to have this shipbuilding stop, as far as the North Sea is concerned. Germany has little present interest in the great Mediterranean. The Mediterranean Sea is to be the scene of great naval activity during the next two decades, as it was of the centuries past. It was the scene of three of the great naval battles of the world-Actium, Navarino, and Trafalgar. It may be the same in the next 20 years. Nobody knows it better than England. Since the Italian war, since Turkey has been driven to desperation and with little foothold in Europe, since Austria has been put on a new footing, with Greece rejuvenated and revived, and all these nations preparing a naval program, with England seeking to protect her interests at the two ends of the Mediterranean, this would give her an opportunity to use every dollar of her surplus to protect her interests in the Suez Canal and keep Gibraltar the rock of her refuge. And further, the fleets of the air and the construc-tion of the "cavalry of the sea," and the submarine terrors, will now furnish great channels for expenditures, none of which does Churchill propose to diminish.

Mr. HENSLEY. Will the gentleman yield?

Mr. SLOAN. Certainly.

Mr. HENSLEY. If the gentleman were persuaded beyond doubt that England was acting in good faith and there was a prospect of bringing to consummation this plan which the resolution tends in the direction of, would the gentleman be in favor

Mr. SLOAN. I favor peace, so far as that is concerned, and will probably go so far as to vote for the resolution, because I will strain a great point not to even appear as voting against peace, but it ought to be amended instead of being based on the precarious footing of the proposition given out by England's first lord of the admiralty, which is discountenanced at home, rejected abroad, and has no standing anywhere. Why try to galvanize a corpse? I believe there is genius enough in America, I believe there is talent enough in this House to draw a reso lution and submit it and have it passed by this House and this House go upon record as being in favor of peace, and to that end favoring a reduction of armament by ourselves and those nations abroad.

But I do not think that the gentleman from Missouri-I have called his attention to this matter heretofore, as he will remember-would desire to pass on to fame, as I hope he will, in driving a proposition of this kind through in this form by using an excellent plank which he nails to a poor, little, broken, rejected lath. Would a man who could build his house upon a rock go abroad for a mass of quicksand for it to rest upon?

Mr. HENSLEY. Mr. Speaker, I want to say to the gentleman that I have no thought of entering this thing for fame. I want to accomplish as much as possible by this simple resolution.

Mr. SLOAN. I am willing that the gentleman should have it, and I am willing to help do it; but I do not think the people of the United States or the world, when they study this proposition and understand where it stands, or, rather, where it does not stand, or that you or anybody else will have any pride therein because it involves us in expressions of opinion, that as time goes on will embarrass us and which the general eagerness

to vote for peace will not justify or atone. Further, should we, that division of the legislative branch of our Government which has nothing to do with treaty making, say to the President of the United States with all the force of an almost unanimous vote that this is our opinion, that these facts exist, which we know do not exist? We should recall that this resolution will go direct to the President and will not pass

through that other body, which has not entirely surrendered its right or practice of deliberation.

I now read section 2 of the resolution:

SEC. 2. That a copy of this resolution be furnished the President with the request that, so far as he can do so, having due regard for the interests of the United States, he use his influence to consummate the agreement suggested by the Right Hon. Winston Churchill,

What was the agreement that Mr. Churchill suggested? The agreement was primarily between Great Britain and Germany. Great Britain proposed it, and it went primarily to Germany. Germany has rejected it, and you are asking your President to try to get nations to agree to a thing that one first proposed,

then pruned, and the other has already rejected.

It is unusual, and it should be, for this House to ask the President to take a definite step, as it should be unusual for the Executive to ask Congress or its Members to take a legislative We should therefore consider well the basis of our request before making it. I assume the President, following the example of his distinguished predecessors, has been making all efforts making for peace that international conditions and diplomacy would seem to warrant. So that before a request like this be preferred in this form some extraordinary circumstance must have occurred of such commanding moment and of such wellestablished character that large progress might be made by moving and great prejudice result from its neglect.

Personally, I am for peace by whatever honorable means it may be gained or maintained. If we can promote it by passing this resolution, burdened as it is and by no means supported by

the Churchill crutch, well and good.

If we can establish and continue peace by regular treatymaking procedure, so much better. I regret the weakened position we hold by reason of the rejection of recently negotiated treaties.

If we can in extremity maintain or restore peace by an American Navy, then will I favor that way, because the battles fought upon the sea are usually short and decisive. The fighting there is usually done by the professional fighters; while if the enemy break through the cordon of our naval defense, the breasts of our volunteer boys become the targets for the enemy's bullets. And great as may be the cost of battleships, battleships are cheaper than boys. [Applause.]

The SPEAKER. The time of the gentleman from Nebraska has expired. The gentleman from Ohio [Mr. FESS] is recognized for an hour. [After a pause.] Mr. Fess not desiring to speak, the gentleman from Texas [Mr. Hardy] is recognized

for an hour.

Mr. MANN. Mr. Speaker, will the gentleman from Texas vield?

Mr. HARDY. Yes. Mr. MANN. How much time does the gentleman expect to use?

Mr. HARDY. I have an hour, but I expect to yield to two gentlemen who have asked for some of my time.

Mr. MANN. Does the gentleman expect to occupy the full

Mr. HARDY. Really, I do not know how much these gentlemen will want.

Mr. MANN. May I ask, Mr. Speaker, how many more gentlemen expect to be recognized to-night?

The SPEAKER. Ten.

Mr. TOWNSEND. Each one entitled to an hour?

The SPEAKER. Each one entitled to an hour if he desires it. Mr. MANN. Each one will be, if he gets recognized, but I do not think he will be recognized, for each one will not be

Mr. TOWNSEND. The gentleman perhaps shares my hope

that we might get away for an early dinner.

Mr. MANN. Oh, I am in no hurry.

The SPEAKER. The gentleman from Texas is recognized for an hour.

Mr. HARDY. Mr. Speaker, this debate or discussion has been a disappointment to me. I did not expect it to result in the change of one word in the resolution itself or of one vote upon it, but I was in hopes that the interest manifested and the presence of the Members during the discussion would arouse an interest in the purpose of the resolution. If all the Members of Congress had remained present, the fire of the discussion would have been much more intense and we would have had something along the line I had hoped. In other words, this discussion was intended to be educational, to go out among the people of this country and of the world and help build that spirit of peace which shall ultimately put an end to war.

In ancient times poets began their immortal verses with invocations to the muses, praying for a heavenly flame to kindle

their thoughts into noble and worthy expression.

I do not pray for such inspiration, only because I realize how inadequate to the task my capacity is; but I do pray that some one here during this discussion, or elsewhere and ere long, with breadth and depth of intellect, with heart and mind affame with the zeal of the crusader; some poet, some philosopher, some statesman, will touch the chords that shall wake the conscience of all mankind against the crime of war.

Not feebly wake it to mild and aimless protest, or to such false professions of abhorrence as yoke themselves with preparation for slaughter, but wake it to the wild, fierce zeal that will muster the nations into legions of peace, and make indi-vidual men willing to sacrifice and, if need be, die for the glories of peace, as men and nations have sacrificed and died for the

mad, red glories of war.

Why should we burden ourselves and mortgage our posterity to imbrue our hands in the innocent blood of our brother men? We want peace. We praise peace, but "in time of peace prepare for war." There may have been a time when the motto In time of peace prepare for war" was wise. When ambitious kings and tyrants, without justice and without pity, ruled: when nation levied tribute on nation, and armies brought their captives home for slaves; when conquest meant rapine and plunder; good men, unambitious men, peace-loving, God-fearing men, believed in that motto.

When that maxim was wise the so-called great men did not want peace; they thirsted for the glories and prizes of power and empire and personal grandeur. To-day kings and lords no longer rule the great nations of the earth; the people rule, and all men except the fool, the fanatic, and the vainglorious bigot or the vile schemer for some selfish interest want peace, and no man dares to say he prays for war. Still, there is the martial spirit in our animal make-up, the spirit that quickens the blood when the drum beats, that thrills to the music of the "Marseillaise" or "Dixie," the spirit that the jingo war orator can appeal to, even in this country of ours, if he is careful while

appealing for war to profess that he loves peace.

Mr. Speaker, if here, to-day, a man should walk among his neighbors visibly armed for conflict and yet declaring that he was in favor of peace with all men, who would believe him and who would care to keep company with him in the walks of life? I listened—without pleasure, I confess—to the gentleman from Alabama a day or two ago. He told us what he has so often told us before-how much he loves peace and what stupendous, what fearful preparations he would make for war. He says he thinks the United States can do more for universal peace than any other nation in the world to-day. I think so, too; but he hardly takes time to voice this thought before he launches out with a list of the battleships and statements of the war footing of the nations of the earth. How accurate his statements are I shall not inquire; but it is somewhat strange that his statement makes Germany's navy more than twice as strong as ours, while Senator Burron declares in a well-written magazine article that the Navy of the United States is now second in cost to that of Great Britain-more costly than that of Germany-and Mr. Burron is a student of the navy question.

But the gentleman from Alabama tells us that England has or is building 46 battleships; Germany, 24; the United States, 12; Russia and France, 11 each; Japan, 10; and Italy, 9. Then he says that the proposal stated in this resolution comes from Mr. Churchill at this time with peculiar ill grace—to use my own expression of his thought—and thinks that because England has nearly twice the battleship strength of any other nation she ought not to be heard to propose at this time to suspend battleship construction for a period of one year. And yet, after he had so criticized England, he progressed but a short time until in substance he declared that before the United States should accept the proposition of Mr. Churchill she ought to get in the same position on the Western Hemisphere that England, as he says, occupies on the Eastern Hemisphere to-day. He proposes that before we listen to the proposition to suspend naval construction we shall build until we have an armament on the Atlantic equal to the armament of Germany and an armament on the Pacific equal to that of Japan; that Germany, having 26 battle-ships, we must build up to that on the Atlantic, or, rather, since Germany now has 26, and is building at the rate of 2 battle-ships per annum, and we have only 12 ships now, we must build as many ships per annum as Germany and build 14 more before we are ready to listen to any proposal for the suspension of battleship building on the Atlantic side. And then, Japan having 10 battleships on the Pacific, we must build 10 on the Pacific and as many more as Japan shall build be-fore we should listen to proposals to suspend building battleships on that side. England has been criticized because she hus put forth the proposition to suspend armament building while she has the naval strength of two nations and because, she claims, so it is said, that she ought to be allowed to have such strength; that is to say, that England should maintain a navy equal to that of any two other nations in the Old World.

Our friend from Alabama seems to be one of those critics, and yet he makes exactly the same proposition for the United That shows that he has at least some English blood in his veins. He does not want to agree to suspend until we have the double or the two nation standard here. If we must have a Navy equal to Germany on the Atlantic side and one equal to Japan on the Pacific side, why should he criticize England? fancy that if we already had that navy no one, and the gentleman from Alabama least of all, would expect us to destroy part of it in order to equalize ourselves with some other nation. The gentleman from Nebraska [Mr. SLOAN] tries to show that in some speech made by Mr. Churchill he had abandoned his proposition; that he had declared it was not England's purpose to abandon her hold in the Mediterranean, and therefore that England would not consent to lessen the burden of the nations. Yet the very speech he quotes declared Mr. Churchill's desire to suspend the building program of England of four great battleships if Germany and other great nations would agree. situation now is, Mr. Speaker, that England has a navy-building program of four and Germany of two great battleships, and the Secretary of the Navy asks us to build two battleships this year; France likewise is to build two more battleships. What the building program of Japan, Italy, and Russia is I do not know. The proposition of Mr. Churchill is that England will not build her four battleships if Germany will not build her two, the United States not build her two battleships, France not build her two, and Russia, Japan, and Italy will suspend their building program, whatever it is; and yet the gentleman from Nebraska says this proposition of Mr. Churchill to suspend this building program for one year would not lessen the burden of the toiling masses of the nations.

As I understand the cost of building great battleships—that is, fifteen to seventeen millions each—it would save four times fifteen, or \$60,000,000, to the people of Great Britain; it would save twice fifteen, or \$30,000,000, going out of the Treasury of the United States; and it would save the overburdened toiling people of the great Continent of Europe a proportionate Of course, such sums do not amount to anything to men who love peace but must prepare for war. I have been told by a member of the Naval Committee that these great dreadnoughts will cost \$17,000,000 each for construction and equipment; and after you have built one of them, the gentleman from Alabama [Mr. Hobson] says, you must write off for depreciation one-tenth every year. It costs, at the best estimate I can find, \$1,000,000 per annum to maintain one of these battleships; that is, to keep the soldiery on it and keep it running. Seventeen million dollars plus \$10,000,000 to maintain it for 10 years means \$27,000,000 for each battleship that is put affoat; and the chances are that in four or five years after launching the battleship will be superseded and thrown aside. If the toiling millions of the people of this country and every other country can be saved these monstrous sums, I want it done.

Mr. Speaker, let us figure on this a little. England puts, say, \$60,000,000 per annum in building four battleships. In 10 years she will spend \$600,000,000 for new construction. These ships—40 of them in all—will have been maintained an average of five years each, which would make a cost of \$200,000,000 more, or \$800,000,000 in all. This does not take into account her present navy and the cost of maintaining it, which latter cost I think might be conservatively estimated for the 10 years at \$2,000,000,000.

If the nations go on as they are now going, in the next 10 years England must spend on her navy at least \$2,800,000,000. I was about to say that, to be conservative, I would estimate the cost of our naval bill for the same period at half that sum, but when I paused I reflected that that would only make our bill \$1,400,000,000, or \$140,000,000 per year, and we already exceed that. If we build two battleships this year, our naval bill will exceed \$160,000,000, and our bill is jumping every year. I think I have underfigured the whole thing; but in God's name are not these figures staggering? I firmly believe that unless something is done to check the present mad race of nations in building battleships our naval program will cost us more than \$300,000,000 per annum in less than 10 years. In 1886 our naval bill was less than fourteen millions; in 1900, 14 years later, it was fifty-five millions; in 1914 it will be, if the Secretary's program is met, over one hundred and sixty millions. What will it be in another 14 years?

I will not conjecture; but if England, Germany, and the United States each had a Hobson in the seat of power, they would all be bankrupt before 1928.

One gentleman says the near future of naval action is going to hang around the Mediterranean shores, because some of the great battles of the past were fought there; and therefore I presume he wants us to put a navy in the Mediterranean. When the battle of Actium was fought all the civilization of the earth was around the Mediterranean. Subsequently civilization came westward to the shores of Great Britain, and then across the Atlantic Ocean; and in the future, if we keep these armaments, although the smaller nations may fight among themselves, the great nations of the earth will find their theater of naval action not in the Atlantic or the Mediterranean but, if at all, in the Pacific Ocean. I think even the gentleman from Alabama [Mr. Hobson] has not yet urged us to put a fleet in the Mediterranean,

Let me try to conceive what the future may hold in store for the toilers and taxpayers of the world. By going back 15 years we can imagine what the next 15 years will bring. This Democratic régime, I believe, is starting out on a career of 15 years of power. If we do not stop, we will have \$350,000,000 of annual naval expenditure before our 15 years of rule is ended. It will be far greater than that if we can not check the Hobsons and the naval constructors and battleship building interests.

The gentleman from Alabama says that it is not necessary for us to build against England, because the tendency in England is to be friendly with the United States. I suppose he realizes the difficulty of holding up before an American audience at this time the prospect of building a navy to equal the navy of Great Britain, which would call for us to build 34 great vessels before we would catch up with the position in which England is now, and unless something is done England would perhaps have 34 more vessels then. To equal England, we know we would be compelled to build more than 60 great vessels in the next 10 years. Even the Alabama gentleman shied from that proposition, and said that we must only build to equal Germany on the Atlantic, and when we start to do that he says that Germany, realizing the greater length of our purse, will fly the track, because she would realize it would bankrupt her to keep up with us. Why, Mr. Speaker, Germany is not building her vessels because we are building vessels. Germany is building because of the menace as she sees it, or as her battleship builders and her jingoes see it-the menace of England. I ought perhaps to pause here to tell something of the war scare that was manufactured in Germany by the battleship builders about the time Germany was getting ready to lay down her naval program, but I will not.

Germany is not hard to frighten with the bugbear of England, nor England with the bugbear of Germany. And notwithstanding that England has 46 to her 24, or 22 vessels more than she, Germany is not weary of the fight or the race and is still plugging along in her attempt to overtake England.

Why has England so great naval power? Well, I will try England has inherited a policy centuries old. England has been a naval power and a maritime nation almost from the days of Alfred the Great. Certainly from the days of Cromwell she has been a great maritime nation. She first built her navy when her shores were subject to frequent menace and not infrequent attack, when Europe was a boiling cauldron of ambition-mad kings and empires. Her commerce in barbarous times depended much upon a navy. By her wars with Spain and France and other nations of Europe she learned in darker times to make her navy her idol. She not only had her home and fatherland surrounded by water and defended by her navy, but she used it and by it gained possessions in all the quarters of the earth. Across the sea she has had Australia and Canada, and she had possessions and colonies in the isles of the seas to the south of us. She has the same kind of jingo statesmen at home that we have here, who talk that it is still necessary to build up a great navy in order to defend the shores of Canada on the east and on the west; who talk that it is necessary to build up a great navy in order to protect the little islands in the Caribbean Sea; who talk that it is still necessary to build up a great navy to protect the shores of Australia and all her islands in the East and her great possessions on the Continent of Asia, and under the same kind of logic that the gentleman from Alabama uses so eloquently here, England has been induced to believe that it is necessary for her to have a greater navy than any other nation on the earth. I confess that if any nation needs a great navy England does. Consequently she has perhaps claimed that she ought to be entitled in this race of naval construction to have a navy equal to that of any other two nations.

But Germany has begun to have islands and possessions far across the water. Germany has commercial interests all over the earth, and Germany begins to rival the pretensions of England, and says: "I want a navy commensurate with that of England." Germany has not had a thought of ranging herself

in a contest with the United States.

What, then, does Mr. Hosson's position amount to? just this: We must build upon the Atlantic until we equal the navy of Germany. Germany must build until her navy equals that of England. Germany will struggle to equal the navy of England, and we on the Atlantic must struggle to equal the navy of Germany. Put the three together and it means that before the program the gentleman from Alabama advocates is arrived at, before we may say to the world that we are willing to rest, we must have a navy equal to the navy of Great Britain on the Atlantic coast and we must have a navy that is equal to the navy of Japan on the Pacific coast, so that the United States must stand not only at a two-nation standard, but at a two-nation standard which shall embrace England as one of those nations

I have tried to figure that up, and I want to give you what that amounts to. But before I get to that I want to call your attention to some points of the gentleman's discussion, which when sent out before the people without any answer to them, seem to be persuasive. He argues that our Navy is going to keep us out of wars. He stated that Germany left Venezuela in 1904 because we had a better Navy than Germany had when we demanded her withdrawal. I deny the correctness of that statement. He simply assumes that the controversy between the United States and Germany was settled peaceably because our Navy was the greater. I want to inquire why Great Britain left Venezuela in 1894, when we did not have a

Navy equal to that of England, or one-tenth of it?

If we had had a Navy equal to that of England in 1894, when our diplomatic controversy was far more strenuous than it ever was with Germany and when Mr. Cleveland caused England to recede from the position she had taken with regard to Venezuela, our friend from Alabama [Mr. Hobson] would have declared that our great Navy made England recede. But inasmuch as we did not have that Navy he is silent upon that Anglo-American controversy. I believe the gentleman from Alabama claims that France left Mexico in 1866 because we I had always understood that it was behad a great Navy. cause if she feared the United States at all she feared our Army

crossing the Rio Grande.

I have heard the gentleman from Alabama claim on occasion that all the great pivotal events of the world had been decided by great naval battles. When he thinks of war he forgets all history except naval history. He forgets Tamerlane and Mahomet and Cæsar and Alexander and Frederick and Na-poleon and Lee and Grant. He forgets all about the fact that nearly all the great historical battles of the world, except Actium and the Nile and Trafalgar, were fought on land. He forgot that even Waterloo was not fought at sea. He forgot that the great conflict between the North and the South, while it had around its edges at a port here and there and on the Mississippi some naval conflicts, yet it was a great fight between men on land.

Mr. HENSLEY. He just remembers the Merrimac.
Mr. HARDY. I think the Merrimac is remembered. The trouble, unfortunately, is this: We have two old warriors with us. One of them addressed us this evening. The other has been with us since I have been here—Gen. Sherwood, of Ohio. He made an eloquent plea for this resolution yesterday. What hairs he has left are snow white. Both of these saw the fearful terrors of the war for four long years when they fought. They are both earnestly and zealously for peace and for this resolution. But our friend from Alabama has been a naval hero many years more than he was a soldier. He was a soldier for the sinking of the Merrimac, and since then he has been the hero of the Merrimac. He can not help it. Was it the Merrimac he sunk?

Mr. HENSLEY. Yes, Mr. HARDY. Now, our friend has lived, and in his subsequent years has dreamed of the Merrimac and the Navy. It has filled his sky, it has filled his slumbers. It is fast obsessing and obscuring all his waking hours. With him it is always war, war, preparation for war. "We have peace, it is true, and no prospect for war; but let us not be caught napping; let us devote all the time of peace to preparing for war." But that splendid old soldier, Gen. Sherwood, who fought at the front for four long years of hard, fierce war, says, "Peace, peace, and by peace I mean peace." Let us not prepare for war, but prepare for

Let me mention another subject. Here we are to-day talking of Mexico as barbarous, and we censure the people of Mexico

for engaging in a barbarous, cruel, and ruthless kind of strife, We see them doing as the ancient Greeks did. Classic history is full of the stories of pillage and plunder, of Huertas and They all fought in the name of patriotism and professed to love peace while preparing for war. Such peace lovers destroyed Carthage and Athens and Babylon and are tearing poor Mexico's quivering heart out. In what way are we a better or more civilized people, when we have no more control of ourselves and are willing to go to no further pains to secure the blessings of peace than those people on our south? you had a Madero who overthrew a Diaz; a Huerta assassinated a Madero; a Carranza now stands out against Huerta; and when Huerta shall fall, who next will ascend the throne of power in Mexico? We call those people barbarous, and yet we are pursuing the same policy with reference to our naval equipment. We are doing the ridiculous thing for which we chide the ancients when they engaged in the wager of battle. They tried causes between men with lance and helmet or sword and shield; if the persons themselves did not engage in the conflict, then each one was allowed to choose or hire a champion, and those champions went upon the field of battle to determine who and what was right. And we, a Christian Nation, tell our people that by the length of the gun, by the size of the ship, by the thickness of our armor plate, by the weight of our projectiles and by the strength of the powder that propels them, we will determine international questions of right. Is it not the old gage of battle? Truly the nations yet must walk through fire.

On this question of armament the civilized nations of the earth stand on no higher plane than did the Greeks when Troy fell or than do the Mexican people to the south of us. we are in worse attitude, for ours is cold-blooded and deliberate, while the Mexican acts under the impulse of boiling passion, when his blood is hot and his vision blurred. But we look with the calmness of the Sphinx over the waste and war wreck of the ages, and we read the story of past and gone civilizations destroyed in the fury and ruin of war and covered by the weary rolling sands of time; and still we plan and still plan to spend our substance and mortgage posterity in order to get the means to imbrue our hands in our brothers' blood, and we

call ourselves Christians.

But look a little further. It occurs to me that it is a re-markable thing that the spirit of a Member of Congress from the Southland, once desolated by the iron heel of war, should prompt him to rise in this House urging that the United States should rule the seas, should dominate the Atlantic in order to maintain the Monroe doctrine, and dominate the Pacific in order to secure the open-door policy for our trade and traffic there.

And yet that is his proposition. This brings me back to a point from which I digressed a while ago. At what cost shall we do this? Bear in mind we must build to equal Germany and therefore England on the Atlantic Ocean, and to equal Japan on the Pacific.

I know we can not carry out such a program in the next 10 years for \$300,000,000 per year, but let us suppose we could.

That would amount to three billions in 10 years

Now, what might we do with that \$3,000,000,000 in 10 years? My State has 200 good big counties, and with this three billions we might build 100 schoolhouses in each county of 50 States like Texas, each costing \$2,000 and have left over one-third of our three billions. But we have not so many States like Texas, so I will say that in these 10 years we might dot the hills and val-leys of every State in the Union with schools, give each State a splendid university and magnificent library, build all the hospitals needed in big and little cities out of the two billions, and with the remaining billion we could build Roosevelt Dams enough to irrigate all the arid land where irrigation was possible, and could redeem all our swamp lands between the Pacific and Atlantic Oceans, and build good roads through every community.

The program of the gentleman from Alabama calls for and would take all this money and put it in a Navy to be dumped into the sea at the end of 10 years or superseded in less time, when to-day there is not a cloud above the horizon indicating the possibility of a war with any nation on the earth.

Do we want to bind and sell our souls to hades? I can imagine that Mephistopheles in that quaint, pathetic story of Faust, when he pointed the old sinner to his fearful bond and said "sign," had the aspect and appearance of my smooth-faced friend from Alabama. He promised poor Faust dominion over this world, the gratification of every ambition. Will you sign the bond?

The gentleman may believe all he says. He has the unction of a zealot. He seems to be in earnest. But in this country and day and time of ours there are no men who believe in such

things except under some strain of imagination or overbrooding. In Germany and England many men are perhaps wrought up to fever heat through the mutual menace and jingoes and hot commercial rivalry of the two nations, and because they have here-tofore extended their power and commerce by war, but we have no such men. We want peace. We do not want to add to our territory by conquest. We do not desire to spread our commerce by war. A thousand battles won by us over weaker nations can add no glory to the Stars and Stripes.

If I was called upon to classify the motives prompting the attitude of men, however, I would say that the motive professed by the gentleman from Alabama is as high above that professed by the gentleman from Pennsylvania [Mr. Moore] as Heaven is above the earth. Our friend from Pennsylvania says that he wants to keep up our program of two, four, or six battleships— the more the better—in order to give employment to labor in his God save the mark. Labor appeals for the destruction of mankind; labor to have employment would build the weapons to pour shot and shell into the ranks of the innocent and help-Why, in Germany and France labor is rebelling against going to war, and the French and German artisans, I understand, not long ago in great meetings, when Germany and France were about to be embroiled in war over Morocco, carried huge banners inscribed, "All Morocco is not worth the bones of one German or French workingman." The empires of the Old World are going to find themselves up against a wall when they undertake to make war on each other, and that wall will not be the battleships of each other, as taught by Mr. Hobson, but laboring men refusing to go to battle. Labor in favor of building battleships in order to give employment. Again, God save the mark.

Do you know what made war heretofore? It has been the fact that ambitious or avaricious men have brewed wars in order that they might themselves feed their passion for power or lust for gold. It has brought about the age-old agony poverty of the masses of the nations of the Old World. hear people talk about the prosperity of this country being due to the tariff or to this Government policy or to that or the other, and then we are told that our prosperity is due to the natural fertility of the soil and the infinite resources of our country and splendid industry of our people, and we say that we had prosperity in spite of the tariff and other harmful laws. tell you one thing that made our country happy, lightly burdened, and prosperous. France is laboring under a national debt of six billions of dollars, accrued and accumulated by war; England and Germany under a national debt each of about three and one-half billions; Russia of four and a half billions; Italy about two and a half billions; and poor old Spain of nearly two billions, while we have less than one billion of such indebtedness. We are now proposing by the route of our Navy and Army to climb into this heavy-debt class of nations. you not know that when something has to be paid, somebody must toil in order to pay it? Do you not know that when they pay interest in France on six billions of dollars, the hornyhanded sons of toil have got to sweat in order to pay that interest, and the working people have begun to learn that war debt means poorly paid labor and toil for them? The gentleman from Alabama actually has in substance proposed that since by peace and industry we have become the wealthiest of nations, we now enter the battleship contest and drive all other nations into bankruptcy. When we have bankrupted England or Germany or France, how are we affected, except to lessen the markets for our produce and increase the pauper labor competition of impoverished nations? How long, Mr. Speaker, will it take good men all over the world to learn that not the poverty but the prosperity of any nation helps every other nation? The gentleman from Wyoming [Mr. MONDELL] said that in the olden days nations had not learned the art of making a national debt, and when war swept over the country, present desolation came, but when the war chest was empty the war had to cease. This was true, but he said further that in modern times we have learned by the process of creating a national debt, the art of putting a blanket mortgage upon posterity and prolonging the war. This also is true. In warfare and preparing for war to-day, not only do we burden and pillage and plunder and murder the children of our own generation, but we mortgage and plunder the children of unborn generations.

I have here a book from which I desired to read, but at this late hour I will not attempt to do so, but will tell what it was that I desired to read. In the Middle Ages a condition of almost continuous great and petty national and baronial warfare became chronic; the lords and underlords, kings and dukes, and those next to kings waged eternal and ceaseless war against

each other. They could not mortgage their posterity-they had not then learned that art-but so grave became the situation, this lord and that baron building his castle, fortifying it, holding his retainers there to feed upon the less virile portions of the people and going out to make raids on his neighbor, every day in the week and all the year round, that something had to be done, else these feudal lords might have mutually destroyed each other and their peoples. The spirit of the living God was not dead in those days, but slumbered, it seems. The church had seemed powerless to prevent, and sometimes, I fear, not innocent of provoking the human crime under the name of war; but, finally, the church awoke. The historian Myers says that in the midst of this intolerable anarchy the church lifted up a protesting voice; that in the eleventh century there was a movement in France which aimed at complete ending of war be-tween Christians. The church, in the name of the God of peace, commanded all men to refrain from war and strife. Then, seeing they could not suppress the evil entirely, they concluded to try to limit it, and in A. D. 1041 they promulgated what was called the "Truce of God." All men were commanded to maintain holy and unbroken peace for four days of each week; that is, on Thursday, Friday, Saturday, and Sunday, for those, they said, were the days of our Savior's death and burial. His lying in the grave, and His resurrection, and therefore hely, so that man might not war from Wednesday night till Monday morning. Also this truce was to hold during certain sacred seasons of the year. All who might violate this decree were threatened with the severest penalties of the church. We need not be told that this decree was not entirely obeyed. historian says it did at least something in the eleventh and twelfth centuries to better conditions and "render life more tolerable!

The centuries from then till now have rolled by. They are stained with the crimes of a thousand wars. A new continent has been found and her shores drenched in the blood of savages, slain by Christian soldiers, in the name often of Christ, but really for the sake of gain. The blood stains have not been always from savage veins, but even more Christian than pagan blood, all shed by Christians has blackened the annals of those centuries. Religious frenzy and madness has shed some of the blood. But the spirit of the Man of Gallilee has grown in the hearts of men. The triumphs of peace have exalted man as never before, but with the wheat there has grown the thistle. The ambitious man, the battleship builder, who would fan our fears and keep alive the spirit of war, is with us, and we the descendants of those crude peoples of the Middle Ages have come to a period in our civilization, when by reason of agitation for greater battleships and more battleships, greater guns and more guns, greater armies and more armies, we need some one to proclaim for us anew a "Truce of God," so that at least one year we may rest from our labors of building instruments for the destruction of our fellow men.

I wanted every Member here to take an interest in this discussion, so when we came to take a vote on this question of whether we agree and even ask the other nations to have a "truce of God" and stop building these engines of destruction we would have in view something of the meaning and scope of this program and of this resolution. What is it? Shall we build and build and build in order that we may kill and kill and kill or shall we for one year have a truce of God? When Isabella pledged her jewels to raise the money that Columbus might take the voyage that sent him far across the sea to the discovery of this continent of ours it was a mortgage worthy of the object sought and an object worthy of the mortgage given, but when we as a civilized people propose and do place a mortgage upon our childrens' toil and heritage to make ours the most powerful and warlike Nation on earth we make a mortgage for an object not worthy of the sacrifice. If we place a mortgage on posterity in order that we may construct highways, in order that we may construct public buildings, in order that we may do this work and that work for the public good, it is worthy and posterity may well bear some of those burdens, but when we put a mortgage on posterity in order to gratify our ambition for power we are unworthy of the name of a Christian nation. I favor this resolution first because I am in favor of any provision looking to peace and some definite step toward the procurement of peace. As I said in the beginning, however loudly I may say I am for peace, if I arm myself with weapons of destruction when no man threatens me, no man in his senses will believe my profession. That is my first reason. I am for this resolution secondly because I know our strength and that no nation on earth will wantonly attack us, and every man in the sound of my voice and every sane man between the Atlantic and the Pacific knows that is true.

I am for this resolution thirdly because I do not believe that questions of right and wrong are rightly decided in the clash

of battle or by the biggest gun or strongest arm.

Fourthly, I am for this resolution because our peculiar position, our isolation far away from the strong nations of the world, makes us peculiarly favored for the adoption of a new line of conduct in regard to the settlement of national contro-Then I am for this resolution because I believe our Nation stands for justice and not for the attainment of our ends by might. Then I am for this resolution because we would hurt ourselves if we went to war. Should we conquer, we would hurt ourselves only less than we hurt the nation we It used to be that wars were waged for conquest, with the idea of levying tribute. Rome all over the world waged wars of conquest, and tribute was brought to the coffers of the home city. Slaves followed the chariot wheel of the conquering general; rich men were given provinces to govern and plunder, and these brought their riches home to the great But when a nation like Germany or England or the United States to-day conquers or acquires the government of another nation, they do not bring tribute home. They start in at once with the burden of sanitation and education and better government and the general elevation of the nation they have conquered or acquired. The story of wrong and oppression by the Belgian King of the savages of the Kongo is perhaps the last story of that kind to be written of Christian rulers or nations. What fools these mortals be, when England and Germany are menacing each other's peace. Suppose that Germany should cross the little channel and invade England and capture and dictate terms of peace in London. The next people after the English to suffer would be the Germans. Every merchant, every banker, every laboring man, every industry in Germany would feel to its hurt the thrill of suffering caused by the overthrow of the English Government and the disturbance of her industries or lessening of her prosperity. Let England conquer Germany and what is the result? Simply that among nations England would suffer next to Germany. In either case both nations would pile up debts and both peoples suffer. Is it possible that men are such fools that in this day and time that petent feet will not avend to them. that patent fact will not appeal to them? Are men such fools or such slaves of tradition or heredity they will not act upon that patent fact and stop preparing for war? If they are slow, if they are loath to act, let us take the initiative with those great nations far across the water, standing as they are along-side of each other, and lead them.

Suppose we should conquer Mexico. We could do it. I do not say that in a spirit of pride. We are so much bigger and stronger and richer in resources it would be no matter of pride for us to do it—no demonstration of our superiority as a people. We could put 100,000 men in the field and cross the Rio Grande and, in the present condition of disorder, we could march without difficulty to the City of Mexico. There would be no Battle of Chapultepec or Monterey, that in the forties made some names famous. It would be a hard and dusty march, and instead of scaling heights we might walk leisurely down their streets. After we got there what would we do? For 5 or 10 years we would struggle with the problems of restoring order and erecting a new civilization on the ruins of what is in Mexico to-day. Ten thousand of our boys would die on the weary way, 10,000 more would be diseased for the remaining years of their lives, and a long list of pensions would stand till you go down to the grave, and your children after you, and their children toddling after them, grew to manhood and old age. And when we have conquered Mexico what tribute would our conquering soldiers bring home? Surely none. The magnificent poise of the man who sits in the White House to-day has accomplished one thing that is an all-important thing. Nine months ago there were scattered all over our land hot-heads who said: "Cross the Rio Grande and show those people that they must respect American property and the Americans that are among them. March to Mexico and take possession, establish order, and annex them or rule them." Hot-heads were here and there and everywhere talking that way, but the voice of the occupant of the White House has made our people think, and when they began to think they began to say: "What good will come of it? Will we bring any captives in triumph home? Will we make any slaves of the people there to toil for their conquerors? Will we levy any tribute? Will we lighten any burden of our people? Will we exact any compensation for making the contest?" No. Our No. Our people know it now. They know also that we will stay there 5 or 10 years, and at the end of that time we will have a new pension list, we will have thousands and thousands of our boys in their graves and thousands more diseased, while if we do not intervene a hundred or two hundred Americans may die

at the hands of one party or the other. But I did not intend to go into that matter, and will only add that the wisdom of the President's policy toward Mexico shows him the fit leader of the greatest of all nations.

I am in favor of this resolution, further, because we have no vengeance to wreak and harbor no malice against any other

people or nation.

It has been argued here that it is futile to pass this resolution; that the nations of the earth will not pay any attention to That would be true if nations were not advancing toward the light. If ambitious men still ruled that would be true, but one has said in the course of this debate that if we do not succeed in such a thing here now, try, try again. Somebody said our President would be humiliated by the rejection of the proposition. He can not be humiliated by its rejection. Let the President make the proposition. It may not be in our day and time acceded to. It may be like the story of the cross, when the early apostles preached it. The doctrine was new and hateful to some. The learned doctors differed as to what course to pursue to put an end to the condemned doctrine, but one of them said: "Let it alone. If it be of God, you can not strike it down; and if it be not of God, it will come to naught." Let this proposition be rejected if it shall. What difference does it make to us? It is a doctrine that is of God, and it will live. Aye, if the shepherds were assembled again on the hills of Judea, and the angels above them could see this resolution scattered among the sons of men, and being read of all nations, I believe those shepherds might again hear the voices of the heavenly choir chant the old, old hymn, "Peace on earth, good will to men," as fitting to celebrate the introduction and passage of this resolution and the spreading of it abroad by the President of the United States among the nations of the earth; and if it is rejected by them, then will the Prince of Peace himself cry again, "Father, forgive them; they know not what they do." [Applause.]

Now, Mr. Speaker, the rest of my time I want to parcel out.

How much time have I left, Mr. Speaker?

The SPEAKER pro tempore (Mr. Callaway). Seven min-

Mr. HARDY. I will ask, Mr. Speaker, to reserve that time until I can dispose of it.

Mr. HENSLEY. Mr. Speaker, I ask that all Members who have spoken and those who may yet speak upon this resolution may be given five legislative days in which to extend their I ask that by unanimous consent.

The SPEAKER pro tempore. The gentleman from Missouri [Mr. Hensley] asks unanimous consent that all gentlemen who have spoken on this resolution may have five legislative days in which to revise and extend their remarks in the RECORD.

Mr. HENSLEY. Or who may yet speak upon the question.

Mr. MANN. All who speak. Mr. HENSLEY. Yes; all who speak.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. HENSLEY. Now, Mr. Speaker, I ask unanimous consent to amend the resolution, on line 2, after the word "the" and just before the word "Lord," by inserting the word "First," so as to make it read: "That in the opinion of the House of Representatives the declaration of the First Lord of the Admirality," and so forth.

The SPEAKER pro tempore. The Clerk will report the amendment offered by the gentleman from Missouri [Mr.

HENSLEY ].

The Clerk read as follows:

In line 2 of the resolution, after the word "the," insert the word "First," so that the resolution will read: "That in the opinion of the House of Representatives the declaration of the First Lord of the Admiralty," etc.

Mr. MANN. Mr. Speaker, that goes over. The previous question was ordered on the resolution and all pending amendments to be voted on on Monday.

The SPEAKER pro tempore. The Chair understands that the gentleman from Missouri asks unanimous consent.

Mr. HENSLEY. I will withdraw that, Mr. Speaker, and ask to have it considered as an amendment pending.

Mr. MANN. I have no objection to its being amended by unanimous consent.

Mr. HENSLEY. Then I ask unanimous consent, Mr. Speaker, that the resolution be amended in the way I have suggested.

The SPEAKER pro tempore. The gentleman from Missouri [Mr. Hensley] asks unanimous consent that the resolution be amended in the respect as read by the Clerk. Is there objection? [After a pause.] The Chair hears none, and the amendment is agreed to.

Mr. HARDY. Mr. Speaker, I want to yield the balance of my time to the gentleman from Illinois [Mr. BUCHANAN]; but before I do that, the gentleman from Oklahoma [Mr. Weaver] desires time, and I yield to him.

Mr. WEAVER. Mr. Speaker, on October 31, 1913, the gentleman from Missouri [Mr. Hensley] offered the following reso-

lution, No. 298, now pending before this House:

Intion, No. 298, now pending before this House:

Resolved, That in the opinion of the House of Representatives the declaration of the first lord of the admiralty of Great Britain, the Right Hon. Winston Churchill, that the Government of the United Kingdom is willing and ready to cooperate with other Governments to secure for one year a suspension of naval construction programs offers the means of immediately lessening the enormous burdens of the people and avoiding the waste of investment in war material.

Resolved, That a copy of this resolution be furnished the President, with the request that, so far as he can do so, having due regard for the interests of the United States, he use his influence to consummate the agreement suggested by the Right Hon. Winston Churchill.

I favor the resolution, hecause it is in over accord with well-

I favor the resolution, because it is in exact accord with wellconsidered opinions held by me for years and with the platform declarations I submitted to the Oklahoma people, which they

approved and ratified by electing me to this Congress.

I will discuss, in the first place, the proposition that the historic policy of the United States is for world peace; in the second place, the waste and wickedness of war; and, in the third place, the cost of war and who pays it. Then, I will suggest some uses to which vast sums now expended for the arm of the Government might wisely be diverted, military and finally I will inquire what practical remedies may be devised to relieve the peoples of the world from the burdens of military establishments.

What constitutes a sound policy of government for a Commonwealth? The foreign policy of a State and the domestic policy of a State are interwoven and inseparable. Let me give you what I conceive to be some of the great basic principles of the national policy for any Government—principles that will guide the administration of Woodrow Wilson. Some of the ideas I suggest are contained in the writings of Mr. Jefferson, especially the first inaugural address, which is the Sermon on the Mount to disciples of Democracy and to the lovers of liberty the wide world over. For some I am indebted to the great speech delivered by Mr. Gladstone, at West Calder, in November, 1879, on the "Domestic and foreign affairs of the British Empire," and others I draw from the history of our country and the spirit of our own times.

The first sound principle of foreign policy is good government at home. Economy and wise legislation produce wealth-national wealth and individual wealth-and they produce contentment and happiness of the people, confidence of the people in their Government, devotion to their Government-the very

sheet anchor of its safety.

The second great policy is that of avoiding entangling alliances with other nations. Washington said in his farewell address:

Against the insidious wiles of foreign influence the jealousy of a ee people ought to constantly awake, since history and experience ove that foreign influence is one of the most baneful foes of republican government,

Another principle is that every act of our Government in all its relations with its own citizens, with the several States, and with foreign nations shall be inspired by a deep love of individual freedom and of national independence.

They must be free or die Who speak the tongue that Shakespeare spake, The faith and morals hold that Milton held.

A fourth principle is to acknowledge the equal rights of all nations; to acknowledge that other nations have the right to be what the Colonies declared themselves to be-free and independent States. Acting upon this principle, the administration is preparing the way for the ultimate independence of the Philippines. All nations are not equal any more than all individuals are equal, but they are entitled to the same rights under international law, and in the phrase of the great Milton ought to be "If not equal all, yet free, equally free." Acting upon this principle the United States has recognized the independence and sovereignty of the Republic of China.

The United States in the year 1823, when but a feeble power among the nations of the world, yea, compared to its present stature an infant in swaddling clothes, assumed an unselfish and benevolent protectorate over the Latin-American nations by the famous message of President Monroe, in which he said:

In the discussions to which this interest has given rise, and in the arrangements by which they may terminate, the occasion has been deemed proper for asserting, as a principle in which rights and interests of the United States are involved, that the American continents by the free and independent condition which they have assumed and maintained, are henceforth not to be considered as subjects for future colonization by any Europeon power. \* \* \* We owe it, therefore, to candor and to the amicable relations existing between the United States and those powers to declare that we should consider any attempt on their

part to extend their system to any portion of this hemisphere as dangerous to our peace and safety. With the existing colonies or dependencies of any European power we have not interfered and shall not interfere. But with the governments who have declared their independence and maintain it, and whose independence we have on great consideration and on just principles acknowledged, we could not view any interposition for the purpose of oppressing them or controlling in any other manner their destiny by any European power in any other light than as the manifestation of an unfriendly disposition toward the United States.

The nations of Europe, or some of them at least, long claimed that such a deciaration was not altruistic on the part of the American Government. They believed that under the pretense of the development of American trade we had ultimate designs for the acquisition of territory. In the year 1836 some thousands of Americans who had settled in the Mexican State of Texas revolted against the despotism and misgovernment of that distracted country and on the battle field of San Jacinto-the Marathon of the New World-under the leadership of the heroic Houston, established the Texas Republic with the banner of a single star. That revolution resulted in the partial dismemberment of Mexico in the war by the United States with Mexico and in the acquisition by this country of the vast southwestern territory with California and the golden coast. The march of history has given color to the contention of Europe

But it remained for the President of the United States in the year 1913, in his speech before the Southern Congress at Mobile, to strip from the Monroe doctrine all semblance or possibility of selfishness and to maintain it inviolate, with the limitation

that-

Never hereafter will the United States voluntarily acquire one foot of additional soil upon the American Continent.

And the last essential of sound national policy I give in the language of Mr. Gladstone:

The aim, of foreign policy ought to be to preserve to the nations of the world—and especially, were it but for shame—when we recollect the sacred name we bear as Christians, especially to the Christian nations of the world—the blessings of peace.

On Tuesday, December 2, 1913, you heard the President of the United States, exercising the duty and prerogative enjoined by the Constitution, read a State paper to both Houses, a message marked by the characteristic sound judgment of the author and by a felicity and mastery of English speech possessed by the President alone. The President said:

President alone. The President said:

The country, I am thankful to say, is at peace with all the world, and many happy manifestations multiply about us of a growing cordiality and sense of community of interests among the nations, foreshadowing an age of settled peace and good will. More and more readily each decade do the nations manifest their willingness to bind themselves by solemn treaty to the processes of peace, the processes of frankness and fair concession. So far the United States has stood at the front of such negotiations. She will, I carnestly hope and confidently believe, give fresh proof of her sincere adherence to the cause of international friendship by ratifying the several treaties of arbitration awaiting renewal by the Senate. In addition to those, it has been the privilege of the Department of State to gain the assent, in principle, of no less than 31 nations, representing four-fiths of the population of the world, to the negotiation of treaties by which it shall be agreed that whenever differences of interest or of policy arise which can not be resolved by the ordinary processes of diplomacy they shall be publicly analyzed, discussed, and reported upon by a tribunal chosen by the parties before either nation determines its course of action.

There is only one possible standard by which to determine controversies between the United States and other nations, and that is compounded of these two elements: Our own honor and our obligations to the peace of the world. A test so compounded ought easily to be made to govern both the establishment of new treaty obligations and the interpretation of those already assumed.

This auspicious and optimistic declaration met immediate, spontaneous, enthusiastic approbation from Progressives, Republicans, and Democrats, because it declares not a partisan

but an American policy.

The historic policy of the United States is a peace policy.

Washington said, in September, 1796, in the farewell address to the people of the United States on his approaching retirement

from the Presidency:

from the Presidency:

Observe good faith and justice toward all nations; cultivate peace and harmony with all; religion and morality enjoin this conduct; and can it be that good policy does not equally enjoin it? It will be worthy of a free, enlightened, and, at no distant period, a great nation, to give to mankind the magnanimous and too novel example of a people always guided by an exalted justice and benevolence. Who can doubt that, in the course of time and things, the fruits of such a plan would richly repay any temporary advantages which might be lost by a steady adherence to it?

Steb in the counsel of him whom Informan described as a very

Such is the counsel of him whom Jefferson described as our first and greatest revolutionary character, whose preeminent service had entitled him to the first place in his country's love and destined for him the fairest page in the volume of faithful history.

Jefferson himself, in stating what he deemed to be the essential principles of our Government and those that would shape

his administration as President, declared for-

Peace, commerce, and honest friendship with all nations, entangling alliances with none.

John C. Calhoun, in a speech in the Senate, paid eloquent tribute to the same exalted ideal:

A peaceful intercourse with the nations of the earth points to that inspiring day which philosophers have hoped for, which poets have seen in their bright dreams of fancy, and which prophets have beheld in holy vision—when men shall learn war no more. Who can contemplate a state of the world like this and not feel his heart exult with the prospect? I am against war because peace—peace is, above everything else,

state of the world like this and not reel his heart exuit with the propect? I am against war because peace—peace is, above everything else, our policy.

Our great mission as a people is to occupy this vast dominion; to level the forests and let in upon their solitudes the light of day; to clear the swamps and make them ready for the plow and the sickle; to spread over hill and dale the echoes of human labor and human happiness; to fill the land with cities and towns; to unite its most distant points by turnpikes and railroads; to scoop out canals and open rivers that may serve as highways for trade.

If we can preserve peace who shall set bounds to our trade or our success? With one foot planted on the Atlantic and the other on the Pacific, we occupy a position between the two old continents of the world—a position which necessarily secures to us the commerce, the influence of both. If we abide by the counsels of common sense, if we succeed in preserving our ilberties, we shall in the end exhibit a spectacle such as the world never saw.

I know this one great mission is encompassed with many difficulties, but such is the energy of our political system and such is its expansive capability that it may be made to govern the widest space.

If by war we become great, we can not be free; if we will be both great and free, our policy is peace.

If I had the gift of genius to paint a picture of war, I would

If I had the gift of genius to paint a picture of war, I would cast against a background of night the faint silhouette of the doomed city of Troy, and with a pencil "dipped in the gloom of earthquake and eclipse," I would draw the figures of Laocoön and his sons in their death agony, strangled by the serpents' coils.

The story of war is the oldest and yet the latest of the human race. While I speak our neighbor Republic of Mexico, as the President said, has no government. It is engulfed in the red maelstrom of civil war. The story of war is older than man. In his book The Descent of Man, Darwin discusses the "law of battle" existing, according to his theory, among man's progenitors

The survival of the fittest is the law of animate life.

For nature is one with rapine,
A harm no preacher can heal.
The May fly is torn by the swallow,
The sparrow speared by the shrike.
And the whole little wood where I sit
Is a world of plunder and prey.

Hobbs, the English philosopher, and Rousseau, the French philosopher, agree that warfare is the natural state of man. Rousseau celebrates the independence of savage life. He draws from it a lesson for the necessity of laws providing an armistice between States and for peace treaties among the nations.

At the time of the American Revolution the work of Montesquieu, The Spirit of Laws, was deeply studied. It was a fountain of living waters, where the constructive statesmen of that great age were accustomed to drink. Montesquieu holds that the beginning of war is simultaneous with the beginning of society.

Milton, in his great epic, Paradise Lost, draws a grand picture of war. He describes the fallen archangel walking with uneasy steps over the burning marl or standing on the

shore of the inflamed sea to call his legions:

the inflamed sea to call his legions;

He spake, and to confirm his words outflew
Millions of flaming swords, drawn from the thighs
Of mighty Cherubim; the sudden blaze
Far round illumined hell; highly they raged
Against the highest, and flerce with grasped arms
Clash'd on their sounding shields the din of war,
Hurling deflance toward the vault of heav'n.

The oldest books of man are books of battle. The Iliad tells of the nine years' war "far on the ringing plains of windy Troy." And in the eighteenth book is the description of the shield of Achilles forged by Vulcan, who wrought thereon bronze figures depicting all the life of Greece. He wrought two fair cities upon the shield. One with marriages and feasts, brilliant torches, and bridal songs; but the other city was besieged, for around it sat two hosts, glittering in arms, ready to destroy it.

The poetry of the ancient Hebrews celebrates the triumphs of battle:

I will sing unto the Lord,
For He hath triumphed gloriously;
The horse and his rider
Hath He thrown into the sea.
The Lord is a man of war;
The Lord is his name.
Pharaoh's charlots and his host
Hath He cast into the sea;
His chosen captains also
Are drowned in the Red Sea.

What story so terrible as the Bible story of the woman, who had robbed Naboth of his vineyard, thrown from the window of her palace, her flesh torn by dogs, her blood sprinkled on the horses, trodden underfoot by Jehu, the furious rider?

Go see now this cursed woman and bury her, For she is a king's daughter.

Such is an ancient picture of war, with its horrors, perhaps suggesting the lines from Byron's Siege of Corinth;

He saw the lean dogs beneath the wall Hold o'er the dead their carnival, Gorging and growling o'er carcass and limb; They were too busy to bark at him!

But he better could brook to behold the dying, beep in the tide of their warm blood lying, Scorch'd with the death-thirst, and writhing in vain, Than the perishing dead who are past all pain. There is something of pride in the perilous hour, Whate'er be the shape in which death may lower; For Fame is there to say who bleeds, And Honour's eye on daring deeds! But when all is past, it is humbling to tread O'er the weitering field of the tombless dead, And see worms of the earth, and fowls of the air, Beasts of the forest, all gathering there; All regarding man as their prey, All rejoicing in his decay.

Perhaps the destruction and the waste of war are a greater calamity to the world than its sickening cruelties. Let me bring to your minds a passage from a speech of the brilliant Sheridan before the British House of Lords in the prosecution of Warren Hastings, describing the desolation of the spoliated Hindoo Province of Oude:

If, my lords, a stranger had at this time entered the Province of Oude, ignorant of what had happened since the death of Sujah Dowlah—that prince who with a savage heart had still great lines of character, and who with all his ferocity in war had, with a cultivating hand, preserved to his country the wealth which it derived from benignant skies and a prolific soil—if, observing the wide and general devastation of fields unclothed and brown, of vegetation burned up and extinguished, of villages depopulated and in ruin, of temples unroofed and perishing, of reservoirs broken down and dry, this stranger should ask, What has thus laid waste this béautiful and opulent land, what monstrous madness has ravaged with widespread war, what desolating foreign foe, what civil discords, what disputed succession, what religious zeal, what fabled monster has stalked abroad and, with malice and mortal enmity to man, withered by the grasp of death every growth of nature and humanity, all means of delight, and each original, simple principle of bare existence?—what would have been the answer?

OKLAHOMA WINS THE PRIZE.

OKLAHOMA WINS THE PRIZE.

Let me read to you now an article on war, written by a citizen of my own State. Some day, by leave of my colleagues not to interfere with public business, I propose to deliver an oration in this House on "Oklahoma," a State that produces more than half the total broom-corn crop and more than one-fourth of the total petroleum product of the United States—in fact, more broom corn and less tobacco, more oil and less whisky, than any other State in the Union.

I would like to tell the story of a great State evolved from the primal solitude by the genius and the toil of the American ploneer and the story of a great city—Oklahoma City, my home, the capital and the metropolis, a city of 75,000 people where 25 years ago was but a wind-swept prairie swell—a story more wonderful than the building of the palace of Aladdin.

While Right Hon. James S. Bryce was rewriting his American Commonwealth, five or six years ago, he went down to Oklahoma to see at first hand the making of an American Commonwealth. In the appendix to the first volume of the new edition, to illustrate the growth of progressive government on this continent, Mr. Bryce prints first the Articles of Confederation; second, the Constitution of the United States; and, third, the constitution of Oklahoma, to prove that

Time's noblest offspring is the last.

In the New York periodical, Life, in the issue of September 30, 1913, appears an article on "War," which I take great pleasure and pride in presenting to the House. That periodical offered a prize of \$300 for the best original arraignment of war in 500 words or less. Two thousand four hundred and ninetytwo articles were received, and from the total number the judges of the contest selected the one written by James Logan Mosby, of Francis, Pontotoc County, Okla.:

WAR.

(By James Logan Mosby, of Francis, Pontotoc County, Okla.)

(By James Logan Mosby, of Francis, Pontotoc County, Okla.)

I was conceived in passion, hatred, envy, and greed; born in the morning of antiquity, and have a genealogy whose every page drips with the red blood of murdered innocence. I respect neither the feebleness of gray hairs, the helplessness of infancy, nor the sacredness of virtue, and walk, iron-shod, ruthlessly and impartially over the form of the weakling or the form of the giant.

I paint the midnight skies a lurid glow from the burning homes I have ravaged, and I turn peaceful scenes of rural beauty, where God's own creatures dwell together in amity, into a raging hell. I set neighbor against neighbor in deadly combat, and I incite the brother to slay his brother.

I make puppets of kings, princes of paupers, courtiers of courtesans, and thieves of respected subjects, and empires melt before my breath as does mist before the morning sunlight.

I make of religion fanaticism; the heathen I make a field incarnate; and of all men I make playthings devoid of reason and justice. Through intrigue I make the intelligent powerful, the unscrupulous wax fat on the spoils of blood-won victories gained by others, and the less learned suffer for their own ignorance.

Famine, want, and misery follow in my path; I lay waste green fields and still the hand of industry. I pillage the land of its resources, but contribute nothing of benefit to mankind, leaving pestilence to stalk ghostlike in my wake and complete the work of destruction.

I lay a heavy tribute upon my most loyal subjects for the maintenance of my establishment; I squander the vitality and lives of those who serve me faithfully, yet return to the world nothing but ruin and ashes. The baubles of fame I confer on some are the empty shells of false standards wherein the license to commit murder and rapine is held to be the insignia of glory by a mistaken civilization.

I can offer no excuse for my having come into existence nor can I give one plausible reason why I should not cease to be, other than that so long as men who wield influence are permitted to gratify their self-ish desires and ambitions at the expense of the many who must carry the burdens and endure the suffering, that long will I continue to exact my toil of sorrow, devastation, and death. For I am pitiless, devoid of all feeling; I fear neither man nor God; I am amenable to no law; and I am in myself the law and the last resort.

Mr. Speaker, I recreet the absence of the santilements.

Mr. Speaker, I regret the absence of the gentleman from Alabama [Mr. Hobson], whose speech on Tuesday against this resolution was marked by a technical knowledge superior, perhaps, to that of any other Member of this House and bore a resemblance so striking to the speech of my good friend on the other side of the Chamber, the eloquent gentleman from Pennsylvania [Mr. Moore], who represents with great ability the opinions and the interests of his constituents, his Philadelphia constituents, engaged in the legitimate and very remunerative business of building battleships. Indeed, the two speeches were so much alike that if we had not known that the "Whispering Stones" were under the Dome of the Capitol and not in this Chamber we might have concluded there was but one speech and the responsive echo.

The proposal of the gentleman from Alabama [Mr. Hobson] for the United States to build a navy in the Atlantic equal to the greatest European navy, and one in the Pacific equal to the greatest Asiatic navy is the very essence of militarism. Such a program would bankrupt our Nation. It is unworthy of the American spirit and more in keeping with the temper of the warlike Greeks when Sparta was a vast military camp and when even in beautiful Athens, with its ivory gods and its tem-ples of snowy marble the Greek conception of the highest manhood was not Phidias the sculptor, nor Pericles the orator, nor Aristotle the thinker, but the highest type was the victorious soldier crowned among his comrades in arms in the field with garlands, and when fallen in battle fabled to belong to the

golden race.

The gentleman from Alabama [Mr. Hobson] appeared to exhibit a more intimate knowledge of the man behind the gun and the gentleman from Pennsylvania [Mr. Moore] of the man who made the gun. But both gentlemen were alike oblivious of any consideration affecting the welfare of the man who pays for

The distinguished gentlemen, I do not question, are sincere in the advocacy of their cause, and, of course, as much entitled to their views as I am to mine. But they greatly mistake the temper of the American people if they imagine such a policy will find sympathy with the tax-burdened masses who pay the cost of building battleships. The American people hear the cry, "Awake, arise, or be forever fallen."

They are deeply and strangely moved by the spirit of the times to the study of great public questions of their own Government. They are inquiring as never before. They are asking questions—what Webster called "miserable interrogatories"—ques-

tions like these:

What is the cost of battleships? Who pays the cost of battleships? Are they worth what they cost?

What do I get out of it? What is all this worth?

When I was a boy in my native State of Texas Richard Coke, one of their United States Senators, was a popular idol. He was a plain, blunt, old-fashioned man, with a level head, and the Texas people called him "Old Brains." This rough sobriquet came into my mind the other day when the gentleman from Tennessee [Mr. Sims], speaking in favor of this resolution, condensing the whole matter in a few words, said (I read from the Congressional Record of December 2):

Mr. Sims. Mr. Speaker, I am not versed in technical learning with reference to naval equipment. I am not going to try to use that character of language that gives the impression that a man has studied the technique of this thing but it has developed in this debate that one of these ships to be constructed is to cost practically \$15,000,000. It does not take technical knowledge of naval affairs or naval construction to know that \$15,000,000 is \$15,000,000 and when we we \$1,000,000,000,000 it does not take a man technically equipped to know that you can pay \$15,000,000 of that debt with what it will cost to create one of these instruments of destruction by which the national debt will be further augmented. We will make no mistake if we do not build a single battleship, and if we have money to build instruments of destruction, then we have the money to pay that much of our national debt and stop the interest thereon.

What is the cost of battleships? I am advised by the Bureau of Ordnance of the Navy Department that the cost of the Pennsylvania is approximately \$14,000,000 and the cost of the Texas \$12,000,000. The Texas, one of the newest, which is just about to go into commission, has for her main battery ten 14inch 45-caliber guns. The cost of these guns, manufactured at the Washington Navy Yard, is \$51,763 each. These guns can be fired 175 rounds each before it is necessary to remain when this is done it will cost approximately \$15,000 per gun. ammunition fired in target practice costs \$240.43 per round. The cost of ammunition per round used in battle is \$777.19 per round

It is thus seen that to fire a single cartridge in battle from one gun costs nearly \$800, and that is more money than the average farmer or wage earner gets for a year's hard work. The cost of firing the 10 guns one time in battle is approximately \$8,000.

I read from an official statement of the Department of the Navy a summary of vessels in the Navy July 1, 1913, including those ratified by act of Congress approved August 22, 1912:

Summary of vessels in the United States Navy July 1, 1913. [Including those authorized by act of Congress approved Aug. 22, 1912.]

	Fit for service, including those under repair.		Under con- struction.		Authorized.		Total.	
	Num- ber.	Dis- place- ment.	Num- ber.	Dis- place- ment.	Num- ber.	Dis- place- ment.	Num- ber.	Dis- place- ment.
	1802	Tons.		Tons.		Tons.		Tons.
Battleships, first line	12	205,650	6	161,000	1	131,400	19	398,050
Battleships, second	19	244, 146	and the		-		19	0// 1/0
Armored cruisers	10	140,080	*****				10	244, 146 140, 080
Cruisers, first class	5	46, 465					5	46, 465
Cruisers, second class	6	33, 561			100000		6	33, 561
Cruisers, third class	15	48,748					14	48,748
Monitors	10	39,004	100000		1		10	39,004
Destroyers	39	23,551	11	10,496	6	6,321	56	40,368
Torpedo boats	28	4,821					28	4,821
Submarines Tenders to torpedo	22	5, 229	17	8, 268	8	1 4,160	47	17,657
vessels	7	20,661	1	1,408	2	1 9,900	10	31,969
Gunboats	27	25,078			3	1,805	30	26,883
Transports	5	26, 595					5	26,593
Supply ships	4	25, 400					4	25,400
Hospital ships	_ 2	9,000					2	9,000
Fuel ships	19	155,663	5	95,624	2	29,000	26	280, 207
Converted yachts	17	9,634					17	9,634
Tugs	44	15,884	2	2,240			46	18, 124
Special type Unserviceable for	6	26, 335	•••••				6	26, 335
war	26	59, 421					26	59, 421
Total	323	1,164,926	46	279,036	22	82,586	387	1,526,548

<sup>1</sup> Approximately. Design being prepared.

So that we have now 12 battleships of the first line, 19 battleships of the second line, 10 armored cruisers, 10 monitors, 31 destroyers, 27 gunboats, 28 torpedo boats, 22 submarines, besides tugs, cruisers, converted yachts, transports, and other boats; a grand total of 323 ships, of which only 26 are unserviceable for war purposes.

I will next read a table showing the appropriation for the Naval Establishment of the United States for the past 30 years, beginning 1883 and ending 1912:

Appropriations for the Naval Establishment of the United States for the past 30 years.

1883		\$16, 602, 473, 17
1884		15, 869, 733, 38
1885		16, 343, 285, 37
1000		17, 471, 720, 13
		25, 767, 348, 19
4000		20, 439, 141, 92
		23, 900, 662, 30
		24, 709, 588, 88
1000		
4004		32, 735, 541. 25
* 000		23, 666, 580, 92
		22, 171, 934, 37
		25, 617, 190, 33
		29, 564, 481, 16
		31, 762, 130, 07
1897		33, 661, 467, 81
1898		148, 396, 525, 27
1899		54, 548, 978, 96
1900		70, 625, 517, 99
1901		82, 477, 649, 78
1902		85, 137, 123, 93
1903		84, 672, 048, 73
1904		103, 633, 115, 40
1905	<b>以此时,他是对此的特殊的大幅的。</b>	115, 420, 997, 75
7.0.0		
1907		
1904 1905 1906		103, 633, 115, 40

1908	\$129, 974, 371, 95 189, 216, 545, 02 138, 555, 552, 88 127, 026, 100, 00
1912	123, 924, 783, 27

Total for 30 years\_

The naval appropriations have increased from the minimum of about \$16,000,000 in 1884 to the maximum of \$139,000,000 in 1909. These vast sums of money, incredible to contemplate, are the expenditures of but a single branch of the military estab-

lishments of the country—the Navy alone. I come now to the second inquiry I suggested, and that is, Who pays the cost of battleships? Why, the people pay for them, of course. The revenues of the Government are based upon tariff taxes and tariff taxes are a tax on the consumer. It follows, therefore, that the cost of battleships is paid in almost direct proportion to the population of the country. The total naval appropriations for the last seven years-since my State of Oklahoma was admitted to statehood-is the sum of \$857,899,371.27. On the basis of population the people of the single State of Oklahoma, one of the new States of this Union. besides the burden of local taxation, in seven years have had \$17,000,000 taken out of their pockets to pay for the main-tenance of the United States Navy, a single item of expense during a period of profound peace. Do you believe that if the tax was direct instead of indirect that the proud, self-respecting citizens of the great Commonwealth of Oklahoma, already oppressed with the burdens of taxation-always oppressive in a new community and doubly so in Oklahoma, where much of the Indian land is nontaxable—do you believe they would pay this tax without protest? No. Such injustice would lead to revolu-

Not only do the people, the masses of the people, pay the cost of maintaining armies and navies in time of peace, but they fight the battles of the country in time of war. You can not name a war of history that was not a rich man's war and a poor man's fight.

Plutarch has preserved for us a fragment of the speech of Tiberius Gracchus more than a hundred years before the Christian era, depicting the wrongs of the private soldier:

The wiid beasts of Italy have their caves to retire to, but the brave men who spill their blood in her cause have nothing left but air and light. Without houses, without settled habitations, they wander from place to place with their wives and children; and their generals do but mock them when, at the head of their armies, they exhort their men to fight for their sepulchers and the gods of their hearths, for among such numbers perhaps there is not one Roman who has an altar that has belonged to his ancestors or a sepulcher in which their ashes rest. The private soldiers fight and die to advance the wealth and luxury of the great, and they are called masters of the world without having a sed to call their own.

The next question is, Are they worth what they cost? and I will let the Secretary of the Navy, Mr. Daniels himself, answer that. In a recent speech referring to the proposal of Lord Winston Churchill, Mr. Daniels said:

I believe that such an agreement must be made sooner or later for economic reasons. The hysteria of naval preparations is proving too great a burden for the people. We ourselves are spending about \$140.000,000 annually on our Navy and an equal amount on our Army. New vessels are superseding and making obsolete all that have been built before. The world to-day is facing the anomaly of making its navy less adequate by increasing it, for when new vessels are built with their more powerful armament they render useless the smaller warships, save for coast defense.

But the menace to the Navy by reason of the small vessels becoming obsolete on account of the building of dreadnoughts is not the only menace to the Navy. It was stated by a naval expert, the gentleman from Alabama [Mr. Hobson], in his speech the other day, that the vessels suffer a deterioration of 10 per cent per year from rust and ravages of time, so that according to his calculation in 10 years the vessels go to the junk pile for old iron. Again the development of submarine bonts will probably in the near future result in the most powerful battleships being defenseless against an enemy, invisible, fighting from the deeps of ocean.

In the third place, a greater menace is the navigation of the air, wherely powerful explosives falling from the clouds upon the battleships, their decks dense with human life, will engulf vessel and crew in one appalling ruin-

To sink into the depths with bubbling groan, Without a grave, unknelled, uncoffined, and unknown.

So that the prophecy of 50 years ago, written by England's poet laureate, will be realized:

For I dipt into the future, far as human eye could see; Saw the vision of the world, and all the wonder that would be; Saw the heavens fill with commerce, argosies of magic sails, Pilots of the purple twilight, dropping down with costly bales; Heard the heavens fill with shouting, and there rain'd a ghastly dew From the nations' airy navies grappling in the central blue.

The United States does not need an Imperial Armada. The frontiers of Europe oscillate on the map, but the boundaries of our country are changeless and eternal where the eastern and the western seas beat on their cold, gray stones. Three thousand miles of dark and deep blue ocean roll between us and Europe. Six thousand miles and more between us and nearest Asia; and there is not a world power that can land an army on American soil for a day without destruction to that army. The War between the States demonstrated the latent strength of a sleeping giant—the citizen soldier of America. In 1847, in the city of New Orleans, at a public reception of the volunteers in the War with Mexico, returning from Gen. Taylor's army, the eloquent Sergeant Smith Prentiss, once a Member of this House, paid a just tribute to the volunteer soldiers, true then and true now. He said:

now. He said:

We honor the Army, but we look upon our citizen soldiers with a different and peculiar pride. They are part and parcel of ourselves. They have taught us the secret of our vast strength. We now know the mighty nerve and muscle of the Republic. We evoke armies as if by magic, rapidly as they came forth from the sowing of the dragon's teeth; at a nod they disappear, as though the earth had swallowed them up. But they are not gone. You will find them in the forest, in the field, in the workshop, in the chambers of the sick, at the bar, in the councils of the country. They have returned to their old professions and pursuits. Let but the trumpet sound and again they spring up, a crop of armed men. Indeed, it is a noble sight, worthy of the genius of this great Republic, to behold, at the call of the country, whole armies leap forth in battle array, and then, when their services are no longer needed, fall quietly back and commingle again with the communities from whence they came. Thus the dark thunder cloud, at nature's summons, marshais its black battalions and lowers in the horizon; but at length, its lightnings spent, its dread artillery silenced, its mission finished, disbanding its frowning ranks, it melts away into the blue ether, and the next morning you will find it glittering in the dewdrops among the flowers, or assisting, with its kindly moisture, the growth of the young and tender plants.

Ours is not the only country where the substance of the people

Ours is not the only country where the substance of the people is wasted in preparations for war. The public debt of the United States on the 1st day of July, 1913, was \$1,028,564,055.14. With resources fractional compared to ours, the great powers of Europe reel and stagger under burdens heavier far than ours. I read you a statement showing the public debt in the year 1912 of some of the great powers:

Great Britain	\$3, 527, 270, 000
Spain	1, 911, 254, 000
Russia	4, 650, 607, 000
Japan	1, 271, 745, 000
Italy	2, 669, 748, 000
German Empire	1, 224, 808, 000
German States	3, 671, 205, 000
France	6, 280, 791, 000
Austria	1, 403, 048, 000
Hungary	1, 159, 554, 000

The debt of the past wars, maintenance of military establishments, and preparations for future wars constitute a deadly virus that burns in the veins and eats into the heart of the nations of Europe like the poisoned blood of the envenomed robe of Hercules.

Such was the condition of France before the days of the French revolution; such the condition that led to the reign of terror when the fiery Danton cast his high defiance at the nations of Europe:

The coalized kings threaten us, We hurl at their feet as gage of battle The head of a king.

To pass this resolution for a suspension, even for a year, of a program of building battleships and to get the great powers of the world to agree to that proposition is a step in the right direction. This House will pass the resolution by almost a unanimous vote. No one doubts that the Executive and the Department of State will cooperate with this House through diplomatic channels in so noble a consummation. Indeed, the administration already has accomplished a great and noble achievement on behalf of world peace, an achievement that will live perhaps in history when the Underwood tariff law and the Glass currency law and the farmers' credit law and the trust legislation of this Congress, beneficent as they will be, are for-

Hardly had Mr. Bryan entered upon the duties of his great office until he presented to the nations of the world a practical proposition in the interest of reconciling international differences without war, a proposition which, I believe, will be productive of infinite good. I will read you President Wilson's peace proposal and the supplementary memorandum by the Secretary of State:

PRESIDENT WILSON'S PEACE PROPOSAL

The parties hereto agree that all questions of whatever character and nature, in dispute between them, shall, when diplomatic efforts fail, be submitted for investigation and report to an international commission (the composition to be agreed upon); and the contracting parties agree not to declare war or begin hostilities until such investigation is made and report submitted.

The investigation shall be conducted, as a matter of course, upon the initiative of the commission, without the formality of a request

from either party; the report shall be submitted within (time to be agreed upon) from the date of the submission of the dispute; but the parties hereto reserve the right to act independently on the subject matter in dispute after the report is submitted.

SUPPLEMENTARY MEMORANDUM BY SECRETARY OF STATE.

SUPPLEMENTARY MEMORANDUM BY SECRETARY OF STATE.

In the peace plan proposed by the President to all the nations, the composition of the international commission is left to agreement between the parties, and I am authorized to suggest for the consideration of those who are willing to enter into this agreement:

First. That the international commission be of five members, to be composed as follows: One member from each of the contracting countries, to be chosen by the Government; one member to be chosen by each of the contracting countries from some other country, and the fifth member of the commission to be agreed upon by the two Governments, the commission to be appointed as soon as convenient after the making of the treaty, vacancies to be filled according to the original appointment.

ments, the commission to be appointed as soon as convenient and the making of the treaty, vacancies to be filled according to the original appointment.

Second. The time also is to be agreed upon, and it is suggested that that time be one year. If a year is considered too long or too short, this Government will consider either a greater or a less period.

Third. This Government is prepared to consider the question of maintaining the status quo as to military and naval preparations during the period of investigation, if the contracting nation desires to include this, and this Government suggests tentatively that the parties agree that there shall be no change in the military and naval program during the period of investigation unless danger to one of the contracting parties from a third power compels a change in said program, in which case the party feeling itself menaced by a third power shall confidently communicate the matter in writing to the other contracting party, and it shall thereupon be released from the obligation not to change its military or naval program, and this release will at the same time operate as a release of the other contracting party. This protects each party from the other in ordinary cases, and yet provides freedom of action in emergencies.

All of these suggestions, however, are presented for consideration, and not with the intention of imposing any fixed conditions.

About the year 1905 the idea contained in this proposal was in substance presented at Brussels by the distinguished gentleman from Missouri [Mr. Bartholdt] whose speech the other day in favor of this resolution contained so much of interest, instruction, and inspiration to us all.

In 1906 Mr. Bryan delivered a speech presenting the same proposition at the opening of the Interparliamentary Conference in the Royal Gallery of the House of Lords in London, arguing in its favor that it gives an opportunity to investigate the facts and to separate them from the question of honor, that it gives time for the calming of passion, and that it gives time for the formation of a controlling public sentiment.

At the same conference Sir Henry Campbell-Bannerman, then Prime Minister of England, delivered his great speech known as the "Duma speech," in favor of international peace agreements, saying:

The bonds of mutual understanding and esteem are strengthening between the peoples, and the time is approaching when nothing can hold back from them the knowledge that it is they who are the victims of war and militarism; that war in its tawdry triumphs scatters the fruits of their labor, breaks down the paths of progress, and turns the fire of constructive energy into a destroying force.

Already 31 of the world's great nations have signified to the Department of State their acceptance of the principle of the President's peace proposal.

In this connection I can not refrain from calling your attention to the brave speech Mr. Bryan made a little while ago at the Mohawk arbitration conference, when he declared:

I believe that our people ought to try to get agreements with other nations to do the things that are right. But I do not believe this Nation ought to wait for any other nation to agree to do what is right. It ought itself to do what is right. If this Nation announced to the world that it would not spend its money getting ready for wars that ought never to come; that it had faith in the good intent of other people, and it expected other people to have faith in its good intent, do you think our Nation would suffer for that? The building of these great battleships, these preparations by Christian nations to fight one another, is a challenge to the Christian civilization of the world. I believe that this Nation could stand before the world to-day and tell the world that it did not believe in war; that it did not believe that it was the right way to settle disputes; that it had no disputes that it was not willing to submit to the judgment of the world. If this Nation did that it not only would not be attacked by any other nation on the earth, but it would become the supreme power in the world.

Mr. Speaker, the paramount influence to-day in favor of universal peace is the spirit of the Christian religion. At the foot of Pennsylvania Avenue, under the shadow of the Capitol in this fairy city of the heart, stands the Peace Monument. A great sculptor carved his dreams in stone, and lo, history writes on the scroll of fame the heroic deeds of those who fell, while Columbia, like another Rachel, weeps for her children and will not be comforted because they are not. It is a majestic monument of exquisite beauty, but the gentleman from Alabama [Mr. Heflin] told us to-day in his fervid oration of a nobler monument, and I will quote his eloquent words to you:

A few years ago Argentina and Chile were forever at war with each other; killing each other's people was the order of the day. There they stood, arrayed against each other in mortal combat. But what happened between these two countries? Their representatives met on the border line and struck hands about a common center for the good of both countries and swore eternal friendship. They took their guns

and battle blades and molded them into a mighty monument; and standing on that monument is a bronze figure of Christ with a scroll in His hand on which is written, "Peace on earth, good will to men." Written on the base of that monument are these words:

"Sooner shall these mountains crumble to their base than Argentina and Chile break the faith that they have this day plighted at the feet of Christ the Savior."

The historian of the Decline and Fall of the Roman Empire, in the famous fifteenth chapter, wrote:

in the famous fifteenth chapter, wrote:

A candid but rational inquiry into the progress and establishment of Christianity may be considered as a very essential part of the history of the Roman Empire. While that great body was invaded by open violence, or undermined by slow decay, a pure and humble religion gently insinuated itself into the minds of men, grew up in silence and obscurity, derived new vigor from opposition, and finally erected the triumphant banner of the Cross on the ruins of the capitol. Nor was the influence of Christianity confined to the period or to the limits of the Roman Empire. After a revolution of 13 or 14 centuries that religion is still professed by the nations of Europe, the most distinguished portion of humankind in arts and learning as well as in arms. By the industry and zeal of the Europeans it has been widely diffused to the most distant shores of Asia and Africa; and by the means of their colonies has been firmly established from Canada to Chile, in a world unknown to the ancients.

More than a hundred years have gone since the death of Gibbon and the religion which he believed to be of merely human origin has spread its benignant influence to the remotest corners of the world. Let us pause while almost with one voice proclaming "peace on earth, good will to men"—let us pause as the lawmakers of a Christian land—to pay tribute to the lowly Nazarene, the Prince of Peace, who gave that principle to the civilization of mankind, a principle more powerful for world peace than all the armies of the earth, all the navies of the seas, all the edicts of kings, all the laws of parliaments and congresses, and all the conventions of nations.

Mr. Speaker, it is an interesting inquiry to consider what wise uses might be made of the money saved the people by reducing or destroying the burdens of military establishments, but for me it is enough to know that taxes will be reduced and our Government restored to what the fathers designed it to be—a wise and frugal Government, which shall restrain men from injuring one another, which shall leave them otherwise free to regulate their own pursuits of industry, and shall not take from the mouth of labor the bread it has earned.

While this is not a proper occasion for their consideration. will state that I am deeply concerned with such great and living questions and issues as the conservation of the public domain and the preservation of our national resources from predatory monopoly, the building of levees for the reclamation of land subject to overflow, the drainage of swamp lands, the prevention of floods, the building of reservoirs for the storage of the melted snows of the mountains to irrigate the semiarid western plains, vocational education, the development of the science of dry farming, the encouragement of agriculture and of commerce as its handmaid, the building of good roads, canals, and waterways. Each of these questions has its own peculiar aspects, some of them involving the organic structure of our complex dual system of State and Federal Governments, each within its own sphere supreme. But the paramount problem to-day, not only with the American people, but the international and world-wide problem, is the social problem of plain and simple justice—to give to every man upon this earth the fruits of his own toil.

God speed the day when some John Bunyan, yet unborn, shall write a new story of the Pilgrim's Progress. I would have the Pilgrim represent the Toiler, who is the type of the countless millions of the American people who support this Government and make it what it is. I would care nothing about the Slough of Despond or the Delectable Mountains or the Crystal River or the Shining Ones of the Celestial City, but only that the burden shall fall from the back of the Pilgrim.

Mr. Speaker, I am an optimist. I look for the silver lining to every cloud, and in the darkest night I see hope's trembling World peace is not an iridescent dream. We may not see it in our day; clouds will gather, clouds are gathering, but through the riven tempest the sun will shine, and lo a miracle, the rainbow—daughter of the storm—is there.

And as the irresistible march of Christian civilization encompasses the world, more and more will be expanded the domain of universal peace, until on every spot of the whole earth the dove with the olive leaf, long a wanderer over the waste of waters, may find rest for the sole of her foot.

Mr. HARDY. Mr. Speaker, I yield the remainder of my time to the gentleman from Illinois [Mr. BUCHANAN].

The SPEAKER pro tempore. The gentleman from Illinois [Mr. BUCHANAN] is recognized.

Mr. BUCHANAN of Illinois. Mr. Speaker, I am in favor of this resolution because it is to the best interests of the masses of the people of this country and of the world.

In this discussion those who have criticized the resolution have done so under the cloak of protecting the interests of the working people and of the farmer. That is usually the case when the interests which alone profit by wars or any other means of burdening the people are the only beneficiaries of measures designed to satisfy their greed for profit and for power.

The gentleman from Pennsylvania [Mr. Moore], in his endeavor to make an argument, which I hardly think he believes in himself, went so far as to criticize the seamen's bill, and his statement and argument on that question were as erroneous as were his statement and argument against the resolution introduced by the gentleman from Missouri [Mr. Hensley].

He said, for instance, that it would be impossible for an American boy to become a seaman if this seamen's bill passed. For the information of those present and those who might read the Record, I want to read that part of the bill that does provide for apprentice seamen. Of course that is the purpose of the bill, and those who are in favor of it believe it will make a condition that will be desirable for American workmen to take positions on our merchant vessels. Section 12 of that bill provides—

That no vessel of 100 tons gross and upward, except those navigating rivers exclusively and the smaller inland lakes where the line of travel pursued is at no point more than 3½ miles from land, and except as provided in section 1 of this act, shall be permitted to depart from any port of the United States unless she has on board a crew not less than 75 per cent of which in each department thereof are able to understand any order given by the officers of such vessel, nor unless 40 per cent in the first year, 45 per cent in the second year, 50 per cent in the third year, 55 per cent in the fourth year after the passage of this act, and thereafter 65 per cent of her deck crew, exclusive of licensed officers, are of a rating not less than able scaman.

Therefore the bill does provide for a condition where the American workingman can get employment.

Mr. Speaker, I want to say that the gentleman from Missouri [Mr. Hensley], who introduced this resolution, is a gentleman with whom I have associated quite a good deal, being on the Labor Committee with him in the last Congress, as well as the Naval Affairs Committee, and both of us are now members of the Committee on Naval Affairs. To know him is to respect and admire him for his sincere and tireless efforts to secure remedial legislation for the masses of the people. His sympathies lie with the working people, and in introducing and prosecuting the passage of this resolution he has expressed the wishes, ambitions, and hopes of the great masses of the laboring people of this country, and when they know of his splendid efforts in their behalf it will endear him to their hearts. [Applause.]

I desire to read as a part of my speech an extract from the report of Mr. G. W. Perkins, fraternal delegate to the world's congress of the trade union movement held at Zurich, Switzerland, September, 1913, in which the following countries were represented—England, France, Belgium, Holland, Denmark, Sweden, Norway, Finland, Germany, Austria, Bosnia-Herzegovina, Hungary, Croatia, Switzerland, Italy, Spain, and the United States.

"The trade union movement of Europe has had a greater influence in preventing the wars between civilized nations than all other influences combined. During the Morocco squabble, and when England, France, and Germany stood ready to grapple in the death struggle, stood on the verge of war with all its horror, misery, and privation, let it be said to the everlasting credit of the trade unionists of France that they made it clearly understood and known to the Government that they were opposed to a war of conquest. The French trade unionists immediately communicated with England and Germany, and while it was deemed not advisable for a conference to be held to discuss war and its prevention, it was diplomatically decided that the delegation of French trade unionists should visit Germany and England on a study tour of social and economic questions. About 70 trade unionists went to each country. They spent several days in Germany, in which time both the German and French leaders quietly talked against war. This all culminated in a mass meeting held in Berlin and which over 30,000 people attended. Outwardly the meeting was to talk over social and economic questions, but inwardly, the working people at least, knew it was to be a protest against a war with France over the Morocco situation.

"This substantial demonstration immediately had its effect upon Germany. The French delegates immediately hurried home, where similar tactics were employed. Mass meetings of protest against war with Germany or England over the Morocco question were held all over France, and resolutions of protest against the war were unanimously adopted. The same influences were at work in England, and I assert without fear of successful contradiction that the trade union movement of these

three countries actually prevented what would have been one of the bloodiest and costliest wars, had it taken place, that has ever occurred in Europe. The trade union movement, if nothing else, has taught the workers of all countries that wars of conquest bring home to the workers who are fortunate to live through the war nothing but misery, degredation, and poverty, and after all it is the greatest agency for peace the world possesses.

"It has dispelled the hatred that formerly existed between the workingmen of different countries, and has brought about in its stead a feeling of brotherly love and kindly consideration which augurs well for a more speedy development of the inter-

national trade-union movement.

"I congratulate the American trade-union movement on having excluded from our movement partisan politics and religious differences, leaving to every member the right to pray and vote as his own conscience may dictate. Our tolerance of the rights and opinions of others in anything not mutually within the sphere of the trade-union activity, who may honestly differ from us, has brought about an element of strength which is partly responsible for the splendid condition in which we now find ourselves, and which policy, if adhered to, will, in my judgment, bring about the day when human rights and human justice shall prevail and workingmen and women of our whole country and the civilized world will come into a full realiza-

tion of their hopes and ambitions.

"Everywhere in Europe, and especially continental Europe, there is a strong protest and terrifically bitter feeling against large standing armies. The expense for the maintenance and the upkeep and overhead charges, in Germany especially, is something appalling, and constitutes the reason which actuates many of the workers in voting the social Democratic ticket, largely as a protest against the standing army. That is the only party at present in Germany which is opposed to militarism. Personally I am of the opinion that standing armies of continental Europe are maintained not so much for the purpose of repelling foreign invasion but rather to hold in subjection the workers and to repel any uprising or revolution which the intolerable conditions might inspire in them. Continental Europe as it exists to-day is standing on a volcano, glossed over with a thin veneer of flowers, song, music, art, old buildings, and traditions. Remove these and there might be an eruption that would shake the civilized world to its very Where will it all end? The answer, reflected on foundations. the banner of the advancing hosts of trade unionists, is that as the trade-union movement develops it will bring order out of chaos. It will restore, in so far as it is possible, conditions to a more equitable level, and bring into the lives of the workers of these otherwise beautiful countries some sunlight, some happiness, and the opportunity and ability to enjoy life as befits human beings and advancing civilization.'

EXTRACT ON INTERNATIONAL PEACE FROM THE REPORT OF DELEGATES FROM THE AMERICAN FEDERATION OF LABOR TO THE BRITISH TRADES-UNION CONGRESS, 1913.

"One of the strongest impressions made upon the minds of your delegates while attending the congress was the prevailing sentiment against international wars. There seemed to be a general sentiment that trade-unionists would not be pawns in the game of international war as played by political or commercial interests for financial or territorial aggrandizement, and that the trade-unionists of the world, bound together in bonds of fraternity, strengthened by the annual visitations of delegates from each country to the others, would enter their most emphatic protest against being rendered as food for cannon and other implements of war at the behest of their despoilers. To our minds the international trade-union movement has become already the greatest guaranty for international peace, and will be recognized as such in the near future by all who are interested in preserving the human race from the ravages of warfare.

"While we have not been able to bring ourselves in accord with all the methods pursued by trade-unionism in England as methods that could fittingly be adopted in America, and have felt obliged to record herein some comments and observations that might possibly be regarded as criticism, we wish it to be distinctly understood that in whatever we have said we have been actuated by a sense of duty to the constituency that honored us, while, at the same time, we acknowledge the sturdiness and sincerity of purpose of our friends across the water, who are working at their own problems in ways that seem to them best under conditions that are entirely dissimilar to those that exist in America. For all of our differences in opinions and methods, we are each and all of us a part and parcel of

the labor movement of the world, striving in all countries through the best methods available under particular conditions to advance the cause of humanity both present and future.

"C. L. BAINE,
"LOUIS KEMPER,
"Delegates."

# INTERNATIONAL PEACE. (Report of the executive council.)

"Perhaps nothing tends to remove dissensions more than do sympathetic understanding and community of interests. The workingmen of all countries understand the meaning of contest and struggle. Whatever of progress they have made, whatever of advantage they have gained, whatever of individual freedom they have won, have all been the result of hard, persistent endeavor against wrong, oppression, and powerful interests. know that the dead-weight of the world's burdens, both in industry and upon the battle field, have ever fallen upon the toilers, the burden bearers of the world. They know that too often wars have been entered upon lightly for the aggrandizement of special interests rather than for justice and humanity. It is not lack of love of country which prompts the toilers to protest against international fratricide; they love their fatherland, home, and justice, but they are unwilling to be exploited or killed for the promotion of private or selfish ends.

"Labor organizations have fostered the spirit of cooperation for mutual helpfulness by international gatherings and by sending delegates to national gatherings in foreign countries. This practice has been the means of establishing good will and harmony; it has taught the workers that they are everywhere confronted by similar problems and has facilitated the execution

of common purposes.

"The constantly growing system of the international acceptance and recognition of trade-union cards is another influence that is quietly and surely creating a fraternal spirit among the workers of all lands. The convention of 1905 gave instructions to correspond with the international and national officers of this and other countries with regard to establishing the international exchange of union cards. As a result of this correspondence a number of organizations have established this custom. The growth and extension of this practice will not only bring mutual economic benefits to the workingmen of all countries, but will promote cordial relations between the countries politically and will give substance to the concept of fraternity.

"In accord with this conviction, labor organizations the world over have committed themselves to the policy of international peace—peace with honor and justice in international politics as well as in industry. With the progress of civilization, the concentration of industry and commerce about great national centers, and the development of world markets and commerce local arbitrary boundaries no longer determine the scope or the organization of economic interests. Political customs which develop out of and reflect economic conditions have manifested the same tendency. All national, economic, and political issues are infected with world interest.

are infected with world interest.

"It is especially fitting, then, that organized labor heartily indorse the efforts of the representatives of our country in endeavoring to secure world-wide cooperation in a movement for international peace. Such a movement marks an epochal development in the world's culture, a widening of men's thoughts, and a quickening of their consciences and humanitarian instincts, with which the American Federation of Labor has ever been in most hearty accord and has done much to promote.

This history of civilization and progress is the history of the substitution of law and orderly procedure for violence and war. Modern law is national in character. The state instituted regulations and machinery by which the rights of the people are secured and safeguarded. During this period of national development the loyalty, the patriotism, and the love of the people were centered upon national institutions. When the national law and governments had reached a point which insured peace and order within the state, the thoughts and ideals of men widened to larger aspects and nobler concepts. Now humanity is placed above any nation. There has developed that which has been called the international mind, and standards of international morality are being evolved, a habit of mind for which Lord Haldane, Chancellor of England, has so aptly used the word 'sittlichkeit.' The history of the development of the institutions for securing justice and peace between nations will, like development of similar institutions within a nation, be the history of the substitution of law and orderly procedure for strife and war. How quickly and surely this evolutionary development will take place will depend upon the development of the spirit of humanity between nations

and the ascendancy of 'sittlichkeit.' As has been most truly said: 'The matters in dispute between nations are nothing, the spirit which deals with them is everything.'

"The organized labor movement has been a mighty factor in creating and stimulating the spirit of human sympathy and understanding between nations, which is the basis for mutual good will, and is now ready to indorse and aid every movement for international justice and orderly adjustment of problems and difficulties. The future seems to assure some world federation that shall realize our ideals and protect all humanity.

"Organized labor is the only medium through which the working people can express themselves, and the foregoing reports, which were approved by the American Federation of Labor in convention at Seattle, November 10 to 22, 1913, clearly demonstrate that the wageworkers of the country are no longer deceived by those who are advocating large expenditures for naval defense and other war preparations on the ground that

it will give employment to labor.

"The wageworkers of the country are interested in securing legislation that will stop the financial and commercial pirates of the country from monopolizing the necessaries of life and obstructing the freedom of business and the liberty of our citizens. What organized labor is earnestly exercising its influence to secure is a fair day's pay for a fair day's work under fair conditions, and also laws that will give liberty of opportunity and justice. The wageworkers of the country are becoming interested and will exercise their efforts to secure a democratic Government in fact, which means a Government operated for the best interests of the whole people and special privileges to none. This they are entitled to, and they should be satisfied with nothing less."

The SPEAKER. The gentleman from North Dakota [Mr.

Young] is recognized for 30 minutes.

Mr. YOUNG of North Dakota. Mr. Speaker, there has been a naval holiday for 96 years upon the Great Lakes of North America. In some remarks here last July I called attention to a forgotten page of history, or at least a generally overlooked one, known as the arrangement of 1817, sometimes called the "Bagot-Rush treaty." It was first called an "exchange of notes." So tremendous a fact as disarmament on the Great Lakes might have been expected to proceed after lengthy discussions in the United States Congress and British Parliament. Not so. Charles Bagot, British minister at Washington, wrote a letter to Richard Rush, Acting Secretary of State, suggesting a limitation of armaments on the Great Lakes. Mr. Rush replied, giving his approval to the proposal. Then it was ratified by the Governments of both countries.

The arrangement or treaty provided for a reduction of armaments to the point of practically a revenue police service, namely, one vessel on Lake Ontario of 100 tons and armed with only one 18-pound cannon; two vessels on the upper lakes of the same tonnage and armament; and one vessel on Lake Cham-

plain of like armament and tonnage.

The Great Lakes cover an area of 97,850 square miles and have over 5,000 miles of shore line. They are greater in extent than the Bering Sea, six times as large as the Baltic Sea, and almost as large as the Mediterranean Sea. Many cities have been built along their shores, among them the great cities of Chicago and Milwaukee; Duluth, that will soon outstrip Pittsburgh and may some day rival New York; Detroit, Port Huron, and Bay City, three important cities of Michigan; Toledo and Cleveland in Ohio, and the great city of Buffalo in the Empire State; and on the Canadian side Port Arthur, Sault Ste. Marie, Goderich, Sarnia, Hamilton, Kingston, and Toronto. These are the more important cities, by no means all of them.

A kind Providence has smiled upon the commerce of these Lakes, dedicated to peace by the wise men of two great nations. Thirty-seven millions of people live in the eight bordering States, according to the census of 1910, more than one-third of the entire population of the North American Continent, and one-third of the total tonnage of North America is on the Great

Lakes.

The development of the Lakes country is almost as little known as the treaty by which its commerce was permitted to grow unfettered by the frowns of guns on land or water. How many know that there is upon the Great Lakes the greatest shipping port in the world; that they possess the largest fleet of freighters on earth; and that its cities have grown more rapidly than Boston, New York, Philadelphia, or San Francisco? And still there are those who talk of the necessity of ships of war to protect commerce. The freight handled on the Great Lakes amounts to six times as much as the freight of all the nations passing through the Suez Canal. To get an idea of the immensity of the lake traffic I will say that in one year

there were added 40 bulk freighters with a total capacity of 360,000 tons. To carry the same amount would require over 300 trains of 30 cars each, or a single train 70 miles long

Dedicated to peace, the boundary Lakes have been in the past and will be in the future the greatest factor in preventing excessive railroad rates. Every farmer in the Northwest who has shipped a bushel of grain or purchased a ton of coal has been benefited in this respect; every consumer of the products of western farms, or the products of the mines of Minnesota, Michigan, and Wisconsin has also been benefited by the lake trans-portation rates. And so these Lakes, which have somehow existed without the protection of armed ships of war, have been a blessing directly or indirectly to all the people of the United States and Canada.

The life of the treaty of 1817 has been threatened more than once. One of its provisions gave the right to either of the high contracting parties to annul the treaty by giving six months' nocontracting parties to annul the treaty by giving six months notice. It is not surprising therefore that the annulment of the treaty was threatened by the Fenian raids and the Civil War. But it survived these periods. It was, however, seriously threatened by private shipbuilding interests on the Great Lakes about 20 years ago. On the 4th day of April, 1892, Senator McMillan presented a petition of the iron-ship building according to the Great Lakes was not a period of the Great Lakes about 20 years ago. building companies of the Great Lakes praying for the early and complete abrogation of the treaty with Great Britain of 1817. On April 8, 1892, Senator McMillan introduced a reso-lution requiring the Secretary of War to inform the Senate whether any bids had been received for war vessels from ship-building companies on the Great Lakes and whether any such bids were refused or rejected for any reason or reasons other

bids were refused or rejected for any reason or reasons other than such as follow from the usual rule in accepting or rejecting bids for that class of work, and if so, the reasons therefor.

On May 5, 1892, the Secretary of War reported that there had been three bids received for the construction of a first-class torpedo boat; that two of the bids were rejected upon the usual grounds; and the third, that of F. W. Wheeler & Co., of Bay City, Mich., being the lowest bid, was rejected, the reason assigned being that the dengitiment could not under existing signed being that the department could not, under existing treaty stipulations, award a contract for the construction of a

vessel of war upon the Great Lakes.
On April 8, 1892, a resolution was also passed by the Senate On April 8, 1892, a resolution was also passed by the senate asking the Secretary of State to inform the Senate whether the treaty of 1817 was still in force. Secretary of State John W. Foster replied on December 7, 1892, expressing the opinion that the treaty was still in force. No one, so far as known, has even suggested since then that the treaty should be abrogated. It has lived through almost a century, and has doubtless been a great factor in maintaining the peaceful relations between this country and Great Britain which have existed since the signing

of the treaty of Ghent, 100 years ago.

The arrangement of 1817 stands out as the great concrete example of the efficacy of agreements to limit naval armaments. It is a living refutation to the short-sighted men who say, can't be done." With this splendid example of a disarman can't be done." With this splendid example of a disarmament treaty made by prophets of a century ago we shall be unworthy sons, blind indeed, if we fail to see in the proposal of Mr. Churchill a great opportunity to help bring about the world's peace, or at least hasten that day when-

The war drum throbs no longer And the battle flag is furled In the parliament of man,

The federation of the world.

[Applause,]

I desire to insert in the RECORD the following editorials: [Editorial from the Portland (Oreg.) Daily Journal.] NO IDLE DREAM.

No IDLE DREAM.

Secretary Bryan is the target for sarcasm because of his world-peace program, and yet Congressman Young of North Dakota recently illustrated the fact that the plan is no idle dream. He called attention to the Anglo-American agreement, now nearly a century old, for disarmament on the Great Lakes.

Cities and towns have been permitted to grow up around these inland seas without the least fear of destruction by a hostile naval force. Chicago, Detroit, Toronto, and Montreal have been fearless without a single dollar invested in land defenses. Peaceful pursuits have prospered unhampered by militarism, in spite of the fact that the international agreement could be abrogated by either party on six months' notice. But the agreement has remained in force; a century has proved that two nations can live in peace without guardianship of the mailed fist. The sophistry of war is discussed by the London Nation, drawing illustration in the Balkan conflicts. History again showed how bloodshed makes a bad cement, how violence breeds mutual suspicion, rivalry, contention, and open strife. The great powers who had encouraged the "war of freedom" later viewed the spectacle with horror. They condemned the strife, but admitted their inability to intervene, while one of them, at least, urged on the fighting.

In primitive days wars were carried on to devour an enemy, to seize women, herds, lands, and later to live parasitically upon the conquered. Cattle stealing and rapine are no longer tolerated in "civilized" warfare, but we still annex territory, for the occupants can not be killed.

advantageously. Indemnities are poor compensation for the waste of war. There are no gains to replace advantages won by the primitive conqueror. Then why does war survive?

M. Novikow, the Russian pacifist, says in reality civilized people to-day conduct wars simply because their savage ancestors did so of old. From sheer spiritual laziness accustomed habits have not been abandoned. Then, because war without any motive is revolting, theories are built upon theories to justify it.

The fact is that arms manufacturers and financiers, the only beneficiaries of armaments and wars, and a barbarian sentiment classing fighting as the best of sports, are directly responsible for militarism. The profit takers appland sophists who profess to find scientific and ethical vindication of war. They say war is the school of discipline, self-sacrifice, and all the manly virtues. But as a matter of fact there is no justification of brutality, and war is little else.

War was once carried on for plain, intelligible ends—the primitive man was not a hypocrite. To-day war has the same ends in view, but the hypocrite is in command. That is why Mr. Bryan's world-peace plan may be slow in securing general approval. And yet the plan has been a success for a century on the Great Lakes.

[Editorial from Every Evening, Wilmington, Del., Aug. 13, 1913.] WHY NOT EXTEND ITS SCOPE?

WHY NOT EXTEND ITS SCOPE?

Representative George M. Young, of North Dakota, recently made a speech of only a few hundred words in the House, in the course of which he afforded material for serious consideration on the part of his fellows in Congress, presented interesting information that will prove a surprise to many of his fellow countrymen, and also made a valuable and most effective contribution to the cause of universal peace. And that is a great deal for a Member of Congress to do in the course of a few minutes.

Stimulated by reading of the centennial celebration of Commodore Perry's famous naval victory on Lake Erie, now in progress, Representative Young referred to the special treaty between the United States and Great Britain following the conclusion of the War of 1812, as a result of which disarmament of the Great Lakes, which largely constitute the boundary between this country and British territory, was mutually agreed upon. This treaty, called the Bagot-Rush treaty by reason of its negotiation by Charles Bagot, then British minister at Washington, and Richard Rush, then Acting Secretary of State under the administration of President Monroe, was at that time modestly designated "an exchange of notes." It was brief in its terms, but wonderfully potent, and it led to an international compact for peace and good feeling between neighboring foreign countries that has stood the test of almost a century and is still a potent intimation of what may be done for peace by peaceable methods instead of adhering to the dangerous and ever-irritating policy of "insuring peace by being always prepared for wat."

"Those in favor of naval disarmament by international agreement,"

done for peace by peaceable methods instead of adhering to the dangerous and ever-irritating policy of "insuring peace by being always prepared for war."

"Those in favor of naval disarmament by international agreement," said Representative Young in the course of his modest deliverance, "will find here the greatest practical illustration of the wisdom of that policy. For almost a century cities and towns have been permitted to grow up around the Great Lakes—the inland seas—without the least fear of destruction by a 'naval force.' Think of great cities, like Chicago, Detroit, Toronto, and Montreal, without the investment of a single dollar for land defenses, either in men or forts. Think of what it has meant to business and the peaceful pursuits of those two great countries. It is worthy of note that there was a section in this treaty which provided that it might be annulled by either of the high contracting parties by giving six months' notice. In spite of the simple, easy method provided for its annulment, it has remained in force for almost a century, has been a blessing to the people of the two great nations, and is a powerful argument for disarmament the world over."

In conclusion Representative Young asked that the Clerk of the House read the "exchange of notes" and the subsequent proclamation by President Monroe, "which constitute this wonderful treaty, written by men who lived a century ahead of their time." This was done, and they thereby became part of the official record. The note of the British minister was as follows:

WASHINGTON, April 18, 1817.

WASHINGTON, April 18, 1817.

minister was as follows:

Washington, April 18, 1817.

The undersigned, His Britannic Majesty's envoy extraordinary and minister plenipotentiary, has the honor to acquaint Mr. Rush that, having laid before His Majesty's Government the correspondence which passed last year between the Secretary of the Department of State and the undersigned upon the subject of a proposal to reduce the naval force of the respective countries upon the American Lakes, he has received the commands of His Royal Highness the Prince Regent to acquaint the Government of the United States that His Royal Highness is willing to accede to the proposition made to the undersigned by the Secretary of the Department of State in his note of the 2d of August last. His Royal Highness, acting in the name and on behalf of His Majesty, agreed that the naval force to be maintained upon the American Lakes by His Majesty and the Government of the United States shall henceforth be confined to the following vessels on each side; that is:

On Lake Ontario, to one vessel not exceeding 100 tons burthen and armed with one 18-pound cannon. burthen and armed with like force.

On the Upper Lakes, to two vessels not exceeding like burthen, each armed with like force.

On the waters of Lake Champlain, to one vessel not exceeding like And His Royal Highness agrees that all other armed vessels on these lakes shall be forthwith dismantled and that no other vessel of war shall be there built or armed.

His Royal Highness further agrees that if either party should hereafter be desirous of annulling this stipulation and should give notice to that effect to the other party it shall cease to be binding after the expiration of six months from the date of such notice.

The undersigned has it in command from His Royal Highness, the Prince Regent, to acquaint the American Government that His Royal Highness has issued orders to His Majesty's officers on the Lakes directing that the naval force so to be limited shall be restricted to such services as will in no respect interfer

The note of Acting Secretary of State Rush and the proclamation of President Monroe were in similar terms, and thus was established nearly a century ago the practical naval disarmament of the Great Lakes

separating the country from Canada. Think what an enormous amount of money has been saved to both countries by this practical agreement, to say nothing of the irritation and the danger of clashing interests that would have resulted had each government maintained what we would now call a "sufficient" naval force on the Great Lakes.

Suppose, for the sake of argument, this splendid agreement had not been entered into, that Great Britain and the United States had each maintained a naval force of "appropriate" size on the Great Lakes, and that a proposition should be advanced for mutual disarnament. What would be the result? In imagination we can hear the storm of protests, the strident, angry cries that "it won't do," coming from many jingo throats and the mouths of those who ever have a sneaking desire for war. From Chicago, Milwaukee, Detroit, Cleveland, and other lake cities would come despairing protests against being "exposed to the attacks of a hostile force." Yet for nearly a century these cities have been thus "exposed," and not a citizen of any one of them would now have the hardthood to ask Congress to abrogate this treaty and establish a "sufficient navy" on the Great Lakes.

And as Great Britain and the United States have maintained peaceful relations for nearly a century, with a boundary between them comprising a large river, the chain of Great Lakes with their varying width of 40 to 300 miles, and a long imaginary line over which an infant may step, extending from the western edge of the Great Lakes to the Pacific coast, with not a warsalp on the waters or a single fort on either side of the imaginary land line, is it not also possible for these two countries to maintain their peaceful relations without having great warships to sail the vast expanse of ocean separating them?

And as between Great Britain and the United States, why not between and among all the nations of the world? What need has any nation of a navy any greater than is necessary to police the sea and extend ald and encouragement to i

# [Editorial from Washington, D. C., Herald.]

[Editorial from Washington, D. C., Herald.]

A WELL-TIMED REMINDER.

But for a speech in the House by Representative Young, of North Dakota, not many would have recalled that there was a disarmament agreement entered into nearly a century ago between this country and Great Britain. While it affected only the Great Lakes, it is nevertheless of importance. This is how it reads:

"Each power may have one vessel of not more than 100 tons, armed with one 18-pound cannon, on Lake Ontario, and one such vessel on Lake Champlain. Provision is made for two vessels of the same size on the upper lakes. Such naval force shall be restricted to such service as will in no respect interfere with the proper duties of the armed vessels of the other party."

For a hundred years the border has been safe under this agreement, which in our day could hardly be consummated with our militarists insisting that it is absolutely necessary to protect our great commercial and industrial lake centers by warships and forts. Mr. Young's speech is so full of practical truths and has such significance upon militarism in general that it should be widely circulated.

Here are its salient points:

"Those who favor naval disarmament by international agreement will find here the greatest practical illustration of the wisdom of that policy. For almost a century cities and towns have been permitted to grow up around the Great Lakes—the inland seas—without the least fear of destruction by a 'naval force.' Think of great cities like Chicago, Detroit, Toronto, and Montreal, without the investment of a single dollar for land defenses, either in men or forts. Think of what it has meant to business and the peaceful pursuits of these two great countries. It is worthy of note that there was a section in this treaty which provided that it might be annulled by either of the high contracting parties by giving six months' notice. In spite of the simple, easy method provided for in this amendment it has remained in force for almost a century, has been a blessing to

# ENROLLED BILL SIGNED.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 488. An act to authorize the sale and issuance of patent for certain land to H. W. O'Melveny.

#### COMMITTEE RESIGNATION.

The SPEAKER laid before the House the following communi-

House of Representatives, Washington, December 6, 1913.

Washington, December 6, 1913.

CHAMP CLARK,

Speaker of the House, Washington, D. C.

DEAR SIR: Having been assigned to the District of Columbia Committee, I hereby tender my resignation of former assignments to Committees on the Public Lands, Election of President, etc., and Expenditures in the Treasury Department.

Respectfully submitted.

H. C. CLAYPOOL. The SPEAKER. If there be no objection, the resignation of the gentleman from these committees will be accepted.

There was no objection.

#### ADJOURNMENT.

Mr. HENSLEY. Mr. Speaker, I move that the House do now

The motion was agreed to; accordingly (at 5 o'clock and 31 minutes p. m.) the House adjourned until Monday, December 8, 1913, at 12 o'clock noon,

### EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Treasury, transmitting the report of the Surgeon General of the Public Health Service for the fiscal year 1913 (H. Doc. No. 392); to the Committee on Interstate and Foreign Commerce and ordered to be printed.

2. A letter from the Secretary of Agriculture, transmitting detailed report of all sums paid by the Bureau of Chemistry of that department for compensation of or payment of expenses to officers and others employed by State, county, or municipal governments during the fiscal year ended June 30, 1913 (H. Doc. No. 393); to the Committee on Expenditures in the Department of Agriculture and ordered to be printed.

3. A letter from the chief clerk of the Court of Claims, transmitting statements of all judgments rendered by said court for the year ended November 29, 1913, the amounts thereof, the parties in whose favor rendered, and a brief synopsis of the nature of the claims upon which said judgments were rendered (H. Doc. No. 394); to the Committee on Claims and ordered to be printed.

4. A letter from the Secretary of War, transmitting a report of the president of the Board of Commissioners of the United States Soldiers' Home, dated October 21, 1913, upon the financial and other affairs of the Military Prison at Fort Leavenworth, Kans., together with copies of reports from the commanding Rais, together with copies of reports from the commanding officer of that prison and the commanding officer of the Pacific Branch, United States Military Prison, all for the fiscal year ended June 30, 1913 (H. Doc. No. 391); to the Committee on Expenditures in the War Department and ordered to be printed.

5. A letter from the Secretary of the Navy, transmitting a statement of the documents received and distributed by the Navy Department during the fiscal year ended June 30, 1913 (H. Doc. No. 395); to the Committee on Expenditures in the

Navy Department and ordered to be printed.

6. A letter from the Secretary of the Treasury, transmitting a combined statement of the receipts and disbursements, balances, etc., of the Government during the fiscal year ended June 30, 1913 (H. Doc. No. 396); to the Committee on Appropriations and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. JOHNSON of Kentucky, from the Committee on the District of Columbia, to which was referred the bill (H. R. 9411) relating to expenditure of money received on account of liquor licenses, Washington Market Co., and from other sources, reported the same with amendment, accompanied by a report (No. 102), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. COVINGTON, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 7206) to amend an act entitled "An act to authorize aids to navigation and for other aids to navigation and for other works in the Lighthouse Service, and for other purposes," approved March 4, 1913, reported the same with amendment, accompanied by a report (No. 105), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. STEVENS of Minnesota, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 24) for the purchase or construction of a launch for the customs service at and in the vicinity of Los Angeles, Cal., reported the same with amendment, accompanied by a report (No. 106), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. COVINGTON, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 3328) to provide for the construction of four revenue cutters, reported the same without amendment, accompanied by a report (No. 103), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. ESCH, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 4618) to increase the limit of cost for increased quarantine facilities at the port of Portland, Me., reported the same without amendment, accompanied by a report (No. 104), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. COVINGTON, from the Committee on Interstate and For-eign Commerce, to which was referred the bill (H. R. 7212) relating to the anchorage of vessels in navigable waters of the United States, reported the same with amendment, accompanied by a report (No. 108), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. GOEKE, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 6827) to amend an act entitled "An act to change the name of the Public Health and Marine-Hospital Service to the Public Health Service, to increase the pay of officers of said service, and for other purposes," approved August 14, 1912, reported the same with amendment, accompanied by a report (No. 109), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. DOREMUS, from the Committee on Interstate and For-eign Commerce, to which was referred the bill (H. R. 6202) providing for the disposition of the effects of deceased patients of the Public Health Service and of certain deceased officers and men connected with the Army, reported the same with amendment, accompanied by a report (No. 107), which said bill and

report were referred to the House Calendar.

# CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 2330) granting a pension to Francis I. Helm, alias Francis Boyd; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 9075) granting a pension to Mary F. Hess; Committee on Pensions discharged, and referred to the Committee

on Invalid Pensions. A bill (H. R. 8561) granting a pension to Nancy Jane Mc-Ginty; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

#### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials

were introduced and severally referred as follows:

By Mr. SMALL: A bill (H. R. 9981) granting holidays to star-route carriers; to the Committee on the Post Office and Post Roads.

By Mr. MONDELL: A bill (H. R. 9982) making an appropriation for the importation of Corriedale sheep from New Zealand for breeding purposes; to the Committee on Appropriations.

By Mr. DALE: A bill (H. R. 9983) to pension widows and minor children of officers or enlisted men who served in the War with Spain or Philippine insurrection; to the Committee on

By Mr. HOLLAND: A bill (H. R. 9984) to authorize the Secretary of the Treasury to acquire, by condemnation or otherwise, such additional land in the city of Norfolk, Va., as may be necessary for the enlargement of the post-office building in said city, to cause said building to be enlarged, and making an appropria-tion therefor; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 9985) to provide for an examination and survey of the Norfolk-Portsmouth Harbor, and entrances thereto from the Virginia Capes, with a view to increasing the depth of the channel to 40 feet from Norfolk Navy Yard to the said capes; to the Committee on Rivers and Harbors.

By Mr. YOUNG of Texas: A bill (H. R. 9986) granting to rural mail carriers December 25 as a legal holiday; to the Com-

mittee on the Post Office and Post Roads.

By Mr. McKELLAR: A bill (H. R. 9987) to prohibit interstate shipments or transportation of certain food products; to define and to prohibit transportation and sale of adulterated or misbranded food products; to regulate traffic therein; to define and regulate cold storage; to regulate dealing in cold-storage food products; and to fix penalties for violation, and for other purposes; to the Committee on Interstate and Foreign Com-

By Mr. HULINGS: A bill (H. R. 9988) to provide for farm loans secured by a pledge of approved first mortgages on agricultural lands, for the making, management, and repayment thereof, and for other purposes; to the Committee on Banking and Currency

By Mr. DONOVAN: A bill (H. R. 9989) to provide for the purchase of a site and the erection of a public building thereon at Norwalk, in the State of Connecticut; to the Committee on Public Buildings and Grounds.

By Mr. MITCHELL: A bill (H. R. 9990) to provide for an additional judge of the district court for the district of Massachusetts; to the Committee on the Judiciary.

By Mr. McCOY; A bill (H. R. 9991) relating to procedure in

United States courts; to the Committee on the Judiciary.

By Mr. KONOP: A bill (H. R. 9992) to provide for the purchase of a site and the erection of a public building thereon at

Sturgeon Bay, Wis.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 9993) to provide for enlarging the United States building at Appleton, Wis.; to the Committee on Public Buildings and Grounds.

By Mr. CLAYTON: A bill (H. R. 9994) to amend section 24, chapter 2, of the Judicial Code of the United States; to the Com-

mittee on the Judiciary.

By Mr. CAMPBELL: A bill (H. R. 9995) in relation to the service of process by United States marshals; to the Committee

on the Judiciary.

By Mr. TREADWAY: A bill (H. R. 9996) providing for inspecting and analyzing coal and furnishing information to the purchaser thereof; to the Committee on Interstate and Foreign Commerce.

By Mr. GUERNSEY: A bill (H. R. 9997) to increase the limit of cost of the public building at Bangor, Me.; to the Committee

on Public Buildings and Grounds.

By Mr. STEENERSON: A bill (H. R. 9998) to prohibit banks and trust companies, or any person, firm, corporation, joint-stock association, or company engaged in any brokerage, investment, or insurance business, from using the words "National,"
"Federal," "United States," or the initials "U. S." in the name or title of such institution or business; to the Committee on Banking and Currency.

By Mr. JOHNSON of Washington: A bill (H. R. 9909) to regulate the immigration of aliens to and the residence of aliens in the United States; to the Committee on Immigration and

Naturalization.

By Mr. SLOAN: A bill (H. R. 10000) appropriating \$750,000 to aid in eradication of hog cholera; to the Committee on Agri-

By Mr. TRIBBLE: A bill (H. R. 10001) to provide that the United States shall in certain cases aid the States and the civil subdivisions thereof in the construction and maintenance of rural post roads; to the Committee on Roads.

By Mr. TAYLOR of Colorado: A bill (H. R. 10002) providing for second homestead and desert land entries; to the Committee

on the Public Lands.

By Mr. HAYDEN: A bill (H. R. 10003) to provide for national aid to the several States in the construction, improvement, and maintenance of post roads; to the Committee on

By Mr. SMALL: A bill (H. R. 10004) to authorize the construction of a lighthouse upon Diamond Shoals, and to provide for the purchase thereof by the United States; to the Committee on Interstate and Foreign Commerce.

# PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions

were introduced and severally referred as follows:
By Mr. ADAIR: A bill (H. R. 10005) granting a pension to John M. Ludwig; to the Committee on Pensions.

By Mr. BURGESS: A bill (H. R. 10006) for the relief of J. O. King; to the Committee on Claims.

Also, a bill (H. R. 10007) for the relief of A. J. Hodges, T. W. Hodges, and C. C. Hodges; to the Committee on Claims.

By Mr. CLINE: A bill (H. R. 10008) granting an increase of pension to Levi D. Bodley; to the Committee on Invalid Pen-

Also, a bill (H. R. 10009) granting an increase of pension to John W. Paulus; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10010) granting an increase of pension to

David Naylor; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10011) granting an increase of pension to John Hanes; to the Committee on Invalid Pensions.

John Hanes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10012) to correct the military record of James Hennessy; to the Committee on Military Affairs.

Also, a bill (H. R. 10013) to correct the military record of Andrew K. Hite; to the Committee on Military Affairs.

By Mr. DERSHEM: A bill (H. R. 10014) granting a pension to Thompson H. Morrow; to the Committee on Pensions.

Also, a bill (H. R. 10015) granting a pension to Harry T. Hicks; to the Committee on Pensions.

Also, a bill (H. R. 10016) granting a pension to Caroline Condus Criswell: to the Committee on Invalid Pensions.

Candus Criswell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10017) granting a pension to Margaret W.

Strunk; to the Committee on Invalid Pensions.

By Mr. DOREMUS: A bill (H. R. 10018) granting a pension

to Anna McD. Smith; to the Committee on Pensions.
Also, a bill (H. R. 10019) granting an increase of pension to David Kimball; to the Committee on Invalid Pensions.

By Mr. ESTOPINAL: A bill (H. R. 10020) graating a pension to Alexander Smith; to the Committee on Pensions.

By Mr. FERRIS: A bill (H. R. 10021) to correct the military

By Mr. FOSTER: A bill (H. R. 10022) granting a pension to William Mendenhall; to the Committee on Pensions.

Also, a bill (H. R. 10023) granting an increase of pension to C. K. Elliott; to the Committee on Pensions.

Also, a bill (H. R. 10024) granting an increase of pension to

Saphrona J. Spencer; to the Committee on Pensions. By Mr. FRANCIS: A bill (H. R. 10025) for the relief of Wickliff Fry, for horse lost while hired by the United States Geological Survey; to the Committee on Claims.

By Mr. GOEKE: A bill (H. R. 10026) granting a pension to Franklin Lecklider; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10027) granting an increase of pension to George W. McClelland; to the Committee on Invalid Pensions. Also, a bill (H. R. 10028) granting an increase of pension to

Moses K. Hitchcock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10029) to remove the charge of desertion from the record of George T. Silvers; to the Committee on Military Affairs.

Also, a bill (H. R. 10030) to remove the charge of desertion from the record of William E. Cummings; to the Committee on Military Affairs.

By Mr. GRAHAM of Pennsylvania: A bill (H. R. 10031) to place the name of Jesse B. Kimes on the unlimited retired list

of the Army; to the Committee on Military Affairs, By Mr. KEY of Ohio: A bill (H. R. 10032) granting a pension to Jacob Opp; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10033) granting an increase of pension to George D. Edgeton; to the Committee on Invalid Pensions.

By Mr. KALANIANAOLE: A bill (H. R. 10034) granting an increase of pension to Frank Godfrey; to the Committee on Pen-

By Mr. KIESS of Pennsylvania: A bill (H. R. 10035) granting a pension to Amy A. Dewey; to the Committee on Invalid Pen-

Also, a bill (H. R. 10036) to correct the military record of George O. Pratt; to the Committee on Military Affairs.

By Mr. LEWIS of Pennsylvania: A bill (H. R. 10037) grant-

ing a pension to Llewelyn Brensinger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10038) to place the name of Joseph Matchette upon the unlimited retired list of the Army; to the Committee on Military Affairs.

By Mr. McDERMOTT: A bill (H. R. 10039) granting a pension to Ernest H. Hausmann; to the Committee on Invalid Pensions.

By Mr. MONDELL; A bill (H. R. 10040) granting an increase of pension to William W. Colby; to the Committee on Invalid Pensions.

By Mr. MOSS of West Virginia: A bill (H. R. 10041) granting an increase of pension to Lyman D. Bogue; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10042) granting an increase of pension to John S. Hall; to the Committee on Invalid Pensions,

By Mr. MORRISON: A bill (H. R. 10043) granting an increase of pension to Lewis Parker; to the Committee on Invalid

By Mr. OGLESBY: A bill (H. R. 10044) granting an increase of pension to John Lacy; to the Committee on Invalid Pensions. By Mr. PADGETT: A bill (H. R. 10045) for the relief of the

estate of John Harris; to the Committee on War Claims. By Mr. PATTON of Pennsylvania: A bill (H. R. 10046) granting a pension to Peter L. Brion; to the Committee on Pensions.

By Mr. RIORDAN: A bill (H. R. 10047) for the relief of Davis & Lawrence Co.; to the Committee on Claims.

By Mr. RUSSELL: A bill (H. R. 10048) granting a pension to John C. Koeppel; to the Committee on Invalid Pensions.

Also, a bill (II. R. 10049) granting an increase of pension to George W. Plank; to the Committee on Invalid Pensions.

By Mr. SCULLY: A bill (H. R. 10050) granting a pension to Mary Jones; to the Committee on Pensions.

Also, a bill (H. R. 10051) granting an increase of pension to Cornelia J. Ames; to the Committee on Pensions.

Also, a bill (H. R. 10052) granting an increase of pension to

George Hartzgrove; to the Committee on Invalid Pensions, Also, a bill (H. R. 10053) granting an increase of pension to

Harriet R. Bray; to the Committee on Invalid Pensions.

By Mr. SELLS: A bill (H. R. 10054) granting a pension to Carriston W. Looper; to the Committee on Pensions.

Also, a bill (H. R. 10055) granting a pension to Alexander Smith; to the Committee on Pensions.

Also, a bill (H. R. 10056) granting a pension to Mollie Mullennix; to the Committee on Pensions.

Also, a bill (H. R. 10057) granting a pension to Daniel Lynch; to the Committee on Invalid Pensions,

By Mr. SLAYDEN: A bill (H. R. 10058) for the relief of Lieut. Col. Harris L. Roberts, United States Army; to the Committee on Claims.

Also, a bill (H. R. 10059) for the relief of R. R. Russell, Irve W. Ellis, J. L. Borroum, N. H. Corder, and Wooten & Vasbinder;

to the Committee on Indian Affairs.

By Mr. SLOAN: A bill (H. R. 10060) granting a pension to Fannie Dunham; to the Committee on Invalid Pensions.

By Mr. SPARKMAN: A bill (H. R. 10061) granting a pension

to William F. Brown; to the Committee on Pensions.

By Mr. TEMPLE: A bill (H. R. 10062) granting a pension to Catherine Mackenzie; to the Committee on Invalid Pensions. By Mr. TRIBBLE: A bill (H. R. 10063) for the relief of the

heirs at law of Rosa M. Wyatt; to the Committee on War Claims.

# PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. DALE: Petition of Kohler & Campbell, of New York, favoring the amending of the seamen's bill (8, 136) to read as follows: "By exempting steamers operating in bays similar to the lower bay in New York Harbor"; to the Committee on the Merchant Marine and Fisheries.

Also, petition of Vito G. Cantasano, of New York, favoring the passage of the Bartlett bill (H. R. 3322); to the Committee on the Post Office and Post Roads.

By Mr. DOOLITTLE: Memorial of business men of Lost Springs, favoring the passage of H. R. 5308, that legislation may be enacted which will compel concerns sellings goods direct to consumers entirely by mail to contribute their portion of funds in the development of the local community, the county, and the State; to the Committee on Ways and Means.

By Mr. GRAHAM of Pennsylvania: Petition of the Oil Trade Association of Philadelphia, favoring the establishment of a regional reserve bank in Philadelphia under the new currency bill; to the Committee on Banking and Currency.

By Mr. HULINGS: Petition of citizens of Emlenton, Pa., favoring the passage of a law extending free postal delivery in towns of 1,000 population; to the Committee on the Post Office and Post Roads.

By Mr. KIESS of Pennsylvania; Evidence in support of bill (H. R. 1201) for the relief of George W. Rogers; to the Committee on Invalid Pensions.

Also, evidence in support of bill (H. R. 9625) for the relief of Jennie Fritz; to the Committee on Invalid Pensions.

Also, evidence in support of bill (H. R. 9348) for the relief

of Mary E. Fuller; to the Committee on Invalid Pensions.

By Mr. LAFFERTY: Additional evidence in support of bill (H. R. 4961) granting an increase of pension to Regina F, Palmer; to the Committee on Invalid Pensions.

By Mr. LEE of Pennsylvania: Memorial of the Philadelphia Produce Exchange, of Philadelphia, Pa., favoring the establishment of a regional reserve bank in Philadelphia; to the Com-

mittee on Banking and Currency.

By Mr. McGILLICUDDY: Petition of the Waterville (Me.)
Chamber of Commerce, favoring the passage of the 1-cent letter postage rate; to the Committee on the Post Office and Post Roads.

By Mr. MONDELL: Petitions of merchants and professional men of Torrington, Guernsey, Casper, Wheatland, Lusk, and Douglas, Wyo., favoring change in the interstate-commerce law relative to mail-order houses; to the Committee on Ways and Means

By Mr. SCULLY: Petitions of sundry citizens of Long Branch and West End, N. J., protesting against the passage of the seamen's bill; to the Committee on Merchant Marine and Fisheries.

By Mr. SELLS: Petition of citizens of first congressional district of the State of Tennessee, favoring the passage of the Lindquist pure fabric and leather bill (H. R. 4991); to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Idaho: Petition of citizens of Boise, Idaho, favoring the enactment of legislation that will give a pensionable status to the members of the United States Military Telegraph Corps (H. R. 5892); to the Committee on Invalid Pensions.

By Mr. SUTHERLAND: Papers in support of bill (H. R. 9517) granting a pension to William S. Wilson; to the Committee on Pensions.

Also, papers to accompany bill (H. R. 9107) granting a pension to Joseph Tibbetts; to the Committee on Pensions.

By Mr. TEMPLE: Memorial of the board of trade of the city of New Castle, Pa., calling attention to the improved conditions of labor in the New Castle mills of the United States Steel Corporation; to the Committee on Labor.

# SENATE.

# Monday, December 8, 1913.

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D. LUKE LEA, a Senator from the State of Tennessee, and Wil-LIAM ALDEN SMITH, a Senator from the State of Michigan, appeared in their seats to-day.

The VICE PRESIDENT. The Secretary will read the Journal of the proceedings of the last legislative day.

Mr. SMOOT. Mr. President, there are very few Senators in the Chamber; this is the beginning of a week, and I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators

answered to their names:

Smith, S. C. Ashurst Bacon Bankhead Cummins Gronna Hollis Hughes O'Gorman Owen Page Perkins Poindexter Smoot Sterling Stone Sutherland Borah Bradley Brady Brandegee James Johnson Jones Swanson Thompson Thornton Townsend Walsh Pomerene Reed Saulsbury Brandegee Bristow Bryan Burleigh Burton Chamberlain Kenyon Kern Lane Shafroth Sheppard Sherman Shields Shively Warren Weeks Lea McCumber Works Martin, Va. Martine, N. J. Nelson Norris Chilton Clapp Clark, Wyo. Clarke, Ark. Simmons Smith, Ga. Smith, Mich.

Mr. SHAFROTH. I wish to announce that my colleague [Mr. Thomas] is necessarily absent upon departmental business. He will return to the Chamber in about two hours.

Mr. SHEPPARD. I wish to announce the necessary absence of my colleague [Mr. Culberson], and to state that he is paired with the Senator from Delaware [Mr. DU PONT]. This an-

The VICE PRESIDENT. Sixty-one Senators have answered to the roll call. There is a quorum present. The Secretary

will read the Journal of the preceding session.

The Journal of Saturday's proceedings was read and approved. TRAVEL OF EMPLOYEES OF WAR DEPARTMENT (S. DOC. NO. 263). \*

The VICE PRESIDENT laid before the Senate a communication from the Secretary of War, transmitting, pursuant to law, a detailed statement of all expenses incurred from June 30 to December 1, 1913, for the attendance of officers and employees at meetings of societies and associations, which, with the accompanying paper, was ordered to lie on the table and to be printed.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the Speaker of the House had signed the enrolled bill (S. 488) to authorize the sale and issuance of patent of certain land to H. W. O'Melveny, and it was thereupon signed by the Vice President.

# PETITIONS AND MEMORIALS.

Mr. SHIVELY presented a petition of sundry members of the Bible class of the First Methodist Church of Mishawaka, Ind., praying for the passage of the so-called Kenyon red-light injunction bill, which was ordered to lie on the table.

Mr. THOMPSON presented a petition of the Wichita Association of Credit Men, of Wichita, Kans., praying for the immediate enactment of legislation reforming the banking and currency

laws, which was ordered to lie on the table.

He also presented the petition of A. E. Maxwell and sundry other citizens of Pittsburg, Kans., and the petition of Arthur J. Boynton and sundry other citizens of Lawrence, Kans., praying for the immediate passage of the so-called Owen-Glass currency bill, which were ordered to lie on the table.

Mr. WEEKS presented resolutions adopted by the Boston Marine Society, of Massachusetts, favoring an appropriation for the improvement of the Pollock Rip Channel, in that State,

which were referred to the Committee on Commerce.

He also presented a petition of the Ladies' Benevolent Society of the Congregational Church of Mittineague, Mass., praying for the passage of the so-called antipolygamy bill, which was referred to the Committee on the Judiciary.

He also presented resolutions adopted by the board of directors of the Board of Trade of Cape Cod, Mass., favoring an appropriation for the placing of aids to navigation in Buzzards Bay, in that State, which were referred to the Committee on

Mr. TOWNSEND presented the memorial of Edna Loomis Chase and sundry other citizens of Jackson, Mich., remonstrating against the adoption of an amendment to the Constitution granting the right of suffrage to women, which was ordered to lie on the table.

Mr. SMITH of Michigan presented a petition of sundry citizens of Detroit, Mich., praying for the enactment of legislation for the relief of members of the United States Military Tele-graph Corps during the Civil War, which was referred to the Committee on Pensions.

He also presented a petition of Menace Club No. 213, of Nashville, Mich., praying for the enactment of legislation to further restrict immigration, which was referred to the Committee on

He also presented a petition of the Board of Trade of Fremont, Mich., praying for the adoption of a 1-cent letter postage, which was referred to the Committee on Post Offices and Post

He also presented petitions of the Chamber of Commerce of Alpena, of the Twentieth Century Club of Detroit, and of the Credit Men's Association of Grand Rapids, all in the State of Michigan, praying for the enactment of legislation to prevent floods along the Ohio and Mississippi Rivers, which were referred to the Committee on Commerce.

He also presented memorials of members of the faculty of the University of Michigan, Ann Arbor; of the Twentieth Century Club, of Detroit; and of sundry citizens of Alpena, all in the State of Michigan, remonstrating for the enactment of legislation granting to the city of San Francisco the right to use the waters of the Hetch Hetchy Valley, which were ordered to lie on the table.

#### BILLS AND JOINT RESOLUTIONS INTRODUCED.

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GRONNA:
A bill (S. 3576) granting a pension to Emil Moellendorf (with accompanying paper); to the Committee on Pensions.

By Mr. SHIVELY:

A bill (S. 3577) granting an increase of pension to Henry C. Smith:

A bill (S. 3578) granting an increase of pension to Austin Groninger:

A bill (S. 3579) granting an increase of pension to Serena J. Washburn;

A bill (S. 3580) granting an increase of pension to David Armstrong; and A bill (S. 3581) granting an increase of pension to Henry

Snyder (with accompanying papers); to the Committee on Pensions.

By Mr. JONES:

A bill (S. 3582) providing for the homestead entry of certain lands in the State of Washington, and for other purposes; to the Committee on Public Lands.

A bill (S. 3583) to authorize the changing of the names of the steamships Buckman and Watson; to the Committee on

A bill (S. 3584) granting a pension to Augustus S. Hall; to the Committee on Pensions.

By Mr. WARREN:

A bill (S. 3585) for a grazing homestead and supplemental grazing entries; to the Committee on Public Lands.

By Mr. TOWNSEND:

A bill (S. 3586) granting an increase of pension to Walter L. Donahue; to the Committee on Pensions.

By Mr. WEEKS:

A bill (S. 3587) granting an increase of pension to Abbie E. Fairbanks (with accompanying papers); to the Committee on

By Mr. POINDEXTER:

A bill (S. 3588) releasing the Dan Creek Gold & Copper Co. of assessment work on certain claims in the Territory of Alaska during the calendar year 1913; to the Committee on Mines and

A bill (S. 3589) for the relief of E. G. Will; to the Committee on Claims.

By Mr. TILLMAN: A bill (S. 3590) to make the appointment of pay clerks in the United States Navy permanent, and to create the grade of chief pay clerk, and for other purposes; to the Committee on Naval Affairs.

By Mr. BURLEIGH: A bill (S. 3591) granting a pension to Sibai S. Andrews; to the Committee on Pensions.

By Mr. SMITH of Michigan:

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A bill (S. 3592) to remove the charge of desertion from the military record of Daniel Carpenter (with accompanying paper)

A bill (S. 3593) for the relief of William H. Southwell;

A bill (S. 3594) to correct the military record of Peter Duchane; and
A bill (S. 3595) to correct the military record of Frederick

Keno; to the Committee on Military Affairs.

A bill (S. 3596) granting an increase of pension to Marion Robinson:

A bill (S. 3597) granting a pension to Theresa H. Smith; and A bill (S. 5598) granting an increase of pension to Lyman M. Peck; to the Committee on Pensions.

Mr. SMITH of South Carolina:

A bill (S. 3599) granting a pension to Katherine Ross Galilard; to the Committee on Pensions.

By Mr. CHAMBERLAIN:

A joint resolution (S. J. Res. 86) authorizing the Secretary of War to detail two Engineer officers to cooperate with engineers of the Interior Department or the States of Oregon and Washington in investigating The Dalles (Oreg.) power project (with accompanying papers); to the Committee on Commerce.

By Mr. OWEN:

A joint resolution (S. J. Res. 87) relating to the transmission through the mails of publicity pamphlets; to the Committee on Post Offices and Post Roads.

#### RAILROADS IN ALASKA.

Mr. POINDEXTER submitted an amendment intended to be proposed to the bill (S. 48) to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes, which was ordered to lie on the table and to be printed.

#### IMPORTATION OF MEAT.

Mr. CUMMINS submitted the following resolution (S. Res. 232), which was read, considered by unanimous consent and agreed to:

Resolved, That the Secretary of Agriculture be, and he is hereby, directed to inform the Senate whether the rules and regulations of the Department of Agriculture permit the introduction into our markets of foreign meats without any stamp or sign upon them showing that they have been imported from foreign countries; and in that connection to inform the Senate just what stamps, marks, or signs are placed upon imported meats before they are offered for sale in the markets of the United States.

#### LIEUT, COL. DAVID DU BOSE GAILLARD.

Mr. O'GORMAN. Mr. President, as chairman of the Committee on Interoceanic Canals, which has had Col. Gaillard's work on the canal under constant observation, and is therefore en-tirely familiar with the magnitude of the services he rendered the Nation, I beg to introduce the following resolution,

The PRESIDING OFFICER (Mr. WALSH in the chair). The

resolution will be read.

The Secretary read the resolution (S. Res. 233), as follows:

Resolved, That the Senate of the United States has heard with profound sorrow of the death of Lieut. Col. David du Bose Gaillard, to whom the American people are under lasting obligations for the splendid service he rendered in overcoming some of the most perplexing difficulties in connection with the construction of the Panama Canal.

Resolved, That in further testimonial of our esteem the Secretary of the Senate be authorized to forward a copy of these resolutions to the family of Lieut. Col. Gaillard.

Mr. O'GORMAN. I ask unanimous consent for the immediate consideration of the resolution.

The PRESIDING OFFICER. Unanimous consent for the im-

mediate consideration of the resolution is asked. Is there objection?

There being no objection, the Senate proceeded to consider the resolution.

Mr. SMITH of South Carolina. Mr. President, I should like to state in this connection that Lieut. Col. Gaillard was a native of my county and lived most of his early life in my county I am not going to make any remarks upon his character, for that is well set forth in an article which appeared in one of the newspapers of my State, which I send to the desk and ask unanimous consent to have printed in the RECORD. My colleague [Mr. Tillman] is unavoidably absent on account of sickness for the remainder of the afternoon. He being the senior Senator from South Carolina would naturally have presented these testimonials. If he were present, he would be glad to make some remarks upon the character and work of this splen-

did son of South Carolina.

The PRESIDING OFFICER. Without objection, the matter presented by the Senator from South Carolina will be printed in the RECORD. The Chair hears none.

The matter referred to is as follows:

CONQUERER OF CULEBRA SON OF SOUTH CAROLINA—DEATH OF COL. GAILLARD CAUSES SORROW IN COLUMBIA AND THROUGHOUT STATE, WHERE HIS FREQUENT VISITS HAVE KEPT HIM IN TOUCH WITH HOME FOLK—EARLY PREPARATION FOR HIGH DUTIES.

In South Carolina the death of Col. Gaillard brings first of all sorrow, and in the hearts of many a sense of personal loss which overshadows the feeling of regret at the ending of a career which cast so

bright a reflection on this State, which for the moment blunts the realization of the tragedy and pathos of this quiet exit from the stage of life before the spotlight had been turned full upon his mammoth work or the applause of the Nation had reached his ears. For Col. Gaillard was not only admired, not only honored in his native State, he was widely beloved. Family and friends, of whom he had many, particularly in Clarendon and Sumter Counties, here in the city of Columbia, and in Fairfield, grieve not primarily because the eminent engineer has finished his career, not that the "conquerer of Culebra" has thus sacrificed himself in successfully circumventing nature's treasonable intent against the canal project, but that David Gaillard, the man, is dead. Those who knew him best valued him for the rare charm of his personality, for his refreshing fun and wit, for a sincerity, a simplicity, a modesty of nature which insured him through every success against a change in attitude toward people or an altered estimate of the real values in life.

# IN COLUMBIA LAST JUNE.

On each leave of absence he came to put himself in fresh touch with South Carolina and South Carolinians, and only last June he spent a few days with relatives in Columbia and visited members of his family wherever they were scattered throughout the State. On that occasion, when a meeting with him or the mention of his name brought a realization of his achievement on Panama, he was to his friends unchanged, unaffected, cordial, and entirely lacking in self-consciousness. And as success and fame had seemed unable to work in him their perhaps not unexpected changes, so time, too, appeared to have made unsuccessful onslaughts; his eye was as keen and as kindly as ever, his figure as lithe and erect, his movements as quick and energetic, and his step as short and nervous as he advanced toward the fifty-fourth milestone in his life journey, in appearance a man of certainly a dozen years younger. It was almost immediately upon his return to the Canal Zone after that visit that his fatal breakdown occurred, shocking those who had so recently seen him and whose thoughts have since been very constantly with him in his losing fight for life.

Col. Galliard's career since entering the Army is well known, there having been occasions from time to time to outline his assignments and attainments as one of Uncle Sam's most efficient engineers. Only a few know, however, that not the least of his achievements was made in early youth, when as a boy he surmounted many obstacles and by his innate ability, his pluck and perseverance reached the summit of his youthful ambition—West Point. He stepped from a small town store into the United States Military Academy, and thence out into the world of work and conspicuous accomplishment.

#### EARLY HANDICAPS OVERCOME

world of work and conspicuous accomplishment.

EARLY HANDICAPS OVERCOME.

At the age of 14 it was necessary for him to leave school, the old Mount Zion Academy in Winnsboro, and earn his living, and he became a clerk. His father, Samuel I, Gaillard, was living in the famous old social settlement in Clarendon, having invested the little he had saved from the war in a plantation adjoining that of his wife's father, David St. Pierre du Bose. There were no schools in the neighborhood and so, upon the death of the boy's mother, he was sent to Winnsboro to attend Mount Zion and to live with his grandmother, Mrs. David Gaillard. For her the war and Sherman's raid had wrecked a fortune and destroyed two plantation homes. She, as well as the boy's father, was unable to give him financial assistance, so he reluctantly left the schoolroom and went behind the counter. R. Means Davis, afterwards for many years professor of history at the University of South Carolina, was at that time principal of the old Winnsboro school. With an affectionate liking for young Gaillard, a recognition of his unusual ability and of his misfit—mentally, socially, and personally—with his surroundings. Mr. Davis kept him in mind with a constant desire to assist him. The opportunity came in a vacancy at West Point. Mr. Davis suggested to David Gaillard to stand the competitive examination, and Gaillard, eagerly selzing upon the suggestion, fell upon his long forsworn schoolbooks, Mr. Davis conching him at night. With a few weeks' study West Point was won. It was this friend's and benefactor's sister, Miss Katherine Ross Davis, of State-wide popularity, whom young Lieut. Gaillard married not long after receiving his commission in the Army.

Born at Spring Grove, the old home of his maternal grandfather in Sumter County, September 4, 1859, David du Bose Gaillard was the only son of Samuel I. Gaillard, of Winnsboro, and of his wife. Susan Richardson du Bose. He spent his boyhood in Sumter, Clarendon, and Winnsboro, and it was in 1884, he had an excee

During the War with Spain, Col. Gaillard recruited and organized the Third United States Volunteer Engineers and became brevet colonel of that regiment, remaining so until the regiment was mustered out in 1899. His regiment was sent to Cuba at the close of the war and he was placed in charge of the Department of Santa Clara, Cuba. He directed the sanitary work in Cienfuegos, Matanzas, and other cities of Cuba, effecting the same complete "clean up" in these cities as did Gen. Leonard Wood in Habana, though little was heard of the South Carolinian's achievement in this direction,

After his volunteer regiment was mustered out, Col. Gaillard was again assigned to the Washington Aqueduct, but was soon appointed assistant engineer commissioner of the District of Columbia. He was placed in entire charge of the water, sewer, and building departments. In 1901 he was ordered to Duluth and placed in charge of all river and harbor improvements on Lake Superior. Here, it is worthy of mention, he completed the largest dredging contract ever let by the United States Government up to that time, taking out over 21,000,000 cubic yards.

States Government up to that time, taking out over 21,00,000 yards.

When the General Staff of the Army was established by law, there was a study of records to determine the fitness of men for first service in its membership. Col. Gaillard was one of the engineer officers chosen, and he served almost uninterruptedly as a member of the Staff Corps until he was ordered to Panama.

Col. Gaillard was one of the closest students in the Army and one of the most scholarly. For years he devoted his attention to the study of wave action, and the results of his studies were published by the Government as one of the "professional papers of the Corps of Engineers" under the title "Wave action." This work attracted wide attention, and engineers throughout many countries of the world wrote letters to him about it. He also prepared a number of papers for various engineering societies, and even before he solved the problem of the great Culebra slides he was considered one of the foremost of authorities on certain phases of engineering.

the great Culebra slides he was considered one of the foremost of authorities on certain phases of engineering.

CULEBRA CUT.

In a book called "The Makers of the Panama Canal" it is said in regard to Col. Gaillard's work on the central division, known as the Culebra cut, which he undertook April 12, 1907: "It has been a project which the world will always regard as stupendous. He has unemotionally shoveled the clay out of the way much as the householder shovels the snow from his sidewalk, and gone about his business of cutting the backbone of Culebra." The apr expression "cutting the backbone of the Isthmus of Panama and to clear away the vertebra." This work, it is said, is the hardest digging work ever undertaken by an engineer, and while figures showing the cubic yards of all kinds of stuff which have been taken from the Culebra cut convey little to the mind, still some realization of the South Carolinian's task will be gained from the statement that up to the 1st of last January, six months before he was forced to give up his work, the amount of material excavated under his direct supervision aggregated 104, 800,873 cubic yards, or just about half the total amount of excavation (212,504,138) estimated as necessary to complete the entire canal. On this work had been expended \$64,530,184 at that date. Although the unprecedented slides did much to complicate and increase the difficulties of the work, they meant no cost to Uncle Sam above the estimated "division cost" for the completion of the canal, Col. Gaillard having succeeded in so cutting down the average cost per cubic yard as to cover the cost of all slides and still leave a considerable surplus. The average cost of excavation for the 12 months preceding Col. Gaillard's regime was \$1.50 per cubic yard. A rapid reduction in the cost ensued under his management until by the fiscal year ending June 30, 1912, the unit cost averaged but 47 cents. Col. Gaillard, like his engineer comrades of the Army, labored at Panama, moved by the spirit of obedience to or

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was unanimously agreed to.

LEGISLATIVE REFERENCE BUREAU (S. DOC. NO. 262).

Mr. LA FOLLETTE. Mr. President, there has been reported from the Committee on the Library and there is now on the calendar a bill, Senate bill 1240, to establish a bill-drafting bureau and a legislative reference division in the Congressional Library. The bill has been reported with an amendment. About a year ago the American Bar Association at its regular meeting appointed a committee to investigate the subject of legislative bill drafting. That committee made its report at the meeting of the American Bar Association held at Montreal, Canada, September of this year. I have the report here, and, as there seems to be some misapprehension as to the purpose and scope of the proposed legislation, and as to its importance as well, I ask unanimous consent that the report and the appendix accompanying it may be printed as a Senate document.

The VICE PRESIDENT. Is there objection? The Chair

hears none, and the order will be entered.

#### MESSAGE FROM THE HOUSE,

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the Speaker of the House had signed the enrolled bill (H. R. 7207) granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes, and it was thereupon signed by the Vice President.

# RAILROADS IN ALASKA.

The VICE PRESIDENT. The morning business is closed, and the Chair lays before the Senate the following bill.

The Secretary. A bill (S. 48) to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes.

Mr. CHAMBERLAIN. Mr. President, some time ago that

bill was made the order of business for to-day and for this

hour. I have talked with quite a number of my colleagues who feel that because of the pressure that is being urged in every part of the country in reference to the currency measure it might be well to have that bill proceeded with and to displace the regular order, temporarily at least. After such discussion I feel that probably it might be better to pursue that course.

I would ask unanimous consent that this regular order be postponed until the disposition of the currency measure. I did not want it to lose its place on the calendar, but I was perfectly willing to have this done in order to gratify what seemed to be the desire of most of the Senators with whom I have discussed the question.

Mr. SMOOT. Mr. President, I wish to say to the Senator that under the unanimous-consent agreement, there being also unfinished business, the only way for the bill to hold its place would be to take it up at 12 o'clock. I do not believe that there is any necessity for asking unanimous consent at this time to take this bill up at the conclusion of the consideration of the currency bill. That can be done after that bill is voted upon, whether it be by unanimous consent or by a vote of the Senate. I do not think at this time there should be a unanimous-consent agreement on this particular bill.

Mr. CHAMBERIAIN. I understood, Mr. President, when the currency bill was made the special order that there was an understanding expressed quite generally by Members of the Senate that it would not displace other matters which were set for a hearing. One of those matters was the Alaska railroad bill, and I assume that that understanding will be carried out

Mr. SMOOT. Mr. President, I do not see how it could be carried out with the currency bill made the unfinished business. If the Senator will notice the calendar, he will see that House bill 7837 is already the unfinished business. If the Alaskan bill be laid aside, then, of course, if the Senate wants to do so, it can take up the currency bill; but the proper course of procedure would be to proceed with this bill until that time, or else have it laid aside and have the currency bill now considered.

Mr. CHAMBERLAIN. I will say frankly to the Senator that only wanted to have the bill temporarily laid aside. I did

not want it to lose its place on the calendar.

Mr. SMOOT. If that is done, of course the unanimous-consent agreement is void, because the unanimous consent states positively:

It is agreed by unanimous consent that on Monday, December 8, 1913, immediately upon the conclusion of the routine morning business, the Senate will proceed to the consideration of the bill (S. 48) to authorize the President of the United States to locate, construct, and operate railroads in Alaska, etc.

Mr. CHAMBERLAIN. I will say to the Senator that, so far as I am concerned, I am prepared to go ahead with the bill now. I simply wanted to comply with what seemed to be the wishes of nearly all Senators who have spoken to me on the subject; but if that can not be done, let us proceed with the bill.

Mr. SMOOT. I do not think the Senator from Oregon will have any trouble whatever in bringing up the bill by a vote of the Senate after the currency bill shall have been disposed of.

Mr. SHIVELY. Mr. President, the Chair has laid the bill before the Senate, and it is now before the Senate. It seems to me, if the Senator from Oregon asks unanimous consent that the bill be temporarily laid aside, that that in no sense displaces it or causes it to lose its place in the order of procedure.

Mr. BRANDEGEE. Well, Mr. President, I do not think that

the motion to temporarily lay aside the matter which is before the Senate by unanimous consent gives it any standing whatever. The Senator can ask unanimous consent to temporarily lay aside the unfinished business; that is one thing-

The VICE PRESIDENT. Would the Senator from Connecticut pardon the Chair for just one moment?

Mr. BRANDEGEE. I yield to the Chair,
The VICE PRESIDENT. The Chair is in doubt. Upon the calendar under the date of September 15, 1913, appears this entry:

It's agreed by unanimous consent that on Monday, December 8, 1913, immediately upon the conclusion of the routine morning business, the Senate will proceed to the consideration of the bill (S. 48) to authorize the Fresident of the United States to locate, construct, and operate railroads in Alaska, etc.

On looking over the CONGRESSIONAL RECORD the Chair finds this to be the record:

RAILROADS IN ALASKA.

Mr. CHAMBERLAIN. Mr. President, I ask unanimous consent that the bill (S. 48) to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes, be made the unfinished business for Monday, December 8, 1913, at 2 o'clock p. m.

The Presiding Officer. Is there objection?

Mr. Burton. Mr. President, is that the Alaska railroad bill?

Mr. CHAMBERLAIN. It is.

Mr. Burton. What is the request of the Senator from Oregon?

Mr. CHAMBERLAIN. Simply that the bill be set for a day during the next regular session.

Mr. Bueton. What day?

Mr. CHAMBERLAIN. On Monday, December 8, at 2 o'clock p. m.

Mr. Bueton. And that it be then taken up for consideration?

Mr. CHAMBERLAIN. That it be taken up for consideration. I have taked with a number of Senators about it—

Mr. Bueton. And that it be made the unfinished business for that

BURTON. And that it be made the unfinished business for that

Mr. Burton, and that it be made the unnmished business for that time?

Mr. Chamberlain. Yes.
Mr. Burton, I thought the request was for this session.

Mr. Chamberlain. No; for the next session.

The Presiding Officer. Is there objection to the request of the Senator from Oregon? The Chair hears none, and the order is made.

The Chair does not know how the unanimous-consent agreement ever got on the calendar of the Senate, but it is quite manifest that there is no unanimous-consent agreement, unless the Senator from Oregon can point out some other place in the RECORD where such unanimous-consent agreement was made.

Mr. JONES. Was it not in the unanimous-consent agreement that the bill should be made the unfinished business at 2 o'clock? Mr. BRANDEGEE. I have the floor, I believe, Mr. President.

yielded to the Chair.

The VICE PRESIDENT. Yes; the Senator from Connecticut

has the floor.

Mr. BRANDEGEE. I am perfectly willing to yield to any Senator who will address the Chair, if the Chair will ask me whether or not I yield.

Mr. JONES. Mr. President—
The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Washington?

Mr. BRANDEGEE. With pleasure.

Mr. JONES. I simply desire to suggest that the Record shows what my understanding has been all the time, that the agreement was that it should be made the unfinished business at 2 o'clock on this day. That is the unanimous-consent agree-

Mr. BRANDEGEE. I have no dispute whatever with the Senator's understanding. From what the Chair has said it is apparent that the request for unanimous consent, whatever it was and whatever the Senator from Oregon had in mind when he made it, is not the one which is stated on the calendar.

Mr. CHAMBERLAIN. May I interrupt the Senator just a

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Oregon?

Mr. BRANDEGEE. Certainly.

Mr. CHAMBERLAIN. I may say that at the time the unanimous-consent agreement was asked the matter was in a written statement, and I am not sure but that the Secretary may have it in his possession now. It was, however, in writing, and whatever may have gotten into the permanent Record of the Senate which shows a different condition of affairs, I am not responsible for. I do know that not only I but other Members of the Senate have acted on the assumption all the time that it was the unanimous-consent agreement that the bill should be taken

Mr. BRANDEGEE. Of course, Mr. President, I think it is exceedingly wise that every unanimous consent, or proposed unanimous-consent agreement, should be reduced to and reported to the Senate by the Secretary, because there are frequently misunderstandings about them. Without having had any previous knowledge that the Senator from Oregon had presented his request originally in writing, from what the Chair has read from the RECORD-which is authoritative evidence of what happened on the floor-it appears that the Senator from Oregon asked unanimous consent that this bill be made the unfinished business, which is not a parliamentary motion known in this body at all. If a motion is carried to proceed to the consideration of a bill after the expiration of two hours from the time the Senate convenes, that, ipso facto, if it prevails, makes the matter the unfinished business; but there is no such motion, as I understand it, as that to make a measure the unfinished business. The unfinished business is a parliamentary situation which results from some other motion having been made and carried.

Another feature of the transaction that is suggested by the Senator from Oregon is that in a colloquy between him and the Senator from Ohio it appears, according to the claim of the Senator from Oregon, that what he meant was to make the Alaska railroad bill a special order for 2 o'clock on this day, which is entirely inconsistent with what appears on the calendar—that the consideration of it should be proceeded with immediately upon the conclusion of the routine morning business, which has already been concluded. Those two statements conflict with each other in point of time as between half past 10, which the clock now indicates as the hour, and the hour of 2 o'clock. So that, to my mind, whatever ultimately

may be unraveled in the mind of the Chair or of the Senate as to what this unanimous consent is for-in fact there was no unanimous consent to do any particular thing—it is a jumble; and now, on the 8th day of December, in another and a regular session of Congress, it is attempted to interpret unanimously what was the unanimous understanding in the minds of the Senators present on the 15th day of September last, in the special "extra-dry" session, which we were then attempting to bring to its interminable conclusion.

Mr. CHAMBERLAIN. Mr. President-

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Oregon?

Mr. BRANDEGEE. Yes. Mr. CHAMBERLAIN. I want to say to the Senator that he has not assisted very much in clarifying what he calls a "muddled situation."

Mr. BRANDEGEE. I did not say that that was my purpose. Mr. CHAMBERLAIN. It is evident that that is not the purpose of the Senator. It seems to me, Mr. President, that the Senate has power to arrange for the discussion and the determination of this bill, if it has the disposition to do so; and if the Senate now feels that it is a matter that is pending before the Senate and it desires to go ahead with it, so far as I am concerned, I am ready to go ahead with it now; but I am simply undertaking to accommodate myself and my own views and my own constituents, if you please, to what seem to be the wishes of a great many Senators who have come to me and talked to me about the subject. As I have said, so far as I am concerned, I am perfectly willing to go ahead now.

Mr. BRANDEGEE. I am ready to go ahead with it now,

if that is what the Senate has determined; but the question is, What has been ordered by the Senate?

Mr. WARREN. Mr. President— Mr. BRANDEGEE. I yield to the Senator from Wyoming.

Mr. WARREN. I may not have heard some of the remarks that have been made, but I notice that the calendar makes the bill to establish Federal reserve banks, and so forth, the unfinished business. I assume that it is not the intention to have two measures pending as the unfinished business at the same time, and I ask how that situation is to be unraveled, as well as the matter of unanimous consent?

Mr. BRANDEGEE. Of course, if what the Chair has read from the RECORD was the action of the Senate, to wit, that the Alaska bill was at the last session made the unfinished business for to-day at 2 o'clock, that in itself would be an inconsistent situation, because at that time the Senate was meeting at 12 o'clock, and if a matter were made the unfinished business it would come up at 2 o'clock. Now the Senate is meeting at 10 o'clock, and if a matter were the unfinished business it would come up at 12 o'clock. But, however that may be, and without knowing whether the Chair will rule that what is on the calendar is the unanimous-consent agreement, or what is

agreement-The VICE PRESIDENT. The Chair will state to the Senator from Connecticut that the Chair must be governed by the

in the RECORD is to be understood as the unanimous-consent

Mr. BRANDEGEE. Very well. If that shall stand as the judgment of the Senate, then the unanimous-consent agreement, as stated on the calendar, is not what is before the Senate.

Mr. SUTHERLAND. Mr. President

The VICE PRESIDENT. Does the Senator from Connecticut yield to the Senator from Utah?

Mr. BRANDEGEE. I do. Mr. SUTHERLAND. Does not the Senator from Connecticut think that we can complete the consideration of the currency bill in ample time to take up the special order at 2 o'clock

Mr. BRANDEGEE. I observe that on the calendar there is a notice that the junior Senator from Virginia [Mr. Swanson] will this morning commence a speech on that subject. or not it can be concluded in time to vote on the bill this morning I do not know; but if the unanimous consent, as stated on the calendar, is what the Senate agreed to, it is perfectly nugatory and idle, because all it purports to have agreed to is that we would, after the routine morning business, proceed to the consideration of the Alaska bill. That has been done. The Chair has laid it before the Senate, where it now reposes, and we are considering it. Any Senator can now move to proceed to the consideration of the currency bill, and, if that motion is carried, it immediately displaces the Alaska bill and fulfills the unanimous-consent agreement, which does not provide that we shall continue the consideration of it until final disposition.

Mr. OWEN. Mr. President, when the Senator from Oregon, on the 15th of September, asked for unanimous consent that

Senate bill 48 be made the unfinished business for Monday, December 8, at 2 o'clock p. m., it is perfectly obvious that his request for unanimous consent meant to make it a special order to be taken up at that time for consideration and proceeded with. There must be some allowance made for the frailty of human language; but obviously that was the meaning; obviously that was what the Senate understood; and that unanimous-consent agreement can not be set aside by quibbling over the term "unfinished business." That was the agreement of the Senate.

Mr. CLAPP. Mr. President, will the Senator pardon me?

Mr. OWEN. I yield to the Senator from Minnesota. Mr. CLAPP. In support of the Senator's contention, I wish to suggest that after that, when it was proposed to place business upon the December calendar, it was stated time and again that it would not do, because we already had two matters which were in a position to interfere with the passage of the currency

Mr. OWEN. The RECORD shows from time to time that that was recognized as a unanimous-consent agreement of the Senate, and it should not be set aside by any mere quibbling over the meaning of words. Mr. President, I ask unanimous consent that the Alaska bill be made the order of business immediately after the currency bill is disposed of.

The VICE PRESIDENT. Is there objection to the request

of the Senator from Oklahoma?

Mr. POINDEXTER. Mr. President, I object to that. no desire to interfere with or to obstruct in any way the consideration of the currency bill, but I object to the Alaska rail-road bill losing the place it has upon the calendar of the Senate under the unanimous-consent agreement. I think it can retain that place; and if it should be the sense of the Senate that it should be temporarily laid aside for the consideration of the

currency bill, that can be done.

Mr. OWEN. I will, then, modify the request and ask that the Alaska bill be temporarily laid aside without losing its place

under the agreement.

Mr. BRISTOW. Mr. President, I am in accord with the Senator from Washington [Mr. POINDEXTER] in regard to the desire to have the Alaska railroad bill maintain its place as the unfinished business, and I should like to have the Chair indicate whether he considers, under the unanimous-consent agreement, as indicated in the RECORD, that the Alaska railroad bill will become the unfinished business at 2 o'clock?

The VICE PRESIDENT. The Chair does not believe that it

is possible to make anything unfinished business by consent. The Chair does believe that under a fair and reasonable interpretation of what took place on the 15th of September and the colloquy which occurred at that time, the request of the Senator might fairly be construed into an agreement upon the part of the Senate to make the Alaska bill the special order for 2 o'clock to-day.

Mr. POINDEXTER. Mr. President, a parliamentary inquiry. The VICE PRESIDENT. The Chair, however, is not deciding that question, but proposes to leave that to the Senate.

Mr. CHAMBERLAIN. Mr. President, may I ask whether the Chair feels disposed to rule now that at 2 o'clock the Alaska railroad bill will come up automatically as the business to be disposed of?

The VICE PRESIDENT. In view of the discrepancy between the calendar and the RECORD, and in view of the former rulings of the Chair that all unanimous-consent agreements must be construed by the Senate, the Chair feels that it is for the Senate to decide what the RECORD really does mean. In expressing

an opinion the Chair was not ruling.

Mr. POINDEXTER. Mr. President, a parliamentary inquiry. Is it not within the power of the Senate, by unanimous consent, to give a bill such a status in the proceedings of the Senate as it would have if it were the unfinished business? My recollection is that we have often done that; that it has been more or less frequent practice to agree that certain measures should be the unfinished business of the Senate.

Undoubtedly, as the Senator from Oklahoma has said, the intention of the Senate in making this unanimous-consent agreement was that the bill should be taken up and its consideration should be proceeded with. It seems to me that necessarily would give it, when its consideration was dispensed with, the

position of the unfinished business of the Senate.

I hardly see how the Senate could take up a bill for consideration at a certain date, and by a unanimous-consent agreement, at the conclusion of the routine morning business or at a certain hour, and then, if it should conclude to lay it aside, that the bill should not have the place of the unfinished business of the Senate.

The VICE PRESIDENT. The Chair will read what the rules say. The Chair assumes that unanimous consent is just as good as a two-thirds vote.

Any subject may, by a vote of two-thirds of the Senators present, be made a special order; and when the time so fixed for its consideration arrives the Presiding Officer shall lay it before the Senate, unless there be unfinished business of the preceding day, and if it is not finally disposed of on that day it shall take its place on the Calendar of Special Orders in the order of time at which it was made special, unless it shall become by adjournment the unfinished business.

When two or more special orders have been made for the same time, they shall have precedence according to the order in which they were severally assigned, and that order shall only be changed by direction of the Senate.

Mr. WARREN. Mr. President, will the Senator from Wash-

ington yield to me?

Mr. POINDEXTER. I yield to the Senator from Wyoming. Mr. WARREN. I think the rule is perfectly plain. I think the Alaskan matter is the special order for 2 o'clock, and will be so considered unless it is already under discussion at that time. Even then it will have to come up.

Mr. POINDEXTER. I agree with the Senator from Wyoming

that according to the Record, which seems to be in conflict with the notice on the calendar, this matter does not come up until I suppose the proper time to decide its status would be at that hour. I do not know what effect notices and unanimous-consent agreements printed upon the calendar of the Senate, and standing there day after day, have in the practice of the Senate.

Mr. WARREN. There are occasional errors in the calendar. and I do not consider the calendar as strong as the RECORD. So far as my remembrance goes, however, a special order has al-

ways been respected over all other business.

Mr. BRISTOW. Mr. President, knowing that the Senator from Oregon is very much interested in this bill, as a number of us are, I desire to call his attention to the fact that if this is interpreted to mean a special order for 2 o'clock it will be taken up at that time and considered and then set aside, and it will be gone. It will have lost all relation. It will not have any standing whatever, any more than any other business on the

For one, I am not content to have that kind of a disposition made of this bill. I am more interested in it than I am in currency legislation. I believe it is a more important measure. rency legislation.

The currency bill has been given importance for political pur-Very simple amendments to the present currency law would have corrected all of the existing abuses. This bill, however, is one that is constructive in its character. It is a very important bill, and will be an important one in the economic history of the United States.

Mr. CHAMBERLAIN. If I may interrupt the Senator, I think the Senator's association with me in the preparation of this bill makes him realize full well that I do not want to have any such thing happen to the bill.

Mr. BRISTOW. I know the Senator does not. That was the reason I called his attention to it.

Mr. CHAMBERLAIN. As I have stated before and as I state again, I simply wanted to accommodate what seemed to be a majority feeling of the Senate. I am unwilling to have this bill lose the place it has; but it seems to me that if we could get rid of some of our great parliamentary lawyers here and get down to a prompt disposition of business, there would not be any trouble about arranging for this and other measures which we are continually wrangling over here in the Senate, occupying the time which really belongs to the people of the

country.

Mr. POINDEXTER. Will the Senator yield to me for a moment?

Mr. BRISTOW. If the Senator will pardon me just a minute, I desire to concur fully in what the Senator from Oregon has said. I do not want the railroad bill to interfere with currency legislation, because, while I do not think the currency bill is of such very great importance, I know a majority of the Senate does. I want to have the currency bill go ahead and be enacted; but I do not want it to displace this railroad bill, so that it will lose any relation whatever, and can not be considered unless it shall hold its position upon the calendar.

Mr. SWANSON. Mr. President, I understand this matter goes over until 2 o'clock, even under the contention of those favorable to the bill. Consequently, it seems to me this discussion would be better in order at that time. I had given notice that I should address the Senate on the currency bill immediately following the routine morning business, and I suppose this discussion will come up again at 2 o'clock. It seems to me, therefore, to be a waste of time to continue it now. If it is in order for me to do so, I should like to proceed with my speech on the currency question.

Mr. SMOOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Utah?

Mr. SWANSON. I do.

Mr. SMOOT. I simply want to call the attention of the Chair, and also of the Senator from Oregon, to the fact that if they will notice the calendar, on page 5, under "General orders," they will find the following:

S. 48. A bill to authorize the President of the United States to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes.

Then this note is made on the calendar:

September 15, 1913. Made the unfinished business for December 8, 13, at 2 p. m., by unanimous consent.

Mr. BRANDEGEE. Mr. President, may I be allowed to say a

Mr. SWANSON. I prefer that this discussion shall be resumed at 2 o'clock. I am satisfied that if it is indulged in now it will simply be gone over again at that time.

Mr. BRANDEGEE. What does the Senator propose to discuss?

Mr. SWANSON. I propose to discuss the currency bill, which understand is the unfinished business until 2 o'clock

Mr. BRANDEGEE. I disagree with the Senator about that. Mr. BACON. Mr. President, the Senator will recognize the fact that, whether it is the unfinished business or not, when a Senator has given notice that he would address the Senate on a certain bill at a certain time during the morning hour it has been the unanimous practice of the Senate to concede to him the right to do so. The Senator from Virginia gave that notice last week, and he is proceeding now upon that notice.

Mr. BRANDEGEE. Yes; but we were discussing another matter. All I wanted to say to the Senator from Utah was that the mere annotation of the clerk on the calendar as to what is unfinished business or what is not does not bind the Senate.

Mr. POINDEXTER. Mr. President——

Mr. SMOOT. I fully—
Mr. BACON. I hope Senators will recognize the propriety of allowing the Senator from Virginia to proceed.

The VICE PRESIDENT. There is no way for the Chair to

enforce that request.

Mr. POINDEXTER. Mr. President, I should like to ask that the Alaska railroad bill go over until 2 o'clock, and that it then be taken up and disposed of under whatever status it may be entitled to on the records of the Senate.

The VICE PRESIDENT. The Chair has already ruled that 2 o'clock is the time for it to come up. It will then be time for the Senate to say what the record really means.

# BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means for rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. SWANSON. Mr. President, there is no question confronting us to-day of more importance, of more vital concern to the vast and varied interests of our country, than the one relating to our currency and banking system. Our action upon this matter concerns in a marked degree our farming, manufacturing, commercial, and banking interests. There is not an facturing, commercial, and banking interests. industry in this Republic, not a citizen, from the highest to the lowest, from the richest to the poorest, who will not in some way be affected by the legislation we are considering. Wise legislation upon this question means to this Nation an era of increased prosperity, of larger and better opportunities for all classes of our citizens. Foolish and ill-advised legislation means distress, depression, and disaster. Thus a matter fraught with such great possibilities for good or evil should in its solution be approached with the utmost care, prudence, foresight, and investigation. For the last decade this has been one of the most prominent questions of discussion in America and has enlisted the thought and investigation of our wisest and ablest men, and has been viewed from every possible standpoint. The time has arrived when we can safely and prudently act upon this matter. Further delay is unnecessary and will but add to the difficulties of a wise solution and will but intensify and increase the evils of our present system and put greater barriers in the way of currency and banking reform. The Democratic Party, which is now in control of all the branches of our Government, has determined faithfully to fulfill all the pledges and promises made in order to obtain power. Congress, convened in extraordinary session by the President, but recently enacted a tariff bill which completely fulfilled the pfedge made to relieve the people from the burdens of excessive tariff exactions. Having faithfully

discharged this duty, the Democrats are now undertaking to fully perform their promises to give the country currency and banking reform. The present Democratic administration and a vast majority of the Democrats of the House and Senate, after thoroughly and conscientiously considering the matter, and as far as possible reconciling minor differences of opinion, have practically agreed upon a plan of currency and banking reform which they believe will preserve what is good and desirable in our present system, eliminate the evils which are conceded, and fornish additional legislation which will be productive of great prosperity and development. This is not presented as a partisan measure. We realize fully that no party advantage can accrue from the enactment of any legislation on this subject. except so far as it may be promotive of the best interests of all our fellow citizens. We feel that the measure supported by us should be in accordance with Democratic principles and platforms. Being given power of legislation by the people, we feel that the responsibility is with us as a party to enact legis-lation just and beneficial to all the industries and interests of this Nation. If benefits accrue from this legislation, all those who aid in its passage, to whatever party they belong, are deserving of credit and commendation.

Mr. President, the plan proposed follows the course of wise, prudent, and constructive legislation. It does not recklessly destroy our existing system. It does not foolishly jeopardize the business and fortunes of this Nation to the hazard of untried experiments and speculative theories, however plausible. We feel that it would be a folly almost criminal to put rude and destroying hands upon our entire present system, which has become so interwoven with the habits and business of our people, and which in many respects is exactly what we need, and has been most instrumental in our growth and development. Where evils have existed which are injurious to the legitimate commercial, manufacturing, agricultural, and banking interests of this country we have boldly applied the surgeon's knife and eradicated the cancerous growth. We have not sought to satisfy the extreme radical, who would destroy everything, whether good or evil, nor the predatory reactionary, who would preserve everything that benefits him, whether it is destructive to the best interests of the country or not. We have prepared what we conceive to be a just, fair, equitable, progressive measure. We have retained in our present currency and banking system what experience has taught us to be just and beneficial. Despite the suggestions of the academic theorist or the clamor of the selfish capitalist, who desires to lessen the supply of money, and hence increase its purchasing power and his own riches, we have refused to retire the \$350,000,000 of Treasury notes, but we retain them and permit them to still circulate, to invigorate business and commerce. Against the earnest opposition of these same classes we have refused to retire \$684,000,000 of silver coin and silver certificates, but we retain these, realizing fully the beneficial results which have accrued from their circulation. We have alike turned a deaf ear to those who would retire \$743,000,000 of national-bank notes, and thus produce financial stringency, with business depression and beneficial only to a few. Our gold and gold certificates, aggregating \$1,700,000,000, are preserved. Thus, under the proposed plan there can be no reduction in our money or circulating medium, This is preserved in its present quantity and quality. present circulating medium, amounting to about \$3,600,000,000, is left undisturbed.

Mr. BRISTOW. Mr. President-

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Kansas?

Mr. SWANSON. I would prefer not to yield now. When I get through, I will be glad to yield for any question.

Mr. BRISTOW. I merely wanted to inquire whether the Senator wishes to proceed without interruption now.

Mr. SWANSON. I prefer to proceed without interruption. Thus the claim made by some that this bill can produce a contraction is unreasonable and unfounded. The provisions of this plan are so drawn that all changes affecting currency must result in increases, not in decreases, that are made, as I shall subsequently explain, are such as are absolutely safe and occur only in response to the legitiare absolutely safe and occur only mate demands of business and commerce. The plan wisely mate demands of business and commerce. When this plan is in operation each of the 25,000 banks in this country will continue to exist and be permitted to continue safe and legitimate We have refused to create a great central banking business. bank with branches extending to all sections of the country, ultimately resulting in a monopoly of money and bank credits. We realize that such a bank, if created, would destroy all banks who dared to compete with it or would not submit to its dictation. If such a bank was created, the only banks that would be preserved would be those that would be subservient to the suggestions or submissive to the purposes of this great central institution. I believe that nothing has contributed more to the rapid development and the great prosperity and wealth of this Nation than our system of independent banks. The 25,000 banks scattered in every section of our country, from the small towns to the large cities, each containing the resources of that community and furnishing credit to its citizens, have been one of the greatest factors in our material development. It has enabled this Nation to do more than 95 per cent of its business with checks drawn upon banks, thus economizing in a most remarkable degree the use of money. In this respect we surpass every nation except Great Britain. This system is far preferable to the system existing in other countries, with a few large banks with branches extended in all sections. It gives more competition in the banking business and produces less monopoly in money and bank credits. The Bank of England, with its 11 branches, and 9 or 10 other large banks in England, with their numerous branches, practically control and dominate the banking business of England. The Bank of France, with its 188 branches, and 6 or 7 other large banks, with their numerous branches, control the banking business of that nation. Reichsbank of Germany, with its 93 head branches and 400 sub-branches, with 8 or 10 other large banks with many branches, in a less degree, but substantially, control money and bank credits in that nation. In Germany there are only 14 clearing houses, with only 160 members. The banking business of Canada is controlled by 29 banks, with their more than 2,000 branches. In Canada no bank can start with less capital than \$500,000. In Scotland we have 8 large banks with 1,200 branches. The eight banks of Scotland act in complete harmony, and there is a money trust or monopoly there. In each of these nations the number of banks each year decreases,

The branch banks are controlled entirely by the central bank. The branch banks have no directors, but only agents and officers appointed by the authorities of the central banks. How vastly different is this from our system of independent banks. All of our 25,000 banks have their directors and stockholders, who are usually men of business and enterprise in the communities in which the banks are located. These men own the stock of the bank and are particularly interested in the development and prosperity of their communities. Hence, in addition to making money for their bank, they are desirous of using the resources of the bank for the enrichment and betterment of the adjoining section. These independent banks and the communities where they are located have a mutual interest, the prosperity and success of one being measured by the success and prosperity of the other. This is vastly different in a branch bank. The main purpose of a branch bank is to make money for the central bank. It is created to obtain local deposits to be under the control of and to be used for the general purposes of the central bank. Our local country banks are created as much to help the community as to make money for the stockholders. I think it would be disastrous to us if we should destroy our system of independent banks and substitute for it the foreign system of a few large banks with numerous branches. This would but increase in a greater degree a monopoly of money and bank credits which in recent years has crept into our system and been growing and which this bill proposes, as far as possible, to eliminate. Hence I heartily approve of the plan of the bill in not interfering in the slightest degree with our system of independent banks. It leaves undisturbed to continue profitable business the 25,000 banks in this country. This bill, by its splendid provisions extending legitimate aid and accommodations to all the banks of the country who will accept it, strengthens our system of independent banks and will increase the facility of these to accommodate their customers. It has been sought to produce the impression that the Federal reserve banks created by this bill will monopolize the banking business of this country, and thus have control of money and bank credits. This is a gross and unfounded misrepresentation. Under the provisions of this bill, the capital of all the Federal reserve banks when fully paid will amount to only \$105,000,000. From the last report of the Comptroller of the Currency the aggregate capital, surplus, and undivided profits of all banks-National, State, and private-and trust companies reporting were about \$4,160,000,000. Thus the capital provided for this system will be about one-fortieth of the banking capital of this Nation. It is estimated that the resources of all the banks provided in this bill will amount to about \$636,000,000. The resources of all the banks in the United States-National, State, and privateand trust companies were \$24,986,000,000. Thus the resources of these banks created by this bill will be about one-fortieth of the banking resources of the Nation. Thus we can readily see that there can be no monopoly of money bank credits, or the beginning of monopoly, and their dissemination will mark

banking business and accommodation under the operations of this bill.

The capital and resources of the banks which will be left absolutely free and unaffected by any provisions of this bill will be forty times more than all that are brought under its provisions. Completely answered in their contention that these banks would create a monopoly and a dominating influence, the opponents of the plan then insist, with glaring inconsistency, that the capital and resources are entirely too small to accomplish the purposes sought to be achieved. But we can make complete answer to this objection and show that the capital and resources are amply sufficient. The capital and surplus of the Bank of England, as of August 12, 1908, which is recognized as a model of sta-bility and strength, is only \$87,690,685, being \$17,000,000 less than the capital stock of the banks proposed under this bill.

The resources of the Bank of England are about \$335,000,000. a little more than one-half of the resources of the proposed banks under this bill. The capital of the Bank of France, as of December 24, 1907, is \$35,222,500, about one-third of the proposed capital of the banks under this bill. The resources of the Bank of France are \$201,711,335, about one-third of the resources of the proposed banks. The capital and surplus of the Reichsbank, of Germany, as of December 31, 1907, is \$58,265,666, and its resources \$234,096,331. Thus we perceive that the capital and resources of the Federal reserve banks far exceed those of the central banks, with their various branches in each of these three great nations, and are amply sufficient for the purposes sought to be obtained. The plan is wisely drawn, givthe banks sufficient capital and resources to accomplish what is desired, and yet not large enough to produce a monopoly or a dominating influence upon the money and bank credits. In this respect the proposed bill is prudent, wise, and to be most highly commended. It happily veers between helpless weakness and tyrannic strength. It gives to the banks of this country neither a master nor a slave. It gives them a strong friend, an equal coworker to assist them in faithfully discharging their duties and responsibilities to our great and varied interests.

Mr. President, having preserved in their integrity and usefulness each of our 25,000 banks, let us examine the evils prevalent in our banking system to-day and ascertain to what extent the proposed plan corrects these. One of the chief and admitted evils of our present national banking system is the concentration of our reserves in a few cities. Under our present banking law each country bank is required to keep a reserve of 15 per cent on all its liabilities, 6 per cent of which must be kept in the vaults of the bank and 9 per cent can be kept either in the banks of a reserve city or a central reserve city. The banks located in the reserve cities are required to keep a reserve of 25 per cent, 121 per cent of which must be kept in their own vaults and 12½ per cent can be kept with banks in the central reserve cities, which consist of banks located in New York, Chicago, and St. Louis. The banks in the above three cities, known as central reserve cities, must keep a reserve of 25 per cent in their own vaults. The effect of this law has been to concentrate the reserves of the country in New York, Chicago, and St. Louis, mostly in New York. The banks of New York have adopted the policy of paying 2 per cent on balances kept in their banks by either country banks or reserve city banks. In order to obtain this 2 per cent of interest the banks in other cities have usually kept in New York all of their reserves, except such as the law requires them to keep in their own vaults. The effect of this law in creating this concentration of reserves is remarkably disclosed by the report of the banks in these three cities made to the Comptroller of the Currency on the 14th of June, 1912. This report shows that the banks in the city of New York were due other banks on account of deposits made there \$510,513,847. In Chicago on the same date was the other banks on account of deposits \$169,718,506. At St. Louis was due other banks on account of deposits made there \$40,626,616. Thus these three cities had on that date \$720,858,969 due other banks. practically the reserves of the entire Nation to be used in times of emergency or trouble were deposited in the banks of these three cities. This vast concentration of reserves has been most detrimental to the best interests of this country. The money thus concentrated has been used for the flotation of large schemes of trusts, combines, and monopolies. But for the vast funds here concentrated the many trusts that have been organized in this country would have been impossible. Here are found the money and resources that have been utilized for the organization of monopolies. Without these vast deposits made by other banks and controlled by a few capitalists and financiers of New York innumerable trusts would have never been created. The concentration of these reserves in New York marked its end. These reserves breathed into the nostrils of monopoly

the breath of life.

Mr. President, to inveigh against industrial monopoly and yet to continue the banking system which alone makes it possible is the supreme of hypocrisy. The greatest blow that industrial monopoly will receive in this Nation is when existing law is changed and the vast reserves the banks are now required to hold are controlled and placed where they will be used for the good of the entire country, and not for the enrichment of a few financiers and speculators. Another evil which has resulted from this concentration of reserves in these three central cities is that the money thus deposited has been mostly used for speculation on the stock exchanges. This speculation is a part of a system of organizing and floating combines and monopolies. The stocks of these monopolies when organized are listed on the stock exchanges, and fictitious sales and purchases are made of them to establish a value in order either to sell to the public or to constitute the basis of loans from Thus stock speculation and organization of trusts go hand in hand. The report made by the banks of these cities to the Comptroller of the Currency on June 14, 1912, discloses in a most unmistakable manner that these reserves and the resources of the banks in these cities are largely used for stock speculative purposes. The report made by the New York banks for that time show that their loans made on collateral security, which are loans made for stock speculation on the exchange, amounted to \$1,169,822,895. The loans of a similar character in Chicago amounted to \$316,096,807. The loans made in St. Louis amounted to \$140,234,284. Thus in these three cities the loans made on securities dealt in on the stock exchange \$1,700,000,000, aggregating more than double the reserves or deposits of all the banks in these cities. Thus we have unmistakable proof that these vast deposits or reserves are used to make loans for stock speculations, and not to encourage the commercial, manufacturing, and agricultural interests of this country. The law that required these reserves to be held by the banks intended that they should be used in times of emergency or distress for the benefit of the legitimate business of the country and to prevent disaster.

The banks in New York, which hold more than two-thirds of these central city reserves or deposits, have never considered that they were put there to be used in time of danger or distress for the public good, but have considered that they were

put there to be used for their own profit. Mr. O'GORMAN. Mr. President-

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from New York?

Mr. SWANSON. I would prefer to yield later. Mr. O'GORMAN. Just at this point I should like to make a single observation.

Mr. SWANSON. I will yield later.
Mr. O'GORMAN. The country banks, I think, all over the country have been sending money-

Mr. SWANSON. Mr. President, I decline to yield at this I will yield later.

Mr. O'GORMAN. If the Senator does not desire to have a palpable inaccuracy corrected, he may proceed with his speech.

Mr. SWANSON. I desire to proceed with it.

The banks in New York are dominated by the large financiers and speculators of this country, and these reserves have been used for their enrichment and not for public good. By this great concentration of reserves here the few financiers who control these banks in New York have been able to precipitate panics and produce depression and financial disturbance whenever their selfish interest dictated. The panic of 1907 has taught this Nation a lesson which it will never forget. It proved beyond dispute that the banks and financiers of New York felt no public responsibility for the bank reserves under their control. panic of 1907 was precipitated by wild stock speculations in the city of New York, engineered by the financiers there who control the great banks. This is clearly shown by an article written by Prof. Sprague for the National Monetary Commission and printed with its publications. Everything was adroitly and spectacularly arranged for a great rise and boom in stocks in order to unload and sell them to the public. Previous to this panic the dividend upon the Union Pacific stock was increased from 6 to 10 per cent. The Southern Pacific stock was placed upon a 5 per cent dividend basis. Dividend upon United States Steel common stock The national bank note circulation was increased more than \$100,000,000, and \$54,000,000 worth of gold was imported from Europe. The Government of the United States was induced to deposit in the banks \$23,000,000 of Treasury money. All of this occurred within the year preceding the panic, and everything was done to make the skies look bright and everything appear propitious and prosperous. Not a cloud appeared

to portend the coming disastrous storm. Money was readily obtained from the banks on stocks as collateral security. The prices of stocks advanced rapidly, and the public, excited and wild, made immense purchases. Thus the first act in the wellplanned drama was most successful. The intended tragedy soon fellowed.

In the autumn of 1907, when the banks outside of New York desired to withdraw the reserves and money they had deposited in these banks to be used for the purpose of moving the crops of cotton, wheat, corn, and oats, they were unable to obtain The report of the Comptroller of the Currency their money. on the 38 New York banks of August 22, 1907, just preceding the panic, shows that from the banks of New York there was due to national banks \$259,300,000; was due from national banks \$45,-500,000; was due to other banks \$206,100,000, and from other banks \$9,700,000, making an aggregate due to other banks a balance of about \$410,000,000. On October 31, 1907, the banks of New York telegraphed their correspondents that they would no longer honor their drafts for money and actually suspended payments. This suspension continued until the 1st of January. These banks in New York suspended payment with \$224,000,000 in their vaults, as shown by their statement on November 2. On November 23, nearly three weeks afterwards, their statement shows that this reserve had only been reduced \$9,000,000. What a contrast does this action of the New York banks present to the condition of the Bank of England at that time, which also practically held the reserves of all the banks of England. reserve of the Bank of England-which was only \$120,000,000in two weeks of this crisis was reduced to \$85,000,000, and yet the Bank of England did not suspend payments. The lowest reserve that the banks of New York had during the entire suspension was \$215,000,000. Thus the lowest reserve of the banks of New York was more than double that of the Bank of England, and yet they suspended payment and refused to make payments to banks outside of the city of New York. still more remarkable, in regard to these banks of the city of New York, was that while they refused to make payments to the interior banks they actually increased their loans during that time. In the three weeks preceding November 9 the New York banks increased their loans to the extent of \$110,000,000. They could not pay their depositors, but they could accommodate their favored customers. The report made to the Comptroller of the Currency on December 3, 1907, by the banks shows that between August 22, 1907, and December 3, 1907, the loans of the entire country were contracted \$85,000,000, while in New York they were increased \$63,000,000, of which \$54,000,000 was on call-collateral loans and \$4,000,000 on timecollateral loans, thus showing that while these banks would not pay the interior banks the money due them on deposits they were making loans to their customers for stock speculation.

The banks of New York have claimed credit that during the panic from time to time they would ship currency out to interior banks. This is true, but the currency they shipped to interior banks was less than the Government and other deposits made to the banks in New York. During this panic the Government deposited in the banks of New York \$36,700,000, most of it coming from outside sources, more than \$30,000,000 of it in the six leading banks, which mostly make loans for stock speculations. The New York banks assert that they improved the situation by importing \$96,000,000 in gold, for which they claim much praise. They had nothing to do with the importation of this gold except as agents through whom the importa-tion was made. The gold was imported in exchange for the commodities of the West and South which were exported to Europe, the payment for which passed through New York. The \$96,000,000 of gold imported did not belong to New York; the bills of exchange simply passed through New York, as is usually done. This \$96,000,000 belonged to the West and South. During the panic New York sent to the interior \$106,-It received in gold which belonged to the West and South \$96,000,000 and from Government deposits \$36,000,000, aggregating \$132,000,000 that it received during the panic which did not belong to it, and only sent out \$106,000,000, thus really gaining during the panic \$26,000,000. The suspension of payments in New York practically compelled the rest of the country The banks of only 53 cities in the United States were able to continue payments. Two of these cities were located in Virginia-Richmond and Norfolk. No one can estimate the disaster that was brought to this country by the action of the banks in New York during this emergency.

Business was suspended, commerce paralyzed, factories made idle, the stocks and securities unloaded on the public reduced one-half in value, and fortunes swept away. The disastrous effect of this panic is perceptibly felt to-day. All this disaster was produced because the banks of New York holding the de-

posits of and a large part of the reserves of interior banks stubbornly refused to surrender them. These funds were used by these banks and their customers to repurchase the stocks and securities, which they had previously sold at high prices, at the greatly reduced prices. This panic has convinced the country of the necessity of making some changes in our banking system. It has conclusively shown the necessity of not congesting and concentrating our reserves in banks with no public responsibility and controlled for individual purposed addition, this great concentration has had a tendency to addition, this great concentration has had a tendency to create in this country, to a large extent, a "money trust," which a few large financiers and their associates are enabled practically to dominate the money supply and the bank credits This state of affairs was disclosed in a remarkable degree by the Pujo investigation committee of last The report of this committee shows that a small group of financiers, usually acting in accord, control bank and trust companies, insurance companies, express companies, raliroads, industrial and public-utility companies aggregating resources of more than \$23,000,000,000. This group of financiers are enabled, as their interests or caprices may dictate, to produce good times or bad times. They can frequently contract credit and produce money stringency whenever their interest or caprices may dic-They largely control the construction of new lines of Large industrial and manufacturing enterprises feel

their dependency upon them. Until the Interstate Commerce Commission was created. which regulates the charges made by railroads for transportation, they completely dominated the transportation of the country, and thus made and unmade communities, cities, sections, and almost States. Heretofore their power has been so great that frequently Federal administrations were elected or overthrown as they might desire. Language can hardly overesti-mate the vast control exercised by these groups of financiers upon the industrial and financial life of this Nation. domination is so tyrannical and complete that even men of large wealth, influence, and courage are afraid to antagonize them, and become subservient and submissive. The pathways of their power are marked by wrecked fortunes and ruined enterprises. Men of independent spirit, of great business genius and activity, are their most prized victims. These are conditions which exist and menace the industrial freedom and the future welfare of Many of these evils will have to be corrected by legislation other than what is contained in this banking and currency bill. The Interstate Commerce Commission has been created to regulate the railroads, to see that all communities, sections, and individuals are treated with justice and fairness, Legislation is necessary upon the trust question to eliminate industrial monopoly and bring back again competition and free and fair opportunity. This bill reforming our currency and banking system proposes, as far as possible, to create a system of banking, and to provide for the issuance of currency which shall save the Nation from the domination of small groups of financiers and give to each individual, every business, every lawful corporation an opportunity to obtain all proper and legitimate needs for bank credit and currency. This is accomplished in the bill by providing that 6 per cent of the capital and surplus of all national banks shall be assessed to form a fund which shall be used for the creation of Federal reserve banks, the banks thus created to be not less than 8 and not more than 12, the country to be divided into as many sections, and 1 of the Federal reserve banks to be located in each. All banks that shall continue as national banks must become members of the Federal reserve bank of the section in which they are located,

The bill contains liberal provisions for State banks and trust companies, without losing their present identity and useful functions, becoming members of these Federal reserve banks. The member banks are required finally to deposit all the reserves required by law within their own vaults or in these Federal reserve banks. Each of these reserve banks is controlled by a board of directors consisting of nine members, six to be elected by the banks and three to be elected by a Federal reserve board, which has general supervision over these Federal reserve banks, the members of the Federal reserve board consisting of seven members, six appointed by the President and confirmed by the Senate, and the other being the Secretary of the Treasury. Three of the six members selected by the banks must be selected to represent the general public interests of the reserve district by the stockholding banks. The Federal reserve board, constituted as above, which shall have general supervision of all these reserve banks, is given authority to remove these three directors if they find that they do not fairly represent the general public interests. Thus without taking away the control of these banks from the member banks, who furnish the capital and money, assurance is given that

these banks will be run for the general public interest, and also the advantage and profit of the member banks. These banks will have, as previously stated, a capital of about \$105,000,000 and deposits of \$531,000,000, provided all the national banks enter the system, which I am satisfied they will do. This capital and deposits will be increased to the extent that the State banks and trust companies enter the system. There can be no question that many of these will enter the system and thus greatly add to the capital and deposits of these reserve banks. Thus there will be created banking resources of more than \$600,000,000, to be used for the general public good in developing the commercial, manufacturing, and agricultural interests of this country.

terests of this country.

There are many who oppose this system of regional banks and prefer a great central bank with branches such as exists in other countries. After careful thought and investigation I am satisfied that this system of regional banks is far preferable to a great central bank. I would prefer not less than 12 banks. and these to be increased as investigation and experience may prove beneficial. The advantages of the regional system over the one central bank are many. It prevents the danger of monopoly and concentration of money and credits in the hands of a few people. I would view with great apprehension a law which would compel the 25,000 banks of this country to contribute capital and deposits to one bank, which would become supreme in finance in this Nation. Those who should control this one central bank would control the industrial, commercial, and agricultural life of this Nation. It is too vast a power to be put in the hands of a few men. The Democratic Party has clearly and positively declared against a central bank. Such a bank when once created would be dominant alike in the financial and political history of this country. If this bank were entirely under governmental control it would offer but a large prize for the small group of financiers of this country to grasp and control government and through it this bank. This system of regional banks requires the capital and resources of a regional bank to be held in and used for the accommodation of those interests existing in that section or region. It does not take the resources and capital of one section and transfer it to These resources are continued in the section from which they are furnished. In case of emergency or business distress these regional banks are expected to use their resources primarily for the sections in which they exist. Besides, it has been wisely thought that there is such a diversity in the various industrial, agricultural, and commercial conditions of our Nation that a system of regional banks with one for each section or region could be more successfully and profitably conducted for the benefit of that section than one great central bank. The success of our various State governments has clearly proven that this diversity renders necessary separate governments to take care of peculiar local conditions.

Our wonderful banking development under our system of individual banks, each suited to do the business of its locality, has also shown the wisdom of permitting this diversity. The more one examines into the matter the more one must be convinced that the system of regional banks is far preferable to one central bank. Of course those who are benefited by monopoly, whether in industry or in banking credits, will naturally prefer the central bank. But monopoly is one of the evils against which we are contending and which the regional banks will be instrumental in destroying. There are some who contend that a central bank offers superior advantages for relief in times of emergency. There is some truth in this. The reserves of a central bank being more concentrated and mobilized can be more readily and promptly used. But this advantage is far offset by the other evils and disadvantages which would inevitably come from a central bank, however created and however controlled. This bill has a wise provision which obtains all the advantages that can accrue from a central bank without its evils and disadvantages. A Federal reserve board is created, as previously stated, which will have general supervision of these regional banks, seeing that they are honestly administered and fulfill the purposes of their creation. This Federal reserve board is also empowered to require one Federal reserve bank to rediscount the discounted paper of another Federal reserve bank. This provision practically gives all the advantages that could accrue from a central bank. It permits the entire reserves and resources of all the regional banks to be used where most needed in time of financial distress or emergency. A central bank could do no more than this. What is most remarkable is that those who most favor a central bank are most opposed to this provision which, when needed, practically unifies the resources and reserves of all the Thus by this method the only advantage which comes banks. from a central bank is obtained without its accruing evils.

The benefits which will accrue from these regional, or, as named in the bill, Federal reserve banks are great and many. The reserves of the Nation, which are needed in times of financial distress and stringency, will be held by those who have a public responsibility for their just and proper use, and not as now, by those who have no such responsibility and no purpose of public benefit in their use. The member banks, being satisfied that their reserves and deposits are held where they will always be forthcoming when needed and are held to take care of these banks and the public in times of emergencies, will be relieved of daily apprehension of trouble and distress. Federal reserve banks will become to all the banks of this country like the Bank of England is to the English banks, the Bank of France is to the French banks, and the Reichsbank of Germany is to the German banks—places of refuge and hope in time of financial trouble. The banks of this country removed from this apprehension can accommodate their customers and the legitimate demands of business without continual trepidation. These reserve banks, practically under Government control and supervision, having a broad vision of financial matters, can be used to prevent dangerous inflation or ruinous depression. They will have a steadying influence on the finances of the country and produce that stability which is the most propitious for the growth and development of the Nation. This bill provides that the rediscounts that these reserve banks shall make for their member banks shall be for paper arising out of actual com-mercial transactions and for agricultural, industrial, and commercial purposes. This prohibits the resources of these reserve banks being used for the purposes of stock speculation. vides that \$636,000,000 shall be set aside and dedicated for the development of our commerce, our agriculture, and our manufac-It gives preference to legitimate business over stock speculations. It makes impossible another panic in this country, with its distress and disaster, precipitated by Wall Street speculation with the reserves and deposits of interior banks.

When this bill becomes law the farmers of this country can sow and plant with the confidence that money will be available for the profitable marketing of their crops. The manufacturer can enlarge his operations with the assurance that from these reserve banks funds will be forthcoming to successfully finance his undertakings. The merchants can liberally buy and sell, knowing that currency and bank credits can be obtained for all prudent and legitimate purposes. Gennine business and enterprise will be stimulated and only stock speculation lessened. If this bill accomplish no other purpose than setting aside and devoting this vast sum of money to legitimate business interests, it would produce inestimable benefits and is deserving of support. This bill, by the creation of these reserve banks, will create in this country, which has long been needed, a discount market where commercial paper can be readily discounted. This will enable all the banks of this country to extend to their customers all prudent and legitimate accommodation. This will be to the alike benefit of the banks and their patrons. It removes the perils of a money trust and brings relief to all American industries.

Mr. President, the next great purpose sought to be accomplished by this bill is the creation of an elastic currency. It is universally admitted that there is a great necessity in this country for such a currency. Our present currency is rigid. It does not ebb and flow according to the needs and demands of commerce and business. At times it becomes redundant and encourages reckless speculation with the consequent reaction and depression. At other times our currency becomes so stringent that the rates of interest become exorbitant and business of all kinds is practically paralyzed. We need a currency that can increase and decrease according to the legitimate demands of business and commerce. All nations who have a modern financial system have provided for such a currency. Every year during the three autumn months there is a great demand for currency in order to move our great agricultural crops. During these three months we market and move our great cotton crop, which practically clothes the world, our great oats, corn, and wheat crops, which fill the granaries of the world, and our great crops of tobacco, which are distributed in all the markets of the world.

We must have the currency to pay cash for these during these few months of marketing and moving. The cash thus expended in the purchase of these vast crops in this short time can only be returned when these vast crops are sold and distributed the world's markets. It takes nearly a year for this to be completely accomplished. It is estimated that it takes more than \$200,000,000 each autumn to market and move these crops. Heretofore we have been enabled to accomplish this by drawing drafts and getting accommodations in London, Berlin, and Paris. When we can get these accommodations upon what is known as financial bills our crops are marketed and moved without

much financial disturbance. But if the financial conditions of Europe are such as to prevent us from getting these loan accommodations, then during these months we have acute financial stringency which brings depression and distress. For years everyone has recognized the necessity of making provision for this yearly recurring currency demand. Yet from year to year relief has been delayed and denied, resulting in immense losses to our merchants and farmers, which it is impossible to estimate. This bill provides for the creation of such a currency which will give prompt and efficient relief. It provides that the Federal reserve board may, in its discretion, issue to the Federal reserve banks on application currency in amount equal to collateral presented and indorsed by this Federal reserve bank and member banks deposited with it as security for such currency issues, the collateral thus deposited being notes, drafts. or bills of exchange arising out of actual commercial transactions or being issued or drawn for agricultural, commercial, or industrial purposes, or the proceeds of which have been used or are to be used for such purposes, having a maturity not exceeding 90 days. The currency is issued by the United States Government, is its obligation, and is redeemed by the United States Government or any Federal reserve bank to which it is presented for redemption.

The Federal reserve bank is required to keep a reserve of 35 per cent either in gold or lawful money for the redemption of these notes. Such portion of this redemption fund as is necessary may be required to be deposited in the Treasury of the United States in order to facilitate the redemption of this currency. This currency is perfectly safe. First there is deposited as collateral security for its issuance notes and bonds indorsed by a member bank with the additional indorsement of the Federal reserve bank. The Federal reserve board may require at any time it thinks necessary the deposit of additional collateral security. There is kept a reserve fund of 35 per cent to provide for prompt redemption and in addition this currency is a first lien upon all the assets of the Federal reserve bank. I can not conceive how greater security could be provided.

Mr. President, in order to form a conclusion as to the merits of this proposed method of currency issue, we will examine and compare it with the methods followed in other countries. The banks of England issue notes to the amount of \$90,000,000 against government securities. All other currency issued must be covered by gold coin and gold and sliver bullion held by the bank. Silver bullion must at no time exceed one-fourth of the gold bullion held in the issue department of the bank. This bank has not for many years exercised its privilege of holding silver bullion. The notes issued by the banks are legal tender in England and Wales above \$25, but not in Scotland.

There are 23 other provincial banks in England which are

authorized under law and can issue notes to an amount not exceeding \$6,000,000. These banks have only issued about \$1,500,000 of what they are permitted to issue. These notes are not legal tender. They are a lien on the general assets of the bank, and the stockholders incur an unlimited liability for their redemption. The banks of Scotland have an authorized circulation of about \$13,000,000 not required to be covered by gold. All other issues of Scotch banks are required to be covered either by gold or silver, the amount of silver permitted to be thus used for the issuance of notes not to exceed one-fifth in silver coin. The reserve required for the issuance of notes in Scotland must be held at the head office, the amount thus required being ascertained by averaging the notes in the hands of the public issued by the banks for every four weeks. The notes are not a legal tender. There is an unlimited liability of the stockholders for the redemption of these notes. There is a tax on all issues of notes of 11 per cent. The Government of tax on all issues of notes of 12 per cent. The Government of the Dominion of Canada issues treasury notes to the extent of \$30,000,000 for which it must hold 15 per cent in gold and 10 per cent in Government securities. In all note issues in excess of \$30,000,000 there must be on deposit an equivalent amount in gold. The notes issued by the Dominion of Canada are redeemable in gold and are legal tender. The banks in the Dominion of Canada are permitted to issue notes equal to their paid-up capital without the deposit of security or any tax. In 1909 the circulation of these bank notes amounted to \$81,400,000. In 1908 an act was passed authorizing the banks of Canada to issue during the crop-moving season, from October 1 to January 31, notes in excess of its unimpaired paid-up capital to the amount of 15 per cent of the sum of its paid-up capital and surplus. Any bank taking advantage of this provision was required to pay interest upon the excess at a rate not to exceed 5 per cent per annum, to be fixed by the governor in council.

The bank notes of Canada are not legal tender, nor does the Government bind itself to receive them in payment of dues, nor is a bank required to accept the notes of other banks. The notes circulate everywhere at par. No one has ever lost any money on account of notes issued by Canadian banks. These notes must be redeemed by each bank at its head office and such commercial centers as are designated by the treasury board. These redemption cities are at present the eight largest cities in the Dominion and are the same for all banks. The banks are required to keep on deposit with the minister of finance a sum of lawful money—gold or Dominion notes—equal to 5 per cent of their average circulation. This deposit is called the circulation redemption fund, and is a guaranty or insurance fund for use, if need be, for the redemption of the notes of failed banks. Bank notes are first lien upon the assets of a bank, and bank stockholders are liable to an assessment equal to the par value of their stock. The law of Canada makes no requirements as to reserves for bank deposits or note issues. As previously stated, these provisions have been found amply safe to secure all notes circulated in Canada, which are taken everywhere at par, and no one has sustained a loss on account of note issues. next examine the method of France. The Bank of France has the privilege of a maximum note issue of \$1,600,000,000. These notes can only be issued against cash or statutory loans and discounts. Every note issued has its counterpart either in the metallic reserve or in drafts, bills, and notes discounted. The notes, drafts, and bills thus discounted by law must not have more than three months to run and must have three good signatures, except the bank is authorized to accept paper bearing only two signatures when the third signature is replaced by a deposit of securities belonging to the class of securities admitted by law for loans or by warehouse receipts for merchandise. Two of the signatures must be of parties domiciled in France. The Government of France owes the Bank of France about \$36,000,000, upon which it appears it has the privilege of issuing notes.

We will next examine the system of Germany. The Reichs. bank, which is the central and governmental bank of Germany, can issue notes for gold bullion, and for gold, silver, copper, and nickel coin; for all Government notes held; for notes of all other banks held by it, which banks have the issue privilege, and uncovered notes to the extent of about \$118,000,000. All other notes issued by the Reichsbank in excess of this must not be greater than three times the amount of gold bullion, and gold, silver, copper, and nickel coin, and must be covered by statutory notes, drafts, and bills of exchange, and acceptances discounted and held by the bank. The notes, drafts, and so forth, thus discounted must have three months or less to run and have two good signatures. The notes are redeemable in either gold or silver. There is no limitation on silver, except that the silver coinage in Germany is limited by law to about \$5 per capita. All other issue of notes by the Reichsbank in excess of the above is taxed 5 per cent. There are four other banks of issue in Germany, with the privilege of issuing about \$35,000,000 of notes. The systems of England, Scotland, Canada, France, and Germany are considered the best existing for examination and for the adoption of their best features. I believe the system proposed in this bill offers advantages possessed by neither. To a large extent it utilizes the best features of each of these countries. England, Germany, and France to a limited extent utilize Government securities for the issuance of notes. While this note issue is rigid, yet it furnishes absolute security and is valuable to be retained, provided it is supplemented with an elastic currency. This plan, by a reter-tion for some time of our national-bank note issues and by an amendment which is proposed in the Senate giving the Federal reserve banks the privilege of issuing notes on Government securities, retains this feature, which has long existed in this country, with many advantages, and which has also, as previously stated, been utilized beneficially in England, France, and Germany. We compel a reserve of 35 per cent for all note Germany. We compel a reserve of 35 per cent for all note issues, which is somewhat larger than the requirement of the Reichsbank of Germany, and which we think is far preferable to that of France, which requires no specific reserve.

This insures prudence and safety. It is preferable to the note-issue system of Canada, which also requires no specific reserve. This reserve requirement of 35 per cent gives an elasticity in the issuance of currency to the extent of nearly three times the reserves of the Federal reserve banks. This gives an advantage over the system of the Bank of England, which is rigid, having its note issue limited to \$90,000,000, based upon Government securities and the deposit of an amount of gold coin equal to the amount of the circulation, which really makes only gold certificates. England, having no elasticity in note issues of currency, has been compelled to supply her elasticity by bank checks. This elasticity can be acquired by the use of checks in a small country like England, where checks are promptly and almost daily issued and collected, but not in a

large and extended country like this, where there are frequently many weeks before a check can be deposited and collected. Thus, I am convinced that the system is far better suited to this country than the English system. The proposed system is modeled largely after the German system, and has its conceded benefits with some additional advantages. The German system could not be utilized in time of a financial crisis or a great emergency as efficiently as the system proposed in this bill. The German system provides that there shall be a tax of 5 per cent upon all emergency currency issued. The tax or interest charge upon the currency issued under this bill is regulated by the Federal reserve board. This board can increase or decrease this tax or charge as the requirements of the situation demand. By being privileged to fix the tax or charge upon currency they can retard excessive inflation or in time of gloom and depression give needed encouragement and stimulation. This system, as previously stated, by permitting the Federal reserve board to require one Federal reserve bank to rediscount the discounted paper of another Federal reserve bank, gives the system all the benefit that can be derived from one great central bank in the time of an emergency, yet permits in normal times these Federal reserve banks scattered through the country to look specially after their regions or sections in extending to them their special aid and benefits. Then this system of currency issue has an advantage over the systems of all of these countries in that it is controlled by the Government and is a Government obligation.

It is believed that the issuance of money or currency that passes as money is a governmental function. As every business and industry of America are dependent for success or failure upon the volume and circulation of currency, it is believed its issuance should be controlled by the Government for the public good, not by large individual banks whose policy would be directed by their own profit and interests. The currency issued under this bill is controlled by the Federal reserve board. This board is appointed by the President of the United States, representing all the people of this country. is believed that the President of the United States, feeling the weight of his great office and responsibility, knowing the possibilities of weal or woe in this system of banking and currency, will faithfully, fearlessly, and patriotically discharge his obligation and appoint a splendid Federal reserve board, who will use the powers given them for the benefit of all the people and not the enrichment of a few. It is only through accredited Government officers that the people can act in this matter. What better person could be selected to discharge this great responsibility than the President of the United States? Chosen to represent all sections and all interests, he is the best suited to be given the power of the appointment of this board, to see that the purposes in this proposed plan are carried out as designed for the betterment of all the people. Is it not far preferable to intrust this great power to a direct representative of the people than to private individuals who have no public responsibility and hence no obligation to work for the public interest in preference to their own selfish interests? The President of the United States names the judges of the Supreme Court, who are supreme in the determination of life, liberty, and the rights of property. Has this trust in any way been violated? No. The President of the United States names the members of the Interstate Commerce Commission, who fix transportation rates for communities, cities, and sections and thus largely control the development of this country. Has this trust been violated? No. The members of the Federal reserve board when appointed by the President must be confirmed by the Senate. Can not the Senate be trusted to see that those selected are men of character and capacity, worthy to discharge the duties imposed upon them in this bill?

Mr. President, I am satisfied that a better system of appointment could not be devised, and I am satisfied that the Federal reserve board when constituted will wisely, faithfully, fearlessly, and patriotically discharge the duties conferred upon them to the benefit of the whole country and without favoritism to any. I believe we will have under this system the assurance that the capital and resources placed in the Federal reserve banks will be strictly used for the benefit of commerce, manufacture, and agriculture. I believe that the board will see that all sections of the country are provided when needed with ample bank credits and currency. I believe the board with the resources at its disposal and its power of supervision will distribute credit and currency like rich blood passing through all parts of the body, giving health and stimulation to all sections. I believe it will be able ultimately to prevent the financial dependence of any section of our country upon the favors of large capitalists and financiers. We will have the assurance that largely the currency and bank credits of our country

will be controlled by the Government and used for the general welfare.

Mr. President, I do not look with apprehension, but I look with hopeful expectations of a wise and patriotic exercise of the functions given Government officers under this proposed plan. Government is now divorced from big business. have come in public life. Public officials now realize that the powers given them are held in trust for all the people. witness able and patriotic men entering public life, willing to consecrate their lives for public good. This reform and betterment is but begun, and I believe that each year we will witness more patriotic and efficient Government officials. Government in the past has been mistrusted largely because some of its officials were selfish or corrupt. Government can only only be beneficial in its work and undertakings when its selected officials are capable, honest, and patriotic. I believe the present President of the United States, animated by only lofty and noble principles in all of his work, will select as members of this Federal reserve board men fully equipped, men with noble purposes and whose administration of their office will redound to the great betterment of this Nation.

Mr. President, being satisfied that these banks will be controlled in the interests of the people, let us examine and see the benefits that will come from the establishment of this sys-The issue of currency provided in this bill is particularly fortunate. It gives an opportunity for the issuance of all that could actually be needed without possibility of dangerous infla-If all the national banks join the system, which is fully expected, as previously stated, the resources of the Federal reserve banks would be about \$636,000,000. If the Federal reserve banks in accommodating their member banks for rediscounts should issue currency notes instead of using the resources at their disposal, the currency could be expanded to the extent of \$1,817,000,000 after providing for their required reserves, and the member banks accommodated for rediscounts to that extent. There are those who are apprehensive that this plan would produce an immense inflation and hence reckless speculation, to be followed by financial depression and distress. But, Mr. President, this contention can not be sustained. The Bank of France, which many contend is the greatest financial institution in the world, weathering all financial storms and political revolutions, and frequently in hours of distress furnishing relief to the Bank of England and the Reichsbank of Germany, has authority to issue notes to the extent of \$1,600,000,000. Thus the excess that all the Federal reserve banks can issue over that of the maximum issue of the Bank of France is \$217,000,000. The capital and resources of these reserve banks are three times larger than those of the Bank of France. The resources alone of these reserve banks exceed those of the Bank of France by more than the excess of currency issue permitted. Our population more than doubles that of France. Our wealth far exceeds that of any other nation. The products of our factories exceed those of Britain and continental Europe combined. Our mines furnish the world more than half its mineral products and wealth. Our western prairies are the granaries of the world. The world's comfort and clothing are dependent upon the white cotton fields of the South. We occupy to-day the foremost place in the world's commerce, our exports exceeding those of Britain.

Our internal commerce exceeds all the foreign commerce of the world. Our banking capital and resources exceed those of any other nation. The immensity of our business and commerce may be realized when we reflect that the clearances of the 252 cities in which clearing houses are located average more than \$650,000,000 daily. Every hour during the five hours of banking business more than \$100,000,000 of checks are cleared and settled in these 252 cities. The aggregate for the entire country is so vast that even a vivid imagination is powerless to form a just conception. We are a new country, throbbing with life, enterprise, and need of development. Our demands for currency are great and urgent. Mr. President, the excess of currency issue possible under this bill over the amount permitted to the Bank of France does not exceed the legitimate demands of our greater business, commerce, and manufacture. Besides, inflation under this bill can be readily prevented by the Federal reserve board increasing the tax-interest charge upon the currency issue. The Federal reserve board with its powers stands as a watchman to look out for dangers and a guardian to exercise its power to prevent either undue inflation or depression. Of course, if the State banks and trust companies enter the system the possibilities of an increase of currency would to that extent be augmented, but even then there is no chance of undue inflation. The currency notes are only issued when there is a demand for them first by the customer of a member bank who desires accommodation for commercial, manufacturing, or agri-

cultural purposes. This member bank, knowing its customer and knowing his purposes, must approve the demand and present it to the Federal reserve bank for its consideration and action. The Federal reserve bank must approve the necessity for the demand and present it to the Federal reserve board. The Federal reserve board must finally approve this demand. Thus we have every safeguard against undue and reckless inflation and speculation. The currency notes can only be issued when there is a demand for them for business purposes emanating first from business enterprises.

The undue inflation of currency is further protected by providing that they shall be promptly redeemed by each reserve bank and also by the further provision that, when received by a reserve bank other than the one who issued it, it can not be reissued but must be sent either to the reserve bank or to the Treasury of the United States for redemption. Thus when the notes have been issued and have performed their purpose they will be returned and retired. Under the bill currency will ebb and flow in every community and section as the legitimate demands of business may require. The amount of currency provided is ample for all legitimate business purposes. It provides ample currency to move all our crops of wheat, corn, oats, cotton, and tobacco during the autumn months, to take care of our daily increasing business, and to give credit and currency in the South and West, which are now going through a process of development and where large amounts are needed. Another benefit accruing to the Government on account of the method of issuing these notes is that, being Government notes, the profits derived from their issuance will go to the Government and thus to all the people. All the profits of these reserve banks which issue these currency notes, after the payment of 6 per cent interest on their capital stock, will go to the Government. In addition the Federal reserve board is given the power to fix the tax which shall be imposed upon the issue of notes, thus giving them ample authority to look after the interests of the Government in this respect. Another advantage of this system over the systems of other countries is that this is intended to be a bankers' bank. This was necessary in order not to destroy our great system of individual banks, which we believe is indispensable to the growth of our country, and which when properly regulated and the evils eliminated as proposed in this bill will save the country in the future from a monopoly of money and bank credits. A system which would have put large governmental banks in competition with the small banks scattered all over our country, we believe, would have been most disastrous to the best interests of this Nation.

These banks, owned by the citizens of the various communities, gather unto themselves the funds and resources of these communities to be utilized for their development. What is needed to aid the country in its development is not antagonism, warfare, and destruction of these local banks, but the creation of a system which can extend to them needed benefits and accommodations. This plan is devised with that idea. The Federal reserve bank, in rediscounting paper, in accepting deposits, confines its operations to business with member banks. It only rediscounts notes, drafts, bills of exchange, and acceptances indorsed by a member bank. Thus it is an assistant and not an antagonist of its member banks. This system is a great advantage to a vast majority of the farmers and business men of this country. If the Federal reserve banks had to pass upon the credits and value of individual notes, many worthy men deserving of credit and of financial responsibility would have their paper rejected. It would be impossible for the reserve banks to know the financial standing of a vast majority of the farmers and business men of the country. If a different plan was pursued, the large financial concerns like Swift, Armour, and others, who daily offer their notes for discount, would be practically the only people accommodated; but by accepting the paper indorsed by a member bank, the member bank knowing the financial standing of its customers in their community can readily indorse their notes and have them rediscounted with the Federal reserve bank, which otherwise could not be done. By adopting this plan the bill will enable the small business men and farmers of all sections to get the banking accommodation and credit extended to the large financiers and financial institutions. The plan was devised to accomplish this purpose, and its beneficent results will be readily seen in all sections of the country when it commences its operations.

Mr. President, as far-reaching in their beneficial effects as are the advantages already presented of the proposed plan, there are still others which will be derived from the adoption of this system. The system provides that all the general current assets of the Treasury of the United States shall be deposited in these Federal reserve banks, the banks being permitted to use them for loans and business purposes as other deposits are used.

The current funds in the Treasury of the United States run from \$125,000,000 to \$225,000,000, and frequently more. It is conservatively estimated that this would result in placing in these banks about \$210,000,000 of money by the Treasury of the United States. This money heretofore has either been locked up in the Treasury or deposited in national banks. When locked up in the Treasury of the United States, usually amounting to far more than \$100,000,000, this amount of money is actually withdrawn from circulation and business, and to that extent produces money stringency and depression. When de-posited in national banks, the Government has required the loan to banks to be secured by deposits of either Government bonds or other securities. The securities which the banks de-posit in order to obtain these governmental deposits usually exceed in amount the deposits given the banks by the Govern-Thus, when the Government makes deposits to the national banks under the present system, it really does not increase to a very great extent the ability of these banks to accommodate their customers. Under the proposed plan these deposits are put in the Federal reserve banks and the Government checks upon them as other depositors. Thus the funds in the Treasury are not withdrawn from circulation, but are available under this plan for the business of the country. This obviates the necessity of the banks depositing securities in order to obtain these funds. It prevents the favoritism which has heretofore existed in regard to the deposits of Government money in national banks. The benefits that will accrue from this plan are great and the stimulating effect upon legitimate business and commerce will be promptly felt. Heretofore these deposits of Government money have been mostly in large national banks in New York City and used for stock-speculation purposes. Under this proposed plan these governmental deposits will be put in Federal reserve banks and used entirely for legitimate business This is an advantage to all sections.

As the Government will receive all profits in these reserve banks after the payment of 6 per cent interest upon the capital stock to the member banks, the Government in addition will receive the profits derived from the use of its own money. The profits made by these Federal reserve banks have been variously estimated. Of course any estimate can only be conjectural. Mr. James G. Cannon, president of the Fifth National Bank of New York, an able and most conservative banker, estimates that the Federal reserve bank in New York City after paying a dividend of 6 per cent on stock to the member banks, and no interest on Government deposits, would earn more than \$4,000,000 a year clear profit. The capital of the Federal reserve bank in New York City, upon which he estimates this profit, was placed at about \$20,000,000, which is about one-fifth of the entire capital of all the Federal reserve banks. If the other Federal reserve banks should conduct their business as profitably as Mr. Cannon estimates the Federal reserve bank in New York City would, the net profits of all these banks would be about \$20,000,000. But it is doubtful if all the banks could conduct as profitable a business as the one located in New York. However, from the estimate made by Mr. Cannon it would be safely concluded that the profits of all these Federal reserve banks if properly conducted would aggregate about \$15,000,000, which would belong to the Government of the United States. This system also greatly facilitates the transference of funds from one section of the country to another, saves to the business men and bankers of this country yearly vast sums of money expended in obtaining exchange or transfer vast sums of money expended in obtaining exchange of transfer of funds. This will be of great benefit alike to bankers and their customers. The plan proposed, having provided a safe plan for the deposit of a large part of the reserves required of the banks entering the system in the Federal reserve banks and realizing that these reserves being under proper and patriotic control will be used for the general good, has safely reduced the reserve requirements of all the banks.

The reserve requirements of the country banks are reduced from 15 per cent to 12 per cent, the country banks being required to keep four-twelfths of this in their own vaults, fivetwelfths in the Federal reserve banks, and the remaining threetwelfths either in their own vaults or in the Federal reserve banks as they may determine. The reserves required of banks located in the reserve cities have been reduced from 25 to 15 per cent. Two years after the date of the passage of this act the reserves of the banks located in the reserve cities shall be held six-fifteenths in the Federal reserve banks and the balance held permanently either in the Federal reserve bank or in its own vaults or in both at the option of the bank. A bank in a central reserve city has its reserve requirements reduced from 25 per cent to 18 per cent, of which after two years these banks shall be required to hold in the Federal reserve bank six-eighteenths, or one-third of its reserves, and the remaining twelve-eighteenths

either in its own vaults or in the Federal reserve bank or both. at its option. The plan further provides that on all time deposits the requirements of the reserve shall only be 5 per cent, which heretofore has been 15 per cent in country banks and 25 per cent in other banks. The law provides that all deposits due within 30 days shall be considered as due on demand and have the reserve requirements of demand obligations. makes legal the present system in national banks of paying interest on deposits, which heretofore has been the subject of great doubt as to its legality. By thus reducing the reserve requirements on time deposits and reducing, as previously stated, the general reserve requirements of all the banks, a vast sum of money now locked up as reserves will be released and can be utilized for business purposes. It is estimated that the 7,106 country banks, on account of the reduction of the reserve requirements on demand and time deposits, will have thus released about \$140,000,000; it is estimated that the 367 reserve city banks, by the reduction of their reserve requirements, will have thus released about \$200,000,000; it is estimated that the 52 banks in the central reserve cities will have thus released, by reduction in their reserve requirements, \$110,000,000.

Thus it is estimated that by reduction of the reserve requirements in all the national banks and creation of this plan of Federal reserve banks \$450,000,000 now required to be kept in the vaults of these various banks under existing law will be released under this proposed plan and be made available for trade, commerce, and business. This should be reduced by the 5 per cent redemption fund deposited by the national banks in the United States Treasury to provide for the redemption of their notes, and which was permitted to be counted as a part of its reserve. This is not permitted under this act and is an independent required reserve. Deducting this \$35,000,000 leaves the real reserves thus released \$415,000,000. It is impossible to overestimate the advantages which will accrue to commerce and business by this great release of funds which are now locked up and are of no advantage to commerce and business. The reserve requirements reduced under this proposed plan will nearly provide all the funds needed by the national banks to furnish their capital and reserves for the Federal reserve banks. The interest that the banks will receive upon the \$105,-000,000 of the capital stock for the Federal reserve banks and the privileges of rediscount which these Federal reserve banks will at once extend to all national banks in the country will far exceed any loss sustained by the national banks on account of failure to get interest on their reserve deposited in other national banks as now permitted by law. In addition to being relieved from apprehension and fear in time of financial stress and trouble, which is a great consideration to all bankers, the banks will find their profits greatly increased by becoming members of this proposed system. As all the banks in the country will be made stronger and better and have opportunities for rediscount, they will thus be enabled to extend greater and more liberal accommodation to their customers, to the benefit of all communities and all sections. As previously stated, this proposed plan is designated to assist the banks and thus enable the banks to assist and accommodate their customers. The requirements for the payment of capital stock and for the shift of the reserves to the Federal reserve banks are so adjusted and extended over two years that it can be accomplished without any disturbance of existing conditions or the creation of any contraction of credits.

By the reduction of the reserve requirements and the extension of the time for the payment of capital stock and the deposit of reserves, the system should be enabled to be put in operation with an expansion and not a contraction of currency. The plan should result in giving immediate relief to the present stringent conditions existing in this Nation. I believe the passage of this bill will witness a brightening of the financial skies and dissipation of the clouds of trouble and doubt at present overshadowing our business skies. In order to financial troubles, panics, and currency meet our such as existed in 1907, the plan proposed authorizing the Federal reserve board to suspend for a period not exceeding 30 days, and from time to time to renew such suspension not exceeding 15 days, each and every reserve requirement contained in this act except the reserve requirements with reference to the issuance of Federal reserve currency. much-needed amendment, and if we had had this law in 1907 the panic and financial distress of that time would have been greatly moderated if not avoided. The reserve requirements are imposed for the purpose of having a fund available in time of emergency and financial crises. The banks are required to keep these reserves in their vaults or in specified places of deposit to meet such emergencies and to avoid financial troubles, and yet our existing law is so foolish as to absolutely lock these reserves up so they are available for no use at the time they are most needed. The panic of 1907 furnishes a striking illustration of the folly of the present system. During that distressing period the banks of New York, with more than double the reserve of the Bank of England, suspended specie payment and locked up these reserves, and, so far as being a benefit and relief to the country, they were perfectly useless. The Bank of England, as previously stated, during this time relieved the business conditions in Eugland by making loans and thus dissipating the feeling of apprehension existing. The reduction of our reserve requirements in this plan is not unsafe, as contended by many.

The banks of Canada have no reserve requirements fixed by

law. These are fixed by the judgment and management of the banks. The banks of England have no reserve requirements. The banks of France have no legal reserve requirements. serve of each bank is fixed by the management of the bank. But we have established legal reserve requirements in order to insure the safety and prudent management of our banks and to provide a fund available for use in times of emergency and financial troubles. Thus upon examination of the system of other countries it can not be safely contended that the reserve requirements of this bill are other than wise and all that conservative management could require. The proposed plan presents another benefit in permitting banks to discount notes and bills which are based upon foreign exportation or importation or the domestic shipment of goods. This creates a new class of paper and transactions nearly unknown in this country, but which are greatly used in Europe to great advantage of trade and commerce. It will open a new line of business, profitable alike to the banks and their numerous customers. Nearly all of our foreign business is now conducted through acceptances drawn through London or some foreign money center. This country, having no system of acceptances in vogue by banks, has been compelled to resort to the foreign system in order to conduct our foreign business. All of our transactions in exportation and importation of goods is thus conducted in foreign money centers. The bankers and their customers in this country have to pay immense sums annually for this accommodation. The reserve banks, by being permitted to rediscount the acceptances of member banks, will soon do this class of business to the great benefit of the banks and their customers, and result in the saving of many millions of dollars annually. In addition to giving the Federal reserve banks the privilege of rediscounting the acceptances of member banks, the privilege is further extended in the plan so as to permit any national bank to accept drafts or bills of exchange drawn upon it for either domestic or foreign shipments of goods not having more than six months to run and limiting the amount of such acceptances to one-half of the capital stock and surplus.

This will open up a new field of business for our national banks, much to their profit and to the benefit of their customers, and will also enable them to utilize their resources promptly and efficiently for the moving and marketing of our This enables both the national banks and the Federal reserve banks to aid in this important work. of these provisions are of special benefit to our great agricultural interests. The proposed plan extends further benefits to our farming interests. Under existing law national banks are prohibited from making loans on real estate. They are prohibited from making loans upon this, the safest and best security. This prohibition contained in the national-bank act has been most detrimental to the development of our rural sections and very injurious to our farming interests. It has prevented farmers from obtaining money to improve their farms, to raise and market their crops. It has been an unjust discrimination in favor of the industrial and manufacturing interests against the farming interest. This unfair discrimination is to a large extent eliminated in this bill, and national banks are permitted to make loans upon farm lands, within I regret that this bill did not contain a system of rural credits which would enable the agricultural sections of our country to obtain for a proper and reasonable length of time at a low rate of interest money to purchase farms, to improve and develop their farms when purchased, to raise and move their crops. There is nothing that our country needs more than such a financial system in order to result in rural betterment. I regret that this is not a part of our proposed plan, but we have an assurance that this plan will be followed by the creation of a system of rural credits which will give this needed relief to our agricultural sections. I hope that this promise will be fulfilled and that such legislation will be promptly enacted. I shall certainly do all I can to accomplish this. The rural sections of our country must be

developed if we are to attain the possible summit of our usefulness, wealth, and greatness. We must have not only rural credits but better schools, better roads, better facilities in mail

and parcel post in country districts.

The time has come when the rural sections should receive treatment in all respects equal to our great commercial centers. There is no problem confronting American life more important than a progressive development of our rural communities. I wish this bill contained more liberal provisions for the acceptance of warehouse receipts and bills of lading for farm products as security for loans and discounts. I hope the promises made that these shall be more liberally provided for in the bill for rural credits for the relief of farm communities will be fulfilled, and that there will be an extension of such accommodations to the farmers on lines of safety and prudence.

Mr. President, this plan provides a relief which economists have long contended was needed in our system of currency and banking. It has long been contended that we had no adequate means to protect our gold supply. Economists have continually frightened us by pointing out that our gold supply was completely at the mercy of other nations, and that we could be divested of it at any time, and had no means of prevention. The main reason that has been urged for the creation of a great central bank is to provide the means of protecting and preserving our supply of gold. This is the main argument that has been presented for such an institution.

Yet, Mr. President, despite all the theorists of the academic school of financiers, despite the foreboding prophecies of the selfish financiers for many years, we have to-day the largest stock and supply of gold of any nation in the world. I have no apprehension that this great supply, the greatest accumulation of gold in the world, will be depleted. The balance of trade is largely in our favor. This is a guaranty that we can obtain gold when we need or desire it.

Mr. President, as long as our exports exceed our imports, and our exports consist of the necessities of life that the world must have, whether in times of stringency or not, and our imports consist mainly of luxuries, which in times of depression we can cease purchasing and importing, there is no danger of our sup-

ply or stock of gold being impaired.

This condition creates for us an impregnable position, which enables us to obtain gold whenever needed or desired. As long as this condition exists any gold that is withdrawn from us is but temporarily withdrawn as a loan and can be called back whenever we demand it. This condition is the one which has enabled us to accumulate our great stock of gold and furnishes us the guaranty that we will retain it and add to it when we desire. It is a better guaranty than any central bank or any system of banking and currency that any central bank of any system of banking and currency that could be devised. But in order to prevent a temporary shipment of gold in time of financial trouble and distress, which might accentuate the conditions then existing, this bill provides that the Federal reserve board can control the discount rates of the Federal reserve banks. The rate of discount is the method used by the Bank of England, the Bank of France, and the Reichsbank of Germany to control the importation of gold within these countries or to prevent its exportation. This has been found effective in these countries, and the power is given the Federal reserve board in order to use this power when necessary in this country. But in order to further protect and add to our gold supply the Federal reserve banks are empowered to purchase and sell foreign and domestic bills of exchange, bankers' bills, to purchase gold and silver bullion, to borrow gold and to give as security for it United States bonds and other securities, to buy and sell bonds of the United States and its dependencies, State, county, district, or municipal bonds. These powers given to the Federal reserve board and Federal reserve banks are amply able to furnish every possible protection to our present supply of gold and to add to it whenever the best interests of this country require it. The power given in this respect is all that can be desired and will be found, when used, most effective. The bill also permits under safe and conservative conditions the creation by national banks of branch banks in foreign countries. is prohibited under the existing law.

By permitting the creation of branches in foreign countries we will enable the banks of this country largely to conduct our foreign business, with benefit and profit to the bankers and increased accommodation and the saving of many million dollars to the people of our country. In addition it will give a great stimulus to our foreign trade and give us our own banking facilities in foreign countries, so that we can successfully meet our foreign competitors. It will relieve us from dependence in this vast trade upon foreign bankers. In this great trade it will ultimately result in giving us financial independence, to the great benefit of our agricultural, manufacturing, and

commercial interests.

Mr. President, this proposed plan will give to this country an additional benefit which can not be exceeded by any heretofore enumerated. It will give us a more uniform and a lower rate of interest. The rate of interest charged by each Federal reserve bank for discounts to its member banks will be uniform. Thus in each section presided over by a Federal reserve bank there will be a uniform rate of discount. This will have a tendency to make a uniform rate of interest in that section. It will give to country sections and to new communities where there is a great demand for money a lower rate of interest, which will be most productive of their progress and develop-The Federal reserve board having to approve the rate of discount of the Federal reserve banks will exercise that power to establish as far as safety and prudence will permit a uniform rate of discount for the country. This can but have a tendency to lower the rate of interest in the West and South, where there is now a great demand for money on account of their rapid development. It is impossible to make an estimate the benefits to agriculture, manufacture, and commerce of all the sections of this country which will come by the facilities given by these Federal reserve banks for loans and discounts

and the lowering of interest rates which must come.

I believe that the greatest benefit which will first accrue from this lowering of the rate of interest will be to our rural sections. I believe that these sections will have an opportunity for development from which they have heretofore been deprived on account of the high rate of interest and the difficulty of obtaining discounts and loans. The development and prosperity of our rural sections will necessarily add to the growth, wealth, and prosperity of our cities and commercial centers. tural crops, on account of lower rates of interest and increased facilities for loans and money, will be produced more cheaply and abundantly. The profit and the prosperity of the farmer will be greatly augmented. Thus their purchasing power will be greatly increased. This will result in greater output to our manufacturers, with increased profit to the owners, with increased wages to the employees, and more constant employment. It will increase the business of our great mercantile interests. It will increase the transportation of our railroads and steamship companies. It will thus inevitably increase the deposits and business of the banks, with corresponding increase in

profits.

Mr. President, it seems to me that this proposed plan of banking and currency reform deals justly and fairly with all the varied interests of our country and has within it sources for the great benefit and betterment of each. It is not a perfect system. Such a system has not been and will never be devised. It does not contain all that any of us may desire. There are none of us who, if we had power, would not make some modifications and insert in it some additional provisions. It is constructed on wise, prudent, and conservative lines. It preserves existing conditions where they have been found to be beneficial. Its modifications are to eliminate evils which are great, and which are universally conceded. Its changes are made safely and slowly, so as not to produce a shock to business and finance, unsettlement and disturbance. It follows the pathways which experience in this and other countries has pointed out as safe and beneficial. It will be found efficient in lessening the monopoly of money and bank credits and opens the door of opportunity to every enterprising business man and every legitimate business.

I believe it is the best measure that present conditions will now permit us to obtain. Its worst opponents have been forced to confess that its benefits far exceed its defects. Banking and currency is not an exact science like mathematics. The system can only be perfected by experience. If any defects are disclosed in the future, Congress can readily remedy them. In the future as the operations of the plan shall be disclosed we will perceive what is good and promptly correct what is wrong. For more than the last decade we have been discussing banking and currency reform, and the demand for such a reform is urgent and universal. The time for prolonged debate has passed; the time for action has arrived. The time has come when the differences upon this question, as far as possible, should be reconciled, and the insistent demand of the country

for this legislation should be promptly realized.

Mr. President, to my mind the duty of the Democratic Party is plain. The country has given us power to enact the legislation promised in our platform, included in which is banking and currency reform. The responsibility for failure to enact such legislation will lie with us. When power is given, plat-form promises should be transferred into legislative enactments.

United with individual responsibility is a combined party responsibility. Hence it is the duty of the Democrats to reconcile their differences, as far as possible, and to unite on a measure which can command sufficient Democratic strength to secure its enactment. If each individual Member of Congress will only support measures that meet his entire approval, legislation becomes impossible. Concessions must be made. Differences must be reconciled. The country will refuse to continue in power a party which is unable to act on account of irreconcilable individual differences. Individual pride of opinion should be abandoned for the accomplishment of common good. In the hour of our power and responsibility the time has come for Democratic harmony, not discord; for lessening, not magnifying, differences; for reconciliation, not recrimination.

The Democratic Party should discredit those who for selfish purposes and advancement seek to continue party strife and bitterness which will render impossible that accord and concert so necessary for us in order to discharge our duty and obligations to the country. Poor, indeed, is that Democrat who in this great hour of our opportunity will not bury self and seek the good of his party, and with that the progress and prosperity of our country. The measure here proposed has the support of the judgment of a large majority of the Democratic Members of the House and the Senate. It is a result of the investigation and thought of these Members and the present Democratic administration. The measure as outlined is the common basis upon which the opinions of these upon whom the responsibility lies for legislation have united, and which they believe will fulfill their promise made to the country and will result in great betterment to all our varied interests. It has my cordial support. I shall earnestly and actively do all I can to secure the prompt enactment of this legislation. I have confidence in the wisdom of the President and the Secretary of the Treasury, who have thoroughly investigated this question and approved this measure as wise and beneficial. No one can doubt the ability and patriotism of the President. He possesses in a preeminent degree the elements of statesmanship. An eminent writer has well defined statesmanship as "not only the wisdom to discern, but also the valor to lead along the right pathway."

The President, during the months he has exercised his great office, has displayed in a preeminent degree capacity and courage, the two great elements of statesmanship. In this conflict he has without hesitation and without fear stood by the masses of the people, and determined, as far as he was able, to give the country a banking and currency system promotive of all the interests of all the people and with a view to save the country from the paralyzing influence of monopoly of money and bank credits. He has refused to either compromise or capitulate to a few strong and powerful financiers or banking interests who slowly surrender the privilege hitherto enjoyed of despolling the many for their enrichment. In this conflict he has been sustained by the Democratic Members of the House and Senate. The day of his and our triumph is fast approaching. The time for the passage of this bill may be delayed, but not defeated. Before many weeks have passed this country will have witnessed the passage of this measure with all its great reforms and benefits. The country will receive with acclaim a Democratic President and a Democratic House of Representatives and a Democratic Senate who have the courage and the constancy to fulfill their promises and to enact this measure, and thus enable the agricultural, commercial, manufacturing, and legitimate banking interests of this country to be freed from selfish and sinister domination, and thus permit this mighty Republic to advance rapidly and continuously along the pathways of progress, prosperity, and equal opportunity.

During the delivery of Mr. Swanson's speech,
Mr. WEEKS (at 11 o'clock and 7 minutes a. m.).

dent, I dislike to interrupt the Senator from Virginia, but I am going to make the point of no quorum, and I want to state to

the Senate why I am going to do it.

An order has been adopted that we shall meet at 10 in the morning and continue, with an interruption for dinner, until 11 o'clock at night, presumably for the purpose of hastening this legislation. No one is more anxious than I that the legislation shall be passed at the earliest possible moment, but there is not any use in devoting any time to its consideration unless Senators are going to give it consideration. Here is a Senator making a carefully prepared, deliberately considered speech on this subject which has in it information. If the Senate wishes in-formation it should be here to hear him, because we all know we have not the time to go over the Record and read what Senators have said the day before.

It is the business of the majority under these circumstances to maintain a quorum in this body. Ten minutes after the call

was made for a quorum on the convening of the Senate to-day there were 12 Democratic Senators on the floor and 19 Republicans. At 10.50 there were 12 Democrats on the floor and 11 Republicans. At 11 o'clock there were 10 Democrats on the floor and 11 Republicans. At no time when I have happened to count the majority

Mr. SWANSON. Mr. President, I do not yield for a speech. The Senator has a perfect right to ask for a quorum, but I do

not yield in my remarks for a speech.

Mr. WEEKS. Will the Senator pardon me half a minute? I am about through. I want to give definite reasons for this, and I am not going to do it again.

Mr. SWANSON. The Senator has a perfect right to insist on a quorum. I will yield for a minute more, though.

Mr. WEEKS. I make the point of no quorum, and later I will explain my reasons a little more in detail.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Bacon	Hugues	rage	10000
Borah	Johnson	Perkins	Stephenson
Brady	Jones	Poindexter	Sterling
Brandegee	Kern	Pomerene	Stone
Bristow	La Follette	Ransdell	Swanson
Bryan	Lane	Reed	Thomas
Burleigh	Lea	Robinson	Thompson
Chamberlain	Lewis	Root	Thornton
Chilton	McCumber	Shafroth	Tillman
Clapp	Martin, Va.	Sheppard	Townsend
Clark, Wyo.	Martine, N. J.	Sherman	Walsh
Cummins	Nelson	Shively	Warren
Dillingham	Newlands	Smith, Ga.	Weeks
Fletcher	O'Gorman	Smith, Mich.	Williams
Hallie	Owen	Smith S.C.	

Mr. HOLLIS. I desire to announce that the Senator from Kentucky [Mr. James] has been called to one of the departments suddenly on important business, and also that the junior Senator from Delaware [Mr. SAULSBURY] is absent on impor-

The VICE PRESIDENT. Fifty-nine Senators have answered to the roll call. There is a quorum present. The Senator from Virginia will proceed.

Mr. SWANSON resumed his speech. The VICE PRESIDENT (at 12 o'clock m.). The Chair lays before the Senate the unfinished business, the morning hour having expired. It will be stated.

The Secretary. A bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United

States, and for other purposes.

The VICE PRESIDENT. The Senator from Virginia will

proceed.

After the conclusion of Mr. Swanson's speech, Mr. O'GORMAN. Mr. President, may I now ask the Senator

from Virginia a question?

The PRESIDING OFFICER (Mr. Lea in the chair). the Senator from Virginia yield to the Senator from New York?

Mr. SWANSON. I shall be very glad to yield to the Senator

from New York.

Mr. O'GORMAN. Did I understand the Senator to say that during the latter part of 1907 the banks in New York held the reserves of the country banks and refused to pay them, and that

in consequence a panic was precipitated?

Mr. SWANSON. I stated specifically that the New York City banks owed the country banks, I think, over \$400,000,000 nearly \$410,000,000, to state the figures with more accuracy—by the reports of August 22 of that year.

Mr. O'GORMAN. May I ask the Senator where he obtained that information?

Mr. SWANSON. I obtained it from the report of the Comptroller of the Currency made at that time.

Mr. O'GORMAN. It is possible that the Senator has made a mistake in his statement.

Mr. SWANSON. I think not.

Mr. O'GORMAN. Well, Mr. President, if the Senator had the advantage of the testimony taken before the Senate Committee on Banking and Currency for a period of three weeks, I am sure he would not make that statement. I know of no public question about which more misinformation abounds in this country than about the banking and currency problem. Much of the inaccuracy indulged in from time to time respecting this problem is based on ignorance, and at times it is based upon a desire to aid in disseminating information that thoughtful persons know to lack real foundation.

I desire to call the attention of the Senator from Virginia to the testimony of one or two of the country bankers who testified before the Senate Committee on Banking and Currency, and country. It has not been disputed by the Senator from New

their testimony reflects the testimony given by almost every

country banker who was interrogated on the subject.

Mr. George W. Rogers, president of the Bank of Commerce. of Little Kock, Ark., whose testimony will be found on page 2254 of the hearing, made this statement. The Senator from Ohio [Mr. Pomerene] asked the question:

Did you have any trouble in 1907?

Mr. ROGERS. No, sir; in 1907 I borrowed all the money I wanted to. Fortunately, I was paying off discounts instead of borrowing at the time. But I received from the banks of New York that I did business with cash at par to an amount three times the amount of my balance at the time they put the lid on.

Mr. SWANSON. Now, Mr. President—— Mr. O'GORMAN. The Senator will pardon me until I conclude this statement.

Mr. Francis W. Foote, the vice president of the First National Bank of Hattiesburg, Miss., the second largest bank in the State, testified as follows:

Senator Weeks, Mr. Foote, do you think the New York banks did the best they could to take care of their customers during the panic of 1907?

Mr. Foote. I certainly do; and I feel that we owe them a debt of gratitude which we can never repay. I will never forget the kind treatment they accorded us. We owed one New York bank \$145,000, and our balances averaged almost that amount. I was in New York during the panie, and we had \$90,000 to our credit and owed them \$145,000—all of which was payable on demand. They told us they would loan us more money in the way of credits, but they could not give us cash; but that if we could check on them and satisfy our correspondents they would let us have \$100,000 more money.

And continuing he states:

They know more about the banking business of this country than any other class of bankers. You will go to New York and be treated with more consideration by a New York banker than any other class of city bankers we have. He knows more about your community, more about your assets and your liabilities and what you can do than any other class of men we have. They are more in touch with the situation than any other bankers in this country. I have yet, in the 25 years of my experience, to have any personal knowledge of any unkludness or lack of consideration that a deserving country banker has received at the hands of his New York correspondent.

Speaking, now, of the attitude of New York bankers in the panic of 1907, on page 1530, Mr. Foote stated:

They did not seem to care anything about that. They seemed intent upon saving the situation. I never was impressed more with anything in my life than I was with the absolute loyalty of the bankers of New York City to the country at large.

That is the testimony of a banker in the State of Mississippi. The preceding reference was the testimony of a banker in the State of Arkansas.

Now, I call your attention to the statement of Mr. Alexander Gilbert, the president of the Market and Fulton National Bank, of New York, for 50 years a banker.

This bears upon the attitude of the New York bankers with reference to the rest of the country. He was speaking of the bank balances on September 24 of that year, and he showed from the record that the entire loans made by the New York bankers on that day aggregated \$1,226,000,000, out of which only \$264,000,000 was made to New York bankers, and that almost \$1,000,000,000 were sent out by the bankers of New

York to bankers throughout the country. Much has been said by the Senator from Virginia which will provoke no controversy in this Senate. Fortunately we are approaching the day when we will enact a currency bill which will have the confidence of the country; fortunately the 12 members of the Banking and Currency Committee were practically a unit on the vital features of this legislation; they all recognize the need of improving our methods respecting the mobilization of reserves and of providing elastic currency, and where the members of the committee disagreed, they disagreed only with respect to matters of detail; but when the Senator from Virginia, prefacing his reference to this proposed legislation, indulges in what I conceive to be unwarranted, inaccurate, and unfair criticism of the city of New York, he does himself an injustice, and he does an injustice to his own constituency if he thinks he reflects their views. I very much doubt whether he reflects their views, because the people of Virginia are an intelligent electorate; they know the merits of this and other great questions; they are not going to be misled by the thoughtless vaporing of populistic doctrine, whether they hear it from the housetops, or even though it may penetrate the Senate Chamber.

Mr. SWANSON. Mr. President, I have listened to the Senator from New York [Mr. O'GORMAN]. I have before me a summary made from the report of the Comptroller of the Currency of August 22, 1907, just prior to the panic, when the banks were called on for their reports, which shows that the banks of New York owed the national banks \$213,000,000, and that they owed the State banks \$196,000,000, making \$400,000,000 of money on deposit in New York on that date due other banks in the

York that on October 31 the banks in New York telegraphed and refused to make payments to the interior banks. At that time the banks of Richmond had due them-I had an estimate made at the time-between \$2,000,000 and \$3,000,000 from New York, and they could not get any money. There were not bankers in any of the cities of this country at that time who did not have money due them in New York. The New York banks suspended payment; they did not send out any money; and it was absolutely impossible to get shipments of currency. The position I take is that they suspended the payment of currency when they had \$224,000,000 in their reserves. The Bank of England had only \$120,000,000, but the Bank of England did not suspend payment, but it continued to make payments. The banks of New York could have continued the shipment of currency to make payments to the interior banks and not have precipitated a suspension of payments. They either got scared too quickly or else their action had a sinister motive in it. I have stated in this matter nothing but facts derived from the reports made by the banks themselves.

It is impossible for me to determine how individuals may have been treated by the banks. All that I know is that the large part of the reserves of the country in 1907 were locked up; all that I know is that the interior banks of the country that had deposits in New York in 1907 for two or three months were unable to obtain currency, and that they had to suspend because they could not get the currency to which they were entitled which was on deposit in New York.

Mr. BRISTOW. Mr. President—
The PRESIDING OFFICER. Does the Senator from Vir-

ginia yield to the Senator from Kansas?

Mr. SWANSON. I do.

Mr. BRISTOW. Apropos to the discussion between the Senator from New York [Mr. O'GORMAN] and the Senator from Virginia [Mr. Swanson] in regard to the banks of Virginia and New York and their relation in 1907, I should like to read a letter which I received from Mr. A. W. Wallace, of the National Bank of Fredericksburg, Va., under date of September 23, as it relates to this subject. He says:

I see you ask to hear from country bankers on currency; so I submit the following: My father, brother, and self have controlled the above bank for about 100 years. First, there is no need to bring up haste. If we are to have 12 large breakwaters to impede the free and natural circulation of money, the stock should be subscribed to voluntarily, etc., and all the people who wish to subscribe should have an opportunity.

\* \* Deposits should be induced, and the Government and depositors put on the same footing, interest paid in proportion to the amount of deposit, if interest is paid at all. My bank pays no interest for taking care of people's money. The banks should be controlled by the owners of the stock.

Money goes where it is needed, regardless of banks. If New York could lock up all the money for a month, New York would starve. This bank in the panic of 1907 sold New York currency at 105 every week.

Mr. WEEKS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Massachusetts?

Mr. WEEKS. I will wait until the Senator concludes.

Mr. SWANSON. In reply to the Senator from New York [Mr. O'GORMAN], I will state that the figures which I have given in my address to the Senate were compiled from reports of the Comptroller of the Currency. They show a condition of affairs which has impressed this country ever since, and that is the necessity of having the bank reserves of the country put in banks where there is a public responsibility for their proper

Mr. O'GORMAN. Mr. President—
The PRESIDING OFFICER. Does the Senator from Virginia

yield to the Senator from New York?

Mr. SWANSON. I will in a moment. The figures also show beyond dispute or contravention that the deposits of the interior banks were held in New York, and that in the time of the panic the interior banks could not get their deposits. That is not

Mr. President-

The PRESIDING OFFICER. Does the Senator from Virginia yield, and to whom?

Mr. SWANSON. I yield to the Senator from New York, who first asked recognition.

Mr. O'GORMAN. I simply want to ask a question. understand the Senator from Virginia to say that the banks of the city of New York had \$400,000,000 of the reserves of the country banks and withheld those deposits?

Mr. SWANSON. On August 22, 1907, according to the report made just before the panic—another one was made in December, or some other time during the panic—the New York banks had \$410,000,000 on deposit due to national banks and State banks outside of New York,

Mr. O'GORMAN. Has the Senator the record of the loans made by the New York City banks to the country banks at the same time?

Mr. SWANSON. I have not. Mr. O'GORMAN. The Senator would find—and it is a fact, and not a matter of opinion-that the loans, accommodations, and credits made by the New York City banks at that time to the banks of the country exceeded the amount of reserves on deposit in the New York City banks by the country banks.

I am satisfied that it will show exactly the Mr. SWANSON. reverse. I should like to ask the Senator this question: What right has a reserve bank to take the money put on deposit with it by another bank, lean it out, and then suspend payment and refuse to pay the deposits of the banks in the interior, which were forced to suspension throughout the entire country? recall that at that time the banks of the city of Richmond had between two and three million dollars on deposit in the banks of New York and that the banks of New York would not furnish the Richmond banks any currency. I came here at that time to see the Comptroller of the Currency and the Secretary of the Treasury, at the suggestion of a committee of bankers of Richmond, but instead of giving us the money we ought to have, they were withdrawing the internal-revenue deposits from Richmond and sending them to New York.

Mr. O'GORMAN. Mr. President, I can only remark at this time that I very much regret that when the junior Senator from Virginia was preparing his exhaustive treatise on the subject of banking and currency, with some incidental references to the pending legislation, he did not read the testimony taken before our committee for three or four weeks, which would demonstrate that the statement contained in his initial address was without foundation in fact; that it was misleading; and that it did not correctly state the conditions that prevailed in 1907; and his statement is in part refuted by the very letter just read by the Senator from Kansas [Mr. Bristow] from one

of the constituents of the Senator from Virginia.

Mr. SWANSON. Mr. President, it is exactly the reverse of what the Senator from New York states. He endeavors to get some isolated evidence of witnesses here and there to controvert the reports made by the banks themselves. I have given no opinion of my own; I have simply taken facts that can not be disputed and shown how the reserves in 1907 were utilized. I have shown that the reserves should be taken from the great reserve centers and put in Federal reserve banks to be used entirely for the public good, as provided in the currency bill here proposed.

Mr. WEEKS.

Mr. WEEKS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Vir-

ginia yield to the Senator from Massachusetts?

Mr. SWANSON. I will yield to the Senator in a moment. should like to say, further, that a profound impression was produced in the country when the suspension originated in New York in 1907. All the Senator will have to do to get the facts will be to read the reports of the Monetary Commission, which investigated this matter. He will find the same facts and same statements therein contained. Now, I yield to the Senator from Massachusetts.

Mr. WEEKS. Mr. President, I wish to call this fact to the attention of the Senator from Virginia. When the panic of 1907 broke at the end of October, in round numbers the New York national banks had deposits of \$1,200,000,000, and of those the deposits of all banks, including savings banks, were about \$525,000,000. I am stating this from memory. It is required by the law—for which Congress is responsible and not the national banks-that the reserve city national banks shall keep 25 per cent of their deposits in their vaults in cash. Therefore it was necessary that they should have \$300,000,000 in their own vaults. The statements show that the New York national banks at that time had the reserves required by the law enacted by Congress. What happened? As soon as the panic came on the country banks and others commenced to withdraw their deposits; and the Senator is complaining because the New York banks stopped paying when they had gotten down to \$224,000,000 of reserves, which was not 25 per cent of their deposits or anything like 25 per cent of them.

Mr. SWANSON. The Senator makes-

Mr. WEEKS. Just a moment. As a matter of fact, every New York national bank was breaking the law when they suspended as they did. Now, I ask the Senator if it is fair to criticize the banks for stopping at some point when they knew that they were breaking the law which we had deliberately imposed upon them?

Mr. SWANSON. I will answer very frankly that the datement of the Senator is correct. They had \$224,000,000 in their reserves, which was somewhat less than their reserve require-

ments, but the law does not prohibit a bank from paying a depositor in order to keep up its reserves, although it can not loan money when the reserves are less than 25 per cent. The reserves are kept to make payments to depositors and not to make loans. As I understand the law, it is the duty of a bank to contract its loans, if necessary, in order to pay its depositors their money. The complaint I make of the New York banks their money. The complaint I make of the New York banks is that they did not contract their loans sufficiently to pay the

interior banks their deposits.

Mr. WEEKS. Mr. President, the Senator is wrong about that. A bank has no right to reduce its reserves below the legal requirements of the law; and if it does reduce its reserves below that requirement, the comptroller may order it to cease loaning until its reserve is made good. The reports that have been made about the New York banks have been very largely exaggerated. Let me give the Senator an instance of a statement made to me when I returned to Washington in December of that year. A representative from a large and representative southern city told me that the banks of his locality had been unable to get any currency from New York, and he went on to tell me just what had happened-how the New York banks had refused to give them currency, and had finally said that it could be purchased at a premium of 2 or 21 per cent. The next time I went to New York I went into the bank which was the correspondent of that particular southern bank, and I found that its average deposits, we will say, were \$300,000, and that during the time from the 28th day of October until the 5th day of December the New York correspondent of that southern bank had sent it more currency than its average deposits in the New York bank. The only basis for the statement that it had refused to send any more was a telegram from the southern bank asking at what premium they would be able to purchase more currency if they needed it, recognizing the fact that they had received all they were entitled to. That was the kind of statement made by the country banks everywhere. When the Comptroller of the Currency called for a bank statement in December, it was clearly demonstrated that the country banks had very much more than their required reserves, and that all the reserve city banks had very much less, which in time completely demonstrated the fact that the country banks had been calling home deposits which they did not require.

Mr. SWANSON. The bank statements showed that the coun-

try banks had contracted their loans \$83,000,000, and that during that time, when the country banks were contracting their loans, loans had been expanded in New York by \$64,000,000 and contracted in the rest of the country by \$83,000,000.

Mr. WEEKS. The Senator is very much mistaken about that; but if he were correct about it, he would be making an argument for just exactly what we want as the result of this proposed legislation. Every other nation in the world, when a panic is impending, increases its loans, while we restrict credit.

Mr. SWANSON. Loans should never be increased to the detriment of depositors. The depositors are entitled to a higher consideration from the banks than people who want to loan The banks of the entire country were embarrassed because they could not get their currency from New York. As to whether or not New York was frightened and suspended too early is a question of debate; but I know that at the time I was governor of Virginia the banks of Richmond appointed a committee, of which I was one, and we came in to see the Secretary of the Treasury and the Comptroller of the Currency. That committee made an estimate at the time they came here of the amount owed to the banks in the city of Richmond by the national banks in New York, which showed that the amount was between two and three million dollars, for which they could not get any currency.

Mr. WEEKS. What I want particularly to point out is that

this is not the time to complain of what the New York banks did or did not do at that time. Everybody admits that we ought to change the system; that we ought to make our reserves more mobile and put them where they will be available in case of necessity. I believe that the New York bankers did every-thing they could under those conditions; there may be an honest difference of opinion on that subject, but let us not do an injustice to a set of bankers simply for the sake of bolstering an excuse for legislation when that injustice is not necessary to

find reasons for it.

Mr. SWANSON. Mr. President, I have done no bankers, I have done no city, I have done no Senator an injustice, unless to point out the facts disclosed in the report of the Comptroller

of the Currency is an injustice.

The point I make, Mr. President, is this: Most of the reserves in the panic of 1907 were in New York City. Whether it was done intentionally, whether it was done unwisely, or how it was done, we know, at least, that the system broke down in 1907.

Mr. WEEKS. And always has done under such circumstances.

Mr. SWANSON. And always has done so. We know there is a concentration there, and we know that there is an imperfect responsibility on the part of the great banks of New York as to how they shall use the reserves. I use 1907 as an illustration to show that it is unwise to continue a system that will concentrate all the reserves of this country in the New York City banks. I have shown that at that time they failed to respond or to measure up to what was necessary in order for the reserves of the country to be properly utilized. I used that as an argument to show that the Federal reserve banks as designed by this measure constitute the proper remedy.

Mr. O'GORMAN. Mr. President-

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from New York?

Mr. SWANSON. I do. Mr. O'GORMAN. I simply want to call attention to the fact, which the Senator from Virginia will recognize, that the reserves of the country banks, so called, were not confined to New York City, but that they were deposited in Chicago; they were

deposited in St. Louis.

The suggestion was made earlier to-day that in the 47 reserve cities, not to speak of the central reserve cities, all these deposits were absorbed by New York City, when the truth is that all the reserves going to New York City went voluntarily from the country banks, because they could get, either in New York City or in Chicago or in St. Louis, an interest rate on reserve money that they could not get elsewhere. The bankers in New York City to-day who were before our committee expressed their pleasure at the prospect of the passage of a bill which will relieve them from using the reserves of the country, because when they receive in New York City these reserves from country banks they have to use them on call loans, in order to get some return for what they are distributing among the country bankers throughout the country.

Mr. REED and Mr. WEEKS addressed the Chair. The PRESIDING OFFICER (Mr. Lea in the chair). Does the Senator from Virginia yield, and to whom?

Mr. SWANSON. I yield to the Senator from Missouri.

Mr. REED. I simply want to put in one fact. I have no interest in this controversy, except that accuracy may be adhered to.

The Senator made several times the statement about all the reserves of the country being in New York City. I happen to have before me the report of the comptroller for May 20, 1907. The reserves required on that day for New York City were \$216,583,244; for Chicago, \$65,376,731; for St. Louis, \$28,-445,794—a total for the central reserve cities of \$310,405,770.91.

In addition to the central reserve cities there were 47 reserve cities which held the reserves of country banks in the same manner that the central reserve cities held the reserves of country banks or the reserves of reserve cities. I find that in those 47 cities there were required reserves of \$356,349,-238.53. There were total reserve requirements in the country, counting the central reserve cities and the reserve cities, of \$666,755,009.44, of which New York was required to have \$216,583,000. I drop the odd figures.

So instead of all the reserves being kept in New York, as the Senator stated—and I presume he meant only to generalize—less than one-third of the reserves were in New York

City.

Mr. SWANSON. The Senator means of all the banks?

Mr. REED. Of all the banks of the reserve and central reserve cities. The Senator, I know, perhaps did not mean to employ more than a figure of speech, but it might very well be misconstrued.

Mr. SWANSON. Mr. President, about two-thirds of the reserves of the central reserve cities are usually in the banks of the city of New York.

Mr. REED. Mr. President, the Senator certainly-

Mr. SWANSON. My address, to which the Senator did not do me the honor to listen, I think, states how these reserves are distributed. If I said that all the reserves of the country were in New York City, if I used language so broad as that, of course it could not cover all of them. As the Senator states, about two-thirds of all the central reserves are there. A bank is required to keep 6 per cent of its reserves in its own vaults. In the case of a reserve city bank it is required to keep 121 per cent in its own vaults.

Mr. REED. The Senator is in error again. I did not say

these were all the reserves of the country; I said the reserves of the reserve cities and central reserve cities, which of course expressly excludes the 6 per cent the Senator is now talking

about, which is held by every country bank.

I did do the Senator the honor, if he calls it an honor, of listening as long as it was possible for me to remain; and I have been out of the room only about 10 or 15 minutes.

Mr. WEEKS, Mr. President— The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Massachusetts?

Mr. SWANSON. I yield to the Senator. Mr. WEEKS. There is one other suggestion I wish to make to the Senator from Virginia on this particular subject.

Banks, ordinarily, deposit with their reserve agents not cur-ency but credits. When they are having trouble at home, as rency but credits. When they are having trouble at home, as they did in 1907, they do not ask for the return of their credits, but they ask for currency. If at that time the New York banks had been called on by their individual and bank depositors for 25 per cent of their deposits, I should like to ask the Senator from Virginia what they would have done? It would have taken every dollar they had in their own vaults, and they had at that time the legal reserve required by law. How were they going to recoup themselves? Is not that exactly what we are trying to do in this legislation—to arrange a plan which will enable banks, under such conditions, to recoup themselves, to get gold, to increase their reserve deposits?

Mr. SWANSON. Mr. President, in reply to the Senator from

Massachusetts, I will say that the contention we had with the New York banks was that they had the reserves of the interior banks on deposit, and they were entitled to have this money sent to them. The report of banks made to the Comptroller of the Currency during the panic, I think, shows that in order to get up their reserves the country banks were compelled to contract loans to the extent of \$83,000,000. Contraction went on in the case of the country banks; but during the very time when the country banks could not get money on their deposits, New York

expanded her loans to \$60,000,000 or \$64,000,000.

My contention is that New York ought to have continued to pay to the country banks out of these reserves until they were finally depleted rather than to have suspended. My under-standing of the law is that it does not require you to refuse to pay a depositor when your reserve gets down to 25 per cent; but the Comptroller of the Currency can prohibit the bank making further loans after the reserve gets down to 25 per

I do not understand the law to say that the minute your reserves have fallen to 25 per cent you can not pay out any money over your counter. It is the duty of a bank then to contract its loans and increase its reserves so that it can pay its depositors. I think that fund is there for the purpose of paying I think the country banks should have had a part of that \$224,000,000, instead of its being all locked up.

Mr. WEEKS. I think the Senator from Virginia is wrong in some of his figures. I shall take the pains to look them up, in order to indicate to him in what respect he has drawn a wrong conclusion. I have not in my mind the definite figures, so I can not repeat them at this time. I think he is also wrong about the reserves required. We do require that certain reserves shall be kept, and if failure to do so is called to the attention of the comptroller, and by him called to the attention of the banker, he forbids the banker making any more loans until his reserve is brought up to the requirement.

I ask the Senator again, What would have happened in New York if all the depositors in New York banks had gone into the banks and drawn 25 per cent of their deposits? It would have taken out of their vaults every dollar of money the New

York banks had.

Mr. SWANSON. There was no demand at that time sufficient to imperil the situation if the New York banks had paid out to depositors less than the 25 per cent reserve, which, as I understand, is limited by the law to loans. I understand that the reserve is kept there for the purpose of paying depositors. I am satisfied that the banks of New York got scared entirely too quickly.

There was a crisis in England at that time, and, as I understand, the Bank of England had about \$120,000,000 of reserves. The Bank of England continued to make payments. Its reserves were reduced to \$85,000,000 during that crisis, and still it did not suspend payment. As I understand, the reserves in the city of New York were never less than \$215,000,000 during

the entire crisis when payment was suspended.

What I desire to emphasize is the difference between the management of a bank run entirely for the public interest and banks run for private interests. The purpose of my remarks was to show that a bank governed and controlled like the Bank of England, and holding the reserves of the nation, continued payments with half the reserves possessed by the banks of the city of New York, and reduced them down to \$85,000,000, and never suspended; yet the banks in the city of New York

never had less than \$215,000,000 in their reserves during the entire panic and suspended with reserves amounting to practically \$224,000,000.

Mr. WEEKS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Vir-

ginia yield to the Senator from Massachusetts?
Mr. SWANSON. I do.
Mr. WEEKS. I should like to call the Senator's attention to the fact that the laws of England do not require that the Bank of England or any other bank in England shall keep any reserve, while our laws do require it. More than that, how-

Mr. SWANSON. That is true, Mr. President. I pointed out that it is a wise provision in this bill which allows the Federal reserve board to suspend the reserve requirement for 30 days and continue it, if needed, for 15 days more, and I stated that if that had been the condition then it might have been able to handle the emergency in New York. My impression is that New York suspended too quickly, got frightened too quickly, and held there \$224,000,000 that was of no use. It never was reduced but \$9,000,000.

Mr. WEEKS. Mr. President, the Committee on Banking and Currency had before it a large number of bankers during the hearings which we gave in the months of September and October. A great many of them were country bankers. Many of them were from the South and the West. In only a single instance did those bankers give us a syllable of testimony to any other effect than that, in their judgment, the New York banks did everything they could for the country bankers during the period of distress in 1907.

Mr. SWANSON. I think the Senator was on the National Monetary Commission headed by former Senator Aldrich, was

he not?

Mr. WEEKS. I was.

Mr. SWANSON. Most of these figures I gathered from publications emanating from that commission, which had all the facts before it. If the Senator will read the report and publications of the commission, he will find an article by an expert, whose name I forget, transmitted to the Senate by the commission with its approval, giving an account of the crisis commeacing in this country in the winter of 1907, in which all of these figures are compiled; and he will find a synopsis is made of the report of the Comptroller of the Currency giving these figures accurately, clearly, and distinctly.

Mr. WEEKS. I am quite familiar with those figures.

signed the report. The general statement that we ought to change the system is absolutely correct. There is not a Member of this body who does not recognize the fact. What I have drawn attention to, however, or intended to draw attention to, is the fact that, in my judgment, the Senator from Virginia has drawn a wrong and improper conclusion as to what the banks in central reserve cities did at that crisis. I believe they did everything they could, and that they should not be subjected to

criticism because they tried to conform to the law.

Mr. SWANSON. Mr. President, the Senator from Massachusetts can not deny that these banks had made loans until they had reduced their reserves. He can not deny that when these loans were made the banks knew full well that the interior banks of the country had on deposit with them millions of dollars as a part of their reserves. He can not deny that after these loans were made and the interior banks wanted to get currency, so as not to suspend payment all over the country, it was impossible to do so. Money was due them from their correspondents in New York and the central reserve cities. That is not denied. That can not be disputed, from the reports made by the banks themselves. They simply occupied this position: They loaned to their customers in such a way that they could not pay their depositors.

That was my contention. I contended that during the speculation and the great boom that had preceded the panic they had made loans largely in excess of what it was safe to make, and that when the panic came they could not pay their depositors when they wanted to pay them, in the autumn, for their crops of wheat, corn, oats, and other crops. That is a yearly recurring demand in the interior. It comes every autumn to move the crops of wheat, corn, cotton, and tobacco. They expected It was bound to come. It never fails to come. it to come. Yet when the time came to get this money for that purpose it

was not available.

The position I take is that this shows the wisdom of no longer permitting the reserves to be concentrated in money centers. It shows the wisdom of letting these reserves be put, as they are in the Bank of England, in the Bank of France, and as it is purposed under this bill to have them put, in banks where there will be a public responsibility for their use, in

order that they may be available for public good and not for

Mr. O'GORMAN, Mr. WEEKS, and Mr. PAGE addressed

The PRESIDING OFFICER. Does the Senator from Virginia yield, and to whom?

Mr. SWANSON. I yield to the Senator from New York. Mr. O'GORMAN. I simply want to ask one question.

Mr. O'GORMAN. I simply want to ask one question. Did the Senator from Virginia read in the report of the Monetary Commission that all the reserves of the country were located in New York in 1907?

Mr. SWANSON. No; and I have never made that statement. My speech does not show it. My speech shows, and my statements show, that every dollar and cent of reserves due banks amounted to about \$410,000,000 at the time of the August report to the Comptroller of the Currency.

Mr. O'GORMAN. The Senator, however, made no reference to the amount of the reserves of the country that were distributed not only in Chicago and in St. Louis, two of the central reserve cities, but in the 47 other cities which are known as reserve cities, all of which cities show a bank membership holding the reserves of the country amounting to about \$452,000,000.

Mr. SWANSON. And New York holds about two-thirds, Mr. O'GORMAN. One-third, according to the evidence fur-

nished by the Senator from Missouri [Mr. Reed].
Mr. SWANSON. If the Senator will examine the statements, he will find that about two-thirds of the reserves of the three central reserve cities—St. Louis, Chicago, and New York—are usually in the city of New York.

Mr. O'GORMAN. What about the 47 reserve cities?

SWANSON. They are reserve cities for the country They are not congested there. Of course they have Mr. SWANSON. some, but usually a country bank makes its deposits in a reserve city bank. That reserve city bank will keep 12½ per cent of it in its own vaults and send the other 121 per cent to the central reserve city, as the Senator states, because it gets 2 per cent interest on its daily balances there.

Mr. O'GORMAN. Then, as I understand the Senator from Virginia, if he did state in his carefully prepared written address that all the reserves of the country were in New York in 1907, he made an error, when, in fact, only one-third of the reserves were located in the city of New York?

Mr. SWANSON. I did not make that statement in my ad-My address gives a compilation, taken from the report of the Comptroller of the Currency, of statements made by the banks themselves in their reports.

Mr. WEEKS. Mr. President, just one more suggestion to the Senator. He has before him the August report of the Comptroller of the Currency. If he will look, he will find that at that time the New York banks had their legal reserves in their own vaults. Very infrequently do the New York banks vary more than 2 per cent from their legal reserves in either direction. They were as well prepared at that time as banks in central reserve cities ordinarily are to meet the ordinary requirements of the fall months.

I do not think the charge can be properly made against the New York banks that they were not within their legal requirements, and that they had not made the ordinary provision for the requirements of their correspondents during the fall months.

Mr. SWANSON. Now, I should like to ask the Senator a question. New York was the first city to suspend. On October 31, as I understand, the New York banks sent telegrams to their correspondents saying that they would no longer ship currency on the demand of their correspondents. I do not know how much the New York banks had when they suspended; that is not shown; but in August, at the time of the last report made to the Comptroller of the Currency before they suspended, they had from all banks—State, national, and outside banks—about \$410,000,000 on deposit, due the banks. Whose fault was it, if we are going to discuss that matter, that those banks were not able to pay their depositors? If it was occasioned by excessive tions to their customers, by expanded loans, producing speculation and a boom, it was the fault of these banks.

Mr. WEEKS. If they had their legal reserves, what more could you expect of them?

Mr. SWANSON. That is not a wise policy to pursue where you have the reserves of other banks. Then, if the Senator's interpretation of the law is correct, there is hardly any day when you get down to the 25 per cent that an interior bank can get its money, because the Senator construes the law to be that you can not pay a depositor when you have less than 25 per cent of your reserves. I think the law is that they shall pay their depositors whenever a demand is made, regardless of the 25 per cent. That is limited to the loans.

Mr. ROOT. Mr. President—
The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from New York? Mr. SWANSON. I do.

Mr. ROOT. I desire to ask the Senator from Virginia whether the banks of Virginia and other country banks that sent their reserves to the banks in New York did not receive interest upon them?

Mr. SWANSON. They received 2 per cent interest.
Mr. ROOT. They received 2 per cent interest upon those deposits. They expected them, then, to be loaned; did they not?
Mr. SWANSON. They did.

Mr. ROOT. And they knew that when they were loaned if there came a sudden demand from all parts of the country and from all depositors upon the banks they, equally with other deposits, would be subject to the difficulties and embarrassments and limitations arising from this defective system, did they not? They knew that the deposits upon which they were receiving 2 per cent interest would be loaned, and that they could not get them again unless the loans when called They knew that, did they not? were paid.

Mr. SWANSON. They expected the money to be loaned in such a way that it would be available when their urgent demand required it in the fall. That has been the usual course.

Mr. ROOT. How? How did they expect it to be loaned? Mr. SWANSON. They expected that the banks would be sufficiently wise and conservative to make their loans in such a way that this money would be available when demanded. That is considered conservative and legitimate banking.

Mr. ROOT. Did they not know that they were sending their money to the city of New York on 2 per cent interest in the expectation that it would be loaned on call?

Mr. SWANSON. It is usually loaned in that way.

Mr. ROOT. They knew that was the course of business; and they knew, did they not, that their deposits were subject to all the infirmities that accompanied the system of gathering the money of the country in New York to be loaned on call?

Mr. SWANSON. These loans were payable on demand. All the deposits of banks, as I understand, are payable on demand. The banks accepted the loans for this 2 per cent with an understanding with the interior banks that when demanded they would get their money. It is usual to let this money accumulate there in the spring and summer, and the demand is always made for it in the fall. That is the usual course. It is a fall demand. The panic of 1907 was precipitated when the interior banks needed the money for the purposes of crop movements, which were just as certain to come as anything could be certain, and had come from year to year.

Mr. PAGE. Mr. President-

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Vermont?

Mr. SWANSON. I do. Mr. PAGE. I think that in justice to my New York banker

friends I ought to say a word here.

I think the Senator remembers that along during that panic all the country banks were sending to their correspondent banks in New York City their checks and drafts on every city from Maine to California. Our New York correspondent bank said:

We will receive these checks from you, but we want you to know that when you draw against them you must draw in clearing-house funds. We can not accept the immense amount of checks that are being sent to us from all parts of the country when we know that we can not get cash for them, but must take clearing-house funds, unless in making your deposit you agree to accept clearing-house funds.

It is true that in December, as the Senator stated, there was a large balance to the credit of country banks, but my recollection is that the country banks, in making their deposits all through November, were compelled to say to the New York City banks: "When we draw upon these deposits we will draw in current or clearing-house funds."

If they took the deposits subject to those conditions, I do not see why the Senator has any right to say that those banks were

breaking faith.

Mr. SWANSON. The Senator is entirely correct. If they carried out the conditions under which the deposits were made, there should be and could be no complaint. Deposits that were made in that way were subject to the conditions upon which they were made, and the banks that made such deposits had no

right to demand currency.

Mr. PAGE. I should like to ask the Senator if he does not know that practically all the deposits made in the late fall of

1907 were of that character?

Mr. SWANSON. I do not know what the deposits were. I did not allude to the deposits due to banks after the panic had proceeded. The complaint I made was at the precipitation of the panic, when the reserves, from the last report in August,

amounted to \$410,000,000. The suspension there precipitated a suspension all over the United States. After you had suspended and the banks all over the country began to issue clearing-house certificates, there was nothing else to relieve the situation; but for the first three or four weeks, when it became necessary for the city to determine whether it would or would not suspend, whether it would issue currency or would not issue currency, the condition was very acute all over the

There were but 53 cities that did not suspend payment during Richmond did not suspend. Norfolk, Va., did not suspend. Richmond was about to suspend on account of the conduct of the Secretary of the Treasury. Richmond had due her between two and three million dollars from the banks in The deposits from internal revenue were taken from Richmond and sent to New York. It was only by the most persistent effort that we were enabled even to have the deposits of internal revenue allowed to remain in Richmond.

Mr. PAGE. But does not the Senator know that the deposits which were sent from Richmond to the credit of Richmond banks in New York were depositors' checks drawn on banks

all over the country?

Mr. SWANSON. Of course it is plain that after New York suspended payment and sent all of its correspondents a telegram on October 31 that it would no longer ship currency, all the deposits then were made subject to the fact that they would

not be paid by the shipment of currency.

Mr. PAGE. The fact still remains that the city of New York probably could have paid their depositors the cash at the time of suspension if the currency could have been collected on checks being sent by every country bank to their city correspondent banks in New York; but they could not, and therefore the New York banks were compelled to say to the country banks, "We can not agree that all your deposits may be withdrawn in cash, because we can not get actual cash on the checks you send us. We must therefore decline to receive and credit these checks to your account except to be paid back in current funds, or, as they were called, clearing-house funds."

Now, one word more before I sit down. I do not believe very much in relating personal experiences, but I want to say to the Senator that Vermont was not really very short of money during the panic of 1907. We would hardly have known there was a panic if the papers had not told us there was. I was president of one Vermont bank whose gain in deposits in the panic year 1907-8 was \$486,000. In other words, the deposits exceeded the withdrawals during the year by that sum. During the panic, having a surplus of money, I went down to New York to visit our correspondent bank, the City National Bank, and, walking into the office of the vice president, I said What can you do for us? to him, "I want to place \$50,000. He touched a button and the clerk brought a statement of the bank with which I was connected. He looked at our statement, and, that statement showing we were good, he said, "You can have it." I observed that he mighterpreted my suggestion and I observed that he misinterpreted my suggestion and thought we wished to borrow \$50,000, and it occurred to me that I would pursue the inquiry a little further before I informed him of his mistake. I said, "At what rate?" He replied, "Six per cent." "Six per cent." Money was then being loaned generally to everybody outside at 12, 18, and 20 per cent, and I do not know but 100 per cent. The president of the City National Bank, upon further inquiry, told me they were not loaning a dollar at more than 6 per cent. They were taking care of every one of their correspondent banks at that rate if they believed them worthy.

I simply want to say that when the Senator from Virginia says that the banks were all being run for a selfish end, or for a selfish purpose, I will confess it, because a bank is selfish in taking good care of its correspondents. The banks of New York stood squarely by their correspondent banks, so far as I know. I think I know the same was true in regard to our Boston correspondent bank. I believe if the Senator will ask his banks at Richmond if they were not always paid in current funds, or, as they are called, in clearing-house funds, on demand, they will say that they were, but New York banks would have been compelled to stop business had they taken all the checks that were sent in by the banks of the country or assumed the burden of paying the currency thereon when the checks being sent them for collection could not be collected in currency.
Mr. REED. Mr. President, if the Senator from Virginia will

pardon me, I want to ask him if he thinks that a bank is under any greater obligation to pay to a bank the deposits it has placed with it than it is to pay an ordinary depositor?

Mr. SWANSON. I will say not, except with this difference:

In New York a depositor could get a check from one of these banks to another bank in New York and use it for all purposes on debts due in New York.

Mr. REED. I am not speaking of a failure.

Mr. SWANSON. New York depositors were not embarrassed at all, because they could get checks from the banks and use The only difference was that these New York clearinghouse certificates or bank checks that were given on banks were

not available outside of New York for the purposes of currency.

Mr. REED. That is not the question I am asking. The Senator has spoken of the refusal of the banks to pay to banks the money that the banks had deposited. I take it he did not mean to say that a bank in a reserve city was under any higher obligation to pay to a bank its money than it was to pay an individual depositor his money.

Mr. SWANSON. No; none. Mr. REED. And that is true now of all the banks of the country?

Mr. SWANSON. I think so.

Mr. REED. Now, the Senator has complained that banks of the reserve cities did not pay to the banks the money they demanded, and has said that they ought always to have kept themselves in a position to have paid on demand to the banks the reserves the banks had deposited with them. What I want to ask the Senator is this: Those deposits being of no higher character than the ordinary deposits in a bank, if he were to apply the rule which he has laid down to all deposits, is there a single bank in the world that could meet its demands if everybody demanded the money at one time?

Mr. SWANSON. None could meet it.

Mr. REED. None could meet it. Now, has the Senator read the evidence taken before the committee, and if he has read it, in all fairness does he not think that it is convincing as to the fact that the trouble experienced by the banks of the reserve cities was that the country banks became alarmed and began to withdraw large sums at about the same time; in other words, that there was a bank run upon the banks very similar to the run which sometimes is made by ordinary depositors upon an ordinary bank, and that that is what caused the suspension? Is not the Senator convinced that that is true?

Mr. SWANSON. I am convinced of the fact that the country banks began to get apprehensive that they could not get their reserves when they were needed for crop-moving purposes, and when that apprehension came I have no doubt but what they demanded money more rapidly than the ordinary demands in crop-moving time. We must remember that it was October 31

when suspension came.

Mr. REED. But the shortage had been for months. The

Senator certainly will agree that that was the case.

Mr. SWANSON. My contention is, first, that the loans had been expanded too much in the city of New York, and, second, that when the time came instead of locking up the reserves to the amount of \$224,000,000, which were absolutely useless, they should have continued to ship currency to the country until the reserves were more depleted.

Mr. REED. Would you not say that rule ought to apply to

reserve banks everywhere?

Mr. SWANSON. I say every reserve bank ought to continue to pay its deposits until it gets in a real dangerous condition. Suspension of payments for the entire country is a very dangerous thing. It produced a panic. It reduced business operations. It swept fortunes away.

Mr. REED. We know that.

Mr. SWANSON. The position I take is that they suspended too quickly; that they got frightened too early. They suspended with \$224,000,000 in their vaults. It was never reduced below \$215,000,000 during the entire panic.

Mr. REED. The Senator is very illuminating, but I am trying to get him to this point: The duty of banks to preserve a reserve and to keep a surplus over their reserve was not a duty peculiar to the central reserve cities, but it was an obligation resting upon all reserve city banks to the same extent, was

it not? Now, does not the Senator know that the reserve city banks and the country banks had actually withdrawn their money from the central reserve cities to such an extent that they had a greater reserve on hand in their own vaults at the time of the suspension than they had had for a long time previous to thatmore than the normal, ordinary amount; and does he not know that that very fact is what forced this suspension; in other words, that the banks of the country made a run on the central reserve cities, just like the old lady with a shawl over her head goes down and starts a run or joins in a run against the local bank, and it came to the point that there was not enough currency available to meet these demands at one time, and it was for that reason that the suspension occurred? not the Senator think that is clearly demonstrated by the evidence? I am not defending these banks; I insist upon the

facts; but I do not think the Senator gains anything by assigning a wrong cause. We had better get at the actual cause and then we will be more certain to remedy it.

Mr. SWANSON. My contention was, and what I contend now is, that a large part of the reserves of the country were in New York City, and that suspension in New York City necessarily compelled suspension elsewhere.

Mr. O'GORMAN. Mr. President-

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from New York?

Mr. SWANSON. I refuse to be interrupted.
Mr. O'GORMAN. If the Senator will pardon me, there is a palpable inaccuracy in that last statement which I think the Senator's fairness will incline him to correct.

Mr. SWANSON. What is that? Mr. O'GORMAN. The Senator stated that a large majority of the reserves of the country were locked in the city of New York. As a matter of fact, only one-third of the reserves of the

country were there in 1907.

Mr. SWANSON. I mean that a large majority of the reserves-about two-thirds of the central cities' reserves-are there. It is usually that. My contention for currency reform is that these reserves, whether done unwisely, intentionally, or foolishly, were not available in the panic of 1907, when the crop-moving season came, and the interior banks could not get the money on deposit there. As to whether the banks ought to have paid it or ought not to have paid it is a subject of discussion. My contention is that it was impossible to get it. My contention is that this precipitated a panic all over the United States; a panic disastrous in business, in commerce, in trade, which swept away fortunes. My contention is that because these reserves were not wisely used and were not available the panic was precipitated. It was precipitated at a time most disastrous to the farmer; at a time when his cotton was for sale, when his wheat was for sale, when his corn and his tobacco were for sale. The people who were responsible for the reserves did not handle them wisely.

My contention is that we should give no further opportunity for a repetition of that. My contention is that the reserves should be removed from the centers and put in Federal reserve banks under Government control, where they can be utilized for public good and public purposes in a time of emergency. satisfied the banks of New York City did not handle the situation wisely. It is strange to me that the panic was preceded by such a tremendous boom as antedated it. It evidently had been stimulated by the banks; loans had been higher; stocks were high; every kind of boom was existing in the land. I say that produced a condition which made it impossible for the country banks to get their funds to move the crops. I say the report of the Comptroller of the Currency shows this con-

dition.

Now, as to whether they should have shipped currency longer or not is a question in dispute. My judgment is that they got frightened too quickly. My judgment is that they could have continued to make payments. My judgment is that if they had made payments three or four weeks longer we would not have had the suspension of payments in the United States.

I point to the fact that the Bank of England had \$125,000,000 and did not suspend in an emergency. This is my contention; this is my view; and it is one of the reasons why there is an

urgent need for the passage of this bill.
Mr. BRISTOW. Mr. President—

The PRESIDING OFFICER. The Senator from Kansas has the floor.

Mr. BRISTOW. I want to interrogate the Senator from Virginia, if he will permit me. The Senator says that the banks in the reserve cities should have continued to pay out longer, in his judgment. The law requires them to maintain, does it not, a reserve of 25 per cent, and if they pay out below the reserve and continue to take deposits, if the bank should fail, do not the officers of the bank hold themselves liable to a criminal prosecution?

Mr. SWANSON. My contention is different from that of the Senator from Kansas. My contention is that these reserves were put there for the purpose of paying debts, for the purpose of being utilized in an emergency, for the purpose of paying depositors. My contention is that the loans ought not to be increased when it gets to 25 per cent, and if you pay out more

money you ought to contract your loans.

Mr. BRISTOW. But did I understand the Senator aright as saying that the banks should have continued to pay out longer than they did? When they stopped paying their reserve was below the legal requirement, was it not?

Mr. SWANSON. Yes; that is true. Mr. BRISTOW. It was down to 23 per cent, and the law required 25 per cent. Does the Senator contend that they

should have continued to pay out longer than they did, when in so doing, if a bank failed, every officer held himself liable to be sent to the penitentiary?

Mr. SWANSON. He had made himself liable already, so

far as that was concerned.

Mr. BRISTOW. Does the Senator insist that he should go and make himself still more liable?

Mr. SWANSON. What I would have insisted was that these reserves were intended to meet emergencies, to prevent the suspension of payments, and pay depositors. That is the purpose There was no reason for a 25 per cent reserve requirement, if it was not intended to prevent the extension of loans, to prevent the loaning of money deposited by interior banks further than 25 per cent. When the time comes for contraction, it will come from loans, not by ceasing to pay depositors

Mr. BRISTOW. But if the Senator please I do not disagree with him as to the purpose for which the reserves are impounded, nor do I criticize the law which requires the 25 per cent in the central reserve banks to be maintained, but I understood the Senator to say most positively that these banks of the reserve cities should have continued to pay out regardless of the fact that they were laying themselves liable in so doing.

Mr. SWANSON. I do not think they were violating the

law in paying out.

Mr. BRISTOW. Do I understand the Senator from Virginia to say that he does not think when a bank continues to pay out money when its reserve is below the legal requirement it is not violating the law?

Mr. SWANSON. Not if it pays to depositors. I do not un-

derstand that that is contrary to law.

Mr. PAGE. I think the Senator from Kansas is incorrect in

Mr. BRISTOW. Just a moment.

The PRESIDING OFFICER. Senators will suspend. The Chair is under the impression that the Senator from Kansas has

the floor. Does he yield, and to whom?

Mr. BRISTOW. I am yielding to the Senator from Virginia. Suppose the national banks continued to pay depositors as the Senator suggests, would he then say that they should not receive any deposits during that time?

Mr. SWANSON. I would leave it to the judgment of the

bankers as to whether they would or not.

Mr. BRISTOW. Then, if the banks had declined to receive any deposits and continued to pay out, the conditions would have been worse than that which occurred; the bank would have failed.

Mr. SWANSON. I ask the Senator what he thinks the re-

serves are there for?

Mr. BRISTOW. We are agreed as to what they are there

There is no difference of opinion on that point

Mr. SWANSON. I understand what the Senator then contends is that these reserves are to be locked up, not to be utilized, and that it is contrary to law to use them. My contention is that when the reserve gets below 25 per cent you can not make a loan, and I do not believe the law prevents you from taking that reserve to pay depositors.

Mr. BRISTOW. Now, Mr. President-Mr. ROOT. May I ask a question?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from New York?

Mr. BRISTOW. I yield to the Senator.

Mr. ROOT. I will ask the Senator from Virginia, no matter when payment should stop or how long it should be made, whether it is not clear that the reserve is for the benefit of all the depositors of the bank? That is clear, is it not? It is not for the benefit of anyone; it is for the protection of all.

Mr. SWANSON. If that is true, then the bank ought to stop payment whenever the demand is made, if it fears some trouble

may come.

Mr. ROOT. Is it not true that 25 per cent of the deposits required by law are intended for the protection of all the depositors of the bank? That is true, is it not?

Mr. SWANSON. There is nothing in the law, as I understand it, that says so.

Mr. ROOT. Does not the Senator from Virginia agree with me that it is so

Mr. SWANSON. I think all the reserves, whether in excess of or below 25 per cent, are held for the benefit of all the depositors

Mr. ROOT. For all the depositors?

Mr. SWANSON. All the resources of the bank are for the benefit of all the depositors. I have yet to find a law-I might be mistaken, I have tried to find it-which says you can not have a deposit when the reserve gets below 25 per cent.

Mr. ROOT. I am not talking about that. I am talking about the object of the reserves. The Senator agrees with me? Mr. SWANSON. I do not agree with that.

Mr. ROOT. That the object of the reserve is to protect the

depositors?

Mr. SWANSON. No; there is another purpose—that any depositor may get his money on demand. The obligation is on the bank to pay depositors on demand, and these reserves are kept there as much for the purpose of fulfilling that obligation as ultimately to provide for the safety of the bank.

Mr. ROOT. Mr. President—
The PRESIDING OFFICER. Does the Senator from Kansas yield further to the Senator from New York?

Mr. BRISTOW. I yield.

Mr. ROOT. I want to finish the subject I am on. Whatever other objects there may have been, the Senator agrees that the reserves of the bank are for the protection of all its depositors.

Mr. OWEN. Distributionally.

Mr. ROOT. Each depositor has the same right as any other to be protected by that reserve. Now, does the Senator from Virginia think that it would be right for a bank to pay out all its bank deposits, of which there were three or four times the amount of its reserves, to one-fourth of its depositors, making no reserve for the protection of the other three-fourths?

Mr. SWANSON. Will the Senator permit me? As I understand the law, when the question of the solvency of a bank arises and there is an uncertainty whether the depositors will be paid, it is the duty of the Comptroller of the Currency to take charge of the bank and distribute its assets equitably, ratably, fairly, and individually. That is the provision, as I understand the national law. But I understand these reserves are held to insure the payment in money, on the demand of the depositors, by the banks as much as for any other purpose.

Mr. ROOT. The Senator does not answer my question. Let

me restate the question.

Mr. SWANSON. I will state to what extent-

Mr. ROOT. The Senator has not answered my question. It is whether the Senator thinks it would be right for a bank to pay out all its reserves to one-fourth of its depositors, leaving the other three-fourths unprotected by any reserve?

Mr. SWANSON. Yes; if it is solvent, it is its duty to pay the money to the man who needs it as expressed by his demand.

Mr. ROOT. The Senator has answered it now.

Mr. SWANSON. The Senator makes a mistake in supposing that the reserves are maintained entirely to take care of the solvency of the bank. The reserves are required in order to have the money available to pay every depositor on demand as much as for any other purpose, and to pay him in money. That is the reason of the reserve, as I understand it.
Mr. POMERENE. Mr. President——

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Ohio?

Mr. BRISTOW. I yield to the Senator from Ohio. I should

have done so sooner.

Mr. POMERENE. Mr. President, we have been discussing here the purpose of the reserves, and it seems to me that we can best determine what that purpose is by reading the statute. Section 5191, or that portion of it which relates specifically to the subject of reserves, reads as follows:

Whenever the lawful money of any association in any of the cities

That is, the central reserve cities named above-

shall be below the amount of 25 per cent of its deposits, and whenever the lawful money of any other association shall be below 15 per cent of its deposits, such association shall not increase its liabilities by making any new loans or discounts otherwise than by discounting or purchasing bills of exchange payable at sight, nor make any dividends of its profits until the required proportion between the aggregate amount of its deposits and its lawful money of the United States has been restored. And the Comptroller of the Currency may notify any association whose lawful-money reserve shall be below the amount above required to be kept on hand to make good such reserve; and if such association shall fall for 30 days thereafter so to make good its reserve of lawful money, the comptroller may, with the concurrence of the Secretary of the Treasury, appoint a receiver to wind up the business of the association, as provided in section 5234.

It is clear that they are required to keep this reserve up to

It is clear that they are required to keep this reserve up to those limitations, and if it falls below those limitations they are prohibited from making any new loans or from paying dividends. Necessarily it must follow that there is no statutory provision, at least in this section of the statute, against the paying off of the depositors. If the reserves fall below these limits, then, I take it, under the provisions of the act the Comptroller of the Currency and the Secretary of the Treasury would have the right to suspend the bank. It is true these reserves are primarily for the benefit of the depositors, and I take it that they would only be prohibited from paying off the depositors when sound business judgment should permit it.

Mr. BRISTOW. The statute is very clear, and I have not any quarrel with it at all, but the Senator from Ohio knows that if a bank continues to pay out its money until it has not any left the Comptroller closes the bank, and the bank, to use the common term, is broken.

Now, according to the contention of the Senator from Virginia, it was the business of these reserve banks to keep on paying it. I have known cases where they receive deposits right along until the money is gone, because they are paying out more than they are receiving, and then the officers are arrested and criminally prosecuted for receiving the money when they knew the bank was in a failing condition. The Senator from Virginia would insist, from the remarks he has made here to-day, upon the reserve bank following that policy.

Mr. POMERENE. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Ohio?

Mr. BRISTOW. I do.
Mr. POMERENE. I do not think that my learned friend
from Kansas can point to any provision of the law which makes it a criminal offense for a banker to pay out money on deposit simply because the reserves have fallen below the legal requirement.

Mr. BRISTOW. No; I have not stated that.
Mr. POMERENE. On the other hand, it is not a criminal offense to receive deposits when the reserves are below the legal limit. The reserves may be below the legal limit and yet the bank be entirely solvent. If the bank were insolvent and moneys were received, then there might be a question of liability, either civil or criminal, depending upon the acts in each particular case, and it must follow that if a bank-

#### RAILROADS IN ALASKA.

The VICE PRESIDENT. If the Senator will kindly suspend for a moment, the hour of 2 o'clock having arrived, the Chair has concluded to rule upon the parliamentary question submitted this morning.

The Chair thinks it is hardly possible that a parliamentary situation can arise that is not capable of solution. After reading the Record of September 15, the Chair is of the opinion that from the Record it may fairly be construed that the Senate at that time made Senate bill 48 a special order for 2 o'clock p. m. to-day.

A special order can not interrupt the unfinished business. The Chair is clearly of the opinion that the unfinished business arises from the rules of the Senate and not from the requests of Senators to make a particular measure the unfinished busi-

ness. The Chair is therefore going to rule-

Mr. POINDEXTER. Before the Chair rules, Mr. President, if the Chair will permit me, I should like to call the attention of the Chair, unless the Chair has decided the matter beyond reconsideration, to the forms which have been followed in a multitude of cases for making unfinished business by unanimous consent.

The VICE PRESIDENT. If there is a form in the Book of Precedents it was not prepared and made by the Senate. There is no precedent which the Chair has been able to find where the presiding officer of the Senate has ever ruled that the Senate could make anything unfinished business before it had been taken up as original business.

The Chair is going to rule that Senate bill 48 was made a special order for 2 o'clock p. m. for to-day, but that it can not be taken up while there is unfinished business before the Senate.

The Chair is further going to rule that it does not lose its precedence as a special order at 2 o'clock p. m., but will come up for consideration by the Senate at 2 o'clock p. m. on the day when the present unfinished business has been concluded, unless some other unfinished business should interpose; in other words, that this bill remains a special order until taken up. If that is not to be the sense of the Senate and is not to be acquiesced in hereafter, the Chair requests that an appeal be

taken from the decision of the Chair to the Senate.

Mr. WALSH. Mr. President, I think the parliamentary situation into which we have been precipitated can be readily solved, because there apparently is no division of opinion in respect to what ought to be done in regard to the matter.

The VICE PRESIDENT. Does the Senator from Montana

appeal from the ruling of the Chair?

Mr. WALSH. I do not; I acquiesce entirely in the ruling of the Chair; but I desire, if the Chair please, to ask unanimous consent that the unanimous consent heretofore entered into be vacated, and that in lieu thereof the unanimous consent which I send to the desk, in accordance with the form, be entered into.

Mr. BRANDEGEE. Before the request is read, if the Sena-

tor from Montana will pardon me for the suggestion, I wish to

say that the request is a little different from the ruling of the Chair. It goes into other business. The Chair asked as to his ruling, whether there was an appeal therefrom. I do not wish to appeal, but I want to make an inquiry of the Chair in connection with the ruling. Personally, I think the Chair is correct in ruling that this matter goes as a special order to come up at 2 o'clock on the day when the currency bill is out of the way, but I understood the Chair to say that it would continue to come up from day to day at 2 o'clock thereafter. It was upon that point that I wanted information.

The VICE PRESIDENT. No; from now on the Alaska railroad bill will come up from day to day, but it will not take the place of the currency bill, which is the unfinished business; in other words, there is no difference between the Senator from Connecticut and the Chair, that the Alaskan bill is simply held in abeyance until the currency bill is out of the way as the unfinished business, and upon whatever day succeeding, when the currency bill is out of the way, it will then become

the special order at 2 o'clock.

Mr. BRANDEGEE. It may be of no interest to anybody, but my opinion is that the bill would not necessarily come up from day to day and be laid before the Senate as a matter of

The VICE PRESIDENT. It will not be laid before the

Senate from day to day.

Mr. SUTHERLAND. Mr. President, I do not quite understand one phase of the ruling of the Chair. I quite agree with the ruling of the Chair that the effect of this unanimous-consent agreement is to make the Alaska bill a special order for 2 As I understand the rule, when the hour arrives at which the order is to be taken up if there be unfinished business before the Senate, the special order can not be considered. Then, is it not true that that order goes to the Calendar of Special Orders, and that it will simply come up after the unfinished business has been disposed of at the conclusion of the morning hour upon any day after that time? Rule IX pro-

Immediately after the consideration of cases not objected to upon the calendar is completed, and not later than 2 o'clock—

That would mean not later than two hours after the Senate had convened-

if there shall be no special orders for that time, the Calendar of General Orders shall be taken up and proceeded with in its order.

I would understand from that that the special order would go to the Calendar of Special Orders, and that any day thereafter, after the unfinished business had been disposed of, it would come up, having precedence over any bill upon the general calendar.

Mr. SMOOT. Mr. President, my colleague [Mr. Sutherland] has stated the case just as I was going to state it. I fully agree with the ruling of the Chair, but I also believe that on the ruling of the Chair the bill goes now to the Calendar of Special Orders, and immediately upon the conclusion of the unfinished business the bill automatically on the following day comes before the Senate. I do not know in what better shape the bill could be than that, and I believe that that would be in accordance with Rule X of the Senate.

The VICE PRESIDENT. The order proposed by the Senator

from Montana [Mr. WALSH] will now be stated.

The Secretary, Mr. Walsh asks unanimous consent that on Monday, January 19, 1914, immediately upon the conclusion of the routine business, the Senate will proceed to the consideration of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the bill (S. 40) to a the later of the later of the bill (S. 40) to a the later of the tion of the bill (8, 48) to authorize the President to locate, construct, and operate railroads in the Territory of Alaska, and for other purposes; that such consideration shall continue to the exclusion of all other business, save only routine morning business, and that before adjournment on the legislative day of Saturday, January 24, 1914, the Senate will vote upon any amendment that may be pending, any amendments that may be offered, and upon the bill through the regular parliamentary stages to its final disposition.

The VICE PRESIDENT. Is there objection to the request? Mr. ASHURST. Mr. President, I think the ruling of the Chair is not only correct but is judicious and wise. I trust that so soon as the currency bill shall have passed the Senate we will immediately proceed to the consideration of the bill providing for the construction of railroads in Alaska. The bill has been favorably reported by the Committee on Territories and has for its purpose the location, construction, equipment, and operation by the United States of railroads in the Territory of Alaska.

The public domain in Alaska comprises over 350,000,000 acres, containing much mineral wealth, and whoever controls transportation in that Territory will control the coal and other coarser minerals. In continental United States such natural resources as timber, iron, and hard coal, formerly belonging to

the public, are now largely in the hands of monopolistic concerns; and the construction of railways in Alaska by the Government will tend to prevent monopolization there of these natural resources. In Alaska transportation will become the basis of control. Transportation is the key to that vast Territory of treasure, and just as the United States built, owns, and operates its railroad on the Isthmus of Panama in order to protect its own interests and the interests of shippers, the conditions in Alaska require that the Federal Government should construct, own, and operate the railroads, docks, and steamship lines in Alaska.

If Congress will pass the bill providing for the construction of this railroad by the Government, and the railroad is then constructed from tidewater to the interior, coal may be loaded into Government trains and transported to the coast without the intervention of a syndicate of wealthy men who desire to exploit that Territory. All the naval coal on lands belonging to our Government is in Alaska, and we should not delay a moment in proceeding to authorize the construction and operation of this railroad.

The Federal Government from 1850 to 1912 made extensive land grants to aid various railroad companies, and the Government also otherwise aided in the construction of 16,239 miles of railroad. Surely if the Government could and did so materially aid these railroad corporations in the construction of 16,239 miles of railroad, there is no reason in economics and justice why the Government should not proceed to construct a few railroads for itself.

The United States Government is fully authorized by the Constitution of the United States to adopt a policy of public ownership as a necessary means for carrying into effect any power conferred upon it by the Constitution.

Congress has full power to enact the legislation proposed in

the bill as reported. Section 8 of Article I of the Constitution

provides that-

The Congress shall have power \* \* \* to provide for the common defense and general welfare \* \* \*; to borrow money on the credit of the United States \* \* \*; to regulate commerce among the several States \* \* \*; to establish post offices and post roads \* \* \* \*; to raise and support armies \* \* \*; to provide and maintain a Navy \* \* \*; to exercise authority over all places purchased \* \* \*; for the erection of forts, magazines, arsenals, dockyards, and other needful buildings \* \* \*; to make all laws which shall be necessary and proper for carrying into execution the foregoing powers—

And so forth.

Section 3, Article IV, also provides that-

The Congress shall have power to dispose of and make all needful rules and regulations respecting the territory or other property belonging to the United States.

Each of the foregoing clauses of the Constitution gives warrant to some feature of the bill and affords authority for the legislation proposed.

The objects of this bill are the development of the agricultural and mineral resources of Alaska, the settlement of the public lands in Alaska, to provide transportation for coal for the use of the Army and Navy, to establish post roads, and transport the mails in Alaska.

I shall now read a short excerpt from the case of Wilson against Shaw, reported in Two hundred and fourth United States Supreme Court Reports, page 33 et seq., which holds that Congress has the power to authorize the Government to build railroads. Mr. Justice Brewer, speaking for the court, said:

Again, plaintiff contends that the Government has no power to engage anywhere in the work of constructing a railroad or canal. The decisions of this court are adverse to this contention. In California v. Pacific Railroad Co., 127 U. S. 1, 39, it was said:

"It can not at the present day be doubted that Congress, under the power to regulate commerce among the several States, as well as to provide for postal accommodations and military exigencies, had authority to pass these laws. The power to construct, or to authorize individuals or corporations to construct, national highways and bridges from State to State, is essential to the complete control and regulation of interstate commerce. Without authority in Congress to establish and maintain such highways and bridges it would be without authority to regulate one of the most important adjuncts of commerce. This power in former times was exerted to a very limited extent, the Cumberland or National Road being the most notable instance. Its exertion was but little called for, as commerce was then mostly conducted by water, and many of our statesmen entertained doubts as to the existence of the power to establish ways of communication by land. But since, in consequence of the expansion of the country, the multiplication of its products, and the invention of railroads and locomotion by steam, land transportation has so vastly increased, a sounder consideration of the subject has prevailed and led to the conclusion that Congress has plenary power over the whole subject. Of course the authority of Congress over the Territories of the United States, and its power to grant franchises exercisable therein are, and ever have been, undoubted. But the wider power was very freely exercised, and much to the general satisfaction, in the creation of the vast system of railroads connecting the East with the Pacific, traversing States as well as Territories, and employing the agency of State as well as Federal corporations.

In Luxton v. North River Bridge Co. (153 U. S., 525, 529), Mr. Justice Gray, speaking for the court, said:

"Congress, therefore, may create corporations as appropriate means of executing the powers of government, as, for instance, a bank for the purpose of carrying on the fiscal operations of the United States or a railroad corporation for the purpose of promoting commerce among the States. McCulloch v. Maryland (4 Wheat., 316, 411, 422); Osborn v. Bank of United States (9 Wheat., 738, 861, 873); Pacific Railroad Removal Cases (115 U. S., 1, 18); California v. Pacific Railroad (127 U. S., 1, 39). Congress has likewise the power, exercised early in this century by successive acts in the Cumberland or national road, from the Potomac across the Alleghenies to the Ohio, to authorize the construction of a public highway connecting several States. See Indiana v. United States (148 U. S., 148)."

See also Monongahela Navigation Co. v. United States (148 U. S., 312). These authorities recognize the power of Congress to construct interstate highways. A fortiori, Congress would have like power within the Territories and outside of State lines, for there the legislative power of Congress is limited only by the provisions of the Constitution and can not conflict with the reserved power of the States. Plaintiff, recognizing the force of these decisions, seeks to obviate it by saying that the expressions were oblier dicta, but plainly they were not. They announce distinctly the opinion of this court on these decisions in many ways, and any change would disturb a vast volume of rights supposed to be fixed; but we see no reason to doubt the conclusions expressed in those opinions, and adhere to them. The court of appeals was right, and its decision is affirmed.

Mr. WALSH. Mr. President—

Mr. WALSH. Mr. President-

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Montana?

Mr. ASHURST. I yield to the Senator from Montana. Mr. WALSH. I simply desire to say that, upon reflection and consultation, I desire to withdraw the request for unanimous consent which I presented a moment ago, and accordingly the

matter appears to be disposed of.

Mr. ASHURST. Of course, this arrangement withdrawing the request for unanimous consent was not made for the purpose of taking me off the floor?

Mr. WALSH. Oh, no.

Mr. CLARK of Wyoming. The Senator has the floor.

Mr. WALSH. Mr. President, I simply desire to say to the Senator from Arizona that I supposed he was addressing himself to the unanimous consent requested by me in the hope that the matter would be expedited and that I feared the unanimousconsent agreement requested might have a tendency to delay.

Mr. ASHURST. The ruling of the Chair was correct, and I am also in favor, of course, of the unanimous-consent agreement proposed to the Senate by the Senator from Montana IMr. WALSH]. I do not care how we proceed, provided it be in a constitutional manner, so long as we abandon periphrasis, circumlocution, and the how-not-to-do-it manner in which we have been proceeding. I shall stop speaking now, or at any other time, in order that either the currency bill or the Alaska railroad bill may be passed.

The VICE PRESIDENT. The Senator from Montana [Mr. Walsh] withdraws the request for unanimous consent.

## BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. NELSON. Mr. President, the Committee on Banking and Currency has to some extent been chided and criticized for delaying action on the pending legislation. I think that Senators who are thoroughly conversant with the subject and familiar with the work done by that committee will acquit the committee of any such charge. The truth of the matter is, Mr. President, that when the Glass bill came before the Banking and Currency Committee of the Senate we were all, in the first instance, agreed that the bill was somewhat crude and that it needed amendment in various particulars in order to become a workable banking and currency measure. With that object in view, the committee proceeded to secure witnesses and experts from all parts of the country-from the North, the South, the East, and the West. We had bankers before us; we had business men before us; we had manufacturers before us; and we had before us college professors and scientists, and others who claimed to be experts in such matters; and I think most of the members of the committee will agree with me that we obtained from these various sources much valuable information and instruction of a character that we never could have obtained from books. The result of our investigation is before the Senate.

The committee labored under some disadvantages. was, so to speak, a kind of Damocles sword hanging over us a part of the time. We were from time to time threatened in the newspapers and through other sources that if we did not work

caucus, but we paid little heed to such threats; the committee went on with its work, and I am gratified that the Democratic Members of the Senate saw fit to leave the committee undisturbed in its deliberations so that it might pursue its work, which it did until a point was reached where the committee divided into two sections, and two separate substitutes were reported for the bill. I have no criticism to make of the action of the Democratic Party in taking up what I will call, for the purposes of the discussion, the Owen bill, and going over it and revising it in the manner in which they have done. they acted fairly, justly, and wisely in not taking the bill out of the hands of the committee, but in leaving it with the committee to report the bill in the only possible manner in which we could report it.

Mr. President, before proceeding with the consideration of the merits of the proposed legislation I desire in brief outline to call your attention to the currency systems that have prevailed in this country from the earliest times, for I conceive that some lessons can be derived from our own experience.

The circulating mediums of the thirteen Colonies, after they had ceased to rely on barter as a medium of exchange, was at first specie, mostly foreign silver coins. These became so plentiful that as early as 1652 a mint was established in New England for the coinage of shillings, sixpence, and threepence In some localities, as, for instance, Virginia, the Spanish piece of eight was made a money standard. While the money of account in the Colonies was English, the money that circulated was chiefly Spanish and Portuguese.

Paper money was first issued by Massachusetts in 1600, followed by several subsequent issues. The issues were so excessive that it resulted in great depreciation of the currency.

For the purpose of defraying the expenses of an expedition against the Indians and to accommodate domestic trade the Legislature of South Carolina established a public bank in 1712 and issued £48,000 in bills of credit, called bank bills, to be loaned out at interest on landed and personal security and to be redeemed gradually at the rate of £4,000 a year. This paper currency in time became greatly depreciated.

In 1723 Pennsylvania made its first experiment in paper currency. In March it issued £15,000 of such currency. was only available for loans on land securtly or plate deposited in the loan office. The borrowers had to pay 5 per cent interest. The bills were made a legal tender for all payments on pain of confiscating the debt or forfeiting the commodity. The bills were to be gradually retired at the rate of one-eighth per year. The issue of this currency being moderate and limited, it was able to maintain itself on a parity with gold and silver, and it was regarded at the time as the best paper currency in the Colonies. Most of the other Colonies issued paper currency of one kind and another prior to the Revolutionary War. Virginia, however, issued none prior to 1755. On the whole, it may be said that the Colonies prior to the Revolutionary War suffered both from the scarcity and from the character of their currency.

In 1763 the English Parliament passed an act-

To prevent paper bills of credit hereafter to be issued in any of His Majesty's Colonies or plantations in America from being declared to be a legal tender in payment of money, and to prevent the legal tender of such bills as are now subsisting from being prolonged beyond the periods for calling in and sinking the same.

This act was not obeyed, but did nevertheless cause great embarrassment and distress in the Colonies.

Pelatiah Webster, a merchant of Philadelphia, estimated that the whole circulating cash of the Thirteen Colonies just before the Revolutionary War was only \$12,000,000, or perhaps not more than \$10,000,000. He said that not more than one-half, or at most three-fifths, of the circulating cash in Pennsylvania was paper, and I am well convinced that that proportion was not exceeded in the other States where paper money was circulated.

While the currency system to which I have thus referred was highly detrimental and restrictive upon traffic and commerce, yet it had one redeeming feature, and that was that it tended to repress to a great extent an undue expansion of credit. Considerable losses were in many instances sustained by the holders of the depreciated paper currency. This was but an incident of this irregular system.

The outbreak of the Revolutionary War led to the issuance of so-called Continental paper money, issued by authority of the Continental Congress. Of this money there were two kinds, one known as the old emission and the other as the new emission. The old emission was issued in various sums annually from 1775 down to and including 1781; in all, \$357,476,541. The new emission was issued in 1780 and 1781, and amounted to more expeditionsly or move along different lines the measure \$2,070,485. This Continental currency, as is well known, greatly would be taken out of our hands and submitted to a Democratic depreciated as the volume increased, until in May, 1781, it became so low that it took \$500 of it to purchase \$1 in specie, and at this time it entirely ceased to circulate as money, and much of it was bought up by speculators. It was a forced legal-tender currency, growing out of the exigencies and necessities of the

For the purpose of aiding the Government of the then existing Confederation—and this was before the Constitution of the United States had been adopted—the Bank of North America was incorporated, first by the State and then by Congress, and established at Philadelphia. 'The bank, however, did not open its doors or go into active operation until January 7, 1782. war having practically ceased in 1781 by the surrender of Cornwallis, the Government, in addition to the help given by the bank, was able to secure large loans in Europe, and specie became plentiful in the country, partly through the British army stationed at New York, partly through the French soldiers who were here, and partly from importations from Habana and other West India points. The charter of the bank was obtained, as I have stated, both from the State and from Congress. Two hundred and fifty-four thousand dollars of the stock was subscribed for by the Government, through Robert Morris, and this made the Government the principal stockholder of the bank. The bank issued paper currency, but it was accused of sometimes making such currency too plentiful and at other times too scarce, leading to contraction, scarcity, and ruin. The operations of the bank were far from satisfactory; in fact, they were so objectionable that it was deprived of its State charter four years after it commenced business, but it continued its opera-tions on the ground that it also had a charter from Congress; but after this it proceeded in a more moderate, prudent, and less obnoxious manner. In 1786 it sought to secure a renewal of its charter from the State of Pennsylvania, but it was unsuccessful in this effort. The bank was, however, reincorporated on the 17th of March, 1787, but with more limited powers and only for a period of 14 years.

In addition to the Bank of North America the following banks were incorporated prior to the incorporation of the first Bank of the United States, namely: Massachusetts Bank, at Boston, Mass.; Bank of New York, in the city of New York; Bank of Maryland, which, I think, was located in Baltimore; and Providence Bank, Providence, R. I.

After the Government of the United States had been established under the Constitution, one of the first and most important problems that confronted the Government was the funding of its great national debt, arising from the Revolutionary War. This debt, according to Secretary Hamilton's first report to Congress, was composed of the following items: Foreign debt, principal and interest, \$11,710,378; domestic debt, principal and interest—that is, debt to individuals—\$40,414,085; State debt ascertained, and State debt balance, estimated, in all \$25,000,000, thus making the aggregate indebtedness of the Government at that time the sum of \$77,124,463. The creditors of the Government were permitted to present their claims and to subscribe for the loan obligations of the Government in various forms—what we would call bonds now, but in those days called stocks. For the purpose of aiding the Federal Government in carrying on its operations in respect to the funding of the national debt and to maintain its credit the first Bank of the United States was created by the act of February 25, 1791. The preamble of the act clearly discloses its purpose in the following language:

Whereas it is conceived that the establishment of a bank for the United States, upon a foundation sufficiently extensive to answer the purposes intended thereby, and at the same time upon the principles which afford adequate security for an upright and prudent administration thereof, will be very conductive to the successful conducting of the national finances, will tend to give facility to the obtaining of loans for the use of the Government in sudden emergencies, and will be productive of considerable advantages to trade and industry in general: Therefore, be it enacted, etc.

The bank-this is, the first Bank of the United States-was entirely a private and not a Government bank. Its charter was given for a period of 20 years. Great objection was made to the passage of the bill, especially on the ground that it was unconstitutional to create such a bank. The capital of the bank was fixed at \$10,000,000, consisting of 2,500 shares of \$400 each. One-fourth of the subscription for the stock was to be paid in specie, the balance in the 6 per cent obligations of the United States, or what we would call Government bonds. The Federal Government was authorized to subscribe for \$2,000,000. The bank was to be controlled by a board of 25 electors, elected by the stockholders. The bank was authorized to issue its notes, which were made a legal tender for all debts due the United The notes were to be redeemable on demand in specie. The bank was authorized to commence business when \$400,000 in specie had been subscribed and paid in. There was no limi-

tation to its note issues except this, that it could not incur debts of any kind in excess of \$10,000,000.

The act of incorporation clearly contemplated-and it was undoubtedly its purpose—that the bank was to aid the Government in taking care of its funded debt and to supply it with the necessary funds in its fiscal operations. On the whole, it would appear from its history that the bank fulfilled this purpose fairly well. In addition to its note-issuing powers, the bank had the usual powers of a bank of deposit and discount. The bank did not open for business until December 12, 1791. Discounts were only to be made on two-name 60-day paper. It is estimated that the bank never received from its subscribing stockholders more than about \$675,000 in specie. No dividends were paid by the bank until 1792. The capital was, in the first instance, oversubscribed, and the subscriptions were in consequence scaled down to meet the requirements of the charter. While the Government subscribed for \$2,000,000 of the stock, it obtained at or about the same time a loan from the bank for an equal amount. The bank had branches in New York, Eston, Baltimore, Charleston, Norfolk, Savannah, New Orleans, and Washington. The Government some time after the bank was in operation, being hard pressed for funds, was compelled to sell and did finally sell all its stock in the bank, but the sale was at a profit of \$671,860 upon a stock investment of \$2,000,000. The circulation of the bank never materially exceeded \$6,000,000. The relations between the bank and the Government were, on the whole, intimate and friendly. While the charter did not make it the depository of the Government funds, yet the Government nevertheless made it a depository of the larger part of such funds, for the bank was continually aiding the Government in its foreign exchanges, as the bank was authorized to deal in such exchanges. The charter of the bank expired in March, 1811. In 1810, when the bank applied to Congress for a renewal of its charter, Gallatin, who was then Secretary of the Treasury, was strongly in favor of renewing the charter. Among other things he said:

The advantages of banks in the fiscal operations of the Government were unquestionable. The only question was whether these services could be most conveniently performed by a national bank or by a number of State banks. State banks might be used, and in case of a non-renewal of the charter must be used by the Treasury, but surely with less convenience and safety.

The charter of the bank, as is well known, was not renewed. The vote in the House on the bill to renew the charter was taken January 24, 1811, and stood 65 to 64, and in the Senate the vote was taken February 20, 1811, and stood 17 to 17. The bank having failed to secure a renewal was duly liquidated within a comparatively short period and all of its liabilities, including its liabilities to stockholders, were paid in full, with ample dividends. On the whole, it can be said that the bank had in every way been successful, helpful to the Government in its fiscal operations, and of benefit to the public. The failure to renew the charter did not arise because of any shortcomings of the bank or because of its failure to perform the functions for which it was created. The bank owed its demise largely to party and political conditions and to the prejudice which existed among many prominent men against a national or Federal bank. The financial statements of the bank for January, 1809, and January, 1811, are most interesting, and I ask that they may be incorporated in my remarks without reading.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair).

Without objection, it will be so ordered.

The matter referred to is as follows:

Financial statement of Bank of the United States.		
	January, 1809.	January, 1811.
RESOURCES.		de la
Loans and discounts United States 6 per cent stock Other United States indebtedness Due from other banks Real estate Notes of other banks on hand Specie	800,000 480,000	\$14, 578, 294 2, 750, 000 57, 046 894, 145 500, 653 393, 341 5, 009, 567
Total	23,510,000	24, 183, 046
LIABILITIES.  Capital stock. Undivided surplus. Circulating notes outstanding. Individual deposits. United States deposits. Due to other banks. Unpaid drafts outstanding	8,500,000	10,000,000 509,678 5,037,125 5,900,423 1,920,990 634,348 171,473
Total	23,510,000	24, 183, 046

Mr. NELSON. I have thus briefly referred to the history of this bank for the purpose of showing how useful a well-conducted central bank can be to the Government and to the people. I also refer to it for the reason that, like the Bank of England, it was based to a large extent on the funded debt of the Government, though in the case of the Bank of England that debt has never been paid and is never likely to be paid, while the obligations of the Federal Government, in the form of stock subscriptions, were fully liquidated at maturity.

The failure of Congress to renew the charter of the bank placed the Government and the public in the hands of a large number of State banks. There were 88 of such banks in the year the renewal of the charter was denied. By 1815 the number had increased to 208 and by 1816 to 246. Gallatin made the following estimate of the banking facilities of the country at the dates mentioned, which I ask to have incorporated in

my remarks without reading.

The PRESIDING OFFICER. Without objection, it is so or-

The matter referred to is as follows:

or search a control of an	Year.	Capital.	Notes in eirculation.	Specie.
Bank of the United States	} 1811 {	\$10,000,000 42,610,601	\$5, 400, 000 22, 700, 000	\$5,800,000 9,600,000
208 State banks	1815 1816	52, 610, 601 82, 259, 590 80, 822, 422	28,100,000 45,500,000 68,000,000	15, 400, 000 17, 000, 000 19, 000, 000

Mr. NELSON. The War of 1812 came upon the country the year following the expiration of the charter of the bank, and the Federal Government was, in consequence, compelled to rely upon the State banks for aid during that war, and their well-nigh universal suspension of specie payment in 1814 almost paralyzed the operations of the Treasury. The notes of the State banks did not pass current out of their own locality, and it became difficult to make transfer of funds, public or private, from one part of the country to another. Gallatin expressed his deliberate opinion that the suspension of specie payments might have been prevented if the Bank of the United States had still been in existence. He believed that the enormous increase of State banks, occasioned by the dissolution of that bank, would not have occurred if that bank had continued to exist. No doubt the difficulties of the situation were aggravated by the pendency of the war, but still it is likely that had the bank, in its fine condition, been allowed to exist it would have been a great help to the Government during the trying days of the war, and the suspension of specie payment might have been avoided.

The embarrassment in the money market following the suspension of the first Bank of the United States and the suspension of specie payment led to the agitation for the creation of another Federal bank. As early as January, 1814, a petition from New York was presented to Congress for the incorporafrom New York was presented to Congress for the incorpora-tion of a national bank with a capital of \$30,000,000. Several bills were introduced in Congress. Finally one of these bills passed both Houses of Congress, but it was vetoed by President Madison. Subsequently, in January, 1816, a bill chartering another bank of the United States, commonly known as the "second bank," was passed by a vote of 80 to 71 in the House and by 22 to 12 in the Senate. This bill was approved by the Presi-dent. The capital of the bank was fixed at \$35,000,000, in shares of \$100 each, one fifth of the shares to be taken by shares of \$100 each, one-fifth of the shares to be taken by the Federal Government and four-fifths by the public.

No individual, firm, or corporation was permitted to subscribe for more than \$300,000. The charter was to run for a period of 20 years. The bank was to be governed by a board of 25 directors, 5 appointed by the President and 20 by the bank, under a restrictive system of voting. Both classes of directors were to be appointed or elected annually. The bank could hold property of all kinds up to \$55,000,000, and its indebtedness, exclusive of deposits, was restricted to \$35,000,000. The bank could issue currency or notes in denominations less than \$100, but not less than \$5, payable on demand in specie, and notes for \$1,000 or more payable in 60 days. The bank was authorized to establish branches wherever needed, and all the demand notes of the bank were to be received in payment of all debts due the United States. Government funds were to be deposited in the bank unless the Secretary of the Treasury otherwise ordered. The bank was forbidden to suspend specie payment on its demand notes, and on any of such notes which were not promptly redeemed in coin it was required to pay

interest at the rate of 12 per cent per annum during the period The bank was required to pay the Government of suspension. for its charter the gross sum of \$1,500,000. The control of the Government over the bank consisted in the appointment and removal of five of the directors, the withdrawal of Government deposits, the requirement of weekly statements, and the inspection of its accounts. Subscriptions to the stock of the bank were required to be made one-fourth in specie and three-fourths in the funded debt of the United States, or what we call Government bonds. The bank was authorized to commence business as soon as \$8,400,000 in specie and in funded debt had been The bank was authorized to commence business The bank was given a monopoly of note issue, and was required to transfer the public funds from one part of the country to another without charge.

I quote from the report of the Monetary Commission the

following brief history of the bank:

I quote from the report of the Monetary Commission the following brief history of the bank:

The history of the bank, in brief, was as follows: The bank was chartered April 10, 1816, and on April 30 Congress ordered that resumption of specie payments go into effect on February 20, 1817. The bank was quickly organized under the presidency of Jones, and began operations in January, 1817. Owing to mismanagement Jones was forced to resign in 1818, and Langdon Cheves became president. He held office until 1823, when he was succeeded by Nicholas Biddle. In June, 1829, Senator Woodbury, of New Hampshire, brought complaints against Jeremiah Mason, manager of the Portsmouth branch. In the following December President Juckson, in his annual message, questioned the constitutionality of the bank and accused it of failing to establish a sound currency. On April 30, 1830, a committee of the House of Representatives reported at length on the points raised by Jackson, its conclusions being entirely favorable to the bank. A Senate report was likewise friendly. In 1831 Senator Benton supported a resolution against rechartering the bank. In January, 1832, the bank petitioned for recharter, and this was favorably acted upon by committees of the Senate and the House. A bill for recharter was passed, but vetoed by Jackson July 19, 1832. In the autumn of this year Jackson was relected President, and interpreted the vote as an indorsement of his opposition to the bank. In December, 1832, Jackson raised the question whether the funds of the Government were safe in the custody of the bank. An investigation was ordered by the House, and a majority report of the Committee on Ways and Means upheld the bank. This report was adopted March 2, 1833, by a vote of 109 to 46. Notwithstanding this the President determined to remove the deposits, and in order to accomplish his purpose on September 23 dismissed Duane, Secretary of the Treasury, who objected to removal, and appointed Taney in his place. The latter on September 26 ordered that deposit

The vast and undue expansion of paper currency through State banks, which had occurred after the discontinuance of the first Bank of the United States, had led to the suspension of specie payments in 1814; and as a consequence, while the first bank was organized chiefly for the purpose of aiding and maintaining public and private credit, one of the great purposes of the second bank was to aid the Government not only in maintaining its public credit, but also to aid in resuming specie payments and the establishment of a sound paper currency throughout the country. The burden of restoring specie payment was in consequence, in the main, left with the bank. After the act of incorporation had passed, Congress by joint resolution directed that specie payment should be resumed on February 20, 1817. Out of the duty entailed upon the bank to bring about the resumption of specie payment arose its first friction and trouble with the State banks, whose opposition and unfriendliness the bank encountered from the very beginning. The Government deposits were at this time scattered in the State banks, and such deposits were from time to time to be transferred to the Federal bank, but the State banks insisted on transferring these funds in the shape of their irredeemable currency, thus throwing the entire burden upon the bank, for the bank would be heavily penalized if it failed to redeem the deposits of the Government in specie. While the bank was not managed as well as it might have been, yet its chief troubles at the outset came from these causes. In one form or another there was considerable hostility manifested by the State banks against the resumption of specie payments, and many of them were unwilling or unable to redeem their Government deposits in specie.

I especially invoke the attention of Senators to listen to what I am about to say, as it bears on the pending legislation.

In the early part of its operations the bank established a considerable number of branch banks, 25 of such branches in all from first to last. At the outset no definite amount of capital was assigned to these branches, but afterwards, in 1819, the bank made the fatal mistake of assigning and distributing to each of the branches a definite and specific amount of capital. The following table, which I beg leave to insert in my remarks, shows the amount of capital assigned to the various branches at three different dates.

Here is a list which I ask to have incorporated in my remarks. The PRESIDING OFFICER. Without objection, it will be so ordered.

The matter referred to is as follows:

	Assigned May, 1819.	Assigned November, 1819.	Assigned December, 1822.
Portsmouth	\$118,000	\$200,000	\$200,000
Providence	335,000	300,000	350,000
fiddletown	256,000	200,000	200,000
New York	245,000	1,500,000	2, 500, 000
Baltimore	5, 646, 000		
Vashington	556,000	500,000	500,000
Richmond	1,761,000	1,000,000	1,000,000
Vorfolk	862,000	500,000	500,000
avetteville	678,000	500,000	500,000
Charleston	1,935,000	1,500,000	1,500,000
avannah	1,421,000	1,000,000	1,000,000
New Orleans	1,666,000	1,000,000	1,000,000
exington	1,502,000		
Incinnati	2, 401, 000		
ouisville	1, 129, 000		
hillicothe	650,000	100000000000000000000000000000000000000	
ittsburgh	769,000		1000111100111
hiladelphia	13, 046, 000		24, 245, 000
Boston		500,000	1,500,000

Mr. NELSON. It thus appears from this table which I have quoted that \$47,092,000 of the resources of the bank were distributed as capital among 19 branches. The bank was greatly criticized for injustice and unfairness in this distribution. It was justly maintained that the distribution was not made conformable to the commercial and financial importance of the different localities. But the fatal mistake was in thus dissipating and scattering the resources of the bank; and I particularly refer to this matter because it ought to be a lesson to us in the present emergency and admonish us to avoid as far as possible dissipating and scattering the bank reserves of the country.

A great change took place in the character of the capital stock of the bank. At the outset a large proportion of it consisted of Government obligations, or stocks, as it was known in the terminology of those days. In April, 1817, out of the total capital and surplus of the bank, amounting to nearly \$47,000,000, one-half consisted of Government obligations; but, inasmuch as there came a favorable turn in the revenues of the Government thereafter, a large share of these Government obligations held by the bank were from time to time redeemed, and the holdings of the bank of this character were accordingly greatly reduced.

The Government revenues were kept on deposit in the bank until removed by order of Secretary Taney. In remote localities, where the bank bad no branches, the local State banks acted as temporary depositaries and as transfer agents of Government revenues, but in this respect these State banks were merely the agents of the central bank. The bank on the whole proved a safe depositary of Government funds and the Government did not lose a dollar of its deposits with the bank. The bank was required to transfer the Government funds free of charge to such places as the Government required. Such transfers in the years from 1815 to 1827, inclusive, averaged \$28,000,000 a year. Some friction arose between the Government and the bank in reference to such transfer of funds and the checking of the Government against them, as, for instance, when, in August, 1817, the Treasurer of the United States drew upon the mother bank at Philadelphia for \$11,000,000 the cashier of the bank complained that the Philadelphia bank did not have that much funds to the credit of the Government and asked that the checks be made upon the bank and such branches as held Government funds.

The Treasurer declined to comply with the wishes of the bank, and stated that he kept no account other than with the chief or mother bank for the transfer of funds. A like case occurred in November of the same year when a Treasury draft on the branch bank at Richmond came back unpaid for lack of Government funds in that bank. I cite these cases as incidents in the experiences of the Government with the bank. I ask leave to insert in my remarks the following statement showing the amount of Government deposits in the bank and its branches for the period extending from 1817 to 1836, year by year.

the period extending from 1817 to 1836, year by year.

The PRESIDING OFFICER. Without objection, it will be so ordered.

The statement is as follows:

1817	\$10, 200, 000
1818	7, 400, 000
1819	2, 900, 000
1820	3, 600, 000
1821	2, 900, 000
1822	2, 600, 000
1823	4, 300, 000
1824	10, 200, 000
1825	6, 700, 000
1826	5, 800, 000
1827	8, 900, 000
1828	8, 400, 000

1829	\$10, 700, 000
1830	9, 700, 000
1831	9, 100, 000
1832	12, 600, 000
1833	12, 800, 000
1834	4, 000, 000
1835	2, 600, 000
1836	600,000

Mr. NELSON. The bank did not fully meet the public expectations in respect to its circulating notes. This was largely owing to its failure to adopt adequate means and facilities for redemption. It failed to provide an adequate supply of specie and to distribute it at points where the notes were redeemable. The bank was also charged with delinquency in resorting to undue expansion in certain localities. I call the attention of Senators to that.

Trouble also arose from the fact that each independent branch bank issued notes of its own, which were redeemable at the place of issue, and the difficulty of supplying specie for the redemption of these notes at 19 different branches manifestly complicated the situation. It seems to me that from the experience of the bank in this respect a lesson can well be drawn in the present emergency, a lesson as to how serious it may be to provide for the issue of notes at a large number of points and for the redemption of those notes in specie at such points. This drawback should be minimized as much as possible, and this is one of the aims of the Hitchcock substitute. The following statement, which I ask leave to incorporate in my remarks, shows the note circulation of the bank from 1817 to 1836, inclusive.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The statement is as follows:

1817	\$1,900,000
1818	8, 300, 000
1819	0 000 000
1820	40 40 40 40 40 40
1821	
1822	5, 600, 000
1823	4, 300, 000
1824	
1005	\$4,600,000
1000	
1007	
1828	
	9, 900, 000
1829	11, 900, 000
1830	12, 900, 000
1831	. 16, 200, 000
1832	21, 300, 000
1833	17, 500, 000
1834	19, 200, 000
1835	17, 300, 000
1836	23, 000, 000

Mr. NELSON. On the whole, it may be said that the management of the bank in many respects was subject to just criticism, and that it had not on all occasions been as mindful as it ought to have been of its duties to the Government and to the public. It was far from being as well managed and conducted as the first Bank of the United States. It encountered the opposition of President Jackson, who was, in principle, opposed to the creation of banks of this kind, and who subsequently undoubtedly found fair grounds for criticizing some of the operations of the bank. The bank sought to secure a renewal of its charter from Congress, but failed in its attempt by reason of the veto of President Jackson.

In 1833 the deposits of the Government were, upon the order of Secretary Taney, at the instance of President Jackson, entirely withdrawn from the bank, and this led to its ultimate downfall and demise. I refer to this incident not for the pur-pose in any manner of criticizing the conduct of the statesmen of those days, but simply for the purpose of calling attention to the fact of how dangerous this power of absolute removal of Government deposits from a public bank may prove to be. No one doubts but what the removal of the Government deposits from the second Bank of the United States led to its downfall, To equip the Secretary of the Treasury with such a power under the new system that we are now about to establish would be dangerous in the extreme. Our Government deposits of surplus funds run from \$100,000,000 to \$200,000,000 per year, and under the new system would include all the revenues of the Government. The sudden withdrawal of these deposits from the reserve banks, or from any one of them, might lead to the suspension of the bank. The Glass bill, as well as the Hitchcock bill, declines to equip the Secretary of the Treasury with this absolute power. If this power is to be retained in any shape or manner or to any extent by the Secretary of the Treasury, it ought to be exercised under the supervision and with the concurrence of the Federal reserve board, that board in which is vested the regulation and welfare of our proposed new system.

As the failure to renew the charter of the first Bank of the United States in 1810 remitted the Government and the public to a varied system of State banks for paper currency and banking facilities, which brought a flood of paper currency into circulation and led to the suspension of specie payment from 1814 to 1817, so the failure to renew the charter of the second Bank of the United States left us without a national paper currency and remitted the Government and the public again to a variety of State banks, whose numbers and circulation increased at a rapid rate. The Government deposits were placed in some of these banks. Government revenues were in part paid in these State-bank notes, many of them depreciated for lack of specie redemption. The situation finally became so precarious that the Secretary of the Treasury, Mr. Woodbury, on July 11, 1836, issued a circular providing that nothing but gold and silver, and in proper cases Virginia land scrip, would be received in payment for public lands, except in the case of preemption settlers.

This circular created alarm and fear and almost a panic among the banks, and a rapid and undue contraction resulted therefrom, and it served, contrary to expectations, to banish gold and silver from circulation. The next Congress passed a bill to repeal the circular, which the President vetoed. The everincreasing flood of State-bank currency brought the panic of 1837 in its wake. Fear possessed the people who held this currency and they demanded the redemption of it in specie. Few of the banks were able to respond. Most of them suspended and closed their doors. When these banks failed and went down in 1837 some of them held Government deposits. The loss of these deposits at the time greatly crippled the Government in its fiscal operations. The Government deposits had at all events been safe in both the first and the second banks of the United States, but it now became palpably evident that they were no longer safe with the State banks. Some other place for their safe-keeping was urgently needed and must be devised, and in consequence the President, in 1837, recommended legislation for the adoption of a subtreasury system, a system by which funds of the Government were to be retained in the vaults of the Treasury at Washington and in the vaults of the various so-called subtreasuries of the country. Congress at first refused to pass the legislation asked for, but nevertheless the system was practically put into operation by the executive department. In 1840 Congress finally passed the legislation asked for, but in consequence of a change of administration Congress repealed the law in 1841 and passed a bill creating another national bank. This bill was vetoed by the President, who had been elected as Vice President, but had become Chief Executive as the result of the death of the President. In the meantime and down to 1846 the funds of the Government remained under its own control without any law for their deposit or safe-keeping. But subsequent to 1840 they were deposited in seven New York banks, each bank in turn holding all the deposits for one month at a time. Congress finally, in 1846, passed the law creating the subtreasury system, with which you are all familiar and which I need not describe in detail, and which has been in vogue ever since. This system, while it provided a safe depositary for the Government funds, has proved in some respects detrimental and injurious to the commerce and finance of the country. The vice of the system is this, that as the revenues of the Government, from time to time, greatly exceed its expenditures this excess is withdrawn from circulation in the channels of commerce and trade and locked up as a dead fund in the Treasury.

One of the merits of both the Glass and the Hitchcock bills

One of the merits of both the Glass and the Hitchcock bills is to remedy this defect by providing that the Government funds shall from time to time be deposited in the reserve banks and checked against by the Government in making its disbursements. The surplus money of the Government will in this manner be in constant and active use, and the banks and the public will derive great benefit from the system. As is well known, it has heretofore been the practice, when there has been an accumulation of Government funds in the Treasury and there has been a stringency in the money market, to deposit from time to time these funds, mainly in a limited number of favored banks, who have oftentimes used the funds not so much for commercial loans as for the purpose of maintaining the integrity of so-called call loans based upon stock collaterals. The subtreasury system has in recent years been somewhat modified in actual practice by the more liberal and fair distribution of Government funds among the banks. But however well meaning and fair our several Secretaries of the Treasury have been in making such distribution of deposits, they have, nevertheless, been subject to great criticism for undue favoritism. It will be a great relief under the present system for the Secretaries of the Treasury to deposit the funds, as provided in the Glass bill and the Hitchcock substitute, in the Federal reserve banks.

While the subtreasury system, in the absence of a national deposited in the Treasury Departmen Federal bank, afforded relief to the Government in respect to of 5 per cent deposited by the banks.

its deposits, it failed to give any relief to the public at large. They were left with no other paper currency than that issued by a variety and multitude of State banks, under various systems. In a few of the States these systems were good, in some of them indifferent, and in many of them poor and unreliable. Many of the notes, while they temporarily circulated at par in the neighborhood where they were issued, yet as soon as they got some distance from home they were invariably taken at a discount, if taken at all. On the whole, in many instances, they proved a great burden upon the trade and commerce of the country, oftentimes leading to undue inflation and at other times to undue contraction. Not only did the commerce and traffic of the country in general suffer from this currency, but in many instances depositors lost their little all and became entirely pauperized. It would be imposing upon the time of the Senate and would perhaps prove of little value to describe these various State-bank systems in detail. It is sufficient to say that such as they were-good, indifferent, and bad-they gave us the only paper currency we possessed from the time of the demise of the second Bank of the United States until the establishment of our present national-bank system.

There is no telling how long our country would have continued under this older system if the exigencies of the Civil War had not brought about a change and led to the enactment of our present national-bank system. The national-bank law was first enacted in 1863, and reenacted, modified, and enlarged by the act of 1864, which forms the basis of the Revised Statutes on that subject. To meet the expenses of the war the Government had, before the first act was passed, issued over \$300,000,000 in legal-tender notes, commonly called green-backs, and in addition it had increased its bonded indebtedness from about \$80,000,000, at the beginning of the war, to nearly \$1,500,000,000 in round numbers, and the end of the war being still apparently in the far distance it became necessary to incur a much larger indebtedness and to make provision for the same. The same reason, to a large extent, existed for the enactment of the national-bank law as for the enactment of the law providing for the charter for the first Bank of the United States, namely, to aid the Government in securing further loans and in maintaining its financial credit. It is said that when Washington asked Hamilton, "What is to be done with our terrible debt?" that Hamilton replied, "Bank on it as our only available capital and the best in the world." It must be remembered, too, that at this time the resources of the Government were greatly limited by the pending war. Out of the 35 States of the Union 11 were in open rebellion, and of the 24 who had remained 3 of them-Missouri, Kentucky, and West Virginiawere border States, where the powers of the Federal Government were not always paramount and effective. At the time the first national-bank law was enacted in 1863 gold and silver had ceased to circulate. There were at that time about 1,466 State banks in operation in the States adhering to the Union. These banks had a capital of \$405,000,000, and a note circulation of \$238,000,000 in round numbers. This circulation and our greenback circulation constituted at this time the only circulating medium of the country, aside from various temporary and lawless expedients, such as checks and other kinds of makeshifts.

The object of the national bank law was of a twofold character; first, to secure purchasers and holders of the Government bonds, and second to give the public a safe and sound paper circulating medium. The act accomplished to a great extent both of these purposes. It created a market for the bonds and maintained their integrity. It gave the people a currency that was absolutely safe and sound, and which has not from the time of the inauguration of the system entailed a single dollar of loss on a bill holder. The system thus inaugurated has grown until at this time we have a total of 7,500 national banks in round numbers, with a paid-up capital of \$1,056,000,000, a surplus of about \$725,000,000, outstanding note circulation of \$724,000,000, individual deposits amounting to \$5,760,000,000 in round numbers, and loans and discounts amounting to \$6,160,000,000 in round numbers. Prior to 1900 no national bank could be organized or established with a capital of less than \$50,000. By the act of March 14, 1900, banks were permitted to be organized with a capital of not less than \$25,000 in towns where the population did not exceed 3,000. There are over 2,000 of these small banks organized under the provisions of this act, and these small banks have been the means of extending good banking facilities to the rural communities and the smaller towns of the country. The circulating notes issued by the national banks are based upon Government bonds deposited in the Treasury Department with a redemption fund

Now I come to that system of bank reserves in which we are so much interested. In order to fortify and strengthen the system, a scheme of so-called bank reserves was established by the act. For such purpose the national banks of the country were segregated into three classes-banks in central reserve cities, banks in reserve cities, and country banks. In the original acts of 1863 and 1864 provision was made for only one central reserve city, to wit, New York. By the act of 1887 this was changed so as to allow, upon a proper showing, cities of a population of 200,000 or more to become central reserve cities. There are only two cities that have taken advantage of this law—Chicago and St. Louis. There are a number of other cities which could readily have become central reserve cities under the law of 1887, having sufficient population for that purpose. Among those of that class that I can recall at this moment are Boston, Philadelphia, Baltimore, Pittsburgh, New Orleans, Kansas City, St. Paul, Minneapolis, San Francisco, and there are other cities which I am unable to recall at this

Mr. SMITH of Michigan. Detroit?

Mr. NELSON. Yes; Detroit. Mr. POMERENE. And Cincinnati.

Mr. NELSON. Yes. There are 47 cities that have been designated as reserve cities. There are 52 national banks in the central reserve cities and 315 national banks in the reserve cities. All the other national banks of the country are known

as country banks.

The national-bank law provides that country banks must keep a reserve of at least 15 per cent of the aggregate amount of their deposits. Two-fifths of this, or 6 per cent, must be kept in their own vaults; three-fifths, or 9 per cent, must be kept in their own vaults; three-fifths, or 9 per cent, may be kept at their option in national banks in central reserve cities or in reserve cities, as the case may be. National banks in reserve cities are required to keep a reserve of 25 per cent of the aggregate amount of their deposits. One-half of this amount they are required to keep in their own vaults; the other onehalf they may deposit in the national banks in the central reserve cities. Banks in central reserve cities are required to keep in their own vaults a reserve of 25 per cent of the aggregate amount of their deposits, but in all of these cases the banks are credited on their reserves with the 5 per cent kept in the Treasury for the redemption of their circulating notes; in other words, this is deducted from the amount of the reserves required.

It is evident that the original national-bank act contemplated but one great reserve center for the entire country, the city of New York, and although this plan was afterwards modified by the act of 1887, to which I have already called your attention, fact remains that New York has always continued to be the main and chief reserve reservoir of the country, and on account of its great foreign and domestic commerce and its large amount of accumulated capital it will undoubtedly continue in the future, as in the past, to be the chief financial reservoir of the country, from which relief in great emergencies must come, notwithstanding any system of reserve banks we may establish. The reserve bank at New York will be the ultimate reservoir to which other reserve banks in case of emer-

gency must look.

While in theory the reserve system of the national-bank act seemed good, yet in actual practice, especially in times of money stringencies and panics, it has proved a great source of weakness and danger. The banks in the central reserve cities have striven to secure the reserves and other deposits of the country The banks in the central reserve cities have banks and of the banks in the reserve cities, and the banks in the reserve cities have in like manner striven to secure the reserves of the country banks, and as an inducement in both cases an interest of 2 per cent per annum has been paid on such deposits and reserves. The banks of the interior, in times when the demand for money at home has been slack, have forwarded their deposits in great volume to the banks of the central reserve cities, especially to banks in New York, and these banks, who in this manner became at certain seasons of the year so plethoric with the funds of the interior banks, could not afford. while paying 2 per cent interest, to allow the funds to remain idle, and this drove them, of necessity, to have recourse to call or demand loans secured by stock collaterals. These loans are usually made to stockbrokers, who are buying and carrying stocks for themselves or their customers. While in ordinary times such loans may be regarded as liquid, yet in times of money stringencies and panics they are anything but liquid. If under those circumstances the loans are called in, the borrower has neither money himself nor can he obtain loans from other banks to redeem the loans, and the result is that his stocks are sold at a sacrifice on the stock exchange without practically adding anything to the volume of money. In times

of panics the only loans that are really liquid, in the true sense of the term, are bills of exchange drawn against the shipment of products that may be termed the necessaries of life, such as cotton, wheat, corn, flour, and other articles, shipped abroad.

The panics of 1873, 1893, and 1907 demonstrated the truth of this proposition. One of the sources of the evil of this system has been the payment of interest by banks on bank On the one side it promotes the undue transmission of funds from the interior to these great banking centers. On the other hand, it induces the banks who thus secure these large deposits to unduly expand their credits and to carry a large quantity of call stock-exchange loans, and thus these funds are withdrawn from the channels of commerce. On the heels of the panic of 1873 a committee was appointed by the New York Clearing House to investigate the causes which led to that panic and to report upon what reforms were necessary in the operations of the banks to increase the security of their business, and so forth. On November 11, 1873, this committee presented its report. It is printed in full in volume 5 of the Report of the Monetary Commission, pages 91 to 101, inclusive, to which reference is made. At this time I can only quote the following passages from the report. Among other things, it

No institution can in the long run purchase deposits of money, payable on demand, of the owners and at the same time secure to itself a just and proper compensation for the business without violating some of the conditions indispensable to the public safety. It must either use them in ways that are illegitimate and perflous or use them in excess. This has been abundantly proved by innumerable instances in years past, and the practice of paying interest for such deposits was unanimously condemned by the bank officers in 1857 as one of the principal causes of the panic at that period, for the reasons given in a printed report, of which a copy is annexed hereto.

Speaking of call stock-exchange loans, the report states:

Speaking of call stock-exchange loans, the report states:

Legitimate commerce does not, then, demand it. It is still subject to instant call. There is consequently no resource but to loan it in Wall Street upon stocks and bonds. In doing which so much of the Nation's movable capital passes for the time into fixed and immovable forms of investment and its essential character is instantly changed. Loans are made with facility upon securities which have no strictly commercial quality, new and unnecessary enterprises are encouraged, wild speculations are stimulated, and the thoughtless and unwary are betrayed into ruinous operations. The autumnal demand finds the resources of the Nation unnaturally diverted from their legitimate channels, and they can only be turned back with difficulty and public embarrassment. Such has been our well-known experience year after year. Interest upon money has, as a consequence, fluctuated widely from 3 and 4 per cent per annum in summer to 15 and 20 per cent in the fall and winter upon commercial paper, and upon stocks at times to one-half and even 1 per cent a day. Vicissitudes like these are uterly destructive to all legitimate commerce, and institutions whose operations tend to such results are enemies to the public welfare.

Among the other recommendations for reform made by this

Among the other recommendations for reform made by this committee, the first and principal recommendation was:

That payment of interest upon deposits, either directly or indirectly, be entirely prohibited.

I may say in this connection that while a great majority of the banks of the New York Clearing House approved of it and would have adopted the plan there was a very small minority that refused to acquiesce. The result was that the rule recommended by this committee was not adopted. I commend the perusal of this report to all who are interested in the subject matter. All of us can recall the panic of 1907. It is still fresh in our memories. I do not care to go into the details of that subject at this time, but will simply state the bald fact that the banks of New York stopped the panic and run at that time by closing their doors and suspending, and that suspension continued in spite of the fact that during its pendency over \$90,000,000 of gold was imported from Europe upon bills of exchange drawn against bills of lading for agricultural products shipped to Europe, and in spite of the fact that the Government deposited with the banks of New York during that period upward of \$40,000,000, one-half of it in two of the largest banks; and it is to be noted also that during the acute period of the panic and suspension our national bank-note circulation was increased to the extent of nearly \$50.000,000. The total deposits made by the Government in the banks at that time amounted to \$58,000,000; so that \$58,000,000 of Government deposits, \$50,000,000 of additional bank-note circulation, and over \$90,000,000 in gold was added to the money supply of the country before the banks could open their doors and resume their normal business. We all know how the reserves of the interior banks of the country were tied up during this period of suspension. The tie-up in New York led to the fie-up in Chicago and St. Louis, and the tie-up at these three centers led, to a greater or less extent, to the tie-up of the banks in the 40 or more reserve cities and in the country banks, though it may be said that at that time in some of the States in the upper Mississippi Valley many of the country banks kept their doors open all the time and were at all times ready to respond to the full demand of their depositors. I refer to these matters not

so much for the purpose of criticizing anybody as for the purpose of enabling us to draw a lesson therefrom; and that lesson has been utilized in a concrete form in two of the pending currency bills by entirely changing the system of reserves and by prohibiting the payment of interest on such reserves and the payment of interest on deposits in the reserve banks.

may say in this connection that the original Glass bill prohibits the payment of interest on all deposits except on the deposit of Government funds. The Hitchcock bill is along the same lines, and prohibits the payment of interest on bank deposits in the reserve banks, while the last print of the Owen bill, if my recollection serves me right, is silent on that sub-I will ask the Senator from Missouri [Mr. REED] or the Senator from New York [Mr. O'GORMAN], whom I see before me, if I am not correct? I rather think it was unintentional.

Mr. O'GORMAN. My understanding is that interest will not be paid on deposits made by member banks, and will not be paid on deposits made by the Federal Government.

Mr. NELSON. It is not indicated in the last print of the

bill that that is so.

Mr. SHAFROTH. Mr. President, as I understand the bill, the banks are not entitled to pay to any member banks for moneys on deposit. That is plain in all the bills, I think. As to Government deposits, interest can be paid, as I understand, depending upon the condition of the bank and the desire of the Secretary of the Treasury. The banks are permitted to pay interest on Government deposits.

Mr. O'GORMAN. I desire to say, Mr. President, with reference to the last suggestion made by the Senator from Colorado, that if there is any such provision in the Owen bill it does not at this time reflect the views of the Senators who subscribed to the report on that bill, because the bill contemplates that with one or two reservations all the profits of this new banking system will go to the Government. If at an intermediate stage you require the system to pay interest to the Government on the Government's deposits, you are simply reducing the amount that will ultimately go to the Government by way of profit.

Mr. SHAFROTH. The division is not as the Senator from New York suggests. The division is made after the payment

of surplus of 40 per cent.

Mr. O'GORMAN. I say, with certain reservations. mind the surplus of 40 per cent. I had in mind the 6 per cent interest on the stock. I had in mind the part of the profits that is to be segregated for the purpose of protecting or guaranteeing or insuring the deposits of individuals in the member banks.

Mr. SHAFROTH. Yes; but in addition to that you can readily see that the very right which the Secretary of the Treasury has to put money in these banks or not to put money in these banks is something that would give the power to exact interest, if it is necessary.

Mr O'GORMAN. Do I understand the Senator from Colorado to say that there is an express provision in the Owen bill

at this time conferring that power?

Mr. SHAFROTH. I am not certain; but evidently the power which the Secretary would have of either depositing money there or not depositing money there would give him the power to prescribe the terms upon which it could be placed there. Mr. REED. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota

yield to the Senator from Missouri?

Mr. NELSON. I do. Mr. REED. The Senator from Minnesota asked whether there was a prohibition against the payment of interest upon bank reserves

Mr. NELSON. Upon deposits in reserve banks. Mr. REED. Did the Senator refer to reserves deposited by one bank in another?

Mr. NELSON. I referred to the deposits made in the reserve The member banks not only may deposit their reserves there, but they may deposit their other funds.

Mr. REED.

Mr. REED. Yes. Mr. NELSON. My contention is—and that is what is included in the Hitchcock bill-that the reserve banks should pay no interest on these bank deposits, whether they are a part of the reserves or whether they exceed the reserves.

Mr. SHAFROTH. That is true of the Owen bill also.

Mr. NELSON. I can not find it in the last print, but perhaps it was my mistake.

Mr. REED. May I ask the Senator from Colorado what section of the Owen bill provides that?

Mr. SHAFROTH. I am not certain, but I am satisfied that there is no power whatever given to these banks to pay any interest on deposits made with them.

Mr. NELSON. There is no express power to do so, but there is no inhibition against it.

Mr. REED. Mr. President, I have here the section which I think covers it, section 15-16.

Mr. SMOOT. Yes; the old section 16 and the new section 15. Mr. REED. To clear up the matter, I will state that in the Owen bill, as it appears in its last print, section 16 of the old bill becomes section 15 of the present bill. The section reads as follows .

The moneys held in the general fund of the Treasury, except the 5 per cent fund for the redemption of outstanding national-bank notes and the funds provided in this act for the redemption of Federal reserve notes may, upon the direction of the Secretary of the Treasury, be deposited in Federal reserve banks, which banks, when required by the Secretary of the Treasury, shall act as fiscal agents of the United States; and the revenues of the Government or any part thereof may be deposited in such banks, and disbursements may be made by checks drawn against such deposits.

That is a proposition very similar to the section of the Glass bill which came here from the House. It covers largely the same subject matter as the same section of the Glass bill; but the latter had at the end of the section as it appeared there these words:

Provided, That no Federal reserve bank shall pay interest upon any deposits except those of the United States.

Mr. NELSON. Yes; that is what I referred to.
Mr. REED. That language does not appear in the same place in the Owen bill, and I do not think it appears elsewhere in the bill.

Mr. NELSON. That is my understanding-that it does not

appear anywhere in the last print of the Owen bill.

Mr. ROOT. I should like to ask the Senator from Colorado whether, in his view, when the Secretary of the Treasury is authorized to deposit the funds of the United States in certain banks he has any authority of law to charge interest upon those funds?

Mr. SHAFROTH. He does charge interest now. money in various banks of the United States, and he gets 2 per cent interest upon it.

He has authority of law for that.

Mr. WARREN. I think there is no authority of law. It is true that the money deposited by the Secretary of the Treasury in national banks is now drawing the interest that is now demanded, but I have always understood-and I would like to be informed if the contrary is true-that the Secretary of the Treasury has no specific license of law to do that. understand, that while there is no law prohibiting it, there is

none specifically giving him that privilege.

Mr. NELSON. My recollection, if the Senators will allow me, is that in the so-called Aldrich-Vreeland bill there is a provision authorizing the Secretary of the Treasury to collect interest on a certain class of deposits, but it is so framed that it covers only the cases where the Government makes deposits in banks scattered over the country without using them for the purpose of checking against. It does not apply to current deposits made from day to day and checked against by the Government. I know something about it, because it was at my instance that that provision was incorporated in the act. I was in favor of having interest paid on all Government deposits in the national banks at that time.

Mr. WARREN. I recall that. Mr. NELSON. But, as a matter of fact, the committee cut my proposal down until it was limited to the class of cases I have mentioned.

Is not interest being charged on all of the Mr. WARREN. deposits now in the national banks, whether they are checking accounts or whether they are of a time or stationary nature?

Mr. NELSON. I do not know.

Mr. SHAFROTH. I understand that to be the fact.

Mr. NELSON. I am not advised as to what is the practice

Mr. WARREN. I understand so. I remember that a few months ago certain bankers were about to call a meeting of bankers to see whether they would continue to receive the deposits of the Government under the charges that were made, I think nothing came of it, because the stringency of the times or the higher rate of interest has made it desirable, I assume, for the banks to continue to pay the rate of interest which the present Secretary of the Treasury has prescribed that they shall pay

Mr. SHAFROTH. I will say that the Secretary of the Treasury told me that while there were some protests at the beginning, all of the moneys he could lend out with any degree of safety were eagerly taken by the banks, and 2 per cent interest

was being paid upon them.

Mr. WARREN. Because the demand became greater. Mr. SHAFROTH. Yes; perhaps the demand became greater at that time. I wish to say to the Senator from New York, however, that the power which is given the Secretary of the Treasury here to deposit money in these Federal reserve banks would, it seems to me, give him the right to prescribe the terms upon which the deposits should be made, just as I believe the Secretary of the Treasury now has the power to require that interest shall be paid upon the deposits which he makes in the national banks. That being the case, I believe it to be the intention of this bill-at least, it was my intention-that while there should be no payment of interest upon deposits made by the banks there should be power to charge an interest rate if it was deemed proper to do so in view of the manner in which the banks were being run.

Mr. ROOT. I think the terms of the House bill undoubtedly

imply that.

Mr. SHAFROTH. I think so. Mr. WILLIAMS. Mr. President, if the Senator from Minnesota will pardon me, I think the two parts of the bill that refer to the point are these:

Section 14 says:

Any Federal reserve bank may receive from any of its member banks, and from the United States, deposits of current funds in lawful money, national-bank notes, Federal reserve notes, or checks and drafts upon solvent banks of the Federal reserve system, payable upon presentation; or solely for exchange purposes, may receive from other Federal reserve banks deposits of current funds in lawful money, national-bank notes, or checks and drafts upon solvent member or other Federal reserve banks, payable upon presentation.

Mr. NELSON. There is no dispute about that paragraph.

Mr. NELISON. There is no dispute about that particular.

Mr. WILLIAMS. Then, on page 49 of this print—I have not the section right now, but I will get it in a minute—

Mr. O'GORMAN. Section 15.

Mr. WILLIAMS. No; that is another section. The other was

section 14. On page 49 of the comparative print this language

Nothing in this act contained shall be construed as taking away any overs heretofore vested by law in the Secretary of the Treasury which late to the supervision, management, and control of the Treasury Department-

And so forth

Mr. NELSON. I wish to say to the Senator from Mississippi that I am not so much concerned about the matter of interest on Government deposits.

Mr. WILLIAMS. No; I am simply trying to answer the ques-

tion of fact as to what the bill provides now. It goes on:

And wherever any power vested by this act in the Federal reserve board or the Federal reserve agent appears to conflict with the powers of the Secretary of the Treasury, such powers shall be exercised subject to the supervision and control of the Secretary.

From those two provisions compared with one another it would appear that they are given the power to receive the de-posits, subject to such other powers as the Secretary of the

Treasury now has,

Mr. NELSON. But the Senator overlooks the main question involved in the case, which I discussed. It was not so much the matter of interest on Government deposits, because, as I look upon that, it is to a large extent academic, for the reason that all the revenues go to the Government outside of the dividends paid to stockholders, the insurance fund, and what is retained for the purpose of accumulating a surplus fund. What I am concerned about more than anything else is the payment of interest by the reserve banks to their depositors. Unless that is prohibited we fall back into the old and dangerous rut of the present reserve system.

Mr. WILLIAMS. That would seem to fall within the powers

of the reserve board,

Mr. REED. I wish to ask the Senator from Minnesota a question. I agree with what he has said in regard to the limitation, and that there should be a limitation upon the Federal reserve banks paying interest to any of the member banks on deposits; but I wish to ask him if he did not intend to go further than that and prohibit banks from paying interest to each other, or whether he simply wanted the limitation placed upon the reserve banks?

Mr. NELSON. It would apply to all the deposits. If I re-call the language of what is called the Hitchcock bill, it prohibits a reserve bank from paying interest on any of its de-

posits. The Senator did not catch my question.

Mr. WILLIAMS. They would not get any.

Mr. REED. I understand the Senator means that; but does he intend to go further and prohibit any bank from paying interest upon deposits placed with it by any other bank?
Mr. NELSON. Oh, the Senator means the local banks?

Mr. REED. Yes.

Mr. NELSON. Oh, no. It does not affect member banks.

Mr. REED. And the Senator does not intend to affect them? Mr. NELSON. No; it does not affect them; it leaves member banks exactly as they are. This is simply to prohibit the reserve banks, which are made the holders of the reserves under the new system, from paying interest on deposits, which has been the great vice of the existing system.

I agree with the Senator on that.

Mr. WILLIAMS. The Senator means deposits made as a part of the reserve?

Mr. NELSON. Any deposits made with a reserve bank by a

member bank

Mr. WILLIAMS. The evils of the present system have grown out of the fact that interest was paid on the part of the deposits made by the country banks with the reserve banks, which by law was to constitute a part of the reserves of the country banks, only being kept there instead of in their own vaults. Suppose, however, that a bank, for its own accommodation, the accommodation of its business, keeps on hand in New York, in addition to its reserve under the law, a deposit for other purposes; of course the Senator does not want to disturb the payment of interest upon that?

Mr. NELSON. Certainly; that is the very thing I refer to ore than anything else. The reserves required to be kept more than anything else. under the law are mandatory. The bank has to deposit them whether it is willing or not; but all other deposits above that

are at the volition of the bank,

Mr. WILLIAMS. I agree with the Senator that, in so far as the bank is compelled to keep a part of its reserves at a certain place, interest ought not to be permitted to be charged it, because that reserve ought to be held for reserve purposes, subject to instant call at any time. Suppose, however, you were carrying on a bank in Minnesota and you were keeping in St. Louis more than the reserves which the law required you to keep there—that is, the proportion of them that would go to this reserve city.

Suppose you had an immense business there of various sorts and your checks were coming in and going out all the time. Suppose you needed accommodation at certain seasons of the year, and in order to secure that accommodation you kept in St. Louis, in addition to what the law compelled you to keep there, a couple of hundred thousand dollars. Now, of course, you would not want to keep that amount there at all unless you could get some interest upon it. The truth is that it works in this way: You put it in there and get a certain amount of interest, and then, when crop-moving time comes, that bank

stands behind you and lets you draw.

The viciousness of the present system consists in the fact that what ought to be the reserve of the country, held subject to instantaneous call, in order to protect the country bank or the reserve city bank, finds itself wrapped up in New York, and it can not be gotten away. Of course, as to other deposits made by banks, they stand upon no higher ground, as far as public policy is concerned, than my individual deposit or yours in a New York bank, and certainly they ought to be allowed to earn interest. If you do not let them earn interest, the deposit never

will be made, except so much as the law compels to be made.

Mr. NELSON. That is all the better; that is what makes
the system safe. There is where the Senator from Mississippi utterly fails to draw a lesson from our present reserve system. It is not only that they pay interest on the required reserves they deposit, but they pay interest on all the deposits of the country banks, and by that means draw the money to New York or other reserve centers. The country banks, instead of keeping the money at home, send it to New York or other reserve centers for the sake of getting 2 per cent interest. And then the banks in the reserve cities loan it out on stock collateral as call loans, which, in cases of great emergency, can not readily be converted into cash.

The seat of the difficulty, to my mind, is the payment of interest by the banks on bank deposits.

Mr. McCUMBER. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from North Dakota?

Mr. NELSON. Yes.

Mr. McCUMBER. I want to ask the Senator whether the Hitchcock bill, which he is supporting, either authorizes the reserve banks to pay interest on deposits made by the Government to check against or authorizes the Secretary of the Treasury to charge interest as a condition of deposit?

Mr. NELSON. No; it does not. Mr. McCUMBER. Did I understand the Senator to say that he did not consider it of any great importance whether they paid interest on the Government deposits or not?

Mr. NELSON. No; I do not to the extent I do of bank de-

posits, as outside of the dividends to the stockholders, the insurance fund, and the accumulation of a surplus everything goes to the Government.

Mr. McCUMBER. If that be true, does the Senator think that the Secretary of the Treasury, who is to receive on behalf of the Government's profit from a banking institution in which it makes no investment and without any responsibility on its own part, should, in addition to that, make a charge for the deposits as they come into that bank-

Mr. NELSON. I do not understand the Senator. I suggest that he ask a simple question and not make it so complicated

and long.

Mr. McCUMBER. I will put it in simpler form if the Senator wishes it. Suppose the Government deposits in one of the Federal reserve banks a million dollars. The Government may or may not own any stock in that bank. The Government is to get all the profits of that bank above a certain per cent which is to be paid in dividends and a small amount for surplus and a little insurance probably. All the balance is to go to the Government. Now, if the Government is to receive that without an investment in the bank and without any responsibility, does not the Senator think the Government ought not to charge for the use of the funds that it deposits in those banks?

Mr. NELSON. Certainly; I do.

Mr. McCUMBER. Should there not be a prohibition against

charging it?

Mr. NELSON. Certainly. That is what we have in the Hitchcock bill. We propose to prohibit the payment of interest on Government and all other deposits in the reserve banks.

Mr. McCUMBER. That is precisely what I wanted to know.

Mr. NELSON. Mr. President, we must look at this question from a broad standard in Lindon our present subtraction.

from a broad standpoint. Under our present subtreasury system the surplus funds of the Government are locked up in the subtreasury until the Secretary of the Treasury sees fit, in cases of money stringency or otherwise, to distribute the funds among the banks. It is all discretionary with him. He can grant such favors to some localities and withhold them from other localities. We want a system of legislation which will divest the Secretary of such discretionary power. We want the surplus funds of the Government, instead of being locked up in the vaults of the Treasury, to be kept in constant circulation, and the only way we can have them in constant circulation is to do the same as the British Government does with its funds. It deposits them in the Bank of England and checks against them, and in that way the money is constantly in use. We want to have it constantly in use for the people of the United States, for whom we are seeking to establish a helpful and

beneficial banking system.

Mr. CUMMINS. Mr. President—
The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Iowa?

Mr. NELSON. Certainly.
Mr. CUMMINS. I should like to ask a question, but I will not do it if it has a tendency to interrupt the Senator from Minnesota

Mr. NELSON. Oh, no; not at all. Questions are oftentimes

very instructive

Mr. CUMMINS. My question is not to instruct the Senator from Minneson, because that would be impossible for me to do. Neither is it to bother or budger him. I have profound confidence in his judgment with regard to this matter. I am a little bit mystified with one phase of the subject. He says that the banks in New York, for instance, ought not to pay interest upon deposits.

Mr. NELSON. Bank deposits.
Mr. CUMMINS. Upon bank deposits, because the payment of interest brings the deposits to New York, and the banks in New York in order to be able to pay the interest must in turn invest the money in such securities as are current there. I agree to that. That seems to me to be perfectly plain. I can see, too, that there may be an emergency in which the banks in New York having thus invested the money would be unable to re-

spond to the demands of their depositors.

But what bothers me is that this bill requires the same banks to deposit 5 per cent of their demand obligations and a certain per cent of their time obligations with the Federal reserve per cent of their time obligations with the rederni reserve bank. The Federal reserve bank is expected immediately to invest that money in the securities that are described in the bill, or at least all of that money with the exception of the reserve which it is compelled to hold. If it invests the reserve money in securities, why should it not pay interest to the banks

which deposit it?

Mr. NELSON. Why should it? Will the Senator explain

why it should?

Mr. CUMMINS. The vice of the present system is well described by the Senator from Minnesota, that the habit of paying interest draws money to New York which ought not to flow there; but the law compels the banks to put their money into the reserve bank and it must go there. If the vice of paying interest is that it brings about an artificial distribution of on Government deposits was academical.

money, it seems to me that the Federal reserve bank ought to be compelled to hold this reserve money without being invested at all in order to respond to its depositors whenever called upon. I can not just see why if the Federal reserve bank is told to put out the money at interest it should not pay a part of that interest anyhow to the banks which deposit it.

Mr. NELSON. The trouble with the Senator's statement is

that he assumes that both in the present system and in the system which we establish here the only deposits are what are called the reserves. As a matter of fact, the country banks in the interior have as a rule had a great deal more on deposit in the banks of New York than they are required to hold as

reserves, and so they will under this system.

Now, I want to tell you wherein this system differs from the present system. Technically, under the existing system, no bank has a right to loun out its reserves. It is required to keep a certain amount of reserves. But that is not the case under the system that we propose to establish under this bill. The reserve

banks can loan out the reserves or any of their money so long as they keep a reserve of 35 per cent.

Mr. CUMMINS. That is just what presents the difficulty, in my mind. I was not speaking, of course, about the deposits other than the reserve deposits, but the law comes to the bank and tells it to deposit 5 per cent of its demand obligations with the reserve bank. That, of course, is for safety. The reserve bank immediately loans that money out.

Mr. NELSON. It can not loan all of it, Mr. CUMMINS. It loans all of it except a certain reserve which it is required to keep. If it is required to loan the money which belongs to the depositing bank and earn interest upon it, why should it not pay to the depositing bank a certain part, at least, of the interest which it actually earns upon the deposit?

That is what it is difficult for me to understand.

Mr. SHAFROTH. If the Senator from Minnesota will excuse me, I will state the reason why we thought there should be no me, I will state the reason why we thought there should be no interest paid to a member bank. It is because it is that contribution which the member bank makes to the system in order to get the protection of having its drafts discounted. Of course this is supposed to create a discount market, by which a member bank can go and present its paper and have it discounted there. It was thought that to do a general banking business beyond the amount and to pay interest would cripple perhaps the banking system and perhaps lead to favoritism, in the way of giving too large an amount of money in the shape of interest, and that it might seriously impair the operations of the Federal reserve We thought it was nothing but fair that the member bank should contribute this money without interest for the benefits which it receives in having its reserves held and in having the security which in time of a run is of such great moment to it in preventing the bank from closing.

Mr. O'GORMAN. Will the Senator allow a suggestion in connection with the statement made by the Senator from Colorado?

Mr. NELSON. Certainly.

Mr. O'GORMAN. There was another reason why it was thought inadvisable to pay any interest to a member bank. The member banks, as has been suggested by the Senator from Colorado, are to be the beneficiaries of this system. They are to enjoy all its privileges and advantages, and its greatest privilege is that it affords an opportunity to a member bank to go to the regional bank with its collateral and get immediate accommodation. If the Federal reserve bank must, in the first instance, pay interest to the member bank, the reserve banks making the loan to the member bank must charge a correspondingly high rate for the accommodation. That suggestion, I think, had weight with those who considered this proposition in committee. In other words, by not paying the member bank any interest upon its deposit the member bank can get the accommodation of the reserve bank at a cheaper rate.

Mr. CUMMINS. All that simply means that money contributed to the bank is paid back to them through discount instead of withdrawing it in the ordinary way. I am a great believer, so far as possible, in allowing people to make their own contracts rather than have the Government make them. I have on tracts rainer than have the Government make them. I have no definite opinion about the question we are now discussing, and that is the reason why I asked the Senator from Minnesota, if the reserve bank shall loan out the money, why there would be any danger in paying interest upon the deposit.

Mr. NELSON. The danger would be akin to that in the present system, though, perhaps, not in as great degree.

Mr. NELSON. Tyield to the Senator from New York.

Mr. NELSON. I yield to the Senator from New York. Mr. ROOT. I want to turn the mind of the Senator from

Minnesota to a possible modification of the remark he made a short time ago to the effect that the question of paying interest

Mr. NELSON. Perhaps I overstated it.
Mr. ROOT. That is undoubtedly true, if it is certain that the regional reserve banks are so profitable that they make 6 per cent interest and have the money to divide with the Govper cent interest and have the money to divide with the Government in the way of profits. But, suppose the regional bank does not make its 6 per cent profit, then it is not academical, because, in that case, if it has been prevented from making 6 per cent profit on the stock to pay to the member banks by paying interest to the Government, the provision permitting the requiring such interest will just so much reduce the benefits that are to go to the member banks in return for their contributing the capital and keeping approximately half their reserves with the regional banks. It seems to me it is only prudent for us to contemplate both possibilities-the possibility of a large profit and the possibility of a small profit or none. I think the Government ought not be permitted to charge interest to these regional banks. I agree with the Senator from Minnesota in his view about the effect of paying interest. I do not believe in having banks receive interest upon their deposits.

Mr. NELSON. Especially on bank deposits,

Mr. ROOT. I think, in the business between banks, there should be no interest as from one bank to another. I think that results in a better administration of the business affairs of the community; but I think that rule ought to be applied to the Government, and that the Government, inasmuch as after reaching a certain point it is going to have all the profits in restricting the stockholders who supplied the capital to a moderate and limited profit, ought not to be permitted to make an additional profit by the way of charging interest, which will in any event prevent the member banks who have supplied the capital from getting their 6 per cent. I think it is fairer all the way around, if the member banks are to be limited in the profits that they are to receive and the Government is to take all the surplus, that the member bank should have the income up to the limit without having it interfered with by the Government charging interest,

Mr. NELSON. I concur in what the Senator from New York

has so well stated.

There is another consideration that I want to state to the Senator, and that is a consideration, I think, that has affected every member of this committee. We have felt all along that in establishing this new system of reserve banks we are not establishing them for the purpose of making money. The chief object of the system is to create these reserve banks to ald the member banks and the people of the country at large. content that these banks shall pay the dividends and provide an insurance fund and provide a surplus. We are content if the banks will do that and accomplish the other great purpose we have in view, and that is, to be an aid to the local banks throughout the country. If we were building up these reserve banks as money-making institutions for the mere sake of seeing how much money they could earn, then it would be a question whether we should exact interest on bank deposits or Government deposits. Our present system of reserves has disclosed the great danger that lies in the payment of interest on bank deposits.

Senators seem to think that all these deposits with the New York and Chicago banks are limited to the reserve requirements, In normal times the banks of the entire country generally keep a much larger amount than the reserve requirement. They keep it because for the time being they can not put it into active use at home, and they send it there for the sake of getting the 2

per cent interest.

Mr. WILLIAMS. State banks will keep it there as well as the National Government,

Mr. NELSON. State banks and trust companies, as well as national banks-

Mr. O'GORMAN. Mr. President— Mr. NELSON. If the Senator from New York will allow me, I will add one more word in this connection. I have not commented upon this system of reserves and the payment of interest for the special purpose of criticizing the New York banks. I do not mean to say that the banks there are the only delinquents. The country banks which have loaded up the big banks in the city for the sake of that 2 per cent are as much to blame-are, so to speak, particeps criminis.

Mr. O'GORMAN. I have only to suggest, perhaps, a reason why, as I understand it, the country banks keep on depositing in the central reserve cities—New York, Chicago, St. Louis—amounts in excess of the legal reserve requirement. They do it generally so that they will be in a position, when their needs require it, to get accommodation from the large central reserve city banks; and the extent of that accommodation will depend | he can get at any moment.

to a large degree upon the deposits which they keep from time

to time in excess of their reserve deposits.

Again, it has been suggested that very often the smaller banks forward money in excess of reserve requirements either to reserve cities or to the central reserve cities to minimize the risk, whatever it may be, in certain communities of loss of money by bank robberies and such causes. Those, as I say, are two reasons which at times operate with certain of the small banks throughout the country to cause them to forward their moneys to the reserve centers.
Mr. ROOT. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota yield to the senior Senator from New York?

Mr. NELSON. I do.

Mr. ROOT. Does not the junior Senator from New York think that there will be a better condition in respect of the forwarding of money to New York from the country banks if this bill operates to create a really elastic currency? Of course, no country bank is going to send money to New York at 2 per cent merely for investment purposes if it can get 5 per cent or 6 per cent with good security at home.

Is it not also a fact that the country banks have been sending their money to New York at a period of the year when it was not needed in their own localities, relying upon getting it back

when needed?

Mr. O'GORMAN. The evidence before our committee has been to that effect.

Mr. ROOT. So this practice has been a kind of rude method of making the currency elastic for purposes of their own

Mr. O'GORMAN. I might add to what the Senator has suggested that they send the money, when they have a surplus of it at home, to the reserve cities, calling upon it when their needs at home require it; but beyond that their needs at home will very often require much more than they have available. and it is then that they seek accommodation from the banks in the reserve centers, which have had the benefit of their accounts. It is a mutual accommodation.

Mr. ROOT. So that it is a still further way of making the currency elastic as to that particular locality?
Mr. O'GORMAN. Yes.

Mr. ROOT. They reduce the currency of that locality when it is not needed by sending it to reserve cities. They increase it when it is needed by calling back the money which they have sent and getting still more by getting accommodations in the way of loans. Is it not probable if we do through this bill get a really elastic currency, that the old practice, which was a makeshift to accomplish the same result, will be largely decreased?

Mr. O'GORMAN. It will be decreased, but not entirely discontinued. The evidence of the bankers who appeared before the committee was to the effect that the institution of this new banking system will not interrupt the relations which now exist between the country banker and the banker in the reserve cities; but I can very properly see, as the Senator suggests, that the advantages of the new system will very much dimin-

ish the extent of those relations.

Mr. REED. Mr. President, I think it ought to be stated at this time that what the two Senators from New York have said upon this question is absolutely accurate; that there is a further circumstance which ought to be considered. It is true that a bank having surplus money at certain seasons of the year will send it to a reserve city because it is an actual surplus, because it can get interest on it, and because it can secure accommodations in return for it; but there is another reason, which is that a country bank, if it had nothing else to rely on except its own resources, would be required to keep probably 25 per cent of money on hand all the time in order to meet the demands which might come, not exactly from day to day, but which might be reasonably expected to come every few days

That bank will deposit frequently everything, clear down to the reserve it is required to keep in its own vaults, in some reserve bank that is near-by. It puts it there for two reasons: First, it can have it close at hand in the event it is called upon; and, then, it gets a little interest upon it. So it is not exactly accurate to say that this money is deposited only in seasons of plenty with the banks of reserve cities, and drawn out in sensons of scarcity; but it is a thing which goes on all the time, the ordinary country bank keeping scarcely more than its till money, and then carrying its real balance in some near-by city bank, because it treats that money in the near-by city bank just as the ordinary depositor treats a deposit in a bank as cash that Mr. BRISTOW. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Kansas?

Mr. NELSON. I de. Mr. BRISTOW. I want to ask the Senator from Minnesota if, in his opinion, this system of paying interest on deposits of other banks by the banks in the central cities has not a tendency to deprive the localities where these country banks are situated of the full value of their resources, because if they can put a considerable portion of their money, which is a surplus, in those cities, have it subject to call, and yet get interest on it, they are more likely to do it than they are at times to gratify what might be a legitimate demand in their own communities, and husbanding their funds for some expected emergency.

Mr. NELSON. The Senator is undoubtedly correct in that The more local banks keep their funds at home the better they can supply their home customers at lower rates. In addition to that the local banks ought not to run the risk of placing their deposits where, in case of money stringency, they are not available. They are the funds of their depositors, and they ought not to transmit these funds to remote points, so that

in case of emergency they can not be readily drawn upon or be promptly available for the demands of their depositors.

Mr. POMERENE, Mr. President— The PRESIDING OFFICER (Mr. Walsh in the chair). Does the Senator from Minnesota yield to the Senator from Ohio? Mr. NELSON. Yes.

Mr. POMERENE. I think the Senator will also agree with me that it also appeared before the committee that often the country banks were encouraged to keep a large part of their funds in the reserve cities, where they were drawing interest and where the funds would be available for investment upon the stock market in call loans,

Mr. NELSON. Certainly. Mr. POMERENE. I mean that that was frequently done on the initiative of the country banks themselves; and in that way this money was often invested in securities which were of variable values, and the funds in that way would be in such a condition that they would not be available for the country banks in their own localities in time of need.

Mr. NELSON. That is true. I remember one of the hearings before the committee when a prominent banker from Chicago was so anxious to retain a part of the present system that he really, as members of the committee will recall, suggested to us that, while we might establish this new reserve system, we ought to leave a part of the old system with the banks; and he went on to describe how many country banks he had on his string and how anxious he was to retain them as his customers. He feared that unless we retained a remnant of the old reserve system for the benefit of the big banks his bank and banks similarly situated would suffer.

Mr. POMERENE. Mr. President, it seems to me that the very position that some of the bankers took indicated that they were very much more interested in the amount of deposits which they had in their own banks than they had in adopting any valuable

and correct system for the country at large.

Mr. NELSON. That was probably true in some cases.

Mr. ROOT. But the Senator does not mean that was gen-

Mr. POMERENE. Oh, I do not say so. I say it with respect to some of them.

Mr. ROOT. Mr. President, I am very glad the Senator from Ohio disclaims any intention to apply to the great body of the bankers of New York any such selfishness as he has found in occasional cases. The observation I wish to make is this: That I have found among the bankers of New York a widespread and, so far as I have observed, a universal feeling that it would be for the best interests of this country that the system under which the reserves of the banks of the country were concentrated in New York City by the working of our reserve provi-sions and the payment of interest should be broken up. They prefer that the banks of New York should lose those deposits rather than that the system should be continued, and they are willing for and more than willing, and they cheerfully con-template the removal of those deposits, because they consider that it would be for the best interest of the country that that should be done.

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Minnesota yield further to the Senator from Ohio?

Mr. NELSON. Yes.

Mr. POMERENE. Mr. President, I should regret if anything I said should lead any Senator to think that I was of the opinion that what I expressed as being the view of some of the in the first instance, to help in moving the cotton crop of the

bankers was a general view among them. I have in my mind at this moment a statement made by Mr. Vanderlip, in which he said that he expected under this system, if adopted, that his bank would lose \$50,000,000 of country deposits; but he expected to make that up by the ability of his bank to invest their funds in commercial paper rather than in call loans. Lest anything that I may hereafter say on this subject may be misunderstood, I desire to add that as to many of the bankers, I feel that they are very much interested in having a proper system, and that the patriotism of the bankers is, on the average, just as great as that of any other class of our citizens.

Mr. WEEKS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Massachusetts?

Mr. NELSON. I yield to the Senator from Massachusetts. Mr. WEEKS. I want to suggest further along the line to which the Senator from Ohio [Mr. POMERENE] has just referred, that the reason the banker gave for his being able to make up the losses which he may suffer on account of the \$50,000,000 of deposits referred to being withdrawn, was that the profit made on that \$50,000,000 was comparatively small; that for five years the average interest which the bank had received from call loans was 2.98 per cent, on meney for which they paid 2 per cent, and of which 25 per cent had to be kept in reserve, which amounted to sixty-six hundredths of 1 per cent, so that there was only a net profit of thirty-two hundredths of I per cent without taking out the cost of handling the funds and the proportional part of the overhead charges. is fair to assume that the net profit made would be not over one-quarter of 1 per cent, and it is fair to assume, also, that that loss would be made up by increased rates on commercial paper which the banks might be able to secure under the changed system.

Mr. NELSON. Mr. President, I wish to add one thing to what has been said by the Senator from Massachusetts; and in saying it I express, as I always do, my own honest conviction

on the subject.

Of all the men who appeared before our committee to give us information, I found Mr. Vanderlip, of the National City Bank, the broadest, the fairest, and the most impartial. While I derived some benefit from the statements of other bankers, I really got more instruction, more practical and valuable information from what he stated than from all the rest of the hearings. will ask every Member of the Senate to read the statements of Mr. Vanderlip.

remember two of Mr. Vanderlip's expressions. While the Chicago bankers and others from the bankers' convention had come here and protested against that "horrible requirement" of compelling one reserve bank, nolens volens, to discount paper

for another, Mr. Vanderlip's reply to that was:

While it is obnoxious, it is absolutely necessary to the system, and without it the system can not live. You must have it, so that you can pipe the reserves from one reserve bank to another.

He was equally frank about the matter of deposits and interest, that we have discussed here. He entirely agreed with the view I have presented, and with the view other Senators have presented, that the present system of reserves and the payment of interest on bank deposits was a dangerous thing and ought to be eliminated. While it would entail in one way, in the first instance, some losses on his bank, he conceded that it was absolutely necessary in order to perfect a good system.

Mr. President, I shall not go into this branch of the subject further than to say that I am anxious to see this system of reserve banks made a success. I do not want these banks loaded down with too many burdens. I want them to have the deposits down with too many burdens. of their member banks, whether they be reserves or other deposits, without interest, because I believe they can better utilize them and make them available for the system. I want them to have the Government deposits free of charge, because in that way those deposits will constantly remain in circulation and can be utilized for the benefit of the trade and commerce of the country, and especially can be utilized in the moving of The benefit derived from paying no interest on Government deposits will inure to advantage of the entire country

I wish to call the attention of Senators to one fact, to which I shall refer later on. Under our new system of income tax the revenues derived from that source will pile up in our Treasury at the end and beginning of fiscal years. There will be for a considerable time a surplus over the Government disbursements, This surplus may temporarily prove to be a great blessing to the country.

The revenues from this source will pour into the Treasury the last part of June or the first part of July. If they are properly handled, the Government deposits from this source can be used, South; they can be used next to move the wheat crop of the Northwest; they can be used next to move the cattle and hog crop of the Middle West; and they can be made available to promote our manufacturing industries here in the East. So, it seems to me, when we take into account the blessings that will be conferred on the country by utilizing the Government deposits, instead of burying them in subtreasuries, as at present, it is picayunish to consider this question of interest.

So about the other matter: The reserve banks are intended to help the member banks. They can help the member banks in one of two ways, either by giving what are called book credits or by giving actual cash. The more we burden the reserve banks the more they will have to charge their customers. If we want the reserve banks to be helpful to the system, to the local banks, to the member banks, in the true sense of the term, the less burdens we impose upon them the better for the welfare of the country.

Bear in mind, Senators, what I have already said—that this is a system we are creating, not for the purpose of making money, but to help the scattered banks of the country in cases of emergency and at all other times. I shall not, however, take up the time of the Senate further upon this subject.

Another drawback of the present system has been the rigidity and lack of elasticity in its circulating notes. Tethered to Government bonds, as it has been, it has been unable to respond in emergencies to the varying and ever-changing wants of trade and commerce. It has been a question rather as to whether it would pay to invest in bonds and secure circulation thereon instead of responding to the commercial and trade wants of the country.

The pending legislation aims to cure this evil and remedy this drawback. It proposes to issue currency based upon shorttime commercial paper growing out of the transactions of legitimate business backed by an ample gold reserve. system is properly administered and worked out in its details, the volume of circulating notes of the reserve banks will necessarily ebb and flow in harmony with the wants and demands of commerce; and this is exactly the kind of paper currency that we need and the kind of paper currency that the leading countries of the Old World have had for years. The only mistake we are making in this change, in my opinion, is that instead of having a system of regional or reserve banks we ought to have a large central bank, of nonvoting stock, subscribed by the people, under the absolute control of the Federal Government. Such a bank would be a great reservoir from which all national banks as well as State banks could at all times secure help in times of stress and emergency. It would be a great reservoir for the reserves of the country and for the deposits of the Government, and it would prove safer and more helpful than a scattered system of reserve banks, however well managed. The more of such banks there are, the more the reserves and deposits are dissipated and scattered, and it will be difficult in the operation of the system to avoid more or less friction between the different reserve districts and reserve banks of the country. chief faith is in a strong central bank of the kind I have indicated, yet I have brought myself to acquiesce in a system with no more than four reserve banks, because it approximates more nearly to the advantages of a central bank and minimizes the drawbacks resulting from the lack of such a bank. A publicly owned central bank under the absolute control of the Federal Government is entirely different from that of a private bank, such as the second bank of the United States or that of the bankers' bank recommended by the Monetary Commission. The prejudice existing against these banks ought not to be transferred to such a central bank as I have suggested. It is a great pity that Senators feel themselves tethered by party platforms and party obligations to such an extent as to prevent the establishment of the best possible monetary system. me it seems as though the proposed legislation is only a halfway measure, a mere temporary palliative. I imagine that the practical operation of the system will in time demonstrate the necessity for a single Government-controlled bank, and the distant future may have such a bank in store for the people of this country.

With these preliminary observations, I will now proceed to discuss the proposed legislation in detail. I shall refer to the House bill as the Glass bill, to the substitute reported by the chairman of the Banking and Currency Committee as the Owen bill, and to the substitute reported by the Senator from Nebraska as the Hitchcock bill.

## SECTION 1.

The first section of the bill is not material, as it relates merely to the definition of terms used in the several bills.

SECTIONS 2 AND 3.

The Glass bill provides that the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency shall constitute an organization committee to organize and establish Federal reserve districts and Federal reserve banks. The Owen bill provides that the organization shall be effected by a committee consisting of the Secretary of the Treasury and not less than two members of the Federal reserve board, while the Hitchcock bill proposes that the organization and establishment of the banks and districts shall be made by the Federal reserve board. The reason for this recommendation is that as the Federal reserve board is to have charge and control of the system it ought, in the first instance, to map out the system under which it is to operate, for it will be in better condition to know how to lay out and establish the districts.

# NUMBER OF BANKS.

In the next place, the Glass bill authorized the establishment, in the first instance, of not less than 12 Federal reserve banks, with the option to establish more if desired. The Owen bill provides for the establishment of not less than 8 nor more than 12 banks. I think the last amendment to the Owen bill provides for from 8 to 12 banks.

Mr. SHAFROTH. That is right. Mr. WILLIAMS. Not less than 8.

Mr. NELSON. Not less than 8 nor more than 12. The Hitch-cock bill proposes that only 4 Federal reserve banks shall be established in the first instance, and that after these have been in operation for two years the Federal reserve board may add 8 additional banks if deemed advisable. As I have already stated, the new Owen or caucus bill provides for not less than 8 nor more than 12 banks.

### STOCK SUBSCRIPTIONS.

The Glass bill requires a subscription on the part of all national banks to the extent of 20 per cent of their capital, one-fourth to be paid in cash, one-fourth in 60 days, and the balance to remain a liability subject to call. The Owen bill requires subscription on the part of national banks to the extent of 6 per cent of their capital and surplus, one-sixth to be subject to immediate call, one-sixth in three months, and onesixth in six months, and the balance to remain subject to future calls. The Hitchcock bill provides that an amount of stock equal to 6 per cent of the capital and surplus of the bank shall be allotted to each of the national banks for underwriting and subscription, with a provision that the allotted stock must for 60 days be offered to the public for subscription, with the requirement that the bank must subscribe for all the stock not taken by the public, and that the stock subscription must be paid in gold or gold certificates, one-third at the time of the subscription, one-third in 30 days, and one-third in 60 days. The Owen bill, in like manner, provides that stock subscriptions must be paid in gold or gold certificates. The Glass bill is silent on this point. By the Owen bill it is provided that in case the subscription by the banks is insufficient, then the public, under certain limitations, may subscribe, and that if such subscriptions prove insufficient, then the Federal Government may subscribe for the stock of the banks.

The plan of allowing the public to subscribe for the stock in the first instance, as proposed in the Hitchcock bill, is of great advantage. The public will undoubtedly subscribe for the stock, and to the extent of such subscription it will relieve the member banks from depleting their own capital to supply capital for the reserve banks, and it will also to that extent increase the banking capital of the country.

Under the Glass bill or under the Owen bill, whatever the subscription may be in the one case or in the other, it is a subscription that is mandatory, and it is that much of the capital taken out of the local banks to supply capital to the new reserve banks. It does not increase the banking capital of the country one lota. It simply transfers a part of that capital from the local banks to the reserve banks.

Under the plan of the Hitchcock bill, we provide that the same amount of stock as in the Owen bill—to wit, 6 per cent of the capital and surplus—shall be allotted to every national bank, and that that national bank must offer the stock for 60 days to the public; and if the public does not subscribe for the stock within the 60 days, whatever is left unsubscribed for the

banks must take absolutely.

There were two reasons which actuated our section of the committee in this respect. One was to popularize the system. A great deal of objection was made by many of the country banks to compulsory subscription. They said, "It is too arbitrary, too tyrannical, to force us, whether we are willing or not, to take stock in these regional banks."

That is one reason which actuated us. The other reason was that we thought by leaving to these member banks the privilege of offering that stock to the public for 60 days, they could relieve themselves of that burden, and by relieving themselves, if that stock was taken by the public, whatever the public paid would be that much added to the banking capital of the country.

In the case where it is mandatory upon the banks it amounts simply to a transfer of the capital from one bank to another; it does not increase the banking capital of the country, while in the case of popular subscription, if that should prove a -and I am inclined to think it would be in a great many localities-there would be added that much money to the banking capital of the country. That is what actuated the members of what I may be permitted to call the Hitchcock section of the

There is another provision in the Glass bill and in the Owen bill. There is double liability imposed upon stockholders. This we have not included in the Hitchcock bill. We have felt that under this system it would be imposing too much of a burden, that it would make the stock unpopular, and would prevent the public from taking the stock to impose the double liability. The double liability remains under our national banking law in respect to the stockholders in our national banks, but the stockholders in these reserve banks will be the member banks under the Glass and Owen bills. Under the Hitchcock bill it will be the public and the bank.

You must bear in mind that while our section of the committee proposes to have this stock offered to the public for 60 days we do not propose to give the stockholders as such any voting power. The only power we give to the member banks is that, on account of the reserve requirements, we give them the right to vote for and to elect four out of nine directors of the

reserve or regional banks. Under the Glass bill and the Owen bill the stock is not transferable and can not be mortgaged. I think I am correct in that statement. Under the Hitchcock bill the stock is transferable under rules to be established by the Federal re-serve board. We could see no good reason for preventing a transfer of this stock so long as the stock had no voting power. All the stockholder would secure in a transfer of the stock would be practically a certificate that would entitle him to a dividend of 5 per cent, if earned. Beyond that he would have no voice at all in the control and management of the banks. If the stock was owned by the member banks in-stead of by individuals still the member banks would have no voting power in respect to that stock as stockholders. They would have a voting power simply because their reserves were required to be in the reserve banks, and their voting power would be limited to the election of four out of the nine directors. We could see no good reason for preventing this stock from being transferred or, if you please, mortgaged. There is a radical difference between the bills in respect to

the capital required by these reserve banks. Under the Glass bill the reserve banks are required to have a capital of not less than \$5,000,000, under the Owen bill \$3,000,000, and under the Hitchcock bill \$6,000,000. When the Federal reserve districts have been established and a certificate thereof filed with the Secretary of the Treasury, the Federal reserve board, under the Hitchcock bill, is required to allot to each national bank the shares of stock which it is required to underwrite and subscribe for; and when \$6,000,000 have been subscribed for, and onethird of the subscription has been paid in, the Federal reserve board, through its governor, issues a certificate of incorporation, which must be duly acknowledged and filed; and that certificate constitutes what may be termed the charter of incor-

The Hitchcock bill differs from the Owen bill and the Glass bill in this particular: The Owen bill and the Glass bill substantially provide that the certificate of incorporation shall be signed and certified by a limited number of member banks. Really it is not material. Either course is sufficient. In either the certificate is the final act which creates the corporation.

There is one other difference to which I want to call your attention. Under the Hitchcock bill a reserve bank is not allowed to commence business until two-thirds of its capital, or \$4,000,000, has been paid in; in other words, while it may be incorporated and declared a corporation when the subscription has been made and one-third of it paid in, while it may go on and organize and prepare for business, yet it can not actually commence business until two-thirds of the capital has been paid in, or \$4,000,000 in all.

Under the Glass bill the bank can not commence business until \$5,000,000 has been subscribed for and paid in, while under the Owen bill when not less than \$3,000,000 has been

subscribed for and one-sixth, or \$500,000, has been paid in the bank may begin business.

In reference to the power of the reserve banks, I desire to call your attention to the fact that paragraphs 1 to 7, relating to the powers of reserve banks, are identical in the Owen and Hitchcock bills. The Glass bill does not seem to contain any provision equivalent to those seven paragraphs.

Paragraph 8 of the Owen bill, as to the power of these reserve banks, is not found in the Hitchcock bill, and is, in our opinion, a most dangerous provision. This paragraph, in substance, permits the new reserve banks to obtain bond-secured circulating notes in the same manner and under the same conditions as national banks obtain their notes under the existing law. This provision is wholly unjustified, for it is simply an extension of our present system of bond-secured currency. It gives these reserve banks the same right to secure currency and the same kind of currency as national banks now obtain under existing law, to wit, on Government bonds.

I have supposed, Mr. President, that one of the ultimate pur-

poses of this bill is to eliminate in time the national-bank note currency and to substitute for it currency issued through the new reserve banks, so as to give us one uniform system of currency. The authority given by paragraph 8 tends to check and retard such a change. It would simply permit the reserve banks to do what national banks now do—to file United States bonds with the Comptroller of the Currency and secure circulation on them.

Mr. BRISTOW. Mr. President—
Mr. NELSON. It gives authority to increase the volume of our nonelastic bond-secured currency, and that is what I supposed we were trying to get away from in this legislation.

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Kansas?

Mr. NELSON. Certainly.

Mr. BRISTOW. Let me inquire of the Senator if it would not open the door to a very excessive inflation in time by keeping alive all the currency that is now out on bonds and then adding to that all that may be issued on the assets which are provided in the bill?

Mr. NELSON. Certainly; it would lead to a dangerous condition; and what is more, it would perpetuate the present nonelastic bond-secured system of currency from which we are seeking to escape.

Mr. SHAFROTH. I will state, however, to the Senator from Minnesota that the number of bonds the United States Government has upon which circulation can be issued is so limited that it would be impossible to have any considerable increase in that respect.

Mr. NELSON. There is any amount of bonds.

Mr. SHAFROTH. Oh, no.

Mr. NELSON. Oh, yes; there is. Mr. SHAFROTH. I mean the bonds upon which circulation can issue now

Mr. NELSON. Circulation is issued on 4 per cent and 3

Mr. SHAFROTH. But they have not the circulating privilege, understand, now.

Mr. NELSON. Yes. You will find that a lot of the old 4 per cents are a basis of circulation.

Mr. SHAFROTH. And have been for a great many years.

Mr. NELSON. For a great many years there were 3 per cent bonds.

Mr. SHAFROTH. I do not believe you can find at the present time \$200,000,000 of bonds of the United States which would come within the provisions of the act.

Mr. WILLIAMS. That are not already the basis of circula-

tion?

Mr. SHAFROTH. That are not already the basis of circulation. Of course \$758,000,000 of those are already the basis of circulation, upon which circulation has issued and is now in The difficulty with the provision, which I think the Hitchcock bill provides, is the retirement of national-bank notes without the substitution of any permanent currency in its Does not the Hitchcock bill make that provision?

Mr. NELSON. Certainly; the retirement of the nationalbank notes under the Hitchcock bill comes through the refunding system. It provides for that.

Mr. SHAFROTH. But it provides for the retirement of the total national-bank note circulation in 20 years without the

substitution of any permanent currency in its place.

Mr. NELSON. Certainly the other currency is substituted.

Mr. SHAFROTH. The other currency is a temporary currency, based upon 30 and 90 day paper, and whether or not it

will ever amount to anything over and above a reserve bank men differed before the committee.

Mr. NELSON. I say the new currency we establish is not

merely 30 or 90 day paper.

Mr. SHAFROTH. It is based on that.

Mr. NELSON. If that is the case, we have labored in vain.

If, instead of our present national-bank circulation, we are establishing a circulation of United States currency that is only

good for 30 and 60 or 90 days, we are in a pretty bad condition.

Mr. SHAFITOTH. It is based upon 30, 60, and 90 day paper.

Whenever those drafts that mature in 60 and 90 days are paid it retires that much currency. It was a question before our committee as to whether there would be a sufficient quantity of money taken out upon these terms as would take the place of national-bank notes, because before you can issue any at all the total amount of the reserve of the bank would have to be loaned out to the bank, but whether there will be a dollar of it that will be in excess of that we do not know. quently, we think it is unwise to be providing for the retirement of the permanent currency, such as national-bank currency, without the substitution for it of a permanent currency.

Mr. NELSON. There would be some reason in your claim if you provided for a substitution by the reserve banks of this new system of currency in place of the bonds; but what you really provide in paragraph 8 is that the reserve banks can go and deposit Government bonds and get exactly the same kind of currency that we complain of now.

Mr. SHAFROTH. Oh, no. Mr. NELSON. A bond-secured currency.

Mr. SHAFROTH. That is a power vested in the Federal reserve board to permit it. It is not a right of the bank to do it

Mr. NELSON. You give them that power.

Mr. SHAFROTH. It is a power given the Federal reserve board to permit that kind of an issuance of currency, but it is

not the right of any member to go there and get it.

Mr. NELSON. What I claim in regard to it is that it is a dangerous power. If our purpose is to establish a new currency system, if our purpose is to establish an elastic system, if our purpose is to get rid of the present bond-secured currency system, it is a most vicious provision, for it is one of the powers conferred by the Owen bill upon the reserve banks.

Mr. WILLIAMS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Mississippi?

Mr. NELSON. Certainly. I always yield to my friend from

Mississippi

Mr. WILLIAMS. Of course, I do not believe that any paper currency ought to be a permanent currency. I think that all paper currency ought to be a currency that fluctuates from day to day in proportion to the demands of business.

Mr. NELSON. That is right.

Mr. WILLIAMS. This currency would do that. But the Senator is mistaken when he thinks that the bill in its ordinary working would permit the issuance of which he speaks. This is a power reserved in the discretion of the reserve board with the idea and the hope at any rate, and I think it is a wellgrounded idea, that it will not be exercised except in some great emergency when it seems to be required.

I for one do not think that emergency will ever come, because I think the power to issue reserve notes upon the deposit of collateral in the portfolio will take care of emergencies of that sort without the resort to the power to issue notes as the present national banks do upon this balance of about two hundred million of Government bonds not already serving as a basis of circula-

Mr. NELSON. I differ radically, Mr. President, from the Senator from Mississippi, if I properly understand his contention.

Mr. WILLIAMS. I am talking about what the bill provides. The Senator from Minnesota can not differ from me about what the bill provides, because that is a matter of fact to be obtained by reading the language.

Mr. NELSON. I radically differ from the Senator as to the views he has expressed, and I will apply that difference to the

proposed provision of paragraph 8.

Mr. WILLIAMS. But the point I am trying to make now is that this bill does not give this power to the regional banks. It gives to the board of control a discretion to extend it to the regional banks-

Mr. NELSON. That is a mistake.

Mr. WILLIAMS. And the belief is that it will not do so,

except in some great emergency.

Mr. NELSON. I am surprised to hear the views of the Senator from Mississippi in one respect. I had supposed that the object of the pending legislation was to create a new system of elastic currency-

Mr. WILLIAMS. I do not differ from the Senator on that. Mr. NELSON. And that we should gradually retire the existing nonelastic bond-secured currency-

Mr. WILLIAMS. In that hope I agree with the Senator.

Mr. NELSON. And that we must do it gradually so as not to produce unnecessary disturbance or friction in the commercial and financial world. Now, you put in a provision by which reserve banks can secure issue and float bond-secured currency; you put in a provision to the effect that the reserve banks can perpetuate the present system if they see fit.

Mr. WILLIAMS. Yes; but suppose

Mr. NELSON. My contention is that that power should not be given, for the reason that we should seek by every fair means, with as little friction as possible, to get away from the present nonelastic system and secure a paper-currency system that will be elastic and respond to the needs and wants of commerce-one that will ebb and flow with trade and commerce. The currency you propose to give the directors of the regional banks the power to issue is a currency contrary to the scope and ultimate purpose of this bill, as I understand.

Mr. WILLIAMS. The Senator unconsciously used the right word a moment ago when he said "a brake." That is just exactly what this provision is-it is a brake upon the wagon. Suppose, for example, that the 2 per cent bonds were to go away below par under the provisions of the Owen bill. This is a provision for carrying out the contract so far as they are concerned and permitting them to continue until they are paid as a basis of circulation, and that will maintain their value. Suppose it were discovered that their par value was being maintained without resort to this expedient, then I imagine the reserve hoard would not give this power. If, upon the contrary, they found that the par value of the 2 percents was not being maintained, then they might permit it to be exercised for

Mr. NELSON. The Senator is assuming that the reserve board will never exercise this power. But as a matter of fact the power is not with the reserve board, but with the directors

of the reserve banks.

Mr. POMERENE. Mr. President—
The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Ohio?
Mr. NELSON. Certainly.

Mr. POMERENE. I think a mistake has been made. The power to issue this currency, based upon bonds, is lodged in the regional reserve banks——
Mr. NELSON. That is my recollection.

Mr. POMERENE. Subject, however, to the supervision of

Mr. WILLIAMS. I knew the Federal reserve board had to be consulted. It can not be done without their approval.

Mr. NELSON. I was satisfied the banks could do it in the

first instance.

Mr. POMERENE. Then, another of the powers enumer-

Mr. NELSON. I wish the Senator from Ohio would be kind enough to read the paragraph so that Senators may understand what my contention is.

Mr. POMERENE. I read from page 13 of the print of the bill of December 1, 1913.

Mr. NELSON. Is that the caucus bill?

Mr. POMERENE. It is. The provision is as follows:

Upon the filing of such certificate with the Comptroller of the Currency as aforesaid, the said Federal reserve bank shall become a body corporate and as such, and in the name designated in such organization certificate, shall have power—

Then, there are eight powers enumerated, and the eighth power designated is as follows:

Eighth. Upon deposit with the Treasurer of the United States of any boads of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law which relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege. privilege.

This power, however, is subject to the supervisory power of

the Federal reserve board.

Mr. NELSON. The directors of the Federal reserve banks, unless restrained by the reserve board, can continue to issue this bond-secured currency. My contention is that, while it is or ought to be the ultimate purpose of this legislation to get away as rapidly as can safely be done from the present system of bond-secured nonelastic currency, this paragraph retains a power in the regional banks to go on and deposit bonds and get the same kind of currency on the same conditions as national banks are getting it now.

Mr. REED. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Missouri?

Mr. NELSON. Certainly. Mr. REED. I think, in connection with the section to which the Senator's attention was called, I ought to direct his thought to section 18, which in the print I have, that of December 1, appears at page 60. I want to say to the Senator from Minnesota that I think this issue ought to be clean-cut and understood by every Senator.

The purpose of the provision I am about to read is to preserve intact the present national bank circulation. The question of whether or not it is wise to do so is a question that must be passed upon, but the purpose of the bill as now presented is to maintain that circulation. I read a part of section 18, as

follows:

Sec. 18. Any member bank desiring to retire the whole or any part of its circulating notes may file with the Treasurer of the United States an application to sell for its account, at par and interest, United States bonds securing circulation to be retired.

The Treasurer shall, at the end of each quarterly period, furnish the Federal reserve board with a list of such applications, and the Federal reserve board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least 10 days before the end of any quarterly period at which the Federal reserve board may direct the purchase to be made. Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall thereupon deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

Up to that point the method is worked by which any bank

Up to that point the method is worked by which any bank desiring to retire its circulating notes can do so by depositing its bonds. Then the bonds are taken up. Then it is provided that the Federal reserve board may require the Federal reserve banks to take these bonds; and then this follows:

banks to take these bonds; and then this follows:

The Federal reserve banks purchasing such bonds shall be required to take out an amount of circulating notes equal to the amount of national-bank notes outstanding against such bonds.

Upon the deposit with the Treasurer of the United States bonds so purchased, or any bonds with the circulating privilege acquired under section 4 of this act, any Federal reserve bank making such deposit in the manner provided by existing law shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Federal reserve bank procuring same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national-bank notes now provided by law. They shall be issued under the same terms and conditions as national-bank notes. United States bonds bought by a Federal reserve bank against which there are no outstanding national-bank notes may be exchanged at the Treasury for one-year gold notes bearing 3 per cent interest. In case of such exchange for one-year notes the reserve bank shall be bound to pay such notes and to receive in payment thereof new 3 per cent one-year Treasury gold notes year by year for the period of 20 years.

So that it is perfectly plain that the intention here was if the

So that it is perfectly plain that the intention here was if the national banks went out of the system to provide a means by which their bonds upon which circulation had been issued could be taken over by the Federal reserve banks, in which event the Federal reserve banks would be obligated to issue or to have

issued an equal amount of bank circulation.

Mr. WILLIAMS. Of central reserve bank notes.

Mr. REED. No; it is not the ordinary note.

Mr. WILLIAMS. It is called the Federal reserve bank note. Mr. REED. It is a Federal reserve bank note, which is exactly like the present national-bank note, so far as the bill would indicate. Then, as to any bonds against which there is not at the present time any circulation, there is a provision that they may be taken over and 12-month bonds issued against them and held by the banks, those bonds to bear 3 per cent. So that I think there is this clear distinction between the bills: The Hitchcock bill contemplates the ultimate retirement of the national-bank circulation, whereas the Owen bill provides for

the perpetuation of the national-bank circulation.

Mr. WILLIAMS. It was that provision I had in mind when I interrupted the Senator. I was thinking about a mere substitution of one for the other, which is what that is.

Mr. OWEN. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota

yield to the Senator from Oklahoma?

Mr. NELSON. I yield to the Senator.

Mr. OWEN. Mr. President, I want to make an observation to the Senator from Minnesota in connection with this particular In so far as the Federal reserve banks buy the bonds, which now secure circulation, they are required to issue a like amount of circulation so as not to contract the currency. Mr. NELSON. A like amount, but if the Senator will allow

Mr. OWEN. The same amount.

Mr. NELSON. It is the same amount, but is it the same kind of bill? Are they national-bank notes or are they the notes of

the new reserve system?
Mr. OWEN. No; they are bank notes; not Federal reserve

notes, but Federal reserve bank notes.

Mr. NELSON. Such as we have under the present system?

Mr. OWEN. Yes. Mr. NELSON. Then, it is a perpetuation of that system.

Mr. OWEN. It is a perpetuation of that much of that system, but instead of having 7,000 different banks, each of which would have six or seven different plates, and therefore from twenty-eight to thirty thousand different particular forms of notes, there would only be these fewer forms. The purpose was not to contract the currency, but to leave the currency the same in volume in so far as the national-bank notes might be retired, and to permit the Federal reserve banks to acquire United States bonds from private persons or from banks which are not using them for purposes of circulation; and as to those bonds they will be permitted to get 3 per cent notes, against which they could easily get gold from Europe and use that form of security with which to protect our national gold reserve.

So that there were two purposes in view in section 18. was to replace the national-bank notes to the extent they were retired by the Federal reserve bank notes, and to permit the Federal reserve banks to acquire other United States bonds, and have issued to them short-time United States 3 per cent notes, which will have a constant and unfailing market in Europe, and from which there could be a draft of gold to protect our gold reserve.

There were those two points in the section, and I merely wanted to make the observation so that Senators would understand it. I suppose the Senator from Minnesota really realized

Mr. NELSON. But the Senator has not given as clear an answer as the Senator from Missouri [Mr. Reed]. The Senator from Missouri really, as I understood him—I do not want to misquote him—agrees, in substance, with the position I take in this matter.

Mr. REED. I was out for a moment, and did not hear the statement of the Senator from Minnesota, except as I gathered it from the colloquy going on, but I will state it in a word, with the Senator's permission.

Mr. NELSON. Certainly.

Mr. REED. Under the provisions of section 18, when any national bank surrenders its circulation, and its bonds thereupon come into the hands of the Government, the Federal reserve board is authorized to direct a Federal reserve bank to take over those bonds; and against those bonds there is to be issued Federal reserve bank notes equal to the bonds, so that the effect of the transaction is that if a bank had \$100,000 in Government bonds and \$100,000 of bank circulation, and it retired that circulation, the bonds would then be taken over by the Federal reserve bank and \$100,000 of Federal reserve bank notes issued. Thus, the circulation of the bank notes will at all times continue the same in amount that it is now, unless the Federal reserve board, under the first part of the provision, possesses a discretion, which I do not think was really intended

to be vested in it.

Mr. NELSON. If the Senator will allow me to interrupt him, I call his attention to paragraph 8 of the powers conferred upon reserve banks and the board of directors. Under paragraph 8 the power is expressly given; of course, it is subject to a veto by the reserve board, but the power is given, in the first instance, to the reserve board or the directors of the bank to deposit Government bonds in the Treasury and get for those bonds bond-secured currency, exactly the same as the national-bank notes.

Mr. REED. I will say to the Senator that I think the meaning of both these sections is that the present national-bank circulation shall be preserved exactly as it is now, except that the form may be slightly changed; but it is intended to make it a part of the permanent circulation of this country. I think that was what the Senator said, and with that I agree.

Mr. NELSON. Yes; I think that is the effect of the bill.

Mr. O'GORMAN. With this advantage, if I may suggest to the Senator from Minnesota, that instead of having, as we now With this advantage, if I may suggest to have, several hundred different kinds of paper money, issued by several hundred or several thousand banks, in time we shall have only money issued by the eight regional banks that will be established by this system.

Mr. SHAFROTH. And also with the provision that

Mr. NELSON. The trouble is, if the Senator will allow me to interrupt him, that taking paragraph 8 by itself it provides that they can take out just the same kind of currency in form and substance, based upon the same security, as national banks can now. Taking that paragraph by itself, I can not make any other construction of it.

Mr. SHAFROTH. But it is not compulsory. It is discretion-

ary with them.

Mr. NELSON. I know it, and that is what I object to. I object to perpetuation. I am in favor of getting rid of our present nonelastic, rigid, bond-secured currency. The Senator must not lose sight of the two objects of this legislation. One object is to gather up, concentrate, and utilize the reserves of the The other-and that is equally important-is to give us an elastic circulating medium, not based on Government bonds, but based on short-time commercial paper with an ample gold

If you believe that we ought to afford relief in both directions, why do you provide in this bill anything that goes to the perpetuation of the present rigid, bond-secured system of currency?

There is where I think, with all due respect to the section of the committee represented by its chairman, that you are playing truant to your own gospel and your own avowed system. My understanding of this system is that we are to accomplish two purposes: First, as I have already said, to gather up, concentrate, and make available the reserves of the banks, and, in the second place, to get rid of our nonelastic, bond-secured currency as rapidly as we can without producing any financial friction or difficulty, and in place of it secure an elastic currency, a new currency, that will be based upon commercial assets-first-class commercial paper fortified and sustained by an ample gold

Until I became a member of this committee, and until very recent times, I was infatuated with a bond-secured currency, and my mind never could grasp the virtue of what is called asset currency; but the more I have thought on and studied the subject, and the more I have heard from men who were wiser and who knew more about banking and currency systems than I do, the more firmly convinced I became that the only way to provide for an elastic currency that would ebb and flow with the trade and commerce of the country was, as I have stated, to get away as rapidly as possible from a bond-secured currency and go to a currency based upon commercial paper

with an ample gold reserve, Mr. OWEN. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Oklahoma?

Mr. NELSON. Certainly.

Mr. OWEN. I, of course, agree with what the Senator from Minnesota says with regard to the importance of elastic currency. Everybody agrees with that proposal. The only difference between the Senator from Minnesota and those who agree with me is that we are not willing to have the national-bank currency contracted without supplementing it with other cur-

I have shown in the report to the Senate that there is not now enough actual money—using the term in its broadest popular sense, comprising gold, gold certificates, national-bank notes, and everything else that passes current between citizens as moneyto supply the demand for reserves which we are compelled to have as a basis for a safe and conservative expansion of credits. Therefore we can not contract this currency unless we replace it with some other kind of currency. We propose here to replace it with

Mr. NELSON. Mr. President-

Mr. OWEN. I hope the Senator will kindly let me finish. If I omit anything, I shall be glad to have him remind me of it, Mr. NELSON. I wanted to disabuse the Senator's mind of one thing about myself, if he will allow me.

Mr. OWEN. Certainly. Mr. NELSON. That is, I am utterly opposed to any undue

contraction of the currency.

Mr. OWEN. Oh, yes; I know that.

Mr. NELSON. I think that would be as dangerous to the country as would be undue inflation of the currency. If there is anything in the bill known as the Hitchcock bill that tends inevitably to undue and unreasonable contraction, and it is

pointed out to me, I certainly shall be in favor of eliminating it.

Mr. OWEN. Yes; I am sure of that. I did not misunderstand the purposes of the Senator. I was only going to say
that, in so far as the feature of obtaining elastic currency is
concerned, we have provided for an abundant cushion. We
have provided that commercial bills may be used as a basis for the issuance of Federal reserve notes. If any bank desires additional currency for its patrons, its depositors, its constituency, that bank can come to the Federal reserve bank with its commercial bills, and upon those commercial bills obtain temporary accommodation in the form of Federal reserve

notes. That is all the cushion we need. It is all that commerce requires.

The cushion is necessary. The power of expanding the currency for commercial needs is obviously necessary. supply that demand the only other thing necessary with regard to our outstanding currency is that we shall not contract it and make impossible compliance with the terms of this bill, which requires and compels a certain amount of money to be held as reserve against the present existing deposits. We must not put the banks in a position where they would not have the money necessary as a basis for the credits in the form of reserves. If we do that the banks will have no other recourse than to contract their loans in order to comply with the reserve requirement, because when you contract the loans you contract the deposits. They must give up their deposits, they must give up their loans, down to the point where the money they have as reserve money will come within the rule fixed by the bill, which, though moderate in terms, does require in gross a large volume of money, the details of which I have set forth in the report already submitted to the Senate.

I say that section 18 does two things: It provides that we shall contract the currency in so far as concerns the nationalbank notes which are given up by banks that do not want to continue their circulating medium based upon bonds; but to the extent that they give it up we replace it with Federal reserve bank notes-not Federal reserve notes, but Federal reserve bank notes-which will have an advantage over the nationalbank notes of the ordinary class in that there will be only 8 or 9 or 10 of these banks, and if they have 5 or 6 or 7 plates there probably will be only 70 plates altogether used; whereas at present we have 30,000 of these plates, and every one of them must be safeguarded with extreme care, under lock and key and guard, because if they were available they could be used for counterfeiting on a wholesale plan. Therefore, the fewer of these plates we have the more economical and the better for the country.

The second purpose of section 18, as I pointed out to the Senate, was that the bonds which are now held by private persons—and there are about \$250,000,000 of them—might be acquired by the Federal reserve bank and converted into 3 per cent bonds, which would be available for getting gold from Europe in case we should want it.

I think that is about all I care to say with regard to the matter.

Mr. WILLIAMS. With the indulgence of the Senator from Minnesota, I want to read the part of the bill to which I was referring a while ago, when I interrupted.

Sec. 18. Any member bank desiring to retire the whole or any part of its circulating notes may file with the Treasurer of the United States an application to sell for its account, at par and interest, United States bonds securing circulation to be retired.

Now, I said that this was not compulsory and was not within the discretion of the bank; that it was within the discretion of the Federal reserve board. Here is the language:

The Treasurer shall, at the end of each quarterly period, furnish the Federal reserve board with a list of such applications, and the Federal reserve board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least 10 days before the end of any quarterly period at which the Federal reserve board may direct the purchase to be made. Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer. In writing, such bonds to the Federal reserve bank purchasing the same, and such Federal reserve bank shall thereupon deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

\*So that the only possible inflation—of which the Separate from

So that the only possible inflation-of which the Senator from Minnesota seems to be afraid-over and above the present outstanding national-bank circulation would be the \$200,000,000 of Government bonds which are not now the basis of circulation, and that amount of expansion could not be very dangerous. So, as far as the expansion question is concerned, there is nothing in that.

Mr. NELSON. If the Senator will allow me to stop him right there, I will state that he misapprehends me. I am not afraid of undue expansion on account of that provision of paragraph 8.

The Senator mentioned that. Mr. WILLIAMS.

Mr. NELSON. No; I mentioned it as a general proposition. What I mean is that I am opposed to paragraph 8 because it is a perpetuation of our present system of bond-secured currency, not elastic in character. It is not because I am afraid of inflation or contraction, but because I want to get away from the old system. That is why I am opposed to it.

Mr. WILLIAMS. I am in absolute sympathy with the Senator from Minnesota in wanting to see gradually substituted for the present system a thoroughly elastic paper currency, and I am thoroughly and absolutely in sympathy with the idea that no paper currency in any country ever ought to be an inelastic, fixed amount; that it ought, upon the contrary, to correspond from day to day and from week to week with the requirements of business. A man can not get away from a thing which exists, however, except gradually.

Section 8 provides what we have already read. It does not seem to be section 8 of this bill, by the way. It is paragraph 8,

in what section?

Mr. SHAFROTH. Page 14.

Mr. OWEN. Page 14, section 4, at the bottom of the page.
Mr. WILLIAMS. These are amongst the powers—
Mr. SHAFROTH. Of the Federal reserve banks. Look on page 14.

Mr. WILLIAMS. I have it.

Mr. NELSON. Paragraph 8, line 19.
Mr. WILLIAMS. Yes; I am coming to it. These are amongst the powers granted to the Federal reserve bank. It does seem to me that paragraph 8 is broader than I thought it was. The point I had in my mind was in section 18, where the substitution occurs; but it does appear that paragraph 8-I remember now; that is something I forgot.

Mr. NELSON. The Senator will find that paragraph 8 is

inst as I stated.

Mr. REED. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Missouri?

Mr. NELSON. I do. Mr. REED. It is perfectly plain from a reading of this bill that two things are attempted to be done. One is covered by section 8, and it gives to every Federal reserve bank the absolute right to take out bank circulation just the same as a national bank now can take it out. Section 18 is a different proposition. It is intended to be a plan by which Federal reserve banks can be compelled to take out bank circulation upon such bonds as other banks may turn in; so that both phases are covered. Beyond any question the intention of this bill is to keep in circulation every dollar of national-bank circulation that is now out. Whether that is wise or not is another question.

Mr. BRISTOW. Mr. President, it seems to me that section 18 would have kept out a sufficient amount of national-bank currency to prevent the contraction which is anticipated, and that

section 8 is not necessary at all.

## RECESS.

The VICE PRESIDENT. The hour of 6 o'clock having arrived, the Senate stands in recess until 8 o'clock this evening. Thereupon, at 6 o'clock p. m., the Senate took a recess until 8 o'clock p. m.

# EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.

## BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. BRISTOW. Mr. President, I suggest the absence of a

quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators an-

swered to their names:

Page Pomerene Rausdell Reed Robinson Root Saulsbury Shafroth Sheppard Sherman Shively Hollis Hughes Ashurst Bacon Bankhead Sterling James Johnson Jones Kenyon Kern Stone Swanson Thomas Borah Brady Brandegee Bristow Thompson Thornton Townsend Vardaman Lea Lewis McLean Martin, Va. Martine, N. J. Bryan Burton Walsh Chilton Chilton Clarke, Ark Cummins Fletcher Gallinger Warren Shively Simmons Smith, Ga. Smith, Md. Smith, S. C. Williams Myers O'Gorman Owen

Mr. SHIVELY. I wish to announce that the Senator from Arizona [Mr. Smith] is necessarily absent and that he is paired

Arizona [Mr. SMITH] is necessarily absent and that he is paired with the Senator from New Mexico [Mr. Fall].

The VICE PRESIDENT. Fifty-eight Senators have answered to the roll call. There is a quorum present.

Mr. WEEKS. Mr. President, during an interesting discussion in the Senate by the junior Senator from Virginia [Mr. Swanson] among other things he referred to the New York banks and to the result of the panic of 1907 as indicating a lack of a correctness of our policy in handling financial situations of that kind. I wish to call to the attention of the Senate the results which are obtained in European countries under similar conditions. At that time I suggested to the Senator from Virginia that our policy was directly the reverse of the policy followed in European countries—that they extended credits and increased loans while, under the restricted policy which we followed, it was necessary for us to call in loans and restrict credits. That has been invariably the result in this country under such conditions.

Every bank is endeavoring to strengthen its own resources without any regard to the wishes or necessities of the other 24,999 banks. Each bank attempts to care for its own immediate customers, but does not follow the policy which prevails much of the time in loaning a portion of its loanable funds to parties who are not directly connected with the bank nor depositors in the bank, selling their commercial paper through note brokers.

I want especially to call the attention of the Senate to the difference between the paper which is bought by banks through note brokers and to the paper loaned to the customers of the bank on account of the deposit which the customer keeps with the bank. I will a little later indicate more specifically the difference and why certain figures have been prepared which indicate that the banks were not loaning during the months of October, November, and December, 1907, when, as a matter of fact, generally speaking, they were not buying commercial paper from outside parties or note brokers, but they were at that time loaning to their customers as in other years.

As a specific illustration of the difference between extending credit in time of need and restricting credit, which we do in this country, I call attention to what took place in Germany on two occasions and will then compare it with what took place

in this country in 1907.

In the last week of September, 1907, the European financial centers commenced to feel the strain which was beginning to be apparent in the United States. In fact we have been a disturbing factor in the money markets of the world for years, because our needs are so large, our operations are so large, compared with those of European countries that when anything disturbs our money market or our banking affairs it is reflected at once in every European money center, not only in currency conditions but in banking matters as well. So it is all important to those people who have the same currency standard that we have that we should have correct banking principles and means of providing for our own necessities when they occur without drawing gold from abroad, which ordinarily we have been able to do so to some extent, either through financial bills or through exchange which we get as a result of selling our products abroad.

To take this instance, the last week of September, 1907, the specie held by the Reichsbank decreased in one week from \$236,000,000 to \$199,000,000. In other words, the gold trend at that time was toward the United States, and the German central bank lost \$37,000,000 in specie. As a result of losing that \$37,000,000, did they restrict credit or call in loans as we would have done? Not at all. They did just the reverse. This is the result of their action: Loans and discounts increased from \$289,000,000 to \$399,000,000, an increase of \$110,000,000 in on week. At the same time that they increased loans they increased their note issue to a corresponding degree. The note issues increased from \$329,000,000 to \$433,000,000, an increase

of \$94,000,000.

Two or three years ago they had in Europe what was known as the Morocco incident. At that time there was a large amount of French money loaned in Germany on the ordinary prime bills which prevail in Europe in the ordinary course of business. The rate of the French bank and of the French joint-stock banks is ordinarily somewhat lower than the rates of the other central banks and of the joint-stock banks of other European countries; so that almost always there is more or less German paper, English paper, and paper of smaller European countries held by the joint-stock banks of France and the French bank itself.

This Morocco incident was one in which Germany and France were involved. As soon as it appeared that there might be trouble between the two countries the French bank commenced to call home its resources, and one of the resources it could call home was its loans to German merchants, the prime German paper which it had purchased to use its loanable funds. That paper was sent back to Germany, and it necessitated the increasing of the loans not only of the German joint-stock banks, but of the Reichsbank itself, and the result was something like this: In one week the specie of the Reichsbank decreased

from \$264,000,000 to \$236,000,000, a loss of \$28,000,000.

You will recall that that is exactly what happened in Sep tember, 1907, and to almost the same degree. During this week the loans and discounts increased from \$308,000,000 to \$445,-000,000, an increase of \$137,000,000 in one week, while the note issue increased \$183,000,000; in other words, in these two periods of tension and stress, in a way, which came from entirely different sources, from different parts of the world, the German bank lost specie to an appreciable amount; but at the same time increased and extended its credits in loans, in discounts, and in note issues. In the United States, while we have not the exact figures of what happened in 1907, because there was no call of the comptroller at the time when the panic was in its severest stage, yet we can estimate something of what happened at that time by taking the comptroller's call of August 22, 1907, and the comptroller's call of February 14, 1908, and you will notice that exactly the reverse condition obtained here from that which obtained in Germany; that our deposits were reduced by \$218,-000,000 and our loans were reduced \$257,000,000, while specie increased \$88,000,000. One reason why the specie showed such an increase was because of the importation of gold and the transferral from the Treasury to the banks of some part of its funds, but there was a restriction of credit, as you will see, in that period of \$257,000,000; in other words, the business of the country was slackened to such a degree that hundreds of thousands, and almost millions, of men were thrown out of employ-The same general result has always obtained under similar conditions in European countries,

It has been the policy of the Bank of England, whenever there have been strained conditions, to immediately respond by an increase of credit to an unlimited extent whenever the strain has been severe enough; in other words, the provisions of the bank act have been three times, by permission of the Government, for the time being suspended, so that the bank could give

unlimited credit without being obliged to comply with the law.

In the Baring panic the Government offered the bank the privilege of relieving it from the provisions of the law, but the governor of the bank at that time, a very able man, saw the necessities and the limitations, and the privilege was not used; but if we followed that same course of reasoning, we would find that in all cases in every European country exactly the same policy has been followed in the past and that it is directly contrary to the course which we have followed, but is exactly the policy which we should follow if this general legislation

which we are now discussing shall be adopted.

Mr. BRISTOW. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Kansas?

Mr. WEEKS. I do.

Mr. BRISTOW. As I understand, when the demand was made upon the German people for gold in the liquidation of the paper that was held by France the paper was met and the gold was exported from Germany to France?

Mr. WEEKS. Yes. Mr. BRISTOW. That resulted, as I understand the Senator, in an increase in the credits which the Bank of Germany extended to the German people and to the German banks?

Mr. WEEKS. Yes.
Mr. BRISTOW. Was that gold taken from the joint-stock banks of Germany?

Mr. WEEKS. I presume, to some degree; and they recouped themselves by rediscounting with the Reichsbank. The figures which I have given are the figures of the Reichsbank, not of the German joint-stock banks.

I understand now that was the credit Mr. BRISTOW. which the central bank of Germany, the Imperial Bank of Germany, extended to the joint-stock banks of Germany. That credit could only have been extended, however, upon the condi-

tion that the German Reichsbank had the gold reserves upon which it could base this additional issue of notes.

Mr. WEEKS. As provided by the German law at that time, I think on both occasions they did extend their credits to such a degree that their note issues were taxed the 5 per cent interest which is provided for in their laws when issues exceed a certain

Mr. BRISTOW. That is similar to the provisions of the Hitchcock bill. If it gets down below 40 per cent of par, there is an additional interest added for every 2½ per cent that it

ment of the law as provided in the bill, while the Germans pay a certain rate of interest on the amount of note issues beyond a

Mr. BRISTOW. It is the same principle, but applied in a different way. What I am getting at is, suppose that the gold reserve of a German bank had been down to a minimum and these additional notes could not have been issued, would Germany have faced a condition similar to the one that we faced in

Mr. WEEKS. On that occasion Germany would have had to borrow, and would have had to pay the rate of interest which would have been necessary in order to obtain the gold.

Mr. BRISTOW. That is, the German bank, if I understand the matter correctly, would have had to secure the gold?

Mr. WEEKS. It would have been obliged to secure the gold. Mr. BRISTOW. Or decline the credit. Mr. WEEKS. That is it exactly. That general condition obtained last year. The German bank was short of gold. The German nation, as a nation, owed money to the United States and elsewhere. Ordinarily we would have drawn gold home, but the condition of the gold reserve of Germany was such that they did not want to pay at that time. The result was that they borrowed considerable amounts of money in this market. I think members of the committee will recall that one New York bank president testified that he loaned to the German stock banks at one time last year at the rate of 8 per cent. That rate was paid simply to hold in Germany the American money, which we could otherwise have drawn home, until they sold us something to prevent the necessity of paying their indebtedness in gold.

Mr. SMOOT. Mr. President—
The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Utah?

Mr. WEEKS. I do.
Mr. SMOOT. In that connection, I believe it would be interesting if the Senator from Massachusetts could tell us what was the increase of the bank discounts in Germany and just how long it was before she got back to her normal condi-tion respecting the gold reserve, for in 1907 she lost from some thirty million to forty million dollars in gold. The only way, I suppose, that she got back her gold was by increasing the rate of her bank discounts. Does the Senator know what that increase was and how long it took her to get back the gold that was lost?

Mr. WEEKS. I have not the figures at hand, and I should want to give them accurately, but it did not take a very long time, as I recall.

Mr. SHAFROTH. Mr. President, if the Senator will yield to me, I will state that I saw a statement prepared by a French economist to the effect that the rate of interest in Germany established by the Reichsbank was 6 per cent on the 30th day of June, 1913. It had increased from, I think, 4 per cent two years before, on June 30, 1911.

Mr. SMOOT. Does the Senator refer to the year 1907? Mr. SHAFROTH. No; not to 1907. I do not know what it

was in that year.

Mr. SMOOT. I asked for the figures in 1907, because we know the exact amount of gold that was lost by Germany at

Mr. WEEKS. Mr. President, the Senator from Virginia [Mr. SWANSON] to-day made some criticisms of the New York banks and of the banks of other central reserve cities as well. that they were not prepared to meet the emergency which they had to meet in the fall of 1907; in other words, he charged that if they had made suitable preparation for the necessities of additional circulation for crop-moving purposes and for additional credits which are required every year in the autumn months, we would not have had as severe a panic, if, indeed, we would have had any panic at all.

It is difficult to carry figures applying to all these subjects in one's mind, but I have since that time looked up the condition of the New York banks and other banks at the time of the comptroller's call in August, 1907, and I think they will dem-onstrate pretty conclusively that if there was any extension at that time the extension was in other reserve city banks and in the country banks, rather than in the banks of the central reserve centers. For instance, the net deposits of the New York banks on the 22d of August were \$825,000,000. The reserve required against those deposits was \$206,000,000. To show that the deposits were low in August, 1907, I want to compare them with the deposits two or three years before and afterwards. At the same time in the previous year the deposits were \$2,000,000 Mr. WEEKS. There is a penalty in both cases, only in the case of the Hitchcock provision of the pending bill the penalty applies on the amount the reserve is below the ordinary require\$296,000,000 greater; and in 1909 they were \$350,000,000 greater. At each date the New York banks had more than their required For instance, on the 22d of August, 1907, instead of having the 25 per cent reserve required by law they had 26.8 per cent reserve, while the year previous at the same time they had but 24.4 per cent reserve; in other words, they were 2.4 per cent better off, so far as reserves were concerned, in 1907 than they were in 1906, and they were 1.3 per cent better off than they were at the same time in 1905. The following year their reserve was greater, because all Senators will recall that in 1908 there was a restriction of business and an accumulation of funds in reserve centers, and therefore the reserves of the New York banks, as well as of other banks, were much larger than at any other period which is recorded between 1900 and

Mr. SHIVELY. Mr. President—
The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Indiana?

Mr. WEEKS. I yield.
Mr. SHIVELY. Will the Senator permit me to inquire whether the authority from which he is reading distinguishes in any way between the amount of individual deposits and bank

deposits in those banks?

Mr. WEEKS. No; not at all. At the same time, in Chicago, the net deposits were \$262,000,000, and the required reserve was \$65,000,000. The Chicago banks had 25.3 per cent reserves or 1½ per cent less reserve than the New York banks had; in other words, the New York banks, as compared with the Chicago banks, had made as abundant provision for the strain of that fall as it seemed they should be required to do.

St. Louis makes even a worse comparison than that, for the net deposits of the St. Louis banks at that time were \$116,-000,000, which necessitated a reserve of \$29,000,000. The St. Louis banks at that time had 23.6 per cent reserves, or 1.4 per cent below the limit required by law, and 3.2 per cent below the

reserves held by the New York banks.

When we come to the other reserve cities we find that the net deposits were \$1,423,000,000. A reserve of 25 per cent in those deposits is required, and they had 25.5 per cent reserve, or 1.3 per cent less than the New York banks. The net deposits of the country banks at that time were \$2,627,000,000. They had reserves of 16.9 per cent, 1.9 per cent more than they were required to have, or one-tenth more than the New York banks. So that the general statement made by the junior Senator from Virginia that the New York banks had not made suitable preparation does not seem to be borne out by these figures, because the New York banks were better off than were the Chicago banks, materially better off than the St. Louis banks, and materially better off than the banks of all other reserve cities.

At that time the loans of the New York banks indicate that

they had, so far as possible, made preparation for the unusual period which they were approaching, though, of course, they did not anticipate the severity of the panic with which they had to deal. On August 22, 1907, the New York banks were loaning \$712,000,000. The next year at the same time they were loaning \$867,000,000, or \$155,000,000 more than they were the year before, and in fact they had not been loaning as little as \$712,000,000 since the 9th day of September, 1903.

Mr. SWANSON. Will the Senator permit me to interrupt

him? If I am wrong, I want to be corrected.

Mr. WEEKS. I yield to the Senator.
Mr. SWANSON. I understand that the New York banks,
three weeks before the statement of November 9, increased
their loans \$110,000,000 from August 22, as shown by the Will the Senator read that to see whether that is true reports. or not?

Mr. WEEKS. I have not those figures here, and that call. if made, was a special call made by the comptroller, is not quoted in the figures in the Statistical Abstract, from which

I am reading.

Mr. SWANSON. The figures which I gathered indicate that three weeks prior to November 9-and the banks suspended on October 31, as I understand-the loans in the city of New York

were expanded \$110,000,000.

Mr. WEEKS. If they had done that they would have been simply following the example of all the European countries to which I referred earlier in the evening; but the loans of the banks of the whole country fell off more than \$200,000,000 between August and February, when the regular comptroller's calls were made.

Mr. SWANSON. The figures I have on this question were gathered by Mr. Sprague, if I remember the name of the author correctly, who wrote on the financial crises, especially the one of 1907, for the National Monetary Commission. I understand from that report that the New York banks, expecting a demand for money for crop purposes in the fall, as regular as the seasons, increased their loans three weeks prior to November 9, and their loans had been increased that year \$110,000,000.

Mr. WEEKS. That is a natural, normal movement of money, and there is not any indication that those loans were not very largely made to country banks and to other country correspondents. For instance, this year—

Mr. SWANSON. But, if the Senator will remember, on August 3 or August 22, I forget which, the country banks had

on deposit there \$410,000,000. Mr. WEEKS. Yes.

Mr. SWANSON. They were not asking for loans. They were asking to get the money they had on deposit. On account of the increase of loans three weeks prior to November 9, the banks had their reserves reduced so that they were unable to pay deposits-not loans, as I understand-to the country banks.

Mr. WEEKS. There is not anything in the figures the Senator submitted to-day which indicates that the country banks were not asking for loans or that they were not borrowing of the New York banks at that time. As a matter of fact, the country banks are always borrowing of banks in reserve cities and central reserve cities. I put into the RECORD the other day some figures which were submitted to me by Chicago bankers and others. Mr. Reynolds, of the Continental-Commercial National Bank, the largest bank in the West, stated that he was loaning to his country correspondents more than \$26,000,000, or \$10,000,000 more than last year, and that those loans were distributed over the entire western section of the country, including loans to as many as 1,000 banks.

Mr. SWANSON. If the Senator will permit me, no complaint ever has been made about the refusal of a bank in New York to make loans to a country bank. That is a matter of business which the banks can either refuse or accept. The complaint made is that they had \$410,000,000 of money due all the country banks-State, national, and interior banks-and that they failed to pay the banks that had money on deposit. They had the money in their vaults in New York or on loans, and they would

not ship it.

What right has a bank to make a loan to another bank and refuse to pay one that has money on deposit with it? The complaint is that the bank that had money on deposit could not get it. If they increased their loans \$110,000,000 to other banks, even if they were interior banks, so that it was impossible for them to pay the banks that had money on deposit with them, that was not right. Whether the \$110,000,000 was loaned to banks or to other people, the contention is that such loans had been made; that the reserves were reduced so that the country or interior banks could not get their money on deposit.

Mr. WEEKS. Mr. President, this brings us back to the discussion which the Senator from Virginia was having with Senators this afternoon about the proper course for the New York banks to have taken at that time. Of course, it goes without saying that if banks are required by law to keep 25 per cent of their deposits in reserve, and they actually have 26.8 cent of their deposits in reserve, and they actually have 26.8 per cent, as the New York City banks did when the comptroller's call was made on August 22, they are in comparatively good condition. In fact, as I have stated, the figures show that, with one exception, they have not had as high reserves as those at that time of year since the year 1900. Therefore they had made reasonable preparation for any conditions which they could foresee.

The senior Senator from New York [Mr. Root] put this question very clearly to the Senator from Virginia [Mr. Swanson] to-day. He said:

What is going to happen when the New York banks owe a billion dollars, for instance, and have \$250,000,000 in their vaults, if the owners of that money deposited in the New York banks—the individuals or companies or corporations or other banks—call for 25 per cent of their deposits at the same time?

Of course, the New York banks, having no way to recoup themselves in the ordinary course of business except by some strained method which takes time, like selling finance bills abroad or foreign exchange in some form, would pay out every dollar they had in their vaults. Suppose their depositors called for one-eighth of their deposits. That would bring the reserves of the New York banks down to about 13 per cent. The question then comes to just the one that the Senator from New York asked, "What are the New York banks going to do under those circumstances? Are they going to pay out all their reserves, or are they going to hold those reserves for the benefit of all their depositors rather than pay them out to a few, who are drawing not only what they need but a great deal more?

I think it was a matter of good judgment that the New York banks at that time did stop paying out the reserve which they were required to keep under the law.

Mr. HUGHES. Mr. President

The VICE PRESIDENT. Does the Senator from Massachu-

setts yield to the Senator from New Jersey?

Mr. WEEKS. Yes; I yield to the Senator from New Jersey. Mr. HUGHES. Not being an expert in banking laws and not knowing much about finance, I should like to ask the Senator if it is his contention that a bank with money in its vaults has a right to refuse it to a depositor in its discretion? If that is so, I want to get out of the banks what little money I have in them.

Mr. WEEKS. I do not think the present conditions are such as to warrant the Senator from New Jersey in drawing out his

money.

Mr. HUGHES. It would not affect the situation much if I should withdraw it all at once; but I listened to the discussion this afternoon with a great deal of interest, and I was hardly able to believe my ears when the senior Senator from New York seemed to hold that it was a matter that rested in the discretion of the banks, and that with money in their vaults which they were compelled to hold there by law they could exercise their own discretion and refuse to pay it to depositors. I always thought that the reserve money in the vaults of the banks and the money they had in their reserve cities and central reserve cities were there for the very purpose of paying depositors, and that if the depositors of a bank came down on it in a hurry, if there was a run, the bank kept on paying out its money until it became insolvent, and then closed its doors

Mr. WEEKS. I hope the Senator from New Jersey will calm himself and not draw his deposits from the banks, because it is said by some that conditions are somewhat strained, and it

might precipitate further trouble.

Mr. HUGHES. I say it would not make very much difference if I did.

Mr. ROOT. The Senator might get hung for starting a panic.

[Laughter.

Mr. HUGHES. That seems to be the contention, however. Mr. WEEKS. Mr. President, under the provisions of the legis-

lation which we are discussing we believe banks will be able to recoup themselves as their depositors draw out gold or draw on their deposits in the banks, so that they will be able to maintain their reserve without straining themselves or precipitating any panic; that it will not be possible, or will be hardly possible, to have a currency panic.

Senators must not forget, however, that the reserves of country banks are used in a very short time; that is to say, a bank does not deposit part of its reserve in a Chicago bank and leave it there without doing business by using that reserve, but it is drawing on it every day to carry on its own functions at home.

One of the best witnesses we had before the Committee on Banking and Currency was former Representative Dawson, at present the president of the First National Bank of Davenport, Iowa. Mr. Dawson testified that he used his reserve in the Chicago banks every two days and that he kept more than the law required him to keep there, at that. He said that his business was so active in the direction of Chicago that he used all

of his reserve every two days.

Let us suppose that a central reserve bank has the deposits of some country banks; how does the country bank make those deposits? It makes them by depositing credits. When we get into a panic, as we were in 1907, the country banks do not ask to draw out what they deposited, but they ask to draw out circulation in some form, even if they do not ask for gold. The result is that the central reserve bank is getting its deposits in one form and is asked to pay them out in another, when there is not enough of the other form to pay out its depositors, or any considerable part of them.

The total deposits in all the banks in the country are about \$20,000,000,000, and the total money of all forms in the country is only three and a half billions. The amount in circulation is not more than half that. So that if, as Mr. Dawson testified, banks The amount in circulation is not were depositing credits and using those credits every few days over and over again, if they deposited credits to-day and within two days wanted to draw out circulation, it would not take very much time to draw all the circulation out of the banks of

central reserve cities.

Mr. ROOT. Mr. President—
The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from New York?

Mr. WEEKS. I yield.
Mr. ROOT. The Senator from New Jersey [Mr. Hughes]
expressed some surprise at the question I put this afternoon. The Senator is quite right, I think, if in what he says about the obligation of a bank to pay depositors he has in mind the legal obligation, the contract. The business of the country is not done with bills, however, with money. The business of the

country is not done with either national-bank notes or greenbacks or gold or silver. The great business of the country is done by transfers of credits; and banks are really clearing houses for the accomplishment of the vast multitude of transfers of credits through which the enormous commercial and industrial activity of the country proceeds.

The banks which were depositing in the central reserve cities did not deposit money. They deposited paper, checks, drafts, notes, commercial paper, which were the instruments for the transfer of credits. What they really did was to transfer credits to these banks; and in the ordinary course of business—business as it goes on from month to month and from year to business as it goes on from the debt created by that deposit is liquidated in a similar. year—the debt created by that deposit is liquidated in a similar fashion. It is liquidated in the same way in which it is created.

What makes a panic is that sudden fear arises, and there is a vast number of people who, anxious lest they lose their money, abandon the ordinary method of transacting business through transfers of credits. I have seen three such situations created in that way—in 1873, in 1893, and in 1907. In every one of those cases the banks had to face this problem: Whether to go on and strictly perform the legal obligation to pay in money on presentation until they could pay no longer, and then fall, leaving those who had been first in the race of diligence with their money in their pockets and all the other depositors, including the great body of the business establishments of the country, with nothing, leaving the most appalling ruin for all the industries of the United States; or, seeing the gulf into which the business of the country was pressing, to halt it; to say: "No; rather than go to ruin, which will turn our reserves over to a few of our depositors, leaving the others with nothing and leaving the country to ruin, we will just stop and let the community readjust itself, reorient itself, wait for a few days."

That was what was done in all three cases. In all three

cases the sound sense of the business community and the expedients to which it was possible with a few days' time to have recourse succeeded in restoring a situation in which the ruin of

American business was stopped.

I say I have seen three of those cases, and the same thing was done in each one, and I have no doubt whatever that a wise and righteous course was pursued. The consequences that would have followed from the banks pursuing any other ourse in every one of those years would have been more dreadful than we can easily conceive.

Mr. BRISTOW. Mr. President-

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Kansas?

Mr. WEEKS. I yield. Mr. BRISTOW. That leads me to make an inquiry that I

have been wanting to make all day.

If provision had been made in 1907 so that the banks in the central reserve cities, the banks of New York-to take just one of them where the trouble started-could have taken their assets, their good securities, and obtained currency from the Government to pay all of their depositors who were demanding Was not that all that was needed to prevent that currency.

Mr. ROOT. Absolutely.

Mr. BRISTOW. If that was all that was needed, I have been trying for three months to find out what is the necessity for creating a tremendous, top-heavy institution, such as we are creating here, to satisfy this simple want.

Mr. WEEKS. I will say to the Senator from Kansas that there are other things than currency needs and currency deficiencies which we should correct and which we are correcting in this legislation. If it were simply a question of supplying currency for the ordinary needs of our business men, we have a law on the statute books now, passed in 1908, which, while a pretty crude piece of legislation in some respects, would enable the furnishing of sufficient circulation, in my judgment, to provide for any ordinary necessity which might arise.

There is one thing about that legislation which was, I think, wise, and certainly an innovation as far as this country was concerned. In adopting it we were following the precedents furnished by all other countries in the world in that we recognized that commercial paper was a suitable basis for circulation, and I regret that we are not following that principle to a

logical conclusion in this proposed law.

Sometime during this discussion I propose to take the time to indicate why I think it would be far wiser if we were going to issue circulation based entirely on commercial paper rather than notes of the Government secured indirectly by commercial paper. That is a long story, and I do not intend to take it up at this time; but those who have not had to deal with manufacturing communities and communities engaged in all forms of commercial business have little realization, I think, of the fear that takes possession of people in time of panic or the means that are taken in order to enable business men to carry out the interests of their business or the necessary requirements of their business. For instance, in the State of Massachusetts we have a law which requires employers to pay labor every week. That in the ordinary course is done through currency. Very seldom are checks used for that purpose. Therefore it is necessary for the employers of Massachusetts every Saturday to have their funds at hand ready to pay their employees. There were cases where corporations during the panic of 1907, instead of waiting until the day before, as they ordinarily would, and then going to the bank and getting their circulation to pay their employees, drew it out a week ahead, and, in one case, one very large corporation was carrying two weeks' pay roll in its own vaults so that there might be no possibility of any failure to meet the requirements of the law and to satisfy their employees.

Then we have another condition in Massachusetts which is somewhat different from that in many States. We have more than \$500,000,000 deposited in the Massachusetts savings banks by people of small means, because no person can have more than \$1,600, including interest, deposited in any one bank. In a population of three and a quarter million there are more than two and a quarter million of savings-bank depositors. Those banks are scattered throughout the Commonwealth, in small towns and large towns. They are all mutual-savings They carry no reserve, except a sufficient amount to meet the ordinary daily needs of the bank. They depend for circulation for their ordinary needs, or extraordinary needs, on the national bank in their own village or town, or on the Boston banks. It seemed essential at that time, when everybody was frightened, that the savings banks should not take advantage of the 30-day provision which is in our law for the delay in making payments. Therefore it was necessary to furnish circulation enough not only for the great pay rolls of Massachusetts, but circulation enough to provide for all the two and a quarter million of depositors in our savings banks. As I said, I think no one who has not lived through a panic under those conditions can comprehend the straits to which our banks are put under present conditions to meet their legal and proper requirements.

There is one other matter-

Mr. BRISTOW. Before the Senator proceeds, if he will

Mr. WEEKS. Certainly.
Mr. BRISTOW. The Senator has stated that there are other reasons than currency. Of course I know there are a good many academical and theoretical reasons. There are a great many students of finance and currency who have all kinds of notions as to what kind of a financial system a nation ought to have. But we are undertaking to accomplish two purposes, which have been stated by everybody who has discussed this subject—the mobilization of reserves and the creation of an elastic currency. The object of both these purposes is to be able to meet the demands of the banks for these pay rolls and other needs suggested. Now, could not the requirement of the State of Massachusetts have been met without this apprehension if, when it was necessary, the banks of Massachusetts, the banks of Boston, I will say, or New York, could have gone to the Government and got the currency upon their assets when they needed it?

Mr. WEEKS. Mr. President, I do not think it is necessary to go to the Government for currency. If they had had a central reservoir, a central bank in any form, a reserve bank, as is provided for in these bills, where they could have taken their assets as limited by these provisions and rediscounted them, taking whichever one of the things a borrower does take, either a credit on the books of the bank or circulation or exchange on some other point-if they could have done that they would have been able to supply their needs. I think the Aldrich-Vreeland bill which is now on the statute books and which we in this bill are extending for a year would ordinarily provide for the currency needs of such business communities as Massachusetts.

Mr. CUMMINS. Mr. President—
The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Iowa?

Mr. WEEKS. I do.

Mr. CUMMINS. There seems to be a sort of consensus of opinion that we are trying to provide against the recurrence of the conditions that came upon us in 1907. I wish the Senator from Massachusetts would explain to us a little further about the assistance that the bill before us will render the American people under such circumstances. The way it looks to me is that in 1907 the country banks, of which we have

heard so much this afternoon, were compelled under the law to hold 9 per cent-if I am wrong, I hope the Senator will correct me-of their demand obligations or their deposits in their vaults.

Mr. WEEKS. Six per cent.

Mr. CUMMINS. Nevertheless, they suffered very great inconvenience, if not disaster. Under the bill that is now before us they are required to hold only 7 per cent in their own vaults. So, they will have but 1 per cent in addition to the amount they held in 1907. They have deposited with the Federal reserve banks 5 per cent.

Mr. WEEKS. Four.

Mr. CUMMINS. Five, I think, in the Owen bill. .

Mr. WEEKS. Four in the other proposition.

Mr. CUMMINS. Five in the Owen bill, however, and it is to that I am addressing myself, because I consider every other as merely for purposes of illustration or academic. Five per cent they are required to deposit in the Federal reserve banks. The Federal reserve banks are authorized—and, indeed, the whole spirit of the law requires them-to loan out 66 per cent of the 5 per cent. Therefore, the Federal reserve banks will have but 13 per cent of the reserves in money when this condition shall again fall upon us. So the country banks will have 7 per cent and the Federal reserve banks but 13 per cent, making only 83 per cent of the amount of all the deposits in the country banks or the general banks. If any such situation confronts us again there is not a Senator here but who knows that  $8\frac{1}{2}$  per cent of the deposits of the country will not satisfy the condition. If the entire reserve were put out it would not meet the condition which confronted us then and which may confront us again.

It seems to me that unless it is intended that in such contingency the Federal reserve bank shall at once issue new notes to whatever amount may be necessary to satisfy depositors we are erecting a structure here that will have very little beneficial

I should like to know from the Senator from Massachusetts whether it is his understanding that under those circumstances we are to resort to new paper money—that is, whether those are the emergencies that new paper money is intended to meetand if they are, I should like to have it explained how the Federal reserve banks will be able to deposit the gold reserve that will be required in order to issue the new notes. It would seem to me that under those circumstances the only relief which can be given to the people would be to issue the new notes upon the basis of commercial paper.

Mr. WEEKS. Mr. President, it is a pretty comprehensive question that the Senator from Iowa has asked, and it comes pretty nearly covering the whole bill, but I want to touch on two or three other phases of it at least, I hope to the satisfaction

The necessity for maintaining reserves is dependent on the provisions which may be used for obtaining circulation. is no other country than the United States where the law requires banks to maintain a specific reserve against deposits. In no country, not even in Canada, do the banks maintain as large a reserve as do our banks, even our country banks. I think the Canadian banks the last time I looked at their statement had an average of about 10 per cent reserve on their deposits, and it must be remembered that there are but 29 banks in Canada, having more than 2,000 branches scattered from the Atlantic to the Pacific. Yet they were getting on, issuing circulation up to the capital of the bank as they needed it, turning in the circulation of other banks that came in to them, if it were profitable to issue their own, sending back to the banks which issued it the circulation which they had issued, and maintaining a condition of equilibrium under such conditions.

Every 10 years the Canadian bank law is revised by act of Parliament, and each period of 10 years demonstrates that some changes are required in the law owing to the growth in the volume of business and, quite likely, to the density of business

and the development of that great country.

Just now they have been having the 10-year revision of their banking law, and they have added a provision which enables the banks to issue more circulation than they have in the past, and that additional circulation is based on a gold supply which is kept at a central place of deposit, I think with the treasurer, at Ottawa. I am not quite sure about that, however. But the other day I noticed by the figures published that the banks of Canada had deposited about \$5,000,000 of gold in this central reservoir, and they are authorized under this law to issue circulation to that extent.

Now, the basis of the provisions of the law which we are considering, as far as circulation is concerned, must be the gold reserve which the banks hold. It would not be necessary, in my judgment, for our banks in reserve cities or our banks in country districts-and there is no reason why one should keep larger reserves than another, except that we are in the habit of imposing higher reserves in the reserve cities than in the country districts-it would not be necessary for them to maintain 15 per cent, as we are going to require, or 12 per cent, or even 10 per cent, necessarily, if we had in operation this law and we were sure that it was going to operate well in every way. Nobody knows whether it is. You may take the best bank men in the United States and ask them the specific question as to how some provision will work out and you will not get exactly the same reply from any two of them. It is an experimental piece of legislation, in a way. No other country, for instance, has a number of regional banks. They all have a central bank. There are a number of vital differences between what we are proposing and what other countries have had and proven to be effective and efficient

If we were perfectly sure that this bill was going to work as well as the chairman of the Banking and Currency Committee hopes it will, then it would not be necessary for us to require 15 per cent reserve, or 12 per cent, or 10 per cent. In fact, we could leave to the banks themselves pretty nearly the amount of reserve which they should carry, and that would be determined by the location of the bank and the peculiar necessities which surround it and its customrs. For instance, we have in both these propositions-certainly in the Hitchcock propositionprovided that a certain part of the reserve of the bank must be kept in the regional banks and that a certain part must be kept in the bank's own vault. The other one-third may be deposited wherever the bank wishes to deposit it, either with the reserve bank or kept in its own vaults.

It is easy enough to see that a country bank 50 or 100 miles from a great center or from a regional bank or from a branch of a regional bank will need to depend on its own resources to a greater extent than will the bank that is directly across the street from a reserve bank or a regional bank. Therefore that country bank will carry in its own vaults a larger percentage of reserves than will the bank in some other locality. stance, if a bank in the Wall Street district in New York-and there is a regional bank there, as I presume there will be-carried more money than it needed from day to day in its own vaults. I should be surprised. I should suppose that it would carry all that the law would permit in the regional bank, because all it has to do is to go across the street and get the gold if it needs it. For that reason, in my judgment, we will find in the regional banks a larger amount of gold than the law provides that the banks shall keep there as a matter of necessity, The big banks will keep more reserves in the regional banks than will the small banks in the country districts.

Now I come to the question of circulation. We are going to depend on the amount of circulation which will be put out, or to restrict the amount of circulation by the amount of reserves behind the circulation. There is not any difference primarily between a bank deposit and a bank note. I hope Senators will bear that clearly in mind, because it is fundamental, that there is no difference between a bank deposit and a bank note from the bank's standpoint. If one of you go to your bank to make a loan of \$5,000, you take that loan-Mr. NORRIS. Mr. President—

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Nebraska?

Mr. WEEKS. Yes; I yield. Mr. NORRIS. As to the Senator's statement, which I realize is made as a rule by experts on the proposition, that a bank note and a bank ceposit are just the same, I should like to get the Senator's idea. If that be true, why is he in favor of the additional security for a bank note and opposed to security for a bank deposit?

If we were talking about the security of re-Mr. WEEKS. serves to be maintained against a note issue and the reserves to be maintained for other purposes against deposits, I would say that I do not think there ought to be any difference. We have provided a difference in our bill, that 45 per cent shall be kept against note issues and but 35 per cent against deposits. I do not myself think there is any necessity for any difference.

Mr. NORRIS. Do not all these bills provide for other and

additional security, and is not the Senator for other security to be provided in all proposed legislation for notes that are intended to circulate as money?

Mr. WEEKS. We are providing additional security in this case; we are providing that, in addition to 45 per cent of gold behind the notes, that there shall be the face value of the notes either in commercial paper or in refunding notes, which we provide for in the bill.

Mr. NORRIS. But for your deposits, which you say are just the same, you are only providing for a reserve of 12 per cent. Mr. WEEKS. The Senator from Nebraska is talking about

member banks and I am talking about regional banks.

Mr. NORRIS. The object I had in asking the question was to get the Senator's idea on the subject of deposits. I have heard a great many times many of the witnesses appearing before the Banking and Currency Committee make the same statement. For instance, Mr. Fowler, who served in Congress a good many years and was for a long time chairman of the Committee on Banking and Currency in the House, has always advocated that, and he advocated it before the committee. He stated that a deposit was just the same as a note, and that a man who deposited should be allowed either to take credit or to take notes of the bank

Mr. WEEKS. Let me point out to the Senator from Nebraska what would happen if he went to his bank and borrowed \$5,000. When the bank puts that \$5,000 to his credit on the bank's books, it is a bank obligation; there is no question about that. The bank owes him, the depositor, \$5,000. If the bank puts one-half of it on the books to his credit and gives him exchange, what is known as a cashier's check on New York for \$2,500, they are both of them the direct obligation of the bank. cashier's check may go through two or three or four hands before it finally reaches the correspondent bank in New York on which it is drawn, where it is charged against the bank which issues it; but it is an obligation of the bank as long as it is outstanding, just as a deposit on the books of the bank is an On the other hand, the Senator may be a manufacturer in need of \$5,000 in bills to pay his employees on Saturday night. In that case he takes the \$5,000 in the bank's bills, and those bills are the obligation of the bank just as is the deposit and just as is the cashier's check which goes to New There is not any difference.

Mr. NORRIS. I concede all that; but why is one secured by more security than is the other?

Mr. WEEKS. The member bank must keep on that \$5,000 a reserve of 12 per cent if it is placed on deposit, but the member bank does not issue the circulation; the regional bank is the bank of issue.

Mr. ROOT. Mr. President-

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from New York?

Mr. WEEKS. Yes.

Mr. ROOT. May I ask a question apropos of the question put by the Senator from Nebraska? Of course, they are both forms of bank credit.

Mr. WEEKS. Yes.

Mr. ROOT. But does there not come to be in the subsequent history of the obligation a further distinction which calls for recognition from the Government which charters the bank and gives it a certain degree of credit with the community as competent and fit to do banking business in this: That the bank credit on the book and the bank credit through the cashier's check are dealt with by persons who know the bank, who are familiar with the field in which they are operating, while the bank bills pass from hand to hand, are scattered through the community, go into the hands of laboring people, of servants for their wages; and they go all over the country into the hands of people who know nothing about the bank at all, and have no information upon which to protect themselves, upon which to judge of the value of the credit, and who do really need more protection than do those who have the bank credit in the other form?

Mr. NORRIS. If the Senator will permit me further, I concede that; but that does not meet the question that I am asking. I am trying to get information from the Senator from Massachusetts [Mr. Weeks], who, I understand, advocates that theory. It is not, so far as I know, in any of these bills. It is said, however, that when a man makes a deposit in a bank he ought to have the privilege of getting credit on the bank books, or he ought to be allowed-and if we had the right kind of a banking system he would be allowed-to take the bills of the bank that they circulate as money, and that there is no difference between the two; that each one is an obligation of the bank; and yet, as I understand, all the people who advocate that theory always provide a security for the notes which they are opposed to having for the deposits. The question that I want to ask is, If they are the same, why not have the same security for the notes as we have for the deposits?

Mr. WEEKS. Let me enlarge a little on that proposition. There really is no difference. The Senator from Nebraska has referred to Mr. Fowler. Mr. Fowler advocated the proposition that the 25,000 banks in this country should issue a credit cur-

rency based on the credit of the banks. That is exactly what the banks of Canada do. They issue a credit currency up to the capital of the banks. But the banks of Canada are few in number; they are well-known institutions all over that country. Our 25,000 banks are not well-known institutions, except in the immediate locality where they are situated. Furthermore, the Canadian system has developed a line of really first-class, dependable bank men. The best men have gone into that profession, and up to a recent time when our banks were enlarged so that the best talent could be bought, Canada did have stronger bank men than we had in the United States. I do not think that is true to-day, but it is relatively safe for 29 banks to issue circulation for a great country like Canada, when it might not be safe at all to allow 25,000 banks under the same conditions to issue circulation, because there is this difference: The individual deposits money in a bank because, presumably, he has made an examination of the bank; he has inquired into the character of the bank's officers; he has looked at the bank's statements to see whether or not the bank is prosperous. If the bank is making money, or the statements show that from year to year it adds to its surplus, he naturally assumes that the officers of that bank are conservative men and wise managers, and then he asks his friends about it, if he is a reasonably wise man, and the combination of the evidence which he gets induces him to deposit his money in the bank. But circulation, while the same thing in a way, should be issued under somewhat different conditions, until we are in the habit of issuing it, as we propose to do in this bill, and then I do not think it will be necessary at all. Now, however, we are in the habit of looking at a circulation which has behind it either gold or silver, or a portion of gold behind the greenbacks, or Government bonds behind the bank notes, and to issue a circulation with only 12 per cent gold reserve or some similar reserve and the bank's assets behind it would be unwise. It would not be in accord with the processes which obtain in Europe, where the central banks carry much larger reserves.

The Senator from Nebraska must remember that circulation is not issued by the joint-stock banks in Europe. The circulation is issued by the central banks. The average reserve of the central banks in Germany, France, and Great Britain for several years has been as much as 65 per cent, and it is on that basis that circulation is issued in those countries, not on a basis of 12 per cent or any other basis which

would be sufficient to cover a deposit.

Mr. NORRIS. Mr. President, it seems to me that the Senator has almost demonstrated the contrary of his proposition that there is a difference between a note and a deposit. He says that a reserve of 12 per cent would not be enough in a country bank for a circulating note issued by that bank, and yet he concedes and, I believe, advocates that a reserve of 12 per cent will be sufficient to secure deposits. It seems to me that would almost demonstrate that at least these two things, which are said to be the same, are treated entirely differently as to their security.

Mr. WEEKS. The Senator must not forget that in Europe there are banks of issue and commercial banks, and that the banks of issue are only relatively small dealers in commercial paper; that their first purpose is to issue the circulation and to provide for the needs of the Government which gives them corporate existence. There is that difference, in the first place; and, in the second place, what I said was that there was no difference whether a depositor took his deposit in bank notes or in a cashier's check or some other form of exchange or allowed it to remain on the books of the bank—that is, as far

as the bank is concerned, it is an obligation of the bank.

Mr. CUMMINS. Mr. President, the question propounded by the Senator from Nebraska [Mr. Norris] seems to me to be founded on a misapprehension of the bill. There is no security at all for the bank credit—that is, the reserve is not a security for the credit in the ordinary sense of that word. It may enable the bank to pay the debt at a time when it could not otherwise pay it, but the reserve against deposits is no more security to the depositor or to the creditor than the other assets of the bank are security, whereas for the notes there is first segregated 45 per cent in gold, which is set apart as security for those notes, and then, in addition to that, there are also separated from the other properties of the bank notes and bills, making up the difference between 45 per cent and 100 per cent. Therefore the bill holder is secured by an absolute pledge of property of equal value with the notes. Of course, the depositor or creditor simply depends upon the general solvency of the bank for his repayment. I think the Senator from New York—

his repayment. I think the Senator from New York—
Mr. NORRIS. Before the Senator leaves that question—
Mr. CUMMINS. I think the Senator from New York told
very clearly the difference between the bank credit and the cir-

culating note, and he might have added another distinction. The bank credit, which is transferred from hand to hand or from person to person through the medium of a check, is exhausted speedily. Not only do the parties to the transaction know the bank and know each other, but the check when issued is redeemed in a very short while, within a few days ordinarily, and therefore it is not necessary that the holder of the check shall have the same kind or quality of security that the bill holder has. The bill may be affoat for a year, two years, or five years; it is impossible to tell when it will be redeemed. So it seems to me that there is here, no matter what might be abstractly true, a very great difference between the credit created by the deposit and the note that is intended to circulate as money.

Mr. NORRIS. Before the Senator-

Mr. CUMMINS. Let me ask the Senator from Massachusetts this question: We are creating either 4 or 8 or 12 banks of issue. It is not suggested that we should give to 25,000 banks the privilege of issuing circulating notes. Why can we not give to 4, 8, or 12 banks organized under this system the right to issue notes as safely as Canada can give to her banks the right to issue notes? I can understand perfectly that we could not very well give the right to all the 25,000 banks, which include the State banks and trust companies, I believe, as well as the uational banks; but I can really see no difficulty in efficiently supervising and regulating 4, 8, or 12 banks, so that their circulating notes would always be good, although they might not always be accepted by the people. It seems to me that the reason that you have made this difference, provided for this security and required this gold reserve, is that you propose to attach the obligation of the Government of the United States to these notes and require the Government to redeem them. I am not quarreling with that policy; it has a great many things to commend it; but that is the reason you must provide this reserve in gold of 45 per cent, and that is the reason that you must make the Government of the United States safe and secure by depositing the difference between the gold and the full value of the notes and commercial paper.

Mr. ROOT. The full amount.

Mr. CUMMINS. The full amount of the notes and commercial paper. Suppose that you omitted the obligation of the Government entirely; what, then, should be the regulations respecting

the issuance of notes by the regional banks?

Mr. NORRIS. Mr. President, if the Senator from Massachusetts will permit me just a moment, the Senator from Iowa made a statement in regard to a question which I asked and then branched off to something else. I should like to finish that if I could. He said that I had asked my question under a misapprehension of the bill. I asked my question not on any apprehension of what was in the bill, but upon the statement made by the Senator from Massachusetts that there was no difference between a deposit and a bill issued by the bank.

Mr. WEEKS. Mr. President, I do not think the supposition of the Senator from Iowa is quite justified. The fact that the Government issues these notes of course does not detract anything from the value of the notes; but in framing legislation under these conditions we must necessarily take into account the methods which have been used in the past, the processes which have been followed for a hundred years in this country. We can not change suddenly to something that is entirely new,

because that in itself might produce a panic.

We are in the habit of having a circulation that is either covered entirely by gold or covered entirely by silver, or a percentage of it covered by gold, as are the greenbacks, or else secured by Government bonds. The amount of reserves in gold which we are requiring behind these notes is at least 45 per cent. I think myself it ought to be higher; but the reserve behind the greenbacks is 42 per cent or 43 per cent in gold, so that 45 per cent did not seem an unreasonable cover for us to impose in this case. I do not think, myself, that when this system has gotten into operation it will be necessary to impose all of the restrictions which we have in issuing this circulation, but I contend that we can not impose too many within reason when we are changing from one system to another. Otherwise, we might find that people were distrusting the circulation which we were issuing, and that in itself might produce a panic, which is just what we want to avoid. What we wish to do, in fact, is to change this system so gradually that no one will know that the system is being changed.

I was surprised to hear the chairman of the committee state to-day that it was not the purpose of the so-called Owen bill to do away entirely in the end with bond-secured circulation. Possibly I am a little cranky on that subject, but I think fundamentally and theoretically one of the most unwise things connected with our banking system is to base circulation on a

debt, as we do in issuing bond-secured circulation. It would not have been done if it had not been necessary to float our bonds during the Civil War and at the same time to get rid of the State-bank circulation, which was always at a varying value and almost always at a discount. Those were the two reasons for getting rid of that circulation.

If we are going now to base a circulation on strictly theoretically right principles, we shall base it on commercial paper, and we shall attempt to provide for the redemption of that circulation in such a way that it will be promptly redeemed as soon as the need for the circulation has disappeared.

The Canadian circulation, in that great country extending from the Atlantic to the Pacific, stays out only about 29 days.

Mr. WILLIAMS. Twenty-eight days.

Mr. WEEKS. Twenty-eight days, the Senator from Missis-sippi tells me. Our own circulation goes around in an endless chain. We are all the time sending out bond-secured circulation, sending it to the banks which have issued it, and they, not requiring it at most seasons of the year or many seasons of the year, send it to their reserve banks in reserve centers. The reserve banks can not use it for any purpose, and they send it in for redemption. As I stated the other day, as perhaps some Senators will recall, there are numerous instances of bundles of bills actually coming back to the Treasury which have been this roundabout course, have completed the circle, and come back to the Treasury, never having been opened. That is the kind of redemption which we have to put up with, because the banks can not find a ready market for the 2 per cent bonds, which are a basis of circulation.

If the basis for circulation were a note which had a date of maturity, and that note was so selected that it was sure to be paid at the end of 30, 60, or 90 days, whatever time it might be, the circulation would come in and be redeemed automatically. That is what I want to call to the attention of the Senator from Kansas [Mr. Bristow], who asked about the reasons for this legislation other than the reason which he stated. It will enable the banks of the country to make use of a vast amount of good commercial paper which has no value to-day in taking

care of the conditions which we meet in time of distress.

For instance, the banks of New York are loaning, we will say, a half billion dollars on commercial paper. Perhaps three or four hundred millions of that is the kind of commercial paper which would come within the restrictions of this bill. Having that paper, under present conditions, they can make no use of it to get gold or for any other purpose. You could not sell a piece of that paper in Europe, for instance, because it is not well enough known, and very much of it you can not sell out-side the limits of New York; but if they had means of turning that paper into circulation, or increasing their reserves by rediscounting the paper with somebody or something, they can recoup themselves, can add to their gold supply, and can furnish themselves with enough circulation to take care of the needs of their customers.

Mr. SHAFROTH. Mr. President-

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Colorado?

Yes.

Mr. SHAFROTH. Mr. President, the redemption to which the Senator has referred, that of national-bank notes coming into the Treasury, exceeds \$600,000.000 a year; but is not that due to the fact that there is not sufficient reserve money to meet the demands of the banks? As I understand, the only reason they send in the national-bank notes is because they are short of the money that they can keep as reserves. Inasmuch as the national-bank note is redeemable in lawful money, and lawful money can be used as reserve money, it is sent to the United States Treasury for the purpose of getting lawful money; and then, when they get it, they use it as reserve money. Is that the fact?

Mr. WEEKS. I do not think the Senator from Colorado is correct in that statement. We are going to have in these reserve banks \$200,000,000 of Government deposits, in round numbers-that is, in gold-and we are going to have capital paid in, under the plan which I stand for, of about \$100,000,000 more. That is \$300,000,000. The reserves which will be paid in from time to time until all that is required by law are paid in will amount to at least \$400,000,000 more. That is \$700,000,000 in gold, even supposing that no trust company or State bank comes into the system. I do not think it is true that the banks have not sufficient reserve money, and that that is the reason they send in the notes, but I think they send them in because they do

ont need it at the time they receive them from the Treasury.

Mr. SHAFROTH. If they do not need national-bank notes they do not need other forms of money, because national-bank notes are at a par with any of them.

Mr. WEEKS. I am quite in agreement with the Senator in that respect. I believe there is a redundancy of currency very much of the time. I do not wish ordinarily to stand as a prophet, but I will prophesy now that we shall find that at certain seasons of the year, if all of these bank notes were changed into legitimate asset-currency notes, we would have two or three or four hundred million dollars less circulation outstanding than we have now.

Mr. SHAFROTH. That would mean a contraction of the currency, then, to the extent of three or four hundred million dollars

Mr. WEEKS. It would.

Mr. WILLIAMS. Oh, no. It would one part of the year, but

another part it would be greater than it is now.

Mr. WEEKS. One part of the year we would not require it, and it would naturally contract; and the part of the year we did need it it would be issued as the customers of the bank re-

Mr. WILLIAMS. And then it would be greater than it is

Quite likely

Mr. SHAFROTH. The difficulty of the situation is that the Senator assumes that this system is sure to work. witnesses before our committee who testified that they did not think there was sufficient discount paper of the character required by this bill to produce enough currency to take the place

of the national-bank notes now outstanding.

Mr. WEEKS. Mr. President, out of curiosity some time ago I made some investigations in a couple of banks as to the amount of paper they had which would come within the requirements of this bill. In my judgment, those two banks alone would be able to supply all the circulation needed in the very considerable city in which they are located, where the two banks have not more than one-quarter of the capital of the national banks, while there is substantially as much more capital in State banks and trust companies in the same community.

Mr. ROOT. Mr. President—
The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from New York?

Mr. WEEKS. I do. Mr. ROOT. I should like to make a suggestion regarding the

observation of the Senator from Colorado.

It is true that we have not in this country as much of the kind of paper ordinarily known in the commercial world as banking paper, in proportion to our business, as exists in other That is, we do not do our business here in the main countries. through what is known as prime commercial paper. Some of us can remember the time when the buyers of the country merchants went to New York and Boston and Philadelphia and the cities where they got their chief supplies, bought their stocks of goods, and gave their notes at 30, 60, 90, or 120 days. They gave their notes, and those notes were indorsed by the jobber or wholesale house, and were made the basis of credit in the banks upon which the money was raised to carry on the The ordinary commercial form of doing that would be, instead of by means of a note, by means of a draft on the purchaser and its acceptance, and that acceptance would constitute the ordinary commercial paper.

During the past 20 years, however, there has been a very great change in the method of transacting business. The country merchant no longer gives his paper, but he makes his purchase and it rests in open account; and the wholesale merchant or jobber makes his own paper and sells that to the banks in the form of single-name paper. It is not prime paper which is known to the greater part of the commercial world, and that fact probably would support the statement which has just been made. I apprehend, however, that if this bill gets into operation and works, and merchants want money, they will adapt their forms of doing business to the requirements of the bill. Then you will find that there will be enough commercial paper to form the basis for all the discounts that this bill permits, up to the point that the business of the country will absorb, up to the point of that credit which alone in the end is the only substantial basis for bank credits of any kind, whether on book account or upon the issue of notes-the credit which consists in actual representation of dealing with values. Up to that point credit is good. Beyond that point you have

inflation, depreciation, loss of gold, and ultimate disaster.

Mr. SHAFROTH. Mr. President, I fully agree with the declaration made by the Senator from New York, that at the present time the notes or drafts that are supposed to be of the character of paper necessary upon which to issue money under this system do not exist in the United States, I do not suppose 5 per cent of the paper in existence among the various banks is of the kind required under this bill. I do hope that the opinion expressed by the Senator from New York will prove true, and that we will be able to have the banks conform to this system. My objection to the bill as framed by the other section of the committee is that it proposes to contract the currency by the redemption of the national-bank circulation without providing a permanent currency in its place.

It is true that the Federal reserve notes, based on 90 or 180 day drafts, might answer the purpose, but we have many experiments that do not turn out to be workable. The Aldrich-Vreeland Act was thought to be an excellent law; but when we find that it has not worked and that no application for currency has been made, it seems to me we might have failures in this bill similar to the failure that has existed in the case of the Aldrich-Vreeland Act.

Mr. ROOT. Mr. President, would the Senator from Colorado think that a safety clutch on an elevator was a bad thing because the elevator had not fallen and put it into operation?

Mr. SHAFROTH. No; I do not believe that. I believe there have been necessities and causes for the action of the Aldrich-Vreeland measure; but the Aldrich-Vreeland Act was defective in the fact that it made one bank guarantee the paper of another bank, and that the banks would not do.

Another defect in that bill was that it required or permitted one bank to investigate the affairs of the other bank to see what paper it had, and no bank desired that its paper should be

looked over by a rival bank.

Mr. ROOT. But, Mr. President, I think the majority of the clearing houses in this country, certainly those in all the principal cities, have adopted a system under which that very thing is done regularly. They do not rest on the examination made by the bank examiners under the direction of the Comptroller of the Currency, but they have established examinations of their own. They have their regular officers, so that every bank is examined by all the other banks forming a part of the same clearing house.

Mr. SHAFROTH. We do know that when the Secretary of the Treasury offered to advance money among the banks in various parts of the country that wished to get it they did not want to get it under the Vreeland Act; and one of the principal reasons was that one bank had to be the guarantor of the paper of the other bank. That has always been, as I understood, the drawback and the thing that obstructed the carrying

out of the provisions of the Vreeland Act.

Mr. ROOT. The Senator bases his objection to that on the

experience of Oklahoma?

Mr. SHAFROTH. Oh, no. I do not think, so far as Oklahoma is concerned, that there has been a failure of the bankguaranty provision of the law there. There has been a bankguaranty system in the State of Kansas, and also in the State of Nebraska, and also in the State of Texas, and, so far as the depositors are concerned, I can say that no depositor has lost a single dollar in any one of those States. For that reason I can not see that the guaranty provision of the Oklahoma law was such that it worked a detriment to the people of that State.

But what I wanted to call the attention of the Senate to was the fact that the provision of the Hitchcock bill is for the retirement of a bank currency without the substitution of any other currency for it except this currency based on 30, 60, and 90 day paper, and the testimony of some of the witnesses was to the effect that that would not be sufficient to satisfy even the \$750,000,000 of national-bank notes. There were persons—such as Prof. Sprague, of Harvard—who testified that they regarded the circulating medium of the United States now, including the national-bank notes, as a necessary currency, as a fixed currency, and that this cushion of elasticity should arise from the currency which we have now; that is, that there is, of course, an expansion of trade and of the business of the United States going on, and there has to be some expansion of the currency to keep pace with the ordinary expansion of trade. Prof. Sprague regarded that this cushion which was necessary in the formation of an elastic currency should arise from the currency which we have now.

We all know what has occurred in the past when we have had a contraction of the currency. We know that it was not discovered until 1878 that there was a provision in the law which permitted the Secretary of the Treasury to retire the United States notes called greenbacks, and they did not wake up to that fact until over \$100,000,000 of that currency had been retired. Then there was a universal demand that it should be stopped, and a provision was inserted in the law that we should not retire any more, but that we should reissue every dollar

not retire any more, but that we should reissue every dollar that came into the Treasury.

I can say that, so far as the contrast between the contraction of the currency and an expansion commensurate with the

growth of the United States, there can be no doubt in my mind that one brings a disaster which is terrible in its effect. The contraction of the currency has been that which has produced most disastrous results in our nation.

Mr. WEEKS. Mr. President, the Senator from New York [Mr. Roor], I think, very aptly answered the Senator from Colorado as to the use to which the Aldrich-Vreeland bill would be put. It has not been used, because there has been no necessity for using it since it was passed in 1908. It is a panic measure. It is an anchor to windward in case everything else breaks down. The tax imposed on that circulation, amounting to 4 per cent the first month, 5 per cent the next, 6 per cent the next, and 7 per cent the next month, prevents a bank from using it unless the conditions are unusually stringent all over the United States.

Furthermore, let me call the Senator's attention to the fact that the banks of the country have not even taken the \$50,000,000 on a 2 per cent basis which the Secretary of the Treasury offered them two or three months ago; and we will seldom go through more, I will not say a more abnormal, but a more uncertain period than we have been going through in this country in the last six months. They have taken only \$34,000,000 of that circulation. Many banks have refused to take it at all, because they did not care to put up the security and at the same time pay 2 per cent for the money. That is only one-half of what would have to be paid under the Aldrich-Vreeland bill the first month, with the rate increasing, as I have said, I per cent a month.

The statement that there is not sufficient paper in this country to furnish the circulation which is provided in the Hitchcock amendment we offer here does not bear investigation at all. We propose to retire \$50,000,000 a year of the 2 per cent bonds with the circulation behind the 2 per cent bonds. That is not very much, and in many periods of the year, in my judgment, we will not know that it is retired at all. At some other period we may need \$100,000,000.

Let me point out to you that there is sufficient commercial paper for that purpose. Here is one western bank, a large bank, that discounted in the month of October, 1907, \$1,250,000 of 30-day paper, \$2,204,000 of 60-day paper, and \$4,111,000 of 90-day paper, in all \$7,000,000 discounted by that one bank of paper that the minute it was taken, met the other requirements of this law, would be available to deposit and obtain circulation against it. Then in addition to this the bank discounted \$2,000,000 of paper running from 90 to 120 days and \$6,000,000 having 120 days to run, a total in that one month of \$21,000,000.

That longer-time paper is gradually approaching maturity, so that the bank will not only have the paper discounted for less than 90 days, but it would have a considerable amount of paper that has run a considerable time and was approaching the day of maturity. So I have no doubt that bank would have as much as \$10,000,000 or \$12,000,000 of paper available to be used in the process to which the Senator from South Carolina has referred. That is only one bank, a large bank, in one of the principal western cities.

Then there is another form of paper which we are providing for in both these bills, to which I referred briefly the other day, but I should like to refer to it a little more in detail now. It is the method of issuing paper in different European countries. It carries with it not only the credit of the maker of the paper, but it carries with it the credit of the acceptor of the draft, because it is usually in the form of a draft. There are very many private concerns in England and France, and I have no doubt other European countries, which make a business of accepting the paper of merchants. They do it under differing conditions. The merchant may be required to put up some form of collateral; he may be required to give some kind of a warehouse receipt for cotton or for corn or for something else to secure the banker or the broker who accepts his paper; but the man who accepts the paper adds his credit to the credit of the merchant. If the merchant made a promissory note, he might find it necessary to pay 5 per cent for that money; but if he draws on a well-known bank or a well-known banker, he may be able to sell his paper on a 4 per cent basis. He may pay the banker one-fourth or one-eighth of 1 per cent for accepting his draft, but in any case he would be better off than he would if he sold his own note direct.

For that reason, we undoubtedly will see a lower interest rate to every man who has a broad credit as a result of this system. That is the kind of paper that will not only go in our own reserve banks and be available as a basis for circulation, but it is the kind of paper that will give our business men a world-wide credit.

There is not any reason why the paper of the best merchants, the best manufacturers, or the packers or other similar concerns in the United States should not sell in France or England or Germany as similar paper of those countries would sell in any other European country. The result would be that it will relieve our own banks so that they can give better facilities to those to whom they to-day are perhaps giving insufficient facili-ties. It will broaden the credit not only of the individual merchant or manufacturer, but it will broaden the credit of all kinds of business men throughout the whole country. For that reason, in my judgment, it is one of the wisest provisions in

Now, several Senators have referred to the fact-

Mr. BRISTOW. Mr. President—
The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Kansas?

Mr. WEEKS. Certainly. Mr. BRISTOW. Before the Senator leaves that point, there is one provision in the Hitchcock bill that I think the Senator from Colorado [Mr. Shafroth] must have overlooked when he spoke of 30, 60, and 90 day paper. The Hitchcock bill provides that 180-day or 6-months paper may be discounted. On page 40 of the bill it says:

Notes and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than 180 days: Provided, however, That not more than 50 per cent of the paper discounted for any member bank shall have a maturity exceeding 90 days, and in no case shall any member bank have more than \$200,000 of rediscounts having a maturity longer than 90 days.

So that brings into the rediscounting privilege many thousands of dollars of six-months paper, which is just as good as 90-day paper, because it covers cattle paper of the West and the paper of western farmers given for six months, and southern

Mr. SHAFROTH. I will state to the Senator from Kansas that I was aware of the provision. I was speaking of the Owen bill when I referred to 30, 60, and 90 day paper. According to the limitations of the bill as the Senator has read it. only a certain percentage of it can be of 180-day character, and even in that case we do not know whether this currency is going to be a success or not. It is a currency which may be called out, and it may not be called out. We must remember that the bankers are those who have the privilege of doing this and nobody else. That privilege is such that it ought to be guarded by the public in general. It is the member bank that goes up and discounts this paper. It is not an individual. If I wanted a circulating medium in my part of the country I could not get it; it is all in the hands of the banks. To wipe out to the extent of \$50,000,000 a year a circulating medium that has been as good as the national-bank circulation, without knowing absolutely that there will be a currency to take its place, is a hazard which I do not believe ought to be taken.

Mr. BRISTOW. But the Senator certainly will admit that if there is a demand for currency in the community which any bank serves, it is to that bank's interest to supply that demand, so that if the bank's customers want the currency and need it, if they have the security for it, the bank can get the currency to supply them. If they have not the security, then the banker would not want to loan it to them and does not need it.

Mr. SHAFROTH. As has been stated, this character of paper, which in your bill is the same as that of Senator Owen's bill, namely, commercial paper, represents the actual transaction in commerce. That is not the mode in which we do business in this country. It may take years before that system will be

adopted by our people.

Another thing is we do not know what provisions of this bill might prevent the issuance of the money which we hope will take the place of the bank circulation. But it has been conceded, or nearly so, because we heard hardly anyone protest against it, that the amount of currency which we now have is practically the amount we need with little variation, and principally a variation in crop-moving time. That being the case, it seems to me we can make this cushion of elasticity upon the currency that we have, and then if we need any more let it drop back.

But to destroy as good money as the national-bank circulation without providing surely and certainly that there shall be placed in its stead such currency as will not be retired and to depend upon the putting of 30, 60, 90, or 180 day paper in bank and demanding money upon it, it seems to me would be unwise without having a permanent currency to take its place, at least until it goes into operation and we see whether it is going to be a success.

Mr. BRISTOW. With the permission of the Senator from Massachusetts, I should like to ask the Senator from Colorado a question. It seems to be the purpose to maintain the present

national-bank currency and simply provide a cushion of elasticity, to use the Senator's term, which will not aggregate more, according to the testimony before the committee, than the limit of \$200,000,000 a year. The variation, the elasticity, of the currency will not vary more than \$200,000,000 a year. That was the maximum placed by everybody who appeared before our committee, as I remember. If that is the purpose, why is it necessary to create an enormous organization here composed of 8, 10, or 12 regional banks, with a great Government force tearing up the entire banking relations of the country, in order to provide an elasticity of a couple hundred million dollars a year for that currency? I should like to know why it is necessary to do that.

Mr. SHAFROTH. If the Senator from Massachusetts will

yield to me, I will try to answer.

Mr. WEEKS. I will yield to the Senator.

Mr. SHAFROTH. That is entirely a deviation from the question we have been discussing; but the necessity for having a number of banks is not the necessity always of issuing money, because the issuance of money will likely arise only in times of panic, only in times when there is a very tight money market. But these reserve banks are to be established for the purpose of mobilizing the reserves at a place that is convenient to the banks of the United States. I have been in favor of a larger number of banks than four. I believe there should be not less than eight. Our bill provides that there shall be not less than eight nor more than twelve. As one witness put it—and it seemed to me to be a very sensible answer—a reserve bank keeping the reserves of the various banks of the United States should be at such a distance from the banks that the president of an institution of that kind, fearing that there will be a panic, the next day can take his portfolio of notes aboard the train, go to the Federal reserve bank, and be able by the next morning when his bank opens to telegraph that he has secured sufficient money or sufficient credit, either one-sufficient money if there is a run on the bank-to pay the deposits, and then the run will not occur. It is for the purpose of utilizing these reserves. These reserves go to New York. They pay an interest rate It attracts them, and consequently takes them away from the place where they belong.

This money belongs to the various portions of the West. does not belong to New York nor to St. Louis nor to Chicago, It is for the purpose of keeping these reserves that we want eight regional banks instead of one, because the regional bank, or the Federal reserve bank, as our bill terms it, will be loyal

to the interests of that district.

That is the reason why we do not want to have one reserve bank situated in one part of the country so that an application must be made from a distant point, and when they say "we want some money," they can say, "Oh, we need money in some other portion of the United States." If you have a system of branch banks the branch bank is always subservient to the policy of the central bank. The result is that if they care to discriminate in favor of one portion of the country it can be

It is because with 8 banks or 12 banks each one will have a certain territory of its own; it will be supposed to watch out for the interest of that territory; and it will be supposed to keep the reserves of the banks in that territory. That is the reason why we believe that the provision is necessary and that one located here at Washington or at New York City could not answer the purpose,

Mr. BRISTOW. The Senator says, as I understand from his remarks, that the purpose of this great organization, then, is not so much to issue currency as it is to handle the reserves.

To demobilize them.

Mr. BRISTOW. And he wants a number of them in order to scatter them all over the country and bring them closer to the communities to which they belong. Now, let me ask the Senator a question. We have now, instead of 8 or 12 reserve centers, 47; we have 50, counting the central-reserve cities as 3. That brings your reserves closer home; that puts them in the communities which they are to serve. What are you tearing it up for, if it is for the purpose of scattering the reserves and getting them around all over the country where they can be used?

Mr. SHAFROTH. I will tell you why. It is because these reserve cities contain 315 banks, and these reserves are therefore scattered in 315 banks, and the central reserve cities, consisting of New York, Chicago, and St. Louis, contain 52 banks, and the reserves of the reserve cities are scattered among these 52 banks. The result of it is that this will be a considerable concentration; and when you cut it down to 8 banks, taking the number of 367 banks that are now scattered, and with no obligation upon any of them to furnish money in time of stress or in time of necessity, the country banker can appeal to his home Federal reserve bank and can draw upon its re-

serve to that extent. He can take his paper there and discount it. The object of this is to let him go to a conveniently located place with his portfolio of notes and drafts, there present them, and get them cashed. By reason of that he can overcome any run that can be made upon his bank.

Mr. BRISTOW. Mr. President, I challenge the Senator from Colorado to cite a single banker who appeared before the Committee on Banking and Currency who said that he had not been able to get his paper discounted when he wanted it rediscounted

by his correspondent.

Mr. SHAFROTH. But the inquiry was not made on that point particularly. There was some inquiry made as to a few, but as a matter of fact, we know the New York banks could not do it in 1907. I have no criticism of the New York banks; I feel that they were trying to overcome a situation there that was terrible, and that they were acting according to what they believed was the best interest of the country and of themselves; but I must say that where you simply permit a national bank to put its reserves into another national bank, there is no obligation upon the part of the latter bank to come to its rescue and to cash its paper. While they might do it, and no doubt would if they had plenty of money themselves, generally when there is a panic it stretches from one end of this country to the other, and for that reason the New York banker is not able to discount. There is not enough to go around in the distribution of money in panicky times. You have got, therefore, to resort to some such machinery as we have provided in this bill for that purpose.

Mr. BRISTOW. But the Senator by his argument now is con tradicting the argument he made just a few moments ago. A few moments ago he said that he wanted a larger number of reserve banks than four, so that the reserves could be close to home, so that the banks could get them quickly.

Mr. SHAFROTH. Yes, sir. Mr. BRISTOW. And now he is objecting to reserves being close to home, so that they can get them quickly.

Mr. SHAFROTH. Oh, no.
Mr. BRISTOW. He now wants them scattered in fewer places.

Mr. SHAFROTH. No; I do not. I say, of course, you could not have one in every reserve city in the United States. possibly might do, and it might be a success; but it is not likely, because the capital of the bank would not be sufficiently large, and the reserves which would be deposited there would not be sufficiently large to meet the ends and the demands which the banks might make; but when you have eight reserve banks in this country, extending from Boston to San Francisco and from Minneapolis to New Orleans, you can readily see that eight sections of this country can have powerful banks that can come to the relief of strain and stress and panicky times, especially under the provisions of this bill. I believe there are different elements and different arguments with relation to this matter. From an economical standpoint there is not any question but that you can have a bigger reserve and probably at a little less cost by having one central bank.

You must remember that when you have a central bank you have other evils that come into it. You must remember that it must be located in one section of the country, and its directors will naturally magnify the conditions and necessities of that portion of the country. Consequently the sections of country that are far from 12 will not be able to get the consider-Consequently the sections of ation which the locality near which it is located will obtain. But when you have a number of banks having a large territory with relation to each and a large amount of money in each, which would arise in the case of eight reserve banks, you can readily see that when you have them both in such touch that you can get relief within 18 hours for your failing bank, and that it will be of great assistance. Distance is one of the great elements to be taken into consideration in determining the number of banks.

Mr. BRISTOW. If the Senator will pay me the honor to listen to me to-morrow, I think I shall convince him that under the Hitchcock bill we are providing for every evil that he anticipates, and providing for it a great deal better than the

is advocating is likely to do. Mr. WEEKS. Mr. President, while this has been a most interesting debate between the Senator from Kansas [Mr. Bristow] and the Senator from Colorado [Mr. Shafroth], it has broken in somewhat into the continuity of my argument, which I shall

now again take up.

I have heard the criticism made that the banks of the country did not loan money during the trying period which included the months of October, November, and December, 1907, and there is a basis for that statement in some figures that were prepared for the Monetary Commission, which stated, as I recall them, that no loans were made at that time. If there was any reason !

for making that statement it was due to the phase of the question that bankers were not buying paper from those who were not depositors with them; in other words, they were devoting their entire resources to taking care of their own customers. But to indicate that there was loaning by the banks of the country, and at normal rates, I have obtained the figures from two representative banks-one in the West and the other in the East-which I want to include in the RECORD after I have made some comments on them. These figures are from the western bank.

In the months of October, November, and December, 1903, that bank loaned on 30-day paper \$5,179,000. In the same months in the year 1907 it loaned \$4,610,000, or within \$500,000 as much as it did the year when there were no panicky conditions existing. In the same months in the year 1908 it loaned on the same class of paper \$3,370,000, or nearly \$900,000 less than it did during the months of the panic. There were the same conditions for 30 to 60 day paper. It loaned in 1906 \$5,800,000; in 1907, \$6,654,000; in 1908, \$3,990,000; in other words, right in the midst of the panic that year it loaned \$2,600,000 more than it did the year before, and it loaned \$2,800,000 more than it did the following year.

In reference to 60 to 90 day paper the same general statement is true. It loaned in 1906 \$7,000,000; in 1907 it loaned \$9,369,000; and in 1908 it loaned \$5,531,000. Going through the list, including all the loans it made to its own customers, I find that in the year 1906 that particular bank loaned on all classes of paper in those three months \$50,536,000; in 1907, the panic year, it loaned \$52,957,000; and in the following year it loaned \$57,771,000. So that, as a matter of fact, it did loan to its own customers more than it had loaned the year before and nearly as much as it loaned the following year; or, in other words, there was no difference in the general course of business in that bank on account of the panic so far as the customers of the bank were concerned.

The rates were somewhat higher. The average rate for 1906 was 6 per cent in October, 6 per cent in November, and 6 per cent in December. In 1907 the rate was 6½ per cent in October, 7 per cent in November, and 7 per cent in December. In the following year it was 5½ and 5½ per cent in those months.

Here is where the difference came in: The bank did not buy either in 1906 or 1907 much outside paper. For instance, in 1906 it bought \$1,698,000 in those three months, and in 1907 it bought \$678,000. In 1908, when the banks were loaded with money, it bought \$10,808,000.

This is a complete answer to and a complete explanation as

well of what has been assumed as a correct statement about the policy of the banks during the period of the stress in 1907.

Mr. NEWLANDS. Mr. President—
The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Nevada?

Mr. WEEKS. I do.

Mr. NEWLANDS. The Senator has given a statement as to one bank. I should like to ask him if he can tell us whether or not the loans of all the banks, both National and State, were contracted in the last quarter of 1907 below the standard of the similar quarter in 1906; and if so, to what extent?

Mr. WEEKS. Mr. President, the loans of all national banks decreased between the comptroller's call on the 22d of August of that year and the comptroller's call in February of that

year about \$218,000,000.

Mr. NEWLANDS. Then, are we to understand that the very serious conditions of that period were due to a contraction of only about \$200,000,000 in credits, which at that time in all the banks, national and State, amounted to over \$10,000,000,000?

Mr. WEEKS. I do not think the serious conditions at that time were at all due to the contractions that took place. The contractions were normal and natural, because business came to a halt in a great many directions. As soon as the banks issued clearing-house certificates, that produced a condition which it always has done—a breaking down of domestic exchange, and the breaking down of domestic exchange stopped business, and the stopping of business prevented the necessity of borrowing; so that the falling off of \$218,000,000 in loans is very much less than we might have expected, in my opinion, as the result of the panic of November of that year.

Mr. NEWLANDS. The Senator, then, regards this diminution of \$200,000,000 in the total bank credits as the result of

these conditions and not as the cause?

Mr. WEEKS. I do, absolutely; and I will say to the Senator that has been the result in every panic this country has ever We have half a dozen times, first and last, issued clearinghouse certificates; and the issuing of clearing-house certificates has always had the same effect. It has checked business; and when business is checked the demands for money are less; so

that the contraction which takes place is more largely due to the results of the panic than being the cause of the panic; in fact, I do not think it was the cause of the panic in 1907 or at any other time with which I am familiar.

The figures which I have in my hand were prepared by an eastern bank of similar size, and they indicate almost exactly the same condition. The loans of that bank were as much as they were in the year before and the year after. The average rate for October, 1906, was 5.89 per cent; in November it was 5.7 per cent; and in December it was 6.9 per cent. In the year 1907, the panic year, the average rate in October was 5.95 per cent, or six one-hundredths of 1 per cent higher than it was the year before. In November it went up to 6.4 per cent, or seven-tenths per cent higher than the rate the year before. In December it was 6.31 per cent, or a quarter per cent higher than

it was the year before.

Mr. BURTON. Will the Senator from Massachusetts please state in what month in 1907 the rate was only six one-hundredths per cent more than in 1906?

Mr. WEEKS. In October.
Mr. BURTON. In October, 1907?
Mr. WEEKS. Yes. It was six one-hundredths of 1 per cent higher than it was in October, 1906. The total loans of this

bank in that month were about five and a half million dollars. The average rate in October, November, and December for 1907 was not over four-tenths per cent higher than it was in the same months in 1906; but the amount of loans made by that bank was higher in the year 1907 for those three months than in the year 1906 and not quite so high as in the year 1908, when money was very easy and very plentiful.

Those figures are a complete refutation of the charge, if you may call it a charge, which has been made that the banks of the country stopped loaning. They did nothing of the kind; they stopped buying outside paper, generally speaking, but they continued to supply the needs of their own customers, and they did not supply them at the high rates which are quoted—10, 15, 20, 50, or some other per cent—but they did supply the needs of their customers at an average rate during the panic of not over 6.2 per cent in the eastern bank and about the same rate in the western bank.

Mr. President, I should like to include those figures in my remarks, because I think they may be useful to the Senate at some other time and in some other way.

The VICE PRESIDENT. Is there objection? The Chair

hears none, and it is so ordered.

The figures referred to are as follows:

WESTERN BANKS.

Louise	made in Occo	oci, motemo	cr, was Decem	1001, 1000, 100	01,1300.	Charles St.			I STATE
Average rate.	30 days and less.	31 to 60 days.	61 to 93 days.	91 to 120 days.	121 days and over.	Uncertain maturities.	Demand.	Totals.	Commercial paper pur- chased.
Per cent. 6 6 6	\$1,480,500 1,497,700 2,201,600	\$1,626,300 1,808,000 1,574,300	\$1,752,200 1,218,600 3,983,509	\$1,240,400 3,549,200 1,527,600	\$5,526,800 3,642,900 6,429,100	\$271,900 278,200 216,500	\$2,312,900 3,667,400 4,730,400	\$14, 211, 000 15, 662, 000 20, 663, 000	\$115,500 937,700 645,200
	5, 179, 800	5,008,600	6, 954, 300	6,317,200	15, 598, 800	766,600	10, 710, 700	50, 536, 000	1,698,400
6½ 7 7	1,025,500 2,279,200 1,306,200	2,204,300 2,272,700 2,177,700	4, 111, 700 2, 587, 200 2, 670, 900	2,025,900 3,927,500 1,690,800	6, 442, 500 2, 107, 300 6, 163, 700	1,089,800 362,900 372,100	4,175,800 942,500 3,020,800	21, 075, 500 14, 479, 300 17, 402, 200	273, 800 277, 500 127, 400
	4,610,900	6, 654, 700	9, 369, 830	7, 644, 200	14,713,500	1,824,800	8, 139, 100	52, 957, 000	678,700
51 518 518	716, 100 1, 014, 900 1, 639, 200	1,164,800 1,160,800 1,664,900	1,364,200 1,576,000 2,591,600	1,367,290 3,938,300 4,735,200	9, 665, 500 4, 420, 900 6, 433, 100	C15, 200 547, 000 476, 000	3, 572, 700 4, 473, 590 4, 634, 800	18, 465, 700 17, 131, 400 22, 174, 800	3, 292, 900 3, 182, 800 4, 332, 800
	3,370,200	3,990,500	5, 531, 800	10,040,700	20, 519, 500	1,638,200	12,681,000	57,771,900	10,808,500
	Average rate.  Per cent. 6 6 6 6 6 5 7 7	Average rate.  Per cent.  6	Average rate. 30 days and less. 31 to 60 days.  Per cent. 6 \$1,480,500 \$1,626,300 \$6 2,201,600 \$1,574,300 \$5,179,800 \$5,008,600 \$7 2,279,200 \$2,272,700 \$7 1,306,200 \$2,177,700 \$4,610,900 \$6,654,700 \$5 716,100 \$1,164,800 \$5 1,014,900 \$1,160,800 \$5 1,639,200 \$1,664,900 \$1,664,	Average rate. 30 days and less. 31 to 60 days. 61 to 90 days.  Per cent. 6 \$1,480,500 \$1,626,300 \$1,752,200 \$6 2,201,600 \$1,574,300 \$3,983,509 \$1,574,300 \$3,983,509 \$1,025,500 \$2,204,300 \$4,111,700 \$7 2,279,200 \$2,272,700 \$2,587,200 \$7 1,306,200 \$2,177,700 \$2,670,900 \$4,610,900 \$6,654,700 \$9,369,800 \$5 \$716,100 \$1,164,800 \$1,364,200 \$2,58 \$1,014,900 \$1,160,800 \$1,576,000 \$2,51,639,200 \$1,604,900 \$2,501,600	Average rate. 30 days and less. 31 to 60 days. 61 to 90 days. 91 to 120 days.  Per cent. 6 \$1,480,500 \$1,626,300 \$1,752,200 \$1,240,400 \$6 2,201,600 \$1,574,300 \$3,983,509 \$1,527,600 \$1,574,300 \$3,983,509 \$1,527,600 \$7 2,279,200 2,272,700 2,587,200 3,927,500 \$7 1,306,200 2,177,700 2,670,900 1,600,800 \$4,610,900 6,654,700 9,369,800 7,644,200 \$1,164,800 \$1,576,000 \$3,938,300 \$1,639,200 \$1,639,200 \$1,604,800 \$2,501,600 \$3,938,300 \$1,639,200 \$1,639,200 \$1,664,900 \$2,501,600 \$4,735,200	rate. less. days. days. days. and over.  Per cent. 6 \$1,480,500 \$1,626,300 \$1,752,200 \$1,240,400 \$5,526,800 6 2,201,600 \$1,574,300 \$3,983,509 \$1,527,600 \$6,429,100 \$5,179,800 \$5,008,600 \$6,954,300 \$6,317,200 \$15,598,800 \$7 \$2,272,200 \$2,272,700 \$2,587,200 \$3,927,500 \$2,107,300 \$7 \$1,306,200 \$2,177,700 \$2,670,900 \$1,609,800 \$6,163,700 \$4,610,900 \$6,654,700 \$9,369,800 \$7,644,200 \$14,713,500 \$5 \$1,014,900 \$1,164,800 \$1,576,000 \$3,988,300 \$4,420,900 \$5 \$1,014,900 \$1,664,900 \$2,591,600 \$4,735,200 \$6,433,100 \$1,000,8	Average rate. 30 days and less. 31 to 60 days. 61 to 90 days. 21 to 120 days. 2121 days and over. 2271, 900 6 1,497, 700 1,808, 900 1,218, 600 3,549, 200 8,429, 900 278, 200 6 2,201,600 1,574,300 3,983,509 1,527,600 6,429,100 216,500 7 2,272,200 2,587,200 3,927,500 2,107,300 362,900 7 1,306,200 2,177,700 2,670,900 1,609,800 6,163,700 372,100 1,610,900 6,654,700 9,369,800 7,644,200 14,713,500 1,824,800 1,324,900 1	Average rate. 30 days and less. 31 to 60 days. 61 to 90 days. 21 to 120 days. 22 to 22 to 22 to 22 to 23 to 24 to 25 to	Average rate. 30 days and less. 31 to 60 days. 61 to 90 days. 21 to 120 days. 21 days and over. 22 days. 24 days. 25 days. 26 days. 27 day

I Included in totals to the left

\$7,704 47,000 45,000 894,290 45,000 10,000 17,059

1.066.053

5,000,788

\$7,676 8,000

276, 555

\$15,000 54,000 ,221,325 60,000 60,687 8,998

1, 420, 010

# EASTERN BANK. Notes discounted, including bought paper.

Per cent.	month.	months.	months.	months.	5 months.	months.	Total.
7 6 <u>1</u>	\$1,300	\$1,500 5,000	\$1,000 29,908	\$39,487	\$85,000	\$80,100	\$3,800 239,495 10,000
6 54 54	419, 146 5, 000 23, 108	191,036 28,966 44,278 40,000	360, 298 32, 611 56, 382	259, 336 229, 002 200, 484 15, 000	394, 744 17, 402 10, 000	734, 815 147, 000 265, 600	2,950,378 459,98 599,853 55,000
6	22, 100	9,698	29, 634	76, 720	5, 100	20, 100	163, 352
	470, 654	320, 478	509, 833	1,411,029	512, 246	1, 257, 615	4, 481, 855
37,000	e rate, 5.89		NOVEMI	BER, 1906.	desilies		
64 6 54 54	\$5,062 445,517 16,224 19,685	\$203, 312 66, 217 106, 796	\$7,459 267,156 42,956 21,974	£12, 625 879, 818 253, 058 74, 500	\$291,553 10,000 55,000	\$30,387 635,229 5,000 €8,000	\$55,53 2,722,58 393,45 345,95 1 134,86
5	15,076	1,004	14,807	28, 591	15,048	50, 340	1 100,000
U.E.	501, 564	377, 329	354, 352	1, 258, 592	371,601	788,956	3, 752, 39
Average	e rate, 5.70	per cent.	1 Total i	or 1 year.	in nut		and to

581, 130 Average rate, 6.09 per cent.

\$170,774 12,000 295,350 100,000 2,500 506

\$51,016 5,403 18,589 539,377 20,000 9,736 1,730

645, 851

\$521,536 15,000 390,500 35,000 43,000 6,153

1,011,189

EASTERN DANK—Continued.	
Notes discounted, including bought paper-Continued	A DAMES OF THE PARTY OF THE PAR
RECAPITULATION FOR THE MONTHS OF OCTOBER, NOVEMBER AND DECE.	MBER, 1906.
1 month	\$1,553,313
2 months	1, 343, 653
3 months	1,875,374
5 months	4, 089, 631

OCTOBER, 1907.

Per cent.	month.	months.	months.	months.	5 months.	6 months.	Total.
10 7½ 7%	\$63,930 5,000	\$24, 847	\$8, 135	\$165 8,313	\$5,000	\$11,325	\$165 121,550 5,000
7 6½	112, 138	51,049	62, 481	65, 465 3, 500	3,023	43, 198 155, 000	337, 354 158, 500
6 5½ 5	502, 455 23, 515 23, 012	454, 279 21, 163 13, 160	562, 567 5, 946 1, 218	1, 255, 973 52, 260 57, 500	333,576 60,000	1,136,608 82,775 25,444	4, 245, 458 185, 659 180, 334
4½ 4½	101,610 203,159	35,000					136, 610 203, 159
	1,034,819	599, 498	640, 347	1, 443, 176	401,599	1, 454, 350	5, 573, 789

Average rate, 5.95 per cent.

NO	VE	M	RE	P.	1	902	ř

2010	NOVEMBER, 1907.							
Per cent.	month.	months.	months.	months.	5 months.	6 months.	Total.	
10 8 7½	\$11,250	\$866	\$365	\$182 239		\$130,000	\$182 131,470 11,250	
716 7 6 5	293, 426 138, 122	2,000 124,475 230,900	19,500 101,651 482,631	133,000 576,663 1,672,050	\$100,000 38,447 324,103	495, 585 479, 622 27, 682	254,500 1,630,248 3,327,428 27,682	
4½	442,798	358, 242	604.147	2, 382, 134	462,550	6,000	6,000 5,388,760	

Average rate, 6.409 per cent.

EASTERN BANK-Continued. Notes discounted, including bought paper-Continued. DECEMBER, 1907.

Per cent.	month.	months.	months.	months.	5 months.	6 months.	Total.
10		\$8,600		\$330		\$15,000 26,600	\$8,900 15,000
8	er 500	638		11,500		36,600	48, 733 1, 500
7% 7.7.	\$1,500 50,823 263,106	6,920 174,523	\$17,000 185,012	406, 191	\$45,836	2, 400 276, 637	77, 143 1, 351, 305
6	149, 263	149, 115	279, 724	853, 670	229,850	302, 476	{2,000,095
5	305, 059	11,999	11,575	2,700	75,000	5,000	411, 333
ALC: N	769, 751	351, 795	493, 311	1, 274, 361	350, 686	638, 113	3,914,017

1 Total for 1 year.

Average rate, 6.31 per cent.	1007
RECAPITULATION FOR THE MONTHS OF OCTOBER, NOVEMBER, AND DECEM	IBER, 1907.
1 month. 2 months. 3 months. 4 months. 5 months. 6 months. 1 year.	1,309,535 1,737,805 5,099,671 1,214,835 3,231,352
Total	

11	OCTOBER, 1908.								
6	\$136, 183	\$63,347	\$34,842	\$74,723 5,000	\$8,610 4,150	\$244,614	\$562,319 9,150		
5	17,777 3,000	51,963 3,000	99,074 15,000	262, 618 15, 000	161, 144	532, 158	1, 124, 734 36, 000		
41	465, 734	70, 244	94,663 15,000	499, 282 60, 000	191, 508	1,092,933	2,414,364 179,623		
4 3 <sup>3</sup>	94, 270	137,017	164,794	451,739	223, 712 50, 000	209, 702	1, 281, 234 50, 000		
31	10,000 25,000	22, 041 76, 250					32, 041 101, 250		
3 21	107, 793 30, 000	10,200					107, 793 30, 000		
	889, 757	423, 862	423, 373	1,368,362	639, 124	2, 184, 030	5, 928, 508		

Average rate, 4.55 per cent.

NOVEMBER, 1908.

Per cent.	month.	months.	months.	months.	5 months.	6 months.	Total.
6	\$97, 980 83, 789 284, 242 25, 750 333, 642 95, 150 88, 000 102, 500	\$56, 131 1, 625 39, 490 96, 001 73, 653 100, 000 81, 494	\$48,062 14,387 64,530 273,176 20,000 336,050 200,000 8,933	\$56, 951 15, 000 159, 838 469, 123 80, 000 566, 983	\$19, 158 35, 437 122, 579 10, 000 84, 900	\$175, 959 1, 364 945, 812 498, 007 620, 135 25, 000	\$457, 991 32, 376 1, 328, 896 1, 753, 128 135, 750 2, 015, 363 325, 000 307, 409 88, 000 102, 500
5370 M	1, 111, 053	448, 394	965, 138	1, 469, 727	272,074	2, 266, 277	6, 546, 413

Average rate, 4.42 per cent.

6	\$116,611	\$43,028	\$131, 294 2, 045	\$70,834 27,242	\$13,343	\$182,325	\$557, 435 29, 287
5	35, 039	35, 506	64, 419	102, 793	589,789	119,728	947, 274
41	218, 761	85, 338	127, 514	2,547 1,124,578	50, 808	506, 718	2, 547 2, 113, 717
4	106, 732	91,547	92, 450	65, 000 605, 434	167, 700	6,000 144,319	71,000 1,208,183
31 31	45,750	5,000		150,000 25,291			150,000 76,04
31	5,000	95,000					100,00
31	160,000	100,000	*********	125,000			385, 000
Marie Control	687, 893	455, 419	417, 722	2, 298, 719	821,640	959,090	5, 640, 48

Average rate, 4.50 per cent.

RECAPITULATION FOR THE MONTHS OF OCTOBER, NOVEMBER, AND DECEM-

1 month	\$2,688,703
2 months	
3 months	
4 months	
5 months	
6 months	13,750

Average, 4:49 per cent.

Mr. PAGE. Mr. President, I should like to ask the Senator what conditions existed that made money sell temporarily, say, for 40, 50, or 100 per cent on certain occasions?

Mr. WEEKS. Mr. President, those were not commercial loans. Those were loans made on demand by brokers which were payable the day they were called, and that rate was the rate per annum charged for the money. It only obtained for a day or two days or a half dozen days at most, and in very limited amounts. I am familiar with one instance where a bank called in a million dollars that was loaned at 40 per cent to brokers on collateral and loaned the money to its own customers at 6 per cent. The difference is that 40 per cent was the daily rate, while the 6 per cent was the 90-day rate. That was the only difference between the two.

Mr. WILLIAMS. That was the rate for one day?

Mr. WEEKS. For one day.

Mr. PAGE. I read on one occasion of money being quoted in Boston at 140 per cent for a single day.

Mr. WEEKS. It is just possible that there might have been \$100,000 loaned at some such rate as that, though I think it very doubtful.

Mr. CUMMINS. Mr. President, will the Senator from Mas-

sachusetts permit me one more question?

Mr. WEEKS. I yield to the Senator. Mr. CUMMINS. It is growing late, of course, and I hesitate to ask it, but it may be perhaps as well propounded now as at any other time. The general theory of the Federal reserve bank and the functions that it is to perform are that it will take money which the banks are compelled to hold anyhow as reserves and use that money to better advantage than though it were permitted to remain in the vaults of the banks themselves, or than though it were permitted to find its way to New York or

to Chicago or St. Louis or other reserve cities, as it does now. Now, I understand that. I can see that the reserves thus concentrated might be used for the welfare of the country to better advantage and more efficiently than they are now used, but it is hard for me to understand the theory upon which the banks are required to contribute to the regional or reserve banks a part of their capital. Their capital is always employed. There is not a bank in the country that has not loaned all its capital at all times. In fact, the great volume of the loans of the banks is made up of the money of depositors; but no one will question my statement when I say that the capital of the banks is always loaned out and is always performing the highest and best function that money can perform. It is doing its work as thoroughly and as continuously as money can work.

I should like to know what advantage there is in taking the capital of the banks, or a proportion of the capital of the banks, and giving it to the reserve banks, in order that they may loan it. They can not loan it so that it will do the business of this country more good than it is now doing; and hitherto I have not been able to understand why the Government should lay its hands upon part of the capital that is always at work and transfer it to the reserve banks, where, as I look at the matter, it is bound to do less efficient service than it is now performing.

Mr. WEEKS. Mr. President, the Senator from Iowa has stated very clearly a vital difference between the Owen plan and the Hitchcock plan. I think he is entirely right in his conclusions. I am in entire agreement with him that the capital engaged in banking in this country is none too large, and might well be larger. There are many instances where the deposits of banks are more than ten times the capital of the banks, and there have been many tentative propositions made to limit the ratio between the capital of a bank and the deposits which it might receive.

For the Government to come in and say to the private owners of capital, "We will take 6 per cent, 10 per cent, or 20 per cent of your capital and use it for another purpose," is not only, in my judgment, ill advised, but I think it is not necessary, and will not improve a condition which we reach in another way

In other words, in the Hitchcock plan we propose to offer this stock to the public. We believe we have assurances that the savings of people of small means will be invested in the stock of these semi-Government institutions, which will pay 5 per cent. The dividend will be cumulative, and it will not be subject to taxation of any kind. We believe the money will be readily subscribed to supply all the capital these banks will need. Therefore, instead of taking fifty or a hundred million dollars, or whatever it may be, away from the banking capital of the country and using it for this other purpose, we are adding to the banking capital the same amount of money which is now probably in savings banks and elsewhere, not being used for the benefit of the commercial community.

To my mind, one of the most important differences between

the two plans is the one to which the Senator has referred; and of the advantages which the Hitchcock plan has over the Owen plan, I think the advantage in this case of supplying the new capital for this bank is the most pronounced.

Mr. CUMMINS. Mr. President

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Iowa?.

Mr. WEEKS. I do.

Mr. CUMMINS. I not only concur with the Senator from Massachusetts in the belief that it is unwise and unnecessary to take a proportion of the banking capital and give it to the Federal reserve banks, but I go further, and am inclined to the belief that it is unconstitutional as well. At some time during this debate I shall ask the Senate to examine our authority to take from a private corporation a part of its capital and transfer it to another private corporation. Of course, national banks and the Federal reserve banks are both, in one sense, public, in just the same sense that a railroad company is a public corporation, or a gas company, or a water company. I shall not enter upon that inquiry to-night, however.

I do feel that the bill which has been proposed by the section of the committee led by the Senator from Oklahoma [Mr. Owen], and, measurably, too—for I want to be perfectly frank about it—the bill reported by the section of the committee led by the Senator from Nebraska [Mr. Hitchcock], are subject to the constitutional objection that they deprive the national banks of their property without due process of law, and that in so far as the Government itself as a sovereign derives a profit from the taking of this property they take private property for public

use without just compensation.

Mr. WILLIAMS. Mr. President—
The VICE PRESIDENT. Does the Senator from Massachu-

setts yield to the Senator from Mississippi?

Mr. WEEKS. Mr. President, I will yield the floor to the Senator from Mississippi. I have been interrupted so much tonight that I have not been able to complete my remarks.

Mr. WILLIAMS. No; I hope the Senator will go ahead.

Mr. WEEKS. I will hold the floor, then.

Mr. CUMMINS. I wish to say that I hope very much I shall be convinced before the debate is over that I am wrong in this position, because I believe that as a practical proposition the bill reported by the Senator from Oklahoma is better than the I am not saying this out of any spirit of hostility toward it, but I do want to present every safeguard possible against a situation in which it may become not only not an instrument of assistance but an instrument of destruction.

Mr. WILLIAMS. Mr. President, of course if this bill did take anybody's property, or did compel any bank to surrender a certain proportion of its capital to these regional banks, or to the United States Government, either, there might be something in what the Senator from Iowa has said; but it does nothing of the sort. The United States Government has a right to establish a system of banks as fiscal agencies for the Government. That is the ground upon which John Marshall placed the right. In determining who shall constitute a national bank, it has a right to determine the conditions upon which it shall constitute itself a national bank. The only compulsion in this case is that one of the member banks that does not put up the percentage can not remain in the national banking system. It can not enjoy the prestige and the profit of the system without obeying the laws of the national legislature establishing the system.

I hope the Senator from Massachusetts will excuse me, but I believe I am pretty nearly the last constant defender of the Constitution left, and the constitutional argument of the Senator from Iowa interested me even after it had ceased to amuse me. To say that a man has had his property taken away from him because the national legislature says: "Unless you comply with certain conditions of a national banking act you shall not be a national bank," is amusing. The present national banking law also took property away from people, because it said that they could not be a national bank unless they put up a certain condition. tain amount of money; so I suppose that under the theory of the Senator's reasoning they had their money taken away from them.

No man is forced by this bill to stay in this system. He can get out of it the day after the system is put upon the statute books if he pleases, and he can put every bit of his money in his pocket and go on about his business; but he can not be a national bank or a regional bank; he can not participate in the profits and benefits and special privileges conferred by law upon national banks, unless he does that which the National Legislature thinks is right and proper to make these corporate creatures of the United States good and effective public servants for the benefit of the people of the United States.

How could the Senator get the idea that there was any taking

away by force of any man's property?

Mr. CUMMINS. Mr. President, there may be an answer to

Mr. CUMMINS. Mr. Fresident, there may be an answer to my suggestion, but it has not yet been discovered by the Senator from Mississippl. [Laughter.]

Mr. WILLIAMS. I will ask the Senator from Iowa another question. Where does he find, in either of these bills, anything taking away from any national bank a part of its capital?

Mr. CUMMINS. I will enter upon an argument on that point at some other time; but I will gratify the Senator from Mis-

sissippi now by a very brief response.

We have a general law under which the national banks have been organized. I will admit-although is it not entirely clear. but I think it can be fairly said with respect to each of those acts-that Congress has reserved the right to alter, amend, or repeal, and I have no doubt whatever that Congress to-night could repeal the national banking act, and thus compel the dissolution of every national banking association.

Mr. WILLIAMS. Which Congress would not do.

Mr. CUMMINS. Which Congress, of course, would not do; and that is the protection which the banks have against the exercise of that power. The banks have organized themselves under this general law. They have acquired certain property. They have now and will have, when the act goes into effect, certain property. It is private property, subject only to the regulation which the public character of the business will permit.

It is true that the act may be amended; and all that can be claimed for the proposed act is that in some respects it constitutes an amendment of the national banking law, and anything that is an amendment of that law, in its legal sense, may be lawfully enacted by Congress. The right to amend a law, however, under which corporations have been organized and have acquired property is, of course, subject to the fifth amendment of the Constitution, and, in the case of the States, is subject to the fourteenth amendment to the Constitution.

Mr. WILLIAMS. The Senator will take all of my time.

Mr. CUMMINS. I beg the Senator's pardon. I could not answer the question briefly. I only say that the answer that if the national banks do not desire to allow their property to be taken away they can allow themselves to be dissolved is no

answer at all to the proposition.

Mr. WILLIAMS. Mr. President, if the argument of the Senator from Iowa has any soundness whatever in it, then the Congress of the United States can not amend the national banking act in such a way as to make it more onerous to the banks or to the bankers without violating the fifth amendment. They not only reserved the right to amend, but they have a right to make those banks the useful creatures of the public. To say that you have taken a man's property away from him when you leave him perfectly free either to stay in the system or to step out of the system, and when you do not take away from him a dollar of the money he has accumulated in his capacity as a national banker, except with his own consent, is absurd.

If it pays the member banks to go into this system, they will go into it. If it does not pay them, they will step out of it. Many people have argued that the thing would be a failure, because they would not come into it. They will not stay in it

unless they believe it is profitable for them to do so.

I dwell upon this because letter after letter has been received by me and by other people founded upon the idea that Congress was compelling these people to stay in this system. Congress is merely saying: "Here is the system. What do you want to do; stay in it or get out of it?"

I do not suppose that in all the history of the United States it ever was said that giving a man his free choice between remaining a privileged creature of the Federal law or not remaining one was taking his property without due process of

Mr. WEEKS. Mr. President, the hour of 11 o'clock having arrived, I assume that under the rule the Senate will adjourn.

The VICE PRESIDENT. The hour of 11 o'clock having ar-

rived, the Senate stands adjourned until to-morrow at 10

Thereupon (at 11 o'clock p. m.) the Senate adjourned until to-morrow, Tuesday, December 9, 1913, at 10 o'clock a. m.

# HOUSE OF REPRESENTATIVES.

Monday, December 8, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the fol-

Our Father in heaven, let Thy kingdom come and Thy will be done in our hearts, that our days may be days of usefulness and our years bear the full fruition of a well-developed character; that we may feel the thrill of an approving conscience and hear the music in our souls, "Well done, good and faithful servant." Thus may we live, thus may we achieve faithful servant." Thus may we live, thus may we achieve and pass on unperturbed to the reward of the faithful. In the spirit of the world's great Redeemer. Amen.

The Journal of the proceedings of Saturday was read and

approved.

#### MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Tulley, one of its clerks announced that the Senate had passed without amendment bill of the following title:

H. R. 7207. An act granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

#### ENROLLED BILL SIGNED.

Mr. ASHBROOK, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title; when the Speaker signed the same:

H. R. 7207. An act granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, and Stanislaus National Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

#### IMMIGRATION.

Mr. GARDNER. Mr. Speaker, I move to discharge the Committee on Immigration and Naturalization from the consideration of the following resolution, which I send to the Clerk's desk, and move that the same be now considered by the House.

The SPEAKER. The gentleman from Massachusetts moves

that the Committee on Immigration and Naturalization be discharged from further consideration of House resolution No. 324, and that the same be put upon its passage.

Mr. HAMLIN. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. HAMLIN. Under the unanimous-consent agreement made on Saturday last, or Friday afternoon, are we not to vote on the resolution No. 298, the Hensley resolution, immediately after

the approval of the Journal to-day?

Mr. MANN. The previous question was ordered on it.

The SPEAKER. The gentleman from Massachusetts will

Mr. MANN. The House merely ordered the previous question on the Hensley resolution, and under the rules of the House this resolution is in order immediately after the approval

Mr. HAMLIN. My recollection is that the proposition was to vote immediately on the Hensley resolution after the approval of the Journal.

The SPEAKER. All these things are governed by the rules

of the House.

Mr. MANN. I think that was not in the unanimous-consent agreement, but it would not make any difference if it was.

The SPEAKER. The previous question was ordered on the

Hensley resolution in the usual way, and the Chair recognizes the gentleman from Massachusetts.

Mr. SHERLEY. Mr. Speaker, let us have the resolution read. The SPEAKER. That is what the Chair was going to have done. The Clerk will read the resolution.

The Clerk read as follows:

## House resolution 324.

Resolved, That the Secretary of the Department of Labor be directed, if not incompatible with the public interest, to send to the House of Representatives a statement showing the number of allens arriving at ports or places in the United States during the month of October, 1913, who were certified by the surgeons of the Public Health Service as being physically or mentally defective; also a statement showing the nature of the defects so certified; also a statement of the final disposition of the cases as to admission or exclusion.

Mr. SHERLEY. Mr. Speaker, in the absence of any member of the Committee on Immigration and Naturalization, realizing that these resolutions of inquiry often require tremendous labor and frequently without any reason for it, I would like some statement from the gentleman from Massachusetts as to the importance of it, or I shall move to lay it on the table.

Mr. GARDNER. I make the point of order that the gentle-man can not move to lay it on the table. The motion is a double motion, and under the rules of the House is not debatable.

Mr. SHERLEY. Well, Mr. Speaker, I make the motion to lay the motion of the gentleman from Massachusetts on the table.

Mr. GARDNER. I raise the point of order that the motion to lay the resolution on the table is not in order. The resolution is now in committee.

Mr, SHERLEY. I am not moving to lay the resolution on the

table, but the gentleman's motion.

Mr. GARDNER. That is impossible; you may not lay a motion of that kind on the table.

Mr. FITZGERALD. The gentleman does not mean that,

Mr. GARDNER. It is a privileged motion. Mr. HAMILL. Will the gentleman from Massachusetts yield for a question?

Mr. GARDNER. Yes.
Mr. HAMILL. Will the gentleman inform the House just what the purpose of this resolution which he presents is, and what purpose it is to serve?

Mr. GARDNER. Mr. Speaker, I ask unanimous consent to

be permitted to explain the purpose of the resolution.

Mr. SHERLEY. Mr. Speaker, as long as the gentleman from Massachusetts makes the point of order that my motion to table is not in order, when I wanted to give him an opportunity to make a statement, I shall insist on my motion, which is not debatable.

The SPEAKER. The Chair will hear the gentleman from Massachusetts on the point of order.

Mr. GARDNER. Mr. Speaker, I withdraw the point of order. Mr. MANN. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts have five minutes to explain the proposition.

The SPEAKER. The gentleman from Illinois asks unanimous consent that the gentleman from Massachusetts have five minutes in which to explain his resolution. Is there objection?

[After a pause.] The Chair hears none.

Mr. GARDNER. Mr. Speaker, this resolution has the consent of the chairman of the Committee on Immigration and Naturalization, Mr. Burnett. It has not been considered in the Committee on Immigration for the reason that that committee is at the present moment engaged in a hair-pulling match on other matters. [Laughter.] This resolution is for the purpose of getting certain information as to the immigration figures for the month of October. The information is not available as to the number of rejections by the surgeons at the immigration stations in this country and as to the final disposition of such cases. It is information which we ought to have in the preparation of the bill which we are now at work on in the committee.

Mr. BURNETT. Mr. Speaker, I ask for two minutes. The SPEAKER. The gentleman from Alabama, chairman of the Committee on Immigration, asks unanimous consent to address the House for two minutes. Is there objection?

There was no objection.

Mr. BURNETT. Mr. Speaker, I do not think there is any reflection on any department. This is a matter that the committee has not had opportunity to consider, because they could not get a quorum during the last session, and have not had an opportunity of doing it this session on account of the fact that we have been busy on another question more important ever since the session Legan. As far as I am concerned, I think it is proper and that it ought to pass.

Mr. HAMILL. Mr. Speaker, I ask unanimous consent for three minutes in which to address the House on this subject.

The SPEAKER. The gentleman from New Jersey asks unanimous consent to address the House for three minutes. Is there objection?

There was no objection.

Mr. HAMILL. Mr. Speaker, I think it is singularly unnecessary on the part of the gentleman from Massachusetts [Mr. GARDNER] or his cooperator in this movement, the gentleman from Alabama [Mr. Burnett], to present this resolution to the House and ask for its adoption. The purpose of it is, I presume, to obtain information for the preparation of an immigration bill, which will be presented at this session. I think that whole project ought to be presented to the House at one time. The gentleman says that he can not get his committee together. That is a very drastic reflection upon the bill that he is going to present to this House, when the very committee charged under the organization of the House with the consideration of this project cares so little about its present consideration that the chairman can not whip together a quorum of the committee in order that they may agree upon a resolution which he considers important. I do not believe this resolution, at this time, if indeed at any time, ought to be adopted by this House.

Mr. BURNETT. Mr. Speaker, I ask unanimous consent for one minute in which to make a correction contained in the state-

ment of the gentleman from New Jersey. The SPEAKER. The gentleman from Alabama asks unanimous consent to proceed for one minute, to make a correction. Is there objection?

There was no objection.

Mr. BURNETT. Mr. Speaker, I did not say that I could not get the committee together at this session. The committee has been together for three days, but we have been at work on another proposition, which we did not want to set aside for any-I said that during the extra session of Congress it was impossible to get together a quorum of the committee.

Mr. HAMILL. Then, does the gentleman want this House by special rule to help him do something which his committee is well organized and able to do under its regular course of pro-

Mr. BURNETT. I do not think this would help me in the

Mr. HAMILL. Then why does the gentleman want the resolution if it would not?

Mr. MOORE. Mr. Steaker, I ask unanimous consent to proceed for two minutes.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to address the House for two minutes. Is there objection?

There was no objection.

Mr. MOORE. Mr. Speaker, I want to use the two minutes to enter a mild protest against the method of bringing in resolutions as indicated in this particular instance. The gentleman from Massachusetts [Mr. GARDNER], baving consulted, as he says, with the chairman of the Committee on Immigration, brings in this resolution, which he does not explain. He states that certain information is desired to pass a bill. The chairman of the committee states that he is in favor of the resolu-We are still without information, however, as to the purpose of the resolution. The Committee on Immigration has no information as to the purpose of the resolution, and as between the gentleman from Massachusetts [Mr. GARDNER] and the gentleman from Alabama [Mr. BURNETT], both of whom are of the same opinion with regard to the immigration bill, we are expected to pass this resolution. It seems to me the committee ought to have some information in a matter of this kind before it comes to the House, particularly when the committee has under discussion at the time a bill to which the resolution may have reference. The committee knows nothing about this resolution, except as stated here in a very brief and unsatisfactory way by the gentleman from Massachuseits [Mr. Gardner], indorsed by the chairman of the committee [Mr. Burnert]. The other members of the committee are in the dark as to what the resolution means.

Mr. SHERLEY. Mr. Speaker, I have not waived my right to move to lay this motion on the table. I have been permitting these gentlemen by unanimous consent to make various statements. I did make the motion, and to that motion the gentleman from Massachusetts made a point of order.

Mr. MANN. He withdrew the point of order.

The SPEAKER. He withdrew the point of order and the Chair understood the gentleman from Kentucky to withdraw his motion.

Mr. SHERLEY. By no means. I can not imagine a worse practice than to pass resolutions on the statement of individual Members without knowing what they are going to cost.

The SPEAKER. The question is on the motion of the gentle-

man from Kentucky, to lay the resolution on the table.

The question was taken; and on a division, demanded by Mr.

Mann, there were—ayes 80, noes 74.

Mr. GARDNER. Mr. Speaker, on that I demand the yeas and

The yeas and nays were ordered.

The question was taken; and there were—yeas 130, nays 215, follo

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So the motion to lay on the table was rejected. The Clerk announced the following pairs:

On this vote:

Mr. Morrison with Mr. Humphrey of Washington.

Ending December 10:

Mr. SHERLEY with Mr. COOPER,

Until further notice

Mr. BARTLETT with Mr. PARKER,

Mr. REILLY of Connecticut with Mr. WINSLOW.

Mr. DALE with Mr. MARTIN.

Mr. ALEXANDER with Mr. DUNN.

Mr. HELM with Mr. MILLER.

Mr. WILSON of New York with Mr. VARE.
Mr. NEELY of West Virginia with Mr. Hughes of West Virginia

ginia. Mr. BRODBECK with Mr. AINEY.

Mr. Brown of West Virginia with Mr. BRITTEN,

Mr. CANTRILL with Mr. BRYAN

Mr. Connolly of Iowa with Mr. Burke of Pennsylvania.

Mr. CULLOP with Mr. CALDER.

Mr. GALLAGHER with Mr. KAHN. Mr. Garrett of Tennessee with Mr. Edmonds.

Mr. Godwin of North Carolina with Mr. Fairchild.

Mr. HARDWICK with Mr. FALCONER.

Mr. KINKEAD of New Jersey with Mr. GRAHAM of Pennsylvania.

Mr. Levy with Mr. Griest. Mr. Lieb with Mr. Guernsey.

Mr. MONTAGUE with Mr. HAWLEY,

Mr. Moss of Indiana with Mr. Keister.

Mr. PATTEN of New York with Mr. Kiess of Pennsylvania,

Mr. TUTTLE with Mr KREIDER. Mr. WEBB with Mr. LANGLEY,

Mr. WHITE with Mr. ROBERTS of Nevada.

For the session:

Mr. Scully with Mr. Browning.

Mr. SHERLEY. Mr. Speaker, I find I am paired. I voted "aye." I desire to withdraw that vote and answer "present." The name of Mr. SHERLEY was called and he answered

The result of the vote was announced as above recorded. The SPEAKER. The question now is on the motion of the gentleman from Massachusetts.

Mr. SHERLEY. Mr. Speaker, I desire to be heard on the motion.

The SPEAKER. The gentleman from Massachusetts [Mr. GARDNER] is entitled to the floor.

Mr. SHERLEY. The gentleman did not claim the floor, and the Chair was about to put the motion.

Mr. GARDNER. Mr. Speaker, the motion to discharge the

committee is not debatable. Mr. SHERLEY. That is true. I did not want to discuss the motion, but I want to be heard for a minute or two.

Mr. GARDNER. An adverse vote having been taken on the gentleman's motion, I shall claim the floor after the question is put, if the committee is discharged.

Mr. HAMILL. Mr. Speaker—

The SPEAKER. For what purpose does the gentleman rise?
Mr. HAMILL. To make a parliamentary inquiry.
The SPEAKER, The gentleman will state it.
Mr. HAMILL. Is it the opinion of the Chair that this resolution can now be voted upon without giving the Members opportunity to discuss it?

The SPEAKER. It is not the resolution; it is the motion. Mr. MANN. Mr. Speaker, the motion offered by the gentle-man from Massachusetts [Mr. Gardner] is not to pass the resolution but to discharge the committee and bring it before

The SPEAKER. Of course.

Mr. MANN. And that is not debatable. Mr. SHERLEY. I understand that. I will take the floor at the right time.

The SPEAKER. The question is on the motion of the gen-tleman from Massachusetts [Mr. GARDNER] to discharge the committee, and, if that motion prevails, then the resolution comes before the House.

Mr. MOORE. A parliamentary inquiry, Mr. Speaker. The SPEAKER. The gentleman will state it.

Mr. MOORE. Does not it require seven days in order to call up a resolution of this kind?

The SPEAKER. The Chair understands that the seven days have expired.

Mr. MOORE.

Mr. MOORE. That the seven days have expired?
The SPEAKER. Yes, sir. The question is on the motion of the gentleman from Massachusetts [Mr. Gardner] to discharge the Committee on Immigration and Naturalization and to con-

sider his resolution.

Mr. GOULDEN. Mr. Speaker, might we not have the resolution read again?

The SPEAKER. Without objection, the resolution will be

Without objection, the resolution will be again reported.

The resolution was again read.

The SPEAKER. Now, the vote that is to be taken is not on the resolution, but on the motion to discharge the Committee on Inmigration and Naturalization from further consideration of it.
Mr. MOORE. Mr. Speaker, a parliamentary inquiry.
The SPEAKER. The gentleman will state it.
Mr. MOORE. The Committee on Immigration and Naturali-

zation has never considered this resolution at all. How can the committee "further consider" it?

The SPEAKER. That is the form in which they are put, and

the only way they can get at it. Mr. DONOVAN. Mr. Speaker Mr. Speaker

The SPEAKER. For what purpose does the gentleman from Connecticut rise?

Mr. DONOVAN. To make a parliamentary inquiry.

The SPEAKER. The gentleman will state it. Mr. DONOVAN. This resolution was introduced on the 2d

of December. When does the seven days' expiration take

The SPEAKER. To-day. Mr. DONOVAN. Is to-day the 9th?

The SPEAKER. It is the custom to exclude either the first day or the day it is called up.

Mr. DONOVAN. Mr. Speaker—
The SPEAKER. There is no question about that.
Mr. HAMILL. Mr. Speaker—
The SPEAKER. Wait until we get through with the gentleman from Connecticut.

Mr. DONOVAN. As I understand it, it was introduced on the 2d day of December. Now, when does the seven days' expiration occur?

The SPEAKER. The seven days have expired. In the opin-

ion of the Chair, it is a question of arithmetic.

Mr. DONOVAN. Mr. Speaker, the 2d day of December was

on Tuesday last.

The SPEAKER. Of course.

Mr. DONOVAN. How can the seven days expire at this

Mr. GARDNER. I think the gentleman is correct and that I made a mistake.

Mr. MANN. This is not the 9th.

The SPEAKER. Let us see. The House will be in order, and all gentlemen will take their seats and refrain from conversation.

Mr. GOLDFOGLE. Mr. Speaker-

The SPEAKER. The Chair will not recognize anybody until he counts up the days. [Applause.] The seven days have not expired.

Mr. LAFFERTY. Mr. Speaker, I make the point of order that an objection can not now be raised, as the roll has already been called.

The SPEAKER. That was on the motion to table, so that it can not be considered.

#### ELECTION OF A MEMBER TO COMMITTEES.

Mr. UNDERWOOD. Mr. Speaker, I desire to move the election of Mr. MacDonald, one of the Progressive Members of the House, to the Committee on Labor and to the Committee on Pensions.

I send the following letters to the Clerk's desk and ask to have them read, to explain how the nominations took place.

The SPEAKER. The Clerk will read the letters.

The Clerk read as follows:

United States House of Representatives, Office of Republican Leader, Capitol Building, Washington, D. C., September 10, 1913.

Washington, D. C., September 10, 1913.

Hon. OSCAR W. Underwood,
House of Representatives.

Dear Mr. Underwood: Under the agreed allotment of committee assignments to the different parties there is a Republican vacancy on the Committee on Labor and on the Committee on Pensions. I believe that Mr. Murdock has no committee vacancies due to him or the Progressive Party. In order to accommodate the committee assignments of Mr. MacDonald, who has been recently given a seat from Michigan, I beg to yield to Mr. Murdock the Republican vacancy on each of the above committees, and to request you to move the election of such Member as will be suggested by Mr. Murdock.

Yours, very sincerely,

James R. Mann.

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
Washington, D. C., September 16, 1913.

Hon. O. W. UNDERWOOD, M. C., Washington, D. C.

MY DEAR MR. UNDERWOOD: I wish to nominate Hon. WILLIAM J. MACDONALD, of Michigan, for the vacancies on the Committee on Labor and the Committee on Pensions. These places were assigned to the Republicans, but have been transferred to the Progressives by Mr. Mann, according to a note to you by Mr. Mann, a copy of which Mr. Mann furnished me.

Yours, truly,

VICTOR MURDOCK.

Mr. UNDERWOOD. Mr. Speaker, in compliance with the request contained in those letters, I move the election of Mr. MACDONALD as indicated.

Mr. FITZGERALD. Mr. Speaker, will the gentleman from

Alabama yield?
The SPEAKER. Does the gentleman yield?
Mr. UNDERWOOD. I do.
Mr. FITZGERALD. Some time ago there was a discussion in the House regarding the selection of members of committees, and the gentleman from Kansas [Mr. Murdock] called attention to the fact that the so-called Progressive Representatives in this House had entered upon a method entirely different from that pursued by the other parties. He stated that the Progressive members of committees were selected in open public caucuses, in which every man had an opportunity to express his opinion and where the public were invited to look on without cost. I desire to inquire when the public, open, free caucus of the Progressive Members was held at which these committee selections were made?

Mr. MURDOCK. Mr. Speaker, will the gentleman allow me to answer, instead of the gentleman from Alabama?

Mr. FITZGERALD. I would be delighted if the gentleman could answer.

Mr. UNDERWOOD. I will yield to the gentleman from

Kansas, as I do not know. These designations were made in full ac-Mr. MURDOCK. cordance with our new plan. The Progressive Members in the House were consulted and these places were filled after full conference with the members of the committees

Mr. FITZGERALD. If the gentleman will permit me-Mr. MURDOCK. So that we followed the new plan precisely, and the gentleman from New York [Mr. FITZGERALD]

would have been welcome to our caucus.

Mr. FITZGERALD. That new plan to which the gentleman refers, and which he just seems to have discovered, is the old plan which has been followed by the Democrats in this House since they have had control of it. It is not the boasted plan which the gentleman from Kansas explained here at the opening of the session, when he said that all of the committee assignments of Progressive Members were selected, not after conferences with the Members, but in a public meeting where everyone was free to rise and nominate, and did nominate, the respective Members. I charged at that time that the whole proceeding was a farce.

Mr. MURDOCK. As a matter of fact-will the gentleman

yield?

Mr. FITZGERALD. Not at present; let me finish. [Laughter. I I charged at that time that it was a farce, and that while ostensibly there was this open meeting, yet it was held only after these private conversations among the Members were had, at which the arrangements were made by which the committee places were to be parceled out. I wish now to congratulate the gentleman from Kansas upon the fact that

Mr. MURDOCK. Mr. Speaker, will the gentleman yield? The SPEAKER. Does the gentleman yield?

Mr. FITZGERALD. In just a moment. I congratulate the gentleman upon the fact that he has abandoned that farcical proceeding of holding open, free, untrammeled meetings at which every member of his party would have the opportunity to rise and make these nominations, and has adopted the plan so successfully followed for three years by the Democratic Party in the House of Representatives. [Applause on the Democratic side.1

Mr. MURDOCK. Now, will the gentleman yield?

Mr. FITZGERALD. I yield to the gentleman from Kansas. Mr. MURDOCK. The Democratic Party, if it selects its men

at all, as a party, selects them secretly.

Mr. FITZGERALD. No; it does not.

Mr. MURDOCK. Yes; it does; and we select ours in the

Mr. DONOVAN. Mr. Speaker, I rise to a point of order.

The SPEAKER. The gentleman will state his point of order. Mr. DONOVAN. My point of order is that Members should address the Chair before taking the floor.

The SPEAKER. The point of order is well taken.
Mr. UNDERWOOD. Mr. Speaker, holding the floor, I yield

five minutes to the gentleman from Kansas, if he wants it.

The SPEAKER. The gentleman from Kansas [Mr. Mur-

DOCK ] is recognized for five minutes.

Mr. MURDOCK. I should like to say to the gentleman from New York [Mr. Fitzgerald] that under the system here in the House there are three ways of selecting committees. The Republicans empower the gentleman from Illinois [Mr. MANN], the minority Republican floor leader, to designate the Republican members of a committee. The Democrats empower the Ways and Means Committee to make the selections-

SEVERAL MEMBERS. Oh, no.

Mr. MURDOCK. To make the nominations. In the Progressive Party, it is true we are few in numbers, but we get together with open doors and agree on committee assignments. All the committee assignments made in the Progressive Party are made openly. All of them are voted upon. Everyone has a full chance for discussion, and there is a complete agreement in the conference before the nominations are made.

Now, so far as this manner of making nominations is concerned, there is only one way in which I can make nominations. After the members of the Progressive Party have determined whom they want upon committees, then I submit the nominations to the gentleman from Alabama [Mr. Underwood] and he comes before the House and makes his nomination.

Mr. FITZGERALD. When was this meeting? Mr. MURDOCK. In the Democratic Party the meeting is secret. In the Progressive Party it is not; and the difference is the difference between night and day.

Mr. FITZGERALD. Will the gentleman yield?

Mr. MURDOCK. If the gentleman really wants to reform the Democratic Party, let him have the Democratic caucus meet in the open and name the men on the committees by the full membership of an open caucus and not, as the system is at the present time, by a few men making the selections and then coming into the secret Democratic caucus for ratification.

Mr. FITZGERALD. Will the gentleman yield for a question?

Mr. MURDOCK. Certainly.

Mr. FITZGERALD. When was this open public meeting held at which all members of the Progressive Party had the opportunity to nominate members for these two committee

Mr. MURDOCK. We have held several.

Mr. FITZGERALD. When was one of them, and where was

it held, with the doors open?

Mr. MURDOCK. One of the meetings was held in the office of the gentleman from Pennsylvania [Mr. Kelly], in the House Office Building.

Mr. FITZGERALD. When?

Mr. MURDOCK. I think it was in May or June. Mr. FITZGERALD. I am talking about these two places.

Mr. MURDOCK. Newspaper men were present. Mr. FITZGERALD. I am talking about these two nomina-

Mr. MURDOCK. I think this meeting was some time in September.

Mr. FITZGERALD. For these two committee places?

Mr. MURDOCK. For these two places.

Mr. GARNER. At what place?
Mr. MURDOCK. I think it was held in my office.
Mr. GARNER. Was there a quorum present?
Mr. MURDOCK. I think there were newspaper men present.

Are newspaper men present in the Democratic caucus, where you make your selections?

Mr. FITZGERALD. They are when they are Members of

Congress. But how could I be present, as the gentleman sug-

gests?

Mr. MURDOCK. You would have been entirely welcome; and the next time we hold a conference for the purpose of designating a man for a committee I am going to take it upon

myself to invite the gentleman from New York.

Mr. FITZGERALD. I hope the gentleman will, and that he will be able to remember where it is to be held more accurately than he can tell where this one was held, because I was going to ask the gentleman how it would have been possible for me to have been present when he does not know whether the meeting was held in May or September and can not tell whether it was held in his office or the office of the gentleman from Pennsylvania [Mr. Kelly].
Mr. MURDOCK. The gentleman misinterprets what I said,

and I think rather willfully in that regard.

Mr. FITZGERALD. Oh, no.

Mr. MURDOCK. I thought the gentleman asked me when we had our conference, and I told him the first one was held in May and in the office of the gentleman from Pennsylvania [Mr. KELLY], in the House Office Building.

Mr. FITZGERALD. I mean for the filling of these particular

vacancies

Mr. MURDOCK. That meeting, as I remember it, was held in my office in this Capitol Building. The difference between gentleman's party and my party is that we are trying to conduct affairs in the open, even to the naming of men on committees, and I recommend to the gentleman and his party the same course. It is practical and it is sensible.

The SPEAKER. The time of the gentleman has expired.

Mr. UNDERWOOD. I yield two minutes to the gentleman

from Illinois [Mr. MANN].

Mr. MANN. Mr. Speaker, when the committees were made up the Progressive Party filled all the places which had been assigned to it by the Democratic leaders of the House. On behalf of the Republicans, with some idea of economy, I reserved a few vacancies, as the Democratic side had, on committees for contingencies. The Progressive Party having exhausted all its resources, spent all of its money, burned all of its oil, without knowing what demands were to be made upon it—although they ought to have known that Mr. MacDonald was to be seated-found themselves in the position of having a Member of the House with no committee vacancies.

Mr. MURDOCK. Mr. Speaker, that is perfectly true, and I want to take this occasion to thank the gentleman for giving

us those places.

Mr. MANN. I am glad that I have called out the facts from the gentleman from Kansas. I do not know when the Progres-Party had its meetings to select the two places for the gentleman from Michigan. If they had the meeting before I promised the places they could not have known what places would be given to them. If they held the meeting after, they played a confidence game on me [laughter], because I gave up the two places for Mr. MACDONALD and no one else. [Laughter.]

Mr. MURDOCK. Mr. Speaker, will the gentleman yield?

Mr. MANN. Yes.

Mr. MURDOCK. Mr. Speaker, the gentleman will under-stand before he goes too far along that line of argument—

Mr. MANN. If the gentleman from Kansas will let me pro-

ceed, I will exonerate the gentleman.

Mr. MURDOCK. So long as Mr. MACDONALD was not a Member of the House, we could not include him in our pro-portional requirement for committee places, because we were lacking one Member, the inclusion of whom would have given us the other committee assignments. Afterwards, when Mr. MacDonald was seated, we were entitled to committee places which we did not have, and the gentleman did give these places to us as a party, and I did not take it from his letter—and the letter will bear me out—that he gave them to us for Mr. Mac-DONALD. I think we could have made a reassignment or readjustment, and the gentleman would have acceded to it. Is not

Mr. MANN. The letter indicates that I gave the places suggested by the gentleman from Kansas, and he had previously told me that he was going to assign them to Mr. MacDonald. [Laughter.] That is perfectly proper. I have no doubt that the gentleman from Kansas had consulted the other Progressive Members of the House. The truth is, as long as the gentleman from Kansas is leader of a party that can meet in one tier of the seats without interrupting the business of the House, so long they can have a meeting and consult over every kind of a proposition; but when they rise to the dignity of having a real party, with real membership on the floor of the House, they will find that they can not make up committees in town meeting.

The SPEAKER. The question is on the nominations made by the gentleman from Alabama for Mr. MacDonald, the gentleman from Michigan, to go on the Committee on Labor and the

Committee on Pensions.

Mr. UNDERWOOD. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. FITZGERALD].

Mr. FITZGERALD. Mr. Speaker, the gentleman from Kansas

Mr. DONOVAN rose.

The SPEAKER. For what purpose does the gentleman from Connecticut rise?

Mr. DONOVAN. A parliamentary inquiry.
The SPEAKER. The gentleman can not make a parliamentary inquiry when another Member has the floor.
Mr. DONOVAN. Then a point of order, Mr. Speaker.
The SPEAKER. The gentleman will state it.

Mr. DONOVAN. If there is no business before the House, the gentleman from from Alabama has no right to farm out

The SPEAKER. The gentleman from Alabama is acting en-

tirely within his rights.

Mr. FITZGERALD. Mr. Speaker, the gentleman from Kansas asserts that there are three methods of selecting committee members in this House. The rules provide for one method, and that is an election by the House. The gentleman from Kansas calls attention to the fact that his associates have adopted an entirely new method for the selection of committee members. I wish to call the attention of the gentleman from Kansas and of the Members of the House to a very remarkable situation developed here. The gentleman from Illinois [Mr. Mann] who is selected by the Republicans as a candidate for Speaker and thus becomes their leader, without, so far as I know, having consulted anybody, turns over to the gentleman from Kansas [Mr. MURDOCK] two committee places which were assigned to the Republican Members in this House. There is no record of just how he was moved to do so, but he wrote to the gentleman from Alabama [Mr. UNDERWOOD] as follows:

I believe that Mr. Murdock has no committee vacancies due to him or to the Progressive Party.

Why Mr. Murdock should have any committee places due him I do not know. Then Mr. MURDOCK later wrote to the gentleman from Alabama [Mr. Underwood] as follows:

I wish to nominate

"I wish to nominate" [laughter and applause]-Hon. William J. MacDonald, of Michigan, for the vacancies on the Committee on Labor and the Committee on Pensions. These places were assigned to the Republicans, but have been transferred to the Progressives by Mr. Mann, according to a note to you by Mr. Mann, a copy of which Mr. Mann furnished me.

What right had Mr. Mann to enter into this deal with the gentleman from Kansas [laughter] and give away committee assignments which belong to the Republican Party in-the House; and what right has the gentleman from Kansas to take any and what right has the gentleman from Kansas to take any

discarded materials from the Republican Party in order to [Laughter.] bolster up the forlorn cause of the Progressives? I had imagined that I had been informed by the gentleman from Kansas [Mr. Murdock] that the Progressive Party Representa-tives in this House did not intend to have any of these unholy alliances with the older parties, and that they would scorn those petty favors which Members of Congress had been seeking in the past from the Speaker, but which they now have to seek from the Republican and Progressive leaders in order to enable them to be full-fledged, untrammeled Representatives; and I am surprised that Mr. MURDOCK should condescend to tell Mr. UN-DERWOOD that he proposed to nominate Mr. MacDonald. What about all of this talk that was indulged in at one time about the inalienable right of a Member of this House to stand up as a "free and untrammeled" Representative and voice the wishes of his constituents and present to the House himself, not through somebody else, the things in which his people were interested?

Mr. Speaker, I am surprised at the simplicity of the gentleman from Alabama [laughter], but I suppose it is due to the fact that he occupies-I was going to say a position similar to that occupied by the gentleman from Kansas [Mr. MURDOCK]; but I shall refrain from bringing down the leadership of the Democratic Party to a level with the leadership of the Progressive Party. He occupies a position where he appreciates that the members of his party have full confidence in him. He does not have to call a public meeting, with public witnesses, in order to take any action as leader of the Democratic Party for fear he might be repudiated if he did not. I was surprised that he should, without further substantiation, accept as the action of the Progressives in the House a letter ligned by Victor Mus-pock, in which he says "I wish to nominate." I wish to nomi-nate!—not as a representative of the Progressive Party, but Victor Murdock wishes to nominate! Oh, Mr. Speaker, how the times have changed, how the times have changed! [Laugh-ter and applicate] ter and applause.]

Mr. UNDERWOOD. Mr. Speaker, I move the previous ques-

tion on my motion.

The previous question was ordered.

The SPEAKER. The question is on the motion of Mr. UNDER-WOOD, that Mr. MACDONALD be elected to fill the vacancies on the Committee on Labor and on the Committee on Pensions.

The motion was agreed to.

## SUSPENSION OF NAVAL CONSTRUCTION.

Mr. HENSLEY. Mr. Speaker, I call up House resolution 298, which is the unfinished business

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 298.

House resolution 298.

Resolved, That in the opinion of the House of Representatives the declaration of the First Lord of the Admiralty of Great Britain, the Right Hon. Winston Churchill, that the Government of the United Kingdom is willing and ready to cooperate with other Governments to secure for one year a suspension of naval construction programs offers the means of immediately lessening the enormous burdens of the people and avoiding the waste of investment in war material.

SEC. 2. That a copy of this resolution be furnished the President with the request that, so far as he can do so, having due regard for the interests of the United States, he use his influence to consummate the agreement suggested by the Right Hon. Winston Churchill.

Mr. GRAY rose.

The SPEAKER. For what purpose does the gentleman from Indiana rise? Mr. GRAY.

I desire to offer the following amendment. The SPEAKER. The previous question has been ordered on

the resolution. Mr. HAMILL rose.

The SPEAKER. For what purpose does the gentleman from New Jersey rise?

To make a request for unanimous consent. Mr. HAMILL.

The SPEAKER. The gentleman will submit it.

Mr. HAMILL. Mr. Speaker, I send to the Clerk's desk an editorial in this morning's Washington Post, and I ask unanimous consent that the Clerk be permitted to read it.

Mr. HENSLEY. Mr. Speaker, I object.
The SPEAKER. The gentleman from Missouri objects. Mr. HAMILL. Mr. Speaker, I ask unanimous consent that I

be permitted to insert it in the RECORD.

Mr. BORLAND. Mr. Speaker, I object, The SPEAKER. The gentleman from Missouri objects. Mr. GRAY. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. GRAY. I desire to ask the previous question having been ordered, if it is not in order that I may offer an amendment at

The SPEAKER. An amendment may not be offered after the previous question has been ordered. The Chair will state, if the

Barchfeld

Stevens, Minn.

gentleman desires to get at it, that his alternative is to move to recommit with instructions.

Mr. MOORE. Mr. Speaker, I offer the following motion to

recommit, with instructions.

The SPEAKER. This is a simple House resolution, and the Clerk will report the motion of the gentleman from Pennsylvania [Mr. Moore]

The Clerk read as follows:

Mr. Moore moves to recommit, with instructions to report the following substitute for the resolution:

"Resolved, That the President be requested, so far as he can do so with due regard for the interests and dignity of the United States, to use his influence to consummate an agreement with foreign nations to secure for one year a suspension of naval construction."

The question was taken, and the Speaker announced the noes

seemed to have it.
Mr. MOORE. Division, Mr. Speaker.
The House divided; and there were—ayes 40, noes 184.

So the motion to recommit was lost.

The SPEAKER. The question is on the adoption of the Hensley resolution.

Mr. HENSLEY. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were-yeas 317, nays 11, answered present 6, not voting 101, as follows:

YEAS—317.				
Abercromble	Doughton	Key, Ohio Kinkaid, Nebr. Kirknatrick	Reilly, Wis.	
Adair	Dupré	Kinkaid, Nebr.	Reilly, Wis. Roberts, Mass.	
Adamson	Dyer Eagan		Rogers	
Aiken Allen	Eagan Eagle	Kitchin Knowland, J. R.	Rouse Rubey	
Anderson	Edwards	Konop	Rucker	
Ansberry	Elder	Korbly	Rupley	
Ashbrook	Esch	Lafferty	Russell	
Aswell	Evans	La Follette	Sabath	
Austin	Faison Farr	Langham Lazaro	Saunders Scott	
Avis Balley	Fergusson	Lee, Ga.	Seldomridge	
Baker	Ferris	Lee, Ga. Lee, Pa. L'Engle	Sells	
Baltz	Fess	L'Engle	Shackleford	
Barkley	Fields	Lenroot Lieb	Sharp Sherley	
Barnhart Bartholdt	Finley Fitzgerald	Lindbergh	Sherwood	
Barton	Fitzgerald FitzHenry	Lindquist	Shreve	
Bathrick	Floyd, Ark.	Lloyd	Sims	
Beakes	Fordney	Lobeck	Sisson	
Beall, Tex, Bell, Cal. Bell, Ga.	Foster Fowler	Lonergan McAndrews	Slayden Slemp	
Bell, Cal.	Francis	McClellan	Sloan	
Blackmon	Frear	McCoy	Small	
Booher	French	McClellan McCoy McDermott	Smith, Idaho	
Borchers Borland	Gard	McGillicuddy	Smith, J. M. C. Smith, Minn.	
Borland	Garner Conn	McGuire, Okla. McKellar	Smith, Minn.	
Bowdle Brockson	Garrett, Tenn. Garrett, Tex.	McKenzie	Smith, Saml. W. Smith, Tex.	
Brown, N. Y.	George	McLaughlin	Sparkman	
Browne, Wis.	Gillett	MacDonald	Stafford	
Reumbaugh	Gilmore	Madden	Stedman	
Buchanan, Ill.	Goeke	Maguire, Nebr.	Steenerson	
Buchanan, Ill. Buchanan, Tex. Bulkley Burke, S. Dak.	Goodwin, Ark. Gordon	Manahan Mann	Stephens, Cal. Stephens, Miss.	
Bulkiey Bucke S Dok	Gorman	Mapes	Stephens, Nebr.	
Burnett	Goulden	Mitchell	Stephens, Tex.	
Butler	Graham, Ill.	Mondell	Stephens, Nebr. Stephens, Tex. Stevens, N. H.	
Byrnes, S. C. Byrns, Tenn.	Gray	Morgan, La.	Stone	
Byrns, Tenn.	Green, Iowa	Morgan, Okla. Morrison	Stout Sumners	
Callaway	Greene, Vt. Gregg	Moss, W. Va.	Sutherland	
Campbell Candler, Miss. Cantor	Guernsey	Mott	Switzer	
Cantor	Hamilton, Mich.	Murdock	Talcott, N. Y.	
Caraway	Hamlin	Murray, Okla. Neeley, Kans.	Tavenner	
Carlin	Hammond	Neeley, Kans.	Taylor, Ala.	
Carr Carter	Hardy Harrison	Nelson Nolan, J. I.	Taylor, Ark. Taylor, Colo.	
Cary	Hart	Norton	Temple Ten Eyck	
Casey	Haugen	O Brien	Ten Eyck	
Casey Chandler, N. Y.	Hawley	Oglesby	Thacher Thomas	
Church	Hay Hayden	O'Hair Oldfield	Thompson Okla	
Clancy	Heflin	Oldfield O'Leary O'Shaunessy	Thomson, Ill.	
Claybool Clayton	Helgesen	O'Shaunessy	Towner	
Cline Coady	Helvering	Padgett	Townsend	
Coady	Hensley Hill	Page, N. C. Paige, Mass.	Treadway Tribble	
Collier Connelly, Kans. Covington	Hinds	Palmer	Tuttle	
Covington	Hinebaugh	Palmer Park	Underhill	
Cox	Holland	Patton, Pa.	Underwood	
Cramton	Houston	Payne	Volstead	
Crisp	Howard	Peters, Mass. Peters, Me.	Wallin Walsh	
Crosser	Howell Hughes, Ga.	Peterson	Walters	
Curry Davenport	Hulings	Phelan	Watkins	
Davis	Hull	Platt	Whitacre	
Decker	Humphrey, Wash. Humphreys, Miss.	Plumley	Williams Willis	
Deitrick	Humphreys, Miss.	Porter	Willis Wilson Flo	
Dent Dershem	Igoe Jacoway	Pou	Wilson, Fla. Wingo	
Dickinson	Johnson, Ky.	Powers	Witherspoon Woodruff	
Dies	Johnson, S. C.	Pronty	Woodruff	
Difenderier	Johnson, Ky. Johnson, S. C. Johnson, Utah Johnson, Wash.	Quin Pogradolo	Woods Voung N Dok	
Dillon	Johnson, Wash. Kelley, Mich. Kelly, Pa. Kennedy, Iowa	Quin Ragsdale Rainey	Young, N. Dak Young, Tex. The Speaker	
Dixon Donohoe	Kelly, Pa.	Raker	The Speaker	
Donovan	Kennedy, Iowa	Rauch		
Doolittle	Kent	Rayburn		

Rayburn Reed

Kent Kettner

Donovan Doolittle

Burke, Wis. Conry	Hamill Kennedy, Conn.	Moore Morin	Wilson, N. Y.
	ANSWERED	PRESENT-6.	
Goldfogle Greene, Mass.	Lewis, Pa. Logue	Reilly, Conn.	Talbott, Md.
	NOT VO	TING-101.	
Ainey	Driscoll	Kahn	Patten, N. Y.
Alexander	Dunn	Keating	Pepper
Anthony	Edmonds	Keister	Richardson
Bartlett	Estopinal	Kiess, Pa.	Riordan
Bremner	Fairchild	Kindel	Roberts, Nev.
Britten	Falconer	Kinkead, N. J.	Rothermel
Brodbeck	Flood, Va.	Kreider	Scully
Bronssard	Gallagher	Langley	Sinnott
Brown, W. Va.	Gerry	Lesher	Smith, Md.
Browning	Gittins	Lever	Smith, N. Y.
Bruckner	Glass	Levy	Stanley
Bryan	Godwin, N. C.	Lewis, Md.	Stringer
Burgess	Good	Linthicum	Taggart
Burke, Pa.	Graham, Pa.	Loft	Taylor, N. Y.
Calder	Griest	Mahan	Vare
Cantrill	Griffin	Maher	Vaughan
Carew	Gudger	Martin	Walker
Clark, Fla.	Hamilton, N. Y.	Merritt	Watson
Connolly, Iowa	Hardwick	Metz	Weaver
Cooper	Hayes	Miller	Webb
Copley	Helm	Montague	Whaley
Cullop	Henry	Moon	White
Curley	Hobson	Moss, Ind.	Winslow
Dale	Hoxworth	Murray, Mass.	
Danforth	Hughes, W. Va.	Neely, W. Va.	
Dealles	Tonge Tonge	Parker	

NAYS-11.

Kennedy, R. I.

So the resolution was agreed to.

Gardner

The Clerk announced the following additional pairs:

On this vote:

Mr. GOLDFOGLE with Mr. COOPER.

Mr. Levy (for Hensley resolution) with Mr. Greene of Massachusetts (against Hensley resolution)

Mr. GRIEST (for Hensley resolution) with Mr. Lewis of Pennsylvania (against Hensley resolution).

Until further notice:

Mr. Talbott of Maryland with Mr. MERRITT.

Mr. Burgess with Mr. Copley.

Mr. Glass with Mr. Hamilton of New York.

Mr. GUDGER with Mr. SINNOTT. Mr. HENRY with Mr. DANFORTH.

Mr. KINDEL with Mr. Good. Mr. LEVER with Mr. HAYES

Mr. SMITH of Maryland with Mr. VARE.

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. Clark of Missouri, and he answered "Yea."

Mr. REILLY of Connecticut. Mr. Speaker, I voted "nay" on this resolution, not realizing that I was paired with the gentleman from Massachusetts, Mr. Winslow. If he were here, I would vote "nay," but I desire to change my vote and vote "present."

The name of Mr. REHLY of Connecticut was called, and he answered "Present." Mr. GREENE of Massachusetts. Mr. Speaker, is the gentle-

Mr. GREENE of Massachusetts. Mr. Speaker, is the gentleman from New York, Mr. Levy, recorded?

The SPEAKER. The gentleman is not recorded.

Mr. GREENE of Massachusetts. I voted "nay," and I wish to withdraw my vote and vote "present."

The SPEAKER. Call the gentleman's name.

The name of Mr. GREENE of Massachusetts was called, and he answered "Present."

The result of the vote was announced as above recorded.

On motion of Mr. Russell, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

### PAYMENT OF EMPLOYEES FOR DECEMBER.

Mr. JOHNSON of Kentucky. Mr. Speaker-Mr. FITZGERALD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the following joint resolu-

tion, which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House joint resolution 164.

House joint resolution 164.

Resolved, etc., That the Secretary of the Senate and the Clerk of the House of Representatives be, and they are hereby, authorized and instructed to pay the officers and employees of the Senate and House of Representatives, including the Capitol police, their respective salaries for the month of December, 1913, on the 20th day of December, and the Clerk of the House is authorized to pay on said day to Members, Delegates, and Resident Commissioners their allowance for clerk hire for said month of December.

The SPEAKER. Is there objection?

Mr. JOHNSON of Kentucky. Mr. Speaker, I object. The SPEAKER. The gentleman from Kentucky objects.

If the gentleman will withhold his motion for a minute, the

Chair will recognize the gentleman from Georgia [Mr. PARK] to offer a resolution.

Mr. FITZGERALD. Mr. Speaker, I understand the gentle-man from Kentucky withdraws his objection. Mr. JOHNSON of Kentucky. Mr. Speaker, I withdraw my

objection.

The SPEAKER. The gentleman from Kentucky [Mr. Johnson] withdraws his objection, and the gentleman from New York [Mr. Fitzgerald] renews his request for unanimous consent. Is there objection? [After a pause.] The Chair hears

The question was on the engrossment and third reading of the joint resolution.

Mr. MANN (during the reading of the resolution). Mr. Speaker, the resolution must be read by title.

Mr. FITZGERALD. I move that a title be added to the

Mr. MANN. It is a joint resolution to authorize payment of the salaries for the month of December of the House and Senate employees on December 20.

The SPEAKER. The question is on the passage of the joint resolution. The Clerk will report the title.

The Clerk read the title, as follows:

House joint resolution No. 164, authorizing the Secretary of the Senate and the Clerk of the House to pay the officers and employees of the Senate and House, including the Capitol police, their respective salaries for the month of December, 1913, on the 20th day of sald month.

The SPEAKER. The question is on agreeing to the title as an amendment.

The title as an amendment was agreed to.

The joint resolution as amended was passed.

THE LATE REPRESENTATIVE S. A. RODDENBERY.

Mr. PARK. Mr. Speaker, I ask unanimous consent for the present consideration of the order which I send to the Clerk's

The SPEAKER. The Clerk will report the same.

The Clerk read as follows:

Ordered, That Sunday, the 8th day of February, 1914, at 12 o'clock noon, be set apart for addresses on the life, character, and public services of Hon. S. A. RODDENBERY, late a Representative from the State

The SPEAKER. The question is on agreeing to the order. The order was agreed to.

## RESIGNATION FROM COMMITTEE.

The SPEAKER laid before the House the following communication:

DECEMBER 5, 1913.

Hon. CHAMP CLARK, Speaker.

DEAR SIR: I beg to herewith tender my resignation as a member of the Committee on Railways and Canals. SAMUEL WALLIN. Yours, respectfully,

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

## DISTRICT BUSINESS.

Mr. JOHNSON of Kentucky. Mr. Speaker, under the rules of the House this is District day. I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering District bills.

The SPEAKER. The gentleman from Kentucky [Mr. Johnson] moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of considering District bills.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with the gentleman

from California [Mr. RAKER] in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of District of Columbia bills.

REPAYMENT TO THE FEDERAL GOVERNMENT OF INTEREST ON THE 3.65 BONDS OF THE DISTRICT OF COLUMBIA.

Mr. JOHNSON of Kentucky. Mr. Chairman, I desire to call up House joint resolution 107.

The CHAIRMAN. The Clerk will report the resolution. The Clerk read the joint resolution, as follows:

Joint resolution (H. J. Res. 107) directing the Treasurer of the United States to transfer \$1,003,257.24 upon his books from the District of Columbia to the credit of the United States.

Whereas, acting under H. Res. 154 and H. Res. 200, adopted during the first session of the Sixty-second Congress, the chairman of the House Committee on the District of Columbia appointed a subcommittee to investigate the account between the District of Columbia and the Federal Government; and

Whereas said subcommittee, so organized, selected one T. Scott Mayes as accountant and one J. R. Mayes as his assistant to check over said

Whereas said subcommittee, so organized, selected one T. Scott Mayes as as accountant and one J. R. Mayes as his assistant to check over said account; and
Whereas the Secretary of the Treasury, at the instance and request of said subcommittee, detailed from his department one T. A. Hodgson, the person who had had charge of the accounts between the United States and the District of Columbia for more than 30 years, for the purpose of going over the account with the said T. Scott Mayes; and Whereas the said accountant, T. Scott Mayes, filed his report with the said subcommittee on the 15th day of February, 1913, showing that the District of Columbia is indebted to the United States in the sum of \$1,003,257.24 on account of advancements made by the United States to the District of Columbia for the purpose of paying interest on the 3.65 bonds of the District of Columbia, which was not reimbursed to the Treasury of the United States as provided and required by the act approved July 31, 1876, appearing in volume 19, page 106, United States Statutes at Large; and
Whereas the said T. A. Hodgson, so detailed by the Secretary of the Treasury, fully verified and confirmed the said figures; and Whereas the said subcommittee unanimously reported that there was due from the District of Columbia in said account the sum of \$1,003,257.24 which had not been refunded or reimbursed to the Federal Treasury as by law required: Therefore be it

\*Resolved, etc., That the Treasurer of the United States be instructed to transfer the said sum of \$1,003,257.24 upon his books from the District of Columbia for the use and benefit of the Treasury of the United States, and that he take such other and further steps as may be proper and necessary to collect said sum from the District of Columbia for the use and benefit of the Treasury of the United States.

With the following committee amendment:

With the following committee amendment:

With the following committee amendment:
Strike out all of lines 3, 4, 5, 6, 7, 8, and 9, on page 2, and insert in lieu thereof the following:

"That the Secretary of the Treasury of the United States through the accounting officers of the Treasury Department be, and he is now, authorized and directed to charge to the District of Columbia the sum of \$1,003,257.24 as a debt due the United States from the District of Columbia on account of money advanced by the United States to the District of Columbia with which to pay the interest on the 3.65 bonds of the District of Columbia for the fiscal years of 1877 and 1878; and, in stating the accounting officers of the Treasury Department of the United States and the accounting officers of the Treasury Department of the United States and the accounting officers of the District of Columbia shall charge the District of Columbia with said sum and with interest thereon at the rate of 3 per cent per annum from and after the date of the passage of this resolution; and the said sum of \$1,003,257.24, and interest thereon, must be paid to the United States by the District of Columbia on or before June 30, 1915, cut of the revenues of the District of Columbia derived from privileges and from taxation upon the taxable property in the District of Columbia."

Mr. JOHNSON of Kentucky. Mr. Chairman, I yield to the

Mr. JOHNSON of Kentucky. Mr. Chairman, I yield to the gentleman from Iowa [Mr. Prouty] so much of my time as he desires, and retain the remainder.

The CHAIRMAN. The gentleman from Iowa [Mr. Prouty]

is recognized for an hour.

Mr. PROUTY. Mr. Chairman, at the first session of the Sixty-second Congress this House passed two resolutions, Nos. 154 and 200, the effect of which was to put upon the Committee on the District of Columbia the responsibility of examining into the accounts and conditions between the District of Columbia and the Federal Government. (As you perhaps all know, there is more or less of a partnership relation existing between the District of Columbia and the Federal Government, and there never had been, so far as I have been able to ascertain. a complete statement of account between the District of Columbia and the Federal Government.

In pursuance to the authority and direction of this House, the Committee on the District of Columbia undertook an investigation of the accounts, and the item that is presented in the resolution now before the committee is the first of a series of matters that this committee will call to the attention of this House, probably before the close of the present session.

This investigation began with the year 1874, and the first items that we present now for the consideration of the House are the items growing out of the interest on what is known as the 3.65 bonds, authorized in 1874.)

There has been a great deal of discussion in this House and more or less consideration by the department as to what rela-tion the Federal Government sustains to the bonds known as the 3.65 bonds. It is not the purpose of this committee, nor is it in the scope of my resolution, to raise that question for reconsideration or consideration at all. This resolution of mine involves only the question as to the payment of interest for the years 1876 and 1877, about which there seems to me to be no question as to the liability of the District and no question as to the perfect right of the Government to reimbursement of the money that was paid out on that account.

Mr. CAMPBELL. Mr. Chairman, will the gentleman yield?
The CHAIRMAN. Does the gentleman yield?
Mr. PROUTY. With pleasure.

Mr. CAMPBELL. Without going into the question whether or not there ever was a legal liability on the part of the District to the Federal Government, as stated, does not the gentleman from Iowa think that another generation that has passed on should have been called on to make that payment, rather than the present generation? In other words, does he not think that if there ever was any justification for the statute of limitations at all it would be in a case of this kind, where a former generation should have been called to an account if anyone should

have been called to an account?

Mr. PROUTY. Mr. Chairman, answering that question, I will say, first, that the statute of limitations does not run against the United States. In the second place, in pure equity there is no occasion why this fund, which was clearly paid out by the Federal Government, should not be reimbursed to it by the District, because the bonds themselves have not yet been paid, and it is not a matter of generations. These bonds were issued, and the present and the past generation are both getting the benefit of these bonds and the money that accrued from their

Speaking, however, just a little bit more specifically, and coming perhaps more closely to the point, no one who has examined the affairs between the District of Columbia and the Federal Government can fail to recognize the fact that for some strange reason, with rare exceptions, there has been nobody present to stand for and protect the rights of the Federal Government.

In other words, by some method which I do not now undertake to explain, the representatives of the United States, both in Congress and in the other official positions, have been hypnotized by the District of Columbia. Before we get through with this matter you will find this strange fact, that while our accountants will show error after error that has occurred, there has never been one error that has resulted to the benefit of the United States, but every error that we have so far detected has always accrued to the use and benefit of the District of Columbia; and I do not think it stands in the right of any man to say that Congress or the United States Government is now estopped to call to the attention of this House and of the country the true condition of the account between the District of Columbia and the Federal Government.

Now I will call attention to the law. In 1874

Mr. CAMPBELL. Mr. Chairman— Mr. PROUTY. I refuse to yield further just now.

Mr. CAMPBELL. Just on the very question the gentleman is discussing.

Mr. PROUTY. I will discuss the matter later.

Mr. CAMPBELL. I want to ask a question about it. The CHAIRMAN. The gentleman declines to yield further. Mr. PROUTY. I will give the gentleman time, but I want to state my proposition first.

Mr. CAMPBELL. The gentleman has made a very serious

charge, and I want to make some inquiry about it. The CHAIRMAN. The gentleman declines to yield.

Mr. PROUTY. In 1874 there was a law passed authorizing the District Commissioners to issue what was known as 3.65 There was no specific statement in that law as to who should be responsible for the payment of them, perhaps either the principal or interest. At least, there has been a great deal of controversy over that question. I myself personally believe that it was not intended that the Federal Government should be anything more than an indorser or guarantor of these bonds so as to strengthen and help the credit of the District. But in the matter which I am now about to call to the attention of the House there is no dispute, so far as I know, and no contention of anything other than what the law specifically says.

In the first session of the Forty-fourth Congress, found in

volume 19, on page 106, is the following enactment:

That the Secretary of the Treasury shall reserve of any of the revenues of the District of Columbia not required for the actual current expenses of schools, the police, and the fire department, a sum sufficient to meet the interest accruing on the 3.65 bonds of the District during the fiscal year beginning July 1, 1876, and apply the same to that purpose: and in case there shall not be a sufficient sum of said revenues in the Treasury of the United States at such time as said interest may be due, then the Secretary of the Treasury is authorized and directed to advance, from any money in the Treasury not otherwise appropriated, a sum sufficient to pay said interest, and the same shall be reimbursed to the Treasury of the United States from time to time as said revenues may be paid into said Treasury until the full amount shall have been refunded.

Again, in the act of the second session, which you will find

in the same volume, on page 346, it is provided:

in the same volume, on page 346, it is provided:

That the Secretary of the Treasury shall reserve of any of the revenues of the District of Columbia not required for the actual current expenses of schools, the police, and fire department, a sum sufficient to meet the interest accruing on the 3.65 bonds of the District during the fiscal year beginning July 1, 1877, and apply the same to that purpose; and in case there shall not be a sufficient sum of said revenues in the Treasury of the United States at such time as said interest may be due, then the Secretary of the Treasury is authorized and directed to advance, from any money in the Treasury not otherwise appropriated, a sum sufficient to pay said interest; and the same shall be reimbursed to the Treasury of the United States from time to time as said revenues may be paid into said Treasury until the full amount shall have been refunded.

During these two years and operating under these two states.

During these two years and operating under these two statutes the Federal Government advanced for the District of Co-

lumbia the amount set out in my resolution, \$1,003,257.34. At that time the District of Columbia fully recognized its responsibility for this interest, and the District of Columbia, through its commissioners, levied a tax for the express purpose of paying it-a tax that, if my recollection serves me right, yielded sufficient revenue to pay it; but for some reason, which I hope the gentleman from Kansas [Mr. Campbell] can explain, it was never so applied, and the District of Columbia did not pay a dollar of it. The Federal Government paid all of it, and never a dollar of it has been reimbursed to the Federal Treasury.

Mr. CAMPBELL. Does the gentleman want me to answer

No; I prefer you to do it in your own time.

Mr. CAMPBELL. I have no time.
Mr. PROUTY. I will give you some.
Mr. MANN. The gentleman will have all the time he wants. Mr. PROUTY. The gentleman can have an hour if he wants it. So far as I know, the District of Columbia has never raised any question about this, other than that it is a bare possibility that it should only pay one-half of it.

I shall be pleased if any gentleman will show me any statute that made the Federal Government any more than an advancer of this money, with specific instructions of the statute requiring it should be reimbursed by the District of Columbia to the

United States.

I may say in this connection that it would be perhaps entirely fair, from one point of view, that the District of Columbia should not only refund this money, but pay interest on it from the time it should have refunded it. The committee has, however, been a little more lenient in that matter, recognizing the fact that it was probably due to misunderstanding, negligence, or fault of some official of the Treasury Department that it was not so set aside; recognizing that that must in a sense be true, we felt that we would forego the question of interest, and only require them to pay the amount clearly and specifically advanced for their benefit.

I might suggest at this point, however, in anticipation of opposition that might develop, that if we should collect one-half the interest on this amount advanced for the 3.65 per cent bonds, it would amount to more than the amount the Government is claiming in this resolution. So I think no one can truthfully say that the committee has sought to be harsh or unreasonable or exacting or doing anything that would heap an unnecessary burden on the District. Because, mark you, now that during all these years the Federal Treasury has been deprived of this money, the Federal Treasury itself has been compelled to pay interest in a corresponding amount and the District of Columbia has escaped it. Even if you took the point of view that they should only pay one-half, they have escaped the payment of interest on the one-half of it, as well as the principal, during these long years.

Now I will yield to the gentleman from Kansas if he wishes

to ask a question.

Mr. CAMPBELL. Mr. Chairman, a moment ago the gentle-man from Iowa stated broadly that some one was grievously in fault because the Federal Treasury had been charged with more than its share upon the payment of the interest of these bonds.

Mr. PROUTY. If the gentleman will pardon me, I did not say that. I said that it had been charged with all of it.

Mr. CAMPBELL. Well, all of it. Does not the gentleman

from Iowa know that the District of Columbia has no voice on the floor of this House, has no vote in any committee of this House, has no voice in the other branch of Congress; that every dollar appropriated out of the Treasury of the United States for the payment of these bonds has been voted upon the recommendations of the members of the Committees on Appropriations and by a vote of this House? When the gentleman has answered that question, I will ask him another.

Mr. PROUTY. I will answer that question with pleasure. I admit that the District of Columbia had no representative on the floor of the House when this law was passed, but Congress passed a law, in as specific terms as anybody can read it, that the Federal Government would advance the money, and that it should be reimbursed from the moneys of the District of Co-

lumbia to the Federal Treasury.

Mr. CAMPBELL. Has not Congress the power to appropriate, and does it not appropriate, the money out of the Federal Treasury belonging to the District?

Mr. PROUTY. I recognize that fact, but if you will turn to the commissioners' report in the distribution of the levy which they were required to make by law you will find this:

For interest on the District of Columbia 3.65 bonds guaranteed by the United States (act of Congress approved July 31, 1876), 52.7 mills.

Yet it is a fact that, notwithstanding that levy was made, the men in charge of the accounts between the District of Columbia and the United States never appropriated a dollar of that for the purpose of reimbursing the United States. The gentleman may think I am severe. I am not severe; I am telling the straight truth. The gentleman from Kansas can draw his own inference. Why did they not do it? There is not a line or a syllable, so far as I know, spread on the records of Congress or in the departments that explains why it was not done. That led me to make a remark—and I have not the slightest disposition to take it back—that somebody must have been hypnotized. I suppose the gentleman reads such articles as we see in the paper about this matter, the appeal to the House on the ground of common honesty. If you will read the articles you will find that there is not a word or a syllable in it to justify the District's claim, and there is not a thing that shows any dishonesty on the part of Congress. Congress has done its duty, except, perhaps, that it ought to have got after

done its duty, except, perhaps, that it ought to have got after the matter long ago and not have allowed it to sleep so long.

I might say, by way of explanation, that few Members, of course, have the privilege of going and delving into these old books. I might say, by way of further information to this House, that when this investigation was started there was appointed from the Treasury Department a Mr. Hodgson, who for 30 years had charge of the accounts between the District of Columbia and the United States, and in order to find the records they had to go away back under the steps, away back in the dusty records of the Treasury, and there dig out these old books, and after they checked up the accounts Mr. Hodgson signed by himself a statement that this amount is exactly in accordance with the statement found by Mr. Mayes, a man accordance with the statement found by Mr. Mayes, a man employed by the District of Columbia Committee.

Mr. MANN. Mr. Chairman, will the gentleman yield? Mr. PROUTY. With pleasure. Mr. MANN. I think what is bothering some of us, at least, would be this proposition. Congress passes a law which the gentleman interprets by his resolution, and it may be that there is another interpretation.

Mr. PROUTY. I think not. Mr. MANN. Of course, all advocates think that of their interpretation of anything.

Mr. PROUTY. I would like to hear the gentleman suggest

another interpretation.

Mr. MANN. Oh, no; the gentleman would not, I am quite sure. Quite the contrary. I am not going to, and I have not recently examined the law. That is construed by the Treasury Department by officials who are unbiased one way or the other, certainly not in behalf of the District of Columbia, because they are officials of the General Government and not officials of the District of Columbia. That construction continued for 30 or 40 years-I do not remember the number-and meanwhile during all of that time apparently Congress ratifies the construction by the form of these appropriation acts. The gentleman says that somebody did grievously or something of that sort, but why? How could it happen that such a construction could be why. How could be happen that such a construction could be put upon an act of that sort in the presence of the gentlemen who enacted the law, and who accepted the construction without their knowing it? I ask the question for information.

Mr. PROUTY. Mr. Chairman, I do wish that I could give to

the gentleman the information he asks. I have sought for it candidly and honestly, and have not been able to find why it was done. So far as we are able to find, there is not a single word, not one syllable.) I will read to you, however, the testimony of Mr. Hodgson, and that may throw the only light on it that we have on the subject. It is a very glimmering light. We called him before the committee, and I read from his testi-

The Chairman. Please give to the stenographer your full name and state your residence and occupation.

Mr. Hodgson. My name is Thomas A. Hodgson.
The Chairman. Where is your residence?
Mr. Hodgson. I reside at Falls Church, Va.
The Chairman. What is your occupation?
Mr. Hodgson. I am a clerk in the office of the Auditor for the State and Other Departments.
The Chairman. How long have you held that position?
Mr. Hodgson. I have held that position since 1894.

It will be understood that this was the man set apart by the Treasury Department to check with the man chosen by the District Committee.

The CHAIRMAN. How much longer than that have you been in the employment of the Government?

Mr. Hodgson. From 1881 up to that time I was a clerk in the office of the Comptroller of the Treasury.

The CHAIRMAN. How many years' service does that make for you in this employment?

Mr. Hodgson. A service of 32 years.

The CHAIRMAN. Has one of your duties been to state the account between the Federal Government and the District of Columbia?

Mr. Hodgson. Yes, sir.

The CHAIRMAN. For how long have you been doing that?
Mr. Hodgson. Since 1881; I have been on the District of Columbia
work all the time.
The CHAIRMAN. Is that the first time this account was stated after
the passage of the act of June 11, 1878?

All of you familiar with this legislation know that in 1878 we passed what is known as the half-and-half rule, and I raise no question now so far as this resolution is concerned, as to the payment of interest after that time, although it has been raised on the floor of this House, with some reasonable degree of consistency, that the Federal Government was responsible only for the guaranty of it, but I am not raising that question in this resolution.

Mr. Hodgson. The first time the account was stated was in the year

Mr. Hodgson. The first time the account was stated was in the year 1886.

The Chairman. Was that the first time it was stated by anybody? Mr. Hodgson. Yes, sir.

The Chairman. By the expression "stated" you are using a book keeper's term which the layman may not fully understand. Will you, therefore, please explain what you mean by "stating" the account? Mr. Hodgson. That is assembling all the data in connection with the financial account between the United States and the District of Columbia. I might say that the cause of stating that account was that Congress passed an act requiring the District of Columbia to reimburse the United States \$250,000 on account of advances made for the sewerage system of the District of Columbia. That was really the cause of the account being stated.

The Chairman. Under resolutions Nos. 154 and 200, passed by the House of Representatives during the first session of the Sixty-second Congress, accountants were authorized and put at the use of the Committee on the District of Columbia for the purpose of going through the accounts between the United States and the District of Columbia. Under that resolution Mr. T. Scott Mayes was appointed as accountant; and the Secretary of the Treasury was asked to detail a bookkeeper or accountant for the purpose of going through the said accounts with the two accountants just named. Were you not designated by the Secretary of the Treasury for this work?

Mr. Hodgson. Yes, sir.

The Chairman. Do you recall about what time you first commenced the work of looking through these accounts with Mr. Mayes?

Mr. Hodgson. I think it was about 20 months ago. I am not sure as to the time, but I think it was about 20 months ago. I am not sure as to the time, but I think it was about 20 months ago. I am not sure as to the time, but I think it was about 20 months ago. I am not sure as to the time, but I think it was about 20 months ago. The Chairman. Have you not been almost constantly engaged with Mr. Mayes upon that work since that time?

Mr. Hodgson. That w

The CHAIRMAN. Have you not been almost constantly engaged with Mr. Mayos upon that work since that time?

Mr. Hodgson. Yes, sir.

The CHAIRMAN. When was that account completed and a statement of it made?

Mr. Hodgson. That was completed just yesterday, I think.

The CHAIRMAN. Day after day, through these months, have you not been with Mr. Mayes through the ledgers and journals which relate to this account since June 20, 1874?

Mr. Hodgson. Yes, sir, and night, too.

The CHAIRMAN. Do you mean by that all night, of course, but you mean that you have worked far more than the Government hours, and that you have gone into very much night work in order to complete you have gone into very much night work in order to complete. The CHAIRMAN. As Mr. Mayes, in examining the books, came across item after item relating to the account between the United States and the District of Columbia, were you then and there consulted and advised with relative to just what each and every item meant?

Mr. HODGSON. Yes, sir.

The CHAIRMAN. Was each and every one of these items thoroughly analyzed by you?

Mr. HODGSON. Yes, sir, most thoroughly.

Mr. HODGSON. Yes, sir, most thoroughly.

Mr. HODGSON. Yes, sir.

The CHAIRMAN. Was not, also, each and every one of these items, in being analyzed, traced to its origin, either by check, warrant, or original entry?

Mr. HODGSON. Yes, sir.

The CHAIRMAN is there any item stated upon this account by Mr. Mayes with which you, as the bookkeeper for the Government, failed to agree the limit of the chair was an accountant?

Mr. HODGSON. Not one. I do not think there was. I do not recall any. The CHAIRMAN. Not one item?

Mr. HODGSON. Not one. I do not think there was. I do not recall any. The CHAIRMAN. Not one item?

Mr. HODGSON. Not one. I do not think there was. I do not recall any. The CHAIRMAN. How much?

Mr. HODGSON. Yes, sir; a summary of the statement of this 20 months' work?

Mr. HODGSON. Not one. I do not think there was. I do not recall any. The CHAIRMAN. How much?

Mr. HODGSON. Not one. I do n

The Chairman. Do you mean to say that that is the amount paid or the amount due the United States from the District of Columbia?

Mr. Hodgson. That is the amount paid by the United States.

The Chairman. Mr. Hodgson, read the whole of that summary statement you have before you and then say whether or not it is correct or

Then follows a very long statement, which I shall not include in the RECORD:

The CHAIRMAN (interposing). Requiring the District of Columbia to

The CHAIRMAN (interposing). Requiring the District of Columbia to reimburse?

Mr. Hodgson, Yes, sir; requiring the District of Columbia to reimburse the United States \$250,000 out of the unappropriated surplus of the District of Columbia and the unexpended balance of appropriations, and in doing so it became necessary for me to search over the records of the department in order to find out what moneys the District had paid and what moneys it had not paid, and in going over the record from 1874 to 1878 I ran across some legislation that required the District of Columbia to reimburse the United States. Among such items I found that the District of Columbia had not reimbursed the United States in accordance with the act of June 20, 1874, in connection with the issue of the 3.65 bonds of the District of Columbia; and I presented it to the comptroller, being in his office at that time, but he declined to take any steps in the matter and refused to consider any reimbursements that were required by law prior to 1878. I am glad to say that this statement in connection with the 3.65 bonds was for certain interest periods—not as many as were covered by the report of Mr. Mayes—yet in the examination made by the expert, Mr. Mayes, the amounts that I reported to the comptroller as due on these interest periods were verified. That is about all there is to say in connection with the memorandum statement.

The statement made by me, which I now hold in my hand, shows the receipts from August, 1875, to August, 1878—that is, the interest periods, not including the interest due August 1, 1878.

The CHAIRMAN. What is the net result of that statement of your own?

Mr. Hodgson, It is that the amount received in exchange for

own?

Mr. Hodgson. It is that the amount received in exchange for board of audit certificates was \$186,320.32. The act authorizing the issue of the 3.65 bonds made them exchangeable for board of audit

certificates—
The CHAIRMAN, Exchangeable for board of audit certificates?
Mr. Hodoson, Yes, sir. The first and second comptrollers were the board of audit, and there was an error in the treasurer's office of \$1.89; and the amount due from the District of Columbia—that is, the amount received on account of the District of Columbia—was \$198,622.79. The amount received from the United States was \$1,370,-757.24, making a total of \$1,755,723.23, which agrees with Mr. Mayes's statement. My own summary statement, from which I take these figures I have just given you, is as follows:

Mr. WILLIS Mr. Chaleman, will the continuous violat?

Mr. WILLIS. Mr. Chairman, will the gentleman yield?
Mr. PROUTY. With pleasure.
Mr. WILLIS. I desire to ask a question purely for informaon. I note on the second page of the gentleman's report, and also from his remarks, that this money was advanced only for the years 1877 and 1878. Does he know whether there was any sum advanced for years subsequent to that time?

Mr. PROUTY. The gentleman should say 1876 and 1877?

Mr. WILLIS. Well, 1876 and 1877, if that is correct. There

were two years.

Mr. PROUTY. I would say this in answer to that question, that in 1878 Congress passed what is known as the half-andthat in 1818 Congress passed what is known as the half-and-half law, under which we are now operating. And it is claimed, and I think with a fair degree of a chance of sustain-ing it, that the Federal Government by that act expressly agreed to pay one-half of the interest. It is not so conceded by some people, and it is not so conceded by me, but there is a chance for a disagreement there, but in my opinion there is no chance in the years prior.

Mr. WILLIS. One further question. Does the gentleman know of any special circumstances connected with the finances of the District which made it necessary or desirable for the Government to take this action in these years? Does the gen-tleman know of any special reason why the finances of the District were in such condition as to require this action? gentleman is familiar with all these things, and I am asking

purely for information.

Mr. PROUTY. No, sir; I can see no real reason for it. Mr. JOHNSON of Kentucky. If the gentleman will yield to me for one second?

Mr. PROUTY. With pleasure. Mr. JOHNSON of Kentucky. I will suggest it was not entirely absence of revenue, but in the beginning the time for collecting the taxes did not fit the time for paying the interest on

these bonds. The time for collecting the taxes was afterwards changed so that it would fit the time for payment of interest on the bonds. At the time this money was advanced I am not quite sure whether there was sufficient revenue on hand or not, but it was advanced upon the specific condition it was to be returned when collected.

Mr. WILLIS. Will the gentleman yield to me?

Mr. PROUTY. Let me further answer the same question, because I have my fingers on it:

The commissioners apportioned out of each \$1.50 to be collected on account of said levy the sum of 52 cents and 7 mills—
"For interest on the District of Columbia 3.65 bonds guaranteed by the United States, act of Congress approved July 31, 1876."
This apportionment was adhered to in every tax collection reported during the fiscal year 1877, except the one reported December 30, 1876. In this collection of December 30, 1876, the entire apportionment was slightly changed from the published apportionment, each fund, except the general fund of the District, receiving a little less than it was entitled to receive, the fund for interest on the 3.65 bonds receiving \$0.52432 instead of \$0.527 out of each \$1.50 collected. This irregular apportionment of the one collection was unquestionably due to an error in calculation.

There was collected for interest on the 3.65 bonds of the District of

in calculation.

There was collected for interest on the 3.65 bonds of the District of Columbia on account of the levy for the fiscal year 1877 and during the fiscal year 1877 the sum of \$43,286.69, and from July 1, 1877, to October 31, 1877, the further sum of \$34.988.69, and from October 31, 1877, to June 30, 1878, the further sum of \$23,349.32, and in all, the sum of \$490,504.70 to June 30, 1878.

Up to October 31, 1877, the apportionment was made of each collection reported, but after October 31, 1877, the apportionment was ignored and the collections thereafter were treated as general revenues of the District of Columbia.

Mr. WILLIS. Will the gentleman yield for one further question?

Mr. PROUTY. With pleasure.
Mr. WILLIS. Can the gentleman state whether similar action was taken in any years prior to this? What I am seeking to arrive at is whether the passage of this resolution will clean off the slate, as far as these interest payments are concerned.

Mr. PROUTY. I would say it does, because this was started in 1874 under a law of Congress, and it is these first two years that are brought out in this controversy. As to what occurred after 1878, as to what the law then meant, I will not now stop to discuss. It has been discussed upon the floor of this House pro and con several times. As to what will finally be the position of Congress upon the payment of bonds which were issued at that time for payment of debts of the District I make no prediction nor suggestion of my own course in that matter, but as to these years, so far as I have been able to find, no one suggests any excuse whatever.

Mr. SELDOMRIDGE. May I ask the gentleman a question?

Mr. PROUTY. With pleasure.

Mr. SELDOMRIDGE. I would like to know if there is any entry upon the books of the District of Columbia as to the receipt of this money from the Government?

Mr. PROUTY. The gentleman understands the way it is done.

The general revenues of the District of Columbia are paid into

the Federal Treasury.

Mr. SELDOMRIDGE. And paid out by the Federal Treasury. Mr. PROUTY. And paid out by the Federal Treasury. Under the law creating the commissioners, the law authorizing the issuance of these bonds, it was expressly provided that the Federal Government should be responsible for them and that the funds should be paid into the Federal Treasury so it might know what was being done.

Mr. SELDOMRIDGE. There is no charge against this on the

books of the Treasury?

Mr. PROUTY. Not a particle. That is what my resolution is, namely, that in restating the question they shall state this is a debt due from the District of Columbia to the United States.

Mr. BARTON. Will the gentleman yield?
Mr. PROUTY. I will.
Mr. BARTON. I would like to ask if in turning those funds in to the Government, are they turned in as one lump sum or segregated into different items supposed to be appropriated for, for instance, school funds, alleys, and so forth?

Mr. PROUTY. They are turned in in one lump, with a statement, however, as to how they are to be distributed. You are getting me into deep water now, because I am not an accountant.

Mr. CAMPBELL. While they are turned in in a lump sum, they are appropriated by Congress specifically out of the Treasury?

Mr. BARTON. But the appropriation does not take effect on these specific funds until after they are turned into the National Treasury?

Mr. CAMPBELL. Certainly not. The revenue or taxes paid by the District are paid into the Federal Treasury, just the same as revenues collected from internal revenue or any other source from which the Government collects taxes, and are paid out by appropriations specifically made by Congress.

Mr. BARTON. Right along that line I would like to ask, then, when the appropriation was made of this fund that was turned in from the District of Columbia and joined with the moneys of the United States was there any part set aside for the payment of this interest? Was that supposed to be paid for from a general fund?

Mr. CAMPBELL. That would be paid like any other obligation of the District of Columbia-by appropriations regularly

made by Congress.

Mr. PROUTY. I think the gentleman is mistaken as to the manner in which the Treasury Department treats this. The original act creating the 3.65 bonds gave the Treasurer the power to make it his duty to pay this, and, so far as I have been able to find, there is no subsequent legislation making appropriations for the payment of this interest.

Mr. BARTON. That is the point I wanted to get. Mr. PROUTY. I think I am stating it accurately.

Thank you. Mr. BARTON.

Mr. CAMPBELL. I assume that the reason it has not been paid is because there has been no appropriation made for it. The District Committee recommends legislation and brings it upon this floor. That legislation may authorize certain expenditures, but it remains for the Committee on Appropriations to bring in a bill making an appropriation to cover that ex-penditure, and, while the act of 1877 or 1878, as the case may be, may have made a liability on the part of the District, laid a foundation whereby certain funds were to be appropriated by Congress in the District appropriation bill without being subject to a point of order, the District appropriation bill has

never evidently contained an item covering that authorization.

Mr. PROUTY. No. As I say, the law that authorized the issuance of these bonds directed the Treasurer to pay them out of any funds in his possession not otherwise appropriated. And now for nearly 30 years and over this law has been on the statute books and there has been no appropriation made, as the gentleman suggests, by Congress for covering these items. has been wholly a question of bookkeeping between the District of Columbia and the United States. I am not here now to expatiate on the system of bookkeeping. I suppose before the Congress adjourns some member of the District Committee will call to the attention of the House the defective method by which these accounts are kept. It is not strange this item should be lost sight of.

Mr. Chairman, how much time have I remaining?

The CHAIRMAN. Fifteen minutes.

Mr. PROUTY. I would like to reserve the balance of my time, but also would like the gentleman from Kansas [Mr. CAMPBELL] to be recognized.

Mr. CAMPBELL. Mr. Chairman— The CHAIRMAN. The gentleman from Kansas [Mr. CAMP-

BELL] is recognized for an hour.

Mr. CAMPBELL. Mr. Speaker, I shall not take that much time. I will further state that I do not hold a brief for the people of the District of Columbia nor for any of the officers of this District. It has been two or three years since I actively participated in the affairs of the District upon the floor of this House. Eight years of service on the District Committee and in hearings in that committee gave me some familiarity with District affairs upon this floor.

This resolution brings up a claim that reminds me of a claim that an old man mentioned to me on a rainy October day in my office soon after I began practicing law. He came to me and, calling me by my first name, said, "I have a claim that will make us both rich if you can collect it." "Well," I said, "what is the nature of the claim?" He went on to say that his grandfather owned every acre of ground that the city of Des Moines, Iowa, was built upon, and that the legal title had never passed from his ancestor or his heirs. He said if I could get the title to the plot of ground upon which Des Moines stood settled in him and his several cousins there would be enough in it to make us all very rich. I asked him if he had just awakened to the idea that he had a claim of that character. I asked him what his grandfather had done to assert his rights, and he admitted that his grandfather and his father and all his great uncles and his uncles down even until his own day had let pass any notion that they had any sort of claim such as he stated.

I said to him that I thought, under the rules of law governing in such cases, the city of Des Moines would probably retain the title to the land upon which it was built, notwithstanding the fact that there was no evidence, as he claimed, that the legal title had ever passed from his ancestors to the

This claim is as hoary with age as that. The gentleman from Iowa [Mr. Prouty] says that the statute of limitations does

not run against the Government of the United States. may be literally true, but the rules of law and the principles of equity that govern between men in all their relations in life ought to have some bearing on a case when Congress takes action for the Government of the United States. The Government of the United States should not claim against a portion of its citizens what one citizen can not claim against another.

The reason for that rule of law and principle of equityand there is an element of equity in it-providing for a time within which a claim can be asserted ought to have some bearing here; and indeed it seems to me it ought to have more bearing here than it would have in an ordinary case where the

statute of limitation runs.

Here is a case in which, if there is a claim at all, that has been ours to pay in any year we had seen fit ever since 1878. The Committee on Appropriations of the House of Representatives could have included under the authorization of Congress an item in every appropriation bill since then providing an amount sufficient to have covered any claims that it might have against the District of Columbia on this account. The District of Columbia has had no voice in the matter. We have had the whole voice. There has been no one here saying that the District of Columbia should not be held to pay this amount. have gone on ratifying one year after another any dereliction of duty, if there were any, on the part of the auditors in the Treasury Department. We have gone on every year, without making a specific appropriation, placing in the Federal Treasury from the account of the District of Columbia an amount sufficient to pay this interest account.

That not being done, the people of the District of Columbia have come to believe—and they have had a right to believe that Congress had condoned the debt, if there were any; and for 40 years they have gone on making their levies and paying their taxes and placing them in the Treasury of the United States at our disposal, to be appropriated as we saw fit for their benefit, to pay their debts, to build their schools, to pay for their sidewalks, for the improvement and repair of their streets. have had no voice, I repeat, in the matter and have left this all to us. All that they have done is to pay into the Treasury of the United States the money that has been available for appropriations to be made by us whenever we saw fit to make it.

And now I say here, in all justice to the people of this District-not to the District of Columbia, but to Jones and Smith and Brown and the widows of all of these, who own property here and are taxpayers here and who have purchased property here and have become taxpayers here long since—they have had the right to believe that this account was fully paid. Long since they have had the right to believe that the statute of limitations had run on this, with our acquiescence every year, passing by the opportunity of making an appropriation of a sufficient amount to pay this debt.

But now we have come upon a time when the District of Columbia is an easy target. It is the easiest thing in the world to assail a man when his back is turned or attack a helpless man who can not defend himself. The people of the District of Columbia have no one to speak for them. Therefore it is easy to denounce and to criticize and to make charges and to make insinuations against their honesty and integrity.

Mr. PROUTY. Will the gentleman yield?

Mr. CAMPBELL. Yes; I will be more courteous to the gentleman than he was to me.

Mr. PROUTY. I did not ask him that question.

The CHAIRMAN. Does the gentleman yield?
Mr. CAMPBELL. Yes; I yield.
Mr. PROUTY. Do you think the District of Columbia, under the law, owed any part of this money at the time? If so, how much?

Mr. CAMPBELL. I do not know; and I do not know what occurred before the Committee on Appropriations the next year. I do not know what was said, and the gentleman says he has not been able to find out. I would like to know if, in all the ramifications that have been made by this committee in an endeavor to find something discreditable to the people of this District, they took up the hearings before the Committee on Appropriations in 1878, 1879, 1880, and subsequent years on the District of Columbia appropriation bill?

Mr. PROUTY. I have said to you half a dozen times that we do not raise any contention, although there is a fairly good ground for contention that can be raised about the legislation of 1878 and subsequent years. While we are at it, if you will pardon me, I will call your attention to that particular statute.

Mr. CAMPBELL. I recall the statute.

That is where the whole difficulty came in. Mr. CAMPBELL. I did not yield for the reading of the statute. I simply yielded for a question. The gentleman has had an hour in which to read the statute. It is familiar to everybody. I take it that the statute of 1878 is the one to which

the gentleman refers.

Instead of doing affirmative things for the District of Columbia that ought to be done by Congress, things that have been left undone that the people of this District have been appealing to have done, the archives have been ransacked to find some old claim against the District, and instead of taking up some matter of important legislation in the interest of people now living and entering upon a winter that does not promise to be the easiest that the people of this country have passed through in recent years, on the very first day available for the consideration of matters in which the people of this District are interested, an old outlawed claim, more than 40 years old, is given precedence, and I have no doubt will occupy the entire day, to the exclusion of all matters in which the people of this District may be interested.

I have been informed—I have not verified the statement—that the District tax last year paid into the Treasury of the United States amounted to something over \$7,000,000, and that the portion paid out of the Federal Treasury last year under the halfand half principle was in the neighborhood of \$4,500,000. That is recent history. I wonder if gentlemen on the District Committee are as familiar with matters occurring last year as they are with matters occurring 45 years ago affecting the welfare of the people of this District. I await a reply.

Mr. PROUTY. We are not going to discuss anything except

what is in this bill.

Mr. NORTON. Will the gentleman yield?

Mr. CAMPBELL. Yes. Mr. NORTON. You state that \$7,000,000 was paid in and about \$4,500,000 was paid out. From a statement of that kind one would ordinarily be led to believe that the United States was not paying its share.

Mr. CAMPBELL. That it did not pay its half last year.

Mr. NORTON. Is it a fact or is it not, that the United States paid one-half of the expenses of the District? You can not make a fair comparison by comparing the amount of taxes received in any one year, because taxes that were overdue-that were due in prior years-might have been paid in. The only fair comparison would be as to the actual expenses paid by the

United States and by the District.

Mr. CAMPBELL. I do not know. I said I had been informed, but I have not verified the information, and I am asking for information from men on the District Committee who are thoroughly conversant with the financial relations, bearing upon the half-and-half basis, running back for a period of forty-odd years. I am asking for information from them as to whether or not the amount of money paid out of the Federal Treasury last year was equal to the amount paid out of the District treasury for the maintenance of the District. I simply say again that the District, the people of the District, must stand acquitted of any dereliction of duty upon their part. The people in this District have the right to stand upon the same rules of law, and to have applied to them the same principles of equity, as the people of any other portion of our country, and there is no other people anywhere, under the circumstances under which we are now pressing this claim against the people of the District of Columbia, who would be required to pay in any court of the United States.

Mr. McKENZIE. Will the gentleman yield?

Mr. CAMPBELL. Yes.

I would like to ask the gentleman from Mr. McKENZIE. Kansas if this claim had been presented in 1879 or 1880, would

he consider it a just claim then?

Mr. CAMPBELL. That is aside from the question. If the statute of limitations run in 15 years, I would say that it ought to be paid within that time, but if the claim were made for payment 16 years after it matured I would say that it ought not

Mr. McKENZIE. Does the gentleman believe that if it was an honest debt in 1879 and 1880 and had never been paid that the mere lapse of time would justify a refusal to pay an honest

obligation?

Mr. CAMPBELL. I go on the assumption that if the Congress of the United States had thought in 1878 or 1879 or 1882 or in 1883, 1884, or 1885 that this was a just claim against the District there would have been included in the District appropriation bill an item paying it. There would not have been any person here saying that that could not be done because it was authorized in the act of 1878. The gentleman from Illinois asked me if it was an honest claim. Evidently Congress has never looked upon it as a just claim, whether it was an honest claim or not. Evidently the Comptroller of the Treasury in 1886 did not consider it a just claim; and, as I recall it, Grover

Cleveland was serving the people of this country as President of the United States in his first term, with a Comptroller of the Treasury who had come in on a platform to "put the rascals out," and they swept the floors of the Treasury looking for a dishonest penny. If there had been anything dishonest about withholding this amount in the Treasury of the United States from a specific appropriation to the United States, it seems to me that the comptroller would have directed the transfer of the money to the credit of the United States rather than leaving the amount to the credit of the District in the Treasury.

Mr. KAHN. Will the gentleman yield for a question?

Mr. CAMPBELL. Certainly.

Mr. KAHN. Did the gentleman listen to the testimony as it was read by the gentleman from Iowa [Mr. Proury], in which Mr. Hodsdon called to the attention of the District Committee that in 1886 he had brought the matter to the attention of the then comptroller, and that the comptroller said that he would not bother with it?

Mr. CAMPBELL. I heard that testimony. Evidently the comptroller did not think it was a proper claim. That was some eight years after the claim matured. It was fresh then as compared with the hoary condition of its years at this time. Now, why are we in this attitude toward the District as compared with the attitude of Congress and the comptrollers who had their attention called to the matter in other years?

There is evidence that the matter has not been overlooked; there is evidence that eight years after the basis of the claim arose it was called to the attention of the Comptroller of the Treasury, but he did not deem it worth while to give any attention to it, and did not. As I stated a moment ago, we had a strictly honest administration of the affairs of the Government at that time, because they admitted that they were honest and that they would conduct the affairs of the country upon an honest basis.

As I said, I have no brief for the people of this District, but I look upon this as an inopportune time to push what I regard as an outlawed claim. I would press this question before any court, as would the gentleman from Iowa, as would the gentleman from Kentucky, if the claim was made against a client, whether he came from Iowa, Texas, Kentucky, or Kansas.

Mr. GORMAN. Will the gentleman yield?

Mr. CAMPBELL. I will.

Mr. GORMAN. Does the gentleman believe that the lapse of time can wipe out any moral obligation?

Mr. CAMPBELL. This is not a moral obligation. If it is

anything, it is a legal obligation.

Mr. GORMAN. Does not the gentleman recognize in this claim some element of a moral obligation?

Mr. CAMPBELL. Not any more than the outlawing of claims under the statute of limitations in the gentleman's State, whether it be the settling of title in real estate, the outlawing of an account, or the outlawing of a note of hand.

Mr. GORMAN. The statute of limitations runs against a

legal obligation only.

Mr. CAMPBELL. This is a legal obligation, if it is an obligation at all, and it stands upon no higher plane than an open

Mr. GORMAN. Is it not also a moral obligation?

Mr. CAMPBELL. Not at all, any more than a grocery account, nor as much.

Mr. GORMAN. Does not the gentleman believe it ever at any time was a moral obligation?

Mr. CAMPBELL. Not at all. It always was a legal obliga-tion, if it was an obligation at all.

Mr. GORMAN. I understand the gentleman's position now. Mr. CROSSER. It may be both.

Mr. CAMPBELL. Yes; but there is no claim that there is any great moral obligation involved in this. As I understand it, this claim is presented because the statute of limitations does not run against the Government of the United States, and we are here controlling both sides of this case. We are here with all power to-day, as we have had all power for 45 years, with reference to this matter. I say that I regard it as an inopportune time to present this claim. It may have been a legal claim at one time, but certainly it is not a legal claim to-day as Members of this House understand legal claims in the jurisdictions from which they come.

Mr. Chairman, I reserve the remainder of my time.

The CHAIRMAN. The gentleman has consumed 30 minutes. Mr. JOHNSON of Kentucky Mr. Chairman, if the committee will indulge me for a few minutes, I may perhaps, although it will be a difficult task, throw a little more light on the subject than has the gentleman from Iowa [Mr. Prouty], who has just preceded me. In my judgment he has argued this matter sufficiently to any man who came to the subject with an open mind. I knew, however, in advance, that there would be some who would approach the subject whose minds would be made up in favor of the District not paying any kind of debt that

could possibly be evaded.

I take to myself the credit of having discovered this million dollar item. When I stood upon this floor two years ago and called attention to it, the idea that the District had ever gotten any kind of money from the Federal Government and had never returned it was hooted at. The press here, so quick to jump upon anybody and everybody who would have the District of Columbia pay its honest debts, said that all that might be found could be put under one's little finger nail. More than a million dollars has been found, and there is no man to-day who will dispute the fact that the District of Columbia owes

the Federal Government this money.

How did this matter grow into the condition in which we now find it? I will tell you. Under the act of June 11, 1878, it became the duty of the Commissioners of the District of Columbia to estimate and furnish that estimate to the Secretary of the Treasury, and the Secretary of the Treasury to transmit it to Congress, showing what their revenues are expected to be for the next year and also what their debts and expenses are. After the District of Columbia got this money the Commissioners of the District from that day to this have failed to estimate or to invite the attention of Congress to the fact that they owe it. And I say the fact that it has been forgotten and left asleep for these long years rests with the Commissioners of the District. Take your auditors' reports for the District of Columbia back to 1878 and I challenge any man to find in the statements of the auditors that this debt is one of the liabilities of the District of Columbia.

Mr. Chairman, that is not the only item of indebtedness on the part of the District of Columbia to the United States that has been hidden by the auditor of the District of Columbia.

Mr. TOWNER. Mr. Chairman, will the gentleman yield?

Mr. JOHNSON of Kentucky. Yes.
Mr. TOWNER. I find in the report that the statement is made on page 3 of the report to the effect that-

the Commissioners of the District of Columbia in its apportionment made provision for the payment of this interest by the District of Columbia in the following words:

"For interest on the District of Columbia 3.65 bonds guaranteed by the United States (act of Congress approved July 31, 1876), 52.7 mills."

The statement is made in the report of the committee that if that amount was collected by the District of Columbia it never, at least, was credited to the United States. Does the gentleman know as a matter of fact whether that was collected by the District of Columbia?

Mr. JOHNSON of Kentucky. I know from the statements of the accountant employed by the District Committee under authority of the House, and I know from the statement of Mr. Hodgson, the expert accountant in the Treasury Department, that that money was collected for the payment of this debt; that it was never used for the payment of this debt, but after-wards was transferred to another account and expended for

another purpose.

Mr. TOWNER. Then, if it be true, that was not only an admission by the Commissioners of the District of Columbia that the District of Columbia did owe the Government this money, but they affirmatively took action for the purpose of collecting this money and did collect the money for the purpose of paying the debt, and then used it for some other purpose.

Mr. JOHNSON of Kentucky. Yes; and they went further than that and failed from that day to this to put in a single auditor's report that they ever got this money or that they ever

have had any transaction whatever with this money.

The commissioners, in making their estimates to the Congress, have from that day to this failed to invite the attention of the Congress to the fact that they had never paid this. They have set out their liabilities, they have set out their assets, but never once have they set out this as a liability. More than that, about the same time, if I recall correctly, in 1878 or 1879, an arrangement was made by which the District of Columbia should put her lunatics in the asylum owned by the Federal Government, commonly known as the St. Elizabeth Hospital, and to pay the same per capita for her patients that it costs the United States to maintain its patients. If I remember the figures correctly, the first year the District of Columbia fell short about \$28,000 in paying for her lunatics, and every year since that time the District of Columbia has fallen short in paying her debt to this asylum for the District lunatics. You can search the auditor's report from that day until this, and you can not find any charge of any of these items as a liability of the District of Columbia. What business concern would stand for a bookkeeping system like that? Yet when this resolution for an hour.

was introduced, and when it was announced upon the floor of this House that this investigation would perhaps begin with the lunatic asylum, what came? They rushed in with a statement that the District of Columbia was then indebted to the Federal Government in the sum of \$719,000, not one cent of which had ever been put in an estimate by the Commissioners of the District of Columbia to the Congress that it might find its way into an appropriation bill and be paid; and before we are through with this, their "winter of discontent," perhaps more items will be found that they owe to the Federal Government and that

they have not paid.

First, they said they did not owe it. That was the great argument. Now, it is limitation. When does limitation commence to run? It begins to run with the maturity of the debt. When is the time fixed for this debt to be paid from which limitation would begin to run? The time of payment is fixed to begin when the District of Columbia has the funds with which to pay. That time has now arrived. It has just been said that the attention of Congress has not been invited to this item, that the attention of Congress has been allowed to sleep. The gentleman from Kansas [Mr. CAMPBELL] says that two years ago he retired from the District Committee, where he had served eight years. Ten years ago the gentleman from Kansas, if he had done his duty between man and man, whether he resided in the District of Columbia or in the States, would have then invited the attention of the Congress to the matter which is now being brought up. Ten years of alleged limitation would have been eliminated there if he had done what his successors upon that committee have sought to do. He refers to some charge that the people of the District of Columbia are not honest. I challenge it; I say that the people of the District of Columbia, the masses of them, are just as good as can be found elsewhere. No charge has been made against the people of the District of Columbia. The people of the District of Columbia know nothing of this great sum of money having been hidden away. A few men in the District of Columbia who, since the passage of the territorial act of February 21, 1871, until very recently have named every officer who handled the accounts of the District, and those officers in making statements of accounts by which Congress is to be guided have kept hidden from them this \$1,003,257.24; and these same accounting officers have concealed from the Congress, to whom they have made reports, the fact that the District of Columbia owes the Federal Government \$719,000 that they had not paid on account of the lunatics of the District of Columbia.

Mr. CAMPBELL. Will the gentleman yield for a question?

Mr. JOHNSON of Kentucky. I do.

Mr. CAMPBELL. This item of alleged indebtedness was not concealed in 1886, was it, eight years after

Mr. JOHNSON of Kentucky. It has been concealed from the moment it was made until it was brought upon the floor of this House two years ago by me.

Mr. CAMPBELL. Is it not true that the Auditor for the Treasury Department had his attention called to it in 1886?

Mr. JOHNSON of Kentucky. It is true.

Mr. CAMPBELL. It was not concealed at that time.

Mr. JOHNSON of Kentucky. But the auditor of the District of Columbia could not compel the Commissioners of the District of Columbia to put this item in their estimates and say to the Congress that it should appropriate for the payment of this, their honest debt.

Mr. CAMPBELL. May I ask if the Committee on Appropriations could not have included an item in the bill without hav-

ing an estimate from the commissioners?

Mr. JOHNSON of Kentucky. The Committee on Appropriations, if they had had the knowledge, could have done it, but they did as the gentleman did on the Committee on the District

of Columbia, and that was nothing.

We return at last, gentlemen, to these facts: This money was gotten. There is no living human being to dispute that fact. It has not been repaid, and there is no man to dispute that. If you can blame past Congresses for not having had it paid, and this Congress does not have it paid, then future Congresses can say that the question was up at this time, and that this Congress did not pay it. Let us now order it to be paid. [Applause.]

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. Johnson] has expired. The Clerk will read the

Mr. TOWNER. Mr. Chairman, is the bill to be read now for amendment?

The CHAIRMAN. Yes; unless the gentleman desires to be heard.

Mr. TOWNER. I should like just a little time. The CHAIRMAN. Very well. The gentleman is recognized

Mr. TOWNER. Mr. Chairman, I think perhaps the form of the discussion may convey a wrong impression to Members the House with regard to the real matter in controversy. It is not sought here to collect a debt due from the District of

Columbia to the United States.

It is not the endeavor of this resolution to put a claim in such a way as that it can be said there is a debt due, and for this reason: There has always existed, there now exist, certain accounting relations between the District of Columbia and the Congress of the United States, if I may so put it. There are always debit items on one side and credit items on the other. As the account now stands, there has been omitted from the credits which are due to the United States the sum that is put in this resolution of over a million dollars. We are now saying that the account should be corrected. We are now claiming that in the statement of the account that sum should be placed to our credit. That is all. It is an assertion on the part of the Government of the United States that this is its claim, and so should be put, and so should be stated.

That it will be paid, of course, follows. But until this present arrangement of payment of the expenses of the Dis-But until this trict of Columbia shall be ended there never will be an account stated, there never will be a debt, as between one member of the partnership and the other member of the partnership. is merely now an assertion on the part of Congress, if this joint resolution shall pass, that there ought to be credited as against the District of Columbia in the account between the District of Columbia and the United States a sum of money to which the United States is entitled for credit in the sum of a million dollars and over. Therefore the question regarding the statute of limitations has nothing whatever to do with the There can be no statute of limitation in a case of that case.

kind.

Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman from Iowa yield to the gentleman from South Dakota?

Mr. TOWNER. Certainly; I shall be glad to yield to my

Mr. DILLON. Does not the levy made in 1907 clearly recog-

Mr. TOWNER. Certainly; and that strengthens this claim. There was a clear recognition by the Commissioners of the District of the fact that the Government is entitled to this

Mr. DILLON. And does not that levy destroy the theory of concealment on the part of the District of Columbia?

Mr. TOWNER. Well, I think, if I may be pardoned for so saying, it makes but little difference. It ought not to make any

Mr. DILLON. Because the District of Columbia, with knowledge of the fact, made this assessment or made the levy, that shows that it is not concealing anything, so that it seems to me there is a clear recognition of this debt down to June, 1907, on

both sides, practically.

Mr. TOWNER. Well, I think the gentleman is entirely correct about that. But it make no difference, in so far as the legal aspects of the case are concerned, and in so far as the United States Government is concerned, whether affirmatively there was an endeavor to conceal or not, because concealment or an endeavor to conceal has nothing really to do with the merits of the case.

Mr. CAMPBELL. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman from Iowa yield to

the gentleman from Kansas?

Mr. TOWNER. In a moment. The only question now, and the only question we ought to consider, is, Ought we not now to assert and claim and state that our claim in regard to this account is that the District of Columbia does owe to the United States this amount? Or, to put it otherwise and in better form, ought we not now to declare that the United States is entitled to this credit?

Now I will yield to my friend from Kansas.

Mr. CAMPBELL. We have passed by, somewhat, the matter to which I wanted to refer. I merely wanted to say that it would have spoiled the mare's nest of the gentleman from Kentucky [Mr. Johnson] to have stated the fact that this item had not been concealed in some mysterious manner by somebody in the District.

Mr. TOWNER. Even if the gentleman from Kentucky were mistaken about that, this House ought not to let the matter, either affirmatively or negatively, influence its action. If it is right to assert this credit on behalf of the United States, then we ought to do it, and it is our duty to do it. We ought, in justice to the people whom we represent, to assert the claim,

and these matters that are extraneous ought not to influence us

at all in regard to the matter.

It occurs to me that there has been—and there can be no question with regard to the rightfulness of this claim-there has been no attempt to say that it is not well founded. We have been, it is said, sleeping on our rights. There is, or ought have been, it is said, sleeping on our rights. There is, or ought to be, a statute of limitations that bars us, it is asserted, but I think I have shown that there is and that there can be, under these conditions, nothing that ought to prevent our now asserting what is our right, and what ought to have been asserted long ago, that the United States is entitled to this million of dollars and over which has never been credited to it, and that provision ought to be made for an adjustment and payment of

the account. [Applause.]

Mr. PROUTY. Mr. Chairman, I do not know, but I think I have 15 minutes in my own right.

The CHAIRMAN. No; the gentleman's time is exhausted. The gentleman from Kentucky [Mr. Johnson] took the 15 minutes that were left of the gentleman's time.

I aimed to speak in my own right.

Mr. CAMPBELL. Mr. Chairman, I will yield what time the gentleman may require. How much time does the gentleman require?

Mr. PROUTY. I would like 15 minutes.

Mr. CAMPBELL. I will yield to the gentleman 15 minutes. The CHAIRMAN. The gentleman from Iowa [Mr. Prouty] will proceed.

Mr. Chairman, the first point made by the gentleman from Kansas [Mr. CAMPBELL] was that this claim was barred by the statute of limitation, and he referred to what might be the situation if the title in the city of Des Moines rested technically in one of his ancestors when they had not asserted the title for a period of 30 years.

The gentleman is too good a lawyer to ask me that question. Let me ask him one: Suppose the title had never passed from the Federal Government and yet Des Moines had been built upon that ground. Would he go into court and say that the statute of limitations ran against the Federal Government? he would be the laughing stock of the bar and of the court.

Now, there is a good reason for the fact that in all legislation of States and nations the statute of limitations does not It is based upon a very wise principle. run against them. Officers in State and nation change. Now one set will be in One party may overlook and another party and now another. not find a situation. One may be collusive and intentionally overlook it, but it is the established policy of every government that the negligence and willful overlooking of these matters on the part of its agents shall not bar the equities that exist; but where a man owns real estate in his own right and neglects to protect his rights or overlooks them or delays, he is guilty of laches, and will therefore be prevented from re-Every lawyer who ever looked inside of a law book covering. knows that there is that clear, well-defined distinction, and there never could be a better application of it than right here.

It is true that in 1877 the commissioners made a levy. some reason it passed out of sight. This good friend of mine here, Mr. Campbell, vigilant and active, although, as he says, for eight years standing not alone as the Representative the District of Columbia, but as an accredited Representative from the sovereignty of the State of Kansas and representing its people, should have looked into this matter, but he did not. The more than 300 Members of this House never looked into it. They had no occasion to look into it, nothing to call their attention to it, and because some officials overlooked the mat-ter and neglected their duty is that any reason why the great, sovereign Republic should entirely overlook and forget it?

Mr. CAMPBELL. Will the gentleman yield for a suggestion?

Mr. PROUTY. Certainly.

Mr. CAMPBELL. Does my good friend from Iowa make the modest claim that he and a few other members of the District Committee are the first in 40 years who diligently and earnestly advocated honesty upon the part of all the people of the United States, and especially the people of the District of Columbia?

Mr. PROUTY. No; I do not.

Mr. CAMPBELL. Are they the first men in all these 40

years who have known their duty, or who have seen their duty and done it?

Mr. PROUTY. No; I would not claim that; but I would not stand here upon this floor and claim what the gentleman claimed a few minutes ago—that during the eight years that he labored upon that committee he represented the District of Columbia.

Mr. CAMPBELL. I said I worked for the District of Co-

Mr. PROUTY. I took down your words, and I repeat what I said. I stand here as a Representative of the seventh district of Iowa to do justice and fairness to my people between them and the District of Columbia. I think I have at last detected the real cause of this delay, of this apparent overlooking of the rights of the Federal Government. In fact, my friend's speech revealed to me the whole situation. He stood here and pleaded for the widows and orphans of the District of Columbia until I had tears in my eyes and was almost willing to give to the District of Columbia the whole United States if they needed it. But let me remind my friend, as I was compelled to remind myself, that there are more orphans and widows in the United States that have to pay this burden than there are in the District of Columbia to receive its benefit. [Applause.]

Now, all I want is a square deal between the District of Columbia and the United States; and as the gentleman intimated that there were some things that were not fair-though he did not reveal what they were-I will say to him now that if he will come to our committee and show that the United States have ever received a penny that fairly and justly belonged to the District of Columbia or under the laws of Congress, I will be one of the best and strongest champions of the District of Columbia. [Applause.] But/never while I am a Representative will I surrender my right to stand for the whole people of the United States, notwithstanding somebody from the District of Columbia may tickle me under the chin. [Laughter and

(applause.]

The CHAIRMAN. The Clerk will report the resolution for amendment.

The Clerk rend as follows:

Resolved, etc., That the Treasurer of the United States be instructed to transfer the said sum of \$1,003.257.24 upon his books from the District of Columbia to the credit of the United States, and that he take such other and further steps as may be proper and necessary to collect said sum from the District of Columbia for the use and benefit of the Treasury of the United States.

With the following committee amendment:

Strike out all the words just read and insert in lieu thereof the

Strike out all the words just read and insert in lieu thereof the following:

"That the Secretary of the Treasury of the United States, through the accounting officers of the Treasury Department, be, and he is now, authorized and directed to charge to the District of Columbia the sum of \$1,003,257.24 as a debt due the United States from the District of Columbia on account of money advanced by the United States to the District of Columbia with which to pay the interest on the 3.65 bonds of the District of Columbia for the fiscal years of 1877 and 1878; and, in stating the account between the United States and the District of Columbia, the accounting officers of the Treasury Department of the United States and the accounting officers of the District of Columbia shall charge the District of Columbia with said sum and with interest thereon at the rate of 3 per cent per annum from and after the date of the passage of this resolution; and the said sum of \$1,003,257.24, and interest thereon, must be paid to the United States by the District of Columbia derived from privileges and from taxation upon the taxable property in the District of Columbia."

Mr. JOHNSON of Kentucky. I move the adoption of the

Mr. JOHNSON of Kentucky. I move the adoption of the committee amendment.

The committee amendment was agreed to.

Mr. JOHNSON of Kentucky. Mr. Chairman, I move that the resolution as amended be laid aside, to be reported to the House with a favorable recommendation.

The motion was agreed to.

EXPENDITURES OF MONEY RECEIVED ON ACCOUNT OF LIQUOR LICENSES, WASHINGTON MARKET CO., AND FROM OTHER SOURCES.

Mr. JOHNSON of Kentucky. Mr. Chairman, I call up the bill H. R. 9411, relating to expenditure of money received on account of liquor licenses, Washington Market Co., and from other sources.

The Clerk read the bill, as follows:

The Clerk read the bill, as follows:

Be it enacted, etc., That from and after the passage of this act no money collected or received by the District of Columbia on account of any license or concession to manufacture or sell spirituous, vinous, or mait liquors shall be expended in payment of any expense or in discharge of any debt or liability of the District of Columbia in the payment or discharge of which Congress has in any manner whatsoever committed the United States to participate.

Sec. 2. That no money collected or received by the District of Columbia on account of rental paid by the Washington Market Co.; or on account of tolls over the bridge across the Potomac River, which bridge is generally known as the Highway Bridge; or on account of the fish wharf or any other wharf; or on account of any rental or income whatsoever from any real estate, the legal or equitable title to which is in the United States, shall be expended in payment of any expense or in discharge of any debt or liability of the District of Columbia in the payment or discharge of which Congress has in any manner whatsoever committed the United States to participate.

Sec. 3. That no clerk or officer, either of the District of Columbia or of the United States, shall hereafter, in any statement of financial conditions or accounts, or in any estimate of revenues or of appropriations for the District of Columbia, furnished to the Secretary of the Treasury or made to Congress, treat any money collected or received by the District of Columbia in the manner set out and referred to in sections 1 or 2 of this act, as a revenue available or to be available with which to pay

any expense, debt, or liability of the District of Columbia, to the payment of which or any part thereof Congress has in any manner whatsoever committed the United States.

SEC. 4. That this act shall take effect and be in force from and after its passage.

With the following committee amendment:

Page 2, line 5, after the word "States," insert the following: "or in which the United States has an estate of tenancy or for years, or an estate in reversion or remainder."

The CHAIRMAN. The question is on the committee amend-

The committee amendment was agreed to.

Mr. JOHNSON of Kentucky. Mr. Chairman, I move that the bill as amended be laid aside with a favorable recommenda-

The motion was agreed to.

Mr. JOHNSON of Kentucky. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. RAKER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration House joint resolution 107, directing the Treasurer of the United States to transfer \$1,003,257.24 upon his books from the District of Columbia to the credit of the United States, and had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the resolution as amended do pass.

He further reported that the committee had had under consideration the bill H. R. 9411, relating to the expenditure of money received on account of liquor licenses, Washington Market Co., and from other sources, and had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended

do pass.

The SPEAKER. The Chairman of the Committee of the Whole House on the state of the Union reports that the committee has had under consideration House joint resolution 107, and reports the same back with an amendment, with the recommendation that the amendment be agreed to and the bill as amended do pass. Also that the Committee of the Whole House on the state of the Union has had under consideration the bill H. R. 9411 and has directed him to report the same back with ap amendment, with the recommendation that the amendment be agreed to and the bill as amended do pass. The first question is on the amendment to House joint resolution 107.

The amendment was agreed to.

The House joint resolution as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

Mr. GARDNER. Mr. Speaker, I suggest to the gentleman from Kentucky that an amendment should be made to the title of the bill, made necessary by the amendment, so as to direct the Secretary of the Treasury to make the change instead of the Treasurer of the United States.

On motion of Mr. Johnson of Kentucky, a motion to reconsider the vote whereby the joint resolution was passed was laid on the table.

The SPEAKER. Without objection, the change in the title will be made and the Clerk will report the title as amended.

The Clerk read as follows:

Joint resolution directing the Secretary of the Treasury of the United States to transfer \$1,003,257.24 upon his books from the District of Columbia to the credit of the United States.

The SPEAKER. The question now is on the amendment to the bill H. R. 9411, reported favorably by the Committee of the Whole House on the state of the Union,

The question was taken, and the amendment was agreed to. The SPEAKER. The question now is on the engrossment

and third reading of the bill. The bill was ordered to be engrossed and read a third time,

was read the third time, and passed.
On motion of Mr. Johnson of Kentucky, a motion to reconsider the vote whereby the bill was passed was laid on the table.

# LEAVE OF ABSENCE,

By unanimous consent, leave of absence was granted as

To Mr. Brown of West Virginia, indefinitely, on account of

To Mr. ALEXANDER, indefinitely, because of his work on the commission of over-sea accidents, now in session in London, England. To Mr. Taggart, indefinitely, on account of illness,

INTERSTATE SHIPMENT OF COLD-STORAGE PRODUCTS.

The SPEAKER. Under a special order of the House made last Friday, the gentleman from Tennessee [Mr. McKellar] is recognized for one hour.

Mr. McKELLAR. Mr. Speaker, I will ask the Clerk to read the bill, which is short, before I undertake to discuss it.

The Clerk read as follows:

A bill (H. R. 9987) to prohibit interstate shipments or transportation of certain food products; to define and to prohibit transportation and sale of adulterated or misbranded food products; to regulate traffic therein; to define and regulate cold storage; to regulate dealing in cold-storage food products; and to fix penalties for violation, and for other purposes.

other purposes.

Be it enacted, etc., That all shipments from any point in one State or Territory to any point in another State or Territory within the United States of adulterated or misbranded food products, as defined in this act and in the regulations made under the authority of this act, are hereby declared unlawful and are prohibited.

SEC. 2. That any of the hereinafter-named articles of food which have been held in cold storage for more than the periods hereinafter designated, to wit:

Beef, or the manufactures or products thereof, seven months.
Veal, or the manufactures or products thereof, four months.
Pork, or the manufactures or products thereof, four months.
Sheep or goats, or the manufactures or products thereof, four months.
Poultry and game, or the manufactures or products thereof, three months.
Poultry and game, or the manufactures or products thereof, three months.
Fish, or the manufactures or products thereof, two months.

Sheep or goats, or the manufactures or products thereof, three months. Poultry and game, or the manufactures or products thereof, three months.

Fish, or the manufactures or products thereof, three months. Eggs, or the manufactures or products thereof, three months: Provided, however, That eggs held in cold storage not less than three months or more than seven months may not be classed as adulterated if they are upon inspection at the end of the three-month period sound and wholesome and are stamped or labeled as follows: "Second-period cold-storage eggs," such stamp or label to be on each container from which said eggs are sold, and shall be in plain view of the purchaser, or, on demand, produced for inspection by the purchaser.

Butter, or the manufactures or products thereof, three months.

Any other articles used for human food, which having been held in cold storage for any period of time and has been removed therefrom and returned again to cold storage, without reference to the time the same has been held in cold storage, without reference to the time the same has been held in cold storage, without reference to the time the same has been held in cold storage, without reference to the time the same has been held in cold storage, without reference to the time the same has been held in cold storage for the periods stated shall be deemed to be adulterated within the meaning of this act.

SEC. 3. That if any article of food which has been held in cold storage, or the package containing it, or from which it is sold, shall fail to bear a label plainly and correctly stating the date of production, killing, packing, or manufacturing, and the period of time during which the article has been held in cold storage, shall be deemed to be misbranded within the meaning of this act.

SEC. 4. That no adulterated or misbranded food products as adove designated shall be broken and the contents sold by items, then the seller shall, at the request of the purchaser, correctly state the information above required to said item be

perature is artificially kept at 40° F., or below, except when the products are actually in transit and have not previous to such transit been in cold storage.

Sec. 7. That any of the hereinbefore-named articles which may have been frozen in cold storage shall not be sold or offered for sale except in a frozen condition, and any such products which having been once frozen has thereafter been thawed, inflated, injected, or in any other way manipulated so as to alter its appearance and make it resemble an unfrozen product shall be deemed to be adulterated.

Sec. 8. That no food products coming within the provisions of this act and enumerated above shall be placed in cold storage if diseased in any way, or if in unsound condition, or if not caught, handled, or slaughtered in a sanitary manner, or if not properly cooled as provided by the regulations herein provided to be made for the sanitary preparation of such products for storage; and any product not stored in conformity to this act and the regulations made in pursuance to this act shall be deemed to be adulterated and misbranded and subject the offender to all the penalties provided therefor.

Sec. 9. That the President of the United States be, and he is hereby, empowered and authorized to make, or cause to be made, such rules and regulations in conformity with the provisions of this act for the inspection and regulation of articles of food coming within the provisions of this act and in aid of its enforcement as shall be necessary from time to time to insure the full compliance therewith.

Sec. 10. That any person, persons, association of persons, partnerships, corporations, or their agents, guilty of misbranding or adulterating any food product or of the violation of any provision of this act shall, upon conviction therefor, be subject to a fine of not less than \$500 or more than \$5,000, and may also be sentenced to imprisonment for a period of not less than six months or more than 10 years.

Sec. 11. That any agreement, express or implied, verbal or writte

products, or engaged in the cold-storage business, whether as owner of such cold-storage plants and engaged in dealing in said food products or whether as owners of said storage plants for hire, when such products are the subject of interstate commerce or are intended for interstate commerce, by which agreement or understanding any of the abovementioned and set forth articles of food kept in cold storage are to be stored for a longer or shorter period, or are to be sold or withheld from sale, in whole or in part, for the purpose of affecting the purchase price or selling price of such articles of food, is hereby prohibited and declared unlawful, and upon conviction shall subject the offender to a fine of not less than one year or more than 10 years.

Sec. 12. That any agreement or direction, express or implied, by or upon the part of any person, persons, partnerships, firms, corporations, or association of persons or corporations engaged in buying or selling said cold-storage products or engaged in the cold-storage business, whether storing his, its, or their own merchandise, or storing for hire to a committee, board of trade, organization, or association, or individual, or the so-called "cornering" of the market of such foodstuffs, when such foodstuffs are or are intended to become the subject of interstate commerce, by which agreement or direction such person, persons, or association, committee, or individual is or are given the right, expressly or impliedly, actually or inferentially, to sell such cold-storage products or withhold the same from sale, or to fix the purchasing price or the selling price of such cold-storage products, or in any other manner interfere with the ordinary rules of competition in trade as to such articles, is hereby prohibited and declared unlawful, and upon conviction therefor shall subject the offender to a fine of not less than \$1,000 or more than \$10,000 and to imprisonment for a gent's, secret or open, by and between two or more persons, partnerships, firms, corporations, or as

imprisoned for not less than three months nor more than six months.

SEC. 15. That all packers of beef, veal, pork, sheep, lamb, game, poultry, fresh fish, eggs, and butter using cold storage in comection with their business, and all cold-storage houses, whether those used for hire only or those used as an adjunct of the principal business, coming within the provisions of this act must furnish to the representatives of the United States a full, true, and accurate statement of goods on hand, receipts, and deliveries each day, and any such cold-storage houses failing or refusing to make such report shall, upon conviction, be fined not less than \$100 or more than \$1,000 for each offense, and may also be imprisoned for a term of not exceeding five years.

Mr. AUSCUN. Mr. Spocker, in view of the importance of

Mr. AUSTIN. Mr. Speaker, in view of the importance of this bill and the contemplated legislation, in which the people of this country are vitally interested, I am sure that a majority of the Members of the House would like to hear it discussed. therefore make the point of no quorum.

The SPEAKER pro tempore (Mr. Cox). The gentleman from Tennessee makes the point of order that there is no quorum

resent. The Chair will count.

Mr. McKELLAR. Mr. Speaker, I do not care to inflict anything upon the House particularly, and I do hope that the gentleman will withdraw his point of order.

Mr. AUSTIN. Mr. Speaker, I withdraw the point of order. The SPEAKER pro tempore. The gentleman from Tennessee withdraws the point of order, and his colleague will proceed.

Mr. McKELLAR. Mr. Speaker, so much has been written and so much has been said in the last few years about the high cost of living that I approach the subject with some degree of diffidence. So many elements enter into the cost of living, so widely diversified are those things upon which the American people feed, that it renders the whole subject very complex and very intricate. I do not think that any one measure will correct the evil system which now confronts us or altogether prove a panacea for the conditions that everybody realizes are bad. Therefore the remedy that I suggest, I do not claim for it that it is an absolute and certain cure, but I do believe it will more largely correct the present bad system than any other plan that has been suggested.

### METHOD OF PROCEDURE.

I might say at the outset I had an idea of asking for a special committee to be appointed by the Speaker of the House to examine into all the questions relating to cold storage, but after finding that there had already been extensive investiga-tions and hearings by a Senate committee on the same subject, and finding a large amount of printed literature and statistics on the subject, I concluded that it would probably be a great deal better to get the distinguished chairman of the Interstate and Foreign Commerce Committee to appoint a subcommittee of that committee to take this matter up. In this way there will practically be no cost attending this investigation, and it will probably get very much prompter action.

An examination of the Senate committee's report, and of the

hearings upon which that report is based, will probably be all that is needed. I want here and now to express my thanks to the distinguished chairman of the Interstate and Foreign Commerce Committee for promptly appointing the subcommittee to hear this matter. He has appointed a splendid committee, and I am sure a bill along the lines of my bill will be reported to this House without cost or expense to the American people and without unnecessary delay.

#### HISTORY OF COLD-STORAGE LEGISLATION.

Much has been said lately as to this plan. Many have spoken of it and written of it as if it was entirely an original idea. This is not correct. It will be interesting to the House to know that this question has already been thoroughly thrashed out before a special committee of the Senate. This was in 1910 and 1911. The cold-storage measure before the District Committee in this House applied only to the District, as I understand. One of the bills introduced in the Senate was introduced by Senator Lodge, of Massachusetts. His bill limited the time of cold storage to 12 months. My first bill limited the time of cold storage to 3 months. The Senate committee, of which the late Senator Heyburn was chairman, after exhaustive hearings, prepared a bill, many of the excellent features of which I have incorporated in my bill. This bill was unanimously reported to the Senate, but, strange to say, it was reported on March 3, 1911, and died a natural death the next day, since which time it seems to have been lost in the oblivion in which Senator Heyburn dropped it. It might be inferred that because of its having been filed just at the close of the session of Congress that probably it was not intended that anything should be done with the bill. In frankness, it is proper to say I can not join in this view, because of the splendid examination into the facts, with one notable exception, which was made, and Senator Heyburn most certainly made an excellent report on the bill. He has since died, which probably accounts for the inaction on the part of the Senate. Nothing has since been done along this line of any importance in Congress; though a number of bills have been introduced, none of them seems, however, to have been pushed.

In the report of the Senate committee the whole question of the effect of cold storage on public health and upon the effect on prices of food was gone into thoroughly, each item going into cold storage was considered, and the committee unanimously reported in favor of the passage of the bill.

### STATE COLD-STORAGE LAWS.

It will be interesting also for the House to know that a number of States already have cold-storage laws. In March, 1911, the State of California passed a law making it a misdemeanor for cold-storage butter or eggs to be sold as or for fresh butter or eggs. Later, on the same State enacted a law requiring all eggs and butter that had been kept in cold storage longer than three months to be labeled "Cold-storage butter or eggs.

The next State to pass a cold-storage law was the State of Delaware. This was passed in April, 1911. The Delaware act requires cold-storage products, with the exception of fruits and fish, to be branded with labels. It also provides that any kind of food can not be kept in cold storage longer than six months without the consent of the board of health. It requires reports of food in cold storage and gives the board of health jurisdiction to make rules and regulations concerning such food,

In 1907 the State of Kansas passed a law against refrigerated undrawn poultry. I am told, however, this law has been made nugatory by reason of outside concerns shipping it into Kansas as interstate commerce.

The next State to pass a cold-storage law was Indiana in March, 1911. This law required the goods to be marked and stamped. State board of health was given jurisdiction to regulate the business under the act.

In 1911 the State of New Jersey passed a cold-storage act requiring stamping and branding of food placed in cold storage, the date of placing of food in cold storage, and making it unlawful to keep any such food products in cold storage for a longer period than 10 months, but allowed the State board of health to say what should be done with this food after that time. This law also provided that food once placed in cold storage could not be taken out and then put back.

The State of New York, in June, 1911, also passed a coldstorage law requiring cold-storage food to be marked; requiring it kept in cold storage only 10 months; requiring reports from warehouses; regulating transfers from one warehouse to another; and prohibiting the sale of food kept in cold storage without representing said facts.

Since that time Massachusetts has passed a cold-storage law containing about the same provisions. Pennsylvania has lately been added to the list. The time limit in Pennsylvania is eight months.

The cold-storage people have had much to say about the Canadian act, by which the Government of Canada has undertaken to encourage cold storage by granting a subsidy to cold-storage warehouses. I do not know what the conditions are in Canada in reference to this, but I noticed in the papers recently, when the prime minister of Canada—Mr. Borden—was here, he said they were suffering in Canada from the same conditions of high prices, and seemed to think, from the newspaper reports, that cold storage might be responsible in some degree for it.

Bills regulating cold storage have been offered in the Legislatures of Colorado, Illinois, Michigan, Missouri, New Hampshire, and Virginia, but have not been passed. The District of Columbia also has a cold-storage law.

It will thus be seen that the cold-storage question is already a live issue in many of the States. However, my opinion is that up to date the cold-storage people have been able to really write the laws in the various States, as none of them are very regulating. No doubt they will soon be here, trying to modify or defeat this bill.

COLD STORAGE.

I want to say at the outset that in no possible sense am I opposed to cold storage, nor is it the purpose of this bill to hamper or interfere with any legitimate or proper use of cold storage. Any man with a thimble full of brains must know that it is one of the most important of modern discoveries. It was first brought into use about 40 years ago, or a little longer.

The discoverer or founder of it seems to have been a man by the name of Charles Tellier, who equipped the first cargo of frozen meats shipped across the ocean in vessels having coldstorage compartments. Mr. Tellier died a few days ago in poverty. Since that date the business has grown with gigantic strides, until now the value of foodstuffs going into cold storage annually amounts, probably, to the enormous sum of between \$2,500,000,000 and \$3,000,000,000, according to the testimony of Victor H. Becker, of Chicago, Ill., as shown on pages 181 and 182 of the Senate hearings of 1910 and 1911.

VALUE OF COLD STORAGE.

The value of cold storage honestly conducted and intelligently handled can hardly be overestimated. Take eggs and fruits, for example. About one-half of the year we have them in the greatest plenty; in the other half we have scarcely any at all. By means of cold storage these articles can be kept and the consumer furnished with them at all times of the season. In this way the available stock of food supply is greater. There is a natural economy in thus taking care of what would otherwise go to waste. So that the conclusion is inevitable that, if used properly and if such perishable food products are put in cold storage scientifically, under sanitary regulations, and regulated by the strong arm of the law until they come to the consumer, in this way cold storage is a great boon to mankind, not injurious to his health or victimizing to his pocketbook.

But the difficulty comes from the greed of men for more money.

Mr. TOWNER. Mr. Chairman, will the gentleman yield?

Mr. McKELLAR. Certainly.

Mr. TOWNER. It may be that the gentleman will reach the matter to which I wish to refer, and if so, of course it can be referred to in proper order in his address, but will the continuous be kind country to give us the deep or the reasons. gentleman be kind enough to give us the data or the reasons upon which he fixed these various dates, for instance, beef at

seven months, and so forth. Mr. McKELLAR. With a very great deal of pleasure. In 1910 and 1911 this special committee consisting of Senator Heyburn, as chairman, and Senator Frazier, of Tennessee, and a number of other gentlemen, had extended hearings, which are to be found in a book of 300 pages, in which proof was taken from various parts of the country. Witnesses were introduced here and sworn. Dr. Harvey W. Wiley was a noted witness in those hearings. Many experts from the Department of Agriculture were summoned as witnesses and testified—expert storage men. They tried to get the packers, but could not get them, as I will explain hereafter. The matter was painstakingly and laboriously gone into, most intelligently gone into, and upon that examination a bill was reported to the Senate, to which my bill largely conforms in the matter of time. I will come to that, as the gentleman says, a little more specifically hereafter. That bill was unanimously reported, but the session died the next day, and later on, as the gentleman knows, Senator Heyburn died, and the matter was lost in oblivion after that time.

Mr. TOWNER. Mr. Speaker, I hope the gentleman will understand that I am entirely in sympathy with his effort to secure this legislation. Before he leaves that branch of the subject, it may be said then that the provisions of the bill with regard to the times of these various products, is the result on

his part of careful investigation of these hearings.

Mr. McKELLAR. The most accurate investigation that I have been capable of giving.

Mr. TOWNER. And in the gentleman's judgment they are entirely defensible upon the ground both of justice to the consumer and of the persons who are carrying the products.

Mr. McKELLAR. They can be defended on three grounds first, justice to the producer; second, justice to the consumer; and third, a reasonable compensation to the middleman who conducts the business; but I want to say right here and now that the most drastic kind of regulations are made in so far as the speculator and the gambler in food products are con-

Mr. TOWNER. With entire justice that may be done. Then it may be said that there is now available sufficient data of facts on which to base a reasonable conclusion with regard to the time the different products may be kept, which would be

such as would do justice to all parties interested. Mr. McKELLAR. Mr. Speaker, I am glad the gentleman has brought this matter up. When I first started out with this bill, as I said before, my idea was to get a special investigating committee, but when I found not only these hearings but the hearings in these various State legislatures, all of which are printed and all of which can be secured and laid before the committee, and knowing that we had a perfectly fair Committee on Interstate Commerce, and knowing that the distinguished chairman of that great committee, my friend Mr. Adamson, would appoint a fair and disinterested subcommittee to hear the matter, and believing it could be done without cost to the American people, I came to the conclusion that there was no necessity for having a special committee, but that this whole matter could be referred to the Interstate Commerce Committee and a subcommittee to investigate practically without cost to the American people and without delay. For these reasons I have taken that course. Not only have we these hearings, but we have the hearings that were had before the various State legislatures, and anyone can read them and upon them have the expert testimony and the actual facts upon which to fix the time limits, and every other limitation or restriction in the bill which I have prepared.

Now, gentlemen, I want to say right here I am not opposed to cold storage. Why, it is one of the greatest discoveries that is known to man. That is not the idea of this bill, and it is not in opposition to cold storage. It is not in opposition to any legitimate enterprise of cold storage. It is intended to prevent the speculator and the gambler, the man or corporation who would corner the foodstuffs of this country and hold them in cold storage for the purpose of raising prices to the American consumer-it is against those it is aimed and against those who indiscriminately put these food products into cold storage at the time when they are unsound and unwholesome, because the wholesomeness and purity of foodstuffs placed in cold storage depends upon the condition at the time it is put in cold storage. even more than at the time it is taken out of cold storage, and there ought to Le regulation of the sysem.

Mr. TOWNSEND. Will the gentleman yield? Mr. McKELLAR. In one moment. So say these experts over at the Department of Agriculture, who have taken it up time and again and have tried to have regulation of putting foodstuffs in cold storage and taking it out, so that the consumer might have it pure. Now I yield to the gentleman.

In referring to the hearings, has the gen-Mr. TOWNSEND. tleman looked over the hearings before the committee of the New Jersey State Legislature in the preparation of a bill regulating cold storage?

Mr. McKELLAR. Only casually; it has not been examined with that care with which it ought to be examined. To what part of it does the gentleman refer?

Mr. TOWNSEND. I want to say, if the gentleman will permit me at this moment, that the bill of the New Jersey State Legislature, passed, I think, in 1911-

Mr. McKELLAR. 1911 is right. Mr. TOWNSEND. That bill was submitted first to Dr. Wiley, who suggested some minor changes on this very point to which the gentleman referred and the condition of food products when they are placed in it is carefully covered, and under Dr. Wiley's suggestion the length of time is regulated with great care.

Mr. McKELLAR. I want to thank the gentleman and say to him and to the House that the New Jersey regulation is the best one that has come within my observation, as I now recall. Mr. TOWNER. I beg the gentleman's pardon, but may I

make an inquiry?

Mr. McKELLAR. I will yield to the gentleman.

Mr. TOWNER. I was going to ask just how does the time limit in the bill with regard to these foods compare with that of New Jersey?

Mr. McKELLAR. The time limit in New Jersey is fixed at 10 months, but after a certain period it is put under the board of health to determine whether they are in a good condition or not, and it is virtually placed under the restrictions of the board of health.

Mr. TOWNSEND. Subject to inspection at any time; in fact, when they are entered as to condition and subject to inspection at any time and there is a varying time in regard to different classes of food products. Different food products are permitted to remain only different lengths of time, beef perhaps longer than poultry and longer than eggs, and so forth.

Mr. McKELLAR. It is along the same line as this bill. Mr. TOWNSEND. Very much so.

McKELLAR. If the gentleman will wait just a little until I get through-

Mr. PLATT. It is all a matter of health.

Mr. McKELLAR. Yes; it quite generally affects the health of the people. This bill really resolves itself into a question of public health and the effect of cold storage on prices. First, I want to submit a few views on the question of health.

TWO QUESTIONS INVOLVED IN COLD STORAGE,

The two questions involved in the cold-storage proposition are. first, its effect upon the public health, and, second, its effect upon the price of products thus put in cold storage.

INFLUENCE OF COLD STORAGE ON PUBLIC HEALTH,

Articles of perishable foodstuffs, which have been properly prepared for cold storage while in a sound and wholesome condition, can be taken out and used as wholesome and nutritious food for a certain length of time, which time varies with the different food products, as will hereafter be shown. Instead of being a menace to public health, if properly prepared and properly stored it is, indeed, a great agency for the conservation of healthful food products. It enlarges and diversifies the food supply of the people. Its value in large cities is of the utmost

The Hon. James Wilson, former Secretary of Agriculture, says

It is a great blessing to be able to put meats, vegetables, and fruits into cold storage, where they will keep. There is no doubt about that, Dr. Harvey H. Wiley, former Chief of the Bureau of Chemistry, takes a like view. So also is the view of Prof. Sedgwick. of the Massachusetts Institute of Technology, one of the greatest experts on the subject of health. Dr. Sedgwick says:

So far as I am aware, there is no evidence whatever that cold storage is in any way prejudicial to the public health. On the contrary, it is one of the greatest aids to the public health in that it makes food more accessible and more abundant, and thus enables people to keep up their strength and to avoid such diseases as scurvy, from which the human race formerly suffered so intolerably.

REAL TROUBLE ON QUESTION OF HEALTH.

The real trouble on the question of health is that greedy speculators have obtained control of the cold-storage business. Again, using the egg product as an example, large concerns in the spring of the year divide up territory in which to send their agents to buy eggs at prices that are fixed by their principals themselves. These agents go into every egg-producing center and buy all kinds and conditions of eggs. They send these to the large centers of population, principally Chicago and New York and other large cities, and there, practically without examination, they are dumped into cold storage. They are kept for such periods as meet the wishes of their owners, when they are put on the market, principally as fresh eggs, with the result that the people are furnished all kinds and conditions of eggs, some wholesome, some unwholesome. The same is probably, to a greater extent of poultry and meats, game and fish,

LACK OF PREPARATION A MENACE TO PUBLIC HEALTH.

An illustration of what I say is shown in the researches of Dr. Mary E. Pennington, an expert in the Department of Agriculture, and probably the most gifted person in this whole subject of cold storage, in the case of poultry. After exhaustive examinations and long study and the application of scientific methods in the handling of cold-storage poultry, Dr. Pennington says that-

In order to have wholesome and nutritious cold-storage poultry the following is essential; First, the bird should be killed and bled properly—and this means that the principal veins in the neck must be severed and the fowl bled completely. Second, that in removing the feathers the bird should be dry picked and not scalded. Scalding injures the skin and diminishes the keeping qualities. Third, the bird should be dry cooled; that is, the animal heat should be taken from the bird by being chilled in the open air, rather than being put in water or ice before being placed in cold storage. Fourth, the bird should be packed air tight. Fifth, when it is removed it should be dry thawed in cool air and not scaked in water.

It is needless to say none of these conditions are complied with among packers and storage men. They do not cut the head off, because they offer the bird for sale as fresh fowl, and they leave the head on, and they are afterwards prepared so that the purchaser may be fooled into believing that it is a fresh fowl. In this way the bird is not properly bled. In the next place, it is not dry picked, because it would take too much time to pick it. They are put in hot water, so that the feathers can be taken off that much faster. In the next place, they are not put in cold air to take the animal heat out, because that takes too long, but they are put in artificially cooled rooms, because this could be done faster and at less cost. They are not kept air-tight, because that would take too much trouble and expense. Lastly, they are thawed not in the air but in water, for several reasons. In the first place, it is cheaper and quicker, and, then, the water is supposed to, and probably does, cause the fowl to look better for a short time, more like the fresh fowl, and is made somewhat heavier. They are often thawed in dirty water, also, as I am reliably informed and as Dr. Pennington intimates. For all of these reasons it is absolutely essential that a national law should be passed providing for the effective regulation of the manner in which the cold-storage products should be prepared for cold storage, handled in cold storage, and taken out of cold storage.

#### DRAWN OR UNDRAWN POULTRY.

A great question has arisen as to whether it is better to store fowl and game in an undrawn condition or in a drawn condition. One of the States, the State of Kansas, has passed a law against putting undrawn poultry in cold storage. On the other hand, a large number of experts, in so far as poultry is concerned, contend it keeps better in an undrawn condition, though they nearly all admit that unless the poultry is starved for two or three days before killing the fecal matter in the intestines always gives an unpleasant flavor to the meat. I myself believe that it should only be allowed to be stored in a drawn condition. The same holds true of fish, but this is a matter that can be fixed by the regulations provided for in the bill which I have introduced.

It is proper to say that practically all the poultry and all the fish are now put in cold storage in an undrawn condition. Practically all the experts agree, however, that game should be drawn. Experiments show there is a difference between game and poultry in this regard, perhaps on account of the method of

THE TIME IN WHICH COLD-STORAGE PRODUCTS SHOULD BE KEPT.

The time in which cold-storage products can be kept in cold storage without deterioration or loss of wholesomeness is different for different articles of food. In my bill I have fixed the periods of time which, in my judgment, is in accord with the result of experiments and the opinion of experts. Dr. Wiley has made some most interesting experiments in the case of eggs. He rented a space down at Center Market for that purpose. course he got the best fresh eggs, and the storage was scientifically done. He got a jury to eat the eggs at the end of three months and also eat fresh eggs at the same time, and compared the two. At the end of three months the jury, as a whole, was unable to determine which were fresh and which were cold storage. At the end of six months a majority of the jury could always tell. At the end of nine months none of them would miss it, and Dr. Wiley was of the opinion that nine-months period was the limit. It must be remembered, though, Dr. Wiley operated under unusual conditions, and I believe from his experiments and from the testimony on the subject that six or seven months at the outside is the last limit for cold-storage eggs, and after three months should be marked "Second period cold-storage eggs," for the protection of the consumer. Dr. Pennington, as said before, had made most careful experiments of like nature with poultry, and finds about the same result.

If these are the facts, and they can not be disputed, why should we not follow the New Jersey law and the laws of other States on that subject? Why should we not follow the recommendations of the Department of Agriculture? Why should we not follow the dictates of what is right and put restrictions and regulations upon the manner in which this great food product and the other various food products are kept in cold storage for the consuming public? Do we not owe it to them? If we do not owe it to ourselves, do we not owe it to the young of our country that they have wholesome food? Ninety-five per cent of the food goes into cold storage—

Mr. MAPES. Will the gentleman yield right there?

Mr. McKELLAR I will.

Mr. MAPES. Have you figures to show how much of that is handled in interstate-commerce shipments?

Mr. McKELLAR. A great part of it.

I wish to stop right here to tell the Members of the House a published in New York City, has sent me a statement. He is thing that struck me very forcibly. It was amazing to me to opposed to this bill. He sent me a statement, however, in which find that the greater portion of this poultry was placed in cold be says that about 30 per cent of the eggs of this country are

storage in an undrawn condition. There are experts who say it is better that it should be so, but they all agree there is some slight taste that arise from that fact. The State of Kansas by law prohibits it; but the law, as I stated before, has been made nugatory.

Now, as to game, the experts all agree that it should be put in cold storage in an undrawn condition. That is because of the lack of bleeding, and because the game is shot, and because, also, the bird is usually killed when its craw is full.

Mr. SLOAN. The gentleman says there is a taste. Is it an improvement or otherwise? The gentleman said there was a taste if the game was left there in an undrawn condition.

Mr. McKELLAR. It is quite a detriment, in my view. I think it is very evident to a great many people.

Now, I want to call the attention of the House to the remarkable facts deduced by the investigation. I never dreamed that the cold-storage business was such an immense business as it appears to be. There were then, in 1910, 3,016,000,000 of food products put up annually in cold storage.

Mr. TOWNER. Pounds?

Mr. McKELLAR. No; dollars in value. Meats led all of these, with \$1,500,000,000; and eggs came next, with \$45,000,000; and then various meats and other products amounting to the enormous sum of \$3,016,000,000.

THE SENATE EXAMINATIONS.

As I have said before, there were exhaustive examinations made in this cold-storage question by a committee of the Senate to which I now wish to refer.

Mr. Becker, who was examined by Senator Heyburn, gives testimony that upholds the bill as drawn by me. He had been 36 years in the business, in all branches of refrigeration. He testified that the cold-storage interests of the country have at all times, and they do now, court the fullest investigation and the closest scrutiny by expert legislative, commercial, and scientific authorities into the methods and effects of their business. (See hearings, p. 178.)

He further announced "that foods should be safely guarded against speculative influences" (p. 179). He was opposed to the Lodge bill because it proposed a limit to the period of storage for perishable food indiscriminately and because its provisions imposed costly restrictions (pp. 178, 179, and 180).

It will be noticed that this bill has followed the suggestions

It will be noticed that this bill has followed the suggestions of Mr. Becker. He further testified that there were over one thousand million of dollars invested in refrigerating plants of all kinds (p. 182). He further testified that only about 5 per cent of the total egg production was put in cold storage. That is to say, about 3,000,000 cases of 30 dozen each (pp. 182 and 183).

The figures as to the principal products going into cold stor-

age are in detail as follows:	
Meats chilled or preserved by cold by packers	\$1,500,000,000
Brewery products refrigerated	325, 000, 000
Dairy products in cold storage	30, 000, 000
Fish frozen or in cold storage	30, 000, 000
Eggs placed in cold storage	21, 000, 000
Poultry frozen or in cold storage	45, 000, 000
Apples placed in cold storage	15, 000, 000
Other fruits and vegetables handled under refrigera-	40,000,000
Ice cream and ices	45, 000, 000
Furs and fabrics held in cold storage	60, 000, 000
Ice, natural and manufactured	60, 000, 000
Goods stored in chilled rooms of produce merchants, wholesale meat and provision dealers, etc. (esti-	250, 000, 000
mated)	230, 000, 000
refineries, powder works, chemical works, photo- graphic plate works, etc. (estimated)	250, 000, 000
m-4-T	2 016 000 000

Meats head the list, at \$1,500,000,000 yearly; poultry comes next, with \$45,000,000. (See p. 184.)

Mr. Becker further says that there was an association of warehouses comprising 301 cold-storage warehouses.

Mr. SLOAN. Mr. Chairman, may I ask the gentleman a question?

The SPEAKER pro tempore. Does the gentleman yield?

Mr. McKELLAR. Yes.

Mr. SLOAN. Has the gentleman figured out what difference it would make to the producers of this country in the matter of the probable price they would obtain for these products that they sell largely to these men and to people who enter those products in cold storage?

Mr. McKellar. Yes, I have; and while I would rather come to it in another place, yet I will come to it right now. Take eggs, for example. The editor of the Produce News, published in New York City, has sent me a statement. He is opposed to this bill. He sent me a statement, however, in which he says that about 30 per cent of the eggs of this country are

bought up by the meat packers at an average price of 63 and 10 cents a dozen. They are sold on an average from 25 cents to 30 cents a dozen. I think that this bill would have a very favorable effect upon the producers of the country. And that is not all.

Mr. CAMPBELL. Mr. Chairman, will the gentleman yield? Mr. McKELLAR. In just one moment. My understanding is that the way they manage it now is to divide up the eggproducing territory of the United States and have agents who fix the price to the producer, and the producer can sell only at Take, for instance, the east Tennessee district, that price. which is a large poultry and egg-producing district. The packer and the egg gambler-because we have them under that designation now in this country-send their agents through the country and set the price, and nobody changes the price to the producer or consumer or anybody else. The same person or combination who fixes the price to the consumer also fixes it to the producer, and that is what this bill aims to prevent.

Mr. CAMPBELL. Is there an egg zone in Tennessee where

eggs can be purchased for 6 cents a dozen?

Mr. McKELLAR. Oh, no.

Mr. CAMPBELL. Then, where do these packers get their eggs at that price?

Mr. McKELLAR. Throughout the United States.

Mr. CAMPBELL. For 6 cents a dozen?

Mr. McKELLAR. So Mr. Preston writes me, that the average price paid is from 6 to 10 cents a dozen.

Mr. CAMPBELL. He must have another guess coming. Mr. McKELLAR. I am not guessisng about it. I am using the statistics of one of the greatest produce newspapers in

this country, published at the market place that is the greatest of any, and that is in New York City.

Now, I want to say a word or two about this Senate exami-There was something peculiar about these hearings that were had before the Senate committee. By the way, there is an association of cold-storage men whose membership amounted in 1910 to 301. According to the testimony of Mr. Becker, the cold-storage men throughout the country are banded together in an association. The packers are banded together, as we all know. Now, when they had these hearings the cold-storage men all came up and testified—a great many of them, though not all of them. They testified in their own interest. But here is what happened in relation to the packers: Senator Heyburn and his committee tried in every way to get the packers to come, but they would not do it. There-upon he got the committee to authorize a subcommittee to go to Chicago and get the great meat-packing concerns to give evidence about the passage of this proposed law. I make this statement just to illustrate the situation. They did not summon them. Why, I do not know. But just to elucidate what they finally concluded to do, I want to read letters and excerpts taken from the Senate hearings:

The CHAIRMAN (Mr. Heyburn). Now, before starting this morning, I want to put into the record a copy of a letter which I addressed, as chairman of the committee, to Mr. Arthur Meeker, who is one of Armour & Co., at Chicago, requesting them to be present and give the committee the benefit of such information as they had. The letter is as follows:

MAY 20, 1910.

Mr. ARTHUR MEEKER, Care Armour & Co., Chicago, Ill.

Care Armour & Co., Chicago, III.

DEAR SIR: Senate bill 7649, introduced as a result of the inquiry that is being made by a special committee appointed by the Senate to investigate the high cost of living, has been the subject of hearings before the committee. A number of representatives of those who conduct cold-storage plants, as well as chemists, have appeared before this committee and furnished information in reference to the alleged unwholesomeness of food kept in cold storage. By reason of your familiarity with the cold-storage business you could probably furnish valuable data which would be of interest and value to the committee in determining what action should be taken on the measure. Will you kindly indicate if you are willing to appear before the committee when a date will be set for the hearing?

Very truly, yours,

I have his repuly under date of May 24, which is as follows:

I have his reply under date of May 24, which is as follows:

MAY 24, 1910.

Hon. W. B. Heyeurn.

Chairman Committee on Manufactures,
Washington, D. C.

Dear Sir: I beg to acknowledge receipt of your courteous invitation to appear before the special committee appointed to investigate the high cost of living. I would gladly appear if I thought I could furnish any information that would be of value to the committee but I have no special knowledge on the subject.

Thanking you. I am,
Very truly, yours,

I wish also to submit a copy of a letter which I wrote to Mr. T. J. Connor, general superintendent of Armour & Co., Chicago, requesting that they be present or have some representative to appear to give us any information which they have. The letter is as follows:

May 20, 1910. MAY 20, 1910.

Mr. T. J. CONNOR,

General Superintendent Armour & Co., Chicago, III.

DEAR SIR: For several weeks this committee has been considering Senate bill 7649, to prevent the sale or transportation in interstate

commerce of articles of food held in cold storage for more than one year, and for regulating traffic therein, and for other purposes, which was introduced as a result of the inquiry before the special committee investigating the high cost of living. Quite a number of representatives of those engaged in cold-storage business, as well as chemists, have testified before the committee with reference to the alleged unhealthfulness of food kept in cold storage.

Thinking that because of your familiarity with the cold-storage business you would be able to furnish the committee valuable information on the subject, I write to inquire if you are willing to appear before the committee in the near future and give the result of your observations with reference to this subject and answer such inquiries as may be propounded by the committee.

Very truly, yours,

And I have his reply, which is as follows:

And I have his reply, which is as follows:

MAY 23, 1910.

Senator W. B. Heyburn, United States Senate, Washington, D. C.

DEAR SIR: Your letter of the 20th addressed to our Mr. T. J. Connor received. Mr. Connor is out of the city at present, and expected to be absent for some time, so that it will probably not be possible for him to comply with your request.

Yours, respectfully,

A. E. GIFFEN,

A. E. GIFFEN, Private Secretary.

It is thus seen that one had no knowledge of the subject and the other gentleman was out of the city, to be absent some time. I suppose another had gone to marry him a wife and possibly another had to play golf or to be away for his health, another had a lawsuit on his hands, and there were probably other

The subcommittee was sent to Chicago on the 7th of July, 1910, as shown by page 266 of the hearings, for the purpose of making further inquiry into the methods and manner of cold storage, and there meet and confer with the representatives of a number of the large independent concerns and also with the representatives of what is known as the packers and private cold-storage men (p. 266). But no packers came. They could

not get them to testify.

The hearings further show, "after several conferences with representatives of the packing-house concerns in Chicago, Ill., it was agreed between the subcommittee and Mr. L. F. Swift, of Swift & Co., of Chicago, that the committee should submit in writing a list of the questions regarding which they desired testimony and information" (p. 268). It seems Mr. Swift had authority to act for all the packers in this delicate matter. And thereupon a list of the questions were submitted by the subcommittee, and six days thereafter answers to the questions were given, which showed absolutely nothing of what this committee wanted to know. Answers were made by Swift & Co. (p. 269), Sulzberger & Sons Co. (p. 272), and G. H. Hammond & Co. (p. 279). Armour Packing Co. did not respond at all.

It will thus be seen that the packers followed their usual

course of business—absolutely disregarded any request made by this committee. In his answers Mr. Swift, who may be taken as an illustration of the packers, said he did not object to sanitary inspection of premises; that they could get along well on the time limit of 12 months for meat and certain time limits, which he fixed, for other commodities; he was willing to concede that cold-storage products once taken out of cold storage should not be taken back; he was not willing to report daily receipts and withdrawals; he was not willing to handicap his business with labeling or branding as to the time that the goods have been in cold storage, because he felt "quite sure it would mislead the public."

In the hearings before Senator Heyburn's committee, that committee in its report paid no attention to the packers. The packers would not come; and I want to say right here to this committee, if there are any members of the committee here, that I do not think this committee ought to pay any attention to any man who has anything to say about this subject unless he is willing to come before the committee and subject himself to cross-examination. [Applause.]

We have had too much private information given, like this that Mr. L. F. Swift undertook to give to this committee. After he had gotten it all worked out in that way, he sidestepped it— to use a slang expression—and after he had done that, here is what he said. He said the reason he would not give any information was because it might mislead the public. If they put brands or labels on these goods, it would mislead the public. If they told them what time the goods went into cold storage, it might mislead the public, according to Mr. Swift. had said that, here is what he said, quoting from his letter:

Senator Heyburn seems to be a very reasonable man, of great business experience, and I think will be very fair.

Down South, where I come from, we have frequently felt very unkindly toward Senator Heyburn, because of some unkind expressions that he has used about our people. I want to say, though, that I do not believe any man south of Mason and Dixon's line has ever said as unkind a thing about Senator Heyburn as is insinuated in this letter from Mr. L. F. Swift, of Chicago. I want to say in honor of Senator Heyburn's memory that he examined into this question faithfully and well, and has made a report that I think it would be well for the Committee on Interstate and Foreign Commerce to adopt in its en-I say that in all respect to the memory of this great man; and he certainly showed that he was a great man in the management of this matter.

Now, what about the power of Congress to regulate it? There is no doubt about it. It is right along the lines of the purefood law. It is properly within the commerce clause of the

It is going to be said by these packers and cold-storage men, who are coming here before this committee, that this is a State matter; that the States ought to regulate this matter; that it is a local question. Yes; and when they go before the State legislatures they say just the opposite. They go before the State legislatures and say, "We must have a uniform law; wait and let the United States Congress pass a uniform law that we will all know about and that we will all respect and about the enforcement of which there will be no doubt.

In other words, when the bills are before the State legislatures they say it is a national question, and when they are before Congress they say it is a local question for the States. I say that this Congress ought to pass a law without regard, to the rights and interests of bona fide middlemen, but without regard to those who are gambling in the necessities

of life.

Now, the only real argument I have heard against this bill is this: They say the cold storage is a great conservator of the foodstuffs of the country. That is absolutely true, provided it is honestly and intelligently conducted, where the are scientifically stored and taken out and marketed and branded, so that the public may know how long they have been stored, and not to keep them beyond the period when they become unwholesome.

To illustrate what I am trying to drive at, I want to read to the House a letter to show what the other side claim about it.

Mr. MURDOCK: Of course, the gentleman intends to em-

phasize the necessity of uniform laws, does he not?

Mr. McKELLAR. I do.

Mr. MURDOCK. Can we have that under State regulations? Mr. McKELLAR. We can not, only under Federal regula-Now, I want to refer again to eggs, as they seem to be most in the public mind, and which will serve as an illustration to what I am trying to say. I want to read from a recent statement from the Produce News, the same publication I spoke of awhile ago, as it presents a condition I had no idea existed.

SILENT JIM IS HAPPY-WETZ THINKS HE AND MORAN ARE JOSEPH AND PHARAOH.

NEW YORK, November 21.

In a letter to the News from Chicago, under date of November 21.

James E. Wetz, that indomitable speculator in eggs, writes: "The egg game is certainly getting to be a hummer, and the price will go higher than you ever saw it in your association with the produce business. I started in the other day and sold 21 cars and could make but 8840 per car, so I concluded to wait until the trade thought better of the game and would pay more money. You remember several years ago when Joseph and Pharaoh had all the corn there was in Egypt; that when they made pligrimages to get corn of Joe and Pharaoh they soaked them. That's what the trade is going to get from us when it is necessary for them to have a few eggs for their breakfast and custards for their dinners. It has been said the other fellow should be considered, but from the treatment that the other fellow has given me when he had the best of it has so embittered me that now since the opportunity presents itself I am going to fatten the grudge I have borne him for these many years."

itself I am going to fatten the grudge I have borne him for these many years."

In another paragraph Mr. Wetz says that he is very thankful for those who prophesied disaster early in the summer, causing the weak sisters to close out as soon as they could get a margin of profit. Closing the letter he says: "We shall not sell another car of eggs until they make \$1,200 a car. When the deal is over (and there is nothing left now but the shouting) it will be the biggest deal that was ever pulled off in the United States. We have taken the chance all along to be laughed at or laugh at the other fellow, and now it looks as though he would get the laugh in great shape."

Gentlemen of the House, I want to say right here that there was a million more cases of eggs produced in 1913 than there was ever known in the history of this country before, according to the statistics furnished me from New York. That means 30,000,000 dozens of eggs more this year than ever before, and the price was and is away beyond anything that has ever been

What do we find? When every housewife in this country, when every man who has to pay the bills for his daily sustenance in this country, is complaining at these extortionate prices of eggs, we find a gambler in the market place of Chicago laughing at the other fellow and sending the price of eggs skyward. Now, he could not do it, this gambler could not send the price up in such a way, if it were not for the unjust and unfair and, I may say, the unlawful use of cold storage.

Mr. DIES. Will the gentleman yield?

Mr. McKELLAR. I will yield to the gentleman from Texas.

Mr. DIES. The gentleman will understand that eggs that have never been in cold storage reach prices beyond those that have been in cold storage.

Mr. McKELLAR. Of course.

Mr. DIES. Does the gentleman know of any instance where the price of cold-storage eggs went as high as those of fresh

eggs that have never been in cold storage?

Mr. McKELLAR. I do not know of my own knowledge, but I was told by a gentleman in the House within the last hour that there are so-called egg producers in the neighborhood of Washington who come here and buy eggs from the cold storage, label them "fresh eggs," and sell them to the people of Washington as and for fresh eggs.

Mr. HAMLIN. Will the gentleman yield?

Mr. McKELLAR. Certainly.

Mr. HAMLIN. Does not the gentleman believe that if we could control the price of cold-storage eggs, that it would control the price of eggs that are not put in cold storage?

Mr. McKELLAR. It would, in the periods of scarcity, in October, November, and December, which everybody knows is the scarce period in the production of eggs, it would equalize those prices against the outrageously low prices in April, May,

Mr. DIES. Does the gentleman mean between those who

produce eggs and those who use eggs?

Mr. McKELLAR. Quite the contrary. If the gentleman had examined the statistics he would not have asked that question. The population in the United States has increased in the last 10 years 21 per cent, and the production of eggs has increased 23 per cent. Mr. PLATT. Mr. Chairman, will the gentleman yield?

Mr. McKellar. Certainly. Mr. Platt. Is it not a fact that there are less eggs in cold

storage by a considerable number of thousands of cases now than there were last year at this time?

Mr. McKellar. In the last few days it is claimed from the New York office of the Produce News that there are several thousand cases less at this time than at the same time last year, but as a matter of fact there are more cases of eggs that have gone into cold storage this year than ever before.

Mr. PLATT. But they have been sold before this time? Mr. McKELLAR. Quite the contrary, and that is where the gentleman is wrong again. Of course the gentleman understands that this is largely informal, and interferes very greatly with the continuity of my speech, but I think we can get more good out of it this way. It is absolutely undisputed that the scarce period of eggs is October, November, and December. That applies from the 25th of November until the 8th of December. It would be absurd to single out the time between the 25th of November and the 8th day of December and say that thereupon the hens began to lay. No appreciable amount of eggs has been produced within that short period, and yet since this agitation about cold storage has started—

Mr. PLATT. The pullets have begun to lay.

Mr. McKELLAR. Yes; that is exactly what they have not This is the buncombe of the cold-storage people. price of fresh eggs has gone down 6 cents since the 25th of November, and the price of cold-storage eggs has gone down in proportion. Why? Because the supply is greater? No. It is because the people hear the hue and cry that is made by an outraged public from one end of this country to the other, and that has caused them to lessen the price that they fixed for the eggs.

Mr. SLOAN rose.

Mr. McKELLAR. In just one moment. I want to say right here that the other day when I dropped this bill into the basket I never dreamed that it would be taken up as a matter of great public concern. It never crossed my mind that the public would be so interested until the newspaper people began to ask about it.

Since that time I have received letters from women's organizations and from men and women from one end of our country to the other-stacks of letters, nearly every one, except from two or three traders in New York and Boston and Chicago-ratifying the provisions of the bill. I have received newspaper clippings from almost every newspaper of any size in the country, and, with the exception of two or three trade papers, every news item and every editorial demands the passage of a bill somewhat like this. I do not mean to say that we ought to pass a bill because there is public clamor for it, but what I do mean to say is that these newspapers, these people throughout the country, know what the conditions are, and they are simply saying what they know to be the facts, and they need a remedy. I yield now to the gentleman from Nebraska [Mr. SLOAN].

Mr. SLOAN. Mr. Speaker, in the numerous letters and telegrams that the gentleman has received in favor of this bill, has he received any from the producers of eggs who favor it?

Mr. McKELLAR. Yes. I am sorry I can not read it to you, but I have one from Savannah, Ga., which I received this morning. That man said that he was at Morristown, Tenn., which is in one of the greatest egg and poultry producing districts in the country, last spring. He said that he found there eggs selling from 6 to 8 cents a dozen, and that that price was fixed by the agents of the combination. There were a number of agents, a number of concerns represented there in Morristown, and one of the agents would state what price would be given every day, and the producer could not get any more for his eggs than this agent fixed. He could not sell them anywhere except at the price fixed by the agent. That is the kind of effect it has on the

Let me say right now that the object of this bill is, first, for the protection of the producer who produces these foodstuffsand I am merely using eggs as an illustration-and, next, for the great body of the consumers, both as to health and pocketbooks. In the next place, no bill should be passed that is not absolutely fair and just to the middle man who stores the eggs. So far as these gamblers-like this man Wetz, who it is alleged has made over \$300,000 in this corner of eggs recently in Chicago-these speculators and gamblers are concerned, Congress ought to see to it that they are put out of business for good and all, and that they be not allowed to speculate in the necessities of the life of every person in this country. [Applause.]

Mr. SLOAN. If the gentleman will permit just another ques-As yet I have not heard from the gentleman of a statement coming from any producer of eggs who has been selling eggs at thirty-odd cents a dozen throughout the United States for the last few weeks. I mean the immediate producers. They are not demanding any action.

Mr. McKELLAR. No, sir; I have not heard from any.

No; I think not. Let me ask this question-Mr. SLOAN. Mr. McKELLAR. Just one moment. I will say to the gentleman that the producer of eggs in October, November, and December is really almost a negligible quantity, for the reason, if my recollection serves me right, there is only about one-tenth of eggs produced in those months of the amount actually consumed. want to say to the gentleman right new I have no doubt that these cold-storage people and packers will get some producer who happens to have a few eggs in those months to come up here and say it is a great hardship on him; but at the same time if this bill passes, while it may lower the price of fresh eggs in the fall it will raise the price of the same kind of eggs the producer in the spring of the year. In this way matters will be evened up for the producer.

Mr. SLOAN. One further question and I will be through. I see the gentleman's point, so far as the health and preservation of food and all of that is concerned, but what is the necessity, so far as the lowering of the price is concerned? I thought we settled all that lowering of price when we cut the tariff on eggs in this country.

Mr. McKELLAR. Weil, the gentleman has undertaken to introduce politics, and I will answer right here and now. I do not claim that this bill is a panacea, and I do not think that anybody ever claimed that the tariff bill was a panacea for all of our ills. The Democrats have ever said that the tariff was the mother of trusts, and you gentlemen have kept it in operation so long in this country that the old sow has got a number of pigs nearly as strong as the old sow, and the result is that we have got to curb the pigs a little. [Applause on the Democratic side.]

Mr. WILLIS. This is an egg bill, not a pork bill.

The SPEAKER pro tempore (Mr. Cox). The time of the gentleman has expired.

Mr. TOWNSEND. Mr. Speaker, I ask unanimous consent that the gentleman may be permitted to conclude his remarks.

The SPEAKER pro tempore. The gentleman from New Jersey asks unanimous consent that the gentleman be permitted to conclude his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. PLATT. Is it not true that since cold storage has come into operation the price of eggs in the slack period, or portion when they are mostly laid—April, March, and May—has been greatly increased, and the farmers have gotten more for their eggs at that time than ever before?

Mr. McKELLAR. I think not. Mr. PLATT. I think they have.

Mr. McKELLAR. I think the record will show that I am right. I am glad the gentleman presented that matter, because of another statement I want to make right here. We find that all the statistics about eggs-here are two books of them, and I have numbers of other books in my office which give statistics of eggs and egg prices-are all about the prices of the dealer.

There is not a word said in any of these investigations I have been able to find as to the effect on prices paid to the producer and none about prices charged to the consumer. In so far as these investigations are concerned, except one carried on by Senator Heyburn, they have dealt with the project entirely from the standpoint of the dealer or the packer or the cold-stor-age man and not at all from the two great classes of people who ought to be examined about, and that is the producer and the consumer of the product.

Mr. PLATT. I would like to say to the gentleman that I represent an egg-producing district, and where the farmers in my district used to sell eggs at 10 cents a dozen they now get from 18 to 20 cents always and never get less.

Mr. SWITZER. And the same with my district. Mr. McKELLAR. I think the gentleman will find on examining into the facts that his 20 cents a dozen eggs come along only occasionally in the fall and that in the spring 20-cent eggs are few and far between.

Now they are selling eggs for 50 cents a dozen. Mr. PLATT. Mr. WILLIS. I was very much interested in what the gentleman says, and I have not been able to read his bill— Mr. McKELLAR. I will send the gentleman a copy.

Mr. WILLIS (continuing). And I would like to hear the gentleman explain what is the storage period for eggs provided for in the gentleman's bill.

Mr. McKELLAR. The storage period as provided for in my bill is this: There is an absolute period of three months, because

Dr. Harvey Wiley-

Mr. WILLIS. What does the gentleman mean by "absolute"? Mr. McKELLAR. I will explain that in a minute. As I have stated before, Dr. Harvey Wiley and his assistants went down here to Center Market and rented space. They got the very best quality of eggs and put them in cold storage scientifically. They saw that they were sound, and they put them in under the most favorable conditions, and at the end of three months they took them out. They had a jury to eat those eggs and to eat the eggs that were fresh to determine which ones were cold-storage eggs and which ones were not. The result of the first experiment was that most of the jury were unable to tell which were cold storage and which were not.

Then he let other eggs stay in cold storage for a period of six months, and he again took that jury down there. greater portion of the jury very easily determined those that were cold-storage eggs. But the doctor testified, and others testified in like manner-and, by the way, Dr. Wiley, judging from his testimony, certainly is a man who knows what he is talking about, and I commend his testimony to anyone who wants to investigate this subject—he testified then that he put them in for nine months and had a jury to pass on them, and practically no member of the jury had any doubt about which were cold-storage eggs and which were not. At the end of the six-month period, however, most of those eggs were good. They were wholesome so far as being a food product was concerned. They had deteriorated in some ways, but still, so far as the doctor could determine, they constituted wholesome food.

Now, anyone who has studied this subject knows that in the months of April, May, June, and in July to a large extent—and a great many eggs are produced in August and September, because of the various latitudes of our country, and this is a question of latitude to a very large extent-anyone who has studied this subject knows there is an overplus in the production in those months and a great scarcity, as I have said, in October, November, and December. In January comes the great bulk of southern eggs from Texas and other places, which makes it about even. Everybody knows it is a great benefit to the country to be able to keep eggs long enough that are produced in periods of plenty and carry them over through periods of scarcity. In theory it is all right. Under proper restrictions it is all right, but the result has been that eggs are improperly stored in the spring or summer time without any restrictions, as it is now, and for an unlimited period. These gentlemen are allowed to put the eggs on the market when they please, cold storage eggs for fresh ones, without any regard to the length of time they have been in cold storage, whether eight months, nine months, a year, or even two years, and that is where the abuses come in. So this bill, following to some extent Senator Heyburn's bill, but going further than his bill, provides this, that for the first three months these eggs are not to be held as adulterated. They can then be examined, and, if found sound, a second-period cold-storage egg of four months is permitted for those sound eggs. But in order that the consuming public may be protected under the provisions of this bill, every basket, or carton, or box containing these eggs, and the eggs themselves, if the Department of Agriculture so demands, shall be stamped, showing when they were put in cold storage and showing

whether they are second-period cold-storage eggs or whether

they are the first or genuine cold-storage eggs.

want to say this-and this is based not upon scientific investigation but upon actual experiment: Why should not the American people be protected? Just ask yourselves. There is not any trouble about conservation of foodstuffs under the terms of this bill, because the limit of the bill goes over the whole thing; but, as a matter of right and as a matter of justice to the consuming public, ought it to be permitted to buy what is really sold to them? Ought these dealers to be allowed to go over the country and sell the cold-storage eggs that are six months or a year old as fresh eggs? I do not believe so.

Mr. MURDOCK. I would like to ask the gentleman if there would be any way of protecting a consumer in that respect save

by marking each individual egg?

Mr. McKELLAR. Certainly; why not?

Mr. MURDOCK. By marking a case of eggs, would not that

mean a mixture of eggs?

Mr. McKELLAR. If the gentleman will read my bill, he will find whenever they are put out for sale the seller is obliged to state to the purchaser what kind of eggs they are.

Mr. MURDOCK. That would not reach the man who actually consumed them. He is the chief object of charity.

Mr. McKELLAR. I will say this to the gentleman, that I believe that is true, and if he can devise some method by which it can be carried even further, so as to go right up to the consumer, I shall be glad to accept the amendment to my bill.

Mr. MURDOCK. I hope the gentleman in this legislation will not repeat the farce we have now under the guaranty of pure food and drugs. I hope that some remedy can be found to protect the actual consumer, who does not actually buy the eggs, but buys them after they are prepared at the boarding house and similar places. [Laughter.]

Mr. McKELLAR. I will do all I can in the direction the

gentleman indicates.

Mr. TOWNSEND. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman from Tennessee yield to the gentleman from New Jersey?

Mr. McKELLAR. With pleasure.
Mr. TOWNSEND. I have no doubt that the gentleman from Tennessee has actually a clear distinction in his own mind between public warehousemen and the owners of private refrigerating plants, but he sometimes used the terms interchangeably-public refrigerators and packers. My information is that the owners of public cold-storage warehouses, where anything from furs and rugs to eggs and fruits and beef and poultry and anything else is stored, are never to any extent-certainly not in my own community-dealers in those products. They are merely the warehousemen. The gentleman has sometimes used the terms interchangeably, and I wanted to make that observation.

Mr. McKELLAR. The gentleman has made some very interesting observations, and if he and others who have questions to ask will permit me to go on now I will yield to them later. I ask will permit me to go on now I will yield to them later. I wish now to respond to the implied question in the statement of the gentleman from New Jersey [Mr. Townsend]. I will confess that there is a great deal of difference with respect to various products. Take eggs, for instance. I will use that as an illustration, because it is the best illustration we have, applied to these matters, and my bill applies to them all.

It is claimed by some that the packers now control only about 35 per cent of the cold-storage plants in the country and that these warehousement that my friend from New Jersey speeks of

these warehousemen that my friend from New Jersey speaks of control the remainder. I am informed by the Department of Agriculture that that is not correct. I am informed that the packers control about 55 or 60 per cent and that the warehousemen control about 40 or 45 per cent.

Mr. TOWNSEND. They store that amount.
Mr. McKELLAR. The officials of the Agriculture Department say this, that they have never had any trouble about getting information as to the receipts and deliveries and prices and various things of that kind that they have asked of the warehousemen, but that they can not get such information from the packers.

Mr. TOWNSEND. And they come forward for investigation? Mr. McKELLAR. Yes. Some of the warehousemen claim that they court investigation. I do not know how that is, but we shall find out when we have hearings on this bill. On the other hand, they say that the packers are to blame for these I want to read right here a letter which I recently received from an editor who recognizes the question which the gentleman from New Jersey [Mr. Townsend] has asked inferentially in a splendid way. He says this, in a recent letter to

The latest statistics on eggs produced in the United States places the total amount at 40,000,000 cases, at 30 dozen to the case. These statistics cover 1911, and it is safe to add an increase of 1,000,000 cases for

1913, making a total of 41,000,000 cases. At 10 per cent going into storage, this would mean the storing of 4,100,000 cases.

He further stated that the Warehousemen's Association of the United States, consisting of 43 of the principal warehouses of

the United States, carried 70 per cent of all eggs held.

Now, I am informed by the Agriculture Department that this is incorrect, and that the packers probably carry 55 per cent of the eggs held, and the Warehousemen's Association of the United States carries about 45 per cent of eggs held in cold storage. Thus it will be seen that the main supply of eggs in the time of scarcity is controlled by 43 associated warehouse-

men and by the meat packers. Everybody knows that the meat packers are bound together by a tie that has not yet been broken, and if these warehousemen do not stand together, why is it they have formed an association? If they are permitting the principles of competition to go on, why is it necessary for them to organize? The answer is plain. They want to get these eggs in the spring and summer at the cheapest price possible. It is fair to assume that they have done just what every association has done—divided the territory in which eggs are produced, so as to prevent competition in buying, and then when they get the eggs in their warehouses they boost the price for their own benefit and sell when they concur the time is ripest.

There is no absolute proof about this matter, but the high price of eggs in the face of the greater production than ever before, according to the statement of Mr. Preston, is indicative that there is some understanding or agreement in reference to this prime necessity of life. But, according to Mr. Preston, who, in effect, represents the warehousemen, the warehousemen are not guilty, but the packers are. I quote again from his

One reason for the high price of eggs is the persistent buying of eggs by the meat packers, who it is believed will eventually control the egg business, as they do the meat trade. In every section of the country the greatest competition to the ordinary commission merchant are the speculators and the members of the meat combine.

This is the warehousemen's spokesman that is now talking. He says further:

Swift, Armour, Morris, Sulzberger & Sons, and all the meat packers ran the price of eggs higher than ever before, and their holding and persistence in keeping the prices up has had much to do with the present stringency in the market. Eggs which cost the meat combine from \$2 to \$3 a case are being sold by this combine from \$7.50 to \$9 a case. The meat combine is operating extensive distributing plants in nearly every city of importance and charging the consumer the present high price of eggs that cost them less than half when originally stored, Eggs, as a rule, are gathered from the farmers by hucksters who are employed by the packers for that purpose.

Now, the situation is this: That the packers are controlling the purchase price, and that they packers are controlling price of eggs. They call them gamblers, and say that they, the packers, are going to take the entire business away from them; and I have no doubt that if we are ever able by the processes of this House to get Messrs. Swift and Armour and these other packers before us here, if they testify, they will be only too glad to lay the blame on the warehousemen.

Mr. TOWNSEND. If the gentleman will permit me— Mr. McKELLAR. Yes. Mr. TOWNSEND. A little investigation will show the gentleman that the writings from which he has read refer to warehousemen who are dealers and who have warehouses. That does not refer to the owners of public storage warehouses, who have no control whatever over the food products entered for storage.

Mr. McKELLAR. The gentleman is entirely correct about

that.

Mr. TOWNSEND. I wanted to make that distinction.
Mr. McKELLAR. The gentleman is correct about that.
Mr. PLATT. Now, will the gentleman yield for a question?
The SPEAKER. Does the gentleman from Tennessee yield to the gentleman from New York?

Mr. McKELLAR. I do; and I owe the gentleman an apology for not yielding sooner, as he has been standing with a question

in his mind for some time.

Mr. PLATT. I want to know how you are going to put down the price in December, when all the best eggs are stored in April and May, and your bill provides that they must be sold within seven months of the time they are stored, and so must all be sold before December?

Mr. McKELLAR. Many eggs are stored in June and July

as well as in April.

Mr. PLATT. The best ones are stored in April.

Mr. McKELLAR. And if the best ones are required to be sold within three months you will find that there will more of them be stored in the months of August and September instead of earlier in the season.

Mr. PLATT. They will not be stored, because there are none to store them. They are consumed as fast as they are laid.

Mr. SWITZER. Will the gentleman yield for a question?

Mr. McKELLAR. Yes.

Mr. SWITZER. Does the gentleman think that eggs in any considerable quantity have been bought by dealers in eggs in the last year at 6 cents or 10 cents a dozen?

Mr. McKELLAR. I have this statement from the editor of

the Produce News in New York.

Mr. SWITZER. I should like to know the place where they

are buying them at any such price.

Mr. McKELLAR. I will give you his name. The man who makes this statement is H. L. Preston, whose address is the Produce News, New York City. I have his letter here, and I shall be glad to have the gentleman read it. While I am talking to the rest of the Members, if the gentleman will take the letter and read it I shall be very glad. I have this man's statement in black and white, and he ought to know.

Mr. SWITZER. From what point do they obtain eggs at

that price?

Mr. McKELLAR. He did not say.

Mr. SWITZER. I guess not.

Mr. McKELLAR. Here is the letter [handing Mr. SWITZER

Mr. PLATT. I venture the prediction that if you pass this bill you will make the price of eggs a dollar a dozen in Decem-

Mr. McKELLAR. I differ with the gentleman. They were never a dollar a dozen, even when there was no such thing as cold storage dreamed of. We have only had cold storage for the last 40 years, and for eggs only the past few years; and prior to that time, according to the published prices, eggs never went up that high in December, when we did not have them at all-when they could not be carried over.

Now, I think this matter of cold storage ought to be probed to the bottom. We have practically got the proof before us.

The packers say that the warehousemen are the real offenders, and the warehousemen say that the packers are the real offenders, and I think we ought to find out who the real offenders are. It must be between them, because they control prices and they control the quantities of eggs. Cold storage gives them a peculiar power, because it is very inexpensive. If they undertook to keep poultry, for instance, that they had to feed and care for, it would be an expensive matter, and they could not do it, but with cold storage they can simply freeze it and keep it there indefinitely at a practically nominal cost.

Mr. BOOHER. Is it the gentleman's opinion that eggs would be lower than they are now if there were no cold storage?

Mr. McKELLAR. I think not. Mr. BOOHER. Would they be higher?

Mr. McKELLAR. They would, at certain seasons of the year, be very much higher, and at other seasons very much lower.

Mr. BOOHER. Is it the gentleman's opinion that eggs would be lower right now if we had no such thing as cold-

Mr. McKELLAR. I believe, from my examination of this subject, that if there was no such thing as cold storage, and no speculators to influence the market, eggs would not be any

higher than 60 cents a dozen, which they are now.

Mr. BOOHER. Is it not the gentleman's opinion that if there was no cold storage there would be no eggs at all and no

market for them?

Mr. McKELLAR. Quite the contrary, because they sold eggs in the months of October, November, and December prior to 1870. As a matter of fact, until about 1900 there were no eggs held in cold storage, and yet we find prices much lower before that than they are now. They ought to be lower with cold storage than without, and would be if cold storage was honestly conducted. We find no such prices in the months of November, December, and October when there was no such thing as cold storage, when we had to depend on the supply of the hens in that time of year-no such prices as they are to-day.

Mr. BOOHER. Mr. Speaker, will the gentleman yield?

Mr. McKELLAR. Certainly.

Mr. BOOHER. Are there any eggs in the market at all to-day except cold-storage eggs?

Mr. McKELLAR. How could there be cold-storage eggs on

the market prior to the time of cold storage?

Mr. BOOHER. I ask the gentleman if there are any eggs in the market now, to-day, at this time, except cold-storage eggs?
Mr. McKELLAR. Oh, yes, a great many; a great many eggs

are produced in October and November and December. Mr. BOOHER. But not to any great extent.

Mr. McKELLAR. Yes; to a considerable extent.

Mr. BOOHER. If you take the cold-storage eggs out of the market, does the gentleman think it would not create a scarcity and make the price of eggs higher?

Mr. McKELLAR. If cold storage is regulated, it will reduce the price. If you are going to put this instrument of cold storage into the hands of the speculators and the gamblers, they are going to keep the price of eggs up, because it is for their interest; they are going to buy cheap and sell high.

Mr. BOOHER. I am not trying to put them into the hands of anybody; I am just trying to get the gentleman's idea.

Mr. McKELLAR. I understand; but I want to say that Mr. MCKELLAR. I understand; but I want to say that these egg manipulators have got the eggs in their hands, and all they are trying to do is to hold them; they are willing to drop this matter. They are like the darkey that was charged with a serious offense and the judge said, "What do you want done with this case?" And he said, "I want to drop it right where it is." [Laughter.] That is the way with these storage where it is." [Laughter.] That is the way with these storage people; they are not complaining, they have millions of dollars invested in cold storage, and they handle \$3,000,000,000,000 worth of products annually in the country and make enormous profits. They are perfectly willing to drop the matter right where it is; they do not want any national legislation, and they do not want any interference; they do not want any thing except to be let alone. I say, in all justice to my friend from Missouri, that if he will examine the statistics, he will find the price of eggs much lower in the three months of scarcity in the years when there was no cold storage than they are now with the immense supply of nearly 3,000,000 eggs in storage to-day.

Mr. PLATT. Does not the gentleman want the speculators to

sell their eggs when they are high?

sell their eggs when they are high?

Mr. McKELLAR. I am frank to say that men like this man Wetz are blots or leeches on the body politic. Here is a man that corners the price, who is enabled to corner the price of eggs and hold them in cold storage, and when he gets the market cornered—one of the principal foodstuffs of the people—he laughs at the country; he laughs at what he calls "the other than the country was a woman and shild in this country." fellow," and makes every man, woman, and child in this country pay for what? Not for any honest effort or any honest labor on his part, but he sits around in the market of Chicago and has made a deal by which he makes \$300,000 or \$400,000 out of the price of eggs.

Mr. SWITZER. Mr. Speaker, if the gentleman will yield,

I read from the letter which he handed me, this:

It is impossible to tell what price the packer instructs his huck-sters to pay for eggs.

Mr. McKELLAR. The matter I referred to is in another part of the letter.

Mr. SWITZER. In another part of this letter it says:

Were it not for the fact that this 10 per cent of the product of the hen was put in cold storage and the great volume of production during the spring months, eggs would not be worth over 5 or 6 cents during that time.

But it does not say that they were bought at that price. Mr. McKELLAR. Mr. Speaker, I will say to the gentleman what I said at the very outset, that this gentleman who wrote that letter to me is opposed to my bill, and was arguing against it, but he gave me the facts, which absolutely disproved his

Mr. SWITZER. My question is, Where did he get the 6-cent eggs?

Mr. McKELLAR. It is in that letter there. Mr. SWITZER. No; he says that they would be that if it were not for cold storage.

Mr. McKELLAR. I will read to the gentleman just what he The gentleman will have to indulge me for a few moment [taking the letter back from Mr. SWITZER].

Mr. SWITZER. I did not read the latter part of the letter.
Mr. McKELLAR. It is right in the first part. Here it is.
I do not feel that I have made a mistake in respect to the

matter. He says:

In every section of the country the greatest competitors of the ordinary commission merchant or speculator were members of the meat combine. Swift, Armour, Morris, S. & S., and all meat packers ran the price of eggs higher than ever before, and their holding and persistence in keeping the price up has had much to do with the present stringency in the market. Eggs which cost the meat combine \$2 to \$3 a case are being sold by this combination as high at \$7.50 to \$9 a case.

Is this not just what I said was in the letter?

Mr. SWITZER. Where did he get them? Mr. McKELLAR. He got them from the producer. Eggs that cost \$2 to \$3 a case, according to my arithmetic, would be 6s to 10 cents a dozen, and they are now being sold, according to my arithmetic and this letter, from 25 to 30 cents a dozen.

Mr. FORDNEY. Mr. Speaker, will the gentleman yield?

Mr. McKELLAR. Certainly.
Mr. FORDNEY. Did the gentleman ever know a time in his life when eggs sold in this country for 6 cents a dozen. If so,

he knows semething that I never head of.

Mr. McKELLAR. Mr. Speaker, I was born and reared on a farm, and I have sold eggs myself at 5 cents per dozen at home. Mr. FORDNEY. I never knew them to be sold for as low a

price.

Mr. HAMLIN. Mr. Speaker, will the gentleman yield? Mr. McKELLAR. Certainly. Mr. HAMLIN. I simply want to ask the gentleman if he does not have in mind the price to the consumer, always?

Mr. McKELLAR, Always; and the price paid to the pro-

ducer as well.

Mr. HAMLIN. What is the average difference in the price of the eggs paid to the producer and the price charged to the

consumer?

Mr. McKELLAR. Mr. Speaker, I take great pleasure in again referring to the letter of this gentleman who is opposed to my bill, Mr. Preston, who says that the difference is from 100 to 200 per cent; that is, the difference between what the producer gets and what the consumer has to pay. We ought to be fair to the middleman, but we ought not to allow him by means of cold storage to reap an unfair and unjust profit. It is too much of a tax on the American people.

Mr. HAMLIN. If the gentleman will permit a moment, on that point I would like to say that there is a certain Member of Congress here, not myself, who is energetic and industrious, who tells me that he traced \$5 worth of country produce, including eggs and butter, from a distance 25 miles out of this city, into the hands of the people who actually consumed that particular produce. The producers got \$5 for it and the con-

sumers paid eleven dollars and some cents.

Mr. McKELLAR. That is confirmatory of my statement.

Mr. AUSTIN. Mr. Speaker, will the gentleman yield?

Mr. McKELLAR. Certainly.

Mr. AUSTIN. I want to furnish my fellow standpat colleague from Michigan-

Mr. FORDNEY. A compliment, sir. [Laughter.]
Mr. AUSTIN. Some information as to the selling of eggs at
5 cents a dozen. Eggs sold for 5 cents a dozen in east Tennessee during the Cleveland administration when the Wilson tariff bill was in force.

Mr. FORDNEY. I can hardly remember back that far.

Mr. AUSTIN. In the last campaign I had present at a joint debate the largest produce dealer we had out there, and he confirmed my statement during that joint discussion that he had bought eggs at 5 cents a dozen from farmers in that county during that period.

Mr. McKELLAR. I sold them in 1883 and 1884, when Chester A. Arthur was President of the United States, at 5 cents a dozen, and afterwards bought them as a clerk in a country store at the same price-time out of mind-while Benjamin Harrison was President of the United States; so I do not see

that any party in power governs the cost at all.

Mr. BOOHER. If the gentleman will permit, while you are talking about cheapness during certain administrations, I think we can prove by the gentleman from Nebraska and the gentleman from Kansas that during the Arthur administration corn was burned in Kansas and in Nebraska because it was cheaper

Mr. McKELLAR. That is not cold storage. [Laughter.] May I say this? Trade conditions have changed very much in the last 20 to 25 years in my memory. On the cotton plantations of the South we ginned our cotton and hauled the seed out in immense piles in the fields, there to rot year by year, and no other use was made of it, except for fertilizer and scarcely even for that. To-day the product of cotton seed and the by-products that come from it are worth in the neighborhood of \$125,000,000 a year to the American people. There have been changes since

Mr. WILLIS. I do not like to interrupt the gentleman, but I want to get his opinion as one who has studied this carefully. In the gentleman's opinion, how would the enactment of this bill into law affect the price that is received by the producer? I am not looking for any politics, but I want to get at the facts.

Mr. McKELLAR. I am glad the gentleman asked that

question.

WHAT OF THE PRODUCERS?

It is said the producers get the advantage of these high prices; that the producers of eggs, the producers of cattle, the producers of fish, all get advantage of these high prices, and if we legislate on this subject we are legislating against the producers. Nothing is further from the fact. Take eggs, for in-

stance. I am told upon high authority that the average price paid the producer is about 12 cents; the middleman, under the present arrangements, gets all the profits. That this is true is shown by the wonderful profits that have been made out of the business; by the enormous increase of this cold-storage business in the last few years; by the enormous amount of capital that has been put in cold-storage products, as heretofore shown. It is a stupendous proposition, good in itself if properly carried out, but giving rise to the greatest evils when allowed to run regardless of restrictions.

All of us who have lived in the country know that the producers of eggs get, comparatively speaking, a very small price for them. Under the present arrangement the packers and the cold-storage association, or those who use the cold-storage warehouses, have their agents and representatives in every eggproducing community, and they buy up the eggs when they are cheap. They are indiscriminately thrown into cold storage, regardless of their condition, and held until the fall of the year, when they are sold at an enormous advance in prices, rarely less than 100 per cent and sometimes as much as 200 per cent.

Thus we see that cold storage which, if regulated, would produce incalculable good by conserving these food products, has been turned into an instrument of evil by permitting speculators and gamblers to fatten on one of the prime necessities of life. I have read a recent very excellent report on cold storage submitted by a committee of the Massachusetts Legis-There are some remarkable statistics in this report. lature. Wholesale prices of food products are given, but no retail prices and no purchase prices. In other words, the report has to do very largely with the case of the dealer, but has practically nothing in the world to say about the producers or the consumers. They compare wholesale prices in said report, but never have a word of comparison of the prices to the consumer or the prices to the producer. The object of my bill is to aid both the producer and the consumer, to limit the middleman to a reasonable profit, and to put the speculator and gambler out of business. I think of all the effrontery I ever heard of is the statement of Mr. Louis F. Swift, of Swift & Co., Chicago, in talking about the misleading effect of marking and tagging:

We feel quite sure it would mislead the public, because some of our meats when put away in the season of prime quality will be better even though a month or two in storage than fresh goods put away that were not quite of so good quality.

If this statement is true, there could be no objection to marking or tagging. Marking or tagging the date of cold-storage ing or tagging. Marking or tagging the date of cold-storage meats just means that the purchaser knows what he is buying. It can not hurt him, and, if the seller is honest, it can not hurt the seller. What Mr. Swift intended to say was, instead of fearing that this marking and tagging might mislead the public, that he feared the marking might let the public know what it was buying, a fact that Mr. Swift, no doubt, and the other marking tagging tagget tag

packers, desire to conceal.

In so far as the price of eggs paid the producer is concerned, I desire to quote the testimony of Mr. H. L. Preston, the editor of the Producer News, of New York, who, by the way, is opposed to my bill. In a letter to me he says:

Eggs which cost the meat combine \$2 or \$3 a case are being sold by these combines as high as from \$7 to \$9 a case.

Now, \$2 or \$3 a case would be from 6 to 10 cents a dozen, 30 dozen being in a case, the selling price of the packers being from 25 to 30 cents a dozen. Can any producer say that when trade conditions in these products are such as here described that the producer is benefited?

But, says the cold-storage man, fresh eggs are now-in October, November, and December, months of egg scarcity-selling at enormous figures. Will you not hurt these producers? Why, not at all. How can regulation of the cold-storage product hurt the genuine fresh-egg industry? It might lessen the price during periods of scarcity, but it will make the price of fresh eggs more uniform during the whole year. I have also, as you gentlemen see—which I did not read, because it would take so much time-three very stringent antitrust regulations in this bill. Now, one of those provisions is aimed at this condition of affairs. Swift & Co., Armour & Co., and maybe the warehousemen who do business for themselves, send down to Kansas for eggs. Does your producer in Kansas fix the price of his eggs—taking eggs, for instance, again? Not at all; they do not fix it. These agents of these combines fix it, and this bill absolutely prohibits, not only by a fine but by imprisonment, the men who are guilty of it. Now the price in the various cities are fixed by the combines, and I have a provision in here against that.

products. And I want to say this, if you will let me make a prediction, and I am not a prophet at all, but I believe that the man in this House who votes against a reasonable regulation of food products kept in cold storage in this country and against these trust provisions which enforce the regulations is going to have serious trouble when he goes back home; and it does not make any difference to what party he belongs, for I find from my investigation that this country is aroused on this subject, and, after all, it is the people who spur us on and make us do

Mr. WILLIS. How does it—
Mr. McKELLAR. I want to say this—
The SPEAKER. The gentleman declines to yield. PACKING BUSINESS OUGHT TO BE PROBED.

Mr. McKELLAR. Senator Heyburn no doubt, as seen in said hearings, did everything in his power to get testimony from these packers. They all treated him with contempt, treated this committee of the Senate with contempt, notwithstanding in making this examination he and it were representing the greatest and strongest Government on earth. The Government has had many bouts with these packers. It has gone to the courts with them many times, but sooner or later the packers have come out clear and free. No doubt they think they are stronger than the Government; otherwise they would not treat committees of Congress with this contempt or utterly disregard the plain rules of fair and square dealing. Doubtless their agents will soon be down here, when it becomes apparent to them that Congress means business on this cold-storage matter.

I ask you, gentlemen, to bear in mind this prediction. According to the testimony of these witnesses taken in these hearings 90 per cent thereof is controlled by the packers. Mr. Becker stated that 95 per cent or upward is held in storage by

the packers themselves (p. 188).

The Government now says that the premises are sanitary and have inspectors for that purpose, but that is about all. are some one-half dozen or more concerns in Chicago controlling 95 per cent of the meats of the country. The public has no information whatsoever of how they manage their business. The Government practically has no control over them. not regulated. They defy the Government at will. They make no reports of receipts or deliveries of supply and demand. No one knows how they fix prices. Everyone believes they are in a combination; and yet, in this matter, which is probably the most vital matter to the consuming public, which is of vital interest to every man, woman, or child in the United States, the Government has no information, knowledge, or power in reference to this great source of food supply. I do not believe there is a reasonable disinterested man in this country who does not believe that Congress should pass a law supervising and controlling and regulating the business of meat packing and kindred subjects and the method by which this great system of food products is distributed to the consumer.

# THIS BILL NOT DRASTIC.

It has been stated that this bill is drastic. This is incorrect, Its purpose is to be fair to the producer, to the consumer, and to the honest middleman. It is desired to bring about a wholesome, clean, up-to-date, cold-storage system, which will make for the more perfect preservation and distribution of our wonderful food supplies in all seasons of the year at reasonable and fair prices. Its provisions as to preparation of foodstuffs for cold storage are the result of scientific, expert, and actual experiments made by skilled and learned officers of this Government. Its provisions as to tagging, as to prohibiting coldstorage products from being re-stored, as to selling cold storage for fresh products, and, in part, as to time limits, are all based on laws of a number of States already passed or upon careful experiment and actual proof of expert witnesses

The drastic features of the bill are only aimed at the corrupt and dishonest, at the gamblers and speculators, at the plunderbund of voracious vultures who stand around in the market places and reap where they have not sown and fatten on other people's food. This bill as to these people is drastic, and it ought to be drastic as to them. I do not believe there is a Member in this great House of Representatives of the plain American people who will stand up and defend any such plunder-

bund of food sharks.

Mr. FORDNEY. May I ask the gentleman a question just for information?

Mr. McKELLAR. Certainly.

Mr. FORDNEY. I am not disagreeing with the gentleman or agreeing with him.

Mr. McKELLAR. With pleasure.

Mr. FORDNEY. If the gentleman puts a restriction upon cold-storage plants that prevents them from purchasing eggs at l

a time when eggs are plentiful in the market, and there is a season of the year when eggs are plentiful and when they are scarce, are you going to aid or injure the man who produces?

Mr. McKELLAR. I am going to aid him.

Mr. FORDNEY. Are you going to aid him in getting a better price for his eggs when there is a surplus on the market by curbing cold storage which preserves them at a time when there are few fresh eggs on the market?

Mr. McKELLAR. We are going to aid him, if the gentleman

will permit me to say.

Mr. FORDNEY. Surely; I asked for information.

Mr. McKELLAR. Whenever you fix and leave free the law of competition in the purchase of these eggs from the producer and put the man who fixes the price by combinations out of business, then you are going to increase the price at that particular time to the producer.

The effect of this bill, in my judgment, if the gentleman will permit me, will be to distribute and conserve the food products and to equalize the prices throughout the year. That is the

object of it.

Mr. FORDNEY. Now, the principle of your bill, if it will do that, is a good principle, and makes it a good bill; but tell me how any man or set of men can control the price of eggs in a country town at a time of year when eggs are very plentiful on the market, when every merchant buys from every farmer, and every household has the privilege of buying from farmers on the street? Tell me how you are going to arrange the price

Mr. McKELLAR. I will just read what this gentleman says. I received this letter to-day. I do not know if it will answer the gentleman's query. He says:

SAVANNAH, GA., December 6, 1913.

Congressman McKellar, Tennessee.

Dear Sir: I spent the summer of 1912 in east Tennessee, between Mooresburg and Mooresburg Springs. I often saw the hotel people send to a near-by store and buy eggs at 14 cents, turkeys 10 cents, chickens 10 cents. The hucksters traveled through the country and bought from families and the cross-road stores their produce and hauled it to a near-by station and were met by the cold-storage men from Morristown, Tenn., who combined and bought it at a slight advance. They dressed the poultry and put everything in cold storage. Returning home in September, I stopped at Morristown and priced eggs from the cold-storage dealers and found them to be 23 cents. When I returned to this city they were 28 to 30 cents, and went on up to 35 and 40 cents, just what the cold-storage men chose to price them at. I am confident that you are right in placing the high cost of living to the cold-storage men, and that if you can restrict them to 90 per cent, or better still to 60 per cent, the bottom will drop out and the market will be governed by the supply and demand, as it used to be, and we will have legitimate prices on the necessaries of life. The supply is ample now, but the cold-storage plants restrict the offerings. By all means, control these cold-storage people, and thereby help the suffering poor throughout the entire country. There is no better illustration of the evil than is practiced at Morristown, Tenn. I beg to refer you to Mr. Charles G. Edwards, Member of Cengress of first district of Georgia.

Very respectfully,

WM. B. Sturrevant,

WM. B. STURTEVANT, 302 York Street West, Savannah, Ga.

Mr. FORDNEY. Taking it for granted that what he says is true, let me ask you this question: In April, May, and June, down in Tennessee and throughout the whole country, eggs are placed on the market which will not keep until September without being put into cold storage.

Mr. McKELLAR. That is correct.
Mr. FORDNEY. How is anyone going to control the price in April, May, and June unless they can keep those eggs until a later date when they are scarce in the market? It can only be done by cold storage?

Mr. McKELLAR. It ought to be done by cold storage. The

only thing we want to do is to protect the consumer of eggs.

Mr. FORDNEY. I agree with you,

Mr. McKELLAR. Label them and show the consumer what he is buying when he purchases these eggs. We must act without fear or favor and without injustice or malice. The whole country has its eye on this Congress as to what it is going to do about this. There is no doubt about it. There is not any proposition that has come before this House in years that has so roused public interest as this particular one. I do not mean my people particularly-

Mr. FORDNEY. Is it the farmer or the consumer in the city

that is aroused?

Mr. McKELLAR. I take it that the protest is from all classes of the people, because I know of no community in this country where the newspapers of the country are violating public sentiment. They nearly always photograph it rather than create it, according to my understanding. And I say that if there is nothing else but these publications, which have already done a great good, in my judgment, in bringing down the price of eggs and calling a halt on these monopolies, a great good has been done.

Mr. FORDNEY. I asked if those protests about high prices came from the producer or from the consumer in this country. I am asking for information and am not quarreling with the gentleman. A former Member of Congress made a statement once that he favored a law that would reduce the hours of a day's work from eight to six, and that law must be written. He said that he also favored a law that would increase that man's pay for a man's work, and that that law should be written. He said he also favored a law that would lower the cost and value of that labor. If I was the brother of a man who made that statement, I would disown him—

Mr. McKellar. I think I would, too.

Mr. FORDNEY (continuing). Because he is either a fool or

a knave.

Mr. McKELLAR. Mr. Speaker, we must act without fear or favor, without injustice or malice. The whole country has its eye on this proposition and upon the attitude of Congress toward it. The noble women are organizing everywhere for the purpose of getting relief from unwholesome food and extortionate prices. The producer must be protected against combinations and trades and trusts which unjustly affect the prices at which his products are purchased from him. consumer must be protected against rotten and unwholesome foods and against greedy "corners" which bring about extortionate prices. The careful conservation and distribution of all foodstuffs should be jealously guarded. The right of the honest middlemen to a reasonable compensation for the preservation and distribution of these foodstuffs. preservation and distribution of these foodstuffs must be scrupulously cared for. No injustice to any of these must be done. But the greedy speculator and gambler or violator of the law dealing in the necessities of life must be put out of business, even if he has to be put behind prison bars. We must not withhold the heavy hand of the law in the punishment of these who would fatten many other world's horse would fatten many other world's horse world. those who would fatten upon other people's hunger, or who would enrich themselves by extorting from honest toilers these extortionate prices for the prime necessities of life. [Applause,]

Gentlemen of the House, I thank you most cordially for your splendid attention and great interest in this question. Speaker, I ask unanimous consent to revise and extend my

remarks in the RECORD.

The SPEAKER. The gentleman from Tennessee [Mr. McKellar] asks unanimous consent to revise and extend his remarks in the Record. Is there objection?

There was no objection.

Mr. McKELLAR. I wish to insert the following as an appendix to my remarks:

THIS BILL SECTION BY SECTION.

After making these general remarks, I now desire to take up the bill section by section and explain to the House as best I may its various provisions.

SECTION 1.

This section merely makes it illegal to ship adulterated and misbranded food products from one State to another. This is under the interstate-commerce clause of the Constitution, and need not be further dealt with.

SECTION 2.

Section 2 sets out in detail the periods in which the food products mentioned in the bill may be held in storage without becoming adulterated. I will take these up in their order.

Beef: The limitation for cold storage of beef is fixed in the

bill at seven months. This is upon the following evidence:

Dr. Wiley, while not posing as an expert on this subject, thought four months was long enough to keep meats (p. 17).

Mr. Murrell said three months (p. 28). Mr. Sinclair said six or eight months at the outside (p. 44). Mr. Webber, of Washor eight months at the outside (p. 44). Mr. Webber, of Washington, D. C., said there was a deterioration of meats as shown by his experiments at the end of six months (p. 78). His experiments were made in the Center Market. Mr. Becker, who testified for the warehousemen, stated that beef in cold storage became rancid in eight or nine months (p. 186). Mr. Brownell, three or four months (p. 194). This was substantially the evidence before the hearings, and upon this evidence Senator Heyburn, unanimously supported by his committee, fixed the time at seven months, and I believe he was right about it.

Veal: The same general rules that apply to beef apply to

veal, except that it is much more tender and much more subject to deterioration. Mr. Becker said, when asked about the time of cold storage of veal: "That is a detail that I would not be so well informed on. I do not think I would be qualified to answer that. I have seen veal in storage for long periods of time—I think as long as two or three months—that looked good. It is sound and healthful food if properly stored for four or five mouths." This is practically the only definite evidence about yeal in the record, and Senator Heyburn places the limit at

four months. I think, under the proof, this was entirely too long. I think the first statement of Mr. Becker, that he had seen it when it looked good as long as two or three months, was correct, and I have fixed the limit at two months in my bill.

Possibly it ought to be fixed at a shorter period.

There is another reason why I have fixed it at two months. As we all know, the number of cattle in the United States has constantly been decreasing for a number of years, and one of the principal causes of this decrease is supposed to be the slaughter of young calves for yeal. This looks like a very reasonable proposition, and I think, in so far as the time is concerned, we might well afford to err on the right side by fixing the time at a shorter period if we can thereby increase the

number of eattle raised in our country.

Pork: Dr. Wiley was of the opinion that four months would be sufficient for meat (p. 17). Mr. Murrell said three months (p. 28). He did not have any objection to the four-months'

period fixed by Senator Heyburn in his bill (p. 37).

Sheep and goats: Mr. Becker was of the opinion that sheep kept about as well as beef (p. 187). But other witnesses did not go this far, and Senator Heyburn fixed the time at four months, and it seems to me this is proper.

Lambs: Lamb was fixed at 3 months for the obvious reason the breaking down of the tissue would occur sooner in a lamb than in a sheep, just as the breaking down of the tissue of veal

would occur more quickly than it would in beef.

Game and poultry: Game and poultry were fixed by Senator Heyburn and his committee at 3 months, and I have fixed the same period. Dr. Wiley testified as to experiments which he had made, and his account is very interesting. He and his assistants hired space in Center Market, which space was reserved solely for this use. He further testified:

served solely for this use. He further testified:

We make these determinations once every three months, supposing that was about the time when any changes which would be induced would be of sufficient magnitude to be discernible. The result of these examinations, briefly, are as follows: That at the end of the first three months the jury's verdict in regard to the taste of the articles was wholly unsatisfactory as to being able to discriminate between cold-storage bird and the freshly killed bird; about as many preferred the one as preferred the other. After a number of determinations of that kind on this, as well as other subjects, we came to the conclusion that there was no perceptible deterioration of flavor in the space of three months. In the second period of six months there was a very preponderating testimony in favor of the freshly killed bird, but there were still numerous instances where a furyman would select the six-months bird as being superior in flavor to the fresh bird, but there was a preponderating vote that we assumed from this fact that a considerable deterioration in taste had taken place at the end of the six months. At the end of nine months it was a rare thing for any man on the jury to make any mistake in regard to which was the cold-storage and which was not.

Mr. Gamble thought that poultry could be kept in cold storage for a period much longer than a year (p. 18). Mr. F. C. Cook, chemist in the Bureau of Chemistry, said there was a decided deterioration in six months (p. 61). Mr. Horne, of New York City, said it is the custom to carry poultry about four months in cold storage (p. 99). Mr. Mack said that poultry was usually carried in cold storage about six months (p. 236). This was, in substance, the evidence upon which the period was fixed at three months.

Dr. Mary E. Pennington, of the Department of Agriculture, says:

The dictum of the warehousemen that there is no change in cold-storage poultry and that it may be kept for an indefinite period can not be accepted in its entirety. Both microscopic study and the taste of the cooked fowl confirm the fact that, microscopically, visible degenera-tion does take place.

Dr. Pennington further says:

Although it is impossible to obtain exact statistics on the subject, it is estimated that approximately from 75 to 90 per cent of the poultry produced in the United States is for a longer or shorter period preserved in cold storage. While the number of ducks, turkeys, and geese is by no means small, chickens, of course, are greatly in the majority, and from the appearance of the cold-storage warehouses in our large cities it would seem to be almost a matter of routine that every chicken intended for market should sojourn there for a certain, or rather an uncertain, time.

Dr. Brownell said their time for cold storage of poultry was

three or four months (p. 195).

Fish: As to fish, Mr. Field, the attorney representing the New York Wholesale Fish Dealers' Association, thought fish could be kept indefinitely. Lawyerlike, Mr. Field did so much talking that I hardly know what he did say about fish, except that it could be carried indefinitely, which does not mean much (p. 195).

Mr. Mack said there was no change so long as covered with ice (p. 242). Mr. Worden said nobody kept fish in cold storage any longer than they had to (p. 248). Mr. Prankard said fish would keep from three to nine months.

Everybody knows that fish deteriorate very rapidly, and inasmuch as they can be caught at any time of the year and are distributed all over the country, I think, probably, we have made a mistake in making the time three months. There is more poisoning from eating fish than any other food product, and I think we ought to be very careful. Senator Heyburn and his committee fixed the time at three months. I believe it

ought to be fixed at two months.

Eggs: We now come to the most talked of of all food products to-day. Likewise, there are more differences of opinion as to how long eggs may be kept in cold storage. It is likewise a most difficult proposition, because of the following facts: In February, March, April, May, and June the production of eggs tremendously exceeds the consumption. To illustrate what I mean, in those months the various cities receive probably four or five times as many eggs as they can consume. true that because of this glut of the market eggs are placed in cold storage. Now, the contention of the egg dealers is, if they can carry eggs in cold storage only three months, and would have to quit putting them in cold storage in June, that by the latter part of September the cold-storage supply would be out, and there would be an absolute dearth of eggs from October until January, because there are comparatively few eggs laid during these months. It is further claimed that eggs put in cold storage in hot weather, as in the latter part of June, July, August, and September, do not keep as well. I do not believe there is any reason for this latter contention, except they are not as carefully examined before putting in cold storage as they should be. If they are good eggs when put in cold storage, weather conditions could not have any effect on them, for they would remain exactly the same for a period of at least three months under this testimony. Senator Heyburn and his committee fixed the period in which eggs may be kept in cold storage at three months. Realizing there is more force in the contention of the egg dealers I have modified Senator Heyburn's provisions by exceptions to this effect:

"That eggs held in cold storage not less than 3 months, or more than 7 months, may not be classed as adulterated, if they are, upon inspection, sound and wholesome and are stamped or labeled as follows: 'Second period cold-storage eggs.'" I believe that the period of 3 months with this proviso will bring about equitable and just distribution of the egg supply throughout the 12 months of the year, and at the same time give to the consuming public wholesome eggs and cheaper eggs. As it is now no consumer knows or very few of them at any rate know whether eggs that he buys are fresh eggs or cold-storage eggs. It takes an expert to tell. Cold-storage eggs are sold in every season of the year. We have no statistics on them. No reports are to be found. No information is furnished by the dealer or the storage houses. We know that the egg supply has increased faster than the population up until the last two or three years. We have not been able to get the figures for the last two or three years, but there is no reason to believe the supply of eggs has decreased. Mr. Preston says it has decreased. On the contrary, we believe it has increased, and yet prices have steadily gone up. The only possible reason for

this is that the prices have been manipulated.

Butter: The consensus of opinion is that butter can be kept in a fairly good state of preservation in cold storage for three months. Some witnesses testified that it can be held longer, some for a shorter period. After hearing all of the testimony Senator Heyburn and his committee unanimously reported upon a period of three months, and I think they were practically correct, and have so provided in my bill.

SO-CALLED EVIDENCE OF PACKERS NOT CONSIDERED.

I have not considered the statements of the packers to any of this matter for the reason I do not believe the statements given in the way they are given and under the conditions which they were given is worthy of belief or consideration. If these packers wanted the public to know the facts and wanted the public to know the truth, they would not object to appearing before the committee of Congress and stating the facts.

I want to suggest right here that I hope the subcommittee will require every packer or dealer who wants to be heard on this bill to appear in person and submit to cross-examination. ARTICLES TAKEN FROM COLD STORAGE NOT ALLOWED TO BE RETURNED TO COLD STORAGE.

The evidence taken by the committee of the Senate was practically unanimous that when any of the above-mentioned articles of food had been frozen, or in cold storage for any period of time and taken therefrom, the process of deterioration was very rapid, and more rapid than it would be at first, and consequently it was improper to permit such articles to be restored to cold storage. It was shown by the proof that vast quantities of poultry, for instance, were taken from cold storage just before Thanksgiving and the Christmas holidays, and after each of said holidays the left overs were restored to cold storage. All the witnesses condemned this practice except the packers, and they need not be considered for the reasons heretofore stated.

SECTION 2

Section 3 provides for the labeling of all articles of food or the package containing it; such labels to correctly state the time of production, killing, packing, or manufacturing and the period of time the article has been held in cold storage. is the subject about which the witnesses disagreed, a majority of them, however, being of the opinion that these labels were right. A number of them claimed that it would be expensive. The packers, especially, made this claim. An expert as to the cost, however, was produced and it was shown that it could be done for a practically inconsequential cost. Mr. Carlin H. Reeves, of Chicago, the manager of the B. F. Cummings Co., of that city, manufacturers of perforating machinery, showed that his concern manufactured machines that would make the cost of labeling practically inconsequential.

SECTION 4.

Section 4 is a subject of more interest, as it provides broadly that no adulterated or misbranded food products shall be sold or offered for sale in any State of the United States when it is or intended for interstate commerce or territory or possession thereof. Of course the provision is good in so far as the District of Columbia and the Territories and possessions of the United States are concerned, but I have not yet had time to examine the constitutional question whether it is good under the Constitution without regard to the commerce clause; that is to say, whether it comes under the general-welfare clause governing the welfare of the country.

SECTION 5.

Section 5 provides that if packages containing food products shall be broken the seller shall give to the purchaser all proper information in regard thereto, and that all food products and the packages it contains they shall bear truthful statements as to the quantity, quality, and character thereof, the time of placing the same in cold storage, and its removal therefrom. All of which regulations are certainly right and proper for the protection of the consumer.

SECTION 6.

Section 6 defines what cold storage is. It is intended to include all the products named in section 2, ranging from eggs, which are never frozen but kept at about 33, down to fish which is kept below zero.

SECTION 7.

Section 7 provides that any of the above-named articles which have been frozen in cold storage shall not be sold or offered for sale except in a frozen condition, and they shall not be inflated or manipulated so as to alter the appearance of the product or make it resemble the unfrozen product. This provision is obviously for the protection of the consumer.

SECTION 8.

Section 8 provides that products when placed in cold storage shall not be diseased or unsound, and that they shall not be put there if caught, handled, or slaughtered in an unsanitary

SECTION 9.

Section 9 gives the power to the President of the United States to make regulations in reference to the inspection of all articles of food coming within the provisions of this act, which is manifestly a proper provision.

SECTION 10.

Section 10 provides for the punishment of all parties found guilty of misbranding or adulterating any food product and the violation of the act. The fines are large and the punishment is severe, but certainly not more so than they should be. Anyone guilty of manipulating food of the country to the detriment of the consumer should be severely dealt with.

SECTION 11.

Proof in this record shows that the cold-storage people are practically all together—that is to say, they seem to be divided into two classes: First, those who store for hire; and, second, the packers. The warehousemen are joined together in an association. Evidently they are well organized, as shown from this proof. From the failure of the packers to come forward and testify, and from common understanding and knowledge, it is fairly certain they are organized. It is generally believed that the prices of all these are affected by an agreement existing between the various dealers as to when and how and for what price these products shall be put upon the market.

This section prohibits this agreement, with heavy fines and imprisonment, and I think it is a proper provision.

If these various cold-storage industries or packers are not joined and are not confederated together for the purpose of fixing prices of what they buy and of what they sell, and do not use cold storage to aid them in such agreement, then this provision will hurt no cold-storage concern or packer. On the other hand, if they have joined for any such purpose, it is manifest this Government ought to prohibit just such a combination.

SECTION 12.

It is generally believed that one of the methods by which prices are controlled is by what is known as a gentleman's agreement, the common understanding and implied understanding of certain persons in certain localities to fix the prices at which all these dealers buy and sell at a particular time.

This practice is prohibited by section 12, and the same may be said of it as was said of section 11.

#### SECTION 13.

It is commonly believed that the territory of the United States is divided up between certain rival concerns, so as to do away with the principle of natural competition and thus enable the several members of the association to reap larger profits from the consumer. If this belief is erroneous, then no one will be hurt by this provision. On the other hand, if it is well founded, those engaged in this nefarious practice should be punished.

#### SECTION 14.

This section simply provides that cold-storage products must not be sold as a pure product. It is obviously a proper provision and no one could object to it.

#### SECTION 15.

Frankly this section is aimed more particularly at the packers. We ought to have exact statistics. We have not got them. The packers will not furnish them. They ought to be made to.

The packers will not furnish them. They ought to be made to. Dr. Pennington says, "The warehousemen association holds itself ready to give these figures to any who are interested, and they are published in a number of places. The warehouses in the city of New York also make their storage holdings of eggs public. Chicago refuses to do so" (p. 168). We have accurate statistics on cotton, on wheat, and on other articles of merchandise, and surely there are no reasons why we should not have these statistics on these articles of food. On what meat have these pork packers fed that they can say to our Government, "We will furnish this information, but will not furnish that"? We must regulate them. It will be better for everybody and for the packers themselves as well.

### ADJOURNMENT.

Mr. CROSSER. Mr. Speaker, I move that the House do now

The motion was agreed to; accordingly (at 6 o'clock p. m.) the House adjourned until to-morrow, Tuesday, December 9, 1913, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Doorkeeper of the House of Representatives, transmitting an inventory of all property under his charge belonging to the United States (H. Doc. No. 430); to the Committee on Accounts and ordered to be printed.

2. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, reporting certain claims against the United States which have been adjusted and settled by that official and approved by me, under river and harbor act approved June 25, 1910 (H. Doc. No. 431); to the Committee on Rivers and Harbors and ordered to be printed.

3. A letter from the assistant clerk of the Court of Claims,

3. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion in the case of Henry W. Chester v. The United States (H. Doc. No. 432); to the Committee on War Claims and ordered to be printed.

4. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion in the case of John Y. Hitt v. The United States (H. Doc. No. 433); to the Committee on War Claims and ordered to be printed.

5. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion in the case of Trustees of the First Baptist Church of Chattanooga, Tenn., v. The United States (H. Doc. No. 434); to the Committee on War Claims and ordered to be printed.

6. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion in the case of Elijah B. Bailey v. The United States (H. Doc. No. 435); to the Committee on War Claims and ordered to be printed.

7. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion in the case of Andrew G. Fitz v. The United States (H. Doc. No. 436); to the Committee on War Claims and ordered to be printed.

8. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion filed in the case of Ralph Rogers, son and sole heir of Dudley Rogers, deceased (H. Doc. No. 437); to the Committee on War Claims and ordered to be printed.

9. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the finding of fact and conclusion in the case of Preston P. Doughty v. The United States (H. Doc. No. 438); to the Committee on War Claims and

ordered to be printed.

10. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the finding of fact and conclusion filed in the case of Frederick E. Ransom v. The United States (H. Doc. No. 439); to the Committee on War Claims and ordered to be printed.

11. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the finding of fact and conclusions filed in the case of William M. Gooding v. The United States (H. Doc. No. 440); to the Committee on War Claims

and ordered to be printed.

12. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the finding of fact and conclusions filed in the case of Thomas W. Durham v. The United States (H. Doc. No. 441); to the Committee on War Claims and ordered to be printed.

13. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusions filed in the case of George H. Devol v. The United States (H. Doc. No. 442); to the Committee on War Claims and

ordered to be printed.

14. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion in the case of William Moore v. The United States (H. Doc. No. 443); to the Committee on War Claims and ordered to be printed.

15. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusions filed in the case of Philo J. Beveridge, son and one of the heirs of John L. Beveridge, deceased, v. The United States (H. Doc. No. 444); to the Committee on War Claims and ordered to be printed.

16. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusions in the case of Mary E. L. Callaway, widow of James E. Callaway, deceased, v. The United States (H. Doc. No. 445); to the Committee on War Claims and ordered to be printed.

17. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion filed in the case of Ella S. Marsh, one of the heirs of Francis G. Sherman, deceased, v. The United States (H. Doc. No. 446); to the Committee on War Claims and ordered to be printed.

18. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusions filed in the case of Amanda Pierce, one of the heirs of Henry C. Pierce, deceased, v. The United States (H. Doc. No. 447); to the Committee on War Claims and ordered to be printed.

19. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusions filed in the case of Sarah Posey, sole heir of Thomas B. Posey, deceased, v. The United States (H. Doc. No. 448); to the Committee on War Claims and ordered to be printed.

20. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion filed in the case of Green B. Turner v. The United States (H. Doc. No. 449); to the Committee on War Claims and ordered to be printed.

21. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion filed in the case of Julia F. Yates v. The United States (H. Doc. No. 450); to the Committee on War Claims and ordered to be printed.

# REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr., LEVER, from the Committee on Agriculture, to which was referred the bill (H. R. 7951) to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an act of Congress approved July 2, 1862, and acts supplementary thereto, and the United States Department of Agriculture, reported the same

with amendment, accompanied by a report (No. 110), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. WATKINS, from the Committee on the Revision of the Laws, to which was referred the bill (H. R. 5850) to amend section 162 of the act to codify, revise, and amend the laws relating to the judiciary, approved March 3, 1911, reported the same without amendment, accompanied by a report (No. 111), which said bill and report were referred to the House Calendar.

## CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 9892) granting an increase of pension to Isaac Zimmerman, and the same was referred to the Committee on Pensions.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. MURRAY of Oklahoma: A bill (H. R. 10064) to provide for a per capita payment to the Chickasaws and Choctaws; to the Committee on Indian Affairs.

Also, a bill (H. R. 10065) authorizing persons holding title from or through an allottee of Indian lands in the State of Oklahoma and his assigns to recover such land; to the Committee on Indian Affairs.

Also, a bill (H.R.10066) to provide for the purchase of homes for the Mississippi Choctaws; to the Committee on Indian

Also, a bill (H. R. 10067) to provide for drainage of Indian allotments of the Five Civilized Tribes; to the Committee on Indian Affairs.

By Mr. TALBOTT of Maryland: A bill (H. R. 10068) for the relief of certain officers on the retired list of the United

States Navy; to the Committee on Naval Affairs.

By Mr. STEPHENS of Nebraska: A bill (H. R. 10069) providing for the cancellation of an allotment trust patent and reallotment of the land to heirs of deceased allottee; to the Committee on the Public Lands.

By Mr. TAYLOR of Colorado: A bill (H. R. 10070) authorizing the Secretary of the Interior to designate certain tracts of land in the States of Arizona, California, Colorado, Kansas, Montana, Nevada, New Mexico, North Dakota, Oregon, South Dakota, Washington, and Wyoming upon which continuous residence shall not be required under the homestead law; to the Committee on the Public Lands.

Also, a bill (H. R. 10071) providing for camping grounds along public highways through forest reserves and other public lands; to the Committee on the Public Lands.

Also, a bill (H. R. 10072) authorizing summer homestead entries; to the Committee on the Public Lands.

Also, a bill (H. R. 10073) extending the time and reducing the amount of annual payments to be made by entrymen upon reclamation projects; to the Committee on Irrigation of Arid

Also, a bill (H. R. 10074) to provide for the erection of a public building in the city of Montrose, Colo.; to the Committee on Public Buildings and Grounds.

By Mr. ADAIR: A bill (H. R. 10075) to authorize the payment of pensions monthly; to the Committee on Invalid Pensions.

By Mr. MURRAY of Oklahoma: A bill (H. R. 10076) for the regulation of the use of the mails by stock exchanges and their members, and to amend certain sections of the Criminal Code of the United States Compiled Statutes relating to lotteries, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. TEN EYCK: A bill (H. R. 10077) to provide for a survey and estimate of cost of a deep-water channel in the Hudson River, N. Y., between the city of Hudson and the dam

at Troy; to the Committee on Rivers and Harbors.

By Mr. EDWARDS: A bill (H. R. 10078) authorizing the Secretary of State to invite other nations of the world to participate in the drainage congress to be held at Savannah, Ga., 1914, and to appropriate \$10,000 to help defray the expenses thereof; to the Committee on Foreign Affairs

By Mr. EDMONDS: A bill (H. R. 10079) appropriating \$642,000 for improvements at Frankford Arsenal, Philadelphia,

Pa.; to the Committee on Appropriations.

By Mr. LINDQUIST: A bill (H. R. 10080) providing for the labeling, marking, and tagging of all fabrics, leather, and rubber goods, as hereinafter designated, and providing for the fumigation of same; to the Committee on Interstate and Foreign Commerce.

By Mr. PADGETT: A bill (H. R. 10081) to make the tenure of the office of the major general commandant of the Marine Corps for a term of four years; to the Committee on Naval Affairs.

By Mr. LEE of Georgia: A bill (H. R. 10082) authorizing the erection of a post-office building at Rossville, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 10083) to fix the compensation of letter carriers of the Rural Delivery Service at a salary of \$1,500 per annum; to the Committee on the Post Office and Post Roads.

By Mr. JOHNSON of Washington: A bill (H. R. 10084) to authorize the changing of the names of the steamships Buckman and Watson; to the Committee on the Merchant Marine

and Fisheries.

By Mr. KEY of Ohio: A bill (H. R. 10085) to pension the widows of the officers and enlisted men of the Civil War who married such officers and enlisted men subsequent to June 27, 1890, and to pension widow and minor children of any officer or enlisted man who served in the War with Spain or Philippine insurrection; to the Committee on Pensions

By Mr. FERRIS: A bill (H. R. 10086) authorizing the Secretary of the Interior to sell to the city of Lawton, Okla., a tract of land to be used for watershed and water-supply purposes; to the Committee on the Public Lands.

By Mr. SUTHERLAND: A bill (H. R. 10087) providing for the appointment of a board for the purpose of selecting a suit-able site for a naval armor plant in the Ohio Valley, in the Parkersburg manufacturing district, and to submit a report of the cost and availability of said plant; to the Committee on Naval Affairs.

By Mr. OGLESBY: A bill (H. R. 10088) to prevent and punish the desecration, mutilation, or improper use of the flag of the United States of America; to the Committee on the Judiciary.

By Mr. HOBSON: Joint resolution (H. J. Res. 163) proprosing an amendment to the Constitution of the United States;

to the Committee on the Judiciary.

By Mr. ADAMSON: Joint resolution (H. J. Res. 165) for recognition of the services of the late David Du B. Gaillard. lieutenant colonel, Corps of Engineers, United States Army, as a member of the Isthmian Canal Commission, and for the relief of Mrs. Katherine Davis Gaillard; to the Committee on Interstate and Foreign Commerce.

By Mr. MANN: Resolution (H. Res. 333) directing the Secretary of War to send to the House of Representatives information concerning the operations of the Washington-Alaska military cable and telegraph system for the fiscal year ending June 30, 1913; to the Committee on Military Affairs.

By Mr. CARY: Resolution (H. Res. 334) authorizing and directing the Committee on the District of Columbia of the House, by subcommittee or otherwise, to investigate the health department of the District of Columbia and report its findings; to the

Committee on the District of Columbia.

By Mr. LAFFERTY: Resolution (H. Res. 335) to amend the rules of the House of Representatives by providing for record votes in committees, budget system for supply bills, authorizing two motions to recommit, providing for third reading of bills by title only, providing for yea-and-nay votes in Committee of the Whole House, limiting debate on private bills and bills on Calendar Wednesday, setting apart additional day for consideration of private bills and special days for motions to discharge committees, and providing for a committee on equal suffrage; to the Committee on Rules.

# PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions

were introduced and severally referred as follows:
By Mr. ADAIR: A bill (H. R. 10089) granting a pension to Catherine Rugg; to the Committee on Invalid Pensions.

By Mr. BURKE of Wisconsin: A bill (H. R. 10090) granting an increase of pension to Edgar S. Bullis; to the Committee on Invalid Pensions.

By Mr. CAMPBELL: A bill (H. R. 10091) for the relief of C. E. Moore; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 10092) to correct the military record of Rankin A. Hutsell; to the Committee on Military Affairs.

Also, a bill (H. R. 10093) granting a pension to Lottie

Baughman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10094) granting a pension to C. W. Stanton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10095) granting an increase of pension to Abram H. Birdsall; to the Committee on Invalid Pensions. By Mr. DRISCOLL: A bill (H. R. 10096) granting a pen-

sion to Julia McDade; to the Committee on Invalid Pensions.

By Mr. FOWLER: A bill (H. R. 10097) granting a pension to Robert W. Goodrich; to the Committee on Invalid Pensions. By Mr. FREAR: A bill (H. R. 10098) to authorize the Secre

tary of War to issue a certificate of service in the name of Charles B. Walworth; to the Committee on Military Affairs.

By Mr. GRAHAM of Illinois: A bill (H. R. 10099) granting an increase of pension to William F. McCoy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10100) granting an increase of pension to

Preston Denton; to the Committee on Invalid Pensions. By Mr. HAMLIN: A bill (H. R. 10101) granting a pension to Emma J. Fitzwater; to the Committee on Invalid Pensions. By Mr. HINDS: A bill (H. R. 10102) granting a pension to

Annie H. Quill; to the Committee on Pensions.

By Mr. HAMILL: A bill (H. R. 10103) to correct the military record of John Smith; to the Committee on Military Affairs.

Also, a bill (H. R. 10104) granting an increase of pension to

Fannie Wanamaker; to the Committee on Invalid Pensions.

By Mr. HULINGS: A bill (H. R. 10105) granting a pension

to Margaret McGreevy; to the Committee on Invalid Pensions.

By Mr. KENNEDY of Connecticut: A bill (H. R. 10106) granting an increase of pension to Lucy M. Peck; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10107) granting an increase of pension to Lucia Barber Thorpe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10108) granting an increase of pension to James McCarthy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10109) granting an increase of pension to Margaret Ann Higgins; to the Committee on Invalid Pensions

Also, a bill (H. R. 10110) granting an increase of pension to Horace E. Jones; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10111) granting an increase of pension to Chancey M. Hall; to the Committee on Invalid Pensions.

By Mr. KENNEDY of Rhode Island: A bill (H. R. 10112) granting an increase of pension to Marion S. B. Sharps; to the Committee on Invalid Pensions.

By Mr. LANGLEY: A bill (H. R. 10113) granting a pension to William Wicker; to the Committee on Pensions.

Also, a bill (H. R. 10114) granting an increase of pension to Alexander Childers; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10115) for the relief of J. M. Potter; to the

Committee on Claims.

By Mr. LLOYD: A bill (H. R. 10116) granting a pension to James D. Silman; to the Committee on Pensions.

By Mr. MOON: A bill (H. R. 10117) granting a pension to Frank V. Griffith; to the Committee on Pensions.

Also, a bill (H. R. 10118) granting a pension to George W. Pinion; to the Committee on Pensions.

Also, a bill (H. R. 10119) granting an increase of pension to James M. Lloyd; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10120) granting an increase of pension to

William L. Lacewell; to the Committee on Invalid Pensions.

By Mr. MANN: A bill (H. R. 10121) to reimburse Samuel M. Fitch, collector of internal revenue, first district of Illinois, for cigar stamps lost or stolen in transit; to the Committee on Claims.

Also, a bill (H. R. 10122) to credit Samuel M. Fitch, collector of internal revenue, first district of Illinois, on the books of the Treasury Department with the sum of \$1,500 for cigar stamps

lost or stolen in transit; to the Committee on Claims.

By Mr. MURRAY of Oklahoma: A bill (H. R. 10123) granting a pension to Mary Van Duyne Evans; to the Committee on

Invalid Pensions

By Mr. POST: A bill (H. R. 10124) granting an increase of pension to James T. McCartney; to the Committee on Invalid

Also, a bill (H. R. 10125) granting a pension to Hannah Kizer;

to the Committee on Invalid Pensions. Also, a bill (H. R. 10126) granting a pension to Hannah D. Underwood; to the Committee on Invalid Pensions.

By Mr. RAKER: A bill (H. R. 10127) to place the name of Capt. Charles E. Tucker on the unlimited retired list of the Regular Army of the United States, with rank and pay as a retired officer of the Regular Establishment; to the Committee on Military Affairs.

By Mr. RUSSELL: A bill (H. R. 10128) granting a pension

By Mr. RUSSELL: A bill (H. R. 10129) granting a pension to John T. Hensley; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10129) granting an increase of pension to William Husky; to the Committee on Invalid Pensions.

By Mr. SLOAN: A bill (H. R. 10130) granting an increase of pension to Andrew J. Bruer; to the Committee on Invalid Pensions.

By Mr. SPARKMAN: A bill (H. R. 10131) for the relief of

William H. English; to the Committee on Claims. By Mr. TALBOTT of Maryland: A bill (H. R. 10132) granting an increase of pension to J. Woodfin Minifie; to the Com-

mittee on Invalid Pensions.

By Mr. TAYLOR of New York: A bill (H. R. 10133) granting an increase of pension to Henry E. Johns; to the Committee on Invalid Pensions.

By Mr. TUTTLE: A bill (H. R. 10134) granting an increase of pension to Francis Kenstler; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10135) granting an increase of pension to Robert Bimson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10136) granting an increase of pension to

Henry Hann; to the Committee on Invalid Pensions.

By Mr. McCOY: A bill (H. R. 10137) for the relief of Robert
Hamilton McLean; to the Committee on Naval Affairs.

By Mr. TALBOTT of Maryland: Joint resolution (H. J. Res.
162) for the relief of the heirs of George B. Simpson; to the Committee on Claims.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Memorial of the Seattle Commercial Club, favoring an amendment to the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

Also (by request), petition of Charles H. Clark, of Cleveland, Ohio, protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

Also (by request), memorial of the Portland Chamber of Commerce, of Portland, Oreg., favoring passage of pending Senate bill 3063, relative to employment outside of the classified service of competent consulting architects in the Supervising Architect's Office in the Treasury Department; to the Committee on Public Buildings and Grounds.

By Mr. ALLEN: Memorial of the Business Men's Club of Cincinnati, Ohio, approving suspension for one year of naval

construction; to the Committee on Naval Affairs.

By Mr. ASHBROOK: Evidence to accompany House bill 9698, for the relief of Farley Connerty; to the Committee on

By Mr. BARNHART: Petition of citizens of Michigan City, Ind., protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

By Mr. BRITTEN: Memorial of the Chicago Post Office Clerks' Union, Local No. 1, National Federation of Post Office Clerks, favoring the passage of the Bartlett-Bacon antitrust bills (H. R. 1873 and S. 927); to the Committee on the Judi-

By Mr. DALE: Memorial of the Portland Chamber of Commerce, of Portland, Oreg., favoring approval of Congress of pending Senate bill 3063, relative to employment in the Office of the Supervising Architect of the Treasury Department outside of the classified service of consulting architects to relieve the congested condition of that office; to the Committee on Public Buildings and Grounds.

Also, petition of G. W. Van Slyke and Horton, of Albany, N. Y., favoring the passage of the Bartlett bill (H. R. 4322) for 1-cent letter postage; to the Committee on the Post Office and Post Roads.

By Mr. DOOLITTLE: Petitions of business men of St. Mary, Kans., favoring the passage of bill (H. R. 5308) relative to mail-order houses; to the Committee on Ways and Means.

By Mr. EDMONDS: Petition of the Philadelphia (Pa.) duce Exchange, the Continental Exchange, and the Oil Trade Association, of Philadelphia, Pa., all favoring the passage of legislation for the establishment of a regional reserve bank in Philadelphia; to the Committee on Banking and Currency.

By Mr. ESCH: Memorial of the Portland Chamber of Commerce, of Portland, Oreg., favoring the approval by Congress of the pending Senate bill (S. 3063) relative to employment of consulting architects for the Supervising Architect's Office in the Treasury Department; to the Committee on Public Buildings and Grounds.

By Mr. GRAHAM of Pennsylvania: Petition of the Philadelphia (Pa.) Produce Exchange, favoring the passage of legislation for the establishment of a regional reserve bank in Phila-

delphia; to the Committee on Banking and Currency.

By Mr. JOHNSON of Washington: Memorial of the Commercial Club of Seattle, Wash., favoring the passage of Senate bill

(S. 136) relative to the protection of life at sea; to the Committee on the Merchant Marine and Fisheries.

Also, memorial of the Chamber of Commerce of Cordova, Alaska, favoring the passage of the bill providing for the construction of a railroad in Alaska by the Government; to the Committee on the Territories.

By Mr. LAFFERTY: Petition of the Portland Chamber of Commerce, Portland, Oreg., favoring the passage of bill (8, 3063) authorizing the employment of a sufficient number of competent consulting architects to relieve the present congested condition of the Supervising Architect's Office in the Treasury

Department; to the Committee on Public Buildings and Grounds. By Mr. MOON: Papers to accompany bill for the relief of William L. Lacewell; to the Committee on Invalid Pensions.

Also, papers to accompany bill for the relief of Frank N. Griffith; to the Committee on Pensions.

Also, papers to accompany bill for the relief of James M.

Lloyd; to the Committee on Invalid Pensions. Also, papers to accompany bill for the relief of George W.

to the Committee on Pensions.

By Mr. SCULLY: Petitions of citizens of the State of New Jersey, protesting against the passage of the seamen's bill unless amended to exempt vessels in the bay; to the Committee on the Merchant Marine and Fisheries.

## SENATE.

## Tuesday, December 9, 1913.

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D.

COE I. CRAWFORD, a Senator from the State of South Dakota; GILBERT M. HITCHCOCK, a Senator from the State of Nebraska; and WILLIAM P. JACKSON, a Senator from the State of Maryland, appeared in their seats to-day.

The VICE PRESIDENT. The Secretary will read the Jour-

nal of the proceedings of the preceding session.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Fletcher Gallinger Hitchcock Hollis Hughes O'Gorman Smith, Mich. Smith, S. C. Ashurst Owen Page Perkins Bacon Bankhead Smoot Sterling Stone Sutherland Bankhead Bradley Brady Brandegee Bristow Bryan Burleigh Pomerene Pomerene Ransdell Reed Robinson Root Shafroth Sheppard Sherman Shields Shively James Johnson Jones Sutherland Swanson Thomas Thompson Thornton Townsend Vardaman Walsh Weeks Williams Kenyon Kern Burton Chamberlain Lane Chamberlair Chilton Clarke, Ark. Crawford Cummins Dillingham Lea Martin, Va. Martine, N. J. Nelson Norris Simmons Smith, Ga.

Mr. SHEPPARD. I wish to announce the unavoidable absence of my colleague [Mr. Culberson]. He is paired with the Senator from Delaware [Mr. DU PONT]. This announcement may stand for the day.

The VICE PRESIDENT. Sixty-four Senators have answered to the roll call. There is a quorum present. The Secretary will read the Journal of the proceedings of the preceding day.

The Journal of yesterday's proceedings was read and approved. ANNUAL REPORT OF THE COMPTROLLER OF THE CURRENCY (H. DOC. NO. 452).

The VICE PRESIDENT laid before the Senate the fiftyfirst annual report of the Comptroller of the Currency for the year ended October 31, 1913, which was referred to the Committee on Banking and Currency and ordered to be printed.

FRENCH SPOLIATION CLAIMS.

The VICE PRESIDENT laid before the Senate communications from the assistant clerk of the Court of Claims, transmitting findings of fact and conclusions of law filed under the act of January 20, 1885, in the French spoliation claims set out in the annexed findings by the court relating to the following

In the cause of the brig Adventure, master, Benjamin Bioren

(H. Doc. No. 458); In the cause of the ship Sally, master, Daniel McPherson (H. Doc. No. 457).

In the cause of the brig Almy, master, Mitchell Cutter (H. Doc. No. 455);
In the cause of the brig Delight, master, John Glazler (S.

Doc. No. 265); and
In the cause of the brig Nancy, master, Alexander Duguid (H. Doc. No. 456).

FINDINGS OF THE COURT OF CLAIMS.

The VICE PRESIDENT laid before the Senate the following communications from the assistant clerk of the Court of Claims, transmitting certified copies of the findings of fact and conclusions filed by the court in the following causes

The cause of George B. Drake v. The United States (S. Doc.

No. 267):

The cause of Elizabeth B. Beal, administratrix of George L. Beal, deceased, v. The United States (S. Doc. No. 268);

The cause of Guy C. Pierce v. The United States (S. Doc. No.

The cause of F. G. Farrington, administrator of Stewart Hunter, deceased, v. The United States (S. Doc. No. 270)

The cause of Hattie L. Willis and Mollie T. Willis, daughters and sole heirs of Phlegmon W. Willis, deceased, v. The United States (S. Doc. No. 271);

The cause of Minerva A. McMillan, widow of James W. Mc-

Millan, v. The United States (S. Doc. No. 272);

The cause of Eliza J. Orr, widow of William A. Orr, v. The United States (S. Doc. No. 273);

The cause of Mary E. Smith, widow of John D. Smith, v. The United States (S. Doc. No. 274);
The cause of Willamina R. Allenbaugh, widow of Charles T.

Allenbaugh, v. The United States (S. Doc. No. 275)

The cause of Sophia E. Keys, widow of Allen C. Keys, v. The United States (S. Doc. No. 276);

The cause of John Hobensack v. The United States (S. Doc. No. 277);

The cause of William M. Paul v. The United States (S. Doc. No. 278);

The cause of Thomas E. Camburn v. The United States (S. Doc. No. 279);

The cause of M. C. Marsh, executor of Eugene A. Marsh, deceased, v. The United States (S. Doc. No. 280);

The cause of Benjamin Hecht v. The United States (S. Doc. No. 281);

The cause of Rhode Island Hospital Trust Co., executor of Zephaniah Brown, deceased, v. The United States (S. Doc. No.

The cause of Earl M. Rogers v. The United States (S. Doc. No. 283);

The cause of Ernest Lomler v. The United States (S. Doc. No. 284);

The cause of John F. Dumont v. The United States (S. Doc. No. 285):

The cause of Thomas M. Brady v. The United States (S. Doc. No. 286):

The cause of James A. Seebolt, administrator of the estate of John H. Seebolt, deceased, v. The United States (S. Doc. No. 287):

The cause of Mary G. Bright, executrix of George A. Bright, deceased, v. The United States (S. Doc. No. 288);
The cause of Christopher C. Andrews v. The United States

(S. Doc. No. 289); The cause of Lewis M. Jarvis v. The United States (S. Doc.

No. 290); The cause of Mary Lodwick, widow of Murty W. Lodwick,

deceased, v. The United States (S. Doc. No. 291); The cause of Adam Smith Leib v. The United States (S. Doc.

No. 292);

The cause of Charles P. Wickham and Samuel A. Wildman, executors of estate of Frederick A. Wildman, deceased, v. The United States (S. Doc. No. 293);

The cause of Charles D. Armstrong v. The United States (S. Doc. No. 294);

The cause of Abbie A. Upson, widow of Henry Upson, deceased, v. The United States (S. Doc. No. 295)

The cause of Elise Brammer, daughter and sole heir of Henry Kroeger, deceased, v. The United States (S. Doc. No. 296); The cause of Ludwell M. Cunard v. The United States (S.

Doc. No. 297);

The cause of County of Jessamine, State of Kentucky, v.

The United States (S. Doc. No. 298);
The cause of County of Newton, State of Missouri, v. The United States (S. Doc. No. 299);
The cause of The Curators of Central College of Fayette, Mo.,

v. The United States (S. Doc. No. 300);
The cause of James L. Wharton v. The United States (S. Doc.

No. 301);

The cause of Nannie B. Smith, one of the heirs of Lemuel N. Bishop, deceased, v. The United States (S. Doc. No. 302) The cause of Charles C. Adams v. The United States (S. Doc.

No. 303); The cause of Albert H. Lanphear v. The United States (S. Doc. No. 304);

The cause of Lizzie W. Townsley, widow of Artemus D. Townsley, v. The United States (S. Doc. No. 305); and

The cause of Frank J. Warren and Lily J. Warren, children and sole heirs of Fitz Henry Warren, deceased, v. The United

States (S. Doc. No. 306).

The VICE PRESIDENT. The findings in these several causes, except. I believe, as to four, are that they are not legal or equitable claims against the Government of the United States. In four of the causes the court decides that they are equitable claims against the Government. The Chair thinks they should be referred to the Committee on Claims, and that action will be taken.

#### JENNIE R. W. VOLLMER V. THE UNITED STATES.

The VICE PRESIDENT laid before the Senate a communication from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion filed by the court in the cause of Jennie R. W. Vollmer, administratrix de bonis non of the estate of Malbone F. Watson, deceased. v. The United States, which cause was referred to the court by the resolution of the United States Senate under the act of

March 3, 1911, known as the Judicial Code.

The VICE PRESIDENT. This finding of the court is that it is a legal claim. The Chair believes that it should be referred

to the Committee on Appropriations.

Mr. GALLINGER. That is correct.

The VICE PRESIDENT. It will be so referred.

Mr. BRYAN. Mr. President, may I inquire of the Chair whether the report of the Court of Claims, which was ordered referred to the Committee on Appropriations, is a judgment of that court or is it a simple finding that there is a legal claim against the Government? If it is a judgment, of course it should go to the Committee on Appropriations; otherwise, it seems to me, it ought to be referred to the Committee on Claims.

The VICE PRESIDENT. The Chair is frank to say to the

Senator from Florida that there are about 500 pages, and this

matter just came in this morning.

Mr. BRYAN. I ask that the finding may be referred to the Committee on Claims, and if it is a judgment of the court, then that committee can report it back to the Senate and it can be sent to the Committee on Appropriations.

Mr. GALLINGER. Mr. President, I feel quite sure that all favorable findings by the court relating to any claims submitted to the court have been referred heretofore to the Committee on

Appropriations. I have no interest in it at all— Mr. BRISTOW. Will the Senator yield a moment? If the bill submitting the claims to the Court of Claims authorizes the court to make finding in whatever amount it may think is due and render a judgment against the United States, then it goes to the Committee on Appropriations.

Mr. GALLINGER. Certainly.
Mr. BRISTOW. But if it is purely for a finding of fact, it comes back to the Committee on Claims.
Mr. GALLINGER. That is right.
The VICE PRESIDENT. There is a large number of these

claims, and the Chair will ask as a personal favor that Senators acquainted with the procedure may examine them and then

advise the Chair as to what course shall be taken.

Mr. BRYAN. That was my object in asking that they should
go to the Committee on Claims. Then that committee can go to the Committee on Claims. Then that committee can report them back if a reference to the Committee on Appropriations is the proper course, and they can be so referred.

The VICE PRESIDENT. That will be done, then.

## MESSAGE FROM THE HOUSE,

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the following bill and joint resolutions, in which it requested the concurrence of the Senate:

H. R. 9411. An act relating to expenditure of money received on account of liquor licenses, Washington Market Co., and from

other sources

H. J. Res. 107. Joint resolution directing the Secretary of the Treasury to transfer \$1,003,257.24 upon his books from the District of Columbia to the credit of the United States; and

H. J. Res. 164. Joint resolution authorizing the Secretary of the Senate and the Clerk of the House to pay the officers and employees of the Senate and House, including the Capitol police, their respective salaries for the month of December, 1913, on the 20th day of said month.

## PETITIONS AND MEMORIALS.

Mr. BURTON. I present resolutions adopted by the Business Men's Club Co. of Ohio, a prominent business and social organization, favoring the international suspension of naval construc-

tion program. The resolutions are brief, and I ask that they be printed in the RECORD and referred to the Committee on Naval Affairs.

There being no objection, the resolutions were referred to the Committee on Naval Affairs and ordered to be printed in the RECORD, as follows:

Whereas the following resolution (H. Res. 298) has been introduced in the United States Congress:

the United States Congress:

"Resolved, That in the opinion of the House of Representatives the declaration of the Lord of the Admiralty of Great Britain, the Right Hon. Winston Churchill, that the Government of the United Kingdom is willing and ready to cooperate with other Governments to secure for one year a suspension of naval construction program, offers the means of immediately lessening the enormous burdens of the people and avoiding the waste of investment in war material.

"Resolved, That a copy of thir resolution be furnished the President, with the request that, so far as he can do so, having due regard for the interests of the United States, he use his influence to consummate the agreement suggested by the Right Hon. Winston Churchill": Therefore Resolved, That the Business Men's Club Co. heartily approves the above resolution, and the secretary is hereby instructed to send copies of the action of this body to the President of the United States, the Senators from Ohio, and Representatives Allen and Bowdle.

Mr. THOMPSON presented positions of the Commercial Club.

Mr. THOMPSON presented petitions of the Commercial Club of Concordia, Kans.; of James H. Little and sundry other citizens of La Crosse, Kans.; and of W. J. Heiney and sundry other citizens of Grainfield, Kans., praying for the early passage of the pending banking and currency bill, which were ordered to lie on the table

Mr. OWEN. I present a memorial from the legislative council of the conference of Progressive State Granges, relative to the Mr. OWEN. pending banking and currency bill. I ask that the memorial lie on the table and be printed in the RECORD.

There being no objection, the memorial was ordered to lie on the table and to be printed in the RECORD, as follows:

Memorial on the pending banking and currency legislation. To the Senate and House of Representatives of the United States of America in Congress assembled:

Memorial on the pending banking and currency legislation.

To the Senate and House of Representatives of the United States of America in Congresa assembled:

We, the undersigned members of the legislative council of the Conference of Progressive State Granges, herewith memorialize you concerning the proposed reform of the banking and currency system.

We approve the main features of the House bill as amended and presented to the Senate by the chairman of the Senate committee, with the following exceptions:

(1) We believe that the law should provide for not less than 12 regional reserve banks. The country divides naturally into commercial centers, and each of these centers should have a regional reserve bank.

(2) We believe that the forthcoming law should enunciate a rule whereby the volume of the paper currency that is to be used in combination with the metallic money shall be properly gauged, so that there can not be any undue inflation nor any undue contraction, the ideal being stability in the purchasing power of money. When justice shall thus be established the money question will no longer be a political issue, any more than is to-day the number of cubic inches in the bushel or the number of ounces in the pound. The bill as introduced in the two Houses last spring contained the needed rule, and we suggest that it be restored—in other words, that paragraph (d) of section 15 be amended to read:

"Every individual reserve bank shall have power \* \* \* (d) to establish from time to time, subject to review and determination of the Federal reserve board, rates of discount to be charged by the Federal reserve bank for each class of paper, which shall be fixed with a view of accommodating commerce and promoting stability in the purchasing power of money.

The italicized portion is the amendment we propose.

(3) We believe that the Federal reserve notes provided for in section 17 should be full legal tender and be issued only in such quantities and rettred in such manner as will maintain stability in the purchasing

Respectfully.

Respectfully,

C. B. Kegley,
O. Gardner,
WM. T. Creasy,
John A. McSparrow,
Geo. P. Hampton,
Legislative Council, Conference of Progressive State Granges.
HINGTON, D. C., December 1, 1918 WASHINGTON, D. C., December 1, 1913.

State granges represented in the conference: Colorado, Idaho, Kentucky, Maine, Oregon, Pennsylvania, South Dakota, and Washington.

## BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GALLINGER:

A bill (S. 3600) making an appropriation for the construc-tion of a dry dock at the Portsmouth Navy Yard; to the Committee on Naval Affairs.

A bill (S. 3601) granting an increase of pension to Eunice M. Boynton (with accompanying papers); to the Committee on

By Mr. TOWNSEND:

A bill (S. 3602) providing for the disposition of land of the United States no longer considered suitable for use of the Organized Militia as target ranges; to the Committee on Mili-

By Mr. CHAMBERLAIN:

A bill (S. 3603) for the relief of John W. Hagan; to the Committee on Military Affairs.

By Mr. SHERMAN:

A bill (S. 3604) granting an increase of pension to Simpson Newman; to the Committee on Pensions.

By Mr. KERN:

A bill (S. 3605) for the relief of Jonathan Baker (with accompanying papers); to the Committee on Military Affairs.

A bill (S. 3606) granting a pension to Laura M. Goodwine

(with accompanying papers);

A bill (S. 3607) granting a pension to Mary E. Howard (with

accompanying papers); and A bill (S. 3608) granting an increase of pension to Silas W. Norris (with accompanying papers); to the Committee on Pensions.

#### DELEGATE FROM THE DISTRICT OF COLUMBIA.

Mr. POINDEXTER submitted an amendment intended to be proposed by him to the bill (S. 2863) providing for the election of a Delegate to the House of Representatives from the District of Columbia, and for other purposes, which was re-ferred to the Committee on the District of Columbia and ordered to be printed.

#### AMENDMENT TO THE RULES.

Mr. SMOOT. According to the notice I gave on December 6 of a proposed amendment to paragraph 1 of Rule XXIX, I submit the following resolution and ask that it be referred to the Committee on Rules.

Mr. GALLINGER. Let it be read first, Mr. President.

The VICE PRESIDENT. The Secretary will read the reso-

The resolution (S. Res. 234) was read and referred to the Committee on Rules, as follows:

Committee on Rules, as follows:

Resolved, That paragraph 1 of Rule XXIX be amended by inserting in line 8, between the words "Senate" and "otherwise," the words "shall by vote," so that the paragraph as amended shall read:

"I. Every motion to print documents, reports, and other matter transmitted by either of the executive departments, or to print memorials, petitions, accompanying documents, or any other paper, except bills of the Senate or House of Representatives, resolutions submitted by a Senator, communications from the legislatures or conventions, lawfully called, of the respective States, and motions to print by order of the standing or select committees of the Senate, shall, unless the Senate shall by vote otherwise order, be referred to the Committee on Printing. When a motion is made to commit with instructions, it shall be in order to add thereto a motion to print.

## HOUSE BILL AND JOINT RESOLUTIONS REFERRED.

The following bill and joint resolutions were read twice by their titles and referred to the Committee on the District of

H. R. 9411. An act relating to expenditure of money received on account of liquor licenses, Washington Market Co., and from other sources: and

H. J. Res. 107. Joint resolution directing the Secretary of the Treasury to transfer \$1,003,257.24 upon his books from the District of Columbia to the credit of the United States.

H. J. Res. 164. Joint resolution authorizing the Secretary of the Senate and the Clerk of the House to pay the officers and employees of the Senate and House, including the Capitol police, their respective salaries for the month of December, 1913, on the 20th day of said month, was read twice by its title and re-ferred to the Committee on Appropriations.

## ELECTION OF SENATORS.

Mr. BRADLEY submitted an amendment intended to be proposed by him to the bill (S. 2860) providing a temporary method of conducting the nomination and election of United States Senators, which was ordered to lie on the table and to be printed.

# ADDITIONAL CLERKS TO SENATORS.

The VICE PRESIDENT. Morning business is closed. The calendar under Rule VIII is in order, and the first business on the calendar will be stated.

The first business on the calendar was the resolution (S. Res. 19) reported by Mr. WILLIAMS, from the Committee to Audit and Control the Contingent Expenses of the Senate on April 28, 1913, with an amendment to strike out all of the original resolution and in lieu thereof to insert:

Resolved, That all Senators now having less than three employees, as chairmen of committees or otherwise, be allowed an additional employee, to be paid at the rate of \$1,200 per annum from the contingent fund of the Senate until otherwise provided by law.

Mr. THOMAS. I merely wish to inquire if that is the resolution submitted by the Senator from Washington [Mr. Jones].

The VICE PRESIDENT. It is a resolution submitted by the Senator from New Hampshire [Mr. Gallinger] on the 17th of March last. The question is on agreeing to the substitute amendment reported by the committee.

The amendment was agreed to.

The resolution as amended was agreed to.

## DIPLOMATIC AND CONSULAR SERVICE.

The next business on the calendar was the resolution (S. Res. 65) directing the Committee on Foreign Relations to report to the Senate certain information relative to employees in the Diplomatic and Consular Service of the United States.

Mr. GALLINGER. Let that go over.

The VICE PRESIDENT. The resolution goes over.

## ELECTION OF SENATORS.

Mr. SUTHERLAND. Mr. President, I should like to have the attention of the Senator from Montana [Mr. Walsh] for a moment. We are now considering the calendar under Rule VIII, and I would ask the Senator from Montana whether there is any reason why we should not proceed, if the Senate is willing, to the consideration of the senatorial election bill?

Mr. WALSH. There is no reason that I know of, and I should be very glad to join in getting the bill before the Senate at this time. I have a suggestion to make in relation to an amendment, which I feel will remove any objection which the Senator from Kentucky [Mr. Bradley] had to the consideration of the measure; and, if the Senator will give me his attention, I shall be very glad to read it, and doubtless he will find no occasion for further refusing to join in the request for unanimous consent for the present consideration of the bill.

If the bill is brought before the Senate for consideration, I will say to the Senator from Kentucky that it is my purpose to move to add to the bill as reported a section reading as follows:

Nothing herein contained shall be construed to affect the right of any person to a seat in the Senate under any election heretofore held or appointment heretofore made.

Mr. SUTHERLAND. Mr. President, in order that the matter may be properly before the Schate, I ask unanimous consent that the Senate now proceed to the consideration of Senate bill 2860, being the senatorial election bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 2800) providing a temporary method of conducting the nomination and election of United States Senators, which had been reported from the Committee on Privileges and Elections with an amendment to strike out all after the enacting clause and to insert:

strike out all after the enacting clause and to insert:

First. That at the regular election held in any State next preceding the expiration of the time for which any Senator was elected to represent such State in Congress, at which election a Representative to Congress is regularly by law to be chosen, a United States Senator from said State shall be elected by the people thereof for the term commencing on the 4th day of March next thereafter.

Second. That in any State wherein a United States Senator is hereafter to be elected either at a general election or at any special election called by the executive authority thereof to fill a vacancy, until or unless otherwise specially provided by the legislature thereof, the nomination of candidates for such office shall be made, the election to fill the same conducted, and the result thereof determined, as near as may be, in accordance with the laws of such State regulating the nomination and election of candidates for Members at Large of the National House of Representatives: Provided, That in case no provision is made in any State for the case of the nomination or election of Representatives at Large, the procedure shall be in accordance with the laws of such State respecting the ordinary executive and administrative officers thereof who are elected by the vote of the people of the entire State: And provided further, That in any case the candidate for Senator receiving the highest number of votes shall be deemed elected.

Mr. SUTHERLAND. I propose an amendment to the bill,

Mr. SUTHERLAND. I propose an amendment to the bill, which I send to the desk.

The VICE PRESIDENT. The Senator from Utah proposes an amendment to the bill, which will be stated.

The Secretary. It is proposed to strike out the remainder of page 2 after the words "election of," in line 19, and the word "State," in line 1, page 3, and insert in lieu thereof the follow-

Representatives in Congress: Provided, That if the manner of such nomination or election is not applicable to the case of a nomination or election by the people of the entire State, the laws respecting the manner of nominating or electing the governor shall be followed.

Mr. SUTHERLAND obtained the floor.

Mr. BACON. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Georgia?

Mr. SUTHERLAND. I do.

Mr. BACON. I wish to suggest that this is a matter of considerable importance, and if there are going to be any material amendments made to the bill we ought to have some better opportunity to understand them than simply by hearing them read at the desk

Mr. SUTHERLAND. The amendment which I propose has been on the desks of Senators for three or four days

Mr. BACON. I did not know that fact.

Mr. SUTHERLAND. And it has also been printed.

Mr. BACON. I was not aware of that.
Mr. STONE. How will the bill read as proposed to be amended?

Mr. SUTHERLAND. Mr. President, the bill as reported from the committee provides for both general and special elections of Senators, and it provides that in both cases

the nomination of candidates for such office shall be made, the election to fill the same conducted, and the result thereof determined, as near as may be in accordance with the laws of such State regulating the nomination and election of candidates for Members at Large of the National House of Representatives.

I think there are States where there is no provision made in the law for the election of Representatives at Large. Statutes of the United States contemplate that Representatives shall be elected in the districts of the State. Sometimes provision is made for the election of the Representative at Large when a new apportionment is made, but that is only a temporary matter. A temporary provision is sometimes made for the election of the Representative at Large until general provision can be made for a reapportionment of the State, but I think it will be found that in many of the States the language of the statute is applicable only to the election of Representatives in the various districts, and it will be found that there is no specific language applicable to the election of Representatives at Large. So the amendment which I propose is to strike out the language of the bill with reference to the election of Representatives at Large and to simply provide that the law with reference to the election of Representatives in Congress shall be followed. am aware of the fact that if that is done and if nothing more than that is done some confusion may result when we come to the question of the nomination of Senators, because the laws of some of the States with reference to nominations where primary laws are in effect will only be applicable to a district. and may not be applicable to the case of an officer elected by the entire vote of the people.

Mr. REED. Mr. President——
The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Missouri?

Mr. SUTHERLAND. I do.

Mr. REED. I desire to ask the Senator what he would do in those States where the governor is not elected by popular vote?

Mr. SUTHERLAND. There is no such case, as I under-

Mr. REED. My understanding is that there is such a State. Mr. SUTHERLAND. I do not so understand. To what

State does the Senator refer?

Mr. REED. I have not examined the matter, but I think the election of a governor in New Hampshire frequently goes to the legislature under some circumstances.

Mr. GALLINGER. Mr. President, we changed our State

constitution last year, so that hereafter the governor will be The recent election was the last one elected by popular vote. to be held under the old constitution.

Mr. REED. Is a plurality or a majority required?

Mr. GALLINGER. A plurality. Our constitution and our laws now conform precisely to the rules that prevail in practi-

cally all of the States.

Mr. SUTHERLAND. As I understand, there are still one or two States perhaps where, when as a result of the election a majority vote has not been cast for any candidate, the election goes into the legislature. That, I suppose, is the case to which the Senator from Missouri refers; but that situation is covered by the second proviso in the bill, which is:

And provided further, That in any case the candidate for Senator receiving the highest number of votes shall be deemed elected.

Of course, in a State where the law provides that when no candidate for governor has received a majority of the votes the election must be held by the legislature, that can not be applicable to the case of the election of a Senator, because the amendment to the Constitution expressly provides that Senators shall be elected by the people; but in order to obviate any question we have inserted the proviso to which I have just called attention.

Mr. BACON. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Georgia?

Mr. SUTHERLAND. I do.

Mr. BACON. I desire to ask the Senator a question, which possibly might also be addressed to the Senator in charge of the bill. I ask whether or not Congress has any right to prescribe how Senators shall be nominated?

Mr. SUTHERLAND. No-

Mr. BACON. Pardon me a moment, please, that I may make plain my question. The constitutional provision is the one which controls, and if a man is elected in the way which the constitutional provision prescribes, the question of how he was put into the race, it seems to me, can not be considered. It occurs to me that it is not a proper thing for us to pass a law imposing conditions or laying commands unless we are authorized to enforce them. This bill provides that a man shall be nominated in a certain way. It uses the word "shall"—shall be nominated in a certain way. A man has a right to run for the Senate in an election before the people without being nominated at all; and if any man should choose to come out as an independent candidate and run as a candidate for Senator before the people and should receive a majority of the votes, or a plurality, as the case might be, we could not say to him, "You were not nominated as this law requires." We could not turn him away from this door on the ground that he had not received a nomination. That being the case, while it may be said that the words are harmless and surplusage, is it proper that we should include in an act words which impose a duty and make a command that we ourselves would not have a right to enforce or look into?

Mr. SUTHERLAND. The Senator from Georgia asks me a question and then proceeds to answer it himself. I think it is quite true that Congress ought not undertake to interfere with the laws of a State providing a method for nominating Representatives or Senators, but the difficulty with this situation is that the laws of the various States, particularly the primary laws providing for the manner of nominating Representatives and State officers, will not be applicable at all in the case of a Senator, because those laws are not by their terms made applicable, and the only way that those laws can be made available is for Congress by this legislation to recognize them until such time as the States themselves shall pass legislation either providing for an original method of nominating Senators or adapting their present State laws to

that condition.

The whole purpose of this measure is temporary. tide over this difficulty, and unless Congress legislates with reference to the nominations as well as the elections, then the primary laws of some of the States will not be applicable and can not be availed of by the people. That is the purpose as I understand.

Mr. President, I desire to proceed a little further with the

amendment I have proposed. Mr. WILLIAMS. Mr. Pr

Mr. WILLIAMS. Mr. President, I think, if I understand this provision, that I quite agree with the Senator from Geor-[Mr. Bacon]—that all reference to nominations ought to be left out of this bill, or else they ought to be made to conform with the State requirements absolutely.

Mr. SUTHERLAND. They do.

Mr. WILLIAMS. For example, in the State of Mississippi we never permit a man to be nominated by a plurality vote. No man can be the nominee of a party in Mississippi unless he has received a majority at the primary.

Mr. SUTHERLAND. Let me interrupt the Senator from

Mississippi long enough to say that this bill does not attempt

to interfere with that.

Mr. WILLIAMS. I read this on page 3:

And provided further, That in any case the candidate for Senator receiving the highest number of votes shall be deemed elected.

Mr. SUTHERLAND. But that does not apply to nominations. Mr. WILLIAMS. Does not that relate back to the provision for nominations?

Mr. SUTHERLAND. Oh, no; only to the election.

Mr. WILLIAMS. What would be the objection, if the Senator will follow me, to striking out, in lines 15 and 16, op page 2, the words "the nomination of candidates for such office shall be made"; and striking out, in line 17, the words "as near as may be"? This bill provides that the State laws shall be followed "as near as may be." Why can not the State laws be followed? Also, what would be the objection to striking out, in line 22, the words "nomination or"; in other words, why should this relate to a nomination at all? It seems to me what we are trying to do is this: We are trying to provide for the popular election of Senators. The method by which Senators

shall be elected at a primary, it seems to me, might very well be left to the States. One State requires a plurality and another requires a majority. In my State, for example, we have a general primary between the candidates, and, then, if no one gets a majority, there is another primary within 10 days between the two highest candidates.

Mr. WALSH. Mr. President— The VICE PRESIDENT. Does the Senator from Utah yield

to the Senator from Montana?

Mr. SUTHERLAND. In just a moment I will yield. Let me ask the Senator from Mississippi a question right there. Suppose that is stricken out of the bill, and nothing at all is said with reference to nominations and the bill is passed simply regulating elections. Under what law of Mississippi would you proceed to nominate a United States Senator?

Mr. WILLIAMS. We already have a law for nominating all officers in Mississippi, and we have had it for quite a long

The Senator has been nominated for years. SUTHERLAND. There is a law which applies to Sen-Mr. SUTHERLAND. Then that would cover the case of Mississippi.

Mr. WILLIAMS. It applies to all officers who are to be nominated at all.

Mr. SUTHERLAND. That would cover the case of Mississippi; but there may be States where no specific provision is made with reference to the nomination of Senators, and in those cases we want to adapt the law with reference to the nomination of Representatives.

Mr. WILLIAMS. I dare say there is not a State in the Union that has not some customary method of nominating men for office as representatives of the party. It may be that some States have not a primary nomination. I do not know about that. It may be that some of them do not nominate in primaries; but the point that it seems to me is clear is that ought to have nothing to do with that. We ought to leave that to the respective States.

Mr. WALSH. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Montana?

Mr. SUTHERLAND. I do.

Mr. WALSH. Allow me to say to the Senator from Mississippi that that is just exactly what we do do. We let them do just exactly as they see fit about it. If they have not any laws for the nomination of any of the other persons who are to be voted for, then they have not any law for the nomination of a United States Senator. If they have a law providing for the nomination of a governor, a secretary of state, or any other State officer, we provide that that law shall be equally applicable to the candidate for United States Senator.

Mr. WILLIAMS. If the Senator will pardon me, there are States which have no law at all upon the subject of nomination.

Mr. WALSH. Exactly.

Mr. WILLIAMS. It is a mere matter of party custom.

Mr. WALSH. Exactly. Therefore there will be no law in such a State for the nomination of a United States Senator.

Mr. WILLIAMS. Can that custom be followed? Why can you not leave it to the State and let the custom be followed? Prior to

Mr. WALSH. Mr. President, let me answer the Senator from Mississippi. If in any State there is no law in relation to the nomination of candidates for any offices, there will be no law for the nomination of a candidate for United States Senator. In such States the nomination of candidates for United States Senator will, as a matter of fact, be governed by the custom that prevails there, just the same as custom governs in the nomination of a candidate for any other office.

Mr. WILLIAMS. Mr. President, I believe the Senator from Montana is right about that. The bill was just brought to my attention. I had to read it rather hurriedly and hastily, and my inquiries have been as much for information as for criticism. That being the case, I want the State custom or the State law,

whatever it is, respected.

Mr. SUTHERLAND. This will not interfere in any way with the law of Mississippi. It will not interfere with it in the

slightest.

Mr. WALSH. Mr. President-

Mr. SUTHERLAND. I yield to the Senator from Montana. Mr. WALSH. Let me state further that in any of those States, just as soon as they make a general provision for the nomination of all officers or a special provision for the nomination of United States Senators, that will take effect under this

Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from California?

Mr. SUTHERLAND. I do.

Mr. WORKS. With respect to the suggestion made by the Senator from Georgia that one may become a candidate without a nomination, and that that is not covered by the bill, I suggest to the Senator from Utah that that objection might be covered by the insertion after the word "made," in the sixth line of the second paragraph, of words something like the following: mode of becoming a candidate determined," so that it would read, if amended:

Until or unless otherwise specially provided by the legislature thereof, the nomination of candidates for such office shall be made, the mode of becoming a candidate determined, the election to fill the same conducted, and the result thereof determined, as near as may be—

And so forth.

Mr. SUTHERLAND. I see no objection to that, although it occurs to me that the word "nomination" is sufficient to cover the whole subject.

Mr. WORKS. That may be so; but certainly under the law of many of the States one may become an independent candidate without any nomination, and this would cover that case.

Mr. SUTHERLAND. Personally, I see no objection to that. Mr. BACON. Mr. President, if the Senator will pardon me a

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Georgia?

Mr. SUTHERLAND. Yes.

Mr. BACON. If I do not unduly interrupt the Senator, I wish to ask him a question. Suppose, after we pass this bill, a Senator should be elected by a majority vote of the people at a duly authorized election in which there was an entire disregard of this provision as to nominations, and the Senator thus elected should present himself here for admission to a seat in the Senate. What would be the attitude of the Senator from Utah with reference to the disregard of the provision of law regarding nominations?

Mr. SUTHERLAND. Mr. President, I do not know what would be the attitude of the Senator from Utah with reference to that question. Until it arises I prefer not to express an opinion

about it

Mr. BACON. If the Senator will pardon me, I want to say that I have too high a regard for the Senator's ability as a lawyer to question in my own mind for a moment what he would The constitutional amendment says that a Senator shall be elected by the popular vote of the people, and the only requirement is that he shall be elected by those whom that amendment constitutes the duly qualified electors, to wit, those who are authorized to vote for the members of the most numerous branch of the legislature. We can not add to that qualification or take from it. Whenever that qualification is complied with and a Senator receives a majority vote and presents himself here I have not the slightest doubt in my mind, although the Senator himself may doubt it, as to what the judgment of the Senator from Utah would be. He would be entitled to his seat.

The only purpose of the inquiry is this: In view of the fact that this can not affect the right of a Senator to his seat, I do not think we have any right to impose a condition as to how a nomination shall be made. I do not think it is any of our business how a nomination shall be made. We do not require it in the case of a Representative. There is no such law on the statute books as to the manner in which a Member of the other branch of Congress shall be elected—that he shall be nominated in a certain way.

Mr. BURTON. Mr. President, will the Senator from Georgia yield to me?

Mr. BACON. I have the floor by the grace of the Senator from Utah.

Mr. SUTHERLAND. The Senator from Georgia has not the floor. The Senator from Utah will yield.

Mr. BURTON. I will state that we have legislated on the subject of nomination with regard to Representatives in Con-The degree of control which we have over nominations has often been discussed here. The apportionment act approved August 8, 1911, contains this section:

SEC. 5. That candidates for Representative or Representatives to be elected at large in any State shall be nominated in the same manner as candidates for governor, unless otherwise provided by the laws of such State.

Mr. BACON. That certainly escaped me whenever it passed. I did not know of it. I am speaking generally, however. The Senator will recognize, of course, that the election of a Representative at large from a State is very rare, and legislation with regard to that matter does not attract very general attention.

Mr. ROOT and Mr. WALSH addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield, and to whom?

Mr. SUTHERLAND. I yield first to the Senator from New

Mr. ROOT. I wish to express my agreement with the view of the Senator from Georgia. The difficulty about undertaking to legislate regarding the processes in the several States which culminate in an election is not any difficulty that we can see now; it is that we can not see what difficulties may arise. We can not see what interference the rules we prescribe may cause in the future. I think we had better let it alone and leave the States to regulate their own affairs in regard to elections. term "election" must include and embrace all steps of whatever kind whether by law or by custom or by voluntary and uncontrolled action of the people-all the steps which culminate in the final determination of the person who is to hold the office.

When we have legislated and said what we think it is necessary to say about election, we include, without any limitations on our part, all the varied methods of accomplishing an election. We include every kind of nomination that a State may see fit to adopt. I think we had better be as simple and as brief

about it as possible.

Mr. SUTHERLAND. I would quite agree with what has been said by the Senator from New York and the Senator from Georgia if it were not for one consideration, which I will mention in a moment. First of all, let me say that the legislatures of the various States act under a power conferred in exactly the same words as that under which Congress acts. The legislatures are given the power to regulate the time, place, and manner of elections. Under that power the legislatures of the various States provide for the nomination of representatives. They pass their primary laws. It is a preliminary step to the election, it is true, and yet it must come under one or the other of those descriptive words-the time, or the place, or the manner.

It seems to me that Congress, having the same power, would have the right, if it chose to exercise it, of regulating the manner of nomination as well as the States would have. But however that may be, I should not be in favor of Congress exercising the power except as a temporary expedient, as is done in this

Mr. GALLINGER. Mr. President-

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from New Hampshire?

Mr. SUTHERLAND. In just a moment I will yield.

The difficulty is that many of the States have primary laws that are not applicable in their terms to the case of the nomination of United States Senators. Unless Congress by some form of enactment gives the people of the States the power to resort to those laws, they can not be resorted to, as I understand it, or they may not be resorted to; and it is simply to tide over that temporary condition that this bill is proposed. Until or unless the States have otherwise provided we say that they shall use this manner of nomination.

Now I yield to the Senator from New Hampshire.

Mr. GALLINGER. That is precisely the point that I rose to call to the attention of the Senator from Utah. In my own State we have had for several years primary laws for the nomination of Members of Congress, members of the legislature, and so forth, and last year we enlarged it to include the governor. The legislature, however, did not provide that Senators should be nominated by popular vote, and the legislature is not in session. Unless Congress can give us some relief, it seems to me our legislature will have to be called in special session to make that provision. I do not see how we can get over it unless we are granted the right to nominate in any way we please. I do not know but that might be done; possibly it could be; but unless the proposed law is to include primaries as well as elections, I can see the difficulty that would confront us in New Hampshire in that respect. So I hope the provision

relating to nominations may be retained.

Mr. SUTHERLAND. Mr. President, I have been led somewhat away from what I desired to say with reference to the

amendment which I propose,

I have already suggested the reason why I offered as a substitute the language "Representatives in Congress" instead of the language of the bill, "candidates for Members at Large of the National House of Representatives."

The bill continues, and contains this proviso:

Provided, That in case no provision is made in any State for the case of the nomination or election of Representatives at Large, the procedure shall be in accordance with the laws of such State respecting the ordinary executive and administrative officers thereof who are elected by the vote of the people of the entire State.

This bill, as I have already said, applies both to the general election and to a special election. The difficulty with that language is that in many of the States—in my own State, for example—there is no provision whatever for the election of an executive or administrative officer of the State at a special election. Whenever a vacancy occurs in an office of that character

in the State of Utah, and in many other States, the vacancy is filled by the appointment of the governor; so you will have a case in a special election where your bill will not apply at all. If the special election under this proviso is to be held in accordance with the rule respecting the ordinary executive and administrative officers, then in many States you have no such Those officers are not elected at all. So I have proposed by this amendment to substitute for that proviso the following:

Provided, That if the manner of such nomination or election is not applicable to the case of a nomination or election by the people of the entire State, the laws respecting the manner of nominating or electing the governor shall be followed.

That leaves the general provisions of the bill with reference to the time and place applicable to the election of a Representative to apply here.

There never can be any confusion about those two elements, because the time and the place of electing a Representative in a district will be, of course, applicable to the election of an offi-cer at large. The time is fixed for the general election, the first Tuesday after the first Monday of November in the bien-nial years, and the places are fixed by the State law. The polling places are fixed as the places for holding the election. So there never can be any confusion with reference to those two elements. The only trouble will be with reference to the

manner of electing or nominating. I have by my amendment proposed to adopt the manner which is applicable to the nomination or election of a governor, and it seems to me that with that provision in the bill it will be

entirely workable.

Mr. BACON. Mr. President, I wish to suggest to the Senator, if he has a copy of the bill before him, an amendment, such as I will now indicate, simply by striking out. The copy I before me has not any numbers to the lines, so it is difficult to indicate them, but I will say that it is in the fourth line of the second paragraph of the printed copy before me. I will read it as it would read if amended. I want to strike out certain words, so that the second section, if amended, would read as I now read it. I do not interpolate any words; I simply strike out some:

Second. That in any State wherein a United States Senator is hereafter to be elected, either at a general election or at any special election called by the executive authority thereof to fill a vacancy, until or unless otherwise specially provided by the legislature thereof, the election to fill the same—

The words "shall be" will have to be put in thereshall be conducted, and the result thereof determined, as near as may, be in accordance with the laws of such State respecting the ordinary executive and administrative officers thereof who are elected by the vote of the people of the entire State.

Why does not that cover everything we need?

Mr. SUTHERLAND. The difficulty of that is, as I have already undertaken to show, that when you come to special elections there are many States where there is no provision for the election of an ordinary executive and administrative officer. Such officers are appointed when a vacanacy occurs. would not in many States cover the case of a special election

So far as leaving out reference to the nomination of Senator is concerned, I care personally nothing about it, but I think it

may result in some confusion in some of the States.

Mr. STERLING. Mr. President—
The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from South Dakota?

Mr. SUTHERLAND. I do. Mr. STERLING. I think the Senator in his last statement has just expressed a condition that will probably exist in my own State of South Dakota. I trust that this reference to the nomination of candidates will not be stricken out of the bill. Without such provision the situation probably would be that one faction would contend that the nomination must be made according to the laws of the State for the nomination of other Another faction would contend that since Congress has officers. not provided that the nomination of a candidate for United States Senator shall be made in accordance with the laws of the State, therefore some other method may be adopted. In order to prevent such confusion I think that the provision relating to the nomination ought to remain.

I appreciate what was said by the Senator from New York [Mr. Roor], that the term "election" perhaps includes the preliminary steps, such as the nomination and all proceedings preliminary to the election; yet in order to avoid confusion and uncertainty I think the nomination should be provided for in

the bill.

Mr. WORKS and Mr. WALSH addressed the Chair.
Mr. SUTHERLAND. I will yield the floor. I have completed what I desired to say.
The VICE PRESIDENT. The Chair recognizes the Senator

from California.

Mr. WORKS. I will yield to the Senator from Montana.

Mr. WALSH. No; let the Senator proceed.

Mr. WORKS. I was going to suggest that the amendment I referred to a moment ago would relieve the situation, it seems to me, in respect to other means of becoming a candidate than by nomination. Therefore, for the purpose of relieving that difficulty, I move to amend by inserting after the word "made," in line 16, "the mode of becoming a candidate determined," so that if the State allows one to become a candidate independently and without a formal nomination that would be covered.

Mr. SUTHERLAND. I have an amendment already pending.
Mr. WORKS. The Senator from Utah says that there is an
amendment pending offered by himself. Therefore I will with-

hold my amendment for the present.

Mr. WALSH. Mr. President, most of the matters which have been the subject of discussion here this morning have received specific consideration from the committee, and I rise simply to give the Senate the benefit of the discussions which took place there

The distinguished Senator from Georgia [Mr. Bacon] asks as to the power of Congress to legislate concerning the subject of nominations at all. Congress has legislated with reference to the nominations of Members of Congress not only in the particular to which the Senator from Ohio has referred, but likewise an act was passed requiring a financial report to be made by the candidate as to the expenses incurred by him in procuring his nomination as well as in securing his election after the nomination was made.

Mr. President, I have no doubt at all that Congress being vested with power under the Constitution to prescribe the time, place, and manner of the election of Senators and Representatives, the language of the Constitution embraces every step by which the election is eventually accomplished, including the nomination of candidates as well as the culminating acts of the

election.

Therefore, Mr. President, I do not think that the import of this bill would be in any manner affected by the amendment proposed by the distinguished Senator from Georgia. In other words, if we wiped out any reference to the nomination and simply provided that the election was to be conducted in the same manner as is provided by the State statute, the word "election" would be held to embrace all the machinery by which the election is accomplished, including the method by which candidates are nominated, as provided by the State statute.

I feel, however, in order to remove any uncertainty about the matter which might arise, that we ought in the law to be passed specifically to make the local statutes in relation to

nominations applicable as well.

The question is asked by the Senator as to why, conceding the power to the legislature in the matter, should we legislate in relation to the nomination of candidates? The answer to that is perfectly plain. It is that if we do not legislate, either by employing the general term "election" or by referring to nominations specifically, there will be no way by which the name of a candidate for Senator, the nominee of any particular party, can be placed upon the ballot in those States wherein the Australian system prevails. At least it can not be done unless, as in some of the States, there are general laws sufficiently comprehensive in the language employed to embrace candidates for Senator as well as other offices.

For instance, suppose you take the case of a State statute which provides that the ballot shall be framed in the following form: First, candidates for governor; second, candidates for Members of Congress; third, candidates for secretary of state, and so on down the list. No mention is made of United States Senator at all nor for the placing of nominees for United States Senator upon the ballot. This proposed statute is intended to so operate as that the party nominee shall find a place upon the official ballot at the election, and, likewise, that the nomination shall be accomplished just exactly the same as is the nomination for the general executive and administrative offices.

I wish to say a word with reference to the amendment suggested by the Senator from Utah, but before I pass to that I want to speak further in relation to another suggestion offered by the Senator from Georgia. He asked the Senator from Utah, and with great force, what he would do in case a candidate for United States Senator came here by vote of the people of a State and yet his nomination was not effected in the manner prescribed by the State statute. Unquestionably, unless the failure to observe the State statute was in respect to a provision fundamental in its character, the law unobserved, would be regarded as directory only, not mandatory, and the successful candidate ought to be seated as a matter of course in this body.

That would be in accordance with a rule that is universally in force with reference to these statutes regulating nominations. Even what would seem to be the most material departure from the method prescribed by the State statute is never permitted to operate to invalidate an election by the adjudication of the courts after the choice of the people has been made. When the Australian ballot was comparatively new in this country a decision was rendered by the supreme court of my State, was very severely criticized and finally overruled by that court itself. It held an election void under the authority of certain decisions of the courts of Australia, where the system originated, because the nomination of the candidate had not been made in strict accordance with the provisions of the law in relation to nominations, but upon further reflection and owing in some measure to the criticism provoked by its earlier ruling, the court held in a later case that any objection not absolutely fundamental in its character to the nomination of a candidate or to the method by which he is nominated or the method by which the certification is made must be made, to be effective, before the election takes place, in order that it may be corrected, if it can be corrected. But if it is not corrected and the attention of the officers is not called to the matter, nor the courts appealed to, in order to correct the irregularity, whatever it is, and the election goes on and the candidate receives a majority of the votes or a plurality, as the case may be, he will be held elected.

So, Mr. President, if it should so happen that any candidate for United States Senator would appear here, there being some irregularity in the way he was nominated, the requirement of the State statute not being in every particular observed, no effort having been made by his antagonist to correct ic, and he comes here supported by the vote of his State, there is no doubt

in the world about his admission to this body.

Now, a word in reference to the amendment offered by the Senator from Utah. I appreciate the force of the criticism made by the distinguished Senator to the language of the bill. It is founded upon inherent difficulties in the case that are by no means removed by the amendment which he proposes.

The bill as reported by the committee provides that the nomination and election shall be conducted, as near as may be, in accordance with the provisions of the State statutes in relation to the election of Representatives at Large. Everybody agrees that it is a wise and proper provision to have the election for both branches conducted in exactly the same way. The constitutional provision under which we legislate covers both branches. The method of election now is exactly the same. But some States may not have a provision for the election of Representatives at Large, no statutes covering the case.

In that case what course shall we follow? It was, in the first place, suggested as now proposed by the Senator from Utah, that the method prescribed by the State statute for the nomination and election of candidates for governor should be followed, but it was immediately considered that in the case of a governor, if a vacancy happens, it is not filled by an election ordinarily. No special election is called to fill a vacancy of that character, but the lieutenant governor steps into the office. So provisions for the election of a governor, while they might perhaps be proper enough in the case of a vacancy arising at the expiration of a term, would not be found applicable in the case of a vacancy occurring by death, resignation, or otherwise to be filled at a special election called for that particular purpose.

We therefore provided that the machinery provided by the State for the nomination and election of the general administrative and executive officers should be applicable to the case of the nomination and election of a Senator. We did that because in quite a number of States they have one system provided for the nomination and election of the general administrative and executive officers and another system for the nomination and election of judicial officers. We intended that the former should exercise.

The Senator from Utah called attention to the fact that in many States, in the case of administrative and executive officers, when a vacancy does occur it is not filled by a special election, but the governor appoints. That is true. It is so provided in my State. When if it so happens that there is no machinery in a State covering the case of the nomination and election of any State officer at a special election it will become necessary to apply, so far as they are applicable, the statutes in relation to a general election to the case of the special election.

Then it occurred to us that it might be that there would be some special provision in some State applicable to the nomination and election of a governor, for some reason or another, or to any particular officer who might be designated in the bill. The idea was that those special provisions ought not to be held to govern the case of the nomination and election of a United States Senator. We had particularly in mind the situation in

New Hampshire as it was generally understood until the idea was dispelled by the information given us this morning by the distinguished Senator from New Hampshire, that in some of the States the governor would be chosen in certain contingencies by somebody other than the body of the people. Accordingly, I feel that the amendment suggested by the Senator from Utah would not be an advisable one to adopt.

I feel with reference to the amendment offered by the Senator from Georgia that it would not change the situation, because I am entirely confident that if the language he adopts were used the judicial interpretation of it would be that it included all the steps leading up to the election, including the nomina-

tion as well.

Mr. SUTHERLAND. Mr. President, I think it must be conceded not merely that the difficulties are likely to arise but that they will inevitably arise under the bill as it is framed.

First of all, the provision is that the statutes of the State

with reference to the nomination and election of candidates for Members at Large of the House of Representatives shall be followed. As I have already said, there are States where there is no language in the statute that is applicable to the nomina-

tion or election of a Representative at Large.

The language of the statute will be applicable to the nomination and election of a Representative in a district of the State. So we meet with that difficulty right at the threshold of the matter. We will remove that, so far as that one difficulty is concerned, by simply providing that Senators shall be nominated and elected, as my amendment proposes, in accordance with the statute in reference to the nomination and election of

Representatives in Congress.

There can be no question that, if that language is used, the time and the place of the election or nomination will be applicable in all the States, because the time at which Representatives are nominated or elected in the districts would be applicable clearly to the nomination and election of Senators. would the place, because the place is the voting precinct or the voting district in the various States. There can be no difficulty about those two requisites in any of the States. The only diffi-culty that we will meet with will be with reference to the mauner, which includes every other element of an election. Those three words, "time" and "place" and "manner," include every conceivable element in an election, and when we have disposed of the time and the place by a provision which covers them, as the amendment which I propose will do, we have only to take care of the manner, which includes, as I have said, every other

Now, the difficulty that will arise, so far as the manner is

concerned, will be likely to arise in special elections.

The proviso of the bill, as it now reads, provides that when the statutes with reference to the nomination of Representatives at Large will not apply, then we shall follow the statutes with reference to the nomination and election of the ordinary executive and administrative officers of the State. As I have already pointed out with reference to those executive and administrative officers, there will be in many of the States no provision whatever that will cover a special election, because no special election is held for such officers. Those officers are appointed by the governor. Consequently, if we take this proviso as it appears in the original bill, we shall have a case where there will be no law that will apply.

Mr. WALSH. May I interrupt the Senator? The VICE PRESIDENT. Does the Senator from Utah yield

te the Senator from Montana?

Mr. SUTHERLAND. I yield to the Senator from Montana.

Mr. WALSH. Is it not a fact that, if we should adopt the amendment proposed, we should be confronted with that condition in every State practically, because in no State is there provision for a special election to fill a vacancy in the office of

Mr. SUTHERLAND. No; because the language that I have employed is confined to the question of the manner-only the manner. The manner of electing or nominating a governor would be the same at a special election as it would at a general election. The time would be different, because the time is fixed for a general election by the general provisions of law, and for a special election the time is fixed probably under the statute by the governor or some official body. Therefore the time and place will always apply to every election, whether it be a general election or a special election. There can never be any difference about that. The only difficulty will be with reference to the manner; and if we provide that the manner of nominating and electing a governor shall be followed, there can never be any difficulty about that, because although a governor is not elected at a special election, the manner of electing him at a

general election and nominating him for a general election will of necessity be the same as it would be at a special election.

Mr. WALSH. Mr. President, I have been advised that the junior Senator from Georgia [Mr. SMITH] desires to submit some observations on the matter, but is unable to attend this morning. I am going to ask, accordingly, for unanimous consent that the bill be temporarily passed over.

Mr. ROOT. Before that is done, will the Senator from Montana permit me to suggest an amendment to the first clause? It is very brief. The words used in the first clause of the bill

First. That at the regular election held in any State next preceding the expiration of the time for which any Senator was elected to repre-sent such State in Congress—

To give my suggestion form I move to amend by striking out. in line 6, the words "was elected" and inserting in lieu thereof the words "has been chosen," for I think there might be, and very probably would be, uncertainty as to the scope of this provision otherwise.

There are three ways by which a Senator may have a seat in this body: One is he may be selected; he may be chosen, as most of us have been, by a State legislature, and for a long time there will continue to be Senators here who will hold their sents by that title. The second is, a Senator may be appointed by the governor to fill a vacancy, and the third is he may be elected the people under the new constitutional amendment, I think this proposed law ought to cover all three cases. words of the Constitution which describe the way in which nearly all of us hold our title are that "Senators shall be chosen." The language is:

The Senate of the United States shall be composed of two Senators from each State, chosen by the legislature thereof.

The word "chosen" is the word generally used in the Consti-

tution as covering all ways of selecting an officer, and I think

would be wiser to use that word.

Mr. WALSH. If the Senator from New York will permit me, it was my purpose, so that any obscurity might be removed, to ask leave to amend by substituting the word "term" for the word "time." When that is done the amendment suggested by the Senator from New York ought not to be adopted. The first section of the bill provides for the case of the election of Senators at the expiration of the term for which the Senator was elected; that is, the expiration of the period of six years, or, in case of the admission of a State into the Union, a briefer period. We do not want to have an election of a Senator at the election next after a possible appointment. For instance, in the State of Massachusetts they have annual elections. We will assume that a Senator from that State dies or resigns and a temporary appointment is made by the governor. The purpose is to have the election take place not at a succeeding annual election at which the governor is selected, but at the election when the Members of the House of Representatives shall be elected. It is a very well established rule of law; the word "term" has been repeatedly determined to mean the entire time for which a Senator is elected. For instance, the term of Senator Johnston of Alabama is still running; that term still exists; and even though a successor to Senator Johnston should be elected or appointed, it would still be Senator Johnston's term. This provides for the case of the election at the election next preceding the expiration of the term for which the Senator was elected. I think the substitution of the word "term" for "time" will accomplish any result that might be obtained by the amendment offered by the Senator from New York [Mr. Root].

Mr. BACON. Mr. President, before the bill is laid aside I

desire to say a few words that they may be in connection with what the Senator from Montana [Mr. Walsh] has said with re-

gard to the position taken by myself.

It is true that the words are found in the statute as read by the Senator from Ohio [Mr. Burton] relating to the nomination of Representatives to be chosen from the State at large. I repeat that I myself did not know those words were ever found in the statute. Legislation with reference to the election of a Representative from a State at large is something which is so rare and relates to so small a number of people that the bill in its passage did not attract attention. I never saw anything of the kind.

I am very fixed in my opinion that the Congress has nothing whatever to do with the question of how a candidate shall be nominated. I think that is a local matter, and that we can not in any way either add to or take from any of the qualifications which are prescribed in the Constitution for either a Representative or for a Senator. I do not desire, however, to discuss that now; it is not material that I should do so. I simply desire, in order that I may not appear to have overlooked the consideration suggested by the Senator from Montana [Mr. Walsh], to say that I do not think that the legislation which we have enacted, requiring a limitation on the expenditures made by a candidate for Senator not only as to his election, but as to his nomination, is at all in conflict with the position which I now take that we have no authority to regulate the manner in which candidates shall be nominated. regard that legislation, Mr. President, simply as along the line of any other method which the Senate may take, either by legislation in advance or by inquiry after an election, to ascertain whether or not there has been any improper personal conduct on the part of a man who presents himself here for membership in this body. We are not limited by the Constitution as to our consideration of the question as to what shall constitute the qualifications which shall entitle a Senator to sit here. We have a right to exclude him for any reason which we think renders it improper that he should be a Senator here; he may have been duly elected, and yet he may be of such a character that we would not permit him to have a seat here. The legisthat we would not permit him to have a seat here. lation, therefore, which provides that a Senator shall not expend more than a certain amount in a nomination is not an assumption of authority regulating the manner of nomination, but it is a limitation upon that which we think is the proper conduct of one who is hereafter to be a representative here of his State, to be a Senator of the United States. It is deemed improper that more than an amount of money which is considered sufficient for legitimate expenses shall be used by anyone who seeks an election as a Senator in any State to procure his election, because it is that which leads to corruption, and which, in its excess, constitutes corruption.

I think in the same way, Mr. President, under the old law where a Senator was elected by a legislature we could exclude a man who sought to secure a seat here although he might pre-sent undoubted evidence of the fact that he was elected by his legislature, if we could show that he had used bribery in procuring the vote of a legislator or had used bribery in securing the election of a legislator, although that legislator himself may have been utterly free from blame in the matter, because it would have furnished evidence of the personal unfitness of that man to a seat here-not that it would in any manner invalidate the fact of the election, but it would go to a question of personal fitness. It is on that line that I would defend the right of Congress to limit the expenditure which a Senator can make in procuring a nomination, not that we have any right to control

the question of a nomination.

I wish to say, Mr. President, that, although I think it is a proper one, I do not intend to offer the amendment which I have suggested, for this reason: This I recognize is, in a measure, temporary legislation, and it is important that it should, under the circumstances, possibly, be enacted at an early date, because we do not know when occasion may arise that there may be need for authority to hold an election and when a State may not have its legislature in session for the purpose of granting the necessary authority. This bill will not affect my State, because we have already passed a law on that subject, regulating the manner in which Senators shall be elected by the people. I sincerely hope that all other States will do the same thing. and I have no doubt that a majority of them will. I do not know, even, that there should be any yea-and-nay vote on this measure. I am only concerned that no act of mine, either an affirmative act or a failure to act, shall be construed into a recognition on my part of the right of Congress to legislate as to how a man shall be nominated and to lay down a positive command that he shall be nominated in one way or in another, even though that way may be afterwards determined by the State.

I am of the opinion, as expressed before, that the qualification of a Senator is that which is prescribed in the seventeenth amendment, and can not be added to or taken from, and that if a man chose to announce himself on the day before or on the day of an election as a candidate and had no nomination whatever, if he were elected, his election would be valid.

Mr. SUTHERLAND. Mr. President, in the print of the amendment which I offered it appears that I proposed to strike out the word "State," in line 3, on page 3. That should be "line 1, page 3." I ask that the correction be made.

The VICE PRESIDENT. The correction will be made.

Mr. POINDEXTER. In regard to the pending bill which is now under discussion, Mr. President, Senate bill 2860, I agree

entirely with what the Senator from Georgia [Mr. Bacon] has said as to the general proposition that the validity of the elec-tion of a Senator can not be affected in any way by the manner in which he is nominated, so far as the Constitution of the United States is concerned, because the Constitution does not undertake to deal with party government. Nominations are

not elections, are not the choosing of Senators. The Constitution deals only with elections or with the manner of the choice of a Senator to a seat in this body. The same reason, nevertheless, Mr. President, which exists for some temporary legislation defining some certain fixed rule under which a Senator may be elected and fixing the form and manner of the election, so long as it is within the terms of the Constitution, which simply requires that it shall be an election by the people, exists with reference to the form and manner of the nomination, namely, to prevent disorder and confusion and dispute in the States where no rule has been adopted, the legislature not having been in session.

There is not any necessity, possibly not any desirability, where the State has acted that the Congress of the United States should undertake to lay down a rule even with reference to the election, much less with reference to a nomination; but, as a temporary expedient, in order to set before the people of the State a fixed manner of proceeding, the same reasons apply to the manner of nomination as apply to the final election.

I am of the opinion that the simple form in which the bill was originally framed, possibly with the addition of the words "special election" as well as "general election," covered the case very well, because it fixed the manner in which Representatives are elected as the manner in which Senators shall be elected. I do not think that the objection that one is confined to a representative district and that the other extends throughout the State is a material objection. In many States the district of the Representative is the State, because they have only one Representative, and any manner of election which is applicable in a district, even in the greatest State in the Union, such as New York, where there are many districts, if it is applicable in a district containing some 200,000 population, which is required to entitle them to a Representative in Congress, of course it would be applicable in the entire State.

I do not, however, regard the particular form or manner as important. The important thing is to have a fixed procedure. I am of the opinion that either one or any of the forms suggested here-either the amendment of the committee, the original bill, or the amendment proposed by the Senator from Utahwould be entirely workable.

Mr. ROOT. The Senator says he does not regard the time or manner as important. That is all we have anything to say about. Our whole function is to fix the time and manner. Unless we do that we had better not legislate at all.

Mr. POINDEXTER. Mr. President, if I used that language, it probably was not very apt to express what I meant. What I meant to say was that in my opinion which particular manner or which particular form we adopt is not important. I quite agree with the Senator in that.

Mr. POINDEXTER. The important thing is to adopt some one form of procedure. That is what I meant to express.

Mr. ROOT. Mr. President, I do not wish to interfere with the plan suggested by the Senator from Montana, but I hope there will be an opportunity for further discussion of this

Mr. WALSH. That was my purpose, Mr. President. I have no desire to crowd this matter at all, and am desirous on my own part that the various amendments suggested may be now taken by the Senators and the subject canvassed.

Mr. ROOT. I quite agree with the Senator from Washington. I do not care what is determined upon. I do not think it is of much consequence one way or another, because if it happens to be inconvenient the States will change it as soon as their legislatures meet, and the bill leaves that open. I think, however, that we ought to be careful not to introduce elements of doubt and litigation into the field of action by means of our legislation.

Mr. WALSH. The Senator from Kentucky [Mr. BRADLEY] has further amendments which he desires to offer; and when that is done I shall ask unanimous consent that the matter may be temporarily passed over without prejudice.

Mr. GRONNA. Mr. President, I do not know that I want to object to that, but I see the Senator from Georgia is now in his seat. I, for one, am very anxious to dispose of this measure. I will say that it is important to my State. The legislature of my State failed to enact a law providing a method of either nominating or electing a Senator, and I understand that the governor does not intend to call a special session of the legislature for the enactment of a special law prescribing the manner of procedure. I do not know that there is anything of any more importance than a matter of this kind, and I see no reason why we should not go on and pass the bill this morning.

Mr. SMITH of Georgia. Mr. President, I am sure there are

several Senators who would be glad to have an opportunity to study this measure quietly in their rooms. I am confident it will not cause a delay of more than a day or two. Senators who would not vote for it this morning probably would do so at an early date. I hope it will be passed or acted upon during the week, but I am very much gratified with the suggestion that it go over at least for the day.

Mr. ROBINSON. Mr. President, I desire to be informed by the Senator from Montana whether in his opinion this measure, if enacted, will control the Alabama case and the Maryland

case?

Mr. WALSH. Mr. President, I stated at the opening of the consideration of the question that it was my purpose that a section should be added to the effect that it shall not be construed to affect in any manner the election or appointment of anyone elected or appointed since the adoption of the constitutional amendment.

Mr. ROBINSON. I was not fortunate enough to hear the statement made by the Senator from Montana.

Mr. GALLINGER. Before the matter goes over, since we are all greatly interested in it, I ask unanimous consent that the bill (S. 2860) be reprinted with the amendments already offered in brackets or italics, so as to designate them that we may find them in the bill.

The VICE PRESIDENT. Is there any objection? The Chair

hears none.

#### AMENDMENT OF THE RULES.

Mr. THOMAS. Mr. President, I ask unanimous consent for the entry of an order to take from the calendar the notice given by me on June 13, 1913, that I should offer an amendment to Rule V, section 2, of the standing rules of the Senate.

Mr. GALLINGER. That would hardly require unanimous consent. I am sure the Senator can have it taken from the

calendar if he so wishes.

### BANKING AND CURRENCY (S. DOC. NO. 264).

Mr. OWEN. Mr. President, I ask for the adoption of an order that there may be printed as a Senate document, in document type and in parallel columns, a comparative print of the banking and currency bill, H. R. 7887, showing the House bill and the changes suggested by the amendment submitted to the Senate by the chairman of the committee, also the changes suggested by the amendments intended to be proposed by the Senator from Nebraska [Mr. HITCHCOCK], and that 5,000 additional copies be printed for the use of the Senate document room, not to exceed, however, the \$500 limit of cost.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The order as agreed to was reduced to writing, as follows:

Ordered, That there be printed as a Senate document, in document type and in parallel columns, a comparative print of the banking and currency bill, H. R. 7837, "An act to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes," showing the House bill and the changes suggested by the amendment submitted to the Senate by Mr. Owen, also the changes suggested by the amendments intended to be proposed by Mr. Hitchcock, and that 5,000 additional copies be printed for the use of the Senate document room, not to exceed the \$500 limit of cost.

Mr. OWEN. I ask unanimous consent that the Senate pro-

ceed to the consideration of House bill 7837.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of bank-

ing in the United States, and for other purposes

Mr. NELSON. Mr. President, in my remarks yesterday I called attention to two glaring defects in the so-called Owen bill, especially one defect wherein it differed from both the Glass bill and the Hitchcock bill; I mean in respect to the payment of interest on deposits in reserve banks. spect the Glass bill differs from the Hitchcock bill in permitting interest to be paid only on Government deposits, while, as to all other deposits made in the reserve banks, there was an absolute prohibition. In the Owen bill there is nothing on the subject; it is left entirely optional. The result of leaving it optional may lead to the same experience we have had under the system that is now in vogue; that is, that there will be an effort by the reserve banks—or regional banks, as they are sometimes called-to secure a large volume of deposits by means of the offer to pay interest. To my mind, as I indicated yester-day, this would be utterly destructive of the plan proposed and outlined in the Glass bill and perfected in the Hitchcock bill.

To my mind, the strongest feature of this entire system of

legislation is the fact that it destroys our present vicious system of bank reserves and establishes a better, safer, and more

workable system.

I shall not dwell any further on that subject at this time. may take it up again when we come to discuss the several bills

paragraph by paragraph and section by section.

Last evening, at the close of my remarks, I called attention to the fact that in paragraph 8, among the powers conferred upon the regional banks, authority is given them to issue bondsecured currency identical with our present national bank-note currency, exactly of the same quality, based on the same kind of bonds, and subject to the same objections and criticisms that we now make against our national bank-note circulation-that it lacks all elasticity, all power to respond to the ebbing and flowing wants of trade and commerce.

I shall take up this question later on when I come to discuss what I call the refunding provisions of the two bills. When I come to that I shall show that, taking together the two sections of the Owen bill to which I have referred, they absolutely provide for the continuance and maintenance of our full volume of bond-secured currency. If those provisions are left in the bill, we shall not be able to get away from the present system

of bond-secured currency for many, many years, if ever.

Mr. SHAFROTH. Mr. President—

Mr. NELSON. I am only referring to that feature of the bill incidentally at this time. I will discuss it more fully when I come to take up what may be called the refunding provision of the bill.

Mr. SHAFROTH. I wanted to call attention to the fact that there was some suggestion made here on yesterday that there were \$200,000,000 of bonds upon which currency could be issued. hold in my hand a statement of the condition of the United States Treasury at close of business December 6, 1913, which gives the exact situation as to these bonds. I should like to read it, if the Senator has no objection.

Mr. NELSON. No; I have no objection.
Mr. SHAFROTH. The total amount of bonds upon which national-bank notes can be issued is \$913,317,490.

Mr. NELSON. Those are the exact figures I have here and to which I was about to refer.

Mr. SHAFROTH. The total amount of circulation outstand-

ing on those bonds, and consequently the total amount of bonds upon which circulation is issued, is \$743,542,000. That leaves the amount of currency that could be issued by the national banks under paragraph 8 at \$169,775,490, instead of \$200,000,000, as was suggested on yesterday. I want to call the attention of the Senate also to the fact that there are outstanding 4 per cent bonds, not used as a basis of circulation, to the amount of \$83,207,200.

Mr. NELSON. The 4 per cent bonds can be used as a basis

of circulation.

Mr. SHAFROTH. Certainly; I am saying that. The total issue is \$118,489,900.

Mr. NELSON.

Mr. SHAFROTH. And the total amount that has been hypothecated to secure circulation is \$35,282,700, which leaves still

unhypothecated with the Treasury, for circulation, \$83,207,200.

I will call the attention of the Senate to the fact that 4 per cent bonds are not usually favored in the issuing of bank circulation. The reason they are seldom used is because they sell at a premium of 10½ per cent, and a national bank is not justified in paying a premium of 101 per cent on bonds and issuing circulation upon them. Consequently, in all likelihood there will be no money whatever issued upon the remaining 4 per cent bonds. There was some issued in the olden days before the 2 percents were issued, and they still remain as a basis of circulation, but there is no likelihood that there will ever be any circulation issued on the remaining 4 per cent bonds, which amount to \$83,207,200. There are \$41,873,860 of 3 per cent bonds, and very seldom is circulation taken out on 3 percents. The amount taken out in the whole existence of the circulation of the 3 percents is only \$22,000,000, because the 3 percents sell at a premium, and national banks do not like to pay a premium and have circulation issued upon bonds that cost more than that amount-not, at least, to the extent of the premium on threes and fours.

The 4 per cent and 3 per cent bonds not now the basis of circulation, therefore, amount to \$125,081,060, upon which in all likelihood circulation will not be asked, and if asked, under paragraph 8 may be denied, and that leaves only \$44,495,430 against which there will be a likelihood of a circulation being issued.

Mr. NELSON. Mr. President, while these statements may be true, and at this moment I see no occasion to dispute them, I shall show later on, when I take up the provisions of the three bills, that what the Senator from Colorado has stated has no bearing at all upon the point that I shall make. I say that with all due respect to him.

Before coming to that question, however, I propose to take up other provisions of the bills. One of the most important questions involved in this legislation is that relating to the control of the reserve banks and the board of directors who are to manage them. In respect to the control of the regional banks there is a great difference between the three bills, or between two of them on one side and one on the other. All the three bills provide for nine directors for the reserve banks. Under the Glass and Owen bills six of these directors are to be selected by the banks and three by the Federal reserve board, while under the Hitchcock bill five of the directors are to be appointed by the Federal reserve board and four are to be selected by the member banks. The Federal reserve board designates from among the Federal reserve appointees one director to act as chairman and Federal reserve agent of the board.

It seems to me, Mr. President, that the plan of the Hitchcock bill is in every way superior in this respect to that of the other The banking business of this system will be practwo bills. tically controlled and conducted by the board of directors of the several reserve banks, for the Federal reserve board will have only a supervisory power, which is likely to be invoked only in cases of great emergency. It is this board of directors that will be in constant touch with the member banks and the public, and to my mind it is important to divorce these banks as far as possible from the exclusive control of the bankers. The purpose of establishing this new system is to place as much power as possible in the hands of the Government and to minimize as far as possible the power of the banks, not so much because of hostility to the banks as the fear that the directors may be unduly biased in favor of the banks as against the public. They constitute the power to which the member banks must apply when they seek to obtain discounts for the purpose of securing bank credits and bank circulation, and therefore it is of the utmost importance to have an unbiased and impartial tribunal to act as a just and fair umpire in such cases.

The directors of the reserve bank have it in their power, by indirect methods, to make or unmake a member bank. For these reasons I think it safer that the preponderance of power in the board of directors be placed in the hands of men who are likely to deal impartially with the public and with the member banks. One of the criticisms against the administration of Nicholas Biddle, president of the Second Bank of the United States, was that he unduly favored men and localities at the expense and detriment of other men and other localities. Under this new system we want, as far as possible, to prevent unfairness, partiality, and favoritism on the part of the board of directors of these reserve banks. Under the Hitchcock bill these directors may be removed for cause by the Federal reserve board after due hearing, and pending such hearing the directors may be temporarily suspended.

Mr. President, we have heard much in recent times about the great Money Trust; we have had a committee in the other House investigating this subject; and one of the greatest problems injected into public discussion has been how to curb the Money Trust and how to curb the power of the banks. While we place at the head of this system a general reserve board here in Washington, we establish in the system a number of reserve or regional banks. We equip them with a board of directors and give the board of directors practically plenary banking powers. It is only in a few special cases and in remote contingencies that the Federal reserve board can exercise any controlling power. So I do not see how those statesmen who are continually decrying the Money Trust, who are continually manifesting great anxiety to curb that trust, can be opposed to the plan provided in the Hitchcock bill of appointing five Government directors and four bank directors in the management of a regional bank.

While I am prepared to be surprised at many of the erratic suggestions that are made here in connection with legislation, one of the surprising things is to note the fact that Senators, members of the party which has for the last year made it a special point to investigate the Money Trust and curb the power of the banks, come in here and propose a banking system which leaves absolutely the final and ultimate control on the boards of the banks of the country by giving them six out of the nine directors.

Section 5 of the Hitchcock bill relates to the increase of capital of the reserve banks, and in the Glass and Owen bills it relates in part to the same subject.

Section 6 of the Hitchcock bill relates to the establishment of additional reserve banks after the four banks provided for have been in operation for two years. The same numbered section of the Glass and Owen bills relates to the insolvency of member banks and the reduction in capital of the reserve banks in consequence thereof.

We provide in the Hitchcock bill, as I stated to Senators yesterday, that only four reserve regional banks are to be established in the first instance, and after these banks have been in operation for the period of two years and have demonstrated their ability to serve the financial and monetary business interests of the country, if the reserve board, from that experience, is of the opinion that it is advisable and for the best interests of the country to establish additional reserve banks, we give them that authority. But we say that in the first instance we shall not establish more than four. We would put those in operation, and if we find that they work successfully, and find that the country needs more for the good of trade and commerce and the banking of the country, then we will authorize them to be created.

The Glass bill provides, as I stated yesterday, for the establishment of 12 regional or reserve banks in the first instance, with full liberty to establish as many more as the appointing and designating power desires, while the new bill, the last Owen bill—the bill that ran the gantlet of the Democratic conference or caucus—provides for not less than eight banks in the first instance and not more than 12 in all. So under that bill, if it should become the law, the organizing committee, consisting of the Secretary of the Treasury and two members of the reserve board, can, in the first instance, establish 12 of these regional or reserve banks.

I next come to the matter of the division of earnings.

Section 7 of the Hitchcock bill provides that after all necessary expenses and taxes have been paid a cumulative dividend of 5 per cent shall be paid to the stockholders, and of the net earnings above this 5 per cent 25 per cent shall be set aside for the purpose of securing a surplus fund equal to 20 per cent of the capital, and 37½ per cent of the net earnings shall be set aside as an insurance fund for the protection of depositors in insolvent member banks. All net earnings of the bank over and above these special assignments are to be paid to the United States, and when the insurance fund becomes larger than is needed for the purposes intended the excess of the same shall also be paid to the United States. Under the Glass bill the dividend allowed is the same as in the Hitchcock bill, and the same provision is made for a surplus fund, and as to the remainder of the net earnings, 60 per cent is paid to the United States and 40 per cent to the member banks in the ratio of their balances with the reserve banks.

I call your attention to what I deem to be the injustice of this provision, if it should remain in the bill. It is to pay to the member banks 40 per cent, not in proportion to their capital, but in proportion to the capital that they have invested; not even in proportion to their reserves, but in proportion to the balances that the member banks keep in the reserve banks.

The Owen bill provides for a cumulative dividend of 6 per cent—1 per cent more than the Glass and the Hitchcock bills—and provides that all net earnings over and above such dividends, and over what is needed to obtain a similar surplus fund, as in the case of the other bills, shall be paid to the United States.

Since preparing my remarks I understand that provision has been made by the Democratic caucus for an insurance paragraph, which appears in the latest edition of the Owen bill. So the main difference between the Owen and the Hitchcock bills is the amount of the dividends to be paid to the stockholders. These dividends and the assets of the bank are free from all taxes, Federal, State, and municipal. It seems to me, in view of the fact that the stock and the dividends of reserve banks are entirely immune from taxes, a dividend of 5 per cent is ample. It is at least equal to a dividend of 7 per cent, subject to full taxing liability.

Under the plan proposed by the Hitchcock bill, allowing the

Under the plan proposed by the Hitchcock bill, allowing the public to subscribe for this stock, it will undoubtedly be looked upon as a good investment, far more remunerative for money than deposits in savings banks or other similar financial institutions. So long as Government bonds can be floated at from 3 to perhaps 4 per cent at the maximum, it seems to me that this stock at 5 per cent is very desirable and will be readily taken by the public. As I said yesterday, it is not the purpose in creating this system of reserve banks to create money-making institutions. If that was the only purpose of these banks, it might be advisable to allow a dividend of 6 per cent on the stock instead of 5 per cent.

We know that investors are glad to buy good first-class rail-road bonds on the stock exchange that yield from 4 to 4½ per cent, and at a maximum of 5 per cent. If that is the case, why have we not a right to assume that the public at large would be glad to accept this stock of the reserve banks, paying a dividend of 5 per cent, with immunity from all taxation? The holders of railroad bonds, in which the public invest, find themselves

to-day, when they come to collect the interest upon them, confronted by the new income-tax law, but the holder of this 5 per cent stock in these banks would not be troubled with anything

So there is no occasion, Mr. President, to provide for a dividend of 6 per cent. When you provide for a dividend of 5 per cent, with immunity from taxation, and make that dividend cumulative, you get a stock that will be a profitable investment, of which

the people of this country will be glad to avail themselves.

Mr. HITCHCOCK. Mr. President—

The PRESIDING OFFICER (Mr. CHILTON in the chair). Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. NELSON. I yield.

Mr. HITCHCOCK. It is possible that the Senator from Minnesota proposes to proceed to discuss the point to which I desire to call his attention now, but I will take the liberty of inter-

Mr. NELSON. I shall be very glad to hear the Senator. Mr. HITCHCOCK. I call his attention to the fact that one of the great objects of this legislation is to give to the borrowing public a low rate of interest similar to what prevails in Europe, and that the provision in the Owen bill which permits the reserve banks to pay 6 per cent upon their capital stock necessarily involves a higher rate of discount to the member banks, and that higher rate of discount to the member banks involves also the inevitable result that the member banks will be required to charge the borrowing public a higher rate of interest for their loans.

Mr. NELSON. Mr. President, that is undoubtedly true to the

fullest extent.

Mr. SHAFROTH. Mr. President-

Mr. NELSON. That simply tallies with what I stated yesterday in respect to the payment of interest on Government deposits, that whatever burden we impose on the regional banks, either in additional dividends or in the requirement to pay interest on Government deposits, lessens their value as aids to the public and to that extent makes them necessarily more burdensome to the borrowing public.

The PRESIDING OFFICER. Does the Senator from Minne-

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Colorado?

Mr. NELSON. Certainly.

Mr. SHAFROTH. Mr. President, the reference which was made by the Senator from Nebraska is a subject, it seems to me, which does not cover the question here. The House bill as it came over to the Senate provided that there should be a 5 per cent dividend upon the stock, but it provided that the banks should get a profit after the accumulation of a surplus fund of 40 per cent of that which is remaining.

The bankers appeared before the committee and said this ought not to be a profit-making bank, but as sure as you leave in the bill a provision that there shall be a profit going to the bank it will be used and operated as a profit-paying institution, which will be likely to produce high rates of interest for the purpose of making this 40 per cent as large as possible. For that reason the bankers suggested that there should be no profits coming to the bank, that the amount which they are getting for their loans on the average in the United States was 6 per cent, and that if 6 per cent were allowed it would be per-

fectly agreeable to them that the profit should be cut down.
We believe that in cutting out the profit, as we have done in the Owen bill, the result will be that this reserve bank stock or the bank itself will not be run for a profit, and for that reason it would be to the advantage of the person who presented paper for discount that there should be not a great amount given to him, and the 1 per cent of the stock itself would be nothing compared to the advantage which he would get by reason of not making this a profit-making bank. It seems to us when we cut out that that we of necessity give to every member bank dealing with the Federal reserve bank the advantage of not having profits accumulate for the bank for the purpose of being divided among the member banks. For that reason it seems to me to be a better provision than the provision of the bill as it came from the House.

Mr. NELSON. Mr. President, my good friend, the Senator from Colorado, seems to be oblivious to the fact that under the provisions of the Glass and Owen bills the banks are compelled to subscribe for this stock. They are the only stock-holders. They are the only ones who will get the dividends. They are the only stock-While he chops off on one hand 40 per cent of the Glass bill, he adds 1 per cent of the cumulative dividend on the other side.

going exactly to the same source.

Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER. Does the Senator from Minnesota yield further to the Senator from Nebraska?

Mr. NELSON. Certainly.
Mr. HITCHCOCK. It is really not a question between the Glass-Owen bill and the House bill. The House bill has been practically eliminated as far as this provision is concerned. The real question before the Senate is whether these reserve banks shall be required to pay 6 per cent to the stockholders or 5 per cent. If they are required to pay 6 per cent, they must increase the rate of discount to the member banks, and if they increase the rate of discount to their member banks the member banks must raise the rate of interest to the borrowing public. That is the question.

Mr. SHAFROTH and Mr. OWEN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Oklahoma?

Mr. NELSON. I will yield to the chairman of the committee if the Senator from Colorado will allow me.

Mr. SHAFROTH. Certainly; I yield to the chairman. Mr. OWEN. Mr. President, I wish to suggest to the Senator that under the Hitchcock proposal there would be a draft upon the earnings of these banks of \$5,000,000, the dividend distribution being 5 per cent upon \$100,000.00 approximately.

Under the plan proposed by the chairman of the committee there would be a draft upon the system of only \$3.000.000, instead of \$5,000,000, by a dividend of 6 per cent on \$50,000,000 approximately. It was the deliberate purpose to make as small a draft as possible in the way of dividends on the earnings of these banks. That is the reason why the capital was diminished. The difference, therefore, in favor of the draft upon the earning power of these banks is in favor of the proposal made by the chairman and not in favor of the proposal made by the

Senator from Nebraska.

Mr. HITCHCOCK. Mr. President— Mr. NELSON. If the Senator will allow me, I will say to the Senator from Oklahoma that we can only arrive at that mathematical conclusion on the theory that the regional reserve banks which he proposes to establish are small institutions. much smaller than the institutions contemplated by what is called the Hitchcock bill. Under the chairman's bill one of these regional banks can be established with a subscribed capital of \$3,000,000, and half of that is to be paid in three installments, and the other half is to remain a liability. The regional banks, under his system, can actually stop business when one-sixth of the subscribed capital has been paid in, or when one-sixth of the subscribed capital has been paid in, or they can start, in other words, with a capital of only \$500,000. What do you think, considering the other big banks of the country, of starting a picayune regional bank with only \$500,000 capital, in the first instance, and with a maximum of \$3,000,000? It is no wonder that men are pining to have such banks established in their localities, localities that are not even in the class of reserve cities under the present arrangement.

Mr. President-

The PRESIDING OFFICER. Does the Senator from Minne-

sota yield to the Senator from Oklahoma?

Mr. NELSON. I will say incidentally in this connection that am proud of the fact that while we have in the State of Minnesota two large cities in close proximity, the suburbs of one running into the suburbs of the other, with a bank capital large enough to make a respectable reserve bank, yet the people of Minnesota and the bankers of Minnesota have the good sense not to clamor for a reserve bank.

I now yield to the Senator from Oklahoma.

Mr. OWEN. Mr. President, the Senator was comparing very unfavorably the difference in the magnitude of the Federal system under the one plan or the other and arguing that under the Hitchcock plan a lower rate might be justified. The only difference between the Hitchcock amendment, so called, and the Owen amendment, so called, as to the size of the capital to be employed is that while the reserves are the same and the public funds deposited are the same, amounting to about \$600,000,000 in either case, in one case—the Owen amendment—the capital is \$50,000,000 of bank subscribers with double liability, and in the other—the Hitchcock amendment—the capital is \$100,000,000 of private subscribers, making a difference of \$50,000,000 out of \$700,000,000, or one-fourteenth part as to the volume of actual capital engaged in the system. So the difference is not so very large in that respect

I only called attention to the fact that the tax upon the system under the proposal which I had the honor to submit would only be \$3,000,000 in the way of dividends, and it would be \$5,000,000 under the Hitchcock suggestion, out of which \$50,-000,000 of capital stock would be available to earn that additional dividend. To earn \$2,000,000 extra dividend the \$50,000,000 of extra capital must be constantly employed at 4 per cent, which is beyond a reasonable expectation and would be against a low-interest policy. The real argument between us was, Would the proposal of dividends under the chairman's proposal of \$3,000,000 dividend raise the interest rate higher than the dividend of \$5,000,000 under the proposal of the Senator from Nebraska? Obviously the chairman has offered the more economical proposition and one more acceptable to the banks.

I do not wish to interrupt Senators discussing the bill, and I am not going to do so, because it is inexpedient. I rose only for the purpose to point this out. When we come to the consideration of the matter paragraph by paragraph, I will undertake to explain any points of difference that will be necessary, but I am not going to interrupt Senators, even where I think the Senator is in error in regard to argument or statement of fact.

Mr. HITCHCOCK. Mr. President-

The PRESIDING OFFICER. Does the Senator from Minnesota yield further to the Senator from Nebraska?

Mr. NELSON. I yield. Mr. HITCHCOCK. I think the Senator from Oklahoma has made a serious mistake in stating that the only difference is a difference of \$50,000,000 between the so-called Owen bill and the so-called Hitchcock bill. There is a vast other difference. There is a difference of \$150,000,000 in the loaning power, be-There is a vast other difference. cause that additional \$50,000,000 in these reserve banks will constitute a loaning power of \$150,000,000 on the basis of the reserve of 33½ per cent. That great difference of \$150,000,000 in loaning power not only means that the reserve banks will be able to accommodate their customers at a lower rate of interest, but it means that they will not so soon be called upon to apply to the Federal reserve board for the privilege of using currency; and if there is any virtue at all in the contention of the Senator from Oklahoma [Mr. Owen] that you improve a system by reducing its capital, why not wipe out the capital altogether? To my mind, he has suggested a serious defect and weakness in boasting that he has improved his system by reducing his capital stock, which is in effect the margin of security that the depositors have. We all know that one of the serious defects of our present banking system to-day is that the banks are trying to do too much business on too small a capital, and we propose to put these great reserve banks into the field to strengthen the system. In the meantime it is suggested that we can give them an inadequate capital in order to insure 6 per cent dividends. I should be glad to hear the Senator from Oklahoma when he gets to that provision of the bill, because I consider it one of the serious defects into which his section of the committee has fallen. It is an element of weakness; it will mean a lack of confidence in this country and abroad in a system which has reduced its capital, has cut it in two, in order to enable it to pay 6 per cent dividends instead of 5 per cent.

Mr. NELSON. Mr. President, I desire to call attention to another difference between the Hitchcock bill and the Owen bill; but before doing so, I pause to remark that all the earnings of these banks, aside from the 5 per cent dividend, aside from the insurance fund, and aside from what is required to be accumulated as a surplus, all goes to the Treasury of the United States. In the Owen till it is provided that the surplus fund shall be used to pay the bonded indebtedness of the United States in general, while in the Hitchcock bill it is provided that this money shall be devoted, in the first instance, to the payment and redemption of the 2 per cent bonds. We propose this for the purpose of maintaining the credit and integrity of the United States in respect to those bonds. We know to-day that those bonds are at a discount; we know that the banks are greatly disturbed over the situation; we know that but for the fact that the bonds have heretofore been available and are now available as a basis of our national-bank currency, that as an investment perhaps these bonds would to-day probably not be

worth over 75 or 80 cents on the dollar.

So, Mr. President, summing up the question of dividends, I will say that I believe that inasmuch as the smaller investors are glad to invest in savings banks paying only 3 per cent inare glad to invest in savings banks paying only 5 per cent interest, and larger investors are willing to invest in railroad and municipal bonds that pay only from 4 to 4½ and a maximum of 5 per cent, with liability to taxation, we believe that a 5 per cent dividend on the stock of these regional banks is ample, when you take into account that it is exempt from taxation.

There is another feature in the bill in reference to this matter, and that is the provision for a reserve fund, or for an insurance fund, to protect depositors in member banks, which means the

depositors in the several national banks.

I am aware of the fact that a strong argument can be made against it. I am aware of the fact that it can be said that this is putting good banks and bad banks on a parity and making the good banks pay for the lapses and failures of the poor

President, but at the root of it all lies the proposition that in the case of a great crisis, in the midst of a financial disaster, in the midst of a monetary panic, when depositors, whether they be individuals or banks, get frightened and make a run on the bank there is nothing that would stop that run quicker than such an insurance plan. The only other plan of which I have any knowledge is that which was resorted to by the New York and other banks in 1907, to shut their doors. That will surely stop a run.

Mr. HITCHCOCK. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. NELSON. I suppose that most of the Democratic Sen-ators—if the Senator from Nebraska will excuse me—probably feel that they have already settled this question in their caucus, and some of our friends on this side are probably at lunch. However, if the Senator insists, I shall yield.

The PRESIDING OFFICER. The Senator from Nebraska

suggests the absence of a quorum, and the Secretary will call

the roll.

The Secretary called the roll, and the following Senators answered to their names:

Norris O'Gorman Owen Page Perkins Poindexter Pomerene Ransdell Bacon Brady Brandegee Smith, Md. Smith, Mich. Smith, S. C. Gronna Gronna Hitchcock Hollis Hughes Jackson Johnson Jones Kern Smoot Stephenson Sterling Sutherland Bristow Bryan Burleigh Chamberlain Chilton Swanson Thomas Thompson Thorton Tillman La Follette Lane Ransdeil Reed Robinson Saulsbury Shafroth Sheppard Sherman Shively Simmons Clapp Clark, Wyo. Crawford Lane
Lea
Lewis
McLean
Martin, Va.
Martine, N. J.
Nelson
Newlands Cummins Dillingham Townsend Vardaman Warren Weeks Gallinger Weeks Gore Smith, Ga.

Mr. HOLLIS. The junior Senator from Kentucky JAMES] is absent on important business in one of the depart-

The PRESIDING OFFICER. Sixty-eight Senators have answered to their names. A quorum of the Senate is present.

Mr. NELSON. Mr. President, when interrupted by the suggestion of the absence of a quorum, I was remarking that the Hitchcock bill sets aside a portion of the surplus earnings of the reserve banks as a sinking fund for the redemption of the 2 per cent bonds; in other words, the bill provides for taking care of these bonds, first, by providing a sinking fund from the net earnings of the reserve banks, and, in the next place, by providing for a refunding system, to which I shall subsequently call the attention of the Senate.

As I said a moment ago, I think it is essential to the credit of this Government that we take proper care of the 2 per cent bonds. Not only must we avoid entailing a loss upon the banks in that respect but it is for the interest and future welfare of our Government that the integrity of all our Government obli-

gations shall be maintained.

I also referred to the insurance of deposits, as it is called, and I stated the fact that, while much might be said against the system, especially on account of the fact that it was placing the strong and well-managed banks on a par with the poor and badly managed banks, and making the solvent banks contribute to the losses entailed upon the country by the weak or insolvent banks, yet, after all, we are legislating here, or ought to be legislating, for cases of great emergency; and I know of nothing more effective in the midst of a panic or money crisis to stop a run upon a bank, either by individual depositors or by other banks, than to let the depositors know that in any event they will sustain no loss. As I said before, I know of nothing more effective than that to stop a run, aside from the system adopted by the New York and other great banks in 1907 of shutting their doors, which, of course, stops a run. There is another

Mr. CLAPP. Mr. President—
The PRESIDING OFFICER. Does the Senator from Minnesota yield to his colleague?

Mr. NELSON. I yield to the Senator.
Mr. CLAPP. Is it not also true that the knowledge that the deposits of the banks were guaranteed beyond any question would not only stop a run but would prevent the beginning of a run?

Mr. NELSON. Certainly; it would prevent the initiation of a run.

There is another argument, to my mind, Mr. President, that There is a great deal of force in that argument, Mr. justifies it. It is similar to the plan of fire protection established in the large cities. We levy taxes to organize fire companies and equip them with fire apparatus to put out fires in all parts of the city. It may happen that the man who lives in an elegant two or three story brick house takes good care of it and is careful about his fires and his lights, so that there is little fire risk as to his premises, while next door to him there may be a shack, a poor building, where a reckless man lives, who is indifferent about his ashes, his fires, and everything of that nature, and is not only ready to expose himself to the risk of fire, but to expose his neighbors. We have fire protection in the cities to prevent fire spreading from such a shack to other buildings. The owner of the big building has to pay a larger share toward that fire protection than the owner of the shack. but it is just as important to the man who owns the fine mansion to have the fire stopped in the shack or other building that is near him or across the street from him as it is to stop it in his own building.

Likewise, Mr. President, in the midst of a panic it is just as important to stop a run on what you may call an indifferent institution, a badly managed institution, or a small institution, as it is to stop a run on the big and strong bank, because bank runs are like a prairie fire; they spread rapidly and soon get beyond control.

Mr. CRAWFORD. Mr. President, will the Senator per-

mit me?

Mr. NELSON. In just a moment I will yield. We had an illustration the other day right here in this city, where depositors got scared and commenced a run on one of the local trust companies. Going down Pennsylvania Avenue one day I was astonished to see a line of people in regular order, marshaled and kept in line by policemen, extending the distance of a block, leading up to the front door of this trust company building, with two policemen standing by the door to see that the frightened depositors went in in regular order. I looked at They seemed to be of all classes-black and white, men with paper collars and men with linen collars, men with silk hats and men with soft felt hats, men with blouses and warmuses and men in Prince Albert coats-but they all seemed to be equally scared and all striving to get their money out of the bank.

What stopped that run? It was not the policemen. stopped that run was the fact that the people were informed that the Treasury of the United States had advanced a million dollars to meet that run. It was done, of course, in a roundabout way, for the Treasury Department could not furnish the money directly to the trust company, but it was furnished to a coterie of banks in this city, who could, under the law, become Government depositories, and those banks took that Government money and utilized it to stop the run. Just as soon as that column of panic-stricken depositors that I noticed on the street ascertained that provision had been made to pay them in

full the run stopped.

That is one way of stopping a run. Another way is to have the assurance in advance that money will be forthcoming to pay all depositors. Let every depositor know when he puts money in one of these institutions, in one of the national banks of the country, in one of the member banks of the proposed reserve system, that his deposits are as safe as the bills of those banks, and there will be no longer any lack of confidence; and, Mr. President, I can see no reason why we should not protect the depositors as well as the bill holders.

Perhaps I am influenced in favor of the proposed plan of insurance because of an early experience I had in these matters. I can not help telling it to my colleagues on this floor. When I was a law student, after returning from the Army, I managed to save up \$500. I got that much ahead. I had an old, rickety buggy, an old horse that would balk at times; I had a cow, and I had a wife and a child. Those were all my possessions. There was a bank in the city of Madison, where my friend, one of the Senators from Wisconsin lives, called the Farmers' Bank. To me all banks were alike; a bank was a bank; but to me, especially, as I was a farmer boy fresh from the country, the idea of a farmers' bank was something grand, and it appealed to me, so I put my \$500 in that bank. But, Mr. President, in three months all I had left was my wife, my baby, the old balky horse, the buggy, and the cow. [Laughter.] Ever since that experience, Mr. President, I have always felt that depositors should be protected, and I have labored for years in the direction of bringing about legislation for the protection of depositors.

I tried to get such legislation some years ago—I think in 1908—and I then made a speech on the subject. It has always been my gospel, and I am very glad that on this occasion my genial friend from Mississippi [Mr. WILLIAMS] and other friends

on the other side of the Chamber have come to my relief, so that in any event, whether the Owen bill or the Hitchcock bill shall become the law, we will have something for the protection of depositors.

Mr. CRAWFORD. Mr. President, at that point-

Mr. NELSON. Now I yield to the Senator. Mr. CRAWFORD. The Owen bill, as we have it before us, contains no provision of that kind; but I understand that in the conference that has been held some provision has been agreed to. It seems to me that it would be helpful to all of us, when a matter of so much interest and importance is under discussion, if we could have the draft that it is reported was agreed upon in the conference held by Senators on the other side of the Chamber. I want to inquire if it is not possible for us to have before the Senate at this time, or very soon, the changes of this character that have been agreed upon in conference, so that we may have the benefit of them when points like this are being discussed in the Senate.

Mr. REED. Mr. President, I do not see the chairman of the committee present, and, therefore, will venture a reply on

behalf of that branch of the committee.

Mr. CRAWFORD. I am simply making the inquiry.

Mr. REED. That report has been printed for days; it is here as a public print, and it is accessible to everybody. supposed that the Senator from South Dakota and all other

Senators had seen it.

Mr. NELSON. If the Senator will allow me, I think it is incorporated in the last print of the Owen bill, is it not?

Mr. CRAWFORD. It is not in the print I have here.

Mr. REED. It is printed in the draft of the Owen bill.
Mr. TOWNSEND. The print of December 1.
Mr. CRAWFORD. I have just returned to the Senate this morning, and would like to have a copy of it.

Mr. REED. I will take pleasure in handing it to the Senator.
Mr. CRAWFORD. I did not know that it had been printed.
I beg pardon of the Senator from Minnesota for interrupting

Mr. NELSON. Mr. President, in two particulars both the Owen bill and the Hitchcock bill are of great value to the ordinary mortal. They do something for the common man. First is the provision to protect depositors, which is important. It will not do to say that people ought to know what bank to select. How is a poor laboring man, working late and early for \$1.50 or \$2 a day, who has scarcely time to read his penny newspaper, going to be able to determine which is a sound bank and which is a questionable or rickety bank? To him a bank is a bank. It is the poor, helpless people who are in a condition where they are not able to judge for themselves whether a bank is of the best order or of an inferior order whom it is our duty to protect, and I am glad that the bill reaches out in that

Mr. REED. Mr. President-

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Missouri?

Mr. NELSON. I yield to the Senator. Mr. REED. I do not want to interrupt the Senator, but I should like to ask how anybody, except a financial expert, is to know as to the safety and solvency of banks in view of the fact that the States have examiners for the State banks, that the National Government has examiners for the national banks, and that all of the banks which have their doors open and invite deposits have been examined; and if the examiner has not discovered that the bank is an unworthy institution, how is anybody else, poor or rich, to learn the fact, unless he has some inside information?

Mr. NELSON. The Senator is eminently correct. Mr. CUMMINS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Iowa?

Mr. NELSON. Certainly. Mr. CUMMINS. I am, of course, thoroughly in favor of the proposition which the Senator from Minnesota has so well stated. I rise to ask him as to the amount which the provision contained in the Hitchcock bill, and a similar provision in the Owen bill, will accumulate year by year in the fund intended for the protection of deposits.

That is difficult to say in advance. We pro-Mr. NELSON. vide, in the first instance, in the Hitchcock bill, for a cumulative dividend of 5 per cent; then we provide that 25 per cent of the earnings of the bank in excess of the dividends shall be set aside to accumulate a surplus fund of 20 per cent of the capital; then we provide that 37½ per cent of the net earnings shall be set aside for an insurance fund; in other words, we set aside 25 per cent for the purpose of accumulating a surplus, 37½ per cent for the purpose of securing an insurance fund for depositors, and the other 37½ per cent goes directly to the stock-

The Senator from Iowa can readily see that it is difficult for anyone to state in advance what the income or revenues of these banks may be. It may be that their revenues will turn out to be largely in excess of the dividend requirement, and of the surplus requirement, which the Senator knows will be only temporary, for when 20 per cent has been accumulated it stops.

It is impossible, as I said, to predict in advance what the

fund will be; but the Senator can see that if these banks prove a success, as I hope they will, manifestly there will soon be a considerable surplus acquired over the 5 per cent or 6 per cent

If you will look back over the history of our national banks you will see that the losses to depositors have been very small. While I have not the figures with me at this moment, some four or five years ago I had occasion to look up the question, and I found that the amount required to make up the losses of depositors from the beginning of the system up to that time was exceedingly limited. My recollection is that it was only one-tenth of 1 per cent. There are comparatively very few banks that fail, and even if they fail and suspend there is oftentimes a good deal left of their resources that is available.

In this bill we leave it to the reserve board to prescribe the method in which this fund is to be available. I think it would be a good idea to follow the Canadian system. As I understand, when a bank suspends in that country and the depositors can not be paid immediately, notes are issued to the depositors, a species of Government note, drawing 6 per cent interest, payable out of the funds of the bank; and if it develops that the funds of the bank are not sufficient they are payable out of a reserve fund provided for that purpose. Those 6 per cent notes, which are immediately issued to the depositors and which are considered as good as gold, can be taken by the depositor who has his little all in a bank and immediately discounted, so that he can get his money. He may have to stand a slight "shave" on the notes, but that will be a small matter compared with having his deposits tied up for a year or more.

So I hope and trust, and I have no doubt, that the reserve board will adopt a plan by which, as soon as the deposits are tied up, the depositors can get something that will be of imvalue-either the cash paid immediately or notes on which they can obtain cash. I have no doubt that course will

Mr. BRISTOW. Mr. President—
The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Kansas?

Mr. NELSON. Certainly. Mr. BRISTOW. If it wil If it will not interrupt the Senator, I desire to say that our Kansas bank-insurance law makes provision that when a bank becomes insolvent the bank commissioner of the State takes charge of the bank and immediately ascertains the amount that is due the depositors, and issues to them certificates bearing 6 per cent interest. Those certificates, in the case of the only bank that has failed since the law was enacted, sold for par anywhere. Any of the banks in the community would take them, and the depositors were not without their money more than 48 hours. They got within that time every penny they had in the bank. It works with absolute perfection. Instead of being a detriment to the banking system, it has been a stimulus. The banks that are within the guarantee association are better banks and are run in better shape than they were before the insurance was established.

Mr. CUMMINS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Iowa?

Mr. NELSON. I do. Mr. CUMMINS. I realize how utterly impossible it is to give an accurate estimate with regard to the fund that would be accumulated under this plan. The only doubt I have with regard to the matter is whether this fund ought not to be made the first charge upon the earnings of the reserve banks, instead of the last charge.

Mr. NELSON. Does the Senator mean ahead of the dividends?

Mr. CUMMINS. Ahead of everything. I think the protection of the depositors is of higher importance and would give greater steadiness to our financial system than anything else that could be devised. I had in mind that possibly the fund ought to be advanced in its rank as a charge upon the earnings of the bank.

Mr. NORRIS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. NELSON. I do. Mr. NORRIS. In reply to the query of the Senator from I should like to suggest that this fund is accumulated from the earnings of the regional banks to pay depositors in member banks; so it would be hardly fair to make that a charge that would have preference over the stockholders of the regional If they were stockholders of the member banks, of course it ought to have preference; but, as I understand, the plan of both branches of the committee contemplates paying depositors in failed member banks out of the fund that is to be raised from the profits of the Federal reserve banks. Am I not correct?

Mr. NELSON. Certainly.

Mr. NORRIS. For that reason, it seems to me, a depositor of a member bank has not the same claim on that fund as against reserve-bank stockholder that he would have against the stockholder of a member bank.

Mr. CUMMINS. That depends upon the object to be attained. The purpose is, and it is a very wise purpose, to make the depositors of the member banks know that their money is safe, so that they will not ask to withdraw it unless their business requires it.

In order to create that feeling you must have a fund that is sufficiently large and sufficiently sure to inspire confidence in the mind of the depositor. If the earnings of the regional reserve banks should turn out to be insufficient to pay dividends upon the stock and to accumulate the surplus, there would be no fund, and there would be no confidence in the minds of the depositors.

After all, whatever is done ought to be adequate to accomplish the purpose for which the provision is made. Personally I can not see any injustice, especially in the Owen plan, in having the depositors' charge or insurance charge come first, because the banks are the owners of stock in the regional reserve-

banks in proportion to their capital and surplus.

Mr. NORRIS. But that would not apply at least to the other plan, where the public owns the stock. On that point I should like to suggest, with the permission of the Senator from Minnesota, that while it is undoubtedly shrouded in doubt as to how large this fund is going to be and how soon it will be accumulated, and nothing but a trial will demonstrate what will come out of it, it seems to me to be safe to say that when-ever you multiply the number of regional banks and thus increase the expense of operating the system to that extent, at least, you necessarily decrease the probability of this guaranty

fund being sufficiently large to work out properly.

Mr. NELSON. Mr. President, there is some difference between the Owen and the Hitchcock bills in reference to the time within which national banks are required to join the system. and I desire to call the attention of the Senate to that matter.

Under section 8 of the Hitchcock bill a national bank must determine within six months after stock has been allotted to it that a dividend of 5 per cent is ample. It is at least equal to a dividend of 7 per cent subject to full taxing liability. Under the plan proposed by the Hitchcock bill of allowing the public to subscribe for this stock it would undoubtedly be looked upon as a good investment-far more remunerative than money deposited in savings banks or other financial institutions. So long as Government bonds can be floated at from 3 to 4 per cent interest, it seems to me that this stock at 5 per cent is very desirable and will be readily taken. It is a good plan, too, to set aside a part of these net earnings for the protection of depositors in insolvent banks, as provided in the Hitchcock bill and for which provision is made in the new Owen bill. nothing equal to this plan of stopping runs on banks in time of panic, except the one adopted in 1907 of entirely suspending payment. It is also a good plan to set aside these net earnings, over and above the insurance and surplus requirement, for the payment and retirement of the 2 per cent bonds of the United These bonds are now at a discount, and it seems to me that the application of these earnings to the retirement of these bonds is one of the means of sustaining the credit of the Government and protecting the banks who have invested in these bonds.

Section 9 of the Hitchcock bill provides under what conditions State banks may come into the system. I need not dwell on that subject, except to say that the Hitchcock bill substantially provides that a State bank may come into the system provided, first of all, it has a capital sufficiently large to warrant it in becoming a national bank; in the next place, it must deposit its reserves in the reserve system; and, in addition to that, it must be subject to inspection and to the same report requirements as the national banks.

Mr. PAGE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Minne-

sota yield to the Senator from Vermont?

Mr. NELSON. Yes.

Mr. PAGE. I should like to ask what would be the modus operandi in case the requirements of the reserve banks should be unlike those of the States. In our State we have a law which compels a bank to carry a certain sum in its own vaults and a certain other sum may be carried in any bank, national or State, in the same county. In other words, there is a variety of provisions which must be followed to comply with the Will there be a conflict between the State and the national law?

Mr. NELSON. No, not necessarily; not under the Owen bill. There may be a conflict of power, but not a conflict of law; that is, for a State bank to join the system it must first of all have the requisite capital to become a national bank; and a national bank can be incorporated with \$35,000 capital in a

place that has not over 3,000 people.

Mr. PAGE. All of our banks would have sufficient capital,

so far as that is concerned.

Mr. NELSON. In the next place, the State bank must comply with the reserve requirements of this bill; that is, it must keep the same reserves with the reserve banks and the same amount in its own vaults as is required by this system; but, outside of that, there is nothing in the State laws to prevent it from keeping its funds wherever it may please.

Mr. PAGE. But if the State law required an additional sum

to be kept as a reserve, it would make an excessive reserve.

Mr. NELSON. That would be for the bank to determine. Mind you, the State banks are not required to join this system; it is entirely optional with them.

Mr. PAGE. I understand that.

Mr. NELSON. So, I say, as a legal proposition, that all we require of them is, first, the capital; next, the maintenance of the reserve required under the law; next, they must make the same reports to the Comptroller of the Currency and be subject to the same system of inspection as are national banks. In our bill, the Hitchcock bill, we impose no onerous conditions. the Owen bill there are other conditions imposed upon the State banks which are a little different and more onerous; but I shall not take up the time to discuss them at this moment. They will be discussed when we take up that part of the bill.

Section 10 of the three bills provides how State banks may become member banks of the new system. The conditions required by the Hitchcock bill are that such banks must have a sufficient paid-up capital to entitle them to become national banks, and that the banks shall be subject to the reserve requirement of this act, and shall be required to make the same reports and be subject to the same examination and supervision national banks. The Owen bill differs from the Hitchcock bill in this respect in imposing other and more onerous conditions upon State banks joining the system. As I said, I shall not refer to that in detail at this time. Our section of the committee deemed it inadvisable to exact special conditions and requirements in such cases beyond that stated, for State banks can not be compelled to join the system or be compelled to go out of business. It is purely voluntary with them, and they are not likely to join the system if unnecessary restrictions are imposed upon them. It seemed to us that if the capital and reserve requirements are fulfilled and the same supervision and inspection is given them as national banks that this is

I come now to another important subject as to which there is a difference between the Owen and the Hitchcock bills, namely, in reference to the reserve board. Section 11 of the Hitchcock bill provides that the Federal reserve board shall consist of nine members, of which the Secretary of the Treasury shall be an ex officio member, the eight other members of the board to be appointed by the President, with the advice and consent of the The terms of the eight members are to be for eight years, except that in making the first appointments one member shall be appointed for one year, one for two years, one for three years, one for four years, one for five years, one for six years, one for seven years, and one for eight years. This will leave it so that after the first appointments are made one member will be appointed every year. Vacancies on the board may be filled by the President for the unexpired term. The eight members thus appointed must devote their entire time to the work and duties of the board and must not be officers, directors, or employees of any bank or trust company or hold any stock in such They shall receive a salary of \$12,000 a year, payable monthly, out of the Treasury of the United States. President shall designate one member of the board, other than the Secretary of the Treasury, as governor thereof and one member as vice governor, who shall act in the place of the gov-ernor. The governor shall be the active executive and presid-ing officer of the board.

Under the Glass bill the board is to consist of seven members, three of whom, the Secretary of the Treasury, Secretary of Agriculture, and Comptroller of the Currency, are ex officio members, and four others to be appointed by the President, with the advice and consent of the Senate, for the term of eight years. Of the first appointees, one is to hold for two years, one for four years, one for six years, and one for eight years, and thereafter

one shall be appointed every year for the term of eight years.

I think that is a mistake. It should be every second year, I

think.

Mr. SHAFROTH. In the Owen bill?

Mr. NELSON. In the Glass bill. Mr. SHAFROTH. I think it is every two years; yes.

Mr. NELSON. The salary of each of the four members—this is the Glass bill—is to be at the rate of \$10,000 a year, and the Comptroller of the Currency is to have \$5,000 in addition to his regular salary. The Owen bill eliminates the Secretary of Agriculture and the Comptroller of the Currency from the board and leaves six members to be appointed by the President, with the advice and consent of the Senate. Of the first appointees, one is to hold for 1 year; one for 2 years; one for 3 years; one for 4 years; one for 5 years; and one for 6 years, and thereafter each member shall be appointed for a term of 6 years. One of the six thus appointed by the President shall be designated by the President as governor and one as vice governor. It thus appears that the committee was unanimous in eliminating the Secretary of Agriculture and Comptroller of the Currency from the board, and the committee was also unanimous in retaining the Secretary of the Treasury on the board. out our section of the committee felt that in view of the important work assigned to the Federal board, the inauguration, supervision, and control of a great Federal bank system, as is proposed to be established by this bill, it was of the utmost importance to have a large and strong board, and, therefore, we came to the conclusion that the board ought to consist of nine members instead of seven, and in order to secure continuity of service, we deemed it advisable to extend the terms of the members of the board appointed by the President, after the first appointments, to 8 years and to compel the members of the board to devote their entire time exclusively to the duties of their office, and in order to get the highest grade of men for this great work, we felt that it was necessary to make a liberal allowance for salaries, and that \$12,000 a year for each member is none too much, payable monthly out of the Treasury.

In order to make this system successful, it is important that we get men of the highest grade, of undoubted integrity, and of the greatest experience. In order to get men to occupy these positions, if they are bankers, or have engaged in banking, they must abandon and lay aside that business. If they hold stock in national banks, in State banks, or in trust companies, they must dispose of it; in other words, they must divest themselves in every way of any interest in any bank other than the par-ticular bank of which they are placed in charge.

For that reason, in order to get men of high character, we felt it important to give them this salary. We also felt it important, inasmuch as great work is entailed upon the board to start this system, to keep it going, and to make it successful that it should be a board of nine members instead of seven.

I come in the next place to discuss briefly the powers of the Federal reserve board, the board that is at the head of the

system, and in which rests the ultimate control.

Section 12 of the Hitchcock bill defines the powers of the Federal reserve board in six separate paragraphs lettered from "a" to "f," inclusive. One of the most important powers conferred on the board is the power to compel one reserve bank, in times of emergency, to rediscount commercial paper for another reserve bank; in other words, to supply the needed funds in case of an emergency. This is a most extraordinary, drastic, and arbitrary power, but it is one that is absolutely necessary for the life of the system with so many reserve banks. Without it the entire reserves of the country can not be utilized, and some of the smaller reserve banks might find themselves, in cases of emergency, greatly embarrassed and, so to speak, at the end of their rope.

The least particle of reflection must make it apparent to everyone that this system of a number of regional banks, designed and intended to gather up, concentrate, and utilize the bank reserves of the country, in order to be a success and in order to work as a unit, must provide that in cases of emergency the reserves, as Mr. Vanderlip expressed it, can

be piped from one reserve bank into another.

This, of course, is an arbitrary power. It is most arbitrary to say to one bank, "You must discount, nolens volens, the commercial paper of another bank," when the directors of the bank to which the application is made feel that it would be

unwise, risky, and dangerous to do so; yet under these bills they are compelled in any event to obey the orders of the board. It is a most crastic power, which we could have obviated if we had adopted the only plan that would make a perfect system in this country-the plan of a central bank, a people's bank, controlled by the Government of the United States.

Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. NELSON. I shall later on come to this subject again. I yield to the Senator.

Mr. HITCHCOCK. I suggest the absence of a quorum, Mr.

The PRESIDING OFFICER. The Senator from Nebraska suggests the absence of a quorum. The Secretary will call

The Secretary called the roll, and the following Senators answered to their names:

Ashurst Fletcher Martine, N. J. Smoot Gallinger Gore Gronna Nelson Owen Perkins Stephenson Sutherland Thomas Bacon Bankhead Brady Brandegee Bristow Hitchcock Hollis Hughes Pomerene Ransdell Reed Robinson Thompson Thornton Townsend Vardaman Bryan Burton Chamberlain Root Saulsbury Shafroth Sheppard Shively Simmons Johnson Walsh Chilton Warren Weeks Clapp Clark, Wyo. Clarke, Ark. Crawford Dillingham du Pont Kenyon Kern Williams Works Lea Lewis McLean Martin, Va.

Mr. WEEKS. I wish to state that my colleague [Mr. Lodge] is absent on account of illness. I will let this statement stand for the day

The PRESIDING OFFICER. Sixty-three Senators have answered to their names. There is a quorum present. The Sena-

tor from Minnesota will proceed.

Mr. NELSON. Mr. President, another important power is that of regulating the issue and retirement of Federal reserve In this power rests ultimately our safeguard against undue inflation or undue contraction of our currency, a matter of the most vital importance and one that ought not to be lost sight of under any circumstances. In one respect the Glass and Owen bills differ from the Hitchcock bill, and that is in permitting the Federal reserve board to suspend the reserve requirements of the law for a period of 30 days and to extend the same for 15 days. This power is not conferred by the Hitchcock bill. Under the Hitchcock bill the banks may reduce their reserves to a limited extent, and within certain limits, upon the payment of a graduated tax upon such reduction, to which I shall hereafter refer in my remarks. The power to suspend or remove directors of Federal reserve banks, contained in this section of the Owen and Glass bills, is covered by the last part of section 4 of the Hitchcock bill. In fact, there is not any substantial difference between the bills in this respect. The Federal reserve board has the power to suspend temporarily directors of the reserve banks in case of maladministration or misbehavior in

Another provision found in the Owen bill not found in the Hitchcock bill is that of empowering the Federal reserve board to authorize the member banks to count as a part of their reserves the Federal reserve notes and the national-bank notes. I call the particular attention of the Senate to that provision. It permits the member banks to count as their reserves not only the national-bank notes, as they can do now, but also the reserve notes.

This seemed to our section of the committee as a dangerous power. It is the permitting of one promise to pay to be used as a reserve for another promise to pay. Reserves to be of any intrinsic value ought to be in specie, in gold or gold certificates; or, at all events, ought to be limited to national-bank notes. The provision in this section of the Owen bill empowering the Federal reserve board to permit national banks to act as trustees and executors is covered by section 26 of the Hitchcock bill, which confers this power on national banks absolutely. There is this difference

Mr. HITCHCOCK. Mr. President-

If the Senator will allow me to explain that Mr. NELSON. difference, I will then yield. The Hitchcock bill gives the power absolutely to the banks to act as trustees, as executors, and administrators, while the Owen bill permits the reserve board to give that power to the banks. That is my understanding of

[Mr. OWEN] permitting Federal reserve bank notes to be used as a reserve by member banks.

Mr. NELSON. I have already referred to that matter.

Mr. HITCHCOCK. I wanted to call the Senator's attention to another objection to that provision. If member banks throughout the country are permitted to count in their reserves the Federal reserve notes that are issued, it means that those notes will not come in for redemption as they would come in for redemption when the needs of business should dictate. universal experience is, and it was our experience with bank notes, that notes issued in that way to accommodate business should be drawn back just as soon as the business needs subside, and they can not be drawn back for redemption if banks are permitted to keep them in their vaults and count them as

Mr. SHAFROTH. If the Senator from Minnesota will yield

Mr. NELSON. I yield to the Senator. Mr. SHAFROTH. In answer to the Senator from Nebraska, relative to that matter, I will say if there comes into this system the State banks there will be an absolutely insufficient quantity of reserve money as provided by his bill. We have not enough reserve money, in my judgment, now to carry on in a fair manner the business of the national banks. This stream of redemption would not continue to go through the banks to the Federal Treasury here if it were not for the purpose of getting reserve money. That is the very object and purpose of it. That being the case, there is an insufficiency now for the national banks, and if you add to that the system of 18,000 other banks you will find that there will not be within many hundred millions of dollars sufficient money to act as reserves. If you have not money to act as reserves, those banks can not come into the system. It is on that account that we gave to the Federal reserve board the power to determine when, if at all, there should be Federal reserve notes to act as reserves of the banks.

Mr. POMERENE. May I make a suggestion to the Scnator in this connection? Many State banks are now authorized to use national-bank notes as reserves, and there is a reason which can apply to national-bank notes that would not apply with

equal force to reserve notes.

Mr. SHAFROTH. I thank the Senator for the suggestion. We have now held by the State banks many million dollars of these bank notes. They are held as reserves and the laws of the States permit them to be held as reserves. If we take that away and do not have sufficient reserve money by which they can come into the system, we are going to cripple the system

very much indeed.

Mr. HITCHCOCK. I will say to the Senator from Colorado that if it shall happen that the Federal reserve notes which he proposes to make redeemable in lawful money, in gold or other promises, are permitted to be held by the 7,000 national banks of the country as well as by the State banks of the country as reserves, the inevitable result will be that millions of these Federal reserve notes will be held by these thousands of banks as reserves, and the better money, to wit, the gold, will be driven out of this country under the inevitable operations of the Gresham law, and the banks instead of holding gold or gold certificates in their vaults as reserves will find it difficult to get the gold, because under the Gresham law it will be driven out of the country

Mr. POMERENE. Mr. President, will the Senator from Nebraska permit me to remind him that this privilege is not given under this bill as a matter of right, but that it is to be controlled wholly by the reserve board? This is the language:

(k) To authorize member banks to use, as reserves, Federal reserve notes, or bank notes based on United States bonds, to the extent that said board may find necessary.

Mr. HITCHCOCK. That I consider another vice, because it empowers the Federal reserve board to legislate instead of having the legislation here in Congress. It places in the hands of a few men a power which is entirely too great, and which in its exercise is likely to prove dangerous. When it is exerin its exercise is likely to prove dangerous. cised I believe the inevitable effect is going to be to drive gold out of circulation, or to tend to reduce the supply which we

have held in this country.

Mr. SHAFROTH. Mr. President—
The PRESIDING OFFICER (Mr. VARDAMAN in the chair). Does the Senator from Minnesota yield to the Senator from Colorado?

Mr. NELSON.

Mr. NELSON. Certainly. Mr. SHAFROTH. In answer to the Senator from Nebraska, I will say that we must bear in mind that our hindsight is a good deal better than our foresight. We shall have to vest some power in the persons who administer this system in order We shall have to vest the difference. I now yield to the Senator from Nebraska.

Mr. HITCHCOCK. Mr. President, I wanted to refer to the provision in the bill reported by the Senator from Oklahoma to meet the exigencies which will arise. Consequently, when we

find that there is now a shortage of reserve money, we are leaving it to a board, who have unquestionably the best interests of the system at heart, to determine just how much and just when

this money shall act as reserve money.

The Senator has said that this is going to drive gold from the country, and he further says that these Federal reserve notes will be hoarded by the banks. As a matter of fact, if a bank takes in a Federal reserve note, it can hold it, it is true, but when it has got to settle with the Federal reserve agent to take up its 30, 60, and 90 day paper, I do not see any reason why it should keep longer that money. It has to pay it in gold or in some other lawful money. Even if it does, it has got to emit lawful money, and consequently, whether it retains this Federal reserve money, or whether it retains the greenbacks, or whether it retains the gold, it seems to me would be immaterial.

The theory is advanced here that this gold will leave the country. I can not see in what manner it can do so. We have now a national-bank note out. Gold does not leave the country now. These national-bank notes are not permitted to be reserve money in national banks. That has not driven any gold out of the country that I know of. Yet it is an inferior currency, because it is not a legal tender, nor can national-bank notes act as reserve money. For that reason I have no fear that any gold will leave the country on that account.

The PRESIDING OFFICER. The Senator from Minnesota

will proceed.

Mr. NELSON. Mr. President, I will not at this time further discuss the question of permitting national-bank notes and notes of the reserve banks to be used as reserves. Later on, when that question will more appropriately come up for consideration. I shall probably have something to say regarding it: not, however, as a matter of oratory, because I am not gifted in that respect, but for the information of the Senate. I am anxious to compare the Owen bill and the Hitchcock bill, so that Senators may be able to judge of their respective merits or demerits.

I come next to section 13. Some slight changes have been made in that section, the subject matter of which is the Federal

advisory council.

There is no substantial difference between the three bills in respect to the provisions of this section. The council consists of as many members as there are reserve banks, and the members are appointed and paid by the banks. The council is to meet in Washington at least four times each year and is given the power, first, to confer with the Federal reserve board; second, to make oral or written representations to the Federal reserve board; third, to call for full information and to make recommendations as to discount and rediscount rates, note issues, reserve conditions, purchase and sale of gold, open-market operations, and the general affairs of the reserve system.

The next subject—and it is one of great importance—is that of rediscounts. There is no substantial difference in most of the provisions of this section between the three bills, except in following particulars: The Hitchcock bill requires that the indorsement by the member bank of the commercial paper which it seeks to discount shall be accompanied with a waiver

of demand, notice, and protest.

I want to say, Mr. President, that that was incorporated in the original Hitchcock bill, but was not in the original Owen bill as reported to the Senate. However, the Democratic conference adopted that provision, so that the Owen bill has adopted the very same phraseology in that respect; in other words, it requires that when member banks indorse their commercial paper for the purpose of passing it on to the reserve banks they shall do it with a waiver of demand, notice, and protest. Senators will readily see the value of that provision. These notes are taken by the local banks. They are generally payable at the local banks. If the regional banks, with whom these notes are left for rediscount for the purpose of securing Federal currency, were in every instance required to protest those notes it would cause them great expense, and they would have to present them for payment and protest them at the local bank where they were payable. To avoid that trouble this provision is inserted in both bills at this time.

In another respect there is a great difference between the Hitchcock bill and the Owen bill. The Owen bill permits no paper to be discounted that has a maturity of more than 90 days, while the Hitchcock bill permits paper having a maturity of 180 days, or 6 months, to be discounted to the extent of 50 per cent; that is, of the aggregate paper presented for discount by a member bank not to exceed 50 per cent of it can be 180-day paper, while the balance of it must be paper that matures within 90 days. In this respect the Hitchcock bill differs from both the Glass and the Owen bills. We were impelled to make this change in the bill, because bankers and business men who

appeared from the grain and stock raising sections of the country west of the Mississippi River said that they dealt but very little in 30-day paper, very slightly in 60-day paper, and only to a limited extent in 90-day paper; that most of the paper their banks dealt in was 6 months, 9 months, and 1 year paper; and that to cut them off from the discount privileges of this proposed law would be a discrimination against those banks that would be unjust and unfair.

As a matter of fact, Mr. President, barring the question of

time, that paper is as liquid and as good and reliable as any commercial paper of its kind. The 6 months paper taken by western banks from men engaged in the cattle industry, in the grain raising, in hog raising, and in other industries incident to farming in the Mississippi Valley is as good and reliable paper as any commercial paper. So in order to meet that condition

we put this provision in the bill.

Mr. POMERENE. I should like to interrupt the Senator, but I will not do so if he prefers that I should not.

Mr. NELSON. It will be no interruption, only I should be

glad if the Senator would not take too long a time.

Mr. POMERENE. I wish to state very briefly the reasons which actuated the section of the committee of which I am a member in keeping the limitation of 90 days upon paper which might be rediscounted. In the first place, it is true that many of the banks in the western country have 6 months paper, or paper of a longer date of maturity, and this paper is being constantly received by these banks. There is no time in their history in which there is not a substantial part of their paper that is due within 90 days. The 90-day provision applies not to the length of the paper, but to the time of maturity from the date it is presented for rediscount.

But in order that there might be no disadvantage to the bank in that respect we added a provision on page 44 which permits each of the member banks to execute and discount at the regional bank its own paper, giving collateral security therefor, so that a member bank could present its 30, 60, or 90 day note of its own execution and deposit with that the collateral which it might have in its own vaults in the shape of farmers' notes or commercial notes. The provision of the bill to which I refer is on page 44 of the print of December 1, and is as follows:

The Federal reserve board may authorize the reserve bank of the district to discount the direct obligations of member banks secured by the pledge and deposit of satisfactory securities, but in no case shall the amount so loaned by a reserve bank exceed three-fourths of the actual market value of the securities so pledged or one-half the amount of the paid-up and unimpaired capital of the member bank.

Mr. NELSON. That is an improvement upon the original Owen bill, but it is far from being satisfactory, because the member bank has to incur a direct liability, whereas in the other case it only incurs the liability of an indorser. The Hitchcock bill also permits paper having a maturity of 180 days, instead of 90 days, to be discounted, provided, as I have said, that not more than 50 per cent of the paper discounted for any member bank shall have a maturity of more than 90 days, and in no case—here is the qualification—and in no case shall any member bank have more than \$200,000 of rediscounts having a maturity of more than 90 days. In these particulars the Hitchcock bill differs from the Owen and Glass bills. In another important respect the Hitchcock bill differs from the Owen and Glass bills in providing that the member banks shall be entitled as a matter of right to the rediscount of eligible paper to the full amount of its capital stock upon the lowest current rate of discount, and no bank shall be permitted to discount an amount of paper exceeding the amount of its capital stock except upon the payment of a higher rate of discount; and in no case shall a Federal reserve bank discount paper for a member bank in excess of twice the amount of its capital stock without special authority of the Federal reserve board.

The principle of this provision is that under the Glass and Owen bills it is left discretionary with the board of directors of the reserve banks whether they will discount the paper of a member bank. If they feel hostile or unfriendly to a member bank, they can shake their heads and say "We do not care to rediscount your paper; we do not desire to do that" can give any such plausible reasons as bankers are in the habit of giving when they do not want to extend accommodations. This power under the Glass and the Owen bills is vested in the board of directors of the reserve banks, while under the Hitchcock bill, if a member bank presents the right kind of paper. such as is required by law—and the bill makes careful provision in this respect—it shall absolutely be entitled to have a discount for that paper. That provision is made to prevent the possibility of the directors of a regional bank discriminating between different member banks.

In the one case, the case of the Glass and the Owen bills, it is discretionary with the board of directors of the reserve banks as

to whether they will grant any discount to a member bank, while under the Hitchcock bill they are compelled, if the paper is of the right kind and quality, to grant the favor of a rediscount. We thought, Mr. President, that it would be a most dangerous power to leave with the directors of a reserve bank the discretion to say to bank A, "We will discount your paper," and to say to bank B, "We will not discount your paper." Those banks might be rival banks in the same community or in the same city. The board of directors of a regional bank might be disposed to favor one bank at the expense of another. prevent such discrimination we made this provision in the Hitchcock bill.

I have already called attention to the fact that the Hitchcock bill provides that there shall be no interest paid on any deposits by the reserve banks. They are depositors of the member banks, and their chief deposits are the reserves, which the member banks may deposit, which may be a great deal more than their reserves if they see fit. In order to get away from the method that has proven so vicious in our present reserve system, in order to make the new system a success, it is absolutely necessary to prevent the payment of interest on deposits of member banks.

So. Mr. President, the Hitchcock bill contains an absolute prohibition on the subject; the Glass bill also contains a pro-vision prohibiting interest on deposits, except Government deposits; while the Owen bill, as it appears before the Senate to day is entirely silent on the subject, and leaves it discretionary with the reserve banks to pay or not to pay interest. It may be that these reserve banks, if the door is left wide open, may be so greedy to secure deposits from country and member banks that they will adopt the method which has proven so harmful under the present reserve system of paying interest on bankers' deposits.

Section 15 of the bill relates to what we call open-market operations. The purpose of this section of the bill is to confer upon the reserve banks the authority to go into the open market and buy foreign and domestic exchange, gold coin and gold bullion, bonds of the United States and of any State, county, or municipality, and short-time obligations of foreign Governments, and so forth. I need not go into details in respect to the provisions of this section any more than to say that the purpose in giving this power to the reserve banks is to enable them by this means to regulate the rate of discount and the supply of gold, and it may, to some extent, accomplish this. It is sufficient to say that it is the purpose of this provision in the bill to enable the banks to control by this system what are called the discount rates; if rates get too high, to cut them down; and it may be necessary to use these discount rates for the purpose of controlling the gold supply.

The Glass and Hitchcock bills provide, in section 16, that, aside from the 5 per cent redemption fund of our national-bank note currency and the redemption fund provided for the reserve notes to be issued under the provisions of this act, the residue of the Government funds are to be deposited in the reserve banks which are to act as fiscal agents of the United States, and that the disbursements of the Government shall be made through checks upon the banks against these funds.

In this respect, as I have said, Mr. President, the provisions of the Glass bill and the Hitchcock bill are identical. Both bills contemplate what I regard as of the utmost importance, that the Government revenues shall from day to day be deposited with the reserve banks and that the Government shall draw its checks against those deposits. The purpose of this provision is to get away from the rigidity and the vicious character of the present subtreasury system, which locks up the surplus funds in the Treasury or Subtreasury of the United States and makes them dead capital, except where a Secretary of the Treasury sees fit to peddle them out to various banks.

The Owen bill is radically different in this respect from both the Hitchcock and the Glass bills. It is different in that it leaves it absolutely discretionary with the Secretary of the I have heretofore stated, is a most dangerous power to confer upon the Secretary of the Treasury. I have already pointed out how the exercise of this power in one instance led practically to the destruction of a Federal bank. The all-important reason for keeping the Government funds on deposit in the banks is to keep the surplus moneys of the Government in active use and circulation in the channels of commerce and trade instead of having them locked up in the vaults of the Treasury as dead funds. To leave to the discretion of the Secretary of the Treasury as to whether he will make such deposits or not is a most dangerous power. The moneys are not his, but the moneys of the Federal Government—in other words, the moneys of the people of the United States. If, for the purpose of establishing a new monetary system under the control of the Federal Government

for the welfare of the people and of the Government of the United States, it is necessary to establish such a system of banks as is provided in this measure, surely the surplus funds of the Government ought to be available to their fullest extent for the strengthening and maintenance of the system.

The Government revenues owing to the income tax, provided for by recent legislation, will be by the beginning of each fiscal year undoubtedly swelled largely beyond the immediate wants of the Government. These surplus revenues may for the time being be a source of great help to various parts of the country. At one season of the year they may prove to be of great help in moving the cotton crop, at another season of the year in moving the wheat crop, and at another season of the year in maturing and marketing the cattle supply of the country. To leave it with the Secretary of the Treasury to determine when, where, and to what extent he shall deposit the surplus revenues of the Government would be equipping him with a power of pure absolutism. If it is necessary to have any discretion exercised at all in the matter of such deposits, the discretion ought to be vested in the Federal reserve board and not with the Sec-

retary of the Treasury.

I now come to another important feature of the bill, which relates to the manner of note issues of the new currency which we propose to create.

The Hitchcock bill, section 17, provides that Federal reserve notes shall be issued under authority of the Federal reserve board for the purpose of making advances to Federal reserve banks. The notes are to be the obligations of the United States and shall be receivable for all taxes, customs, and other public dues, but shall not be held as reserves by member banks or by reserve banks; that they shall be redeemable in gold on demand at the Treasury of the United States or at any Federal reserve bank. These notes are to be issued upon the application of Federal reserve banks accompanied with a tender to the local Federal reserve agent of collateral security consisting of the commercial paper that may be discounted equal in amount to the reserve notes applied for.

The Federal reserve bank may issue and circulate such notes, either upon a reserve of gold coin, gold bullion, or gold certification. cates, equal in amount to the face value of the notes issued and outstanding, or the bank may, at its option, upon a gold reserve of 45 per cent and the deposit of collateral security consisting of such notes and bills as may be discounted under the provisions of this act or revenue notes of the United States, or both, equal at their face value to the face value of the outstanding reserve notes; or to put the matter more briefly, reserve notes may be issued par for par in gold or may be issued for a par of commercial paper backed by a reserve of 45 per cent in gold.

Mr. BORAH. Mr. President—
The PRESIDING OFFICER (Mr. Hughes in the chair). Does the Senator from Minnesota yield to the Senator from Idaho?

Mr. NELSON. I do. Mr. BORAH. Will it interrupt the Senator if I ask a question?

Mr NELSON. Not at all. Mr. BORAH. The Senator from Minnesota says that these notes are to be issued by the Government and are obligations of the Government. Technically, of course, that is correct; but, as a matter of fact, they can not be issued except upon the initiative of the Federal reserve banks, can they?

Mr. NELSON. That is true.

Mr. BORAH. The application must be made?

Mr. NELSON. It must come from the Federal reserve bank.

Mr. BORAH. As a matter of fact, then, while the Government formally and technically issues such currency the substantive power of calling it into existence rests with the reserve banks?

Mr. NELSON. The initiative must come from them.

Mr. BORAH. In other words, the Government itself has no power to put into circulation any currency unless the banks say that they think they need the currency.

Mr. NELSON. That is right.
Mr. BORAH. Then, again, if, the notes having been issued in this form, the banks come to the conclusion that they would like to contract the currency, what power has the Government to prevent the banks from contracting the currency; in other words, to prevent the banks from refusing to put up more collateral, which would necessitate the collecting of money to pay

off the collateral put up and thereby contract the currency?

Mr. NELSON. The power comes in this way: The applica-Mr. NELSON. The power comes in this way: The applica-tion, in the first instance, for relief comes from a member bank. A member bank applies to a reserve bank for credit. We will say that it applies to a reserve bank for \$100,000, half of it in book credit in the reserve bank and half in currency.; If that demand is made on the reserve bank it is the duty of the reserve bank to discount the paper of the member bank and to give that credit; and if it is not possessed of the circulating notes sought for it must seek to obtain them at the earliest That is my understanding of the practical workings

Precisely, Mr. President; but what I want to get very clear in my mind, because to my way of thinking this note-issuing proposition is the vital principle of this bill-

Mr. NELSON. One of the vital principles.
Mr. BORAH. Well, to my way of thinking it is the vital principle, for the reason that in the power to issue these notes lies the power either to inflate or to contract the currency of the country to a very marked degree.

Mr. NELSON. To some extent. Mr. BORAH. Of course, there is such a thing as inflating from the mere point of extending loans, and so forth. There is a form of inflation which grows out of an extension of credit in that way; but we have here the power to issue these notes technically belonging to the Government, but the Government can not move in the matter, either pro or con, until the Federal reserve banks put up the collateral and say that they deem it wise to have this issue. It is true that the Government may refuse to issue if the banks ask for it, but it is not true that the Government may issue it whether or not they think it wise.

Mr. NELSON. Not in the first instance; not on their own

Mr. BORAH. Then, on the other hand, if after a hundred million dollars or two hundred million dollars have been put out the banks come to the conclusion that the currency of the country should be contracted, they simply refuse to put up more collateral, and that necessitates collecting the money from the people of the country to pay the collateral which is up, and contraction must necessarily ensue. I think the power lies here for the banks of this country to contract or inflate the currency almost at will.

Mr. NELSON. I hardly think so. Mr. SHAFROTH. Mr. President, I should like to call the attention of the Senator to the fact that under the Hitchcock bill it is proposed to retire the national-bank circulation to the extent of \$50,000,000 each year, and there is no provision for any permanent currency to take its place.

Mr. NELSON. That is a mistake, as I will show when I

come to deal with that subject.

Mr. SHAFROTH. Of course, that bill provides for currency that is based upon 30, 60, 90, or 180 day paper; but that, as the Senator from Idaho [Mr. Borah] has said, is directly in the hands of the banks, and they can issue it or not at their

Mr. BORAH. Mr. President, I am not able to discuss with the Senator the difference between the Hitchcock bill and the Owen bill with reference to that fact. It may be that the Sen-

ator is correct; I do not know; but—
Mr. SHAFROTH. The difference is that the Owen bill provides that there shall be issued in place of the national-bank notes, at the will of the banks presenting them, the currency of the Federal reserve banks, dollar for dollar as it comes in for redemption. The purpose was to confer on the banks, which had 2 per cent bonds up and felt that they ought not to be driven into a system against their will, the right to cash those bonds and transfer practically the circulating medium over to the Federal reserve banks.

Mr. BORAH. Does not the Owen bill contemplate the final

retirement of the present national-bank notes?

Mr. SHAFROTH. It can be done, but it leaves it with the banks to do it; and the reason it is left with the banks to do it is because they are afraid they will lose money on the 2 per cent bonds and it was thought to be unfair to drive them into the Federal reserve system without providing a way by which they could get eash for their 2 per cent bonds.

Mr. NELSON. Mr. President, I desire, before the Senator from Idaho proceeds further, to call his attention to two fundamental propositions. In the first place, it is agreed unanimously that one of the chief defects in our present banking and currency system is what is called its lack of elasticity, its rigidity, being based, as it is, upon Government bonds.

Mr. BORAH. Mr. President— Mr. NELSON. I will yield to the Senator after making a brief statement.

Mr. BORAH. Very well.

Mr. NELSON. That is the defect of the present system. The object of the proposed legislation is to secure currency that will be more elastic, more responsive to the commerce and trade of the country. It is conceded that the only system by which you can get a currency that will be in its nature elastic is to

which, as is sometimes said, collects itself. There is provided, therefore, as we might say, a natural system of elasticity. It is put into operation in this way: A member bank wants currency. To get that currency it takes its portfolio of short-time commercial paper, presents it to the reserve bank, and says, want notes on this." After it presents its short-time commerpaper to the reserve bank the reserve bank is in duty bound, under the bill, if it has not got the reserve notes on hand, to make application to the Federal reserve board for leave to issue them. So the notes are issued. When those notes go into circulation the question of their retirement is like the retirement of any other notes. When they have performed their function, when they have traveled around and ultimately returned to the bank for redemption, they are re-deemed. There is no artificial way, so far as I can see, by which we can get an effective system that will make such banknote paper elastic except by some such plan as this. That is

the theory of the bill. Now I yield to the Senator.

Mr. BORAH. Well, Mr. President—

Mr. HITCHCOCK. Mr. President, will the Senator from Idaho permit me to answer a little more fully the question he

addressed to the Senator from Minnesota?

Mr. BORAH. I will be glad to yield to the Senator.

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. NELSON. Yes.

Mr. HITCHCOCK. The question raised by the Senator from Idaho involves a criticism which I think applies with force to the Owen bill, because there is nothing at all in the Owen bill requiring the reserve banks to respond to the needs of business. The directors of the reserve banks to respond to the needs of business. The directors of the reserve banks, under the Owen bill, have absolute power to refuse or to grant discounts. It is practically within their discretion, so long as they treat the banks with some equality. Under the bill which has been reported by the Senator from Minnesota, myself, and others, every bank belonging to the system is entitled as a matter of right to discounts to the amount of its capital stock, which, in the aggregate, might be a thousand million dollars if they all took advantage of the provision at the same time. They are entitled to the discounts. and the reserve bank directors must grant them. bank directors can not discount the paper, unless they have the cash, without calling upon the Federal reserve board for currency. The Federal reserve board is required when a reserve bank applies for currency to grant it, provided the reserve bank complies with the law as to gold reserve and securities. Thus it happens that in the hands of the business world lies the power of securing additional currency when the needs of business require it, and that currency can only be retired as the needs of business subside.

I think the Senator will see that it would be possible under the Owen bill for the directors of the reserve banks to refuse to discount paper, which would compel member banks to refuse to grant loans, which would result in a constriction of currency; but under the bill which the Senator from Minnesota and I stand for that can not occur, because, as the individual banks call for discounts, they are entitled to them, and when they get them, the reserve bank is compelled to call for currency, and when the reserve bank calls for currency, the call must be answered.

Mr. POMERENE, Mr. President—
The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Ohio?

Mr. NELSON. I yield. Mr. POMERENE. In view of what has been said by the Senator from Nebraska [Mr. HITCHCOCK], I think it would be quite pertinent for the Senate to bear in mind the language of the Owen bill in this behalf. It reads:

Said board-

Speaking now of the board of directors of the reserve banks-Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall—

Note the word "shall"-

subject to the provisions of law and the orders of the Federal reserve board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

I may say, in addition, that if the board of directors should refuse to administer the funds and the business of the regional bank as required, they are subject to removal by the Federal reserve board, which has full supervisory powers over all of the

Mr. HITCHCOCK. Mr. President, the quotation is quite correct, but it exactly verifies what I say-that the question of granting discounts rests in the discretion of the directors of the Federal reserve banks. They grant discounts to a bank to the base it upon short-time commercial paper, which is liquid, and extent of 20 per cent of its capital, or 30 per cent of its capital,

or 100 per cent of its capital, or 200 per cent of its capital, or 500 per cent of its capital; they can make a constriction of credits and a restriction of business, or, in their discretion, they can expand credits; but in the bill which we support this discretion is not permitted them, and it remains for the business world, through the individual banks, to show what the needs of business are.

Mr. BORAH. Mr. President-

Mr. SHAFROTH. If I may say a word right here, I want to say, in answer to the Senator from Nebraska [Mr. HITCHCOCK], that that clause of his bill is known as the "compulsory rediscount provision"; it leaves no discretion; and I maintain that in the administration of this system it may be very unwise to have circulating notes issued; it may be that for many reasons it may be improper to do so, and consequently there ought to be a discretion left, as it has been left in the Owen bill, to determine from all the facts whether or not there should be money issued at a particular time. Instead of that, no matter what the condition of the circulating medium may be, under the provisions of the Hitchcock bill a member bank may go to the Federal reserve bank and say, "I want this money; I demand it," and there is no discretion left. It seems to me, as we do not know how this system is going to work, that we had better leave a discretion in the hands of some persons who can see all of the circumstances at the time the power is sought to be exercised.

Mr. O'GORMAN. Mr. President, if the Senator will pardon me a moment—

The VICE PRESIDENT. Does the Senator from Minnesota

yield to the Senator from New York?

Mr. NELSON. I have yielded to the Senator from Idaho [Mr. Borah], and he can yield to the Senator from New York if he so desires.

Mr. BORAH. I yield.

Mr. O'GORMAN. I merely desire to say a word supplementary to what has been said by the Senator from Colorado [Mr. Shafroth], and I think it is quite pertinent. The members of the committee who subscribed to the so-called Owen amendment were not unmindful of the view entertained by the Senator from Nebraska [Mr. Hitchcock] regarding the need of safeguarding member banks from possible discrimination on the part of the officers of the regional banks. To make discrimination impossible, it was the suggestion of the Senator from Nebraska that the members of the regional banks be deprived of all discretion and be compelled to make loans or allow discounts up to a certain figure, even though their own judgment condemned the transaction.

The bill as it stood at that time provided, in substance, that any aggrieved bank could communicate its complaint of discrimination or favoritism to the members of the reserve board in Washington. It was said in that connection that that would involve delay, and some conceived the possibility of a member bank being forced to the wall before it could secure suitable redress in that manner, because the bill at that time provided that the Federal reserve board in Washington would be required to give a hearing to the six of the nine members of the regional bank before any one of the six could be removed.

The bill at that time provided, in substance, that the three governmental appointees in each regional bank could be removed by the Federal reserve board after a hearing. It also provided that the three representatives of business in the district, or any one of them, could be removed after a hearing; but no power was conferred upon the Federal reserve board to remove the three representatives of the bankers who would be

on the Federal reserve board.

At that stage of the matter, having in mind the objection of the Senator from Nebraska, we changed the bill and conferred upon the members of the reserve board in Washington arbitrary, unrestricted, and unlimited power to romove every one of the nine officers of a reserve bank, including even the three representatives of the bankers. It was thought that with that summary power lodged in the Federal reserve board in Washington no officer of a Federal reserve bank could be induced to discriminate against any of the member banks in the district affected because, as the provision in our bill stands now, if a member bank has reason to believe that the officers of the regional bank are not treating it fairly and impartially it can at once communicate its complaint to the Federal reserve board and if the evidence laid before the board is satisfactory the offending officer of the regional bank will be at once decapitated without a hearing, the only requirement of the statute being that when the removal takes place the Federal reserve board chall state its reasons for the removal.

Mr. NELSON. Mr. President, if the Senator will allow me to proceed, the mere statement of the case by the Senator from

New York shows how long and tedious a process takes place. If a country bank, with a portfolio of short-time, first-class commercial paper, is in urgent need of currency, it can get that currency only in the discretion of two boards. The first of those is the board of directors of the reserve bank. If they fail in their duty, then the matter is in the discretion of another board. If the board of directors of the reserve bank fail in their duty, there must be a hearing, a trial, and a removal, and new men must be appointed.

What a slow and unsatisfactory process that would be in case of an emergency! Take a case of money stringency, when banks need currency immediately. They have the commercial paper on hand, as good and as liquid paper as you can find anywhere. Why should they not get it immediately, in limited quantities, if it does not exceed their capital stock and they need it? Who is a better judge of whether a member bank needs currency on its paper than the country bank out in Minnesota or in Idaho? Who is the better judge of the need for currency of that community—the local bank, or the reserve

board, or a board sitting here in Washington?

Mr. BORAH. Mr. President, as I understand the distinction between the two bills as a result of this illuminating discussion, it is that more power is vested with the board to determine the issuance of currency under the Owen bill than under the Hitchcock bill. In other words, the Hitchcock bill undertakes to transfer more power to the several business communities, to the banks, and so forth; but that was not the question which interested me with reference to the note-issuing matter.

The thing that interests me is that while the board has a negative power to prevent, after all the initiative in issuing currency rests alone with the banks. The banks alone can provide the currency, and it is absolutely within the power of the banks to contract the currency when they get ready to do so.

Regardless of which one of these bills is the better, so long as the proposition is clearly established that it is within the power of the banks of the country either to inflate or to contract the currency, it seems to me it is well worthy of consideration

whether we want to give that power.

For myself, I believe the power to provide a sufficient volume of currency with which to do the business of the country belongs exclusively to the Government. I believe that it should not depend upon the initiative of banks to provide that currency and that it should not be subject to the power and dictation of the banks in contracting that currency; that when a sufficient volume of currency has been provided by the Government with which to do the business of the country it is then the province of individuals and private corporations to establish their own credit.

Mr. NELSON. Mr. President, when I took the floor between 11 and 12 o'clock to-day I supposed I should be through before this time. Owing, however, to the large number of interruptions—and I am not finding fault with them, because I regard the interruptions as very valuable—I have detained the Senate much longer than I expected to do, and it will take me some time longer to cover what I intend to say. In my remarks I have aimed to go over the bill paragraph by paragraph and to describe as best I could the difference between the two plans, so that Senators could see the respective merits of the two systems; but in view of the length of time I have already occupied to-day, I now yield the floor to the Senator from Kansas [Mr. Bristow], with the purpose of resuming my remarks at some time to-morrow.

Mr. GALLINGER. Mr. President, in view of the small number of Senators present, especially on the Democratic side, I suggest the absence of a quorum.

Mr. POMERENE. I hope the Senator will not call all of those Senators Republicans who are on the Republican side at this moment.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hollis	O'Gorman	Smith. Md.
Bacon	Hughes	Owen	Smith, S. C.
Bankhead	Jackson	Page	Smoot
Borah	James	Perkins	Stephenson
Brandegee	Johnson	Poindexter	Sterling
Bristow	Jones	Pomerene *	Sutherland
Bryan	Kenyon	Ransdell	Swanson
Chamberlain	Kern	Reed	Thomas
Clapp	Lane	Robinson	Thompson
Clarke, Ark.	Lea	Saulsbury	Thornton
Crawford	Lewis	Shafroth	Townsend
Cummins	McLean	Sheppard	Warren
Fletcher	Martin, Va.	Sherman	Weeks
Gallinger	Martine, N. J.	Shields	Williams
Gronna	Nelson	Shively	
Hitchcock	Norris	· Smith, Ga.	

The VICE PRESIDENT. Sixty-two Senators have answered to the roll call. A quorum of the Senate is present. The Senator from Kansas is recognized.

Mr. BRISTOW. Mr. President, I have prepared in more or less continuous form an argument which I should like to deliver. After it is through I shall be glad to answer any question I can that any Senator may desire to ask me. I would rather not be interrupted until I have completed the manuscript.

For a number of years there has been agitation for a revision of our banking and currency laws. It has been alleged that the reserve provisions of the present law are not adequate to properly serve the business requirements or to meet financial emergencies through which every civilized nation at times passes. Under the present law national banks are divided into three classes-country banks, consisting of banks that are not in reserve or central reserve cities; reserve city banks; and central reserve city banks. Country banks are required to maintain a reserve of 15 per cent of their deposits. The purpose of this is to require them to have on hand or available a sufficient amount of money to meet any immediate demand that might be made upon them by their depositors. Such banks are permitted to keep 9 per cent of this reserve in banks located in reserve cities, the theory being that when they need this 9 per cent they can get it promptly from such banks. Forty-seven of the commercial centers of the country have been designated as reserve cities, and the national banks in those cities are termed reserve banks. Of the reserve banks there are at the present time something over 350. The banks in the reserve cities are required to keep a reserve of 25 per cent of their deposits, but 121 per cent, or onehalf of that reserve, may be kept in banks located in what are known as central reserve cities. There are three central reserve cities—New York, Chicago, and St. Louis—and the banks in these cities are required to keep 25 per cent of their deposits in reserve in their vaults.

The country banks, therefore, are permitted to keep 6 per cent of their legal reserve in their vaults and may keep 9 per cent in reserve city banks; banks in reserve cities must keep 12½ per cent of their deposits in their vaults and may keep 12½ per cent in central reserve city banks; while the banks of the central reserve cities are required to keep 25 per cent of their deposits in their vaults.

Now, it so happens that when a financial crisis comes upon a central reserve city that the banks of the country, not only in the reserve cities, but the country banks as well, become uneasy as to the safety of their reserves, which are deposited in any of the banks in such central reserve city. This is natural, because if any of these banks fail the reserve funds which the country banks might need for their own depositors would be tied up and unavailable. The result is, as was demonstrated in 1907, that there is a stampede of country bankers to get their money out of the central reserve city. There is, in fact, created a bankers' run on the banks of the central reserve city which may spread to other cities, which would create a nation-wide bank panic. The utter inability of a create a nation-wide bank panic. central reserve city bank to stand such a run from its country bank depositors has been demonstrated upon a number of occasions. This condition has led to the agitation in favor of reforming our reserve system so that the reserves can be concentrated into fewer banks and made more available for use in emergencies, and also to a demand for the creation of some process by which a bank can temporarily hypothecate its securities for currency to meet the demands of its depositors if the required reserves should prove inadequate.

Again, during certain seasons of the year the banks in different sections of the country are unable to supply their customers with all of the money that is needed in moving the crops, and upon such occasions they borrow the money upon their own notes from other banks or they carry the notes of their local customers to the reserve city banks and rediscount them, and in that way obtain more money than is furnished by their local supply to loan to their customers who at such times are demanding additional accommodations. This is true of the banks located in the cotton, wheat, and the cattle producing sections of the country. The result is that at times ducing sections of the country. The result is that at times the demand for currency during these crop-moving periods is greater than the reserve banks are able to supply without denying to their local customers loans that are necessary in the conduct of their business—that is, at times we have a plethora of currency and at other times a stringency. Because of these conditions our currency system has been criticized as inelastic— that is, there are no methods by which currency when it is not needed can normally and automatically retire, and when it is needed can be automatically and normally brought out. In order to give this desired elasticity to our currency it has been urged that there should be modifications of our present banking and currency laws. The purpose sought by this legislation, therefore, is to cure these apparent defects by providing for the

mobilization of the reserves and the creation of an elastic cur-

The increased mobilization of the reserves has been sought by the changing of our reserve system so as to have the reserves deposited into 1 or not more than 12 central banks, instead of being scattered in 350 or more banks in half a hundred different cities.

By assembling these reserves into one or a few banks throughout the country they become more mobile; that is, they can be used to supply one section of the country when it is needing currency by using the reserves and the surplus money of other sections which may not at that time be needed by them.

The usefulness, therefore, of a central bank as a reserve depository depends largely upon the magnitude of the country which it serves and the diversity of the industries in that region. If it serves but a small section, then the demand for currency will probably come at the same time from all of the banks in such region, and the plethora of currency would occur likewise at the same time during the year. That is, if the territory of a regional bank consisted of a wheat-producing or a cotton-producing section only, the demand for money would come from all of the banks at the same time, and as a result the reserve bank would be unable to meet it. But if such territory includes a vast area embracing manufacturing, cotton growing, and corn and wheat producing regions, the demands will occur at different seasons of the year, so that the surplus at one time of one section can be used to supply the necessity of another part of the same district where conditions require more than the normal amount of currency.

than the normal amount of currency.

It is recognized by students of finance and experts with practical unanimity that the ideal system would be one great central reserve depository for the entire Nation. But this has been objected to for reasons which I shall later discuss, and as a substitute for such central depository there has been suggested a number of these central depositories which have been designated as regional reserve banks.

The chief purpose of the creation of such central bank or banks is to utilize the bank reserves which consist of the lawful money or currency that now exists, thereby minimizing the necessity for the excessive issue of asset currency.

I have briefly outlined the reasons that have been assigned for modifying our present banking laws, namely, the mobilization of the reserves and the creation of an elastic currency. There practically is no difference of opinion as to the desirability of such changes, but as to the methods by which they shall be brought about there is a very wide diversity of views. I shall not take the time to discuss all of them, but shall proceed to the consideration of the bill which came from the House embodying the iews of the chairman of the House committee and the few individuals whom he called upon to cooperate with him in the formation of the measure.

As is well known, the Committee on Banking and Currency of the Senate, to which the bill was referred, divided into two sections when it reported the measure back to the Senate, one report being filed by the chairman of the committee [Mr. Owen] and the other by the senior Senator from Nebraska [Mr. Hitchcock]. Both reports radically change the House bill. Both sections after two months' study came to the conclusion that the House bill was absolutely unworkable, and while I appreciate the politeness of my colleagues, the Senator from Nebraska [Mr. Hitchcock] and the Senator from Missouri [Mr. Reed], when they compliment the work of the authors of the House bill, yet I can not agree with them. I do not believe that the bill showed any evidence of genius or talent. Its enactment as it came from the House would have been a national calamity, and in spite of the fact that there was urgent demand from high places for its immediate passage, the committee, with unusual industry, began correcting its imperfections, and after two months of arduous labor have rewritten more than 60 per cent of the bill and presented to the Senate reports setting forth their views, and the reasons that made such radical changes necessary and desirable.

I concurred in the Hitchcock report and, in the main, am in favor of the provisions of the bill as amended by that section of the committee. Since the reports were filed the Owen section of the committee has adopted a number of the important amendments suggested by the Hitchcock report, and in so doing has materially improved its bill. But there still remain a number of fundamental differences between the two series of amendments as now reported. They principally consist of the following:

THE FUNDAMENTAL DIFFERENCES BETWEEN THE TWO BILLS.

The chairman of the committee, Mr. Owen, and his colleagues believe that there should be not less than eight regional banks. We believe that there should be not more than four.

The chairman of the committee and his colleagues believe that the banks should own the stock of the regional system; we believe that the people should own the stock.

The chairman of the committee and his colleagues believe that the banks should select a majority of the directors in the regional banks; we believe that the Government should select a

majority of these directors.

The chairman of the committee believes that the member banks should be compelled to subscribe for the stock of and be compelled to keep their reserves in the regional banks, but that the regional bank should not be compelled to discount the paper of the member bank; we believe that this would be unfair and vicious; that the banks should be compelled to keep their reserves in the regional banks, but that, in turn, the regional banks should be compelled to discount the paper of any member bank up to the amount of its capital stock when such paper is

of the character required by the law.

The chairman of the committee believes that the regional bank should be permitted to refuse one bank relief, to decline to rediscount its paper, and at the same time to rediscount without limit the paper of another bank, possibly in the same territory or community, thereby opening the door to the widest possible discrimination and favoritism. We believe that such discrimination and favoritism should be made impossible and that the regional banks should be compelled to discount the lawful paper of any member bank in good standing and for-bidden to discount the paper of any member bank for more than two times its capital stock without special permission from the Federal board.

We believe that the profits over and above the dividends and a desirable surplus and the expenses of this regional system should be used for two purposes: First, for the creation of a fund to insure the deposits of the people who put their money in the member banks, and, second, to pay off the Government debt. The chairman of the committee and his colleagues as they reported the bill to the Senate refused to incorporate a deposit insurance provision into it. The Democratic caucus, however, has placed in the bill what I regard as a rather weak and unsatisfactory provision of this nature.

We believe that farmers' paper which is usually given for a period of six months should be eligible for rediscount the same as the 90-day paper of the merchant. This privilege the chairman of the committee and his colleagues deny.

These are the fundamental differences between the two measures. There are many other important differences of a more or less detailed character, which I shall discuss when we take up and consider the bill by paragraphs.

I shall now discuss, in the order that I have named, these fundamental differences.

THE NUMBER OF REGIONAL BANKS.

First, as to the number of regional banks. The ideal banking system for our country, in my opinion, would be one central bank controlled by the Government, the stock of which should be owned by the people in small subscriptions, so as to give the widest possible diversity of ownership among our population. Such bank should be the depository of the reserves of all the banks of the Nation, and also the depository of all Government funds. It should be a bank of issue and a bank of discount. This bank should establish branches in every commercial center throughout the country where the business of the people required them, and having one great central reservoir into which is deposited the reserves of the country, these reserves could be utilized so as to render the greatest possible service to the banking system. This financial heart would send through its branches the currents of financial aid, and stimulate everywhere the commercial and industrial life of the Nation. But our section of the committee realized that under the present political situation that confronts us, the Executive having taken the position that he will not consent to such a bank, a measure of that kind, however desirable, can not be enacted. Therefore we abandoned the idea of a central bank, and have undertaken to organize a regional banking system having as nearly as possible all of the advantages of the central banking system and minimizing as far as is practicable the weakness of the regional

We have recommended four regional reserve banks. of these necessarily would be located at New York, one at Chicago, and one at St. Louis, these being the central reserve cities which have been created in response to the normal business demands of the Nation. Into these cities are now massed the reserves of more than 350 reserve city banks, as well as of thousands of other banks throughout the country. Such locations would conform the regional system as nearly as practicable to existing conditions and disturb as little as possible the normal operation of the country's business in

transferring the reserves from one system to another. In addition we recognize that San Francisco being the great metropolis of the Pacific coast there might with some advantage be established there a regional reserve bank to serve that section of the country.

We have provided that regional banks shall establish branches in their territory wherever the business of the country demands it. In both bills provision is made for the establishment of branches by the regional banks. So that each regional bank in either plan is for its district a central bank. It is not possible, in my opinion, to establish successfully more than four of such regional banks. That number can far more efficiently meet the demands of those sections of the country which they are created to serve. As I have stated, there are certain seasons of the year when there is a demand in the wheat and corn growing sections for more money than at other seasons. such periods in other sections there may be a surplus; and the same is true of the cotton growing and manufacturing sections of our country. When a central or regional bank embraces a wide extent of territory covering cotton, corn, and wheat producing, as well as manufacturing or mining sections, it will occur that when one part of that territory has a surplus of funds another part may not have enough funds for its use. demand for additional money does not come from all sections of such territory at the same time. If the region that is covered by the reserve bank is large, it will include territory embrac-ing these diverse conditions. The purpose of the reserve bank is to utilize the surplus of one section to supply the needs of another. This is to be done by discounting the paper of the of the section of the country which need additional When the demands of that section of the country are passed the periodical necessity of other sections may appear, and thus the surplus of the entire region is available for use in different sections of the country as needed. A reserve bank that can not perform this function will be useless. Therefore it is absolutely essential for the successful operation of the reserve-bank system that the region which is served by each bank should cover a wide territory of diversified interests. For that reason one great central bank, constituting a great national reservoir, would be much more useful than four. We believe, however, that four, located as I have suggested, can be successfully organized.

The bank at St. Louis would supply corn, cotton, and manufacturing and mercantile sections; at Chicago, corn, wheat, manufacturing, mercantile, and to some extent cotton areas; New York would have a wider diversity, covering corn, wheat, cotton, vast mercantile and manufacturing regions; and San Francisco the same as St. Louis and Chicago, but to a much less extent. These four regional banks could be adapted to the uses for which a reserve bank is required, but more than four will be not only useless but harmful. They would render the system less helpful, because the reserve deposits would be comparatively small, the expense of operation great, and the breadth of territory covered by some of them would not have the diversified interests necessary for their success. creasing of the number above four would not add a single element of strength or value to the system. We believe, as I shall hereafter discuss at some length, that the public should be permitted to own the stock of these banks. I do not believe that the smaller banks, if more than four are created, will be able to pay expenses of operation and provide dividends for their stock. The amount of business available for them would not be sufficient. The increasing of the number of regional banks would make the stock less desirable and thereby discourage the public from subscribing for it. The cutting up of the territory of the United States into 8 or 10 regions will surely weaken and endanger the success of the system, and I challenge any Senator to point to a single advantage which 5, 6, 7, 8, or a dozen

regional banks can have over 4.

The only serious objection that has ever been offered against the central-bank plan is that it was placing too great power in the hands of one central banking organization, but that criticism has been upon the assumption that the central bank was to be owned and controlled by the banks. But when we provide that the ownership of the stock of a central bank shall be by the people and not by the banks, and that its control shall be by the Government and not by the banks, then that objection vanishes. With a bank so owned and operated it would be impossible for selfish and greedy interests to control it, unless they got complete possession of the Government itself, and in that event they would control any governmental system of whatever nature. One objection that has been offered to four regional banks is that they could be more easily controlled or monopolized than could be a larger number. But we propose that the stock of these regional banks shall be owned by the people and that the

Government shall appoint a majority of the directors, and they shall also be under the supervision of the Federal board, all of the members of which are to be appointed by the President. With such ownership and control the fear of monopolization must pass away. It has been argued that four banks would not be sufficient, because they would be located at widely separated points, and therefore would be too distant to be useful to many sections of the country. That objection could be made against 8 or 12 with almost equal force. Under the systems proposed by any of these bills there will be communities located a thousand miles from the regional bank that serves it. In any event, whether there be established 4, 8, or 12, these regional banks will have to create numerous branches through which they will serve the various sections of the country. The branch will be the agency that reaches the various localities of the Nation, and a branch of a strong, powerful institution will be far more useful than the branch of a weak one.

PUBLIC OWNERSHIP OF THE STOCK.

There are many advantages in having the stock in this system owned by the public rather than by the banks. It would interest a large number of our people, the rank and file of our population, directly in the success of our Government banking system. The people would hold a proprietary interest in it, and as a result our great system would have friends and representatives in every community and become intrenched in public confidence. It would give thousands and hundreds of thousands of our people an opportunity to make a small investment in a Government-controlled security that would be more profitable to them than are their average investments. That is what the amendments which we are supporting endeavor to do.

Another important advantage of the public ownership of the stock is that it would increase the banking capital of the country more than a hundred millions of dollars, thereby giving our banking system that additional strength. The tendency of modern times, as was pointed out so forcibly upon the opening of this debate by the Senator from Nebraska [Mr. HITCHCOCK] is for our bank liabilities to grow very much faster than our banking capital. So great has been this tendency that some of the States have found it desirable to prevent a bank from receiving deposits above a certain multiple of its capital stock. Some States have fixed it at eight times, others at ten times the amount of the capital. Bringing this additional banking capital into active service would strengthen the system and not only make the deposits of the people more secure, but would increase the loaning facilities of the bank, and thereby help the general business public.

With the stock owned by the public, the incentive which the greedy special interests might have in acquiring control of this great banking system would be in a large measure removed. They could not profit by excessive dividends, because the dividends go to the people and not to the banks. This stock ownership could not be used for selfish purposes.

CONTROL OF DIRECTORS OF REGIONAL BANKS.

We believe that the majority of the directors of the regional bank should be governmental officers. The chairman and his colleagues believe they should be selected by the banks. These regional banks are to be the depositaries of the Government funds aggregating from \$150,000,000 to \$250,000,000; the stock of these banks is to be owned by the public; the Government as trustee for the public is to be responsible to the stockholders for the proper management of the institutions; these two interests being the majority interests involved, the Government should have the controlling management of the banks.

The banks, however, are required to deposit their reserves in these regional banks; such reserves amount to hundreds of millions and are highly necessary for the strength and stability of the banking system of the country. It is with force argued that they have, therefore, a right to a substantial voice in the management of the reserve banks, and this right we recognize by giving them four of the nine directors. By the system which we propose the public is interested in the success of the reserve banks, because it owns the stock; the Government has a direct interest in their success, because they are the depositaries of its funds, and it is also the trustee for the public stockholders; and the banks are interested in their success, because they have deposited their reserves in these reserve banks, and the success of the system is necessary that such reserves may be useful and perform the important function for which they are impounded. Such a plan, it seems to me, lays the foundation for the strongest possible banking system that could be created, bringing as it does to its support all those elements in our commercial, industrial, and political life which are so necessary to the success of any system. And we challenge the

attention of the country to the recommendations that we make, and appeal to the intelligent judgment of every Senator to consider the stability, the soundness, and the advantages of such a system as compared with the bill reported by the chairman of the committee and his colleagues. Theirs is a bankers' banking system, owned by the banks, controlled by the banks, and conducted almost wholly for the profit of the banks, while ours is a people's bank, owned by the general public, controlled by the Government, and used to strengthen and fortify our great independent banking system.

REDISCOUNTS OF PAPER FOR MEMBER BANKS SHOULD BE LEGAL RIGHT.

We believe, further, that when the Government requires a member bank to deposit its reserves in a regional reserve bank that it should require that regional bank to extend to the member bank the help which it needs in times of stress by the discounting of that bank's paper up to the amount of its capital stock when it presents the securities prescribed by the law. I can not understand how this proposition can be successfully disputed. Yet the chairman of the committee and his colleagues have refused to incorporate it into their bill.

It is said that the member bank may not be good for the amount of its capital stock, that its paper might not be ofvalue, and that the regional bank would therefore be compelled to discount doubtful paper. But the law prescribes the character of the paper, and it is of the highest quality. regional bank has not only such paper equal to the amount of the loan, but in addition has a lien on all of the assets of the bank. My contention is that if a member bank is so weak and involved that it can not safely be trusted by the Government for a loan from a regional bank when it not only pledges its assets but puts up the amount of prime commercial paper prescribed by the law, then this Government has no right to allow such a bank to continue in business and receive the deposits of the people. If the credit of the bank is so bad that it can not be trusted by the Government, if its business is run in such a manner and its paper is so worthless that the Government can not afford to trust it with a loan equal to its capital stock when it receives as security the paper which the law prescribes, then that bank should not be permitted to take over its counters the money of the people who innocently trust it with their daily earnings. I challenge any Senator here to dispute the soundness of that proposition. If the bank is good, then it has a right to the fall accommodation prescribed in this bill. Under the present law any bank may choose from over 350 banks its reserve agent or correspondent; by this bill the Government takes from it this opportunity and requires its reserves to be kept in one regional bank, and does not permit it to deposit them elsewhere. It does this in order that the regional reserve bank may have funds to use in helping other banks in time of need.

When the Government requires a bank to so deposit its reserves, it voluntarily accepts the obligation to help that bank in time of necessity, and to refuse would be unjust and indefensible. If the bank is insolvent and its credit bad, then it should be expelled from the association, or, if a national bank, closed and its affairs wound up. Senators may vote against this amendment, but they will never be able to convince the American public that it is not right, or that it is just to permit the officers of a Federal reserve bank to refuse a reputable banking institution the credit to which it is entitled. If it is not a reputable banking institution, to permit it to run and to give to such bank the Government's indorsement by continuing it as a member of the association would be indefensible. Upon this proposition I invite the judgment of every honest and fair-minded American citizen.

## INSURANCE OF DEPOSITS.

We have recommended that after the dividends have been paid to the stockholders and the expenses of maintaining the system have been met and a proper surplus created, that the profits should be used for two purposes: The insuring of the deposits in member banks and the paying of the national debt. This disposition of the profits of the system is just and equitable. The profits will be made from the use of the funds of the bank. These funds are obtained from three sources: First, the capital stock; second, the deposits of the Government; and third, the deposit of the reserves of the member banks. The stockholders are paid a 5 per cent cumulative dividend upon a nontaxable investment; that satisfies their interest in the earnings of the reserve banks. It is proper and equitable that the profits that are derived from the handling of the reserves of the member banks should be used for the benefit of the banks and their depositors. The depositors in the first instance provide the money of which the reserves are a part. So we recom-

mend the setting aside from the profits of these institutions a trust fund for the purpose of insuring the payment of the depositors in the member banks in case of the failure of any of such banks.

No greater benefit can come to our banking institutions than the adoption of a system that will insure to every depositor in a member bank of this governmental banking system that his money so deposited is safe and that he can not lose it by the failure of the bank. It will invite millions of dollars to come out of hiding and be deposited in our banks to be used for the commercial and industrial welfare of the country. Such a plan will prevent runs on all our banking institutions that belong to the system, because there will be no object in the depositors scrambling in haste to get their money out of a bank because they think that it is insolvent. They will know that in the Treasury of the United States there is a great fund from which they will get their money if the bank in which it is placed If the Government finds it necessary to close up an insolvent bank it will at once take possession of its assets and provide for the payment of all depositors from the fund that has been created by the use of a part of the money which these depositors originally placed in the banks. It is utilizing the reserves in such a way as to create a fund which will give to the entire banking system stability and the confidence of the people. It will be a strong inducement for banks to come into the system. Such a just and beneficent policy, it seems to me, should appeal to the judgment and the conscience of every fairminded American citizen.

I am glad to say that since we made the report the Democratic caucus in casually and superficially reviewing the bill has been so impressed with the absolute fairness of this provision that it has accepted it, though in a mutilated and unsatisfactory form. I hope that the Senate, however, when it considers the bill will adopt the proposition which we make because it certainly is much more satisfactory than that prepared by the Democratic caucus.

We also believe that a part of the profits should go to the payment of the national debt. Since the Government will provide these banks with deposits ranging from one hundred and fifty to two hundred and fifty million, by the use of which large profits will accrue, in my opinion it is proper that such profits should be used to reduce our national debt, and we suggest the taking up of the 2 per cent bonds, the value of which this proposed legislation has so greatly reduced. It is a humiliation to me, and I believe to every patriotic American, to see our Government bonds that for more than a quarter of a century have been selling at a premium suddenly fall below par because of threatened immature and unwise legislation. The provisions which we have incorporated in the bill, if accepted by the Congress, will restore public confidence in the credit of our country which has been so violently shaken during the last few months.

Both bills authorize national banks to loan money on real estate, equaling one-half of its actual value, but the provision in the Hitchcock bill will be much more useful to the farmers of the West. It provides that the banks may make such loans for periods not exceeding five years and to an amount equaling 50 per cent of their time deposits, while the Owen bill authorizes such loans aggregating only 25 per cent of the bank's capital and surplus. The following illustration demonstrates the superior advantage of the Hitchcock amendment: I have recently examined the bank statements of three banks located in the State of Kansas. One has a capital and surplus of \$75,000; its deposits aggregated \$600,000, of which \$250,000 were time deposits. Under the amendment of the chairman this bank could loan \$18,750 on real estate, while under the amendment proposed by the Senator from Nebraska [Mr. Hitchcock] it could loan 50 per cent of its time deposits, or \$125,000.

Another statement examined was that of a bank having a capital and surplus of \$150,000. Its aggregate deposits were \$940,000, of which \$338,000 were time deposits. Under the amendment proposed by the chairman this bank could loan \$37,500 upon real estate security, while under the amendment proposed by the Senator from Nebraska it could make such loans aggregating \$169,000,

The next statement examined was that of a bank with a capital and surplus of \$225,000 and a total deposit of \$890,000, of which \$328,000 were time deposits. Under the amendment proposed by the chairman this bank could loan \$62,500 on real estate, while under the Hitchcock amendment it could loan \$164,000. Time deposits are virtually savings deposits, and it is safe to permit such deposits to be loaned on real estate. The above illustrations show the wide latitude that is given the bank in making such loans and the superior advantage which the

amendment we propose will be to the farmers of the West over that proposed by the chairman, and I trust that my colleague [Mr. Thompson], who on Wednesday of last week expressed such an earnest desire for prompt legislation in the interests of the Kansas farmers, will join with me in endeavoring to have the Hitchcock amendment as to the real estate loans incorporated into the bill.

There are many other points of difference which I might discuss, but I shall defer their consideration until we take up the bill in detail.

I have outlined in a brief and imperfect way the fundamental differences between the measures submitted by the two sections of the committee and indicated a few of the reasons why the recommendations of our branch of the committee should be adopted by the Senate.

By these amendments we have sought to preserve the independence of and strengthen our great democratic banking system. I agree with the Senator from Missouri [Mr. Red] when he said on this floor a few days since that we have in the United States the best banking system in the world. Its great superiority consists in the number of its independent, individual units.

To-day we have more than 25,000 independent, competing banks. We seek to preserve the independence of these banks, while the bill presented by the chairman, instead of preserving this great independent banking system, of which every American should be proud, practically destroys it by placing all of our banks into 12 great banking combinations or trusts. It organizes that number of central banks that are owned and controlled by the banks, and every criticism that has been made against the Aldrich bank bill, which the chairman of the committee so violently denounced on this floor a few days since, can, with equal force, be made against the regional bank bill which he and his colleagues propose. The principle of bank ownership and bank control, which was the fundamental and underlying principle of the Aldrich bill, is carried out in the bill as it passed the House and as reported by the chairman of the committee.

I do not mean to infer that the banks of the United States would voluntarily form a bankers' trust for the purpose of controlling credit. The bankers of our country, as a rule, are men of the highest character, of fine intelligence, and the leading citizens of their communities, and are interested in all matters for the promotion of the public welfare, but it is asserted upon high authority that certain great banking interests of the country have obtained a monopoly of credit even under the present independent banking system, and my assertion is that the provisions of the bill as reported by the Senator from Oklahoma make it more easy for such great concerns to monopolize the banking credit of the United States than is possible under present conditions. Through the method of selecting the directors of the regional banks he has invited an effort on the part of these concerns to obtain the control of these legally organized banking combinations.

Every national bank is required to deposit its reserves in one of these banking trusts, and the trust is not required to furnish help to those banks; that is optional with the directors of the banking combination. To me such a proposition is monstrous. The creation of such a power is dangerous to the financial interests of our country-more dangerous than the credit monopoly that the Wall Street interests are said to have organized, which has been denounced with such vehemence on this floor. I have been amazed to see men who pretend to be hostile to the control by these great Wall Street interests of our banking system propose a scheme which they themselves must admit, if controlled by such interests, would be more powerful for evil than any which Wall Street could organize under existing laws. system proposed by the chairman of this committee would be intrenched under the protection of the laws of the United States. and the power of refusing relief or extending credit beyond limit is made a legal privilege. In order to minimize this danger, upon the demand of the Senator from Missouri [Mr. Reed] there has been incorporated in their amendments a provision giving the Federal board the right to summarily remove, without hearing, any member of the regional board; but that not only does not cure the evil that is implanted in the organization, but injects into it a most dangerous feature. That is the summary removal of a public official without giving him an opportunity to be heard. Such a policy opens the door to the widest political abuse and favoritism. It is a Russian power ingrafted on an American institution, We give the Federal board the right of removal for cause, but the charges must be made in writing and the accused given full opportunity for hearing and defense before action is taken. Under the plan proposed by the chairman the grossest abuses might be practiced by the officers of the regional banks by extending favor to one bank and denying it to another in a way

that would be of deadly effect. I am pleading for the recogni-tion of the individual right of the independent bank. This individual right of the independent bank the Owen bill denies,

and I am protesting against that iniquitous provision.

Men may argue that the Federal board has supervision over regional banks. So has the Comptroller of the Currency supervision over the banks to-day; yet these grave abuses are alleged to have grown up. The chief reason assigned by the adminis-tration for this legislation is the desire to break the power of Wall Street over the credit of the country. It declares that it wants to protect the people from a credit monopoly that exists, but in seeking to accomplish this purpose it is creating a monopoly that is capable of more dangerous abuses than can be wrought under the existing law.

We believe that every bank, whether its capital be twenty-five thousand or twenty-five million, should have the right, not the privilege, to get relief in time of need. This the chairman and his colleagues persistently deny.

#### RURAL CREDITS.

We should have had, and I would like to have seen, a rural credit system incorporated into this bill, but when that was suggested we were advised that the administration had future plans for such legislation and that it must not go into this bill now,

but wait for a more convenient season.

There are a number of other provisions which personally I should have been pleased to have had placed in the bill that have been omitted. I believe that the regional banks should have the right to loan money in the open market and to discount the notes of individuals. I do not believe that this should be a general practice, because I realize that with more than 25,000 banks in the country doing a general banking business there is strong competition among them, and as a rule any man whose credit is good can procure proper financial accommodations. But there are in some sections combinations of banks by series of interlocking directories and otherwise that at times prevent the extension of legitimate credit to concerns that may be competing with industrial enterprises in which these banks or their officers may be interested. In order to give the regional banks the power to prevent such abuses, I believe that they should be given authority to go into the open market and discount paper, and I voted in the committee to incorporate such a provision in the bill.

I believe also that there should have been a provision making unlawful the system of interlocking directories that prevails in some of the large centers of the country, especially New York, where the directors of one bank are directors of numerous competing banks. Such a system, I believe, has been devised for the purpose of evading the law which forbids national banks to establish branches. It gives certain powerful banks knowledge as to the operation of their competitors and tends to produce a monopoly of credit. The House of Representatives has spent thousands of dollars in what is known as the Pujo investigation and has brought to light the evils that have grown out of this system of interlocking directories. It is by that means that the alleged Wall Street monopoly of credit has been created which has been so vehemently denounced by the partisans of this administration. Yet this bill, which has passed the House of Representatives, is championed by the chairman of the Committee on Banking and Currency of the Senate, and by Mr. Untermyer, the attorney for the Pujo investigating committee, and has the ardent support of the President, has not incorporated in it any provision that will carry out the findings of the Pujo committee. It will not destroy the evils which that investigation has shown to exist, and can only affect them in an indirect way. Why have the Senators and Members of the House committee, who from the housetops have been so loudly denouncing the Money Trust, suddenly lost interest in legislation to break it up? Why do they not only refuse to place in the bill provisions that would carry out the recommendations of the Pujo committee, but persistently vote against amendments proposed by others that would break up the evils so graphically set forth in that report? Why this legislative dodging or delay? We presume the answer will be that legislation for such purpose, like that for rural credits, must await a more convenient

There are in the bill proposed by the chairman some desirable provisions, but unfortunately with them are planted the seeds The system that he proposes may develop into a benevolent banking monopoly and be useful to the country, and it may grow into a far-reaching and menacing danger. Hitchcock bill is proof against monopoly, because the individual rights of every bank are protected in the law. It does not depend upon the will or uncertain judgment of any board for its needed relief, but upon its legal rights written in the statute.

I hope the Senate will rise above party partisan prejudices and incorporate in this bill amendments that will insure justice to all and enable every Senator in the end to give the measure his hearty support.

If I have made any statement about which anyone desires to ask me, I shall be glad to undertake to answer it as best I

Mr. WEEKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Massachusetts?

Mr. BRISTOW. I do. Mr. WEEKS. The Senator from Kansas has referred with great force to the general proposition of providing a different discount rate to be made by the different regional banks. It seems to have been contended by some that the Federal board, through the regional bank, should have the right to make a rate at some brauch of a regional bank different from that which obtains at the main office or at other branches. In other words, in the final analysis, in what is known as the Owen bill, the Federal board has the right to determine what rate of interest shall be charged in making rediscounts. We carefully provide in this bill that paper, to be rediscounted, shall be of a specified character, and of no other kind.

I wish to ask the Senator from Kansas if he thinks it would

be fair or just to provide that the regional bank in Kansas City, for instance, should charge for rediscounting a specified class of paper a higher rate than the Federal bank located in New York, discounting exactly the same kind of paper.

Mr. BRISTOW. I do not think it would be just. Mr. WEEKS. Does the Senator conclude that if that power were placed in the hands of the Federal reserve board it would produce the same character of criticism that has been made against the Secretary of the Treasury in the distribution of Government moneys? Whether or not the Secretary in the past has distributed Government moneys equitably and fairly, I do not know. I do not pretend to know. I do know, however, that ever since the policy was instituted, in 1888, by Secretary Fair-child there has been criticism of the manner in which the funds have been distributed.

If a board located in Washington, a political board to some degree, had the power to fix rates here and there and anywhere, whether it did so with the greatest wisdom in the world or not, would not the criticism be made that these rates were being made for partisan or political or sectional reasons, with the effect of bringing the whole system into disfavor?

Mr. BRISTOW. My opinion is that any system we may organize that shall proceed along such lines as those indicated by the Senator, of discriminating between communities, in the end will break down, and it ought to break down. I do not believe the Secretary of the Treasury should have discretion as to parceling out the Government funds to banks that may be political favorites of his, or of putting these funds in different sections of the country where he may have interests, political or otherwise.

There has been criticism in the past, and there will be in the

There is not a Senator here whose State at some time in its history has not had trouble with its State and county treasurers who deposited the public funds so as to acquire profits, sometimes to themselves, sometimes to pay political debts, and sometimes for certain favorite business purposes. The result has been that nearly every State in the Union-I know it is true of practically all the States with which I am familiar in the Westhas prescribed by law what shall be done with public funds when they accumulate in the treasury.

The Federal Government, however, has gone on for years, and this same system of favor has been extended from time to time by the Secretary of the Treasury in parceling out millions of the Government funds to this favorite bank or that favorite bank, giving them to the banks in which he might have a political friend and denying them to some other bank that did not have a political friend at hand. If it were not for the fact that things relating to the Federal Government are so far away from the local communities affected, it would not have been tolerated as long as it has been.

Mr. CUMMINS. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Iowa?

Mr. BRISTOW. I do.

Mr. CUMMINS. I call the attention of the Senator from Kansas to the provision in the bill which he supports giving to member banks the absolute right to discounts that equal their capital stock or capital. The principle is obviously sound; but when I attempt to work out the principle I become rather confused in the statistics of the subject. I wish the Senator from Kansas would make a little clearer its actual or practical operation. What is the aggregate capital of the national banks of the United States?

About a billion dollars. About a billion dollars? Yes; a little over that. Mr. BRISTOW. Mr. CUMMINS. Mr. BRISTOW.

I think it is somewhat over that, but I will Mr. CUMMINS. take that as a basis. Assuming, then, that they all entered the system, that would give the member banks the right to call upon the reserve banks at one time for discounts aggregating a billion dollars or more. The query in my mind is—and I ask it purely for information—where will the reserve banks get the money to discount at one time a billion or more dollars of commercial

I hope the Senator from Kansas will run over the situation, and tell us how much new money must be issued in order to meet that demand if it should be a concurrent demand on the part of all the member banks.

Mr. BRISTOW. My answer to the Senator from Iowa is that I think the proposition he submits is an impossibility. of the banks would not demand, at the same time, discounts for the full amount of their capital stock. The whole banking sys-tem depends upon averages. If all the depositors in any bank demand their money, the bank closes; but all of the depositors in any bank never need all of their money at the same time. There is never any unusual demand unless there is something that affects, in the minds of the depositors, the safety of their money so deposited.

I do not believe such a thing could possibly occur as all of the banks in the United States demanding at the same time discounts for the full amount of their capital stock. If they did, the regional banks would go about meeting the demand in this way:

First, they would use the reserves until they were exhausted. Then they would take the securities which the member bank brought, upon which it asked for the loan, and the regional bank would demand currency from the Federal board for those The Federal board, under the provisions of our bill, is required to furnish that currency, provided, first, there is a gold reserve of 45 per cent and under no circumstances less than 30 per cent, which would be the minimum amount.

Now, the question naturally is, Suppose they obtained the money until they had run down to the minimum of 30 per cent? Forty-five per cent is the legal reserve, but it can go to 30 per cent by permission of the board. Suppose the demand still is not met, because the gold reserve has not been sufficiently large to enable this enormous volume of currency to be floated. Then, if there is not sufficient gold, the bank must get more gold.

It has two ways of getting gold. First, it can purchase foreign bills, and then, when those bills are liquidated, gold will be sent to our country to liquidate them. Second, it can sell shorttime Government bonds or notes that run for one year, and in that way obtain gold.

It must go out and get the gold from the markets of the world and bring it in. That would be expensive, but it is not impossible. So even the impossible condition which the Senator suggests can be met, but it will cost money. When you get down so that you have to increase your credit so enormously, it may cost heavily to get the gold, but if you bid more for it than other nations you will get it, and until such an enormous demand should be made it would operate in the normal way.

Mr. CUMMINS. Mr. President, I was wondering whether this absolute right that is given to the member bank, a right which seems to me to be easily established, should not be for a proportion of the loanable funds of the Federal reserve bank. I do not mean the loanable funds that might be on hand at any given time, but all the loanable funds of the Federal reserve bank, so that there could not be a demand made which the Federal reserve bank could not satisfy without resorting to the somewhat extraordinary measures that have just been described by the Senator from Kansas. Would it not be more practicable if the right of the member bank, given to it as a right, should be confined to its proportion of the loanable money of the Federal

Mr. BRISTOW. If the Senator from Iowa will pardon me, I think the plan which we have devised would be better than that, because there is no limitation except the capital stock, and it can run up to double the capital stock. It can not go beyond that without the consent of the Federal board. The plan we suggest is better, because if the demand became so great, infer it is in the mind of the Senator that a lot of banks might demand notes until the regional banks became hard up and the reserve became low. But we have a provision in the bill which provides that whenever the capital reserve falls below 45 per cent the bank coming in has to pay an additional interest rate. That is increased until the reserve is reduced to 30 per

The additional interest is charged up to the banks of the cent. entire region in proportion to the amount of loans that they have had during the year. So the bank that has paid the interest has not any greater burden to bear than the bank that got the money before the interest rate was put up, for this interest is charged to the member banks by the regional bank in proportion to the amount of accommodation that such member banks have had during the year from the regional bank. So this burden would not come on the borrower who was latest in his appearance. He stands just as well as the others. It costs him no more than the bank which got the first loan before the rate

Mr. SMOOT. Mr. President—
Mr. BRISTOW. If the Senator will excuse me just a moment, it seems to me that that provision is as perfectly worked out from the standpoint of the equities of the banks concerned as

it is possible to work out a provision of law.

The VICE PRESIDENT. Does the Senator from Kansas

yield to the Senator from Utah? Mr. BRISTOW. I do.

Mr. President, I do not believe any harm will Mr. SMOOT. ever come from the suggestion of the Senator from Iowa, and I will state the reason why it will not. There are thousands of banks that do not rediscount notes in their business. I have never been connected with a bank that rediscounts notes. During all the time that I have been connected with banking institutions they have done no rediscounting business

I want to say to the Senator that the most dangerous kind of banking is the rediscounting of bank paper. It is the rediscounted paper that generally causes a bank trouble, if trouble ever comes to it, as it is generally a transaction with other banks, and if a stringency in the money market comes the holding bank demands payment and at a time when money is scarce and when the bank rediscounting is least able to pay it. In the past I have never believed in a banking concern doing a rediscounting business, and I believe there will be but a small proportion of the banks of the country take advantage of this provision of the bill for some time to come. It is only in times of need that they would do so.

Mr. McLEAN. I should like to ask the Senator from Kansas if it was not the opinion of all the bankers and economists who have made a very careful study of this subject that \$150,000,000, or at the outside \$200,000,000, would be all the increase of the additional emergency currency that could possibly be used legitimately at any one period of the year.

Mr. BRISTOW. Over and above our present supply of cur-

The testimony shows that there is an expansion and a contraction of the currency in the nations where they have this flexible currency of about 8 per cent, I believe. The Senator from Nebraska [Mr. Hitchcock] will remember that better than I. I think it is about 8 or 10 per cent. It was estimated by those who appeared before the committee that a contraction and expansion, an elastic movement, of about \$200,000,000 is all that would occur in this country under normal conditions during the year. Regarding our present supply, as the normal supply which our commerce demands, it would not go more than \$100,000,000 above nor more than \$100,000,000 below the present supply in any season of the year.

Mr. NORRIS. Mr. President— Mr. BRISTOW. I yield to the Senator from Nebraska. Mr. NORRIS. I wanted to ask the Senator from Kansas a question bearing on the thought suggested by the Senator from Utah. As I understand this system, no matter which bill is enacted into law, it will ultimately mean the retirement of the national-bank circulation, will it not?

Mr. BRISTOW. That was supposed to be the purpose of all the bills; but yesterday it seems that the Senator from Oklahoma [Mr. Owen], the chairman of the committee, and the Senator from Colorado [Mr. Shafroth] stated that it is not the purpose of their bill to retire national-bank currency at all, but to add to it whatever additional currency may come out under this rediscounting.

Mr. NORRIS. I assume that both bills provide for the retirement of the national-banking currency.

Mr. OWEN. Mr. President—
Mr. NORRIS. If the Senator will permit me, I have not quite completed the question I wanted to ask. Practically the only means these Federal reserve banks will have of making money is to rediscount the paper of member banks. most of the witnesses before the committee testified that it was desirable to bring about a condition under which member banks would get into the habit, as a matter of course, in the ordinary routine of business, of discounting commercial paper, and that there was a prejudice on the part of the bankers against rediscounting the paper, When this system is put into full force and effect it was the intention of those who favored

it that that prejudice should pass away.

I wish to ask the Senator from Kansas, first, if that is not true; and, second, if it is not true, how he expects these Federal reserve banks to make the money that would pay the stockholders and set aside money for the funds provided for in both

Mr. NELSON. Will the Senator from Kansas yield to me? Mr. BRISTOW. I yield to the Senator from Minnesota,

Mr. NELSON. Mr. President, I desire to say in reference to the statement made by the Senator from Nebraska that the evidence before the Committee on Banking and Currency disclosed the fact that as a rule rediscounts are not common in this country; that they are rather the exception, but that in Europe the custom has prevailed to a large extent and is considered good banking and in order.

I may state in this connection that the system of commercial paper in Europe is entirely different from ours. A large share of our domestic commercial paper consists of promissory notes. Such a thing is little known of, if at all, in the countries of the Old World. Most of their paper is in the form of bills of

I trust I am not taking too much time.

Mr. BRISTOW. All right; go on.

A merchant from one of the rural cities of Mr. NELSON. England goes to London to buy a bill of goods. He gets the goods, and instead of making a book account of it, as is done in this country, or taking a note for it, as soon as he gets the goods the wholesale merchant who sells to him draws a bill of exchange upon him. It may be a 30-day bill, a 60-day bill, or a 90-day bill. That bill is presented, and after it is accepted it becomes the obligation of the country merchant who bought If the country merchant is unable to meet the bill, he goes to the bank in his neighborhood and gets the bill discounted and pays it. That is the character of their domestic

Their foreign paper is like our own foreign bills of exchange, but their system of credit is entirely different from ours, because they avail themselves of bills of exchange or domestic

The bankers who were before us said that while the custom is not general in this country for banks to rediscount, they thought that in time under this new system the plan of rediscounting paper would grow in this country and find favor. It will find favor because it will be a means of securing credit from these reserve banks. It will take some time to educate our bankers and people up to that system, but if this system of regional or reserve banks is a success I have no doubt in time, and it will take some time, rediscounts will prevail more than they have to the present period.

Mr. BRISTOW. The Senator from Minnesota has given very clearly the practice in foreign countries and also the custom in our own country as to rediscounting it. I think that the practical operation of the system, whichever bill is adopted, when the regional bank is established and it goes into business, will be

to rediscount.

If the national-bank notes are retired, the bank, we will say, in Michigan or Minnesota, that has \$100,000 of bonds upon which it has issued to it \$100,000 of national-bank notes will gradually retire them; and when they are retired that bank will keep to its credit in the regional bank or a branch of the regional bank nearest to the place where this bank is located an amount of the paper, as prescribed by the law, upon which it can have this currency issued whenever it needs it. Whenever the demand is in the community for more currency than it has it sends the security to the branch or the regional bank and asks for the currency.

If it buys a Government bond, it gets currency from the Government. It will not have to buy the bond. It will take the notes which it has received for the money it has loaned out to the people in that community, and that security will stand as a credit to it upon which it can draw for additional

currency.

As soon as that system is in force, it will be different from the system which now prevails, because the bank now that takes its paper for rediscount confesses that it has not sufficient capital to supply the demands of its community and it has got to borrow money to loan. Instead of loaning its own resources, it becomes then a broker the same as a loan agent on the street to buy a loan on commission, and that is not regarded as good banking business.

Mr. SMOOT. Let me suggest to the Senator that they become responsible for that class paper; the rediscount is a liability of the bank. I think the Senator from Minnesota explained the situation correctly in relation to the rediscount that will take place in the future. I think it will be gradual, but I believe

if this bill becomes a law the rediscounting feature of the banks will be changed materially from what it is to-day.

Mr. NORRIS. That is the point I wanted to call attention to.

judged the Senator from Utah was opposed to that.

Mr. SMOOT. Oh, no.
Mr. NORRIS. I wanted to call attention to the fact that in reality there is not any way for this new currency to get our into circulation except through the rediscount of commercial paper by banks; that that is practically the only way the regional bank will have to make money. When the bond-secured currency is retired, it is the intention to replace it with this new currency, and that can only come about by rediscounting. When the system is in full vogue no bank will be in discredit because it rediscounts its paper. It will be an ordinary, everyday occurrence.

Mr. President, the Senator is right. The only Mr. SMOOT. object I had in making the statement I did in relation to rediscounting paper as unsafe banking was that the Senator from Iowa had suggested that perhaps there would be an immenseamount of bank paper rediscounted at once, and the demand made upon the reserve banks would be so great that they could hardly take care of it. I suggested it because of the fact that I believe the principle of rediscounting will have to be gradually learned by the conservative bankers of this country, as to-day they do not indulge in it, they do not believe in it, and it is bad

banking business

I did not suggest any such fact. Mr. CUMMINS.

Mr. SMOOT. Then I will say to the Senator that I misunderstood him.

Mr. CUMMINS. I said if the reserve banks were called upon for the full measure of the obligation that is contained in this bill the Federal reserve banks would be compelled to issue a very large amount of money in addition to our present note circulation; but I assumed-and that is the reason why I asked the Senator from Kansas the question-that it was intended to provide against one of those contingencies, one of those periods of banking disaster, such as we experienced in 1907, when it was no discredit to any bank to discount its paper for the purpose of securing currency.

Mr. GRONNA. Mr. President, in regard to what has been said about the danger of a bank rediscounting its paper, I agree with the Senator from Utah that it is not only dangerous but most unprofitable. However, I want to remind the Senator from Utah and to suggest to Senators generally that the system of banking will be changed. Under the present system a bank which can not take care of its own paper confesses that it is a weak bank. A bank can do nothing that would be more injurious to it than to let its customers know that it discounts its depositors' or its customers' paper; but under the new system everybody will know that it will be the common practice.

The Senator from Minnesota called attention to the fact that business is done on a different basis in Europe. That is true. In this country the wholesaler extends the credit. The country merchant does not apply to the banker for his credit; he applies to the wholesaler; but under this proposed legislation the entire

system will be changed.

That, however, was not what I was going to address myself I wanted to ask the Senator from Kansas [Mr. Bristow], who has given this matter thorough study, with respect to that part of section 2 which provides that the public shall have the privilege of buying the stock. It has been suggested to me that this is, in a way, a proposition which will afford to the socalled banking powers, or, in other words, Wall Street, the opportunity of getting hold and control not only of the stock of the regional bank in the locality in which it may be located, but of all the stock in all the banks. From reading the bill, I do not believe that that is true; but I should like to have the Senator from Kansas explain the matter, so that I may understand it fully.

Mr. BRISTOW. I will merely read the provision of section 2 of the Hitchcock amendment, which clearly makes that impossible; and if the language does not completely and fully cover that point, I know hat the Senator from Nebraska and all other members of the committee will welcome any suggestion that will cover it. The language is:

But no more than 100 shares

The shares are fixed at \$100 each, and that holding would be equivalent to \$10,000-

but no more than 100 shares shall be allowed to be subscribed for or held by any person, firm, or corporation, and all of the allotted stock not subscribed for and taken by the public shall immediately be subscribed for and taken by the national bank to which the same was in the first instance allotted. The preparation, allotment, subscription to, and sale of stock shall be under the control of the board, which in case of oversubscription shall give preference to the smaller subscriptions. scriptions.

Under the provisions of the bill no one person, firm, or corporation could subscribe for or hold-

Mr. GRONNA. Well, Mr. President, is it not possible to own stock, and yet not hold it? Would it not be possible to own that stock, to subscribe and hold it—
Mr. CUMMINS. It has no voting power or property power.

Mr. GRONNA. I understand that.

Mr. BRISTOW. It has no voting power, anyway. In reply to the suggestion of the Senator from North Dakota [Mr. Gronna], I will say it would depend upon the legal interpretation of the word "hold." It seems to me that to say that "no person, firm, or corporation shall acquire or hold" covers the point. If it does not, then it is for some of the lawyers of the body to suggest a phrase that will cover the point and make it impossible for any person to hold more.

Mr. NELSON. I want to say, further, that any stock sub-

scribed by private individuals would be utterly without any voting power. All the power that the stock gives to the holders of it is simply the right to draw the 5 per cent dividend. They can not vote for directors or have a voice in any direction in the

management of the bank.

Mr. HITCHCOCK. Mr. President, before the Senator from Kansas takes his seat, I want to say, in answer to the query just made of him by the Senator from North Dakota [Mr. GRONNA], that my original idea was that, in addition to the prohibition which he has cited, it might be wise to insert a proviso that no person acquiring stock in excess of that amount should be permitted to draw the dividends upon it; but it was thought in committee that the prohibition against holding an amount of stock in excess of 100 shares would make it impossible for one violating that provision to draw the dividends. Of course it might be easily possible that an individual or a corporation might, by the process of foreclosure or other judicial proceedings, come into possession of more than 100 shares of this stock, but the prohibition against their holding it being there, they would be under obligation to sell it, because it would be of no value to them so long as they were violating

Mr. ROOT. Mr. President, I do not want to take up time, but I will suggest to the Senator from Nebraska that we have a statute which prohibits the transfer of any claim against the Government of the United States in advance. I think the terms of the statute are "in advance" of its audit, in advance of the time when it becomes due. I am not sure but that it goes further than that. At all events it prohibits the sale or transfer of a claim against the United States. The courts have uniformly held—there are a number of decisions on the subject—that when there is a transfer of such a claim-that is, the sale of italthough the legal title can not pass the person who has made the sale becomes the trustee for the person to whom the sale is made, and thereafter, he remaining the legal creditor, holds the claim in trust for his grantee. The query is, whether the same result would not follow from the provision in the amendment of the Senator from Nebraska in reference to the stock?

Mr. HITCHCOCK. I do not fully grasp the application of that but the Senator from New York would concede that if the law specifically provided that one holding in excess of a hundred shares should draw dividends against it, the holding of it would

become useless by that provision.

Mr. ROOT. Doubtless. I was speaking merely about the provision prohibiting the transfer of that stock from one person to another, and made the query whether the only effect of that prohibition would not be to keep the legal title in the hands of the original holder, and, in case he made a sale, to make him

the trustee for the grantee in the sale.

Mr. HITCHCOCK. Unless the Senator from Kansas desires to conclude his speech. I should like to draw his attention to a matter which he dwelt upon rather lightly at the time. As I remember, he stated that he did not mean to charge that the bill as drawn by the section of the committee represented by the Senator from Oklahoma [Mr. Owen] tended to create a banking trust. Do I understand the Senator from Kansas to disclaim that assertion?

Mr. BRISTOW. I claim that it does create a banking trust.
Mr. HITCHCOCK. I possibly misunderstood the Senator.
Mr. BRISTOW. Certainly. I tried to denounce, in the most positive terms, that provision. It organizes under the forms of law 12 banking monopolies that are controlled by the banks. I said that there was not a single criticism that ever had been made against the Aldrich central bank bill that could not be made with equal force against the bill and the provisions of the bill reported by the Senator from Oklahoma.

Mr. HITCHCOCK. I draw the Senator's attention also to the fact that all of the great central banks in Europe are in fact owned by the people, and that the banking interests, whether Those six directors will control that reserve bank. Their

they have a right to own stock or not, as a matter of fact do not own the stock. The stock is divided into a very large number of holdings among the people. The banks, therefore, have no interest in combinations; they have no interest other than the use of the central bank as a public utility; they have no interest in maintaining a high rate of dividends; they have no interest in any plans which might result in a discrimination in favor of certain banks or a policy which might result in

favoritism toward certain other banks.

Mr. CRAWFORD. Mr. President, I will ask the Senator from Nebraska if there is not another very marked difference between all the European systems and each of these drafts of bills reported from the Senate committee, arising from the fact that in every European system, including the Bank of England itself, the banks deal directly with the public, discount paper for individuals, and undertake to control discount rates by dealing with individuals; while in both of these drafts the operations of the banks, with the exception of some transactions in relation to foreign bills, are confined exclusively to transactions between reserve banks and the member banks, and the reserve banks and the Government? Does not that contradistinguish the foreign systems from the drafts of both the bills which we have there?

Mr. HITCHCOCK. The Senator is undoubtedly correct, so far as his statement goes, that the central banks of Great Britain, France, Germany, and possibly those of other countries do deal to a limited extent with customers direct, but they deal with those customers direct upon the same bas's that the other banks do. They do not give to those customers the rates of discount which they give to the banks, and therefore they are not cutting the business of the other banks. Moreover, their direct business with the borrowing public and with the de-

positing public is very limited.

There is a reason for the banks in all of European countries doing business direct with the public which does not exist in the United States. In England, as I recall, there are not more than 30 active banks doing the business of the British Isles there may be a few more, but not many-in France there are probably not 15 banks doing all the business of France: while in Germany I doubt whether there are 12 banks doing the business of that country. Each of these banks, of course, has a great number of branches, but there is nothing like the system of competitive banking either in England, France, or Germany that we have in this country, with our 7,500 national banks and our 17,000 or 18,000 State banks. So that, while there is a possible field in those countries for the great central banks to enter into business relations directly with the public, there is not that same field in the United States, and, with the exception of a comparatively few great borrowers, there would be no benefit which would come to the people of the United States by providing that the reserve banks could do business directly with the public, first, because while we have perhaps 20,000 cities and towns in the United States having banking interests, the reserve banks are necessarily confined to a few great centers.

Mr. CRAWFORD. Will the Senator permit me there?

Mr. HITCHCOCK. Certainly.
Mr. CRAWFORD. Take, for instance, New York City. We have heard and read a great deal since the Pujo committee made its investigation about the menace to the country that these consolidated banks and trust companies constitute, with their vast power to control credits and discriminate against one class of borrowers in favor of another. How is a Federal reserve bank planted in New York really to strike at that sort of abuse if we are to leave untouched entirely the question of interlocking directorates and also withhold from the Federal reserve banks the exercise of that very effective power which, it seems to me, they would have to use in emergencies against great combinations there in dealing with individuals? Is not that a weak spot in both these bills, making the system ineffective where it ought to be the most strong? I am calling attention both to the draft of the Senator from Nebraska and that of the Senator from Oklahoma.

Mr. HITCHCOCK. Mr. President, the criticism which the Senator from South Dakota makes is very effective against the so-called Owen draft, because when the New York reserve bank is established, under the Owen draft it will be absolutely in the control of the great banking interests of New York City. They will dictate the selection of the majority of its directors-and when I say "they," I mean the powerful banking interests of New York that know how to combine and are supposed to be already in a combination-they will dictate the selection of five out of the nine directors,

power will be practically without limit. An attempt has been made in the Owen draft of the bill, by stating a general principle that the banks shall be equally treated, to put some check upon favoritism on the one side and discrimination on the other; but suppose those six directors decide to refuse discounts from certain banks and for certain paper; suppose they blacklist certain paper for discount in their banks, as they now are said to blacklist certain paper in their own banks, have you not thereby legally created the banking combination that now exists in violation of law in New York City?

Possibly, under those circumstances, the suggestion made by the Senator from South Dakota should be taken into account. If the reserve bank in New York City is to be placed in the hands and under the control of the banking interests of New York, and you are afraid of them, then you ought to authorize the reserve banks to deal directly with the people, both as depositors and borrowers; but how vain that would be when the banking interests themselves control a majority of those direc-

I do not know how bad the banking combination in New York is; it may be as bad as it has been painted, or there may have been a reform; but if Senators who declaim against it and who spend hours in denouncing it desire to curb it, why do they not plead for Government control of the New York reserve bank? Why do they stand before the country saying that they believe in Government control and then deliberately authorize the same banking interests to nominate and elect a majority of the board?

Mr. SHAFROTH. I should like to answer the question of the Senator, if he will yield to me. Mr. HITCHCOCK. I shall be delighted to hear the Senator Mr. HITCHCOCK. I a

Mr. SHAFROTH. All right, sir.
The objection we have to this bank being controlled by the Government is because no banks would go into this system if it were. It is absurd to say that banks will put their deposits and their capital into a Federal reserve bank and then not control it. The result will be that you will have no system in that event. That is the reason.

It is like a national bank. Suppose the laws of the present time with relation to national banks had prescribed that a majority of the directors of a national bank should be appointed by the Government; would there ever have been a "When we have our money there, when we have our capital there, when we have our reserves there, we have a right to have control of the board that passes upon the paper and determines upon the policy with relation to the amounts to be loaned."

Whenever you say that somebody not interested shall control those amounts, it will be tantamount to absolutely destroying the system, because no banks will come into it. That is the the system, because no banks will come into it.

reason it should not be done, in my judgment.

It is absurd to talk about having a majority of the directors of one of these reserve banks controlled by the Government and not controlled by the banks that put the money there. I am aware that I have taken the position from the very start that there should not be even a banker upon the Federal reserve board. I have done that because there are certain governmental powers to be exercised there; but as to the administration of the very funds themselves that are placed there by the banks and are subscribed by the banks, it seems to me you might just as well say to a national bank, "You can not organize a national bank unless you have a majority of the directors appointed by the Government." There is much more reason for the Government. ment having a majority of the directors in a national bank than there would be in one of these Federal reserve banks, because a national bank deals with other people's money. The national bank is the one that takes in \$10 of the people's money to \$1 of its own. The Government might well say, "Inasmuch as the people of this country are interested, therefore we will require that a majority of the directors shall be appointed by the Government." No such claim can be made, however, as to a Federal bank. The Federal reserve bank has simply got the deposits of the banks themselves and the capital of the banks themselves. If you deprive them of control, you will find that

themselves. If you deprive them of control, you will find that not a single bank will come into the system.

Mr. BRISTOW. Mr. President, I challenge the Senator from Colorado to name one bank that says it will not come into the system if the Hitchcock bill is adopted.

Mr. SHAFROTH. Oh, Mr. President, I should not be controlled by what a bank says; but, as a matter of fact, there was strong opposition upon the part of the banks, as represented in their conventions throughout the courtey, to the bill as it came from the House which did not give representation to the came from the House, which did not give representation to the banks upon the Federal reserve board. Any bank that would an even show with the Government in the control of the bank

object to not having representation upon the Federal reserve board would object ten times as strongly to not having majority representation upon a board that controls every dollar of money which the banks, and they alone, put into the system.

Mr. BRISTOW. The Senator, by his position, admits that he gives the Government a control of the board that can not be effective; that he gives the banks the control of the board that is the effective controlling force in the banking system. The Senator from Colorado, by his position, admits that the pretense that the bill for which he stands places in the hands of the Government the governing force of this system is not true; that it pretends to do that which it does not; that while it pretends to be a bank system that is controlled by the Government, it is in fact a bank system that is owned by the banks and controlled by the banks for the profit of the banks; and that all of the pretense with which the press of the country has been flooded for months is hypocritical sham.

Mr. SHAFROTH. Mr. President, the board of control, or the Federal reserve board, as it is called, has certain powers given to it under this bill. Those powers are great. They do not relate to the determination as to whether or not they

should discount one particular piece of paper.

Mr. BRISTOW, True, Mr. SHAFROTH, Wait just a moment. They do not go into the question of the policy of lending out a certain quantity of money. These policies properly belong to a bank. That is what it does, and that is where the discretion is vested. however, they go to the question of fixing a rate of discount, which involves a question of policy for the Government itself and for the people in general, the powers of the Federal reserve board come into play, and any abuses that the Federal reserve bank may perpetrate are subject to review in that body.

It is ridiculous, however, to think that any banker would go into a bank controlling his money and controlling his subscriptions and controlling his reserves and yet not have a

majority of the board of directors of that bank.

In other words, in my judgment, if such a bill were passed, there would be no system. There would be no banks going into it at all. It would be an absolute failure, and we should have no such thing as a discount market, by reason of the fact that we should not have any bankers who would come into a system of that kind.

Mr. BRISTOW. That is to say, according to the position taken by the Senator from Colorado, his committee would create a banking system which the banks would go into because they control it; because they control its discounts; because these regional banks can say to one bank in one community: "Your paper does not suit us; therefore we will give you no currency; we will not discount your bills," while to another bank in the same community they can say: "We will discount your bills because they conform to our notions."

The banks will go into a system which the Senator desires to create, from his point of view, because he gives them unlimited power to do as they please; and whenever it is suggested that this great regional reserve system should be independent of selfish control or monopolistic combinations, that the people should own its stock and that the Government should appoint a majority of its directors, we are denounced because we are taking from the banks the control of the system which controls

the credit of the country. The Senator from Colorado admits every indictment I have made against the bill for which he stands. He admits that it is a bill which creates a monopoly by law and turns over to the banks of the country the control of that monopoly for them to

use for their profit and in their interest.

Mr. SHAFROTH. Mr. President, with due deference to the position of the Senator from Kansas, I do not do anything of the kind. We have in our bill certain safeguards that make it preeminently a public-guarded bill. We do not appoint all of the directors of the reserve bank. We find that we have three of the directors appointed to the membership of the Federal reserve bank by the Government, or by the Federal reserve board. They are there to watch things. They are there to act with relation to the banking system in its policy. In addition to that, they are to act somewhat as the Comptroller of the Currency now acts with relation to the national banks of the coun-We find that the banks are entitled to three directors of their own for business in their own line as bankers. there are three selected by the bankers who have no interest whatever in any bank and who represent commerce and industry and agriculture. Those three are removable by the Federal

reserve board. They are checks.

It may be that this is not all that the banks want; but I am satisfied they never would come into a system unless they had

operations.

as to the banking operations of the system. For that reason it seems to me that this is guarded well and that the banking

system can be made a success.

If this other principle prevails, you will not have a bank of banks. It is all well and good to talk about "the people's bank," but as a matter of fact all of these banks in the country are people's banks. Any five men can organize a bank whenever they find conditions existing in the country that they think are not fair. If, as a matter of fact, they think interest is too high, any five men can organize a bank, and it becomes a people's bank because it competes with the other banks and brings down the rate of interest.

Mr. SUTHERLAND. Mr. President, will the Senator from

Colorado permit me to ask him a question?

Mr. SHAFROTH. Yes, sir.

Mr. SUTHERLAND. Perhaps the position of the Senator from Colorado and those associated with him may have been stated upon the matter I am going to inquire about. If so, I

have not heard it.

As I understand, one of the vital differences between these two propositions, the Hitchcock bill and the Owen bill, is with reference to subscriptions to the stock. The Owen bill, for which the Senator from Colorado stands, provides that the banks of the country shall be compelled to subscribe in certain proportions to the stock, while the bill presented by the other branch of the committee allows subscriptions to be made by the people at

Mr. SHAFROTH. That is not exactly the situation. Mr. SUTHERLAND. It permits that sort of thing, does it

Mr. SHAFROTH. No. The Hitchcock bill provides that the subscriptions shall be first offered to the people. The Owen bill provides that the banks shall subscribe in the first instance, or the stock shall be offered to them, or they shall be permitted to subscribe to it, and if they do not subscribe the people can. Our theory is that the banks will jump at the opportunity of sub-scribing for this stock, because of the advantage it will give in the way of preventing runs upon banks.

Mr. SUTHERLAND. Do I understand that the Owen bill

provides that popular subscriptions may be made?

Mr. SHAFROTH. After the banks have had an opportunity to subscribe, and then, if the people do not take it, that the Gov-

ernment shall subscribe.

Mr. SUTHERLAND. The question I wanted to ask the Senator was, Why not give the people the opportunity in the first

instance?

Mr. SHAFROTH. In the first place, this is a bank of banks, as we conceive it, and the banks should have the first oppor-tunity to subscribe. You gentlemen may think to the contrary, but I am satisfied that under the terms of the bill the banks will come into the system almost universally.

Mr. SUTHERLAND. If the proposition is so attractive as the Senator from Colorado now seems to think, why should not the common, ordinary citizens of the country have an oppor-tunity of getting into it in the first instance? What harm can

it possibly do to the efficiency of the system?

Mr. SHAFROTH. Because there dovetails into that proposition the control of the bank. If the people have control of the bank, it is then no longer a bank of banks. As a matter of fact, the theory upon which this bill has been constructed is that we need a bank of banks. Indirectly, of course, it is for the benefit of the people. It is to prevent runs upon banks. It is to furnish them with a discount market, so that at any time they need money they can get it, so as to prevent runs upon their

The theory of a people's bank would be a competing bank. That is not the object we have in view. We have 25,000 competing banks. The Government of the United States by this provision is not expected to make an investment for the people or offer an investment for the people. The people can get numerous investments. The object is to create a bank that will give relief under these conditions. It can not do that if you are going to have it controlled by people who are not interested in the banks, because then the banks will not come into it. You might just as well kill the bill by voting "No" on its passage as to put in a provision that the Federal reserve banks shall have a directorate that is controlled by people who do not own the money and do not own the capital.

Mr. SUTHERLAND. I should like to ask the Senator one other question. I had understood the situation differently from the way it has been stated by the Senator from Colorado. I had the understanding that the banks of the country were quite satisfied to come in under the provisions of the bill presented by

the Senator from Nebraska and his associates. Mr. SHAFROTH. I do not think so.

Mr. SUTHERLAND. If that be not true, I should like to have the Senator from Colorado name one bank in the United States that will not come in under the Hitchcock bill.

Mr. SHAFROTH. I will state the situation to the Senator. When the bill came over from the House it provided that this should be a bank of banks, and that a majority of the directors, or six out of the nine, should be named by the banks. Upon that bill hearings have been held. Nobody has ever protested against that, so far as I have heard, before the Committee on Banking and Currency of the Senate. They assumed, of course, that that would be the provision of the bill. They did object most strenuously to the fact that they did not have representatives upon the Federal reserve board, which meets in Washington. They said: "If we furnish the capital and if we furnish the reserves, surely we ought to have representation." The distinction was made that there was not a European bank of issue that permitted a banker to be upon its board of directors, and that on that account there ought to be this board above it all that would control and would not be influenced by banking

If the banks would make a protest of that kind, surely they would make a protest with a great deal more vehemence if they were to be deprived of a majority of the directors of one of the banks that deals with the very money that they have and that they have placed in these Federal reserve banks.

Mr. CLAPP. Mr. President, if the Senator will pardon an interruption, whatever force there may be in the argument that if these banks are made up of the capital of subscribing banks, the subscribing banks should control them, what I should like to hear, and I think a great many other people, is a statement of the reason why the stock should be subscribed by the banks. While I have not heard all that has been said on this subject I have inquired of those who have listened to every word, and we can not get a reason assigned why the stock should be subscribed by the banks instead of by the people.

Of course, starting in with the proposition that the banks are to take the stock, there may be considerable force in the position taken by the Senator from Colorado. As I understand it, the Bank of England is not controlled by banks, nor are the banks of other countries. This bank will not be in the control of other banks. As I understand it, its deposits will be the deposits of the banks, serving every purpose of a great central bank—a great central reservoir—if it carries out the purpose of those who are back of it, to meet a certain condition that may come from any part of the country.

Now, what I should like to hear, for one, and I think there are others who would like to hear, is the reason advanced why the people should not put their capital into that bank. That being answered in favor of the people having the first right to take the stock, then on that basic proposition the argument of the Senator absolutely, it seems to me, falls to the ground.

Mr. OWEN. Mr. President-

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Oklahoma?

Mr. BRISTOW. I do.

OWEN. The reason why these banks were framed so that the stock should be held by the member banks was for the primary reason stated by the Senator from Colorado, that these Federal reserve banks were intended to be bankers' banks, and not to be a Government bank dealing with individual citizens of the United States as stockholders, depositors, and borrowers from the bank. Our great banking system, which has 25,000 individual banks dealing directly with the individual citizens in this way, were believed to be sufficient for the purposes intended by a competitive banking system, because the citizens own the stock of these 25,000 banks, the citizens own the deposits of these 25,000 banks, and they are the borrowers of these These 25,000 individual competitive banks are in fact, under the American system, the "people's banks," as they are They have not been able to perform their function, because they had no way of getting instantly when necessary ready money for the purpose of meeting the demands of commerce or of their patrons or depositors. This bankers' bank system is to provide a means by which the people's banks can fulfill their functions, by which they can accommodate the commerce of the country, by which they can at all times furnish money easily and readily to their customers, their depositors and borrowers. If that be efficiently done through the 25,000 individual people's banks, the purpose which the Senator probably has in mind-that is, certain loans at low rates to the people-will be accomplished.

If we take the policy which is suggested in the Hitchcock alternative, that we should have these banks with the stock subscribed by private citizens, the banks owned by private citizens, we would be in the attitude of compelling the member

banks to put all their reserves in a bank in which they had no stock, in which they were not expected to be stockholders, and in which of necessity they would have no right to ask any control or representation. If they are not stockholders, why should they have the right to elect any directors of the Federal reserve banks simply because they are required to make reserve deposits there?

What the Senator from Colorado said had great force with us in considering this matter. We are trying to build a system that will succeed and stand. We are trying to build a system that will be approved and entered into by those who are invited to put their reserves into the system; and if we invite them to join the system and take from them the administrative power of safeguarding their own reserves and passing upon the lending of their reserves and keeping the paper liquid, many of them would refuse to enter and take State charters

We have a just reason to believe that instead of our having 18,000 State banks and 7,000 National banks we would have 25,000 State banks, and this Federal reserve system would fall.

Of course we could build a reserve-bank system on another We could have a great Government bank. open the stock to the general public. We could no doubt obtain a capital subscribed by the public of \$100,000,000 or \$200,000,000 or \$300,000,000. We could put the Government of the United States in the banking business in competition with the 25,000 banks which we have built up so patiently and so laboriously, and we could drive them all out of business. Are you ready for Do you advocate it?

Mr. CLAPP. Will the Senator pardon an interruption? Mr. OWEN. I will.

Mr. CLAPP. If that bank did not receive the general de-

Why not?

I say if it did not-Mr. CLAPP.

Mr. OWEN. Why not?

Mr. CLAPP. But opposing it, as the Senator does, he can not in meeting the mere question of the ownership of stock insist upon a complete change in the proposed law regulating

Here is the proposition in a nutshell, it seems to me. Take the law as proposed by the Senator from Oklahoma and simply change that one proposition of the ownership of stock, it does not follow that you must necessarily change the whole character of the bank and make it a bank of deposit for Government

If the bill of the Senator from Oklahoma was changed so as to allow a subscription by the public and changed in no other respect, and that is all we are insisting on in that matter, that bank would no more be in competition with the thousands of banks throughout the country than the bank that is proposed by the Senator from Oklahoma, for its sole business would be the rediscount of commercial paper. But the moment we stand for the public owning that bank, then the opponents of public ownership of the bank immediately say, You must change the entire system and make it a bank receiving deposits generally and put it in competition with all the other banks in the

Mr. OWEN. I have given good reasons for making the banks stockholders and putting the administrative detail on them under the watchful supervisory control of the Government, but I had not completed my answer to the Senator when he interrupted me. I was dealing with only one branch of it. There is a further answer which I will get to, if the Senator

will be patient. I say when you start upon the policy of having the stock owned by the general public, the most natural thing in the world would be to take the next step. Why should not a stockholder have the right to ask a discount of his paper from this bank when those not stockholders are given that right? Why should the banks of the country

Mr. CLAPP rose.

Let me get through, if the Senator pleases. Why should the banks of the country which are not stockholdhave a right of discount which the actual stockholders are denied? I am now laying the foundation to show you where that policy naturally and necessarily goes. If we are ready for Government ownership of the banking business and to have the Government drive all the banks out of the banking business, that is one thing, but we are not proposing to have these adverse policies merged with a bill that is intended to be a bankers' bill, and intended to protect the banks and enable them to perform their proper functions.

Naturally when you have established this individual ownership of the stock the individual will say, Does not the Bank of Germany deal with private individuals by the thousands and by

the tens of thousands? The Reichsbank has 70,000 clients to whom it lends money. The Bank of Germany was compelled to deal with the public, because there had been built up in the German Empire a few gigantic banks, with branches running everywhere, who could control the credit system of the Ger-The German Empire wisely established the German Reichsbank, for otherwise it could not have assured a square deal for the German people. The same is true with But in our country we have 25,000 individual banks, big and little, at every crossroads, but without branches worth Where five citizens can get together and raise a small amount of money and gather together from their neighbors as much as \$25,000 of capital, they can establish a national bank, and with \$10,000 a State bank, to receive their own deposits and the deposits of their friends, and deal in that way directly with the people. These American banks are distinctively people's banks, and it has been a great system, even with its obvious weaknesses. Notwithstanding, it has been a great system built up in this way, and we are now amending its de-We have not been willing to let those who are not in sympathy with the plan we propose tear it to pieces or delay it by the various suggestions that have been made by the Senators who have been obstructing us and giving us bad advice.

This proposal for a central Government-controlled bank was finally presented by Mr. Vanderlip. He and his associates, A. B. Hepburn and Joseph Tolbert, had been our chief antagonists, and they are the very men who have been the active agencies of the Money Trust. Their advice we consider with great caution.

Mr. CLAPP. Mr. President, it had been the proposal of the American people for years before Mr. Vanderlip was ever heard of; in my opinion, before he ever entered into the banking business

Mr. OWEN. Yes; it has been thought of before; it is not original with him. It has been talked about quite a while in various ways, but the policy of the conception is at fundamental variance with the policy which we have approved, and which passed the House of Representatives, and which we have been proposing to carry out—that is, the policy of a bankers' bank.

Now, there are some other reasons which I think I ought to present to the Senator. The Government of the United States is expected to put into these banks \$200,000,000 approximately. Government could put in \$286,000,000 to-day \$175,000,000 of Panama bonds due the general fund. The Government of the United States in putting that vast fund into these Federal reserve banks ought to have such a safeguard as would be thrown around it by a double liability of the stockholders, and of stockholders whose financial reliability is beyoud dispute. The proposal which we have submitted, while it only requires fifty millions to be paid up, requires a subscription of one hundred millions and a double liability that amounts to two hundred millions, an amount equal to that which the Government is expected to put in.

That character of vast financial responsibility before the great financial thinkers of the world, before the bankers of the world, those who are dealing with these banks and with the banks of our own country-that great financial strength gives the Fedour own own county—that great maneral strength greater strength and greater power. Whereas if you had no double liability, if you had only the contribution of capital from individual citizens, or even if you had a double liability of unknown citizens it would be uncertain.

Under our plan if there should ever be any loss it would fall on the banks; under the Bristow-Hitchcock plan it would fall on the United States, if the Government were so made respon-

As to the character and value of the security, there is an obvious conflict of policy between these two plans and they are irreconcilable. I am not prepared to say that it is impossible to make a success of a Government bank owned by the Government itself. Of course it would build up a great bureau. It would put gigantic power in the hands of a bureaucracy. I do not look with favor upon building up a giant bureaucracy controlling the credits of the country. In this case, where we make the banks responsible for the administration of the details of this system, and we put across the table of the board of directors three Government members of this board of directors and supervise the system by the Federal reserve board, we have the best method and, moreover, Mr. President-

Mr. CLAPP. Mr. President— Mr. OWEN. I wanted to conclude what I have to say, but I will yield to the Senator without concluding.

Mr. CLAPP. I simply wanted to say that the suggestion of a minority representation of the Government on that board suggests to my mind the potency of a very strong minority repre-

sentation in the Senate when the effort to frame a bill for the general public-I think the potency of one-

If the Senator would like to make a speech on the evils of the caucus this is a good time to make his speech, and I will yield the floor.

Mr. CLAPP. Is equal to the potency of the other.
Mr. OWEN. If the Senator wants to make an anticaucus speech, I am willing; but I was trying to point out to the Senator the reasons why we were not willing to have this stock sold to the general public. We have given you reasons at least sufficient to thoroughly satisfy the minds of those who have studied this matter from that point of view, and having done so I yield the floor to the Senator.

Mr. WEEKS. Mr. President-

The VICE PRESIDENT. The Senator from Kansas is entitled to the floor. Does the Senator from Kansas yield?

Mr. BRISTOW. I will take the floor after awhile in my own

right. I do not want to hold it the whole afternoon.

Mr. WEEKS. Mr. President, I should like to have the attention of the Senator from Colorado [Mr. Shafeoth]. He has been arguing with his usual force and eloquence in favor of the banks controlling the regional banks. Here is something that I am going to read to him from an address delivered during the hot season last summer, on the 23d of June, by the President. He said:

The tyrannies of business, big and little, lie within the field of credit. We know that. Shall we not act upon the knowledge? Do we not know how to act upon it? If a man can not make his assets available at pleasure, his assets of capacity and character and resource, what satisfaction is it to him to see opportunity beckoning to him on every hand, when others have the keys of credit in their pockets and treat them as all but their own private possession? It is perfectly clear that it is our duty to supply the new banking and currency system the country needs, and it will need it immediately more than it has ever needed it before.

\* \* And the control of the system of banking and of issue which our new laws are to set up must be public, not private, must be vested in the Government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative.

Now, I want to ask the Senator from Colorado how the system which he has been defending so eloquently conforms to that proposition made by the President? Does he not know that the reserve board, which, under the proposed law is a board for general supervision purposes but not for detail action, is a board appointed by the President, but that the real detail of carrying out this law, the business to be conducted under the provisions of this law, must be carried out by the reserve banks? The Senator is, notwithstanding the declaration in favor of Government control of the credits of the Nation, defending the election of two-thirds of the members of the boards of directors of the reserve banks by the banks themselves, and they are charged with the control of the credit of the country.

Mr. SHAFROTH. Yes, sir; I am here defending the feature of the Federal reserve bank that a majority of the directors shall be selected by the member banks, because it deals with their money and deals with their capital, and because any other system would not be adhered to nor would it be acceptable in any way to the banks nor could they be forced to come into that system. The Federal reserve board is paramount upon all questions where the Government has an opportunity to exercise the powers of Government in a governmental matter, but dealing with the question of the amount of money, the paper to be discounted, is not a matter in which the Govern-

ment can be interested.

The President, no doubt, in that address had in mind the fact of the conditions in New York City where combinations have been made, and it was for the purpose of permitting any bank, whether a bank in another city or a bank in New York, going and getting the discounts to which it is entitled under this bill. The position of a bank whose capital stock is subscribed for by the people presents this peculiar condition: The capital subscribed by the people and the law forcing the banks to deposit their reserves in that bank in which they have not a majority of the board of directors and making money out of the reserves of the bank for the benefit of the stockholders who are not the bank. That is a condition of affairs that shows it is an inconsistent system. It may be all right if you want to organize a great Government bank with different functions from what this bank will have, but it can not do that as a bank of banks and be successful.

Senators have asked that I name a bank which has stated that it will not come into this system if this section of the Owen bill is adhered to. I will state that all the hearings were had on the proposition that the banks should have the control of the selection of six of the nine directors. There was no discussion of the proposition; that was a matter that was practically conceded in all the hearings; but I want to ask the Senators upon the other side if they can show me a single bank that has written to them that it approves of this provision of the Hitchcock bill, or that it will come into the system if the provision of the Hitchcock bill is adopted?

Mr. HITCHCOCK. Mr. President, I want to say to the Senator that we will submit to him a pretty complete list of the banks which are willing to come in under these conditions as readily as under the provisions of the Owen bill. I want to ask the Senator, who has made a pretty broad and sweeping statement, how he knows that the banks will not come in under the

provision of the Hitchcock bill?

Mr. SHAFROTH. I know human nature; that is all. that you never would have organized a national bank if the law had said that the Government should have the appointment of five out of the nine directors; I know that men do not turn their money over to persons who have no interest in the concern with which they deal. When these banks are required to deposit their reserves and subscribe the capital they have a right to come in with relation to the banking transaction and to deal with it.

Mr. WEEKS. Let me ask the Senator one more question. What difference does it make how the directors of these banks are appointed or selected if they are suitable and qualified men to fill the places? They are not there to represent the banks; they are not there especially to represent the Government; they are not there especially to represent the stockholders; they are not there to represent the depositors of reserves or for any other specific purpose; but they are there to manage the banks in the best possible manner, and they must be competent men for that purpose. What difference does it make when a man takes his oath to do his duty whether he is appointed by the President or is elected by a bank?

Mr. SHAFROTH. I will state, in answer to that question, that the very interest that a man has in his own moneys prompts him in every corporation which he enters to desire that he should have a control of the majority of the directors of that

corporation.

Mr. WEEKS. Yes; but, Mr. President, we provide in our bill that no man who has any interest whatever in any bank as a stockholder, officer, or in any other way, direct or indirect, shall be a director in either the regional banks or the reserve board.

Mr. SHAFROTH. We provide that they shall not be in the reserve board, and I was eager that that should be the rule. I do not believe that the banks should have a say in the governmental part of this banking system; but on the question of handling the money itself, there is a great difference as to whether a man is interested in the money or not. He can make loans which are not the best in the wide world; he can make discounts; and if it is no concern to him, it does not become of the greatest importance whether or not there is a loss.

Mr. CUMMINS. Mr. President-

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Iowa?

Mr. WEEKS. I yield to the Senator from Iowa. Mr. CUMMINS. If the view of the Senator from Colorado is correct, why not make the bill for which he stands optional, and allow the national banks to take stock, if they so desire, and thus participate in the affairs of the Federal reserve banks, and allow them to dispose of their stock, if they so desire in accordance with the view taken by the Hitchcock bill? If they would rather have your system, then allow them to have it; if they would rather have the other system, allow them to take

Mr. SHAFROTH. Our bill does provide that this stock shall be first open to subscription to the banks, and if they fail to take it, in order to prevent a failure of the system itself it will be open to the people.

Mr. CUMMINS. No. Mr. SHAFROTH. Then, if the people do not subscribe for it, the Government subscribes for it.

Mr. CUMMINS. That statement, while accurate so far as it goes, is not entirely complete. Your bill requires every national bank to take capital stock in the Federal reserve bank equal to the amount of its capital and surplus. If it refuses to do so, or fails to do so, it forfeits the charter of that national bank. It can hardly be said, therefore, that you have simply said to the banks, "You can take the stock, but if you do not take it, it is open to the public for subscription."

Mr. SHAFROTH. I will state, in answer to the Senator, that the national-bank law of the United States contains a provision. that all parts of the act can be repealed at the will of Congress.

Mr. CUMMINS. I am not now discussing the power of Congress to do it. I will discuss that at a later time. But I am discussing the merits of the matter. If you really believe that the national banks want to come in and take the stock rather than to allow the Government to control the Federal reserve banks, why not give the banks the opportunity of exercising

the option?

Mr. SHAFROTH. The reason is that no matter what system you devise there would be some banks that would not want to come into it. The result would be that you would impair the system which you want to apply to all national banks. that one national bank shall belong to a system and that another national bank shall not belong to it would make a mixed system, which, I am satisfied, would not be for the best interests of the people of the United States.

Mr. SMOOT. May I ask the Senator a question? The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Utah?

Mr. WEEKS. I do.

Mr. SMOOT. In order that I may understand the position of the Senator, I want to ask him this question: Suppose one of the Federal reserve banks were organized with a capital of \$15,000,000, or, in other words, 6 per cent of the stocks of the national banks within the regional-bank territory would amount to \$15,000,000, and that under the Owen proposition it was open to those banks to subscribe; and suppose there were only a sufficient number of the national banks who took advantage of the subscription, 6 per cent of which would only amount to \$7,000,000, do I understand that there is any provision in the bill that the bank would still have a capital of \$15,000,000 and the other \$8,000,000 that was not subscribed for by the national

banks would be open for subscription to the people living in that region or district?

Mr. WILLIAMS. The capital must be not less than \$3,000,000.

Mr. SMOOT. I know that the provision is that it shall not be organized for less than \$3,000,000; but there will be districts where the 6 per cent of the capital stock of the national banks will amount to \$15,000,000. It was upon that basis that I asked

the question of the Senator.

Mr. SHAFROTH. I will answer the Senator's question. My recollection of the bill is that when these districts are established an estimate will be made of the capital and surplus of the national banks of each district, and it will then be open to the banks to subscribe for the stock. If the banks subscribe for it all, then, of course, that ends it; but if they do not subscribe for it all, then it will be open to the public. As a matter of fact, our section of the committee did not want to compel the banks to take it, but, inasmuch as the banks might prefer to go out of the system and we wanted to have a large bank, consequently, it was provided that the stock should be open to be subscribed for by the people, and they are entitled to subscribe for it in the event that the banks fail to subscribe for it all.

Mr. SMOOT. I understood that that was the position taken

by the Senator.

Mr. SHAFROTH. Yes, sir.
Mr. SMOOT. But the result will be in a case similar to the one which I have pointed out that the people would own a majority of the stock and the bankers would have a majority

of the directors.

Mr. SHAFROTH. That may be; and it would be deplorable if that were the case. We would then have, as a matter of fact, a condition that was not perfect; but by reason of the fact that the majority of the directors would be named by them, although only one-third of them would be of the banking fraternity, yet notwithstanding that, the banks could rely upon the management of the reserve bank in the interest of the deposits and in the interest of the capital which they had subscribed. They therefore would not expect that there would be any mismanagement of the reserve bank. Under the other system, however, whereby five of the nine directors represent the Government and only four represent the banks, the banks will not come into it. If they would come into it, it might be will not come into it. It they would come into it, it might be all right; but they will not come into it. It would, in effect, be simply killing this bill; that is all.

Mr. SMOOT. That is the Senator's opinion. My opinion is that they would come into it more quickly in that way than

they would under the provisions of the Owen amendment.

Mr. SHAFROTH. Has the Senator ever been a member of a

national bank?

Mr. SMOOT. For a good many years I have been a director

Mr. SHAFROTH. I will ask the Senator, then, if the law provided that on the organization of a national bank the Government should name five directors and the persons who subscribed the capital and put up the money should name four, whether he would go into a bank of that kind?

Mr. SMOOT. I do not know what the question was asked for, because the question is in no way comparable with the situation I have presented.

Mr. SHAFROTH. It is exactly parallel, because the capital of the reserve banks has to be subscribed by the member banks, and their reserves are deposited with the reserve bank, so that it is their money which is dealt with. To say that a bank would go into a system of that kind without a control of the board of directors of the reserve bank would be absolutely absurd.

Mr. BRISTOW. Mr. President-

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Kansas?

Mr. WEEKS. I yield. Mr. BRISTOW. I desire for the information of the Senator

from Colorado

The VICE PRESIDENT. Solely in the interest of the Reporter the Chair will suggest that, while he does not care how many Senators talk at once, it is a difficult matter for the Reporter to report the remarks of two Senators speaking at the same time.

Mr. BRISTOW. Mr. President, for the information of the Senator from Colorado, I desire to read to him a few letters from bankers who have read the Hitchcock amendment, as to the desirability of the public ownership of the stock of the reserve banks. I have here a letter from the cashier of the First National Bank of La Harpe, Kans., in which he says:

We especially approve the limiting of the number of reserve banks to as small a number as possible \* \* and more especially the provision allowing the public to subscribe for the stock of the banks is commendable, for it gives the public a chance to acquire a stock that is gilt-edged and free from taxation. This latter point was forcibly illustrated in Kansas a short time ago, when an issue of \$100,000 of Kansas City school bonds was largely oversubscribed, even though it drew an interest rate of 4½ per cent, which is low under present conditions tions.

Mr. SHAFROTH. I want to ask the Senator whether he can find a single letter from a bank which indorses the proposition that, although they put their money into the Federal reserve banks, a majority of the directors shall be named by the Government?

Mr. BRISTOW. Yes, sir; the indorsement comes from this individual banker. He says that he prefers very much the Hitchcock amendment to either the House bill or the Owen amendment; and he says so because it will promote the interest of the people in his community in the banking system of the country.

Mr. SHAFROTH. I can readily see how the banks would

favor the public subscribing for their stock if the provisions of

the House bill were retained.

Mr. BRISTOW. I will say to the Senator that they do not complain of the Government having a majority of the directors in this system.

Mr. SHAFROTH. Can the Senator find an indorsement of it?

Mr. SHAFROTH. Can the Senator and an indorsement of it.

Mr. BRISTOW. I am giving the Senator the indorsement
now. I submitted to these bankers—

Mr. SHAFROTH. That letter is not an indorsement of the
Government appointing a majority of the directors.

Mr. BRISTOW. I will say to the Senator that I submitted
to these bankers the Hitchcock bill, and these gentlemen say they prefer the Hitchcock bill, and give their reasons for do-

ing so.

Mr. SHAFROTH. There are, I have no doubt, some provisions of the Hitchcock bill which they would prefer.

Mr. BRISTOW. They prefer them as a whole. Mr. SHAFROTH. I would like to hear of one who says he will come into the system in the event that the Government appoints five out of the nine directors.

Mr. BRISTOW. I have not received a single letter from a banker who says he will not come in, and I have received letters from but two who favor the Owen bill over the Hitchcock bill. Again, I have a letter from the cashier of the Citizens' National Bank, of Anthony, Kans., in which he says:

In our opinion the bill as amended and recommended by your committee is a decided improvement over the bill as passed by the House. The plan to allow the public in general to hold the stock in the reserve banks and the proposition to permit a certain amount of the profits to remain in the reserve bank for the payment of depositors in failed banks, are, in our opinion, certainly very great improvements over the original bill original bill.

Mr. SHAFROTH. Is there anything there in favor of the directors being appointed by the Government?

Mr. BRISTOW. He has not referred to that, but he says the bill which he read is better than the bill which you propose, and the bill which he read provides that the Government shall name five of the nine directors.

Mr. SHAFROTH. There are many provisions of your bill

that I have no doubt the bankers prefer, but I should like you

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to show me a single letter which says that they approve of the provision that five out of nine members of the board of directors which is to manage and control their own reserves should be appointed by the Government.

Mr. BRISTOW. The Senator has been talking here for, I should say, an hour this afternoon, declaring that if the people were permitted to own the stock in this system the banks would not go into it.

Mr. SHAFROTH. No; I have said that if a majority of the Mr. SHAFROTH. No; I have said that if a majority of the directorate are appointed by the Government in the handling of the affairs of the reserve banks—

Mr. BRISTOW. The Senator is dodging and evading what he has been advocating all the afternoon.

Mr. SHAFROTH. I have said that the natural result of having the stock open to the public would be to conform with your theory, namely, that the Government should control a majority of the directorate. That proposition naturally follows from your plan, while our proposition follows from the provision that the bankers shall own the stock. That is true; but the vital provision is the control of the directorate, and I want you to show me a single banker who has stated that he will come into the system with a majority of the directors of the bank which controls his reserves appointed by the Government.

Mr. BRISTOW. The Senator has shifted his entire position. He started in here with an argument that if the public were permitted to own the stock the bankers never would come into the system. I have selected a lot of letters from bankers who commend the proposition of the public owning the stock, which let-ters were written in response to copies of the bill which were sent them for their examination. They have examined the Hitchcock amendment, which contains the public ownership of the stock and the control of the regional banks by a board of directors, a majority of whom are appointed by the Government, and they commend that bill in preference to the other.

I am reading letters from gentlemen who have examined the bill and say they prefer it, and they give the reasons which appeal to them most strongly for their preference.

I will now read a letter from the president of the Bank of

Mr. CUMMINS. Is it a national bank?
Mr. BRISTOW. No; this is a State bank. The other two are national banks. This is from Mr. John R. Mulvane, a wellknown banker in the West:

I understand the Bank of France is owned by the people of France, just as a great bank ought to be.

I noticed your bill and your suggestions with a great deal of pleasure. They are absolutely right, and time will vindicate you.

Is not that an indorsement of the Hitchcock bill by one of the largest bankers in the State of Kansas?

Mr. SHAFROTH. Yes; but he does not say he will come into I should like to know where there is any statement there that they will submit their money to somebody else's control.

Mr. BRISTOW. The Senator can quibble over that as much as he pleases. It will be pretty hard, in the present state of mind of the Senator from Colorado, to frame language that will satisfy him upon a thing which he has been declaring impossible here all the afternoon.

I will see if I can find some other letters along the same line. I have here a letter from the president of the First National Bank of Columbus:

The bill looks good to me, especially that part that the public ought to own the stock. If the public is not given a chance to buy the stock, it will have the appearance of favoritism. Only a selected few will have the privilege to buy the stock, and it will then get into politics, and a terrible howl will go up from the Socialists, like the old Greenback Party made against the national banks.

That is from Mr. T. P. La Rue, president of the National Bank

of Columbus, Kans. I have here a letter from the cashier of the First National Bank of Jewell City, Kans.:

Bank of Jewell City, Kans.:

Your favor of the 20th ultimo, inclosing the new banking and currency bill recommended for passing by yourselves and associates, was received several days ago.

I have gone over it very carefully, and believe it to be a much better bill than the House bill. In fact, I can find very little in it to criticize, and am perfectly willing that the bill should pass at it now stands.

The proposition to use part of the earnings of the Federal reserve banks for insurance of deposits of member banks, the extension of discounts to six months, and the permission for national banks to make five-year farm loans with a small part of their funds, I especially indorse.

Here is one from the National Bank of Lincoln, Nebr.:
Under the plan we would have a Government-owned Federal bank, the stock of which is held by the people, which would discount for other banks, It would be a fortification, and would provide a reserve center where they could get relief when it is necessary.

This letter is from the president of the National Bank of Commerce, of Wichita, Kans.:

I am especially impressed with the feature making it possible for the general public to invest in the stock of these banks, and I believe that

Here is a letter from J. R. Burrow, president of the Central National Bank, of Topeka, Kans. Speaking of the provisions of the bill, he says:

The one appealing to me, and I believe it would make the bank a popular bank and supported by all the people of the United States, is allowing the people in general to subscribe for the stock.

When the Senator produces a number of letters from banks stating that they will not go into a system because the general public is permitted to own its stock and the Government to control it, it will be time for him to allege that this is an effort to destroy this proposed legislation.

Mr. SMOOT. I should like now to answer the question of

the Senator from Colorado.

The Senator from Colorado asks whether I, as a director of a national bank, would organize another national bank if the Government of the United States had a right to appoint a majority of the directors of that bank. He asks that question and compares the provision in this bill with a situation of that kind.

I wish to say to the Senator, very briefly, that there is no parallel between the two cases, for this reason, among others: In the case of a national bank organized in a city a great majority of its customers are, perhaps, those doing business or residing in the city. The money is loaned on personal notes to a large extent. The officers and directors of the bank know the men with whom they are dealing. They extend credit to them because of the fact that they believe them to be honest, and they believe them to be in a business that will be suc-

It would not be reasonable to suppose that the Government, if it appointed a majority of the directorate, would appoint men familiar with the conditions in local communities, whereas a regional bank often would cover a territory of a thousand miles. It is not proposed that a regional bank shall discount personal paper. The bill enumerates the kinds of paper that can be discounted by it. The two are entirely different propositions. I do not see why the Senator asked the question.

Mr. SHAFROTH. But the reserves are the reserves of the

## PERSONAL EXPLANATION.

Mr. LA FOLLETTE. Mr. President, I rise to a question somewhat of personal privilege. I think never in my political experience have I made any reply to any misstatement con-cerning me which appeared in any newspaper; certainly not since I have been a Member of the Senate.

My attention has been called to an editorial which appeared in the Washington Times of yesterday, which is quite extended, but from which it is necessary for me to read only two paragraphs. The editorial is entitled:

## THE SENATE AND MR. CLEMENTS.

Senator La Follette has sounded a warning to the President that if he persists in removing Judge Clements from the Interstate Commerce Commission there will be danger of senatorial refusal to confirm the appointments.

Senator La Follette ought to be right. Most likely, however, he is

I am going to send to the Secretary's desk and ask to have read the editorial which appeared in La Follette's Weekly of December 6, upon which the editorial comment I have just read is made.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The Secretary read as follows:

[From La Follette's Weekly, Madison, Wis., December 6, 1913.] A CRITICAL JUNCTURE.

A CERTICAL JUNCTURE.

What will President Wilson do with the Interstate Commerce Commission?

The untimely death of John Marble creates a vacancy which the President must fill. The term of Commissioner Judson C. Clements is about to expire. The resignation of Commissioner Prouty is now in the President's hands. Prouty has long thought of retiring, and proposed at this time to do so and assume under the commission the immediate direction of the work of railroad valuation. It is said that the President will not name Clements to succeed himself because he is now 67 years of age and would, if reappointed, pass the 70 mark before the expiration of his next term. Clements is 10 years younger than his calendar age—a big, raw-boned, vigorous, white-oak type of man. It is inconceivable that his 20 years of unswerving aid to public interest, his rips knowledge of the law and economics of transportation, his familiarity with the important work the commission has in hand, should all be east aside for an untried man. But the state of the President's mind, as reported, is such to at least leave in serious doubt the reappointment of Clements. If he should fall of reappointment, there will then be three vacancies upon the commission to fill with new men.

In the valuation of the railroad property of the country the Interstate Commerce Commission is just entering upon the most stupendous economic investigation in the world's history.

It faces to-day the greatest responsibility with which it has been confronted since established, 26 years ago. It will be required to classify, inventory, and value all of this property. It will thereupon fix pri-

marily the rule under which the value so ascertained shall be applied in rate making. Over this vast work there will be waged, ultimately, the greatest contest in the history of railroads.

In the meantime the railroads in the classification territory are rushing forward to secure an increase of 5 per cent upon their present freight rates. Based on the amount which these roads collected on freight traffic from the people last year, 5 per cent increase would impose upon the consumers of the country, who in the end pay all the freight, an increased expenditure of more than \$100,000,000 annually. The people are already carrying too heavy burdens; a hundred million more added each year to the present high cost of living will count heavily in the final balance. Let that be remembered.

A legislative program is a fine thing, provided the laws passed strike down deep into the vitals of existing wrong. But even the best statutes are not self-executing. The people are waiting for results—results that count. Everything depends on those to whom the President commits the administration of the laws.

The Interstate Commerce Commission is to be practically reconstructed through the appointments that President Wilson makes. This commission will exercise its control over railroads which collect transportation charges from the people amounting to more than three times the total cost of running the Federal Government each year. The railroad influence of the country is at this moment being actively exerted to secure the appointment of commissioners who will adout the railroad standard of enormously increased transportation rates. President Wilson's appointments upon the Interstate Commerce Commission will be awaited with keenest public interest.

Mr. LA FOLLETTE, Mr. President, I submit that there is

Mr. LA FOLLETTE. Mr. President, I submit that there is no intimation or suggestion or warning or threat contained in that editorial which warrants the deduction made from it in the comment of the Times. I did not feel that I ought to permit it to be so construed without some statement.

NATIONAL FOREST RESERVATION COMMISSION (S. DOC. NO. 307).

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Secretary of War, as president of the National Forest Reservation Commission, transmitting, pursuant to law, the report of the National Forest Reservation Commission for the fiscal year ended June 30, 1913. The communication and accompanying report will be printed and referred to the Committee on Commerce.

Mr. SMITH of Maryland I ask that an order be entered for the printing of 1,000 copies of the report in addition to the

usual number. Mr. SMOOT. Mr. SMOOT. I did not hear the request. Will the Chair repeat it, or will the Senator repeat what his request was?

Mr. SMITH of Maryland. Nothing, except to present the re-

port and request to have it printed.

Mr. SMOOT. I will ask the Senator if this is the entire

report.

Mr. SMITH of Maryland. It is the report of the commission for the fiscal year 1913. In fact, it is a summary of the entire purchases approved by the commission up to June 30, 1913.

The VICE PRESIDENT. The Senator from Maryland asks

for the printing of additional copies of the report. Is there objection? The Chair hears none, and it is so ordered.

The order as agreed to was reduced to writing, as follows:

Ordered, That 1,000 additional copies of the report of the National Forest Reservation Commission for the fiscal year ended June 30, 1913, be printed for the use of the Senate document room.

# COMMITTEE ON INTERSTATE COMMERCE.

Mr. NEWLANDS. Mr. President, pursuant to a resolution passed by the Interstate Commerce Committee, I have to request of the Senate permission for that committee to sit during the sessions of the Senate.

The VICE PRESIDENT. Is there objection to the request of

the Senator from Nevada?

Mr. BRISTOW. I object, Mr. President. If we have to stay here for 13 hours a day and consider the banking and currency bill, the members of the Interstate Commerce Committee ought to be here with the rest of us.

Mr. CLAPP. Mr. President, I hope the Senator from Kansas will withdraw his objection. It is not intended that the Inter-state Commerce Committee shall go into session and sit all the time, or any great length of time. There are one or two very important matters before the committee. Its members can be brought here on a moment's notice. It is only intended, out of courtesy to the Senate, instead of the committee sitting and answering to the call of the bell, that it shall have some formal authority so to sit.

Mr. TOWNSEND. Mr. President, I also object to meetings of the committee being held under the conditions that are main-

tained at the present time.

I have attended all the meetings of the Interstate Commerce Committee, and desire to attend all of its meetings. I am compelled, however, to come here and remain from 10 o'clock in the morning until 11 o'clock at night.

Since a week ago last Monday, when the resolution was pre-sented to the Senate, with the exception of last Saturday night about midnight, there has not been five minutes during the whole time when there has been a quorum in the Senate Cham-

ber. It has been called for, but before the call was completed the Senate Chamber was practically vacant.

So long as there is no disposition to filibuster, so long as the disposition is to legislate, if a reasonable hour of meeting can be fixed for the Senate, so that the committees can meet and conduct the business they are supposed to carry on, I shall not object; but I desire to attend the meetings of the Interstate Commerce Committee. Therefore I shall object, so far as I can, to permitting the committee to meet during the continuance of

Mr. NEWLANDS. Mr. President, I have only to say that I called the committee together last Friday simply for the purpose of organizing for the business of the coming session, and not with a view of instituting continuous hearings. tion was asked by one of the members of the committee whether the consent of the Senate had been obtained. motion was made and carried that the committee should request permission of the Senate to hold its sessions during the sessions of the Senate.

#### RECESS.

The VICE PRESIDENT. The hour of 6 o'clock having arrived, the Senate stands in recess until 8 o'clock p. m.

Thereupon (at 6 o'clock p. m.) the Senate took a recess until 8 o'clock p. m.

# EVENING SESSION.

The Senate reassembled at 8 o'clock p. m. BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. SMOOT. Mr. President, there are only seven Senators in

the Chamber, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. THORNTON in the chair). The Senator from Utah suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gallinger	Myers	Smith, Md.
Bacon	Gronna	Norris	Smith, S. C
Bankhead	Hollis	O'Gorman	Smoot Smoot
	Jackson		
Brady		Owen	Sterling
Brandegee	James	Page	Stone
Bristow	Johnson	Pomerene	Swanson
Bryan	Jones	Reed	Thomas
Burton	Kenyon	Robinson	Thornton
Chilton	Kern	Saulsbury	Townsend
Clapp	Lane	Shafroth	Vardaman
Clark, Wyo.	Lea	Sheppard	Walsh
Clarke, Ark.	Lewis	Sherman	Warren
Colt	McLean	Shively	Weeks
Dillingham	Martin, Va.	Simmons	Williams
Fletcher	Martine, N. J.	Smith, Ga.	DESCRIPTION OF

The VICE PRESIDENT. Fifty-nine Senators have answered

to the roll call. There is a quorum present.

Mr. McLEAN. Mr. President, I fully realize the futility of post facto arguments, but as I am a member of the Committee on Banking and Currency and entertain views wholly at variance with the decision which is about to be rendered by the Senate upon the pending measure. I feel it to be a duty to myself at least to record a brief protest before the decision of the Democratic caucus has been formally ratified by the Senate.

I want to say at the outstart that I am not so bitterly opposed to the methods which have been used to secure this decision as are some of my colleagues upon this side of the Chamber. It is the decision that I regret and object to and not the caucus. I do not think that legislation by caucus is the best way. It confesses the substitution of party loyalty for conviction, if this be necessary to secure the performance of party promises The caucus also confesses the fear of party failure without the restraining influence of the caucus. But if it is the only way in which action can be had, and the majority of the Senators belonging to the party in power is convinced that although it is a minority of this body, its judgment is wiser and safer than that of the Senate, and the minority of that majority can be persuaded that it is its duty to surrender its convictions for the good of the country—and all this is possi-ble—the responsibility for wisdom or folly is certainly placed where it belongs. And while, as I have said, legislation by caucus is not the best way, if the party in power honestly conceives it to be the only way to perform party promises, whether wisely or unwisely made, it is a matter for the conscience of the minority of the Democratic majority, and I am content to leave it there. But believing as I do that one grave and irreparable

mistake has already been made by the present administration, and that another is about to follow, I desire to enter a brief protest, useless and futile as I am assured it will be.

In the first place, I have considered the present a most unfortunate and inopportune time to create a new banking and currency system for the United States. The Sixty-third Congress has already enacted two new and revolutionary measures of the greatest importance and of unknown consequences. With regard to the income-tax law, I believe in the principle, and while I think it has justly aroused much complaint I approve its purposes and wish it well, and I am glad to learn that the Secretary of the Treasury is rapidly amending it so that it can be understood

But the new tariff law is quite a different matter. The income tax affects less than 1 per cent of the people; the tariff affects everybody. For better or worse it enters every laborer's home and increases or diminishes his net daily wage. The new tariff law professes to deprive the American manufacturer, farmer, and employee of any economic advantage which he may have over his competitors in other countries. It must in its very nature be experimental, and it is an experiment which the American people have never found satisfactory. It is probably true that there has never been a time in the history of this country when conditions were better able to sustain severe tariff reductions than at present. The Congressional Record is full of high Democratic testimony to the fact that the country was in a strong and exceedingly prosperous condition when this law was signed by the President. I sincerely hope that the new tariff rates will prove to be sufficient to sustain the prosperity of the American laborer and his employer. And I want to say further that if the new tariff bill brings a greater degree of prosperity to the working people of this country than existed when President Wilson signed it, the Democratic Party will have demonstrated its ability to cope with this great question, and the Republican Party must take the consequences. But it is my sincere regret that when President Wilson announced that the new tariff would restore competition and destroy monopoly in this country he did not give it a chance to perform or fail to perform this promise. A permanent and satisfactory settlement of the tariff question, to my mind, is of more consequence to the Nation than any other 10 questions now confronting us. If the tariff is a burden, it is high time the American people found it out. If, on the contrary, it is the price or pittance we must pay to secure prosperity, the American people ought to have an opportunity to find it out.

For more than a century this question has been the dominant and dominating one in American politics. It has been the remote or primary cause of every serious disturbance since the Nation was formed. The people of this country have demanded protective tariffs since 1860, with one brief exception, and during that short period progress stopped and the business of the The Democratic Party insisted then, and country was dead. insists now, that this period of depression was due to the agitation in favor of the bimetallic money standard for which Republicans were equally responsible with Democrats. It is undoubtedly true that the so-called silver issue had much to do with the panic of 1893, and that Republicans were equally responsible with Democrats for the bimetallic heresy. It is also true that the Republicans acknowledged their error early and rallied to the defense of the single standard and saved it against the onslaughts of the Democratic organization. It is my belief that the severe cuts in the tariff rates made at that time were a contributing cause, if not the principal cause, of the business depression which came in the nineties. But however this may be, it seems to me that the experience which the country went through then ought to warn it now against coupling Democratic tariff legislation with Democratic currency legislation, and administering both to a confiding and forgetful people in one dose. I shall hope for the best, Mr. President, but if depression comes we can not expect our Democratic friends to admit that it is due to a tariff for revenue only. Republicans, of course, will insist that the "hard times," if they come, must be due to a Republicans, of course, will tariff for revenue only and nothing else. And so, instead of settling the tariff question and the currency question, we shall have projected them both into American politics for another 20 years or may be for another century.

I wanted the new tariff law to have all of the road, and the middle of the road, uninterfered with by other revolutionary and drastic measures which might interfere with its effects, good or bad. It is inconceivable that the manufacturers of the country will branch out into schemes requiring additional capital until the new tariff law has had an opportunity to show its effect upon their business. It is inconceivable that capital in general will be venturesome until the effects of the new tariff law have been discounted and tried. The situation would neces-

sarily conserve the reserves and token money of the country, and if there was sufficient to meet all demands, ordinary and extraordinary, in the current year, there would certainly be sufficient to meet the demands of commerce during the year 1914. It is claimed by the economists that the present high prices are in a great measure due to the unprecedented increase in the output of gold in recent years.

I am heartily in favor of reform in the banking system of the United States, but I felt confident six months ago, and I feel certain now, that it would have been much better for the country if the President had announced his intention to give the new tariff a fair field and a fair test before complicating it with a revolutionary banking and currency system. Amendments could have been made to the Aldrich-Vreeland law now on the statute books without opposition which would have maintained confidence in the business world, and we all know that confidence has coined more wealth for the American people than all her mints, and that where there is a lack of it prosperity is impossible. If the business interests of the country had suffered no setback, but on the contrary had taken on new vigor and impetus by the 1st of July next, the faith in the Democratic tariff thus inspired would have enabled the administration to create a new banking system which in turn could have been tested upon its merits. I know that President Wilson is a very learned man in some respects, and a very determined man in all respects. I am sure he believes that he has been, and will continue to be, of great service to his country, and the people up to date are inclined to take him at his own inventory. I sincerely hope that neither he nor they will be disappointed. No one can read President Wilson's messages and essays without admiring his style and confidence in his ability to bring light out of darkness and good out of evil, and I would not, if I could, hinder his purposes, but I am bound to criticize his methods when I believe them to be fatal to those purposes.

I believe that a tariff for revenue only, which is the ultimate goal of his party, will not restore competition and prevent monopoly. I believe the inevitable will happen now, as it has in the past, and that a tariff for revenue only will destroy competition and strengthen monopoly if there is virtue left in the law of industrial gravity.

of industrial gravity.

But, Mr. President, I realize that it is too late to expect postponement of action upon this important matter now. The President has said that the tariff will restore competition and destroy
monopoly in the producing world. He has said that the GlassOwen bill will restore competition and prevent monopoly in the
banking world, and the only power, the only instrumentality
that will test the merits of a political prophet is time, and,
realizing as I do that we must have a new banking and currency system at once, my only desire now is to procure the best
system that can be had.

On the 22d of October last, as a result of the investigation and deliberations of the Committee on Banking and Currency, I was encouraged to believe that the only system which has stood the test of experience in other nations, and the system approved by nine-tenths of the economists who appeared before your committee, would be adopted by your committee. But about this time it was discovered that the Democratic campaign book, which quoted the Democratic platform as pledging that party against the Aldrich plan "for" a central bank, was a party against the Aldrich plan for a central misprint, and that in the original draft as prepared by Mr. a central bank. Some one, by accident or design, had added "f" to the disjunctive "or." About this time, too, Mr. Vanderlip, of New York, president of one of the largest banks in the world, appeared before your committee and expressed the belief that a central bank, controlled by the Government and owned by the people, could be created that would meet the needs of the banking world as well if not better than regional banks controlled by the bankers themselves. 25th of October Mr. Glass declared, in substance, that Mr. Vanderlip had changed front for the purpose of defeating any and all legislation. On the 26th of October Mr. Bryan, who had been away upon evangelical work and had not read the profane press announcing Mr. Vanderlip's change of views, declared that Wall Street was opposed to the Glass-Owen bill because a majority of the central reserve board were to be appointed by the President. The atmosphere suddenly became charged with declarations that the people of the country would never stand for a central bank; that the Democratic Party had always stood firmly against a central bank, and the foundation for this state of mind in the Democratic Party took its origin in Andrew Jackson's famous victory over the second bank of the United States, that hydra-headed monster and devourer of the people's rights. I at once turned my attention to an investigation of the merits of this historical incident, and when I found that President Jackson, in the very message in which he asked Congress to refuse a charter to Mr. Biddle's bank, recommended the establishment of a central bank, I thought it worth while to go further into the history of the great bank war and ascertain the real merit, if any, of the superstition against a central bank. I soon became satisfied that this superstition was as free from virtue and fact as the superstition which forbade our fathers to kill a pig in the waning of the moon lest the pork shrink in the pot.

The second bank of the United States was established by

The second bank of the United States was established by strict constructionists. The Jeffersonian and Madisonian Democrats in those days found nothing either in the Constitution or in the highest ideals of popular government to prevent or dis-

courage the creation of a single central bank.

The financial disturbances and disasters which followed the expiration of the charter of the first Bank of the United States, as they were aggravated and intensified by the War of 1812, brought the credit exchanges of the Nation to a standstill. In 1814 specie payments were suspended; bank failures and fraud were the order of the day; the Government had no money to pay the interest on the national debt, and we have the testimony of Daniel Webster to the fact that the War Department refused to pay a bill of \$30 for lack of funds.

Beginning in January, 1814, several attempts were made to create a central bank, and among its advocates we find John C. Calhoun and William Lowndes, of South Carolina. Mr. Calhoun and Felix Grundy, of Tennessee, took the leadership in the contest in favor of the establishment of a central bank. Constitutional questions were raised, but Mr. Calhoun argued that all constitutional objections would be obviated by locating the bank in the District of Columbia, and he secured his charter, with the full approval of President Madison, on the 10th day of April, 1816. Mr. Calhoun was always proud of his victory, and as late as 1834, when the bank was under fire, he asserted that it never would have been chartered but for his efforts.

The bank thus created was similar in its framework to the first Bank of the United States, and, in a sentence, I want to call the attention of the Senate to its important features and Its capital was \$35,000,000, \$7,000,000 to be taken by the United States and the remainder by "individuals, companies, and corporations." The bank was managed by 25 directors, 5 to be appointed by the President, with the consent of the Senate, and the remaining 20 to be chosen by the stockholders, no director to be a director in any other bank, the directors to choose the president. The discount rate was limited to 6 per cent. Branch offices could be established wherever the directors saw fit. These branch offices were to receive "and take charge of the cash of all such persons as should choose to place In other words, the second Bank of the United States was a bank of discount and deposit, in direct competition with the other banks of the country, and it was owned and controlled by private interests. If it were important to the point I wish to make, it could easily be shown that, with all the defects in its framework, it nevertheless served a most useful and beneficial purpose; but my object in calling the attention of the Senate to a few items in the career of the second central bank of the United States is not to praise or glorify that institution in any respect, but to show to the Senate that it been created upon different lines—that is, upon lines which have met the approval of experience—had its powers been limited to such as would give aid and protection to the banking and currency system of the country, it would have met with the hearty support of Andrew Jackson, and in all probability it would still be in existence.

When the second bank of the United States was organized, in July, 1814, President Madison made the initial mistake of selecting all five of the Government directors from his political party, if, indeed, they were not all political friends. The stockholders named 10 Federalists and 10 Democrats, then called Republicans. The 15 administration directors very foolishly succumbed to the appeals of the political backers of Mr. William Jones, who was then pro tempore Secretary of the Treasury, and elected him as the first president of the bank. Jones was a clever politician, but ignorant of banking principles, and, in the language of Mr. James C. Fisher, ran the bank upon "a perfect want of system." Mr. Jones believed in having plenty of money and new banks. Speculation in bank stocks became a mania from 1815 to 1818. One historian tells us that a bank was chartered wherever there was "a church, a blacksmith shop, and a tavern." It was not long before Mr. Jones was caught taking commissions on sales of the stock in the bank of which he was president. He resigned in 1819 and fled. An examination of the bank was ordered by Congress, but all attempts to repeal the charter were voted down by large majorities. The

friends of the bank were able to satisfy Congress that the straits to which it had been brought were entirely due to careless and dishonest management on the part of Jones and his directorate. In January, 1819, Mr. James C. Fisher became president pro tempore. He was soon succeeded by Mr. Langdon Cheves. During the latter part of Jones's administration the State banks became very jealous of the competition indicted by the United States Bank. The State banks generally refused to pay balances due the central bank. Illinois in her first constitution prohibited the existence of any but State banks within the State. Heavy taxes were laid by the States upon the branches of the United States Bank, and they would have been taxed out of existence, taking the central bank with them, had not the Supreme Court come to their rescue in the cases of McCullough against Maryland and Osborn against Bank of the United States.

Mr. Cheves, when he assumed the presidency, said that the bank was like "a ship without a rudder or mast on a stormy sea, and far from land, with short provisions and water." If Jones had remained in charge another month the bank would have collapsed and specie payments would have been suspended; but, to the great gratification of the friends of the bank, Mr. Cheves had it out of danger in two months, and in six months everything was safe and in regular order; but, unfortunately, Mr. Cheves was not a banker. It did not seem to occur to anybody that a banker should be placed in charge of the Bank of the United States.

Mr. Cheves was a politician, an ex-Speaker of the House of Representatives, but he was honest and positive and economical. He stopped dividends and cut down expenses and made insolvent debters surrender their stock. He compelled other banks to pay up their loans and made it so uncomfortable for nonconforming directors that many of them resigned. He prosecuted McCullough and Buchanan, of the Baltimore branch, for conspiracy and fraud. In January, 1821, the full capital of the bank had been restored and a dividend of 11 per cent was declared, Mr. Cheves unfortunately became enamored with long-time paper, gilt-edged real estate loans, and so forth, and took the stock of the bank as security for the loans. In the meantime the State banks were in a deplorable condition; repudiation and failure were on every hand. It became the fashion to lay all the evils of bad banking on the part of the State banks to the United States Bank, which was, of course, unjust.

Mr. Cheves quit in 1832, and Mr. Nicholas Biddle took his place. Biddle was but 37 years of age when he became president of the Second Bank of the United States. He was a graduate of Princeton College, a lawyer, and editor. He was appointed a director of the bank in 1819 by President Monroe, and he immediately went to work to master the principles of banking. Historians say that Biddle was able, tactful, and honest. He at once sought and secured the advice and support of such men as Daniel Webster, Robert Lennox, James Lloyd, R. L. Colt, Robert Oliver, and others. He was ambitious to have his bank meet every need of the growing commerce of the country, and his note circulation increased from \$4,400,000 in 1825 to \$9,600,000 in 1826. He invited and secured a large increase in deposits and discounts. At first he restricted discounts to prime short-time paper and rejected all loans on real estate and stock securities. The bank prospered and grew rapidly under his management. He exerted every effort to strengthen and increase the branch banks. In 1825 the possibilities of the steam engine in reducing the cost of transportation and production introduced an era of speculation, both in this country and England, never before equaled. In 1826 England suffered one of the severest panics in her history, which was followed by great suffering and loss. Mr. Biddle's bank, however, bore the strain without serious trouble. It certainly prevented a panic in this country, and at no time during this crisis was the discount rate raised above 6 per cent.

In 1826 the circulation of the bank had increased to nearly \$10,000,000, the deposits to \$6,142,000, the surplus had reached the tidy sum of \$1,500,000, and the dividends to stockholders were paid regularly at 7 per cent. The foreign exchanges returned a profit of \$60,000 a year. Mr. Catterall, in his history of the Second Bank of the United States, uses the following language in describing its services to the country during this period:

The period 1823-1828 was one both of conservative and of successful banking on the part of the Bank of the United States; the affairs of the institution were carefully managed; it extended its dealings considerably; it checked the tendencies of the State banks to do unsound business; it put an end to most of the depreciated State-bank currencies; it was fairly popular; its dealings with the Government were on the best footing; it gave the Nation a better currency than the country ever before had; and it had finally reached the point in public opinion where it was considered necessary for the uses both of the Government and of the people.

From 1828 to 1832 the growth of the bank was still more rapid. It was Biddle's ambition to control the entire inland exchanges of the country. The branch banks bought bills and sold drafts on other branch banks and on the State banks. South and Southwest proved to be the most fruitful fields for were \$2,500,000; in 1832 they were \$40,000,000 in the South alone; the total amount for the year 1831 was \$67,000,000. The notes outstanding were \$20,000,000.

It was at this time that Stephen Girard warned Mr. Biddle that he must increase his amount of specie and stop the renewal of credits on long-time paper. Mr. Biddle realized fully the difficulties under which the bank labored and tried to check the constant renewal of discounts, but he found his efforts in this line strongly opposed by those in charge of the branch banks. The State banks resented the competition of the United States Bank and were quick to arouse public opinion against it. Martin Van Buren, a Democrat and master politician of his time, had declared against the bank in 1826. He renewed his time, had declared against the bank in 1826. attacks in 1829, not on constitutional grounds, but because of its power to monopolize and control credits. In 1827 one of Mr. Monroe's friends in the House introduced a resolution ordering the sale of the stock held by the Government. This resolution was defeated by a vote of 174 to 9. In the Senate Mr. Benton began his attacks on the bank in 1828, but he had little or no following.

Andrew Jackson was elected President of the United States in 1828. No sooner was his election announced than some of his most active political friends accused Mr. Biddle of using his bank and its numerous branches throughout the country to defeat Jackson.

Amos Kendall, who was at that time one of President Jackson's closest political advisers; Isaac Hill, of New Hampshire; and Francis P. Blair, of Kentucky, who owed the bank more than he could pay, were among the first to raise the hue and cry against the bank as a monopoly and political machine of the Federalists. Hill and Senator Woodbury, of New Hamp-shire, asserted that Jeremiah Mason, president of the Portsmouth branch, was guilty of pernicious political activity against Jackson. Senator Woodbury wrote Biddle that Mason was a particular friend of Daniel Webster's, and that the friends of Gen. Jackson had just cause to complain of his political activities. It is claimed by some that President Jackson's determination to destroy the bank was formed as early as 1829 and for the purpose of revenge only. Whether this is true or not is quite immaterial to the point I wish to make. The charges against Mason were in a large measure groundless, but it is safe to conclude that politicians then, as now, were quick to take advantage of the popular dread of monopolies of any and every kind. Bearing in mind that the Bank of the United States was owned and controlled by private parties and empowered and allowed to compete with the State banks as a bank "discount and deposite," the wonder is that it was allowed to live out half its charter years.

President Jackson was not a banker; he was a patriot and a soldier-and he was a fighting soldier. The opposition to the bank was started by his friends-his political friends. political enemies came to its defense. Jackson stood by his friends; but I think it is clear that he would have spared the bank if its owners had not prematurely sought a renewal of its charter, thus defying the President and compelling him to take sides with the opposition. Mr. Biddle's ire was aroused by the insinuation that he had encouraged the managers of the branch banks to support Adams as against Jackson. Mr. Biddle was probably innocent of any such purpose; but in his anxiety to save the bank, once war against it had been declared, he made the grave mistake of asking for a renewal of the bank's charter four years before the date of its expiration. In 1829 the Secretary of War, with Jackson's approval, ordered the pension funds removed from the Portsmouth branch to a State branch in Concord, of which his friend Hill had been president. That same year Mr. Jackson's Secretary of the Treasury objected to paying the banks commissions for the transfer of Government funds abroad.

Andrew Jackson was not much of a letter writer, but Secretary Ingham and Mr. Biddle were experts, and the correspondence between these gentlemen in the summer of 1829 became so embittered that in November of that year Jackson did write a letter to Biddle, which no doubt accurately reveals Jackson's state of mind at that time. I quote from this letter

I feel very sensibly the services rendered by the bank at the last payment of the national debt and shall take an opportunity of declaring it publicly in my message to Congress. That is my own feeling to the bank and Mr. Ingham's also. He and you got into a difficulty thro' the foolishness, if I may use the term, of Mr. Hill. Observing he was a little embarrassed, I said, "Oh, that has all passed now." He said

with the parent board and myself (yourself?) he had ever(y) reason to be satisfied, that he had heard complaints, and then mentioned a case at Louisville, of which he promised to give me the particulars.

I said, "Well, I am very much gratified at this frank explanation. We shall be proud of any kind mention in the message, for we should feel like soldiers after an action commenced by their general." "Sir," said he, "It would be only an act of justice to mention it (1. e., the bank's service to the Government)." (November, 1829.)

It is very clear that at this date the bank was a minor incident in Jackson's victorious career, but with Amos Kendall, James W. Webb, Hill of New Hampshire, and many others the bank was a brutal monopoly, and its "taking off" was necessary to save the Republic. Webb was editor of the New York Courier and Inquirer, and its pages were used freely by the enemies of the bank. Legislatures all over the Union were memorialized to instruct their representatives in Congress to vote against the bank. All kinds of flat money and crazy banking and currency schemes were proposed as substitutes. Jackson was finally persuaded that the bank was unconstitutional. I quote now from a letter which he wrote to Biddle in November.

Mr. BIDDLE: I was very thankful to you for your plan of paying off the debt sent to Maj. Lewis. I thought it my duty to submit it to you. I would have no difficulty in recommending it (the bank) to Congress, but I think it right to be perfectly frank with you. I do not think that the power of Congress extends to charter a bank out of the 10-mile

square.

I do not dislike your bank any more than all banks, but ever since I read the history of the South Sea bubble I have been afraid of banks. I have read the opinion of John Marshall, who, I believe, was a great and pure mind, and could not agree with him, though if he had said that as it was necessary for the purposes of the National Government there ought to be a national bank, I should have been disposed to concur.

Somewhere I have read that the use of the capital letters "O. K." as indicating the approval of the person using them originated with Mr. Jackson in the following manner: It was Mr. Jackson's custom when he approved papers which were submitted to him to indorse them with the words "Oll kerrect," spelled as indicated. Mr. Jackson's friends suggested to him that in the interests of brevity the initials "O. K." would answer all purposes, and Mr. Jackson followed their advice. Anyone reading Mr. Jackson's correspondence will find no difficulty in believing that Mr. Jackson's "O. K." could have been secured for the new charter had he been handled right.

I have no fault to find with President Jackson's veto of the charter, but his failure to consent to and aid in the preparation and enactment of a sound and satisfactory substitute brought panic to the commerce of the country and want and ruin to a large percentage of the people. It was not a central bank that he was opposed to; it was Biddle's bank, a bank with powers and privileges which would not be thought of to-day and should not have been granted then. President Jackson in his first and second messages to Congress clearly indicated that it was Biddle's bank and not a central bank which he opposed.

And now I want to put into the RECORD Mr. Jackson's views with regard to a central bank, as expressed in his first and second messages to Congress:

PRESIDENT JACKSON'S FIRST MESSAGE, DECEMBER 8, 1829

The charter of the Bank of the United States expires in 1836, and its stockholders will most probably apply for a renewal of their privileges. In order to avoid the evils resulting from precipitancy in a measure involving interests, I feel that I can not, In justice to the parties Interested, too soon present it to the deliberate consideration of the Legislature and the people. Both the constitutionality and the expediency of the law creating this bank are well questioned by a large portion of our fellow citizens; and it must be admitted by all that it has failed in the great end of establishing a uniform and sound currency. Under these circumstances, if such an institution is deemed essential to the fiscal operations of the Government, I submit to the wisdom of the Legislature whether a national one, founded upon the credit of the Government and its revenues, might not be devised, which would avoid all constitutional difficulties, and at the same time secure all the advantages to the Government and country that were expected to result from the present bank.

PRESIDENT JACKSON'S SECOND MESSAGE, DECEMBER 7, 1830.

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The importance of the principles in the inquiry whether it will be proper to recharter the Bank of the United States, requires that I should again call the attention of Congress to the subject. Nothing has occurred to lessen in any degree the dangers which many of our citizens apprehend from that institution as at present organized. In the spirit of improvement and compromise, which distinguishes our country and its institutions, it becomes us to inquire whether it be not possible to secure the advantages afforded by the present bank, through the agency of a Bank of the United States, so modified in its principles and structure as to obviate constitutional and other objections.

It is thought practicable to organize a bank, with the necessary officers, as a branch of the Treasury Department, based on the public and individual deposits, without power to make loans or purchase property, which shall remit the funds of the Government, and the expense of which may be paid, if thought advisable, by allowing its officers to sell bills of exchange to private individuals at a moderate premium. Not being a corporate body, having no stockholders, debtors, or property, and but few officers, it would not be obnoxious to the constitutional objections which are urged against the present bank; and having no means to operate on the hopes, fears, or interests of large masses of the community, it would be shorn of the Influence which makes that bank formidable. The States would be strengthened

by having in their hands the means of furnishing the local paper currency through their own banks, while the Bank of the United States, though issuing no paper, would check the issues of the State banks, by taking their notes in deposit and for exchange only so long as they continue to be redeemed with specie. In times of public emergency the capacity of such an institution might be enlarged by legislative provisions.

These suggestions are made, not so much as a recommendation as with a view of calling the attention of Congress to the possible modifications of a system which can not continue to exist in its present form without occasional collisions with the local authorities and perpetual apprehensions and discontent on the part of the States and the people.

As early as 1832, when the contest was at its height. Mr.

As early as 1832, when the contest was at its height, Mr. Biddle, always ready to compromise and go more than half way to save the bank, persuaded Edward Livingston to intercede with Mr. Jackson, and, if possible, get from him suggestions as to the kind of a central bank he, Mr. Jackson, would approve. This interview took place on the 22d of February, 1832, and Mr. Livingston noted down President Jackson's views, as follows: as follows:

as follows:

1. No Government interest in the bank.
2. Appointment of one or more directors at the branches.
3. Government represented there.
4. Taxation by States of property of bank; i. e., property in bank, whether real or personal, to be liable to same rule of taxation of State as their own property.
5. No real estate except such as b'ot in to secure debts, and to be sold in reasonable time.
6. Government to have no interest in bank.
7. Certain proportion of capital thrown open for new subscription, which may be done by pro rata deduction from present capital.
8. Directors to nominate two or three friends; of them, President of the United States to choose one a president.
Written 22d February, in Mr. Livingston's house and presence; read to and sanctioned by him.

C. L. Ingersoll.

C. L. INGERSOLL.

Many books have been written about the bank war and Jackson's glorious victory over the hydra-headed monster, but the facts leave no doubt that the bank war was a mere political scrabble without the least significance or binding force upon any party. On the contrary, this great political fuss proved, if it proved anything, that the leaders in it knew but little and cared less about banking and currency systems or principles. The superstition against a central bank was born and reared in ignorance, and the ablest man on the subcommittee which had the Democratic currency plank in charge in the last Democratic convention must have been surprised when he was told cratic convention must have been surprised when he was told less than a month ago that by accident or design the letter "f" had been added to the disjunctive "or," so that the pledge of the party in the campaign textbook read, "We are opposed to the Aldrich plan 'for' a central bank," whereas in the original draft, as approved by Mr. Bryan, it read, "We are opposed to the Aldrich plan 'or' a central bank." But in neither announcement of Depresenties represented the properties are provided by the surprise of the plan to the surprise of the plan to the surprise of the plan to the surprise of the surpr ment of Democratic principles do we find any indication that the learned draftsman or draftsmen knew that there ever had been or could be more than one kind of a central bank; and while the bank that Jackson opposed might, and perhaps did, aid monopoly of credit and help destroy competition, Jackson himself approved a central bank that would have for its principal object the encouragement of competition among credit merchants and the prevention of credit monopoly and money and depositors' panics.

My desire to secure for this country a banking system which has stood the test of experience in every civilized nation, a system approved and eagerly preferred by all the leading economists of this and other countries, is so intense that I can take but little interest in second-best schemes and still less in third

and fourth class systems.

I believe that a central bank, with its great power, controlled by a directorate which will stand before the people as a supreme court of finance, absolutely independent of all political and selfish alliances, is to be preferred to a conglomeration of banks controlled by selfish interests. I want this new bank to stand as a sort of lighthouse that will keep revealed always to the banks, the Government, and the people the rocks and shoals of bad banking and inflation. And for this reason I think that one all-powerful light that can search the continent from one end to the other will be more effective than any number of lan-

terns operated by private individuals.

There is not a detail necessary to the framework of a national banking system which will not conform with greater ease, harmony, and economy to a central bank than a regional bank The task of putting more than one useful hub into a single wheel is for politicians; the mechanic knows it is impossible. The argument that the vast territory of the United States requires a large number of reserve banks has no force whatever in my opinion. The first thing to be prevented in any banking system is a money panic. There must be no fear on the part of the people that the token money in daily use will not be convertible into gold upon demand. Certainly a central bank, with

its enormous resources and powers, would have a great advantage in this regard over a large number of banks each issuing its own notes.

The next thing to be guarded against is a depositors' panic. It would certainly be unwise, if not illegal and immoral, for the Government to guarantee the deposits in insolvent banks, but if a central bank were created, allowing stockholders a limited dividend only, the remaining profits to be paid into the Treasury of the United States, a small percentage of this money received from the banks might be set aside as a security fund against losses by depositors without serious offense to principle. In any event, some means for preventing depositors' panics can and should be devised. The run on the Knickerbocker Trust Co. !n New York in 1907 added fuel to the flame of panic and caused mental anguish and money loss which might well have been avoided. With the danger of money and depositors' panics reduced to a minimum, a degree of confidence and safety would at once be assured that would entirely eliminate the element of distance. For the making of contracts, the transaction of business, and the granting and transfer of credits, North America is not as large to-day as was the State of Delaware when the Second Bank of the United States was created,

Sections of the country requiring currency for crop move-ments will prepare for this emergency without difficulty if confidence is maintained, and it is the belief of those best informed that with a central bank where the cash resources of the country may be safely mobilized and always ready to answer the needs of any particular section, token money in addition to the store already in the country will not be needed for many years to come. If it is true that the daily exchanges exceed \$1,000,000,000, it is also true that 95 per cent of these exchanges are made with checks, and the use of checks is constantly increasing because experience has demonstrated that it is a much safer and more satisfactory way to pay debts than by paper money payable to the bearer. It is easy to see that half the cash now in this the bearer. It is easy to see that half the cash now in this country, if kept busy, as it will be if allowed to flow freely to and from a central reservoir, will be more than sufficient to answer all the needs of pay rolls, crop movements, and transportation charges.

Under the bill as it passed the House 12 or more banks, controlled by the bankers and owned by the bankers would in my opinion bring but little if any improvement over the present system. If an attempt to locate these banks did not bring on civil war owing to local jealousies and political complications, all sorts of sectional rivalries and political deals would be possible. The regional banks will, to be sure, be nominally under the supervision of a central board of control, but if the immediate banking operations are left to the bankers and we ever have periods of depression, almost anything may happen, ever have periods of depression, almost anything may happen, and we will have periods of depression. It was the late Thomas B. Reed who said, "The alternations of good and bad times antedate the pyramids," and he might truthfully have added "Will postdate the pyramids." All that any banking system can do or ought to try to do is to protect and facilitate the exchange of credits where credits are sound; honestly conducted banks for honest men, the Government may encourage and protect to the full extent of its legislative powers, but the gambling instinct is strong in the human race, and it will continue to be strong for many years after the present administra-tion has gone into history. The desire to reap where we have not sown will bring periods of high speculative prices, which, when they come to a certain pitch, must go the other way, and the unwary will be caught in the downward trend and suffer losses. No banking system can prevent this, and any attempt to protect gamblers or gamblers' banks will only breed more of the same sort. Whether it is true or not I do not know, but there is a deep-seated feeling that the banks controlling great aggregations of capital and credits have at times combined to control the price of credits and by alternating processes of restriction and inflation have extorted large profits from those who have been at their mercy.

It is also said that men seeking legitimate credit for legitimate enterprises have been refused assistance by the banks, because the proposed industry might compete seriously with established concerns whose owners controlled the banks. It is also said that money is drawn by the banks from all parts of the country and centered in Wall Street to be used in speculation commanding high rates of interest, and the effect of this is to raise the rate over the entire country, if not shut out many legitimate needs.

As I have before remarked, I do not know whether this is true or not, but no one will say that this is impossible, and I want Congress, now that it has this all-important matter in hand, to do all that can be done safely to keep the bad bankers

from contaminating the good bankers. If the bankers control these regional banks, it will be easier for them to connive with the member banks, or at least it will be more difficult to detect and publish such connivance. With a central bank controlled by men of the highest standing, with no banking connections whatever, men who will be looked upon as the trusted agents of the people, always subject to public criticism and investigation, honest bankers and credit merchants would have nothing to fear and the public will have much less to fear than under the system proposed by the Administration. There is great force in the contention that if the bankers subscribe the capital for a central bank, or regional banks, they should have a right to control their own property, but where the stock is subscribed by the public this argument would lose its force, and a single central bank controlled by nine of the best men of the country, appointed by the President with the consent of the Senate, it is my belief that the greatest confidence would exist in the minds of the bankers as well as in the minds of the people. This kind of a central single bank has been tried and found worthy by all the civilized nations. It promises results sound in theory and safe in operation, the kind of a bank which history tells us Andrew Jackson himself would have approved, and which, had it been created in 1836, would probably be in existence to-day. Its great resources would command the confidence of the world; its restraining and protecting in-fluence over the commercial and banking operations of the country would be sound and impartial. It seems to me to be weak, if not cowardly, for us at this time to abandon and lay aside an opportunity which may never come to us again.

It is urged by the opponents of a central bank that the people

do not want it and the people will never stand for it. Mr. President, the people want the best, and we ought to try, at least, to give them the best. The people are densely ignorant of the technique of banking and currency. When this bill passed the House I doubt if there were 10 men in that body who could have described the different kinds of money now in use in the United States or have told which kinds were legal tender. have no fear that my constituents want anything but the best, and I am sure they expect me to find out the best, if I have the wit to do it, and then work and vote for it. And I repeat, it is sincere regret to me that the best can not be considered at this juncture, because of objections known to the Baltimore convention and unknown to history or experience. But if the best can not be had. I sincerely hope that the nearest possible thing to the best will be permitted, which is a system of four banks, controlled by the Government, the stock owned by the people. A greater number means a weaker and less satisfactory system; less certain of wise management, more certain of domination by untoward influences; more expensive, less responsive.

However, in order to secure the support of the committee to a reasonably safe second choice, I consented to a provision which would permit an increase of the number of regional banks to 12, if in two years the central board of control found them to be necessary. I was willing to give President Wilson 12 banks if the central board appointed by him found them necessary after two years of observation and experiment; and, sir, the committee, by a vote of two to one, approved this solution of the problem. It was a tentative vote, but I believe it expressed the convictions of the committee. But on the day following this vote it was asserted that the President would not stand for less than eight banks, and so, reluctantly, I believe, two votes in the committee were changed and the committee was deadlocked. It is only fair and just to accord to every member of that committee the purest motives. I do not say that any man on the committee voted against his convictions, for men change their convictions, and have a right to; but it was a matter of deep regret to me when I learned that a system of not less than eight banks, owned and controlled by the bankers, was to be jammed through the Senate. When you extend this system beyond four banks-one in New York, one in Chicago, one in St. Louis, and one in San Francisco-you invite conditions and embarrassments without number, which will greatly endanger the success of the system, however safe it may seem to be at

There are many important details upon which I will not such at this time. The amount of reserves to be kept, the chartouch at this time. acter of the paper eligible for rediscount, the limit upon such rediscount, the limit upon note issue and their character when issued, the safety of depositors and the rights of regional banks to purchase paper in the open market, the methods of maintaining gold reserves and the retirement of the 2 per cent bonds, the gradual substitution of one kind of bank note for the many now in vogue, the issuance of short-time exchequer notes in exchange for gold—all these questions could have been determined with practical unanimity had not the flat come from some source that eight banks at least, to be owned by the bankers, must be agreed to or it would do unto us even as it was done

Mr. President, there is another item in this controversy which has been liberally urged upon the attention of the Senate, and which is quite as formless and void as is the superstition against a central bank. I refer to the oft-repeated declaration made by Senators upon the other side of this Chamber that the people look upon the pending bill as one of vital necessity to their well-being and are therefore demanding immediate action

by Congress.

First, I want to give my own testimony to the fact that I have received a great many urgent appeals for delay and the exercise of caution in this matter, but I do not remember that I have received a single request, oral or written, in favor of any one of the pending schemes or urging haste in their enactment, Since I have been in the Senate I have noted no measure of importance which has met with such an absolute lack of popular concern as the pending banking and currency legislation. this subject threw open its doors and extended a hearty welcome to every man in the United States who might be interested come to every man in the United States who might be interested to appear and state his views, and yet the committee was compelled to invite, if not urge, the attendance of the handful of men whose testimony it finally secured. There were, perhaps, a few economists and bankers who volunteered their services to the committee, but the people, the general public and the public in general, took no more interest in the hearings than if they had related to the canals in Mars. The economists and bankers and Congressmen especially interested in this subject have discussed for years the needed reform in our banking system in just one particular—that is, the need of a central reservoir, where a portion of the reserves could be kept for emergenciesand had such a reservoir been created, as it easily could have been, our present banking system would have remained unchallenged as the best in the world.

The origin of the present haste to revolutionize the banking system of the country is purely political. There is not one man in ten thousand who cares anything about the subject except to have the right thing done when anything is done. not one man in ten thousand who knows anything about the principles or detail of banking, and his ignorance in this regard is as natural and excusable as his ignorance of the Chinese language. If I am not mistaken, the alleged popular demand and need for this bill, as well as the oft-repeated prophecies and promises of its beneficient effects when enacted, are born of wishes, earnest, deep, and laudable, but purely political in their nature and of very doubtful fulfillment.

The Underwood bill is to furnish the motive power for half the voyage; the Glass-Owen bill is to "waft" us the rest of the way. This is the promise of the Democratic Party and its captain and pilot, and yet we have not gone far enough to hide from view the shores of the dear old Republican harbor, where all was peace and prosperity, when we must fain send up rockets of distress and work the wireless overtime on the "S. O. S." What is it that threatens to send us all to "Davy Jones's locker" before we are out of sight of our old moorings? Tens of thousands of men already thrown out of employment and other tens of thousands working on short time. The steel industry-the great barometer of coming events, the one industry which it has been confidently asserted could stand against the world—is moribund; idle cars and idle factories constantly and rapidly increasing; all the signs pointing but to one thing—hard and still harder times.

The tariff-for-revenue-only wit-sharpening device, instead of propelling the old ship, has done the only thing it has ever or can ever do. It has blown a gigantic hole through the bottom, and the captain says he must have 8 regional banks at least-12 would be better—owned by the bankers, with which to plug up the hole and do the "wafting," or the bottom of the sea will be our next landing. If the captain thinks third-rate banks will stop the leak better than first-rate ones, he will, of course, get them, and I devoutly pray that they will perform the service he anticipates; but, living as I do in an age when miracles are rare, and patriotic, scholastic, eloquent, and well-meaning, but false, political prophets are very plentiful. I shall await results with some concern. I sincerely hope the new banks will keep us affoat until repairs can be made. As I have said, time is the only instrumentality that will test prophecy, and I fully realize now that the sooner free opportunity is given for the test the better. I do not believe that men can buy and pay without money, and I do not believe that men can sell at a loss and have money to pay with very long. I do not believe that the fiscal policy which denies and defies the first law of life will work, and so I am very confident that history will soon repeat itself in American politics.

Mr. WEEKS. Mr. President, when the Senate convened tonight, the point was made that no quorum was present. I think 51 Senators responded to their names on the call of the roll. At 8.30 there were 15 Democrats on the floor of the Senate and 16 Republicans; at 8.40 there were 12 Democrats on the floor and 17 Republicans; at 8.50 there were 12 Democrats on the floor and 18 Republicans; at 9 o'clock there were 13 Democrats on the floor and 17 Republicans; at 9.10 o'clock there were 14 Democrats on the floor and 13 Republicans; and at 9.20 there were 23 Democrats on the floor and 17 Republicans. There has not been a quorum present since the Senate convened to-night; there is not a quorum present now, and I make the point of no quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators an-

swered to their names:

Simmons Smith, Md. Smith, S. C. Ashurst Bacon Bankhead Gallinger Gore Gronna Hitchcock Martine, N. J. Martine, N Myers Newlands Norris O'Gorman Owen Page Pomerene Ransdell Smith, S. Smoot Sterling Stone Swanson Thomas Borah Brady Brandegee Bristow Hollis Jackson James Johnson Jones Bryan Burton Thornton Townsend Vardaman Kenyon Kern Lane Lea Lewis McLean Martin, Va. Chilton Clapp Clark, Wyo. Clarke, Ark. Reed Robinson Walsh Warren Weeks Williams Saulsbury Shafroth Sheppard Colt Crawford Cummins Sherman Shively

Mr. LEWIS. I desire to announce that the absence of the Senator from South Carolina [Mr. Tillman] is caused by illness.

Mr. JAMES. My colleague [Mr. Bradley] is unavoidably absent. He has a general pair with the junior Senator from Indiana [Mr. KERN].

I desire to announce that the senior Senator Mr. SMOOT. from North Dakota [Mr. McCumber] is unavoidably detained from the Senate.

The VICE PRESIDENT. Sixty-three Senators have answered

to the roll call. There is a quorum present.

Mr. OWEN. Mr. President, during the last 10 days Senators on the opposite side of the aisle have frequently made it a matter of entertainment to be making the point of no quorum for the obvious purpose of delaying and wasting time. It is perfectly well known to every Senator who has made the point of no quorum that the Members of this body are in the cloakroom or in the immediate vicinity if they are not on the floor. lieve it has only occurred once, or perhaps twice, that it took some minutes to obtain a quorum. The country might as well observe what the meaning of this is, and I wish to call the attention of the country to the attitude of Senators who are wasting the time of this body.

Mr. BRISTOW. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma

yield to the Senator from Kansas?

Mr. OWEN. I decline to be interrupted, Mr. President.

Mr. BRISTOW. I thought the Senator would in making such

remarks as those. Mr. OWEN. Yes; I do; especially by the Senator from Kansas, whose lack of self-restraint has been so obvious.

The Congress of the United States has a vast work to perform. This currency bill is only a part of it; the tariff bill was only a part of it. Under the head of currency matters we have still many other things which are necessary to be done by Congress. We should have a codification of the national bank acts; we should have laws passed controlling the abuses, the outrages, of the various stock exchanges, of the exchanges that gamble with food products, with agricultural products, and help to fix

high prices upon this country. We should pass laws that are necessary to control the abuses of the clearing houses.

We should pass laws prohibiting interlocking directorates, which control banking systems and trust companies and great industrial companies and railways, linked together on a gigantic scale and thus making effective private monopoly. ought to pass laws establishing an agricultural credit system in this country, a matter of the most serious importance in promoting the food products of this Nation and in promoting the production of the raw materials which come out of the soil. We ought to pass the necessary measures which will control the abuses of private monopoly in this country, and yet day after day is wasted by idle talk upon the floor of the Senate and by day is wasted by idle talk upon the hoor of the senate and by call after call for a quorum, when it is perfectly well known that a quorum will immediately respond to the roll call. We ought to pass laws solving the problem of the high cost of living, which is making the ordinary citizen of this country tremble under the load he carries.

Mr. GALLINGER. We thought the tariff was going to do that.

Mr. OWEN. We ought to pass laws providing for good roads in this country; we ought to pass laws providing for the development of our national waterways. I have some other things to present which this Congress ought to consider and act on, and I propose to place them in the RECORD now for the information of the country—not for the information of the Senate, for the Senate knows perfectly well what they are. We ought to pass a law establishing an independent bureau of public health to protect the public health of this country, which now is simply under the jurisdiction of a branch of the Treasury Department, relatively obscure, smothered, ineffective, although not without much value. We ought to pass laws protecting child labor in this country; we ought to pass a proper employees' insurance system; we ought to pass proper laws for the compensation of workmen; we ought to pass laws establishing proper safety appliances and steel cars on the railway systems of the country; we ought to pass a law for the "probation of convicts" for the benefit of young men who are convicted for the first time, young men who are sent to their ruin by the cruel hand of society, because they make a single mistake.

Year after year I have tried to secure the passage of such a bill through the Senate, and have made no progress. We ought to have cold-storage legislation; we ought to have legislation to bring about pure fabrics and honest measures of goods that are sold to our people; we ought to have a better system for the proper control of railway rates; we ought to have a better system for the control of the issue of stock and bonds, so that the people of this country may not be unfairly taxed by the issue of fraudulent watered securities; we ought to establish vocational education in this country, so as to teach the boys and girls, the young men and women, of this country how to make a

living.

How shall we ever consider these things when day after day is used up in idle debate, without any economy whatever of the time of the Senate? That is the reason why these seats of Senators are vacated. It is because Senators who have made up their minds, have studied the question, do not want to stay a whole week listening to a debate which no longer instructs or interests. That is evidently the reason why Senators vacate their seats-because the debate on the floor of the Senate has become a farce.

We ought to establish postal telegraphs and postal telephones cheap and at the convenient service of the people instead of a

monopoly controlled by a few men unfairly taxing the people and giving them indifferent and poor service.

The Government of the United States ought to own plants for making its own armor plate, for making its own powder, for making its own guns and materials of war, and for building its own battleships. We have not time even to discuss such questions, but have spent about 10 hours during the last week debating a motion to meet at 10 o'clock in the morning.

We ought to have proper legislation to build up the merchant marine of the American Nation. Our flag is practically never seen in foreign ports, and hardly ever seen in our own ports. We ought to take steps, through the Legislature of this Nation, in the House of Representatives and in the Senate, to promote, bring about, and establish universal peace, which we could do if we spent the same amount of money and energy in promoting peace that we do in building navies and in supporting armies.

Nevertheless, until we have a better condition, we ought to have time to consider the naval program and the development

of our military forces.

We ought to have time to discuss on the floor of the Senate the right of the women of this country to the equal privilege of life, liberty, and the pursuit of happiness. This question affects the right of 45,000,000 Americans. Yet we talk from noon till 10 or 11 o'clock at night on Hetch Hetchy, a serious waste of time, because two or three days would be sufficient for the Frisco water supply.

We ought to have an opportunity to discuss upon the floor licentiousness in the public press, which under present conditions is able to give publicity broadcast and wholesale and continuously to things that are untrue and against the public in-terest. The fountains of information for the people are fre-quently poisoned by reckless publications that ought to be guided by law along the lines of decency and moderation, at the same time that full liberty of the press is preserved. We have

not time to debate such questions, but can discuss questions of order at length.

We shall have to pass in the Senate a thousand million dollars of appropriations, and the time will come in the Senate when in a few hours you will see rushed through this body appropriation bills carrying \$100,000,000 with very little analytical discussion. We never have had time even to pass on the question of a budget or to take the necessary steps to adequately provide for the adequate economy and efficiency of the Government.

We have had volumes of reports on economy and efficiency. I have tried to read them. I have read them in part. I doubt if many Senators on the floor have had time to read these reports, which have cost this Nation thousands and thousands of Yet the recommendations there would seem to be of great value in promoting both economy and efficiency of gov-

We ought to have a national progressive inheritance tax as a part of the fiscal system, as every country in Europe has,

because no State can make it effective.

We ought to have the "gateway amendment" passed by which to make comparatively easy the amendment of the Constitution of the United States by the people, because whenever you come into a condition where a vested wrong is established you will find always that the Constitution is urged to prevent a remedy for the people. We could not pass an income tax because the Constitution forbade it, according to the interpretation of a divided court.

We ought to pass an act providing for a presidential primary

for the nomination and election of Presidents.

We ought to have an act passed that will establish the improvement of judicial processes in this country, by which the people may obtain quick justice and cheap justice.

We ought to have laws improving the conditions of labor.

We ought to have a legislative reference bureau and drafting division for the Senate and for the Congress. It is on the calendar. Every time it is brought up objection is made to its consideration.

We ought to have the systematic development of our water

powers and laws passed to encourage and direct them.

We ought to have laws passed for the proper conservation and use of our national forests and of our national minerals, laws that will enable the living generation to enjoy them, to use them, and to conserve them,

We ought to have our patent laws perfected.

There are innumerable questions affecting the welfare of this Nation, in the way of social and industrial reforms, which ought to be considered by the Senate. The time of the Senate ought not to be wasted, and I want to put in the RECORD my protest against it.

I do not make these observations because of the banking and currency bill. The banking and currency bill is only one of the

many things which ought to be passed by the Congress.

The reforms have been pledged or suggested in various platforms, not only Democratic platforms but other platforms, representing large groups of people.

I have in my hand a splendid statement of the various needed social and industrial reforms, which was put into the platform of the Progressive Party of the Nation, a party which registered 4,000,000 votes.

It proposes the conservation of human resources through enlightened measures of social and industrial justice.

It proposes effective legislation, looking to:

The prevention of industrial accidents; Occupational diseases, overwork;

Involuntary unemployment and other injurious effects inci-

dent to modern industry;

The fixing of minimum safety and health standards for the various occupations, and the exercise of the public authority of State and Nation, including the Federal control over interstate commerce and the taxing power, to maintain such standards;

The prohibition of child labor; Minimum wage standards for working women, to provide a "living scale" in all industrial occupations;

The prohibition of night work for women and the establishment of an eight-hour day for women and young persons;

One day's rest in seven for all wageworkers; The 8-hour day in continuous 24-hour industries;

The abolition of the convict contract-labor system, substituting a system of prison production for governmental consumption only, and the application of prisoners' earnings to the support of their dependent families;

Publicity as to wages, hours, and conditions of labor; full reports upon industrial accidents and diseases; and the opening to public inspection of all tallies, weights, measures, and check

systems on labor products;

Standards of compensation for death by industrial accident and injury and trade diseases, which will transfer the burden of lost earnings from the families of working people to the industry, and thus to the community;

The protection of home life against the hazards of sickness, irregular employment, and old age, through the adoption of a system of social insurance adapted to American use;

The development of the creative labor power of America by lifting the last load of illiteracy from American youth and establishing continuous schools for industrial education under public control and encouraging agricultural education and demonstration in rural schools;

The establishment of industrial research laboratories to put the methods and discoveries of science at the service of Amer-

ican producers.

These are some of the social and industrial reforms which ought to be considered, which ought to be provided for, as far as the Federal Government can do so or promote them. want to protest again against the waste of time in the United States Senate. The time has come for cloture in the Senate of the United States. The time has come when Senators who want to address the Senate upon a subject shall be given a reasonable time within which to do it, and then yield the floor to other Senators.

Mr. KERN. Mr. President, the Senator from Massachusetts has seen fit to place in the RECORD the precise number of Senators present on either side of the Chamber at certain intervals named by him. I do not know why he desired thus to reflect upon the drawing powers of the distinguished Senator from Connecticut [Mr. McLean] by emphasizing the proposition that Members of the Senate declined to listen to his very able ad-

While the RECORD is being arranged by Senators on the other side, showing the number of Senators present at stated intervals, it would be well enough to let the RECORD also show that immediately upon the call for a quorum, without any delay at all, 39 Democratic Senators answered to their names, and 2 have since entered the Chamber, making a total of 41 Democratic Senators present out of a possible 50, 2 being sick, leaving 7 Democratic Senators not present and unaccounted for. It might be well for the RECORD also to show in this connection that out of a possible 45 Senators on the Republican side, there were 24 who answered the roll call, leaving 21 unaccounted for, except that 1 on that side is sick, leaving 20 unaccounted for.

So, if the purpose of the Senator on the other side was to

show that the Democratic Senators were not paying attention to their duty, while the Republican Senators were vigilant in that regard, it seems to me he has utterly failed in his purpose.

Mr. GALLINGER. Mr. President, this is, I think, the third

tirade we have listened to in the last two weeks from the Senator from Oklahoma. I confess it is getting a trifle tedious, because if there is any one Senator who wastes the time of the Senate without either rhyme or reason it is the Senator from Oklahoma when he reads a lecture to the Senate on what he

considers the duty of Senators.

What a paradise this Nation would be, and possibly the world, if the membership of both Houses of Congress should abdicate and let the Senator from Oklahoma transact the business of the country! What a program he has laid out for us to-night, consisting of every conceivable wildcat theory in legislation that has been suggested by any man during the last 20 Yet the Senator stands here and seriously says he is informing the country as to the dereliction on the part of the Republicans in the matter of legislation.

He finds fault because a quorum is called for from time to time. The rules of the Senate give any Senator that privilege. I have stood at my desk for days and days, advocating what I conceived to be important measures, when the roll was called regularly once in five minutes at the request of Members on the other side of this Chamber. We did not find fault. It was their privilege to do it if they chose. I sat at my desk and listened to the Senator from Oklahoma occupying, I think, eight hours in the closing sessions of Congress defeating legislation by conducting a filibuster that was not justified under the circumstances.

Yet the Senator from Oklahoma says these things for the purpose of "acquainting the country"—he cares nothing about the Senate, he says—with the terrible things that are being committed by the Republicans of this body in the matter of requiring a decent attendance upon the sessions of the Senate.

Mr. President, we have been compelled by the majority to come here at 10 o'clock in the morning and remain until 11 o'clock in the evening. There is no reason for it. There is no justification for it. I say that under such circumstances it is not only our right but our duty to see that the business of the Senate is conducted with a quorum of the Senators in their seats.

The Senator from Oklahoma calls attention to the fact that after a little while appropriation bills will be here appropriating a thousand million dollars to carry on the work of this great country of ours. The Senator from Oklahoma and I are both members of the Committee on Appropriations. If the only opportunity I had to become acquainted with the Senator from Oklahoma were in the room of the Committee on Appropriations, I should not have been able to recognize him to-night, [Laughter.]

I think it is time to stop this ill-natured discussion as to the duty of Senators and our rights under the rules of the Senate. We were kept here under the whip and lash and told that we must pass a tariff bill in a certain length of time. We passed the tariff bill in less time than any tariff bill has been passed during my 20 years' service in this body. We did it because it was demanded of us by the majority in this body and by the President of the United States. We were promised that if we passed that law great relief would come to the people of the United States, that the high cost of living would be reduced, and that happiness would pervade every American home. As I said the other day, one Democratic Senator stood in his place and solemnly said that the passage of that bill would lift a burden of \$400,000,000 from the shoulders of the American

What has been the result? Every intelligent man knows that the passage of that law did not remove the burdens from the American people. Every man knows that the high cost of living has not been reduced, but that it has steadily increased since that time. Every man who goes to the trouble to acquaint him-self with industrial conditions in this country to-day knows that there is great industrial disturbance, great want of employment, and great misery among a large class of our people.

Only two days ago a gentleman conducting one of the largest businesses in this country—I think employing 13,000 men—stated in this city that he had had in a single day 6,000 applications for employment, and that the average was 3,000 per

I picked up a paper only to-day, the Evening Star, of Philadelphia, and found in it an article to which I wish to call attention. For the purpose of showing how this glorious tariff law which was going to give such relief to the American people is working, I propose to read a little editorial from that paper:

The people of Phoenixville, which is close to this city-

That is, close to Philadelphia-

have an excellent chance to observe the workings of the new tariff.

They find that there are at least 3,000 persons who live there who are at present out of employment, and the entire population of the town is but 10,000.

This makes the prospect for Christmas the drearlest which Phoenix-ville has had since the time when the former Democratic tariff was enacted.

Congressmen of the Democratic

rins makes the prospect for Christmas the dreariest which Phoenix-ville has had since the time when the former Democratic tariff was enacted.

Congressmen of the Democratic persuasion may talk in high-sounding phrases, they may promise a lower cost of living while prices continue to soar, they may prate of what they are going to do for the country and for its people, but the people of Phoenixville know what they have already done for them, and the 3,000 who are out of work have excellent reason for being dissatisfied with it.

Charles M. Schwab and other business men have foretold what would happen under this tariff. There can be no excuse made that the Democrats were not warned before they acted. They were told again and again, but they went right ahead with their legislation with a supreme indifference to what was being said. In fact, they laughed and jeered at those who told them they were legislating against the well-being and the prosperity of the country.

The day is at hand when we are about to have that proof of the pudding which consists of the eating. Unfortunately it is by no means the kind of a Christmas pudding which we may relish. On the contrary, it is found to be anything but inviting, and there are thousands who now know from bitter experience the truth of the discussions which were had at such length, pro and con, concerning the tariff.

So long as old orders remained to be filled the workmen of Phoenix-ville continued employed. But the time came when the old orders were all gotten out. New orders did not come in. Work slacked down, gradually at first, but later on faster. There was nothing for the men to do in the mills, and as a consequence men had to be laid off. At first only small numbers, but later, more. The condition in that small and formerly prosperous, happy, and bustling city speaks for itself. It will not do for any Democratic orator to go there to try and convince the formerly contented and happy workmen that this is a merry Christmas.

Mr. President, that was the panacea which was going to cure all the ills of the body politic, the passage of the new tariff law. It has not worked as our Democratic friends prophesied.

We have now a currency bill before us for consideration. Heaven's sake, Mr. President, is not that of sufficient consequence to engage the attention of the Senate for a reasonable length of time? But the Senator from Oklahoma wants to rush it through this body at lightning speed. I presume if the Senator had his way he would make his speech and then the argument would be closed and the vote would be taken. But we are not going to legislate that way this year. We are going to have a fair, considerate, and intelligent discussion of this question, and when the vote comes it will be after reasonable and intelligent debate.

Of course, those of us on this side of the Chamber know that that discussion is in one sense futile. We understand that a Democratic caucus has decreed that the bill which the Senator from Oklahoma stands sponsor for is to become the law of the

land. But that does not warrant us, Mr. President, in remaining silent and permitting the Senator from Oklahoma to do the legislation for the country, which we are all sworn to do our best to conserve.

So I say, Mr. President, that I regret the Senator from Oklahoma has for a third time taken occasion to read a lecture to the Senate, and especially to the Republican side of the Senate. The Senator from Oklahoma has not presented this matter fairly, so far as the calling of the roll is concerned. A few days ago the Senator from Oklahoma caused to be put in the RECORD the fact that when the roll call was demanded there were 56 Senators present, when there were only 8 Senators present when the roll call was demanded. I used some language then, Mr. President, in response to the Senator from Oklahoma, which at his suggestion has been stricken from the RECORD, but I am tempted to repeat it in view of what the Senator from Oklahoma has said to the Senate.

Mr. President, I see no reason why we should not be goodnatured. I see no reason why we should not attribute to each other honest motives and intelligent purposes. I see no reason why the legislation of this session may not proceed in an orderly and proper way. If we are to sit here from 10 o'clock in the morning until 11 o'clock at night, to the injury of the health of every one of us, let us at least conduct ourselves like gentlemen and give to each Senator the same praise for industry and

for the performance of his duties that we claim for ourselves.

But, Mr. President, I desire to put on record the fact that I will not sit in my seat, commanded to be here by the majority of this body at unreasonable hours, and permit any Senator to make a speech when eight Senators are in the Chamber and the others are enjoying themselves in the cloakrooms or in their committee rooms, smoking their cigars and telling of the triumphs of their political lives.

Mr. President, let the work go on. Let the legislation proceed. Let us continue to consider this bill as it has been considered. I can not recall a single speech that has not been an instructive one, and I am waiting, Mr. President, with eager expectancy, with buoyant anticipation, to hear the Senator from Oklahoma, when he will solve all the problems that confront us to-day and lead us along a path that will bring to us all hap-

piness and contentment and prosperity.

Mr. OWEN. Mr. President, I will solve only one problem at a time. The first problem I will solve is the problem proposed by the Senator from New Hampshire in repeating in substance what he put in the Record a few days ago. He put the following language in the Record. On page 167 of the Record the Senator said:

I am unwilling that any Senator should impeach the integrity of other Senators—and if it were not that a rule stands in the way, I should use more emphatic language than I propose to do—by sending out to the country the statement that when I made the point of no quorum there were 56 Senators present in the Chamber. It was not true.

I call the attention of the Senator from New Hampshire to that language. I did not know at the time it was done that the Senator had made a statement which in effect was intended to impeach the integrity of the Senator from Oklahoma. When my attention was called to it 24 hours later I called his attention to his breach of etiquette and to his breach of the rules of the Senate in imputing to a Senator on the floor a lack of integrity in having made a statement which "was not true." The Senator said, "I am unwilling that any Senator should impeach the integrity of other Senators," and immediately was himself guilty of the very fault which he said he was unwilling that another Senator should commit.

But, Mr. President, let us see how far justified the Senator from New Hampshire was in his criticism of the Senator from Oklahoma. The Record, on page 164, shows the following language used by the Senator from Oklahoma:

Mr. Gallinger made the point of no quorum at 5.15 p. m. on Monday. Mr. Penrose had a roll call taken on a motion for a recess, which resulted in 53 yeas and 5 nays, at 5.35 p. m. Mr. Smoot made the point of no quorum at 8 o'clock and 1 minute p. m. on Monday. Mr. Sutherland made the point of no quorum on Tuesday at 1.55 p. m. There were 58 present on the roll call, although doubtless there were not 58 present at the time the call was made.

Mr. GALLINGER. Does the Senator find the words "roll call" in the CONGRESSIONAL RECORD?

Mr. OWEN, I am reading it; yes. Mr. GALLINGER. Did the Senator state it at the time he

made that statement-on his honor?

Mr. OWEN. I do not know just what the Senator means by his question. Does the Senator mean to suggest that this language was interpolated in the RECORD after the statement had been made?

Mr. GALLINGER. I listened to the Senator, and the Senator said that 58 Senators were present. That is precisely the language he used.

Mr. OWEN. When the RECORD was brought to me I do not remember whether I put in "roll call" or not, but the term "roll call" appears frequently throughout my remember and makes perfectly clear my meaning. I will say to the Senator that while I do not recall the identical words that I used on any of these occasions, at the same time I do know that the Senator had no reason to believe, that the Senate had no reason to believe, and that no one had any right to believe that any other purpose was intended by the Senator from Oklahoma than to refer to the number of Senators answering to the roll call.

Mr. GALLINGER. The Senator will recall that he showed me that very matter that he is reading and had written with his own hand "on the roll call."

Mr. OWEN. The Senator never showed this [referring to the record in his hand] to the Senator from New Hampshire, be-

cause he, the Senator, has never seen it.

Mr. GALLINGER. I beg pardon; the Senator is mistaken. Mr. OWEN. The Senator had seen the RECORD, no doubt, but that is not what I have in my hand.

Mr. GALLINGER. I ask the Senator if the Senator did not interpolate those words?

Mr. OWEN. I do not think so.

Mr. GALLINGER. The Senator ought to know.

Mr. OWEN. It is very easy for the Senator to say that one ought to know. I do not recall exactly what changes I might have made, or the language of the RECORD when it was brought to me, but I know this term appeared frequently. The original Record can be very easily obtained. I will have it sent for. I ask the reporter to have it brought to the Chamber.

Mr. Sutherland made the point of no quorum at 2.45 p. m., and 59 were present on the roll call. \* \* \* Mr. Smoot made the point of no quorum at 4 p. m., and 54 were present on the roll call. Mr. Smoot made the point of no quorum at 5.12 p. m., and 52 were present on the roll call.

I wish the reporter to have the report of this Record brought to the Senate.

Mr. Gallinger made the point of no quorum at 8 o'clock p. m., and 56 were present on the roll call.

Mr. GALLINGER said:

Will the Senator from Oklahoma permit me to say that at the time I made the point of no quorum there were just eight Senators in their seats?

My reply was "Doubtless."

Mr. GALLINGER. Mr. President, will the Senator permit me? The Senator is reading the first statement that he made in reference to the roll call?

Mr. OWEN. I am not. I am reading the second statement,

on page 164, as I have said.

Mr. GALLINGER. Will the Senator kindly read the first statement he made, to which I made the response?

Mr. OWEN. I will before I conclude.

Mr. GALLINGER. Thank you.

Mr. OWEN. I read on:

Mr. Owen. Doubtless; but the Senator did not state the number of Republicans who were in their seats.
Mr. Gallinger. It does not make any difference on that point at all.
Mr. Owen. I do not think it does.
Mr. Gallinger. The Senator from Oklahoma has already put into the

Mr. Owen. The Senator from Oklahoma will continue to put in the Record the attitude of Senators on the other side.

Mr. Gallinger. The Senator has put into the Record that when I made the point of no quorum there were 65 Senators present. They may have been in the cloakroom or on the street or somewhere else, but they were not at that time present in the Senate Chamber, as the Senator would have the country believe.

Mr. Owen. They were in the cloakrooms, relieving themselves of the weariness of prolonged and tedious debate that ought not to have taken any such length of time. It does not require any Senator 10 hours to tell what he knows about Hetch Hetchy.

When I first referred to this matter, December 2, page 53 of the Record, column 1, when the Senator from New Hampshire asked me what I said in regard to the Senators present, the following colloquy took place. The first time I did not say "on the roll call." I simply said there were 56 Senators present, meaning, of course, on the roll call, because that is the only way we can authoritatively determine the number of Senators present. But immediately following that this took place:

Mr. Gallinger. Mr. President, did I understand the Senator to say that when I made the point of no quorum, at 8 o'clock, there were forty-odd Senators present?

Mr. Owen. I said the call of the roll disclosed the presence of 56

Senators.

Mr. GALLINGER. Yes; but we do not count Senators who are in the cloakroom or in other places outside of the Chamber. There were not half that number present when I made the point of no quorum.

That was the first time there came an interchange between the Senator from New Hampshire and the Senator from Oklahoma, and it would be impossible for anybody to understand from that language that the Senator from Oklahoma desired to express to the country the idea that there were 56 Senators

in their seats at the instant when the Senator from New Hampshire made the point of no quorum. On the contrary, the Senator from Oklahoma then and there said in the plainest possible language:

I said the call of the roll disclosed the presence of 56 Senators.

Mr. GALLINGER. But previous to that the Senator said 56 Senators were present at the time I made the point.

Mr. OWEN. The Senator asked me what I meant by it, and

immediately answered.

Mr. GALLINGER. Of course, the Senator is entitled to the credit of what he meant; but he did not say it, and that is the statement that I controverted.

Mr. OWEN. The Senator from Oklahoma is entitled to what the Senator from Oklahoma actually said. The Senator from Oklahoma said, on page 67 of the RECORD, column 1, that on Tuesday, the 2d day of December, a call of the roll disclosed 56 Senators, explaining the words which had just been used a

moment before. It was after that—
Mr. GALLINGER. The Senator said that after his attention had been called to the fact that he had used the other term

previously

Mr. OWEN. No; the Senator from New Hampshire said: Mr. President, did I understand the Senator to say that when I made the point of no quorum at 8 o'clock there were forty-odd Senators present?

Mr. OWEN said:

I said the call of the roll disclosed the presence of 56 Senators.

Mr. GALLINGER. That is precisely what the Senator from Oklahoma did not say.

Mr. OWEN. That is precisely what the Senator from Oklahoma did say, and the Record shows it, as I am reading from it. Mr. GALLINGER. I mean, the Senator did not say it on the previous occasion, when he was rebuking the Republican side.

Mr. OWEN. It was well known. If the Senator will look at page 67 of the RECORD, column 1, he will see the accuracy of what the Senator from Oklahoma said.

Mr. GALLINGER. Here is what the Senator said:

It is very painful to make observations of this character in the absence of the Senator.

That was the absence of the Senator from Utah [Mr. Smoot], who for once was out of the Chamber.

The Senator from New Hampshire made the point of no quorum at 8 o'clock to-night. There were 56 Senators present.

If the Senator thinks that the country to which he is talking-I am not talking to the country at all; I do not think the country cares a rap about this, but the Senator is talking to the country—if the Senator thinks the country thought that

those 56 Senators were here after a roll call—
Mr. OWEN. The next paragraph shows the complete explanation, for I immediately said the call of the roll disclosed the presence of 56 Senators.

Mr. GALLINGER. But the Senator did not say it.
Mr. OWEN. The Senator did say it immediately.
Mr. GALLINGER. After the Senator's attention was called to it he corrected himself, it is true.

Mr. OWEN. If the Senator desires to quibble, I have no objection.

Mr. GALLINGER. I have no desire to quibble. I think the Senator from Oklahoma is wasting a good deal of valuable time. Mr. OWEN. No; the Senator from Oklahoma is wasting no time. When the Senator from New Hampshire attempts to put him in the attitude of making a misrepresentation, the Senator from Oklahoma has a right to defend himself on the floor, and to make it perfectly clear that he did not misrepresent the Senator from New Hampshire, and that he did the Senator from New Hampshire no injustice, but that the Senator from New Hampshire, having had his attention called to it a dozen times, on page 67, on page 164, and on page 167, where the Senator from Oslahoma referred to the roll call seven times, the Senator from New Hampshire, nevertheless, thereafter made his complaint that the Senator from Oklahoma was misrepresenting

Mr. GALLINGER. No; Mr. President-

Mr. OWEN. And it is for the Senator from New Hampshire

Mr. GALLINGER. Suppose we have a modus vivendi. The Senator from Oklahoma entertains his opinion and the Senator from New Hampshire entertains his, and I am willing to go on with the consideration of the currency bill.

President is anxious that we should proceed with it.

Mr. OWEN. I am perfectly willing to drop it. I do not think when the Senator used the language he had any intention to say anything that was unfair or unjust. I took it just as a thoughtless speech, as it was.

Mr. GALLINGER. It was not very thoughtless.

Mr. OWEN. Oh, yes; it was thoughtless and unintentional; and instead of making any answer to it in the RECORD I simply called the attention of the Senator from New Hampshire to it, and called his attention to his own inaccuracy, so that he might expunge it from the RECORD, which he ought to have done. But the Senator saw fit to renew it.

Mr. GALLINGER. I did not renew it. I did not admit any inaccuracy. I did expunge it from the permanent Record, because the Senator from Oklahoma wanted me to do it, and I

wanted to please him.

Mr. OWEN. Now, the whole record is in. I have no desire that the original shall be expunged, and I ask that it be put

Mr. GALLINGER. That is satisfactory to me. The VICE PRESIDENT. The official reporters will correct

the RECORD to suit the Senators.

Mr. SMOOT. Mr. President, I have called for a quorum of the Senate twice to-day, and I deny the charge of the Senator from Oklahoma [Mr. Owen] that on either occasion I called for a quorum to waste time. The first time I called for a quorum to-day was at 2 minutes past 10 o'clock this morning, when there were but eight Senators on the floor of the Senate. Every Senator on the Democratic side of the Chamber knows that I have said on more than one occasion that I do not believe we ought to consider business in this Chamber unless there is a quorum present.

Mr. WILLIAMS. Mr. President, I wish to ask the Senator a question for information. Do I understand the Senator to say that it was at 2 minutes after 10 o'clock when he made the point of no quorum-2 minutes after the time fixed for the

Senate to convene?

Mr. SMOOT. It was.

Mr. WILLIAMS. I wish to ask the Senator from Utah if it is not the rarest thing in the world that there is ever a quorum of this body or of the other 2 minutes after the hour of meeting?

Mr. SMOOT. Lately that has been true, Mr. President. It

is a very rare occurrence.

Mr. WILLIAMS. It hardly ever occurs,

It happens of late that it has been a very rare Mr. SMOOT. occurrence; in fact, since the time was set to meet at 10 o'clock a. m. there has never been a quorum here at that hour.

Mr. WILLIAMS. When we meet at 12 o'clock, there is hardly ever a quorum here at 2 minutes past 12 o'clock

Mr. SMOOT. Many times I have seen a quorum in this body at 12 o'clock, and I do not think there would be any difficulty

about getting a quorum now if we met at 12 o'clock.

The next time that I called for a quorum was this evening shortly after 8 o'clock, when there were but seven Senators in the That happened after the recess from 6 o'clock until 8 o'clock; the Senator from Connecticut [Mr. McLean] was to begin his speech, and I felt that it was nothing but right and proper that he should have a quorum here.

I recognize the vast amount of work to be performed by Congress, but I want to say to the Senator from Oklahoma that that work is to be performed not in the cloakrooms or in a Democratic caucus. The proper place to perform that work is upon the floor of the Senate or in the committees of the Senate, as

it has always been performed in the past.

The Senator has recited a long list of laws that we ought to pass; and I want to say to him that if we are to pass them, Senators at least have got to be in Washington.

Mr. President, last evening, after 9.30 o'clock, there was no quorum present here, either in the Chamber or in the cloakrooms; no one called for a quorum; and it seems rather strange, indeed, to charge that it is for delay that quorums have been called for to-day, when each call took about 10 minutes 40 minutes out of 13 hours. If we wanted delay, Mr. President, there is not a Senator on either side of the Chamber who could not take the floor and occupy it 40 minutes at any time upon this question, or upon any other question that might be before

I want to deny, Mr. President, that there is any intention on the part of any Senator on this side of the Chamber to delay the consideration of the currency bill, as has been stated The Senator from time and again upon the floor of the Senate. Oklahoma has to-night wasted more time that would otherwise have been occupied in the discussion of this bill than has any Senator upon this side of the Chamber from the day that we started with the consideration of the bill.

I also wish to ask the Senator, if we wanted to waste time and to delay this measure, does he think that Senators on this side of the Chamber would furnish a quorum? Last night, when a quorum was called for and the President of the Senate announced that 45 Senators were present, there were 25 Democratic Senators who answered the roll call and 24 Republicans

who answered it. Does that look as though we wanted to delay the consideration of this measure? If we had so desired, the Republican Senators would have absented themselves from the Chamber and required the Democrats to furnish a quorum here all the time.

I wish to say, not only to the Senator from Oklahoma but to the country, that I do not propose to delay nor to be a party in any way toward delaying the consideration of this bill; and I do not know whether or not I shall occupy the time of the Senate by the remarks which I intended to make in reference to it, for I want a vote upon this measure.

What was the object of the Senator in reading a lecture to this body to-night and telling what laws ought to be passed?

The Senator from Oklahoma knows, and every other Senator in this body knows, that just as soon as the currency bill is passed it will take but one session of the Senate to consider the bills that are on the calendar which will be considered be-fore the holidays, and I do not think there is a Senator here who does not believe that as soon as the currency bill is passed and the conference report agreed to, Congress will take a recess until after the Christmas holidays. The lecture, however, was

given not for Congress but for the country.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Oklahoma [Mr. Owen] to the

pending bill.

Mr. ASHURST. Mr. President, in my opinion the speech which the Senator from Oklahoma [Mr. Owen] delivered to the Senate to-night will become historic, for he has not only delivered an address accurately advising the Democrats and the Republicans what their duty is, but he has also stated what another political party will do if the Democrats and Republicans fail to enact the legislation which he has described and that should be enacted.

Mr. CRAWFORD. Mr. President, I infer from some things which have been said here that they were being said for the purpose of going to the country, and I have wondered if the Senators who were giving utterance to them really believed that they would be very beneficial to them when they got to the country-a sort of hors de combat here over the question of how many times the question of no quorum has been raised, and these personal disputes are matters in which I do not believe

the country is profoundly interested.

Mr. President, the country is interested in the currency bill. I believe the country would like to have the discussion proceed in a spirit of nonpartisanship; it would like to have a discussion the purpose of which is to reach conclusions sound and just and which will end in wholesome legislation. I do not believe it is quite fair to Members on this side of the Chamber to assume that because the majority has determined in a conference what they shall do in regard to this bill it is a waste of time for Members on this side of the Chamber to discuss the various provisions of it, although it is probable that their views will not find a place in the statute when this bill shall be crystallized into statute.

I am unable to forget, Mr. President, that, even as a member of the minority, I have some responsibility when I come to vote upon this measure, and some duty to perform in the dis-cussion of the bill itself. I am not at all disposed to think that these bills, whichever one prevails here, do not have more of good in them than evil. I would like, I will say frankly, to see the bill reported by the group of Senators with whom I joined in making a report be the one adopted and passed by the Senate, because I think it is a better bill than the other; but if it should be determined that the other is the bill which must be passed, I expect to vote for it, because I believe that, notwithstanding there are defects in it which I think we ought to remove, on the whole it will be of great benefit to the people of the United States.

I am not going to make a formal speech-I have not prepared one-but I want to call attention to some things which I think ought to be seriously considered by the Senate in weighing the merits of the two bills which have been presented in the two reports. The first and the great difference to which I desire to address myself—the hour is late, and I shall speak briefly-is the difference between the two bills in relation to stock ownership.

Mr. President, when I read the draft of the bill which was introduced in the House of Representatives and which afterwards passed that body, I felt some resentment and a sort of inherent repugnance to the provisions in it which require all the national banks to subscribe for the stock of these reserve banks; not, sir, because I have any feeling of partiality or disposition to indulge in favoritism toward national banks, but because I believe that fundamentally it is un-American and un-sound to say to any citizen, corporate or individual, "you shall

pay your money for stock in a reserve bank whether you want to do so or not, and the penalty of your failure to subscribe and pay for such stock shall be that you give up your charter and go out of business."

I have not liked that provision of the bill as it passed the House, and which is in the bill as it was reported by the group of Senators of which the distinguished Senator from Oklahoma [Mr. Owen] is the head. I have not been able to see any necessity for so drastic a requirement as that, and I will say that it seems to me to be fundamentally wrong, because if the great public is willing voluntarily to come forward without coercion and subscribe and pay for this stock and is willing, anxious, and ready to furnish this capital, why should the Government say to the banks, "You and you alone shall be required to do it?" Upon what theory does that principle rest and why should such a power as that he county. and why should such a power as that be exerted to compel the banks to take this stock? Suppose the banks yield, as I presume they will, to that coercive feature of the bill and take this stock; then you will have forced an exclusive privilege upon the subscribing banks, whether they so consider it or not, because, as stockholders, you have confined the ownership to a class; you have given them the exclusive right to purchase and own that stock. I want to ask my friends on the other side of the Chamber, do they really consider that that is democratic?

Mr. SHAFROTH. Mr. President—
Mr. CRAWFORD

Mr. CRAWFORD. Is there not an element in that very proposition of the most vicious kind of class legislation? Is there not a principle there that is really on its face un-American? Mr. Brown, Mr. Smith, and Mr. Jones have \$5,000, \$10,000, and \$2,000, respectively, at their disposal, which they are anxious to invest in stock in a Federal reserve bank; they are perfectly willing to do so to get 5 per cent interest upon their investment; they are looking for just such an investment as that, but you deny to them the privilege of subscribing to that stock, investing their money in it, and receiving-

Mr. SHAFROTH. Mr. President— Mr. CRAWFORD. Just let me finish this thought—receiving the 5 per cent dividend upon it. They are American citizens The person seeking the investment may be a widow or a minor child whose guardian is anxious to make an investment of this character for him; they have the funds, they are seeking a place to invest them, and want to take this stock; in fact, they are anxious to subscribe for it and believe in it; but you say to them, "You shall not have the privilege of taking the stock." and then to the small bank out in a little town of 1,500 people, in a community where the officers of that bank are unable to see how any investment in the stock of a Federal reserve bank is going to be of any benefit to them, and who say, "We have not the kind of prime liquid assets that we can take over to the reserve bank upon which to obtain credit or upon which we can get currency, and we do not want to be coerced into taking funds out of our bank and investing in the stock of that Federal reserve bank"; you say, "You shall do so or give up your charter; you shall do so within 12 months or else go out of business as a national bank." You say to the stockholders who have their funds invested in this little country bank, upon which they may be receiving 12 per cent per annum, and who have for 10 or 15 years enjoyed all the rights of stockholders in a bank which has its local clientele, which has its peculiar business adjusted to its surroundings in the community in which it is planted, who are all satisfied, and who do not see the need of having stock in a Federal reserve bank, you say to them, "Your bank shall subscribe for an amount of stock in a Federal reserve bank equal to 20 per cent of its capital; it must pay for it; if it does not do so, it must give up its charter." At the same time you deny to the private individual living in the same community who may be anxious to take the stock and get the 5 per cent upon it the privilege of subscribing for it. I want to ask some of my friends on the other side of the Chamber is that American; is that democratic; is that fair and just; is it placing all classes of individuals and corporations upon a basis of equality? I say, when I read the bill and looked at that feature of it, it was repugnant to my sense of what is just and fair, and I wondered why it was put in the

Why was this provision coercing all of the national banks to take this stock, and not recognizing the right of individuals to subscribe for a dollar of it, put in the bill? We are told, "Because the system will not be a success unless all of the national banks are compelled to come into it." We are told: "It is to be a bank of banks. It is to be an institution created by law to enable the banks to get relief by rediscounting paper

in it, by procuring currency from it."

When one gets that viewpoint of the matter he asks the

where existing banks have been compelled to come in and furnish the capital for new banks of this kind, which can deal only with banks?

I do not know where it is. In all the literature that was collected by the National Monetary Commission-and our shelves are loaded down with it-volume after volume deals with the banking systems of France and of Germany and of Belgium and of Russia and of England and of Canada and of all the civilized nations, but you will find no such banking system as that.

We were told that our present system is archaic, not up to date, not modern, and it is insisted that the system of England and the system of France and the system of Germany are so much better that we are away in the rear. When we look at these banking systems, do they have any such feature as this

in them? Not at all.

The Bank of France, about which we have heard so much in the discussions and read so much in the literature, is owned by individuals scattered all through the Republic. The number of stockholders reaches into the thousands. It is not a bank of banks. In order to regulate discounts, check speculation, and secure a stock of gold it goes into the market and deals with individuals. It receives the deposits of individuals and loans money to individuals. We do not get this principle of coercion from the Bank of France. We do not get it from the German system. Although controlled by the Government and all that, the Imperial Bank of Germany is owned by individuals and it can deal with individuals. The Bank of England can deal with the man who comes in from the street as well as with the great joint-stock companies of England.

Where do we find a precedent for a close corporation like this, interlocking all the national banks, tying them together, and requiring them to own its stock exclusively, so that individuals can not share at all in the ownership of or enjoy direct dealings with it? Where do we find a precedent for this anywhere in all the banking systems of the world? I ask Senators who are championing this particular feature of the bill to point out a precedent for it in the banking systems of

the world.

I should be glad to hear from some Senator on that subject and have him point to a single instance in the history of modern banking and modern banking systems where banks organized by the Government, as these banks are, are owned exclusively by banks and the business of which is confined exclusively to banks.

Mr. REED. Mr. President-

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Missouri?

Mr. CRAWFORD. I do.

Mr. REED. I wish to ask the Senator who owns the stock of the small country national banks of his State?

Mr. CRAWFORD. The stockholders.

Mr. REED. Oh, yes; but what class of people?

Mr. CRAWFORD. All kinds of people-farmers, merchants, lawyers, doctors-all kinds of people.

Mr. REED. It is scattered generally throughout the communities in which the bank is situated, is it not?

Mr. CRAWFORD. Yes.

Mr. REED. That is true of the small banks all over the country, is it not?

Mr. CRAWFORD. Generally.

Mr. REED. The same thing is true of the State banks, is it not, that may come into the system?

Mr. CRAWFORD. Quite generally. Mr. REED. Then, is it not true that the stock of the present banking system is scattered generally among the people of the United States, of all classes?

Mr. CRAWFORD. That is true.

Mr. REED. Is there, then, any danger if the stock in these new banks is owned by the existing banks, which in turn are owned by the people generally, scattered all through the United States?

Mr. CRAWFORD. Mr. President, I have not referred to it as a danger. I have referred to it as a wrong principle to coerce these people and these banks into subscribing for this stock. I have challenged Senators to point to a precedent for such legislation anywhere in the world in modern banking systems, I have not called attention to it as being a danger. I will discuss that a little later on,

Mr. REED. But if there is no wrong that can be pointed out, we need not disturb ourselves about whether or not it has ever

happened before.

Mr. CRAWFORD. Mr. President, if I were to come to the Senator from Missouri and, at the point of a pistol, compel him question: "Is there any banking system similar to this pro-posal anywhere in the wide world? Is there a place on earth I had a benevolent purpose, that when I got it I was going to to go into his pocket and pay over his money to me, saying that invest it for his benefit and no harm would come to him, I imagine the Senator from Missouri would protest nevertheless.

Mr. REED. Not in the least, Mr. President.
Mr. CRAWFORD. Then, the Senator is a greater lover of
peace and thinks less of his liberty and personal freedom than

No; not at all. I simply put a proper value on Mr. REED.

my purse, Mr. President.

Mr. CRAWFORD. Mr. President, I can not give up my time It is late. I am going to discuss several things here. I know the Senator's charming habit, and his delightful manner, and all that, but it is 10 minutes of 11 o'clock, and I want to follow some thoughts here in some sort of consecutive fashion. I hope the Senator will not take up too much of my time.

Mr. REED. No; I do not intend to. The VICE PRESIDENT. The Senator from South Dakota is entitled to the floor, and he refuses to yield.

Mr. REED. But a moment ago the Senator was hurling challenges over at this side.

Mr. CRAWFORD. My challenge has not been accepted.

Mr. REED. I am accepting it now. Mr. CRAWFORD. Where is your law, where is your prece-

dent, anywhere on earth, for this kind of legislation?

Mr. REED. I have just discussed the public end of it. The Senator conceded that all the stock of the present system was owned by the public and that there was not any wrong in that.

Mr. CRAWFORD. No; I do not concede it the way the Sena-

tor puts it.

Mr. REED. Now I am coming to the question of coercion. I want to ask the Senator if it is not true that it is the primary duty of every bank to stand ready and able at all times to pay to its depositors, dollar for dollar, on demand, the money they have put over its counters? Is not that its legal and moral duty?

Mr. CRAWFORD. That is true. Mr. REED. Then I want to ask the Senator if the banks have not utterly failed to keep themselves in a position to respond to that legal liability?

Mr. CRAWFORD. They have not utterly failed, in the

broad sense. They have at times failed.

Yes; they have at times failed, and at all times they are unable to comply with the demand if the demand is

Mr. CRAWFORD. Mr. President, the trouble with the Senator is that he is assuming a line of thought that I am not following. I am not defending these banks; I am not championing them. I am talking about a principle. I am talking particularly about the exclusion of the general public from the right, which it may be anxious to have, of subscribing to this stock.

Mr. REED. But if the Senator will bear with me, one thing

at a time. Let us talk about this for a moment, because the

Senator has been very free with his challenges.

Mr. CRAWFORD. But the Senator is not accepting my

challenge

Mr. REED. Oh, yes, I am. The Senator will not wait—
Mr. CRAWFORD. Mr. President, I shall have to insist on

following my argument in my own way. If the Senator can point to a law in a single civilized country as a precedent for this legislation, he has bad time to do it and he has not done it.

Mr. REED. Mr. President, I can point to a law on the stat-

ute books of the United States to-day that compels banks to impound their reserves.

Mr. CRAWFORD. Yes; and I want that feature preserved

in this law.

The Senator can not escape by denying me the right now to follow his assertions to the conclusion, and he ought not to try to do so. At the present time the law of the United States requires the banks to keep their reserves in certain localities.

Mr. CRAWFORD. Mr. President, I can not consent to the Senator from Missouri traveling over a line of argument and discussing matters that I intend to discuss myself in the future, instead of accepting my challenge and going to the point to which I alluded. I am going to make this argument myself. [Laughter.

The VICE PRESIDENT. The Chair has stated that the Sen-

ator from South Dakota is entitled to the floor.

Mr. CRAWFORD. I decline to yield to the Senator's digressions.

Mr. REED. I will not digress; but I trust the Senator will

The VICE PRESIDENT. The Senator from South Dakota is within his rights.

Mr. CRAWFORD. I do not want to be discourteous to the Senator from Missouri. I know his good nature, and his charm-

ing method of discussion; but he wants to digress here, and I

can not consent to it.

Mr. REED. Well, Mr. President—
The VICE PRESIDENT. The Chair has tried several times to protect the Senator from South Dakota, but the Senator from South Dakota refuses to be protected.

Mr. CRAWFORD. I am depending upon the Chair. I refuse

to yield.

The VICE PRESIDENT. The Senator from South Dakota refuses to yield. He is entitled to the floor.

Mr. CRAWFORD. Mr. President, I insist that to come to these banks and say to them, "You shall subscribe," and at the same time to close the doors to all other people and institutions so that they can not subscribe is without precedent. It is un-American. It is undemocratic. It is unrepublican. This system can be floated and made a success, and reserve banks can be created to hold the deposits of the banks throughout the country, of which the public shall be the owner instead of the banks. If you are giving them something that is of value to them, and excluding the public from it, you are conferring upon them a special privilege. Of all the people on earth who arraign special privilege and the granting of exclusive rights, before the public, on the forum, in declarations everywhere, the assumed champions on the other side of this Chamber ought not create a special class privilege like this. Mr. REED. Mr. President—

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Missouri?

Mr. CRAWFORD. I can not stop now. I am going to yield to the Senator later on, but I must have time to follow some of these thoughts.

Mr. REED. I hope the Senator will allow me-

The VICE PRESIDENT. The Senator from Missouri is out

Mr. REED. I am appealing to the Senator to yield to me. Mr. CRAWFORD. Not now. I shall have to occupy some time to-morrow, and I am going to take special pains to give the Senator from Missouri an opportunity to interrogate me

then; but I wish to pursue this thought a little further. Mr. President and Senators, if you can create reserve banks that will discharge all the functions that the pending bill provides they shall discharge and get rid of this special privilege, why not do it? Instead of having their stock belong to the banks as the result of coercion or, if you wart to put it from the other standpoint, instead of having the ownership enjoyed as an exclusive privilege, why not allow the public to come in,

subscribe for, and enjoy the ownership of this stock?

Mr. NEWLANDS. Mr. President—

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Nevada?

Mr. CRAWFORD. Not to-night. [Laughter.]

Mr. President, there is no precedent anywhere in history in banking in the past or in the present for such a provision as that which we find in this bill.

Is it necessary? If it is not necessary, it ought not to be in the bill. If it is unsound, it ought not to be in the bill, and certainly if it is dangerous, it ought to be kept out of the bill.

I think it is dangerous. You can not force the 17,000 State

banks into this system. They can come in or they can stay out, just as they choose. You are compelling the national banks to come in, whether they want to or not, or to give up their charters.

This is not a light matter. It is a serious matter. Here is a national bank owned by stockholders in a country community people of small means. Its business is established. It has been conducting that business for years. It enjoys the confidence of the community. Its stockholders are among the best people there. They are satisfied with their investment. The money is employed at home. It is being loaned out to people about there. It is making a fair return on the investment. You say to those people: "You must subscribe to this stock; you must take the money out of your loanable assets and invest it in a reserve bank over in Chicago or in St. Louis or in New York. You must take it away from your customers, while the stockholders of the bank across the street, the State bank which is your competitor, are not compelled to do it. You stockholders in a national bank are compelled to submit to it, but stock-holders in your competitor are not. It is optional with them."

Is not that an unjust discrimination? Is it not class legislation? Is it not, at its foundation, unjust, and is it necessary? The VICE PRESIDENT. The hour of 11 o'clock having arrived, the Senate stands adjourned until 10 o'clock a. m. of

to-morrow.

Thereupon (at 11 o'clock p. m.) the Senate adjourned until to-morrow, Wednesday, December 10, 1913, at 10 o'clock a. m.

# HOUSE OF REPRESENTATIVES.

Tuesday, December 9, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the fol-

lowing prayer:

God in heaven, without whom we are nothing, so move upon our minds and hearts that we may be clear in our conceptions, strong in our convictions, pure in our motives, that we may work the works of righteousness and hallow Thy name by giv-

ing to our homes, our country, our world, the best that is in us.

And now, O Father, be very near to the Members of this House whose family ties have been broken. A little child, the pet and pride of the home circle, gone away, leaving the hearts desolate. The wife and mother taken from another home. Comfort the stricken family, the bereaved husband and children by the precious truth that time nor space can sever the affections of the heart; that somehow, somewhere, they will mingle more closely, never again to be severed, in the dispensation of Thy providence. Amen.

The Journal of the proceedings of yesterday was read and

approved.

ENBOLLED BILL PRESENTED TO THE PRESIDENT OF THE UNITED STATES FOR HIS APPROVAL.

Mr. ASHBROOK, from the Committee on Enrolled Bills, reported that this day they had presented to the President of

the United States for his approval the following bill:
H. R. 7207. An act granting to the city and county of San Francisco certain rights of way in, over, and through certain public lands, the Yosemite National Park, the Stanislaus National Park tional Forest, and certain lands in the Yosemite National Park, the Stanislaus National Forest, and the public lands in the State of California, and for other purposes.

LEAVE TO WITHDRAW PAPERS-J. H. KAMPO AND OTHERS.

By unanimous consent, at the request of Mr. Konop, leave was granted to withdraw from the files of the House, without leaving copies, the papers in the cases of J. H. Kampo, Lucy A. Jeffcott, and Adam Reiland, Sixty-second Congress, no adverse reports having been made thereon.

## REPAYMENT OF ILLEGAL COTTON TAXES.

The SPEAKER. The gentleman from Florida [Mr. CLARK]

is recognized for 40 minutes.

Mr. CLARK of Florida. Mr. Speaker, it is my purpose to briefly call the attention of the House to House bill 1711, introduced by myself on the 7th day of April, 1913. This bill has for its object the refunding by the Government of the United States to the persons who paid the same certain taxes which, in my judgment, were levied and collected in violation of the plain provisions of the Constitution. For more than 40 years past bills of this character have from time to time been presented to Congress, and to this good hour every effort to right the wrong inflicted has been barren of results; but surely now, Mr. Speaker, in this era of universal good feeling among all the people of every section of this great Republic, I shall not appeal in vain

to the American Congress to restore to my people money unlawfully, wrongfully, and unconstitutionally exacted from them.

The bill which I have introduced and which I shall discuss—H. R. 1711—I ask leave to print as a part of my remarks. A bill (H. R. 1711) to credit and pay to the several States and Territories and the District of Columbia all moneys collected under the direct tax levied by the acts of Congress approved, respectively, July 1, 1862; March 7, 1864; July 13, 1868; and March 2, 1867.

direct tax levied by the acts of Congress approved, respectively, July 1, 1862; March 7, 1864; July 13, 1866; and March 2, 1867.

Be it enacted, etc., That it shall be the duty of the Secretary of the Treasury to credit to each State and Territory of the United States and the District of Columbia a sum equal to all collections by set-off or otherwise made from said States and Territories and the District of Columbia, or from any of the citizens or inhabitants thereof, or other persons, under the acts of Congress approved, respectively, July 1, 1862; March 7, 1864; July 13, 1866; and March 2, 1867.

SEC. 2. That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, such sums as may be necessary to reimburse each State, Territory, and the District of Columbia for all money found due to them under the provisions of this act; and the Treasurer of the United States is hereby directed to pay the same to the governors of the States and Territories and to the Commissioners of the District of Columbia; but no money shall be paid to any State or Territory until the legislature thereof shall have accepted, by resolution, the sum herein appropriated, and the trusts imposed, in full satisfaction of all claims against the United States on account of the levy and collection of said taxes under the several said acts of Congress, and shall have authorized the governor to receive said money for the use and purposes aforesaid; Provided, That where the sums or any part thereof, or any other person, either directly or by the sale of property, such sums shall be held in trust by such State, Territory, or the District of Columbia, have been collected by the United States from the citizens or inhabitants thereof, or any other person, either directly or by the sale of property, such sums shall be held in trust by such State, Territory, or the District of Columbia.

set-off against any indebtedness alleged to exist against the State, Territory, or District of Columbia, in which such taxes were collected: And provided further. That no part of the money hereby appropriated shall be paid out by the governor of any State or Territory, or any other person, to any attorney or agent under any contract for services now existing or heretofore made between the representative of any State or Territory and any attorney or agent. All claims under the trust hereby created shall be filed with the governor of such State or Territory and the Commissioners of the District of Columbia, respectively, within six years next after the passage of this act; and all claims not so filed shall be forever barred, and the money attributable thereto shall belong to such State. Territory, or the District of Columbia, respectively, as the case may be.

This bill seeks to have refunded to the persons who paid the same what for years has been denominated the "illegal cotton taxes." In order that the House and the country may understand just what is meant by the "illegal cotton taxes," I feel that it will not be out of place to give a brief history of the legislation itself, and something of the various efforts which have been made from time to time to enact relief legislation along the lines proposed in my bill. Some people have for years been laboring under the delusion that these taxes levied on cotton and collected by the Government were simply deposited in the Treasury and kept there in a separate fund for all these years. That is not true. These taxes when collected went into the general revenues of the Government and were disbursed by the Government as other taxes were used and disbursed. I believe I have introduced a bill of this character during every term of Congress of which I have been a Member, and from my investigation I knew there was in the Treasury no "cotton-tax fund," but in order to settle the question beyond controversy, in December, 1907, I addressed a letter of inquiry to the Secretary of the Treasury, and in due time received his reply, both of which I ask to print in the RECORD as a part of my remarks:

HOUSE OF REPRESENTATIVES, Washington, D. C., December 24, 1907.

The SECRETARY OF THE TREASURY, Washington, D. C.

Sir: In 1862 Congress levied a tax of one-half of 1 cent per pound on cotton; in 1864 Congress levied a tax of 2 cents per pound on cotton; in 1866 Congress levied a tax of 3 cents per pound on cotton; in 1867 Congress levied a tax of 2 cents per pound on cotton; in 1868 Congress levied a tax of 2½ cents per pound on cotton, and in 1868 Congress repealed all laws levying direct taxes on cotton. During the life of these respective tax acts, viz, from 1862 to 1868, the United States Government, as shown by the record in the office of the Commissioner of Internal Revenue, collected the sum of \$68,072,389.99 from the owners of cotton.

Internal Revenue, collected the sum of \$68,072,389.99 from the owners of cotton.

My understanding is that the money arising from these cotton-tax acts was treated just the same as money arising from internal-revenue taxes; that is to say, it was collected by the Government and used by the Government for governmental purposes. I notice, however, that some persons refer to the "illegal cotton-tax fund" as though this money was never used by the Government, but that it has been held for all these years in a separate and distinct fund, known and described as "the illegal cotton-tax fund."

I will appreciate it if you will advise me as to the truth of the matter.

Yours, respectfully,

FRANK CLARK.

On the 27th day of December, 1907, Mr. Edwards, Acting Secretary of the Treasury, wrote in reply as follows:

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY, Washington, December 27, 1907.

Hon. Frank Clark, House of Representatives, Washington, D. C.

House of Representatives, Washington, D. C.
Six: In reply to your communication of the 24th instant, relative to the tax on cotton collected during the fiscal years ended June 30, 1863, to June 30, 1868, I have to state that the provision authorizing the levy and collection of said tax is found in the seventy-fifth section of the act entitled "An act to provide internal revenue to support the Government and to pay interest on the public debt," approved July 1, 1862 (12 Stat., pp. 482-489), and that the moneys derived from the tax on cotton, together with all other taxes levied and collected under the said act, were deposited as receipts from internal revenue and applied to the support of the Government and payment of interest on the public debt.

No separate or distinct account known or described as "cotton-tax fund" was ever kept on the books of the Treasury Department.

Respectfully,

J. H. Edwards.

J. H. EDWARDS, Acting Secretary.

Mr. Speaker, on the 24th day of January, 1908, I delivered in this House an address upon this same subject. In that speech I stated all the facts surrounding and connected with the levying and collection of these taxes. I briefed all the decisions of the Supreme Court of the United States which in anywise tended to elucidate the questions involved in the levying and collection of these taxes, and, with all due modesty, I desire to say that I demonstrated beyond the shadow of a doubt that the levying and collection of these taxes was absolutely unconstitutional. I can not strengthen the argument which I then made, and I ask leave to print at this place in my remarks the major portion of that speech, leaving out some of the introductory re-

marks:
"There were four different acts of Congress levying a tax upon raw cotton. One was the act of July 1, 1862, which levied a tax of one-half of 1 cent per pound. The next was the act of March 7, 1864, which levied a duty of 2 cents per pound. The third was that of July 13, 1866, which levied a tax of 3 cents per pound, and the last was the act of March 2, 1867, which levied a tax of 2½ cents per pound. On the 3d day of February, 1868, Congress passed an act liberating cotton from all taxes thereafter.

"In order that we may fully understand the legislation in this behalf, I call the attention of the House to these different acts of Congress.

"The several statutory provisions laying taxes on cotton are as follows:

as follows:

"Act of July 1, 1862:

"On and after the 1st day of October, 1862, there shall be levied, collected, and paid a tax of one-half of 1 cent per pound on all cotton held or owned by any person or persons, corporation, or association of persons; and such tax shall be a lien thereon in the possession of any person whomsoever. And further, if any person or persons, corporation, or association of persons shall remove, carry, or transport the same from the place of its production before said tax shall be paid, such person or persons, corporation, or association of persons shall forfeit and pay to the United States double the amount of such tax, to be recovered in any court having jurisdiction thereof: Provided, however, That the Commissioner of Internal Revenue is hereby authorized to make such rules and regulations as he may deem proper for the payment of said tax at places different from that of the production of said cotton: And provided further, That all cotton owned and held by any manufacturer of cotton fabrics on the 1st day (of) October, 1862, and prior thereto, shall be exempt from the tax hereby imposed." (12 Stat. L., p. 465.)
"Act of March 7, 1864:

"From and after the passage of this act, in lieu of the duties provided in the act referred to in the first section of this act, there shall be levied, collected, and paid upon all cotton produced or sold and removed for consumption, and upon which no duty has been levied, paid, or collected, and paid upon all cotton produced or sold and removed for consumption, and upon which no duty has been levied, paid, or collected, and paid upon all cotton produced or sold and removed for consumption, and upon which no duty has been levied, paid, or collected, and paid upon all cotton produced or sold and removed for consumption, or association of persons remove, carry, or transport the same, or procure any other party or parties to remove, carry, or transport the same from the place of its production, with the intent to evade the duty thereon, or to defraud t

exempt from duty at the time of and after the sale thereof, and the same shall be marked free, and the purchaser furnished with such a bill of sale as shall clearly and accurately describe the same, which shall be deemed and taken to be a permit authorizing the sale or removal thereof. (13 Stat. L., p. 15.)

"Act of July 13, 1866:

"'There shall be paid by the producer, owner, or holder, upon all cotton produced within the United States, and upon which no tax has been levied, paid, or collected, a tax of 3 cents per pound, as hereinafter provided \* \* \* and such tax shall be and remain a lien thereon, in possession of any person whomsoever, from the time when this law takes effect, or such cotton is produced, as aforesaid, until the same shall have been paid.' (14 Stat. L., p. 98.)

"Act of March 2, 1867:

"On and after the 1st day of September, 1867, a tax of 2½ cents per pound only shall be levied, collected, and paid on any cotton produced within the United States.' (14 Stat. L., p. 471.)

"Act of February 3, 1868:

"'All cotton grown in the United States after the year 1867 shall be exempt from internal tax; and cotton imported from foreign countries on and after November 1, 1868, shall be exempt from duty.'" (15 Stat. L., p. 9.)

"When the tax of 1862 and that of 1864 was levied the countries of the countri

"When the tax of 1862 and that of 1864 was levied the country was in the throes of civil war, and there may be something in the idea sometimes advanced that the exigencies of war demanded and justified the setting at naught of statutory laws and constitutional provisions. I do not subscribe to that doctrine, because I believe that in a republican government such as ours there can arise no circumstances, there can exist no conditions, there can be no emergencies which would justify the National Legislature in violating the solemnly enacted provisions of the organic law.

Be that as it may, there can be no sort of question but that the act of 1866 and the act of 1867 were both passed in a time of profound peace, and therefore can not in anywise be regarded "war measures"; and if the gentlemen will examine the statement which I shall ask permission to incorporate in my remarks, they will find that the great bulk of the taxes levied and collected on raw cotton came from the acts of 1866 and 1867. The tabulated statement of the amounts annually collected in the different States in pursuance of these acts of Congress has been furnished by the Secretary of the Treasury and is as follows:

Statement showing internal-revenue tax receipts from raw cotton.

[See act of July 1, 1862, 12 Stat. L., p. 465.]

C. C.	Fiscal years ending June 30—						
State.	1863	1864	1805	1866	1867	1868	Total.
Alabama Arkansas California				145.96	\$3,049,868.01 1,641,342.22 284.08	\$3,604,583.84 711,222.37	\$10, 388, 072, 10 2, 555, 638, 43 430, 0
Colorado Connecticut Dakota	\$17.72	\$110.25					
Delaware District of Columbia							
Florida Florida Feorgia delho				97, 488, 24 3, 554, 554, 38	499, 645. 07 3, 283, 276. 36	321,811.67 5,059,274.24	918, 944, 98 11, 897, 094, 98
Illinois ndiana owa		35,515.69 1,041.60 .27	\$65, S02. 79 703. 30	113,732.66 52,428.49	76, 013, 72 14, 202, 83	34, 697. 85 15, 351. 19	379, 144, 42 92, 727, 22
Kansas Kentueky Jouisiana Maino	12,779.67	83, 050. 15 \$436, 044. 52	151.34 83,658,34 \$593,108.02	102.64 121,550.89 \$4,300,150.17	32.17 149,905.16 \$2,971,708.19	102, 383, 24 \$1, 777, 569, 17	286. 18 553, 327. 45 \$10, 098, 501. 00
Maryland Massachusetts Michigan	4,412.79	129.91 6,419.24	1,168.65 127 00	4,324.03 28,175.46	4, 424. 48 16, 576. 85	39, 424. 79 10, 267. 96	51,349.52 66,679.30
Minnesota Missisi prid Missouri Montana	60, 493, 12	39,009.76	73, 603, 00	756,629 27 247,289.14	4,464,664.40 £6,721.63	3, 521, 702. 26 65, 981. 71	8, 742, 995, 93 592, 098, 36
Vebraska							
New Hampshire.		500.00					
New Mexico New York North Carolina	102,041.83	24, 836. 56	10, 334. 04	492, 557. 07 211, 658, 57	112,570,54 860,704,65	125, 602, 64 887, 341, 75	867, 942. 68 1, 959, 704. 87
Ohio Oregon		94, 086. 59	39, 918. 92	41, 691. 89	85, 343. 00	115, 190. 48	447, 127. 12
Pennsylvania Rhode Island	2,402,27	57, 895. 38 .01	22,45	6,080.62	146.03	9,352.14	78, 535, 06 2, 424, 73
South Carolina.		488, 325, 80	877, 901. 09	731, 939, 67 2, 148, 437, 98	1,429,281.10 1,929,301.72	2, 011, 199, 39 2, 429, 494, 12	4,472,420.16 7,873,460,71
l'exasUtah	36, 75	11.00	48.90	1,395,524.17 241.31	2, 780, 307. 31 389, 64	1,326,569.76 647.74	5, 502, 401, 24 1, 375, 34
Vermont Virginia		1,425.83	26, 435, 64	168, 268. 29	299, 147, 65	330, 579, 46	168, 268. 29 657, 588, 58
WastNington West Virginia Wisconsin							
Total				18, 409, 654. 90			

"So far as I have been able to find, and I have made exhaustive research, only one case has ever been brought in the courts directly affecting these acts of Congress levying a tax on cotton, and that suit was brought to test the validity of the act of

July 13, 1866.

"On the second Monday in June, 1867, William M. Farrington commenced an action in the law court of Memphis, Tenn., against Rolfe S. Saunders, a collector of internal revenue, for damages for the seizure of 148 bales of cotton which had been assessed by an internal-revenue assessor for taxes amounting to \$2,005.74. The case was removed to the United States circuit court for the sixth circuit by Saunders, and that court decided in his favor. Farrington appealed to the Supreme Court of the United States on December 6, 1867, and the judgment of the court below was affirmed by the Supreme Court—a divided court, there being only eight justices who heard the case, and they stood four to four—February 20, 1871.

"It can be found in only one volume, and that is a volume known as Records of Briefs, volume 216.

"Mr. GOULDEN. Will the gentleman permit an interruption right there? Why was not that decision reported?

"Mr. CLARK of Florida. I do not know. The fact is that it

"Mr. Sims. I would like to ask the gentleman a question. Were any written opinions given by the divided court either

way? "Mr. CLARK of Florida. No. "Mr. SIMS. There is no way, then, to get a written statement of the four justices who contended against the constitutionality

"Mr. Clark of Florida. No, sir; there is not. All that is contained in the volume that I referred to is copies of the pleadings and the argument of counsel on both sides, with a statement as to the court's finding. But the judgment was affirmed solely because of a divided court. Four were in favor of affirmance, and four were in favor of reversal, and that, of course, resulted in affirmance of the judgment of the court

"The facts in the case appear in the following case agreed, which had been filed in the circuit court at the September term,

"The plaintiff and defendant have agreed that the above cause, now pending in the circuit court of the United States for the district of west Tennessee, shall be tried by the court without the intervention of a jury, upon the following facts, which are submitted and agreed upon by both parties, to wit:

"1. That on the 26th day of June, 1867, the plaintiff, William M. Farrington, was the holder and owner, in his own right, of 148 bales of cotton, of the net weight of 66,858 pounds. That said cotton was the growth of and produced within the United States.

"2. That no internal revenue or other tax had been levied, paid, or collected upon said cotton.

"3. That on the said 26th day of June, 1897, H. F. Cooper, assistant United States assessor for the eighth district of the State of Tennessee, within which said district said cotton then was, acting under the provisions of the act of Congress of the United States, approved 13th July, 1866, assessed a tax of 3 cents per pound upon said cotton, making in the aggregate the sum of \$2,005.74, and returned said assessment on that day into the office of the defendant, who is the United States revenue collector for said district.

"Mr. Sims. Mr. Chairman, I would like to ask the gentle-

"Mr. Sims. Mr. Chairman, I would like to ask the gentle-man from Florida [Mr. CLARK] one question. Does the statement show the issue raised in the case—that is, the grounds of the issue?

"Mr. CLARK of Florida. Yes, sir; fully and completely.

"4. That the plaintiff on the same day protested against said assessment, for the reason that said assessment was without authority of law, said act of Congress of the 13th of July. 1866, being contrary to the provisions of the Constitution of the United States of America and void.

"5. That on the 27th day of June, 1867, the defendant, who is the

the provisions of the Constitution of the United States of America and void.

"5. That on the 27th day of June, 1867, the defendant, who is the legally authorized United States internal-revenue collector for said district, the said cotton being then within said district, demanded said tax of 3 cents per pound on said cotton, amounting in the aggregate to the said sum of \$2.005.74, from the plaintiff.

"6. That the plaintiff then and there protested against said tax, and protested against the defendant's demand, and objected to pay the same for the reasons assigned in his protest against the assessment of said tax, and was removing said cotton from said district.

"7. That the defendant then and there, on the day aforesaid, averred that he would, as internal-revenue collector, seize said cotton, and threatened the plaintiff then present that he would forthwith seize said cotton unless said tax was paid to him.

"8. That the plaintiff thereupon and by reason of said threats paid to the defendant the said sum of \$2.005.74, lawful money of the United States, that being the amount of said tax, under protest.

"9. That on the same day the plaintiff demanded said money back from the defendant; that the defendant refused to refund it, and the plaintiff thereupon on the same day duly appealed to the Commissioner of Internal Revenue, at Washington, according to the provisions of law in that regard and the regulation of the Secretary of the Treasury, established in pursuance thereof.

"10. That the plaintiff's appeal, the same containing a properly certified record of the acts of the said assessor and the defendant, and the reasons of plaintiff's protest, were duly forwarded to and laid before the Commissioner of Internal Revenue at Washington, who examined the plaintiff's claim for the refunding of said sum of \$2,005.74,

and rejected it, for the reason that he regarded the law imposing a duty of 3 cents per pound upon cotton as constitutional.

"11. That the action of the commissioner was on the 1st day of August, 1867, and within six months before the suing out of summons and commencement of the plaintiff's action in this cause.

"12. That the plaintiff and defendant were forthwith notified by the Commissioner of Internal Revenue of his action in the premises, and on the 10th day of August, 1867, the plaintiff again, and after notice as above to the defendant, demanded to have said sum of \$2,005.74 paid back to him, which the defendant refused.

"13. That the amount in controversy in this cause is more than \$2,000.

\*14. That the following tabular statement shows the growth and production of cotton within the United States from the year 1820-21 to the year 1866-67, inclusive, in bales:

es and good any members, in bares.	
1820-21	430,000
1821–22	455, 000
	495, 000
1823-24	509, 158
1824-25	569, 249
1825-26	720, 027
1000 0#	
1827-28	957, 281
4000 00	727, 598
1828-29	870, 215
1829-30	976, 845
1830-31	1, 038, 848
	987, 417
1832-33	1, 070, 438
1833-34	1, 205, 394
1834-35	1, 254, 328
1000 04	
7-2-	1, 360, 725
	1, 432, 930
1837-38	1, 801, 497
1838-39	1, 360, 532
1839-40	2, 177, 835
	1 094 045
	1, 634, 945
1841-42	1, 683, 574
1842-43	2, 378, 875
1843-44	2, 030, 409
1844-45	2, 394, 503
1845-46	2, 100, 537
1846-47	1, 778, 651
1847-48	2, 347, 634
1848-49	2, 728, 296
1849-50	2, 090, 706
	2, 000, 100
1850-51	2, 345, 257
1851-52	3, 015, 029
1852-53	3, 262, 882
1853-54	2, 939, 027
1854-55	9 847 220
	2, 847, 339 3, 537, 845
1855-56	8, 931, 849
1856-57	2, 939, 519
1857-58	3, 115, 962
1858-59	3, 851, 481
	4, 669, 770
1859-60	9, 000, 110
1860-61	3, 656, 086
1861-62 (estimated)	1,000,000
1862-63 (estimated)	1,000,000
1863-64 (estimated)	800,000
	500, 000
1864-65 (estimated)	
1865-66	2, 151, 043
1866-67	1, 860, 000

Judgment.

"Upon the foregoing case agreed, Judge Trigg rendered judgment as

follows:

"And upon consideration of the same the court is of the opinion that the said act of Congress of the 13th of July, 1866, imposing an internal-revenue tax of 3 cents per pound upon cotton grown and produced within the United States is constitutional and valid. and that the law of the case upon the facts agreed is with the defendant. It is therefore considered by the court that the defendant go hence and

recover of the plaintiff, and of T. A. Nelson, his security therefor, the costs of this suit, and that execution issue.

"In the Supreme Court of the United States briefs were filed by P. Phillips, W. L. Sharkey, Albert Pike, James Hughes, Robertson Topp, J. A. Campbell, Robert W. Johnson, and B. R. Curtis, for Farrington; and by Attorney General Akerman, Assistant Attorney General C. H. Hill, and, later, by Attorney General E. R. Hoar, and Assistant Attorney General W. A. Field, for Saunders.

"Mr. SPARKMAN. Will my colleague allow me to ask him a question?

"Mr. CLARK of Florida. Certainly.

"Mr. SPARKMAN. Did either one of the justices file any opinion in the case?

'Mr. CLARK of Florida. No. sir; they did not.

"Mr. Sparkman. Then your remarks embrace not the opinion, but only the findings of fact?

'Mr. CLARK of Florida. That is all.

"Counsel for Farrington contended that the acts laying the tax on cotton violated all the provisions of the Constitution of

the United States delegating the right to levy and collect taxes.

"Counsel for Saunders controverted this position, and relied mainly upon the case of Hylton v. United States (3 Dallas, 171). Their contention was summarized in the brief of Attorney General Hoar as follows:

"If the cotton tax imposed by the act of 1866 was a direct tax, then, inasmuch as it was not laid by the rule of apportionment, it must be pronounced unconstitutional. It must also be pronounced unconstitutional if it was an export tax. But if, on the other hand, the tax was an indirect one simply, it is submitted that there was no conflict between the provision referred to and the Constitution, and its validity should be nfilmed. He also contended that 'the tax on cotton of 1866 is not a direct tax, being neither a tax on land nor a tax on slaves or other capitation tax.

"I desire to call the attention of the House especially to the admission made by Attorney General Hoar in his brief in the Farrington case that-

"If the cotton tax imposed by the act of 1866 was a direct tax, then inaxmuch as it was not laid by the rule of apportionment it must be pronounced unconstitutional.

"Was it a direct tax? Let us now examine the constitutional provisions applicable to this tax. What are they? Upon an examination of the Constitution it will be found that it contains only four provisions respecting Federal taxation, and they are as follows:

"I. Representatives and direct taxes shall be apportioned among the several States which may be included within this Union, according to their respective numbers, which shall be determined by adding to the whole number of free persons, including those bound to service for a term of years, and excluding Indians not taxed, three-fifths of all other persons. (Art. I, sec. 2, clause 3.)

"The fourteenth amendment modified this provision so that the whole number of persons in each State should be counted, 'Indians not taxed' excluded.

"2. The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States. (Art. I. sec. 8, clause 1.)

"3. No capitation or other direct tax shall be laid, unless in proportion to the census or enumeration hereinbefore directed to be taken. (Art. I, sec. 9, clause 4.)

"4. No tax or duty shall be laid on articles exported from any State. (Art. I, sec. 9, clause 5.)

"In the light of these constitutional provisions, I desire to call attention briefly to the objections which lie to the levy and collection of all these taxes. First, my insistence is that each and every one of the acts referred to levied a direct tax upon raw cotton, which was violative of that provision of the Constitution which prohibits the levy of a direct tax, except it be done by the rule of apportionment; that Congress has the power to levy direct taxes is not now and never has been questioned since the Constitution itself was adopted. The Constitution says, in Article I, section 2, clause 3, that 'Representatives and direct taxes shall be apportioned among the several States which may be included within this Union, according to their respective numbers."

Gentlemen will search the four enactments of Congress in this behalf in vain for any Provision levying the tax in accordance with that requirement of the organic law.

"Again, in Article I, section 9, clause 4, we have this provision: "No capitation or other direct tax shall be levied unless in proportion to the census or enumeration hereinbefore directed to be taken.

"In none of these statutory enactments will you find any provision that these taxes are to be laid 'in proportion to the

census,' as is positively required.

"I desire also at this place to call the attention of this House to the historical fact that so great was the fear of members of the Constitutional Convention that Congress might have the power to levy direct taxes without regard to the rule of apportionment or the population of the different States, as shown by the census, that the Constitution itself would never have been adopted by the people of the different States if they

had not been solemnly assured by the leading statesmen of that day that it would never result in oppressive taxation or violate in that respect the principle of equality. [Applause.] That this is true I apprehend no one will deny, and I cite those who desire to investigate the subject further to The Federalist,

No. 36.
"In the argument of Mr. Phillips, of counsel for Farrington, who was plaintiff in error in the Supreme Court of the United States in the case of Farrington against Saunders, in referring to these constitutional provisions we find this strong lan-

"By these restrictions the States supposed that they had protected themselves against partial or corrupt legislation. For indirect taxation they established uniformity; for direct they secured apportionment according to the census.

"In the history of this Government, Congress has several times resorted to the levying of direct taxes for the purposes of the Government. But in each and every case, with very few exceptions (and in those exceptions the money was subsequently refunded), Congress has always laid the tax by the rule of apportionment. [Applause.]
"Perry on Political Economy, page 443, defines a direct tax

as follows:

"A direct tax is levied on the very persons who are themselves expected to pay it; an indirect tax is demanded from one person in the expectation that he will pay it provisionally, but will indemnify himself in the higher price he will receive from the ultimate consumer. Thus the income tax is direct, while duties laid on imported goods are laddlessed.

"There can, I think, be no question but that these taxes come squarely within the definition of a direct tax given by Perry. There has never been any argument worthy of the name to the

contrary.

"I suppose that the best defense that has ever been made for the levy of these cotton taxes was made in a letter to Hon. George S. Boutwell, then Secretary of the Treasury, by the Hon. Israel Kimball, at that time Commissioner of Internal Revenue. The opinion of Mr. Kimball can be found in Executive Document No. 181, Forty-second Congress, third session. It is covered in a letter from the Hon. George S. Boutwell, Secretary of the Treasury, under date of February 4, 1873, and directed to the Hon, James G. Blaine, at that time Speaker of the House of Representatives. Mr. Kimball consumes some 14 pages undertaking to bolster up the right of the Government to insist upon these taxes. But when his entire argument is sifted and brought down to its last analysis, the one main reason that he gives to support his contention that these taxes were indirect and not direct is his statement, unsupported in reason or by fact, that the producer did not in fact pay the tax: that the tax was added to the selling price and the consumer paid it. With all due respect to Mr. Kimball, this contention in the minds of those who know the present situation, and who have been familiar with conditions in the cotton-growing section of our country for the past 35 or 40 years, is simply absurd, impossible, and ridiculous. No man who ever lived on a farm, South, North, East, or West, but who knows that the farmer has no more to do with fixing a price for his products than has the man in the moon.' When a farmer has anything to sell he is forced to accept whatever may be offered him by those who buy. When the farmer desires to buy he is forced to pay the price put on the goods by the seller. It is notorious in the South that the price of cotton has always been fixed in the market at Liverpool.

"Messrs. Hughes and Sharkey, of counsel for Farrington, have, however, answered this contention so much better than I can that I shall adopt their argument, which, with reference to Mr. Kimball's contention, is as follows:

Mr. Kimball's contention, is as follows:

"Is it (this tax) levied on the person who pays it, or does some other person ultimately pay it? Can the planter add this to the price of the cotton when he sells it? The court must assume this; otherwise it is a direct tax. Can the court assume it in the face of the facts? Liverpool is the great cotton mart of the world and controls the price of cotton. Can the planter who ships his cotton to Liverpool add this tax to the price? If the Southern States had entire control of the market, or a monopoly, perhaps he might, but there the cotton of the United States comes in competition with the cotton of about 12 or 15 other countries, and the planter's price must conform to the standard there fixed. Consequently he is not remunerated to the value of a farthing a bale. The whole loss falls on him. He is the person who pays it.

"If continues will investigate the debates hed in the Con-

"If gentlemen will investigate the debates had in the Constitutional Convention on this subject of taxation, they will readily see that the contention which I make here and which was made by the planter's attorneys in the Farrington case is absolutely correct. Gentlemen upon that investigation will find that as the taxing power was originally introduced in the report of the Committee of Detail it stood-

"The Legislature of the United States shall have power to lay and collect taxes, duties, imposts, and excises. (See Madison's Debates,

"If this clause had stood as the Committee of Detail originally reported it, it would have given to Congress unlimited power of taxation, which might have been used to the advantage of some States and to the prejudice of others, and for this reason, which was conceded by all, when this taxation matter came before the convention itself for adoption, it was amended by adding thereto these words:

"'But all such duties, imposts, and excises shall be uniform throughout the United States.'

"And right here is the provision of the organic law under which it is sought to justify the levy of these taxes. The insistence of those who support the legality of the tax levy is that the tax is laid by the rule of uniformity, as it is stated in the act that the tax is to be levied on 'all cotton produced within the United States.'

"This clause is quoted and gentlemen say that as the tax is laid upon all cotton in the United States it is necessarily uniform and fully complies with the constitutional requirement. If cotton were grown in all the States of the Union, this contention would be eminently correct, but when it is known to the courts and known to the Congress and known to every one that at the time of the levy of these taxes cotton could not be grown in any but 11 States, and that while the act levied the tax upon all cotton grown within the United States, it would not cost some States one penny, and would extort from the pockets of the people in other States millions of dollars, the plea of uniformity

vanishes into thin air. [Applause.]

"The case relied on by the advocates of the legality of these acts is the case of Hylton v. The United States, to be found in 3 Dallas, page 171. This was a case of an act of Congress levying a tax upon carriages, and an investigation of it will show that the court sustained the constitutionality of the act largely, and, in fact, I might say wholly, upon the ground that it was a tax on the consumer of an article. The three learned judges in that case, who delivered written opinions, concurred in intimating (they say expressly that they do not give a judicial opinion) that the direct taxes contemplated by the Constitution are only two, to wit, the capitation tax and the tax on land. Even if the intimation of these judges were correct, and that direct taxes as referred to in the Constitution were limited to two, and that those two were the capitation tax and the tax on land, then the contention which I here make would be sound. I assert this because the courts and the law writers of approved authority all concur in the holding that the product of land, whether it be in rentals or whether it be in crops, stands upon exactly the same footing as the land itself. In other words, if the levy of a tax upon land would be a direct tax, and it should be required that the tax be levied by the rule of apportionment, then cotton, corn, wheat, or other raw product of the land itself would likewise be considered as land and the rule of apportionment would necessarily have to be complied with.

"I desire also to call the attention of the House to the fact that the Supreme Court of the United States, when it delivered the opinion in the Hylton case, was denied access to the debates in the Federal Convention. It is recognized in all courts that one of the very best rules of statutory or constitutional con-struction is the will or the meaning of the legislator as contained in the debates leading up to the adoption of the particular enactment. The debates in the Federal Convention were secret. No copies were allowed, and when the convention adjourned the journals were placed in charge of the President and they were not laid before Congress, or the country, or published, until after the decision in the Hylton case was made. This statement I get from the argument of Mr. Robertson Topp, of counsel for appellant in the Farrington Saunders case,

and Mr. Topp, after making this statement, says:

"Thus it will be seen that the court was deprived of one of the best means of determining the real meaning of the Constitution, viz, the reasons given by those who made it.

"Referring to this fear that some of the States would be in the power of the others and that grave injustice would be done the weaker ones in the matter of taxation, Mr. Madison, in the convention, said:

"It is represented to be oppressive that the States which have slaves and tobacco should pay taxes on these for Federal wants when other States who have them not would escape. But does the Constitution on the table admit of this? On the contrary, there is a proportion to be laid on each State according to its population.

"Mr. Topp, in his argument in the Farrington case, submits some figures taken from the Census of 1860, which strike me as being a powerful exposition of what might occur and of the injustice which might be perpetrated, and which, in fact, was perpetrated in the levy of these cotton taxes. I desire to call attention to the table referred to.

By referring to the Census of 1860 it will be seen that the total population of the United States was	31, 445, 089
By the same table the population of the 11 cotton- producing States was	9, 103, 333
By the same table the value of the real and personal property of the United States in 1860 wasOf the 11 cotton-producing States	\$16, 159, 616, 068 \$5, 402, 165, 107
By referring to the agricultural report of 1867, page 90, It will be seen the corn crop of that year was worth.	\$610, 948, 390
The wheat crop	\$421, 796, 460 \$172, 472, 970
The hay crop.  The cotton crop.  And that including rye, barley, buckwheat, potatoes,	\$372, 864, 670 \$201, 470, 495
and tobacco, the whole crop of 1867 was worth	\$2, 007, 462, 231

"By referring to the census of 1860 it will be seen that the cotton crop, except 100 bales raised in Missouri and 6 bales in Illinois, was entirely raised in the 11 cotton States, and such has been the case since the existence of those States and

since cotton was produced for export.

"By referring to the tax laws of the United States it will be seen that cotton and sugar were the only crude products of the soil taxed-that corn, which grew in every State from Maine to Texas, worth treble, wheat worth double, hay worth nearly double the cotton crop; that in fact the whole crop of every character and description, passes free, whilst cotton, less than one-tenth in value, is singled out and made to bear ruinous burdens-1867, 331 per cent of the gross value-whilst more than two-thirds of the people escaped the tax.
"Is this fair? Is this just? Is this uniform?

"The attorneys for the Government in the Farrington case, in addition to the contention that these taxes on cotton were not direct taxes, took the further position that the tax on cotton was an excise and therefore the rule of apportionment did not apply. Let us examine this contention under the light of the Constitution.

"The Encyclopedia Britannica under the article excise defines an excise to be

"A term used in finance to signify the duty charged in a country upon articles produced in it before they are permitted to get into the possession of the public.

"Judge Storey says:

"An excise is an inland imposition or duty; a duty or tax laid on certain articles produced or consumed at home.

"Accepting these definitions as being correct, how stand the cotton taxes with relation to clause 1, section 8, Article I of the Constitution of the United States? That clause reads as follows:

"The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States.

"Were these taxes uniform throughout the United States? That is the gist of the whole question, and upon the correct answer to that question must stand or fall the cotton taxes.

We are permitted in the discussion of a question like this, whether that discussion take place in the court room or in the legislative halls, to take notice of the physical conditions of the country. We are permitted to consider those things which are matters of common information. Acting upon this rule, the Congress must have known that when these taxes were levied cotton was grown in only eleven of the States of the Union. Outside of those eleven States I believe that no cotton was grown in the United States except about one hundred bales in the State of Missouri and about six bales in the southern part of the State of Illinois. This being true—and no one will question its correctness—can it be contended that these acts were uniform throughout the United States?

"In order that the Congress may see and know and understand just how uniform these acts were in their practical operation, if they will turn to the table that I have incorporated in my remarks they will see that under these four acts of Congress levying taxes upon raw cotton the State of Georgia paid into the Treasury of the United States \$11,897,094.98, while the State of Kansas, with a population almost as large, only paid into the Treasury of the country \$286.15. And so in many other cases these figures are of themselves fully sufficient to show the injustice and gross inequality of these cotton taxes. But I have discovered in the act of August 5, 1861 (12 Statutes at Large, pp. 294–295), some figures which by comparison with those of the table referred to will make the inequality still more impressive from another point of view. That act laid a direct tax of twenty millions of dollars upon the United States and apportioned the same among the several States according to population. It was a constitutional act, and it is highly instructive to compare the amounts apportioned under it to the several cotton States with the amounts actually collected

under the operation of the unconstitutional cotton-tax acts. I have done this in a tabular statement which I now present: Table showing direct taxes apportioned to the several cotton-growing States by act of August 5, 1861, and amounts collected in same States under the cotton-tax acts.

Name of State.	Apportion- ment un- der act of 1861.	Collected under cot- ton-tax acts.
Georgia Alabama. Mississippi. Louisiana.	\$584,367 529,313 413,081 385,886	\$11,897,094 10,388,072 8,742,995 10,098,501
Florids Arismass Tennesse North Carolina South Carolina	77, 522 261, 886 669, 498 576, 194 363, 570	918, 944 2, 555, 638 7, 873, 460 1, 959, 704 4, 172, 420

"It would be hard to find in the history of the world a more grievous, oppressive, or unjustifiable exercise of arbitrary power than that illustrated by this table. But that is not all. direct taxes laid by the act of 1861, in conformity with the Constitution, have been refunded to the States from which they were collected; while these illegal and unconstitutional cotton taxes have been covered into the Treasury, and used for the benefit of the United States, and no restitution made. It is an

"Suppose the acts of Congress imposing these taxes had provided that eleven States, naming them, should pay these taxes and that the remaining States should be exempt therefrom. Would it be contended for a moment that this was a compliance with the constitutional provision which required that such taxes should be uniform throughout the United States? Certainly not. Can Congress by simply placing the words 'all cotton produced in the United States' evade this provision, when Congress knew, or must have known, that the whole burden would fall upon cleven States and would not and could not be made uniform in its operation throughout the United States? Such a contention would merely be a juggling with words and a prostitution of a solemnly enacted provision of our organic law unworthy of the merest tyro in constitutional law. If our Constitution can be distorted and emasculated by such legislative legerdemain, then the right to live, the right to be free, and the right to pursue happiness, for which our fathers fought and died in the Revolution, are not protected by our sacred bond of union. Not in anger, but in a broad spirit of brotherly love and patriotic devotion to our beloved country, let me appeal to the majority to right this most grievous wrong to constitutional government.

"I also take the position, Mr. Chairman, that these taxes are obnoxious to another provision of the Constitution. Clause 5 of section 9, Article I, provides:

"No tax or duty shall be laid on articles exported from any State.

"That cotton, when these different acts were passed by Congress, was an article of export was well known. Practically every pound of cotton grown in the Southern States during the period from 1862 to 1868 was grown expressly for export, and export to foreign countries. The courts and the law writers of approved authority agree that the clause of the Constitution to which I have just called attention applies as well to articles exported from one State in the Union to another State in the Union as it does from one of our States to foreign countries.

"It is said that the cotton crop of 1867 was 2,240,282 bales, of which 1,657,015 bales were shipped to foreign parts, leaving for home consumption 553,267 bales, of which it is estimated that about 60,000 bales were manufactured in the cotton-growing States. In other words, 60,000 bales out of a total of 2,240,282 bales remained in the States where the cotton was grown, thus showing that the great bulk of the crop was exported and establishing raw cotton as an export beyond all question.

That this constitutional provision applies to the exporting of goods from one State to another in the Union, I desire to call attention to the definition of the word 'export' given by Web-

ster. He says that exporting means-

"To carry out, to convey, or transport any traffic, produce, or goods, from one country to another, or from one State or jurisdiction to another, either by water or land. We export wares and merchandise from the United States to Europe. The Northern States export manufactures to South Carolina and Georgia.

"In the case of Almy v. California the court decided that articles of export from one State to another could not be taxed. No court in this country has ever rendered an opinion, not even excepting the Hylton case, that is contrary to the contention which I make for the refunding of this money wrongfully exacted from the people of these different States.

"We are standing in this demand squarely upon the law as it has been declared, and upon our rights under the Constitution. as those rights have always been conceded. Pacific Insurance Co. v. Soule, the learned judge who rendered the opinion in that case said:

"The taxing power is given in the most comprehensive terms. The only limitations imposed are that direct taxes, including the capitation tax, shall be apportioned; that duties, imposts, and excises shall be uniform, and that no duty shall be imposed on articles exported from any State. With these exceptions, the exercise of the power is in all respects unfettered. (7 Wallace, p. 446.)

"In asking the passage of this bill and insisting upon this measure of retarded justice, I stand squarely upon the law as laid down by the court in the case of Soule. This Government ought to have the right to tax anything and everything when the necessities of the Government require it. But this Government in the exercise of that right should comply strictly with every provision of the Constitution, else constitutional government is a failure. Every man who loves his country and who honors the flag must agree in preserving without variance each and every clause of our organic law as framed and handed down to us by the patriots who planted the seeds of liberty in the friendly soil of this western world.

"Since I have referred to the direct-tax act of 1861, it may be well, in this place, to refer to other acts amendatory of it, and to certain decisions of the courts construing the same. The acts of June 7, 1862, 12 Stat. L., 422: January 6, 1863, 12 Stat. L., 640; March 3, 1865, 13 Stat. L., 501, and the resolution of February 25, 1867, 14 Stat. L., 568, made provisions for the assessment and collection of this tax.

"All these acts were construed by the Court of Claims in the case of Seabrook v. United States (Court of Claims Reports, 39), Harrison's case (20 id., 176), and Thompson's case (20 id., 270). In all these cases it was held that where a tax has been illegally collected, the money should be refunded. And in Miles v. Johnson (59 Fed. Rep., 38, 40) it was held that the word 'tax' includes taxes which have been illegally levied, as well as those which have been illegally collected, though legally levied. In nearly all jurisdictions provision is made by statute for the refunding of taxes illegally exacted (27 American and English Encyclopedia of Law (2d ed.) 756-757). And the word 'exacted' includes the levy as well as the collection.

"The act of June 8, 1872 (17 Stat. L., 339), restored to the former legal owners all lands then held by the United States under the direct tax acts upon payment of taxes, interest, expenses, etc., and released the title of the United States to the said lands. And subsequent statutes have, as I have said, refunded the entire amount collected under the act of 1861 and the acts amendatory of it to the several States. See the act of March 2, 1891, 'to credit and pay to the several States and Territories and the District of Columbia all moneys collected under the direct tax levied by the act of Congress approved August 5, 1861.' (26 Stat. L., 822.) By this act it was en-acted that 'it shall be the duty of the Secretary of the Treasury to credit to each State and Territory of the United States and to the District of Columbia a sum equal to all collections by set-off or otherwise made from said States and Territories and the District of Columbia, or from any of the citizens or inhabitants thereof, or other persons, under the act of Congress approved August 5, 1861, and the amendatory acts there-'that all moneys due to the United States on the quota of direct tax apportioned by section 8 of said act are hereby remitted and relinquished.' And an appropriation was And an appropriation was made of 'a sum sufficient to pay all money found due to them under the provisions of this act.' In almost every general deficiency bill which has passed this House within 20 years there has been an appropriation for refunding taxes illegally collected. I will cite only two instances out of many—the act of April 30, 1890 (26 Stat. L., 547), appropriated \$31,156.43 'for the refunding of taxes illegally collected'; the act of March 3, 1891 (26 Stat. L., S91), appropriated \$12,317.42 for the same purpose. Section 3689 of the Revised Statutes continuously provision requiring all such taxes to be refunded tains a general provision requiring all such taxes to be refunded upon application of the party aggrieved.

"Now, I claim that the cotton taxes were not only illegally collected but illegally levied; because, in addition to the violation of the rule of apportionment, Congress, in laying these taxes, also violated the constitutional provision against laying duties on exports from any State, and those provisions relating to due process of law. But a literal compliance with the man-datory provisions of the Constitution, whether affirmative or negative, is a condition precedent to the validity of any law laying taxes on the property of the people. Nor does it matter, therefore, whether this cotton tax was a war tax, as the gentle-man from Georgia says it was, or not; for the taxing power is restricted and qualified in respect to all taxation by all the general limitations which are imposed upon its authority by the Constitution. (Wilkes Co. v. Coler. 180 U. S., 506, 525.) The Constitution. (Wilkes Co. v. Coler, 180 U. S., 506, 525.) gentleman from Georgia is, however, again mistaken, unquestionably, as to the two last acts, and, in my opinion, the first two also.

Furthermore, these acts violate the fundamental principle of all taxation. We are inclined on any and all occasions to boast that under our beneficent form of government 'all men are equal before the law.' The rich and the poor, the great and the small, the strong and the weak, we have always been taught, must, in proportion to ability, aid in bearing the burdens of government while permitted to share its blessings.

"That principle, which is as fully applicable to the action of the Federal Government as to that of any State, county, or municipal government, was stated by Judge Cooley in the case of The People v. Town of Salem (20 Mich., 452, 474), as follows:

"The tax must be laid according to some rule of apportionment, not arbitrarily or by caprice, but so that the burden may be made to fall with something like impartiality upon the persons or property upon which it justly and equitably should rest. A State burden is not to be imposed upon any territory smaller than the whole State, nor a county burden upon any territory smaller or greater than the county. Equality in the imposition of the burden is of the very essence of the power itself, and though absolute equality and absolute justice are never attainable, the adoption of some rule tending to that end is indispensable.

"Under this legislation the Government of the United States collected, mainly from the people of the Southern States, who had no voice in laying these taxes, the sum of \$68,072,388.99, and disposed of that sum as it did of legitimate revenue. Every man, no matter from what State he hails, or what may be his politics, should support this measure as an act of simple justice to the people who were wronged. In all fairness, that sum should be refunded to those from whom it was extorted, and I believe that the bill I have introduced to that end should have the support of every fair-minded man in Congress.

"Mr. GOULDEN. I would like to ask the gentleman if that included all the taxes collected on cotton from 1861 to 1868?

Mr. CLARK of Florida. That included all the money under the four acts of Congress collected and accounted for.

"Mr. SIMS. That includes all that went into the Treasury of the United States?

Mr. CLARK of Florida. Yes.

"Mr. Sims. But a great deal was collected that never went into the Treasury, and I do not understand that this makes the Government liable for that.

"Mr. CLARK of Florida. No; only for the principal collected and accounted for by being paid into the Treasury of the United States. No interest is asked, simply the principal.

"Surely, those who were compelled to pay these unconstitutional taxes should not be treated worse than those persons who, acting under the provisions of the sugar-bounty law, spent money in improvements and machinery needed for the production of sugar. When the sugar bounty was declared unconstitutional by the Court of Appeals of the District of Columbia (Miles Planting Co. v. Carlisle, 5 D. C. App., 138), Congress refunded to them, by the act of 1895, the money which they had expended in accordance with the act of 1890, known as the 'McKinley bill.' In construing the act of 1895, the Supreme Court of the United States, in the celebrated Sugar Bounty Case (United States v. Realty Co., 163 U. S., 442-443),

"Among the latest examples of payments that are not of a right or of any legal claim, but which are in the nature of a gratuity depending upon equitable considerations, are the cases just decided by this court of Blagge v. Balch, Brooks v. Codman, and Foote v. Women's Board of Missions, reported as one case in 162 U. S. 439. The claims in those cases are what have been known as the 'French spoliation claims,' being based upon depredations of French cruisers upon our commerce prior to July, 1801. An appropriation for their payment was made by Congress in 1891 upon the conditions and to the class of persons named in the act. Questions arose as to the proper interpretation of the act and as to the character of the payments provided for therein. The court held the payments were purposely brought by Congress within the category of payments were purposely brought by Congress within the category of payments that are not of right, but which are in the nature of a gratuity and as an act of grace, though founded upon a prior moral or honorable obligation to pay to some one who might be said in some way to represent the original sufferers. No question of the power of Congress to make such appropriation was raised by anyone.

No question of the power of Congress to make such appropriation was raised by anyone.

"The power to provide for claims upon the State founded in equity and justice has also been recognized as existing in the State governments. For example, in Guilford v. Chenango County (13 N. Y., 143), it was held by the New York Court of Appeals that the legislature was not confined in its appropriation of public moneys to sums to be raised by taxation in favor of individuals to cases in which legal demands existed against the State, but that it could recognize claims founded in equity and justice in the largest sense of these terms or in gratitude or in charity.

"Of course, the difference between the powers of the State legislatures and that of the Congress of the United States is not lost sight of, but it is believed that in relation to the power to recognize and to pay obligations resting only upon moral considerations or upon the general principles of right and justice, the Federal Congress stands upon a level with the State legislature.

"In truth, the general proposition that Congress can direct the payment of debts which have only a strong moral and honorable obligation for their suport is not, as we understand it, denied by the learned counsel for the United States."

"No one can deny that the claim of the cotton planters is altogether as valid as the 'sugar-bounty claims' or the 'French spoliation claims.' The cotton planters acted under the guaranty of the Constitution of the United States, that their products should not be taken from them without compensation or due process of law, unless by means of direct taxes apportioned among the several States according to numbers. This guaranty was violated by the Federal Government. Under the guise of taxation, the Government compelled them to contribute a large portion of their property to public uses. In the 'Income tax cases' it was clearly demonstrated that any law of this kind was invalid. What, then, is the legal consequence? Is it not clear that the Government assumed the responsibility of refunding to those from whom it took the money in question every cent so taken? But for the prevalence of sectional ill-feeling, these claims would have been paid 33 years ago. In the Forty-third Congress bills were introduced, with that end in view, by Mr. McKee of Mississippi, by Mr. White of Alabama on behalf of Mr. Alexander H. Stephens of Georgia, by Mr. Blount of Georgia, and also by Mr. Sheldon and Mr. Cook. In the Forty-fourth Congress a similar bill was introduced by Mr. Roger Q. Mills of Texas. These bills, respectively, were: H. R. 2250, Forty-third Congress, first session, to refund certain taxes collected by the Government of the United States on raw cotton during the years 1865, 1866, 1867, and 1868, introduced March 2, 1874, by Mr. McKee; H. R. 2338, Forty-third Congress, first session, to refund the cotton tax, introduced by Mr. White, on behalf of Mr. Stephens, who was absent on account of sickness; H. R. 1076, Forty-third Congress, first session, to refund taxes collected by the United States on raw cotton during the years 1863, 1864, 1865, 1866, 1867, 1868, introduced by Mr. Cook; H. R. 1632, Forty-third Congress, first session, to extend the time for collecting the cotton tax and reviving such claims as are now barred, introduced by Mr. Blount; H. R. 3448, Forty-third Congress, first session, to refund the cotton tax, introduced by Mr. Sheldon; H. R. 982, Forty-fourth Congress, first session, refunding the cotton tax to the producer of the cotton, introduced by Mr. Mills. All of these bills except Mr. Blount's were referred to the Committee on Ways and Means, but were never reported back. The men who prepared them were among the best lawyers then in Congress; but the animosities engendered by the late war were still too strong to secure for them a respectful hearing.

"Another reason and a very cogent one, and one which should appeal strongly to the conscience of Congress, is the fact that when these taxes were levied, when these acts of Congress were enacted, the 11 States affected by them and which had to bear the burden of over sixty millions of dollars of taxation, had no representatives in either branch of this Congress; no Representative in this House and no Senator at the other end of the Capitol was here to raise his voice or to cast his vote on these questions which so vitally affected the impoverished people of the 11 cotton-growing States.

"Therefore, Mr. Chairman, that provision of the Constitution with reference to representation and taxation was violated. It seems to me that this objection to the validity of the taxes in question ought to appeal more strongly, if possible, to the conscience of Congress than even the other clauses which were violated by these different acts. The Constitution says:

"Representation and direct taxes shall be apportioned among the several States which may be included within this Union according to their respective numbers.

"It has been said that-

"representation constitutes the genius of this Government, and to impose taxes or burdens without it is to change its character, but for taxation without representation the Government itself would never have existed.

"The stamp act, the act placing a duty on tea, and other acts of the British Parliament brought on the Revolution on the ground pure and simple that it was legislation without repre-[Applause.] This Government had its origin in the sentation. [Applause.] This Government had its origin in the protest of the fathers against taxation without representation. In 1766 on the question of the repeal of the stamp act in the British Parliament Lord Camden, formerly Chief Justice Pratt,

"My proposition is this:

"'I repeat it and will maintain it to the last hour. Taxation and representation are inseparable. Opposition is founded in the law of nature. For whatsoever is a man's own, it is absolutely his own. No man has the right to take it from him without his consent. Whoever attempts to do it does him an injury. Whoever does it commits a robbery.' (See 5 Bancroft's History, pp. 446-448.)

"In discussing the question of the right of Parliament to tax America, William Pitt in the House of Commons said:

"I will only speak to one point—the point which seems not to have been generally understood. I mean the right some gentlemen seem to have considered it a point of honor. If gentlemen consider it in that light, they leave all measures of right and wrong to follow a delusion that may lead to destruction. It is my point that this Kingdom has no right to lay a tax on the colonies. At the same time, I assert the authority of this Kingdom over the colonies to be sovereign and supreme in every circumstance of government and legislation whatsoever. They are the subjects of this Kingdom, entitled with yourselves to all the rights of mankind and the peculiar privileges of Englishmen, equally bound by its laws and equally participating in the constitution of this free country. The Americans are the sons of England. Taxation is no part of the governing or legislative power. The

"Mr. Pitt took this position solely on the ground that the colonies were not represented, and it must be remembered that taxation without representation was the great rallying cry of the colonists and their chief cause of complaint when they severed their relations with the mother country.

"James Burgh, the celebrated Scotchman, in discussing this

same question, said:

"No protext can justify taxing them (the colonies) so long as they continue unrepresented.

"The States affected by the cotton taxes were not only not represented when these several tax acts were enacted, but they were positively denied representation in both the Senate and House of Representatives by solemn resolution of both bodies.

"In December, 1805, the House of Representatives passed a resolution to this effect:

"That all papers which may be offered relative to the representation of the late so-called Confederate States of America, or either of them, shall be referred to the joint committee of fifteen without debate, and no members shall be admitted from either of said so-called States until Congress shall declare said States, or either of them, entitled to repre-

"On February 20, 1866, the House passed, and on March 2, 1866, the Senate passed, this resolution:

"Resolved by the House of Representatives (the Senate concurring), That in order to close agitation on the question which seems likely to disturb the action of the Government, as well as to kill the uncertainty which is agitating the minds of the people of the 11 States which have been declared to be in insurrection, no Senator or Representatives shall be admitted into either branch of Congress from any of said States until Congress shall have declared such State entitled to representation.

"As it has been repeatedly held by the Federal courts, and by all the departments of government, that these States were never out of the Union, you have here a Congress denying them representation and at the same time exacting taxes from them. 'Taxation without representation is robbery.' The remarkable spectacle was presented to the world of eleven States of this Republic solemnly declared by the different departments of government to be States in the Federal Union, yet by solemn resolution denied representation in the law-making body, and that law-making body exacting taxes from them on their principal product of over sixty millions of dollars. Surely now that the clouds of civil war have vanished and sectional hate, we are told, lies buried never to be resurrected, in this day of national unity and general good feeling and brotherly love, you will refund to us these moneys that have been wrongfully,

"In 1868 Congress repealed the tax on raw cotton. Why should this tax have been repealed? If the tax were just and constitutional and right, why repeal it? If it was constitutional and proper in 1862, 1864, 1866, and 1867, why was it not constitutional and right in 1868? And if it were constitutional,

why not retain it?
"But, Mr. Chairman, we are not left to these old decisions The Supreme Court of the United States has for comfort. more recently passed upon this question in the case of Pollock v. Farmers' Loan & Trust Co. As reported in United States Supreme Court Reports, vol. 158, at page 601, the Supreme Court of the United States has squarely and fairly declared these taxes to be illegal and unconstitutional. In the case stated, Hylton v. The United States (3 Dallas, p. 171), is further considered, and in view of the historical evidence cited, shown to have only decided that the 'tax on carriages involved was an excise and was an indirect tax.'

"Chief Justice Fuller, in rendering the opinion in that case,

said:

"In distributing the power of taxation the Constitution retained to the States the absolute power of direct taxation, but granted to the Federal Government the power of the same taxation upon condition that in its exercise such taxes should be apportioned among the several States according to numbers, and this was done in order to protect the States, which were surrendering to the Federal Government so many sources of income, the power of direct taxation, which was their principal remaining resource.

"The Chief Justice further said:

"Taxes on real estate being indisputably direct taxes, taxes on the lands or incomes of real estate are clearly direct taxes.

"Again he said:

"Taxes on personal property or on the income of personal property are likewise direct taxes.

"The Chief Justice further in the decision uses this lan-

"The tax imposed by sections 27 to 37, inclusive, of the act of 1894, so far as it applies to the income of real estate and of personal property, being a direct tax within the meaning of the Constitution and therefore unconstitutional and void because not apportioned according to representation of those sections constituting one entire scheme of taxation, is necessarily invalid.

"These were the 'income-tax cases,' and it will be remembered that the Chief Justice and four of his associates concurred in the opinion rendered by the majority of the court. It is true that four Associate Justices—namely, Mr. Justice Harlan, Mr. Justice Brown, Mr. Justice White, and Mr. Justice Jackson-dissented from the opinion, Mr. Justice Harlan using this language:

"The recent Civil War, involving the very existence of the Nation, was brought to a successful end and the authority of the Nation restored in part by the use of vast amounts of money raised under statutes imposing duties on income derived from every kind of property, real and personal, not by the unequal rule of apportionment among the States on the basis of numbers but by the rule of uniformity operating upon individuals and corporations in all the States, and we are now asked to declare, and the judgment this day rendered in effect declares, that the enormous sums thus taken from the people and so used were taken in violation of the supreme law of the land.

"There can be no receible question in view of the decision of

"There can be no possible question in view of the decision of the court in the 'income-tax cases' that it is the duty of Congress to refund the moneys collected by virtue of these tax statutes. [Applause.] It is said by some that Congress can not afford to do it because it involves such a large amount of money, more than sixty-eight millions of dollars. But when gentlemen view the case from that standpoint they must remember that the Government has had the use of this \$68,000,000 for 40 years and more; that it was originally wrung from the lean purses of people who were impoverished by 4 years of cruel, ceaseless war; that it was wrung from the lean purses of people whose homes had been laid in ashes, and whose every household was in mourning. They must remember that this money was taken from people who had no voice in the levying of it; that it was taken from a people who could least afford to bear the burden, and that now, after this rich, powerful Government has had the use of it without interest for more than 40 years, these people are simply asking that the principal be refunded. The Surreme Court of the United States has said, in effect, that it ought to be refunded; has said, in effect, that it would not be honest on the part of the Government to retain it. [Applause.]

"And just here, Mr. Chairman, I desire to say that my attention was called to this matter by a venerable statesman of this country, who gave most of his years in the service of his country in this House and as a soldier in the Union Army. Hon. Charles H. Grosvenor, who was a Member of the last Congress, and who for more than 20 years represented his district in this House, first called my attention to this matter and urged that we, who were primarily interested in behalf of our constituents, should make an effort to have the Govern-

ment act justly toward our people.

"On the 9th of the present month I addressed a letter to

Gen. Grosvenor, a copy of which I shall read.

"And I want to say here, Mr. Chairman, before I read it, that being the son of a Confederate soldier, living all my life in the South, imbued and filled with every sentiment that ever nerved and actuated that people, I am glad to know that men like this man who at times in my life I have thought were unnecessarily bitter-I am glad to know that in these latter days he, and people like him, of the North, commanding in their influence, loyal to their country, loyal to their States, loyal to every interest of this great Republic, are disposed to wipe out the last remaining differences between us, and treat us as citizens of the United States in very truth. [Applause.]

" JANUARY 9, 190S.

"Hon. Chas. H. Grosvenor,

"Athens, Ohio.

"My Dear General: On the first day of the present session of Congress I introduced a bill to refund the taxes collected under the several acts of Congress levying a direct tax on raw cotton. I was inspired to introduce and undertake to pass this bill by remarks which you made to me during a conversation we had during the last days of the Fifty-ninth Congress. I intend before many days to address the House in support of my bill, and desire to quote you on the subject, but as what you said to me was in course of an informal private conversation, I do not care to quote you without your consent. Again, I might, in just relying on my memory, misrepresent you, and, of course, I do not desire to do that.

"My recollection is that you said to me substantially while we were discussing what is called the illegal cotton tax, that the levy and collection of these taxes were wrong, illegal, and unconstitutional, that the Supreme Court had so decided, and that there was no valid reason on earth why the money collected should not be refunded to the rightful owners or to the States.

"Am I right as to this? I will certainly appreciate it very much if you will write me fully upon this subject, and give me permission to use your letter in connection with my speech. I will also appreciate it if you will cite me to the decision of the Supreme Court you referred to, wherein these tax acts were held to be unconstitutional.

"Thanking you in advance for your kind attention to this matter and with best wishes.

"Frank Clark.

with best wishes. "I am, yours, most truly, "A few days since I received this reply:

"FRANK CLARK,

"ATHENS, OHIO, January 13, 1908.

"Hon. FRANK CLARK. "Washington, D. C.

"Dean Sir: I have your letter of January 9. My recollection of our conversation is substantially the same as related by you. I understood myself then, as I understand now, that the practical effect of the Supreme Court decisions had been to hold the cotion tax unconstitutional. It is possible that I may be wrong, but you are at entire liberty to quote me if it is of the smallest benefit to you.

"With kind regards, yours, truly,"

"C. H. GROSVENOR.

"C. H. GROSVENOR.

"[Applause.]

"I desire now to ask permission to print in the Record an abstract of the history of efforts that have been made in the past looking to a refund of these taxes. In doing this I shall incorporate a brief statement of each bill introduced at different times by different Members of Congress some years back. I do not pretend to give them all, nor do I give them in chronological order, but I present these to show that our people can not be charged with laches in this matter.

"Those that I have been able to find are as follows:

"[H. R. 2354, Fifty-third Congress, first session. By Mr. Enloe.]

"That the Secretary of the Tressury issue to the governors of the several States in which cotton faxes were paid United States bonds in amounts specified for each State and count to the amount of taxes collected within the State. These bonds to be held by said States, to be refunded and distributed to the parties who naid the tax. In case of a surplus remaining, the funds to be devoted to the school fund.

"(There was no report on this bill.)

"[H. R. 281, Fifty-third Congress, first session. By Mr. Money.]

"[H. R. 281, Fifty-third Congress, first session. By Mr. Money.]

"That the Secretary of the Treasury issue noninterest-bearing Treasury notes in such denominations as may be deemed excedient to the several States in amounts equal to the cotton taxes collected therein, as indicated by the internal-revenue report. That the sum so paid shall be held in trust by the several States for the benefit of the cotton producers, to be paid to them under such provisions as each State may deem it proper to make. In case the producer can not be reimbursed, the sum not distributed shall become the property of the State. The claims must be filed with each State within two years after the passage of an act by such State providing for the distribution of the money refunded. That these notes shall become leval tender and shall not be canceled by the United States when received at the Treasury, but used as other money. (No report.)

"[H. R. 2356, Fifty-third Congress, first session, is same as 2354.]

"[H. R. 196, Fifty-third Congress, first session. By Mr. Wheeler.]

"That the Secretary of the Treasury shall pay money equal to the amount collected in cotton taxes to each State, said State to designate who shall be custodian of the fund. In case the tax was paid by the person to whom the cotton was shipped residing in another State, the State where said cotton was grown shall be the recipient. (No report.)

"[H. R. 138, Fifty-third Congress, first session. By Mr. Oats.]

"[H. R. 138, F'fty-third Congress, first session. By Mr. Oats.]

"IH. R. 138, F'fty-third Congress, first session. By Mr. Oats.]

"In the case of the Supreme Court holding the law under which cotten taxes were collected unconstitutional, any citizen who had paid the tax shall be permitted to bring suit for its recovery in the Court of Claims. Within 60 days after judgment, either the petitioner or the United States shall have the right of appeal to the Supreme Court, and when such appeal shall have been taken the court shall not try any case until the appeal case has been decided. The Court of Claims shall decide all suits which are brought within one year of the Supreme Court's holding the original tax law to be unconstitutional. (No report.)

"[H. R. 124, first session, Fifty-third Congress. By Mr. McRac.]

"That the Secretary of the Treasury pay to each State a sum equal to the cotton taxes collected therein. The said States to pay to such producers as shall make claim within two years after the passage of this act. The remainder, if any, shall be used as a permanent school fund. In no case shall payment be made to any assignee of such claim. (No report.)

"[H. R. 2040, first session, Fifty-second Congress, is same as 124, first session, Fifty-third Congress, No report.]

"[H. R. 2607, same as H. R. 196, first session, Fifty-third Congress. No report.]

"[H. R. 650, first session, Fifty-second Congress, same as 2354, first session, Fifty-third Congress. No report.]

"[H. R. 8365, first session, Fifty-second Congress. By Mr. Oats.]

"This bill is same as introduced by Mr. Oats in Fifty-third Con-ess. The House report is 2528, first session, Fifty-second Congress. "IH. R. 8366, first session, Fifty-second Congress. By Mr. Oats.]

"That the Secretary of the Treasury pay to each State an amount squal to the cotton tax collected within said State, to be disposed of by such State as their next legislatures shall direct. (No report.)

"[H. R. 700, second session Forty-second Congress. By Mr.Golladay.]

"That the Secretary of the Treasury refund to all persons the cotton tax collected by the United States, and that he shall make such rules as he may deem necessary in connection therewith. (No report.)

"[H. R. 1592, second session Forty-second Congress. By Mr. McKee.] "[H. R. 1592, second session Forty-second Congress. By Mr. McKee.1 "That restitution shall be made of all moneys collected as cotton taxes. That the Secretary of the Treasury shall issue bonds of \$500 and \$1,000 denomination and Treasury notes to cover amounts less than that. That a commission shall be appointed by the President, by and with the advice and consent of the Senate, which shall adjudicate all claims. That such commission shall sit for two years and all claims must be filed within that time. (The rest of this long bill prescribes the manner of taking testimony and the duties and powers of the commission.)

"(No report.)

"And also I shall attach to my remarks and print in the RECORD copious extracts from the opinion of the court, as well as from the dissenting opinion of the justices in the 'incometax cases.' It will be seen by these extracts, I am quite sure, that every contention which I have made is amply sustained by the highest court in the land-the most exalted judicial tribunal in all the world:

[Pollock v. Farmers' Loan & Trust Co., U. S. Supreme Court Repts., vol. 157, p. 420.]

"Chief Justice Fuller;
"The men who framed and adopted that instrument (the Constitution) had just emerged from the struggle for independence, whose rallying cry had been that "taxation and representation go together."

"'The mother country had taught the colonists in the contests waged to establish that taxes could not be imposed by the sovereign except as they were granted by the representatives of the realm, that self-taxation constituted the main security against oppression.

"'Thus, in the matter of taxation, the Constitution recognizes the two great classes of direct and indirect taxes, and lays down two rules by which their imposition must be governed, namely, the rules of apportionment as to direct taxes and the rule of uniformity as to duties, imposts, and excises.

"'And this view was expressed by Mr. Chief Justice Chase in The License Tax Cases (5 Wall., 464-171), when he said: "It is true that the power of Congress to tax is a very extensive power. It is given in the Constitution, with only one exception and only two qualifications. Congress can not tax exports, and it must impose direct taxes by the rule of apportionment and indirect taxes by the rule of the uniformity. Thus limited, and thus only, it reaches every subject, and may be exercised at discretion."

"'Ordinarily all taxes paid primarily by persons who can shift the burden upon some one else, or who are under no legal compulsion to pay them, are considered indirect taxes; but a tax upon property holders in respect of their estates, whether real or personal, or of the income yielded by such estates, and the payment of which can not be avoided, are direct taxes.

"'In the convention of Massachusetts by which the Constitution was ratified, the second section of Article I being under consideration, Mr. King said: "It is a principle of this Constitution that representation and taxation should go hand in hand."

"'And John Adams, Davis, Sumner, King, and Sedgwick all agreed at a direct tax would be the last source of revenue resorted to by

"In Virginia, Mr. John Marshall said: 'The objects of direct taxes are well understood; they are but few; what are they? Lands, slaves, stock of all kinds, and a few other articles of domestic property.'

"Mr. Randolph said:
"'But in this new Constitution there is a more just and equitable rule fixed—a limitation beyond which they can not go. Representatives and taxes go hand in hand; according to the one will the other be regulated. The number of Representatives is determined by the number of inhabitants; they have nothing to do but to lay taxes accordingly.'

"In discussing the case of Hylton v. United States (carriage-tax case), the Chief Justice says: 'It will be perceived that each of the justices, while suggesting doubt whether anything but a capitation or a land tax was a direct tax within the meaning of the Constitution, distinctly avoided expressing an opinion upon that question or laying down a comprehensive definition, but confined his opinion to the case before the court.'

"By the act of July 14, 1798, when a war with France was supposed to be impending, a direct tax of two millions of dollars was apportioned to the States, respectively,' etc.

"'By the act of August 2, 1813, a direct tax of \$3,000,000 was laid and apportioned to the States."

"'The act of January b, 1815, laid a direct tax of \$6,000,000, which was apportioned, assessed,' etc.

"These acts are attributable to the War of 1812.

"The act of August 5, 1861 (12 Stat., 292-294, C. 45), imposed a tax of twenty millions of dollars, which was apportioned and to be levled wholly on real estate, and also levied taxes on incomes whether derived from property or profession, trade or vocation (12 Stat, L., 309), and this was followed by the acts of July 1, 1862 (12 Stat, L., 309), and this was followed by the acts of July 1, 1862 (12 Stat, L., 432, 473, C. 119); March 3, 1863 (12 Stat, L., 713, 723, C. 74); June 30, 1864 (13 Stat, L., 223, 281, C. 173); March 3, 1865 (13 Stat, L., 469, 479, C. 78); March 10, 1866 (14 Stat, L., 4 C. 15); July 13, 1866 (14 Stat, 188, 137, C. 184); March 2, 1867 (14 Stat, 471, 477, C. 169; and July 14, 1870 (16 Stat, 256, C. 255).

"He finds:
"First. That the distinction between direct and indirect taxation
was well understood by the framers of the Constitution and those who
adopted it.

adopted it.

"Second. That under the State systems of taxation all taxes on real estate or personal property or the rents or income thereof were regarded as direct taxes.

"Third. That the rules of apportionment and of uniformity were adopted in view of that distinction and those systems.

"Fourth. That whether the tax on carriages was direct or indirect was disputed, but the tax was sustained as a tax on the use and an excise.

was disputed, but the tax was sustained as a tax of the excise.

"Fifth. That the original expectation was that the power of direct taxation would be exercised only in extraordinary exigencies, and down to August 15, 1894, this expectation has been realized.

"In Pacific Insurance Co. v. Soule (7 Wall., 433) the validity of a tax which was described as 'upon the business of an insurance company' was sustained on the ground that it was 'a duty or excise,' and came within the decision in Hylton's case.

"'In Veazle Bank v. Tenno (8 Wall., 533, 544, 546) a tax was laid on the circulation of State banks or national banks paying out the notes of individuals or State banks, and it was held that it might well be classed under the head of duties, and as falling within the same category as Soule's case (8 Wall., 547)."

"And, in respect of the opinions in Hylton's case, the Chief Justice (Chase) said:

"'It may further be taken as established upon the testimony of Paterson, that the words "direct taxes," as used in the Constitution, comprehended only capitation taxes and taxes on land, and perhaps taxes on personal property by general valuation and assessment of the various descriptions possessed within the several States."

"'Scholey v. Rew (23 Wall., 331) was the case of a succession tax which the court held to be "plainly an excise tax or duty" upon the devolution of the estate or the right to become beneficially entitled to the same, or the income thereof, in possession or expectancy."

"In Raliroad Company v. Collector (100 U. S., 595, 596) the validity of a tax collected of a corporation upon the interest paid by it upon its bonds was held to be "essentially an excise on the business of the class of corporations mentioned in the statute."

"The case of Springer v. United States (102 U. S., 586, 602), chiefly relied on and urged upon us as decisive.

"That was an action of ejectment brought on a tax deed issued to the United States on sale of defendant's real estate for income taxes. The defendant contended that the deed was vold because the tax was a direct tax, not levied in accordance with the Constitution. Unless the tax were wholly invalid, the defense failed."

"The opinion thus concludes:

"Our conclusions are that direct taxes, within the meaning of the Constitution, are only capitation taxes, as expressed in that instrument, and taxes on real estate; and that the tax of which the plaintiff in error compains is within the category of an excise or duty."

"While (says Chief Justice Fuller) this language is broad enough to cover the interest as well as the professional earnings, the case would have been more significant as a precedent if the distinction had been brought out in the report and commented on in arriving at judgment, for a tax on professional receipts might be treated as an excise or duty, and therefore indirect, when a tax on the income of personalty might be held to be direct.

"Be this as it may, it is conceded in all these cases, from that of Hylton to that of Springer, that taxes on land are direct taxes, and in none of them is it determined that taxes on rents or income derived from land are not taxes on land.

"The requirement of the Constitution is that no direct tax shall be

"The requirement of the Constitution is that no direct tax shall be laid otherwise than by apportionment—the prohibition is not against direct taxes on land, from which the implication is sought to be drawn that indirect taxes on land would be constitutional, but it is against all direct taxes—and it is admitted that a tax on real estate is a direct tax. Unless, therefore, a tax upon rents or income issuing out of lands is intrinsically so different from a tax on the land itself that it belongs to a wholly different class of taxes, such taxes must be regarded as falling within the same category as a tax on real estate co nomine. The name of the tax is unimportant. The real question is, is there any basis upon which to rest the contention that real estate belongs to one of the two great classes of taxes and the rent or income which is the incident of its ownership belongs to the other? We are unable to perceive any ground for the alleged distinction. An annual tax upon the annual value or annual user of real estate appears to us the same in substance as an annual tax on the real estate, which would be paid out of the rent or income. This law taxes the income received from land and the growth or produce of the land. Mr. Justice Paterson observed in Hylton's case, 'Land, independently of its produce, is of no value'; and certainly had no thought that direct taxes were confined to unproductive land.

"Nothing can be clearer than that what the Constitution intended to guard against was the exercise by the General Government of the power of directly taxing persons and property within any State through a majority made up from the other States. It is true that the effect of requiring direct taxes to be apportioned among the States in proportion to their population is necessarily that the amount of taxes on the individual taxpayer in a State baving the taxable subject matter to a larger extent in proportion to its population than another State has would be less than in such other State, but this inequality must be held to have been contemplated, and was manifestly designed to operate to restrain the exercise of the power of direct taxation to extraordinary emergencies, and to prevent an attack upon accumulated property by mere force of numbers.

"But the acceptance of the rule of apportionment was one of the compromises which made the adoption of the Constitution possible, and secured the creation of that dual form of government, so elastic and so strong, which has thus far survived in unabated vigor. If, by calling a tax indirect when it is essentially direct, the rule of proportion could be frittered away, one of the great landmarks defining the boundary between the Nation and the States of which it is composed

would have disappeared, and with it one of the bulwarks of private rights and private property.

"We are of opinion that the law in question, so far as it levies a tax on the rents or income of real estate, is in violation of the Constitution and is invalid.

"Mr. Justice Field:

"First calls attention to the debates in the "convention," and particularly to the unwillingness of the coast States to relinquish their right to levy duties upon imports, and of the small interior States to confer upon the General Government the right to levy direct taxes, and says: "It was feared at times that the effort to form a new government would fail. But happly a compromise was effected by an agreement that direct taxes should be laid by Congress by apportioning them among the States according to their representation. In return for this concession by some of the States, the other States bordering on navigable waters consented to relinquish to the new Government the control of duties, imposts, and excises, and the regulation of commerce, with the condition that the duties, imposts, and excises should be uniform throughout the United States; so that on the one hand, anything like oppression or undue advantage of any one State over the others would be prevented by the apportionment of the direct taxes among the States according to their representation, and, on the other hand, anything like oppression or hardship in the levying of duties, imposts, and excises would be avoided by the provision that they should be uniform throughout the United States. This compromise was essential to the continued union and harmony of the States. It protected every State from being controlled in its taxation by the superior numbers of one or more other States."

"'If the court sanctions the power of discriminating taxation and nullifies the uniformity mandate of the Constitution,' as said by one one who has been all his life a student of our institutions, 'it will mark the hour when the sure decadence of our present Government will commence.'

"There is no safety in allowing the limitation to be adjusted except in strict compliance with the mandates of the Constitution, which require its taxation, if imposed by direct taxes, to be apportioned among the Sfates according to their representation, and if imposed by indirect taxes, to be uniform in operation and, so far as practicable, in proportion to their property, equal upon all citizens."

"I also ask permission to print in the RECORD and as a part of my remarks Report No. 2528, made in the Fifty-second Congress at the second session by Mr. Oates, a Member of Congress from the State of Alabama, from the Committee on the Judiciary:

"[House Report No. 2528, Fifty-second Congress, second session.]

from the State of Alabama, from the Committee on the Judiciary:

"House Report No. 2528, Fifty-second Congress, second session.]

"The Committee on the Judiciary, having had under consideration the bill (H. R. 8365) entitled 'A bill to provide for refunding the tax laid and collected on raw cotton in the event that the Supreme Court holds the law under which the same was collected to have been unconstitutional,' make to the House the following report.

"By act of Congress approved July 1, 1862, and subsequent amendatory acts, a tax was imposed on raw cotton, under which collections were made and the money paid into the Treasury of the United States, aggregating \$68,072,388.99. This money was collected in the years 1863 to 1868, both inclusive.

"At the beginning of the late war a large part of the crop of 1860 was held by brokers and factors in the Northern States for the benefit of the producers. A large part of the crop of 1861 in the border States also went into the hands of northern factors, which accounts for the fact that a considerable amount of this tax was collected in New York, Philadelphia, and other points in the Northern States, but all of the cotton upon which the tax was thus collected was grown exclusively in the Southern States. This tax was enforced and collected upon all these cottons as well as those grown subsequent to its enactment; \$64,935,121.56 of this tax was enforced and collected upon all these cottons as well as those grown subsequent to its enactment; \$64,935,121.56 of this tax was enforced in the Southern States, either directly or indirectly, from the producers.

"Section Sof Article I of the Constitution empowers Congress to lay and collect taxes, duties, imposts, and excises for three general purposes, viz, first, to pay the debts of the United States; second, to provide for the general welfare of the United States; and, third, to provide for the general welfare of the United States; and, third, to provide for the general welfare of the United States; and, third, to provide for

no legal ground or claim for refunding the tax. On the other hand, if the law imposing the tax was unconstitutional, the money was wrongfully collected, and there is an implied promise upon the part of the Government to refund it; or, in other words, it is a debt against the United States which should be paid.

"A great many people, and among them many of the very best lawyers in the country, believe that the law was unconstitutional. The argument of ex-Justice John A. Campbell before the Supreme Court is very convincing. The Government of the United States is one which proceeds in all of its civil operations according to law, and it never was intended to be administered in any of its departments otherwise. Your committee think the question of sufficient importance to provide a means by which the Supreme Court may determine the question of constitutionality and thereby forever set at rest the question as to whether this large sum collected as taxes was rightfully or wrongfully collected. The bill provides for opening the Court of Claims to those who paid the tax, until a case is made and appealed to the Supreme Court, and then for a stay of proceedings until that court decides the question; and should the court hold the acts to be unconstitutional, it allows one year thereafter to all persons interested to bring their sults in said Court of Claims. On the contrary, if the law is sustained, that would put an end to all these claims.

"Your committee, therefore, believing it just, report said bill favorably to the House and recommend its passage.

"Mr. Chairman, I have placed in the Record as part of my re-

"Mr. Chairman, I have placed in the RECORD as part of my re marks an abstract statement with reference to several bills that have heretofore been introduced in relation to this matter. They were introduced years ago when the feeling of humanity and brotherly love between the sections was not such as it is now, and, of course, no relief was expected. The gentleman from Alabama [Mr. Heflin], I believe, deserves credit for renewing interest in this matter, because he introduced a bill looking to the refunding of this money in the first session of the Fifty-ninth Congress. The gentleman from North Carolina [Mr. THOMAS] has also introduced a bill looking to that same result. The gentleman from Tennessee [Mr. Sims] has likewise introduced one; the gentleman from Ohio [Mr. ANSBERRY] has likewise introduced a bill of the same character, and various other gentlemen have introduced bills of like character. I want to say now, Mr. Chairman, in conclusion, that I, as a southern man and the son of a southern soldier, am opposed absolutely to the bill of the gentleman from Alabama to pension Confederate soldiers by the United States Government. plause on the Democratic side.] [Ap-

"Mr. HEFLIN. Mr. Chairman, I would like to ask the gentleman to whom he refers, what gentleman from Alabama?

"Mr. CLARK of Florida. The gentleman from Alabama, Mr. Horson. I am opposed to it because as a Representative upon this floor I do not believe it is right. I do not believe it is a proper charge against the Government of the United States. I am opposed to it in the second place because our own States will take care of these veterans of the 'lost cause.' We will tax ourselves to care for them, and we will cheerfully aid in caring for Union veterans besides. [Applause on the Demo-cratic side.] No, Mr. Chairman, I will never be found upon this floor asking this Congress for charity to the people whom I represent. I am asking in this bill that this Congress be just to those people; that this Congress pay them the money that is their due, and that has been wrongfully, unconstitutionally, and illegally taken from their pockets. No charity is asked, and never will be; all that we ask is simple, naked, even-handed justice under the Constitution of our country. [Applause on the Democratic side.]

Mr. THOMAS of North Carolina. Mr. Chairman, before the gentleman sits down I would like to ask him a question.

The CHAIRMAN. Does the gentleman yield?

"Mr. CLARK of Florida. Yes.

"Mr. Thomas of North Carolina. I have listened, Mr. Chairman, with a great deal of interest to the very eloquent speech of the gentleman from Florida, which is perhaps the most exhaustive discussion of this question we have ever had. I perhaps was not attentive at the time, but I want to ask the gentleman from Florida if a considerable portion of these taxes, if refunded, would not go to the States of the North?

"Mr. Clark of Florida. About eight millions of dollars would

go north and about sixty million dollars south.
"Mr. Thomas of North Carolina. I want to ask the gentleman this further question: I understood from his argument, and that is my understanding of the decisions of the Supreme Court, that in the case of the Farmers' Loan and Trust Company the court reverses the former decision of the Supreme Court and holds substantially that this tax was an unconstitutional tax.

"Mr. CLARK of Florida. Absolutely. The dissenting opinion of Mr. Justice Harlan admits that. He distinctly calls attention to the fact that under the decision of the court vast sums

of money must be returned to the people."

Mr. Speaker, since the speech referred to was delivered the Supreme Court of the United States in a number of cases has had occasion to discuss the levying of "direct" and "excise" taxes by Congress, but in not one instance has the court shown

the slightest inclination to vary its ruling as to "direct" taxes as defined in the case of Pollock v. Farmers Loan & Trust Co. (157 U. S., 429). The case wherein the taxing power of Congress and the various kinds of taxes which Congress may lay is most exhaustively discussed is the case of Flint c. Stone Tracy Co. (220 U. S., 107), known as the "Corporation tax case." Section 38 of the tariff act of 1909 provided for the levying of an annual "special excise tax" on all corporations, joint-stock companies, or associations "organized for profit and laving a capital stock represented by shares," and all "in-surance companies" organized "under the laws of the United States or of any State or Territory, or under the acts of Congress applicable to Alaska or the District of Columbia," "with respect to the carrying on or doing business by such corporation," and so forth, "equivalent to 1 per cent upon the entire net income over and above \$5,000," and so forth. This section was attacked upon various grounds and among others, that it was unconstitutional, at least so far as it attempted to tax the income from the real and personal property of such corporations, joint-stock companies, and so forth, because this was a "direct tax" and "required to be apportioned according to population among the States.'

Mr. Justice Day delivered the opinion of the court, and there was no dissenting opinion. The court quoted the provisions of

the Constitution which were applicable, as follows:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises to pay the debts and provide for the common defense and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States. (Art. I, sec. 8, clause 1.)

Representatives and direct taxes shall be apportioned among the several States which may be included within this Union, according to their respective numbers. (Art. I, sec. 2, clause 3.)

No capitation or other direct tax shall be laid unless in proportion to the census or enumeration hereinbefore directed to be taken. (Art. I, sec. 9, clause 4.)

After quoting these constitutional provisions the court proceeds to differentiate this case from the Pollock case, it having been asserted by counsel in argument that for the court to sustain the constitutionality of the "corporation tax" would be to reverse its judgment in the Pollock case or the "income-tax cases." The court in its opinion makes it clear that in laying the tax in section 38 of the tariff act of 1909 the Congress intended to, and by clear and unmistakable language did. place a tax on "the carrying on or doing of a certain designated business." It was in no sense a tax on property, either real or personal, as such, but was an occupation tax or a tax on the privilege of engaging in a particular kind of business in a particular way.

In speaking of the Pollock case, Mr. Justice Day says:

In speaking of the Pollock case, Mr. Justice Day says:

The issue presented in the Pollock case was whether an income tax was direct within the meaning of the Constitution. The contentions which the case involved were thus presented: On the one hand it was argued that only capitation taxes and taxes on land as such were direct, within the meaning of the Constitution, considered as a matter of first impression, and that previous adjudications had construed the Constitution as having that import. On the other hand it was asserted that in principle direct taxes, in the constitutional sense, embraced not only taxes on land and capitation taxes, but all burdens laid on real or personal property because of its ownership, which were equivalent to a direct tax on such property, and it was affirmed that the previous adjudications of this court had settled nothing to the contrary.

Undoubtedly, in the course of the opinion in the Pollock case, it was said that if a tax was direct within the constitutional sense the mere erroneous qualification of it as an excise or duty would not take it out of the constitutional requirement as to apportionment. But this language related to the subject matter under consideration, and was but a statement that a tax which was in itself direct, because imposed upon property solely by reason of its ownership, could not be changed by affixing to it the qualifications of excise or duty. Here we are asked to decide that a tax is a direct tax on property which has at all times been considered as the antithesis of such a tax; that is, has ever been treated as a duty or excise because of the particular occasion which gives rise to its levy.

Considering that the constitutional rule of apportionment had its origin in the purpose to prevent taxes on persons solely because of their general ownership of property from being levied by any other rule than that of apportionment, two things were decided by the court: First, that no sound distinction existed between a tax levied on a person solely because of his general ownership of real property and the same tax imposed solely because of his general ownership of personal property. Secondly, that the tax on the income derived from such property, real or personal, was the legal equivalent of a direct tax on the propertioned. These conclusions, however, lend no support to the contention that it was decided that duties, imposts, and excises, which are not the essential equivalent of a tax on property generally, real or personal, solely because of its ownership, must be converted into direct taxes, because it is conceived that it would be demonstrated by a close analysis that they could not be shifted from the person upon whom they first fall.

Thus it is seen that the court, in plain language, declares the law of this land to be "that no sound distinction existed between a tax levied on a person solely because of his general ownership of real property, and the same tax imposed solely be-

cause of his general ownership of personal property." The court even went further than that and declared "that the tax on the income derived from such property, real or personal, was the legal equivalent of a direct tax on the property from which said income was derived, and hence must be apportioned." These taxes were levied directly on cotton, the constitutional rule of apportionment was ignored, utterly ignored, and surely no man, in view of the facts, in view of the constitutional requirement, and in view of these strong declarations of the Supreme Court of the United States, will contend that they were legally levied and collected. I have made a thorough search of the cases, and I here and now assert, without the fear of successful contradiction, that from the days of Marshall down to this good hour no utterance of the Supreme Court of the United States can be found not in consonance with the position I take in this case. The language of the Constitution itself is so clear that no clarification of its meaning is neededthe wayfaring man, though a fool, need not err therein." But an unbroken line of decisions, beginning with the very birth of our judicial system, in terms which no man can fail to comprehend, declare null and void all acts of Congress levying direct taxes upon either real or personal property or the income from either, except the same be apportioned among the several States and Territories in accordance with their population.

Not one of these four acts of Congress levying taxes on cotton apportioned the taxes among the States and Territories. In each case the act provided for the levy of a direct tax on personal property-cotton-and therefore each and every one of the four acts of Congress was absolutely null, void, and unconstitutional. This money was exacted illegally and wrongfully, and until it is refunded will forever stand as a disgrace to this great Government, which can not afford to be the recipient of money wrung from the lean purses of its own people by such

outrageous methods.

Mr. Speaker, 48 years ago last April, when the knightly Robert E. Lee surrendered the remnant of the once invincible Army of Northern Virginia to the courageous Ulysses S. Grant, the war, so far as the brave men of both armies were concerned, came to an end, and the heroic souls from every section of the Republic bent themselves to the task of building a better and more glorious Union than had ever existed before. Old Glory, the starry emblem of freedom, proudly floats over 48 sovereign States bound together not only by a common destiny and common interests, cemented not only with the sacred blood of our fathers in that four years of fratricidal war, but sanctified by that patriotic love for our common country which 15 years ago sent the sons of "those who wore the blue" and the sons of "those who wore the gray" in solid phalanx to meet a To-day, with a hundred million people, with our mines, our forests, our factories, our farms, with all our material wealth and our incomparable governmental institutions, we have the best country and the best Government which ever existed upon the earth. Under these conditions and at this time, may I not appeal with confidence to my fellow Members for justice to those people whom in part I represent upon the floor of this great House of Representatives?

The objection has been made that it is a large sum of money. This is true. But, my friends, we are not asking for interest. We are simply asking this great, powerful, and wealthy Government to return to the poor people, or to their heirs, the principal—the exact amount of money—which forty-odd years ago was wrongfully and illegally taken from them. These people are not asking for charity; they are not seeking alms; they are asking justice-simple, naked, even-handed justice. My friends, we are the guardians of the Nation's honor, and we should guard it as safely as we seek to protect our own personal honor. No Government is justified in taking property simply because it is powerful enough to do so, and if by mistake of law, or otherwise, a Government illegally and wrongfully deprives a citizen of his property the only honest course for that Government to pursue is to make restitution, to return the property. The Government of the United States has taken this money without warrant of law, without a shadow of legal authority. It should be returned. It is a large sum, but that does not justify the Government in keeping it. I should not object to the bill being amended so that it would be returned in installments during a series of years; but I am jealous of the honor of my country and I want steps taken, and taken now, to discharge

this debt.

Mr. Speaker, bills of various kinds have from time to time been presented to Congress seeking to make some disposition of the money collected under these unconstitutional tax acts. Some have proposed that it be paid into the school funds of the different States wherein it was collected; some have proposed that it be paid to these States to be used in constructing good

roads; some have proposed that it be paid to Confederate veterans; and some proposed other plans to dispose of it. to submit that Congress has no power to dispose of this money in any of these ways. Congress can only do one thing-there is only one honest and legal thing for Congress to do-and that is to make provision for the return of this money to the rightful owners, or to the heirs of the rightful owners. In my bill I

have made provision for this.

The first section of the bill provides that the Secretary of the Treasury shall credit each State and Territory and the District of Columbia with a sum of money equal to all collections made in them, respectively, under these several cotton-tax acts, and the second section provides for the appropriation, directs that the money be paid to the governors of the different States and Territories and the Commissioners of the District of Columbia, but not until the legislature of the State or Territory has, by resolution or otherwise, agreed to accept the particular sum named and the trusts imposed by the bill in full satisfaction of all claims against the United States on account of these cotton taxes. The bill further provides that each State and Territory and the District of Columbia shall hold the money in trust for six years, during which period claimants may submit proof of their claims, and all money unclaimed at the expiration of six years shall revert to the respective State or Territory or to the District of Columbia. This bill is drawn exactly as the act of Congress of the 2d day of March, 1891, by the terms of which Congress refunded to the several States and Territories the money collected under the act of Congress of the 5th day of August, 1861, levying a direct tax on land, and where, as in the acts here, the rule of apportionment was disregarded.

This bill is pending now before the Committee on War Claims, and I sincerely hope and believe that before many days that honorable committee will report the same favorably to this House. I have sought this opportunity to speak in order that might place this whole case in the RECORD, in order to give Members ample opportunity to become fully advised before they would be called on to vote. I have given a great deal of time, investigation, and thought to this matter, and am fully convinced that no Member will vote against this bill if he will familiarize himself with it. It is honest and clean, and again repeat that my people are asking no benefaction; they are pleading for no alms; they are seeking no charity, but, standing upon the solid granite of eternal truth, they are demanding that measure of even-handed justice which they have the right to expect from the Representatives of the glorious manhood of

this mighty Republic. [Loud applause.]

LOBBY ACTIVITIES AND CHARGES AGAINST MEMBERS OF THE HOUSE.

Mr. GARRETT of Tennesee. Mr. Speaker, I have here for presentation the report of the select committee of the House appointed under House resolution 198.

For the information of Members I wish to state that it was about 1 o'clock this morning when I carried the final corrected proof of the report to the Printing Office. I was not able at that hour to obtain the number which the report would bear, and consequently could not have the House print made. As early as possible this morning the number was obtained, and instructions have been given to the Printing Office, and it is hoped that a print will be here within an hour, or as soon as possible, for distribution among the Members.

I now present the report and ask for its reading under the order heretofore entered.

The SPEAKER. The Clerk will read the report.

The Clerk began the reading of the report.

Mr. GARRETT of Tennessee. Mr. Speaker, unless there is objection. I ask unanimous consent that the reading of the resolution under which the committee was appointed be omitted.

The SPEAKER. The gentleman from Tennessee asks unanimous consent to omit the reading of the resolution. Is there objection?

Mr. MANN. Mr. Speaker, I think the whole report ought to be read.

The SPEAKER. The gentleman from Illinois objects. The Clerk resumed and completed the reading of the report, which is as follows:

[House Report No. 113, Sixty-third Congress, second session.] CHARGES AGAINST MEMBERS OF THE HOUSE AND LOBBY ACTIVITIES.

CHARGES AGAINST MEMBERS OF THE HOUSE AND LOBBY ACTIVITIES.

Mr. Garrett of Tennessee, from the Select Committee of the House of Representatives appointed under House resolution 198, submitted the following report:

The Select Committee of the House of Representatives, appointed under House resolution 198, respectfully submits the following report:

On June 29, 1913, there appeared in the New York World and the Chicago Tribune, daily newspapers published in New York, N. Y., and Chicago, Ill., respectively, articles giving an account of various alleged activities along lines, industrial, political, and legislative, of certain organizations known as (1) the National Association of Manufac-

turers of the United States (hereinafter referred to as the N. A. M.), and (2) the National Council for Industrial Defense (hereinafter referred to as the N. C. I. D.), together with kindred and, in a certain sense, coordinate organizations, to which later reference will be

and (2) the National Council for Industrial Defense (hereinafter referred to as the N. C. I. D.). together with kindred and, in a certain sense, coordinate organizations, to which later reference will be made.

Following the appearance of these articles there were published in these and other newspapers throughout the country upon successive days other stories and matter in elaboration and amplification of the original. These subsequent publications, however, did not present anything substantially new or add to the original, in so far as the scope and purpose of the investigation ordered to be made by your committee is concerned.

These original articles, filling many columns in the newspapers, were exceedingly sensational in character and excited widespread attention throughout the country. The names of many men now conspicuous in public affairs and political life, as well as many who, while not now in office, were formerly prominent and active, were used with freedom and in various connections. Among these were many who were formerly and some who are now Members of the House of Representatives. Some of these were so mentioned and written about and commented upon as to occasion the belief on their part and on the part of others that their official integrity had been impugned and their official character seriously and sinisterly questioned. Aside from the charges involving the good names of Representatives, the articles contained other allegations of public and political activity which caused many Members of the House to believe that an investigation in regard thereto was desirable and proper, and accordingly several resolutions were introduced providing for an inquiry not alone as to the charges relative to individual Members in their representative capacity, but also as to the general activities and efforts along legislative and political lines of these organizations during a period of many years. These several resolutions being referred to the Committee on Rules, that committee reported a substitute therefor

# House resolution 198.

"Whereas there have appeared in recent issues of various newspapers published in the United States divers statements and charges as to the existence and activity of a lobby organized by and on behalf of an organization known as the National Association of Manufacturers for the purpose of improperly influencing legislation by Congress, the official conduct of certain of its Members and employees, the appointment and selection of committees of the House, and for other purposes, designed to affect the integrity of the proceedings of the House of Representatives and its Members: Therefore be it "Resulted That the Speaker appoint a select committee of seven

the official conduct of certain of its Members and employees, the appelintment and selection of committees of the House, and for appelintment and selection of committees of the House, and for of the House of Representatives and its Members: Therefore he it "Resolved, That the Speaker appoint a select committee of seven Members of the House and that such committee be instructed to Inquire into and report upon all the matters so alleged concerning said Representatives, and more especially whether during this or any previous Congress the lobbyists of the said National Association of Manufacturers, or the said association, through any officer, agent, or member thereof, did, in fact, reach or influence, whether for business, political, or sympathetic reasons or otherwise, the said Representatives or any one of them or any other Representative or any officer or employee of their official duties, and if so, when, by whom, and in what manner. "Said committee shall also inquire whether money has been used or improper influence exerted by said National Association of Manufacturers or other person, persons, association, or organization, or any agent thereof, to accomplish the nomination or election or secure the defeat for nomination or election of any candidate for the House of Representatives, and said committee shall likewise inquire whether Members of the House of Representatives and said committee whether any other more than the said of the said of the said likewise inquire whether Members of the House of Representatives and said committee whether improper influence has been exerted by said association or by any other association, corporation, or person to secure or prevent the appointment or selection of any Representative to any committee of the House in this or any other Congress.

"Said committee is also directed to inquire whether improper influence has been exerted by said association or by any other association, corporation, or person to secure or prevent the appointment or selection of sink house in the said

your committee as one of its first acts caused to be mailed to each Member a copy of the resolution, together with a letter inviting suggestions, which letter read as follows:

WASHINGTON, D. C., July 18, 1913.

House of Representatives, Washington, D. C.

House of Representatives, Washington, D. C.

DEAR SIR: The select committee appointed under House resolution 198, to make investigations of charges against Members of the House, the activities of lobbles, and for other purposes, desires to perform the duties with which it is charged fully and thoroughly and to the satisfaction of the Members of the House and of the country in so far as possible. To this end, the committee desires the cooperation and aid of all the Members of the House of Representatives and has directed me, as chairman, to address this communication to each Member and inclose a copy of the resolution and invite each of them to offer to the committee any suggestions which it is thought will aid in the performance of its duties, and give to the committee any information touching any lobby activities coming within the scope of the resolution that may be within the knowledge of the Member.

By direction of the committee.

Very respectfully, yours,

Finis J. Garrett.

The committee has carefully considered all suggestions received in

Very respectfully, yours.

The committee has carefully considered all suggestions received in response to this invitation as well as from other sources, adopting many of them and rejecting only such as did not seem to come within the purport of the resolution, or, if coming within it, furnished no tangible basis from or upon which it could work. The daily prints have been ordered sent to each Member of the House and to all others who have made requests therefor and a copy of an index has been furnished to all who received the hearings.

It has been the single purpose of the committee to interpret and act under the resolution according to the true, full spirit of its terms. The testimony of a large number of witnesses was heard, and applying the resolution to the testimony so adduced the committee finds the following facts and has reached the following conclusions:

AS TO THE WORLD AND TRIBUNE ARTICLES.

For a proper understanding of this report it must be borne in mind

AS TO THE WORLD AND TRIBUNE ARTICLES.

For a proper understanding of this report it must be borne in mind that the original publications appearing in the World and Tribune consisted of two distinct parts. One part was what may be called a personal narrative. This was written by Martin M, Mulhall and appeared over his signature. The other was what may be called a summary. This was prepared by Louis Seibold, a member of the World staff, and was based, according to his testimony upon (1) the personal narrative of Mr. Mulhall, (2) a mass of correspondence purporting to be letters, copies of letters, telegrams, notations, and various other written and printed documents accumulated and filed by said Mulhall during his period of service as an employee of the N. Å. M. and subsequent thereto, and by him turned over to the World, and (3) personal statements made by Mulhall to Seibold during the time of the preparation of the summary. Because of the extreme length of the articles it is not deemed desirable to set them out in full, but all parts material to the report will be subsequently quoted or epitomized.

## THE N. A. M.

The N. A. M. had its genesis in 1895, being then launched as a voluntary organization or association. It continued as such until 1905, in which year it was incorporated under the laws of the State of New York, its corporate name being "The National Association of Manufacturers of the United States."

It is stated in its charter that—
"the corporation is not organized for pecuniary profit and shall not make or declare dividends."

Its purposes, as set forth in the charter of incorporation, are as follows:

follows:

"The general objects and purposes for which the said corporation is formed are the promotion of the industrial interests of the United States, the fostering of the domestic and foreign commerce of the United States, the betterment of the relations between employer and employee, the protection of the individual liberty and rights of employer and employee, the education of the public in the principles of individual liberty and ownership of property, the support of legislation in furtherance of those principles, and opposition to legislation in derogation thereof.

ployer and employee, the education of the public in the principles of individual liberty and ownership of property, the support of legislation in furtherance of those principles, and opposition to legislation in derogation thereof.

"The particular objects and purposes of said corporation are to establish and maintain a mutual and cooperative organization of American manufacturers in the United States for the fostering of their trade, business, and financial interests, to reform abuses relative thereto, to secure freedom from unlawful and unjust exactions, to diffuse accurate and reliable information as to the standing of merchants and other matters, to procure uniformity and certainty in the customs and usages pertaining to the trade, business, and financial interests of the members of said corporation, to settle differences between its members, to promote a more enlarged and friendly intercourse between the manufacturers of the United States, and to do all things necessary to carry out the aforesaid purposes for the mutual benefit and protection of its members under and subject to such regulations, conditions, and limitations as may be prescribed by the by-laws." (See charter, p. 41, House hearings.)

The committee understands from the testimony that its purposes prior to incorporation were the same, in substance, as they have been since, but its activities have been gradually developed and now cover a much wider range than they did in the earlier days.

J. P. Bird, general manager of the N. A. M., states these activities in part as follows:

"We publish two export magazines, we publish a domestic magazine, both known as American Industries. We conduct a large foreign department in which are several suddepartments, a legal department wherein we advise our members on questions of corporation law and State law, a foreign-collection department, and a domestic-collection department." (Testimony, Bird, p. 2036, House hearings.)

Mr. Bird does not, however, cover in this statement all the efforts and ambitions of t

The publication work of the N. A. M. is carried on through another corporation of the State of New York, organized by substantially the same persons as those who organized the N. A. M. and it the same way, the latter corporation being styled "The American Manufacturers' Co." This was organized, as the committee understands, because of the Inability of the N. A. M. to do that particular work desired, under the terms of its charter and the laws of the State of New York. In other words, the N. A. M. not being organized "for pecuniary profit," caused, or its responsible agents caused, the American Manufacturers' Co. to be chartered in order that through this entity its publication business and other purely business operations might be carried on.

The membership of the N. A. M. at this time, as we understand from the testimony, is, and has for several years been, approximately 4,000. The membership has varied from time to time, some dropping out and other new members joining. The membership consists of individuals, firms, copartnerships, corporations, etc., who are engaged in manufacturing enterprises of nearly all kinds and characters. The members are located in all parts of the United States. An annual fee of \$50 is charged, so that the association has from this source an annual income approximately of \$200,000. It has a department for the solicitation of members which is now and has been since 1909 in charge of Mr. F. F. Porter. This department has a force of seven men who solicit necessary of members which is now and has been since 1909 in charge of Mr. F. F. Porter. This department has a force of seven men who solicit necessary of members which is now and has been since 1909 in charge of Mr. F. F. Porter. This department has a force of seven men who solicit necessary of mental free paid by a member, and out of the funds received by him in this way he pays the expenses of his department.

funds received by him in this way he pays the expenses of his department.

There is a board of directors consisting of 23 members (see testimony, Bird, p. 2036, pt. 24), which meets four times a year, and an executive committee consisting of 5 members, which meets "during the interim of the board meetings or at the call of the president."

The present president is George E. Pope, of Hartford. Conn., who is not a salaried officer; the general manager is J. P. Bird, who receives a salary as such of \$7,500 per annum; the secretary is George S. Boudinot, who receives a salary is merely nominal, just sufficient to cover his bond. The principal office is located in the city of New York, and there is an office force of about 60 people.

The association has numerous standing committees, as well as special and select committees, appointed from time to time to deal with the many subject matters which challenge its interest. It holds annual meetings or conventions, usually in the month of May, and in such city as may be selected, at which its business matters are attended to and at which there are discussions by its members and others of the various questions before it. The minutes of these annual proceedings are published, and there have been filed with the committee and placed in evidence, but not published in the record because of their length, copies of the several reports of these annual conventions.

THE N. C. I. D.

#### THE N. C. I. D.

THE N. C. I. D.

The organization of the National Council for Industrial Defense was perfected in January, 1908, following a number of conferences held in the city of New York, the first of which was in August, 1907. It seems that as early as June, 1907, Mr. James W. Van Cleave, who was at that time president of the National Association of Manufacturers, sent out a circular letter addressed to various industrial organizations, probably confined to what were known as national organizations, probably confined to what were known as national organizations as distinguished from State and local entities, inviting them to meet in New York and consider methods of cooperation. This letter of Mr. Van Cleave has been placed in evidence and will be found at page 2246 of the House hearings. It calls attention to the necessity of having some central committee through which the various industrial organizations might work upon those matters concerning which they were agreed, including "a carefully organized legal department, which will do all the work of the council, advise local organizations, assist interstate business organizations which violate interstate and antitrust acts, carry on prosecutions of every case of lawlessness during strikes, the proper prosecution of attempted boycotts, or assault and intimidation, and a careful compilation and distribution of all work handled by the legal department."

In addition to these things the suggestion lays special and particular emphasis upon the necessity of having some central organization in connection with legislative work. It says:

"Congress will again be in session in a short time, and it is more essential than ever to give the most careful attention to

"Congress will again be in session in a short time, and it is more essential than ever to give the most careful attention to Federal and State legislation."

"Congress will again be in session in a short time, and it is more essential than ever to give the most careful attention to Federal and State legislation."

The National Association of Manufacturers, through its president, having thus taken the initiative, various industrial organizations did meet in conference, as stated, in August, 1907, and after that time three other conferences were held before the final agreement, which produced the N. C. I. D., was reached. The final agreement, in brief, seems to have been that there should be created and organized an association known as the National Council for Industrial Defense. This council thus created consisted of three persons, a president, a secretary-treasurer, and a counsel. The purposes of this council are stated in resolutions adopted August 19, 1907, as follows:

"Said council shall have power—

"1. To establish and maintain a legislative bureau.

"2. To establish and maintain a bureau of publicity and education." Mr. John Kirby, ir., was selected president of the council and has served since that time. At the time of his selection he was a prominent member of the board of directors of the National Association of Manufacturers and was president of that organization from 1909 until 1913, and he is now a member of the board of directors and of the executive committee. Mr. Bird, the secretary-treasurer of the N. C. I. D., was at the time of his selection general manager of the N. A. M., and has continued in that position until the present time. Mr. James A. Emery, the counsel for the N. C. I. D., had been previous to his selection as such connected with an organization known as the Citzens' Industrial League in a relation somewhat similar to that he now bears to the N. C. I. D. Since the organization of this council there has never been a meeting of the members of the council; it has no by-laws and no constitution other than that contained in the resolutions adopted at the time of its organization. There is no provision in any of its articles for a meeting of

\$12,000 per annum and an allowance for expenses, the amount of which is not fixed. The president receives no salary.

The membership of the N. C. I. D. consists not of persons but of associations. These number about 250. It is most largely, however, the creation of the N. A. M., and in the particular work performed by the N. C. I. D. the two are practically one. Mr. Kirby defined the situation when, in answer to an inquiry during his examination by the committee, he said that the N. C. I. D. is the mouthpiece of the N. A. M.

There is no fixed fee for membership in the N. C. I. D., and it is supported financially by voluntary contributions on the part of its members. Mr. F. F. Porter, who has general charge of the solicitation of members for the N. A. M., also performs the same service for the N. C. I. D., and receives a commission of 334 per cent of the amount collected from members of the latter organization, paying the expense of his department out of this as in the case of the N. A. M.

From the testimony taken the committee is of the opinion that the N. C. I. D. was organized and has been kept in existence for two reasons:

First. It enabled the centralization for particular work, especially political and legislative effort, in which a number of organizations and associations, the N. A. M. distinctly, were interested.

Second, Through the instrumentality of the N. C. I. D. the N. A. M. and other affiliating associations were enabled to more conveniently and expeditiously engage in political and legislative activities and make expenditures for purposes which would not have been permitted the N. A. M. by the terms of its charter under the laws of the State of New York.

# NATIONAL TARIFF COMMISSION ASSOCIATION.

NATIONAL TARIFF COMMISSION ASSOCIATION.

Following the November election of 1908 there began a very active agitation for the creation of what is commonly termed a "tariff commission." Among those strongly favoring this was Mr. J. W. Van Cleave, now deceased, who at that time was president of the N. A. M. Other officials and members of the association were likewise favorable, and very active efforts were begun to build up sentiment throughout the country and in the Congress in its behalf. Largely due to Mr. Van Cleave, a convention of those interested was called to assemble in Indianapolis, Ind., in February, 1909, for the purpose of discussing this question and promoting the views entertained. To Mr. M. M. Muhlall, who was then in the employ of the N. A. M., was assigned the work of sounding Members of Congress as to their views upon this subject and extending verbal invitations to them to attend the Indianapolis meeting.

At the Indianapolis convention a committee of one hundred was appointed, and at the time, or shortly subsequent, there was organized the National Tariff Commission Association as a voluntary organization, It is still in existence and has headquarters in New York City. The N. A. M. and the N. C. I. D. became members, as did a large number of other organizations, persons, firms, corporations, and associations. The purpose of the N. T. C. A. seems to have been to work for the establishment of "a nonpartisan semijudicial tariff commission—permanent in character." The National Association of Manufacturers, or its responsible officials, unquestionably fathered the N. T. C. A., and, in so far as we can determine from the evidence adduced, it was the latter's chief financial stay and supporter.

# THE WORKINGMEN'S PROTECTIVE ASSOCIATION.

It was the latter's chief financial stay and supporter.

THIS WORKINGMEN'S PROTECTIVE ASSOCIATION.

From time to time throughout the hearings had by your committee reference is made to an organization known as the Workingmen's Protective Association.

This organization was first formed, it appears, by Mr. Mulhall in the city and county of Baltimore, Md., during the political campaign of 1900, which was prior to the time that he became connected with the N. A. M. According to his testimony it was for political purposes, solely to aid the Republican organization in that campaign, and the expense incident to its organization and work were at that time paid by the Republican National Committee. Subsequent to this, to wit, in 1903, after Mulhall had been employed by the N. A. M. at the suggestion of Marshall Cushing, then managing the political work of the N. A. M., the organization was revived and strengthened for the purpose of participating in a local campaign in Baltimore in opposition to the city ticket which was being supported by United States Senator McComas, of Maryland, who was being generally antagonized by the N. A. M. on account of his position upon what are generally known as "labor questions"—that is, certain legislation in which labor unions were taking an active interest. The expenses at this time were paid by Mr. Cushing, acting for the N. A. M.

At different times after this Mr. Mulhall, acting for the N. A. M., organized this body under the same name in different sections of the country for political purposes. The organization was never more than local in character and its existence was temporary, it appearing as political exigency seemed to require and disappearing after the particular function desired had been performed. It seems to have been composed of members of organized labor, apparently those who did not sympathize in all respects with the political policies and purposes of the labor unions generally. It was by the organization of this body and through it that Mr. Mulhall performed a larg

# THE AMERICAN FEDERATION OF LABOR.

THE AMERICAN FEDERATION OF LABOR.

In the course of its investigation under the resolution your committee inquired into the political and legislative activities of the American Federation of Labor, examining at length its president, Mr. Samuel Gompers, and its secretary, Mr. Frank Morrison.

The American Federation of Labor (hereinafter referred to as the A. F. L.) is composed of about 118 national unions of trades and industries, including organizations in the Dominion of Canada and in the American possessions. It was organized at Pittsburgh, Pa., in November, 1881, following a preliminary meeting held at Terre Haute, Ind., about the middle of that year, at which a call was issued for the Pittsburgh convocation. It has grown steadily from a small beginning until there are now in the various organizations composing it approximately 2,050,000 individual members. The purposes of the federation, as stated by its president, Samuel Gompers, in his sworn testimony before your committee, are and have been as follows:

"To relieve the workers—the working people—from burdensome long hours of toil: to protect them in their work, their lives, their health; to improve their material and social and moral and political standing; to bring about a better condition for the toilers of our country as the result, and as a reward for the services they render to society."

The funds received and expended by the A. F. L. amount now to more than \$200,000 per annum. This is paid by the individual members of the various organizations composing the federation, the assessment being now about 9 cents per individual per annum. It should be

noted just here that the moneys which have been expended by the federation in political activities—that is, in such efforts as it has made in elections, which will be hereinafter more specifically set forth—have not come from those funds above referred to, but have been received by voluntary contributions from various members. Complete reports of all funds received and expended for all purposes have been published in the official organ of the federation and have been placed in evidence before the committee.

At page 2423 of the committee hearings will be found a statement of the receipts and expenditures from 1881 to 1912, inclusive. The receipts during that time aggregate \$2,638,042.41, the expenses \$2,518,568.48, leaving a balance on hand September 30, 1912, of \$119.473.93. This was the general fund collected in the way of dues from the membership.

The association publishes a magazine known as the American Federationist and also publishes a weekly news-letter, giving a résumé of all matters of particular interest to the federation. These are widely circulated and are public publications. In addition, it publishes many pamphlets and circulars covering a variety of themes of interest to its members and to the public generally.

The president of the association is Samuel Gompers, who has served in this capacity for a long period of time; he receives a salary of \$4,000 per annum. The secretary is Frank Morrison, who receives a salary of \$4,000 per annum. The secretary is Frank Morrison, who receives a salary of the federation's affairs. It has also a legislative committee, headed by its president, to which is committed general management of the federation's affairs. It has also a legislative committee charged with the duty of looking after legislative matters in which it is interested. Its headquarters are located in the city of Washington, where it has a very considerable office force.

#### DISTRICT OF COLUMBIA ORGANIZATIONS.

The development of the investigation led your committee into an inquiry concerning the activities of certain organizations and persons interested in legislation affecting the District of Columbia solely, and herein we first note the local associations of dealers in intoxicating liquous

Inquiry concerning the activities of certain organizations and persons interested in legislation affecting the District of Columbia solely, and herein we first note the local associations of dealers in intoxicating liquors.

There are in the District of Columbia a number of organizations composed of those engaged in the different branches of liquor and beer manufacturing and dealing and related businesses. These several organizations are as follows: First, bottlers; second, brewers; third, jobbers; fourth, salesmen; fifth, wholesale dealers; and sixth, retail dealers. Each of these organizations is made up of individuals engaged in the particular business indicated by the name of the association. These individuals pay into their respective organizations certain monthly or annual dues.

The associations above named are federated into a central body, and they as associations maintain and finance it. A fir, Muhleisen is president of the central organization, Mr. Hugh F. Harvey is secretary, and a Mr. Jacobson is the treasurer.

After the introduction in the Sixty-second Congress of what is commonly referred to as the Jones-Works bill these several associations took a very considerable interest in that proposed legislation. An attorney was employed, who appeared before the Senate Committee on the District of Columbia to argue as to the merits, and numerous other persons appeared voluntarily and without compensation. There were also other activities, such as the distribution of briefs and arguments. Also, this district organization communicated with men in the liquor business in all parts of the country to try to get them to interest the Representatives in Congress from their districts. Mr. Harvey testifies upon this point:

"All we asked them to do, of course, was this moral influence they pointing to bear through communication with their Representatives, pointing out to them from our viewpoint the effects of this legislation. There was also a certain degree of interest felt by the organization in what is commonly

# THE "LOAN SHARKS" AND THE PAWNBROKERS.

During several past Congresses there have been introduced various bills commonly known as "loan-shark" bills, designed to prevent the charging of exorbitant rates of interest by persons lending money and taking chattel mortgages as security, and certain classes of note discounters. In 1911, about the beginning of the extraordinary session of the Sixty-second Congress, such a bill was presented by Representative Dyen, of Missouri, and was referred to the House Committee on the District of Columbia. After being for several weeks considered by that committee it was amended so as to include within its provisions that class of money lenders known as pawnbrokers, and as amended was favorably reported to the House and passed. Subsequently the bill passed the Senate with certain amendments, one of which was atriking out of the provision including the pawnbrokers. Being sent to a conference committee of the House and Senate, it was there considered and finally agreed upon, the pawnbroker provision being restored, and near the close of the last session of the Sixty-second Congress, in February, 1913, was passed, signed by the President, and became a law.

It being suggested before your committee that funds had been raised and efforts made to improperly influence the defeat of this legislation, certain of the money lenders and pawnbrokers alleged to have been most prominent in the matter were summoned to appear and their testimony was taken.

The principal character in this activity was one George D. Horning, who was both a loan shark and a pawnbroker. Two other pawn-

brokers examined were Isaac Heidenheimer and Abraham Burnstine. All of these were reluctant and unwilling witnesses. It was with the greatest difficulty that they could be brought to relate the most simple facts, and their manner and appearance while testifying were such as to create a distinctly unpleasant and unfavorable impression upon the committee. After a number of hours of difficult examination, however, your committee finally elicited the following information:

Very shortly after the introduction of the Dyer bill, it being believed that it would receive serious attention in so far as it applied proceeded to endeavor to rise a figure of the procession of the procession of the committee of the procession of the proc

to have had general charge of the expenditure of this fund. No books were kept, and payments among themselves were made sometimes in cash and sometimes by check.

The nearest approach to clearness as to how the fund was expended is in the testimony of Horning. At page 770 of the hearings he undertakes to state how it was distributed. According to his statement there was paid to Mr. Henry E. Davis, an attorney of the city of Washington, the sum of \$2.000 for services rendered in discussing or attempting to discuss this pawnbroker legislation with certain of the conferees and with Senators and Representatives and for appearing before the President to argue the alleged injustice of the bill. There was paid to the law firm of Tucker, Kenyon & McFarland, also of Washington, the sum of \$350 for services in preparing a brief and for an opinion at some time rendered on the bill. To a man named William Hart there was paid \$200 or \$250, a Mr. Sullivan received \$200, and a Mr. Schulteis \$300. These latter three individuals seem to have been employed to discuss this legislation with Members of Congress and present the views of the pawnbrokers to such of said Members as they should see personally. From the testimony before your committee it does not appear whether these men actually did anything they were employed to do.

The bills for printing briefs, letters, and other matter filed by Heidenhelmer, and which he paid, aggregate \$67.86, and Horning estimates that the total for printing and distribution approximated \$100. The latter also swears that out of this fund so raised he contributed the sum of \$500 to the Democratic national campaign committee, paying the same to John Costello, the national campaign committee, paying the same to John Costello, the national campaign committee, paying the same to John Costello, the national campaign committee, paying the same to John Costello, the national campaign committee, paying the same to John Costello, the national campaign committee, paying the same to John Costello, the nation

Concerning the payment of \$2,000 to Mr. Henry E. Davis, there was some controversy, and some doubt apparently exists. Heldenheimer seemed to believe that his fee was \$1,500. Mr. Davis himself testified before the committee that this sum of \$2,000 was paid him and that on February 26, 1913, when the last payment was made he executed a receipt therefor. This paper was placed in evidence before the committee. He further testified that after being paid he returned \$500 to Horning with which to pay one Ryan for services alleged to have been performed by him in connection with the matter, similar, as your committee understands, to those of Hart, Sullivan, and Schulteis. He states that he did this voluntarily, it being suggested to him by Horning that Heldenheimer and Burnstine were unwilling to pay more, and that he (Horning) would have to pay Ryan's entire fee. Horning had been for many years a client of Davis, and under the circumstances, he says, he felt inclined to and did pay the same himself.

There was considerable question in the committee as to the fact of this alleged payment to Mr. Davis, but it does not appear to be material to the inquiry, since it can not in any way affect its findings upon those matters coming within the scope of the resolution, and hence no opinion is here expressed upon it.

Having described the various organizations, associations, etc., concerning which investigation was made, the specific matters which the committee was directed to inquire into and report upon will be now discussed. It is proper to state that in the preparation and rendition of this report it has been determined to follow a different order of statement than that laid down in the resolution. It will be observed that in the preamble of the resolution the only organization referred to is the National Association of Manufacturers, while in its body an inquiry is directs the committee to inquire first, whether the National Association, etc., that the committee might learn to be engaged in the efforts therein defined and

### WHAT IS A LOBBY?

The resolution does not define for us the word "lobby," and distinguished and eminent authorities entertain wide differences of opinion as to its correct definition. The word at one period carried with it a certain idea of acts, sinister and corrupt, and the first impression now made upon the mind of the average man when this word is used in connection with legislative bodies is probably in line with this conception. That it was not so intended to be understood in this resolution, however, appears to be certain, because the second part of paragraph 4 requires the committee to ascertain and report "to what extent and in what manner, if at all, legislation has been improperly effected or prevented by reason of the existence of such lobby, if it be found to exist now or to have existed heretofore." Had it been intended that your committee should consider the word "lobby" as used in the resolution to have the meaning above set forth, there would have been no necessity or occasion for the insertion of the word "improperly" in the subsequent clause.

Your committee has therefore in the taking of testimony treated and does, for the purposes of this report, treat the word "lobby" as used in the resolution as having the broad meaning of a person or body of persons seeking to influence legislation by Congress in any manner whatsoever, and under this definition it finds that the National Association of Manufacturers, the National Council for Industrial Defense, the National Tariff Commission Association, the American Federation of Labor, the local associations of intoxicating liquor dealers, and the local lons sharks and pawnbrokers have maintained, and some of them do now maintain, lobbies for the purpose of influencing legislation by Congress.

LEGISLATIVE ACTIVITIES AND METHODS OF THE N. A. M. AND THE N. C. I. D.

Congress.

Legislative activities and methods of the N. A. M. And the N. C. I. D. There has heretofore been given a history of the organization and a general statement of the purposes of the N. A. M. and the N. C. I. D., and their unity of intention as to political and legislative matters has been set forth.

As a rule, the attitude of these organizations on legislative matters have been negative; that is to say, they have opposed with all the vigor possible certain legislative propositions:

(1) That limiting the right of workmen to contract as to the amount of time they shall labor.

(2) Any limitation upon the power of courts of equity to issue the writ of injunction.

(3) The exclusion of organized labor from the provisions of the Sherman law.

These three matters have engaged their most serious attention and have been the subjects of their most active opposition. All bills and amendments—and there have been too many to try to enumerate them here—seeking to accomplish either of these ends, or even looking in that direction, have been met at the threshold and have been fought with untiring persistency and unwavering earnestness.

Other matters in which from time to time they have taken an interest have been workmen's compensation legislation, industrial and vocational education, merchant-marine legislation, and the creation of a tariff commission, all of which one or both of the organizations have favored. They have also opposed all legislation looking toward the permitting of "unionization" of Government employees, and seem to have been adverse to the principle involved in bills proposing to restrict or prevent the transportation in interstate commerce of articles that are the product of child labor. The question of Federal incorporation has been also a subject matter of discussion, but the record discloses no particular effort relative to either of the latter subjects.

To a certain extent also the N. A. M. seems, through its employee, Mr. Mulhall, to have taken some interest, a few years ago, in behalf of

## CUSHING.

Marshall Cushing was seceretary of the association for a period of several years, retiring in 1907. Because of the remoteness of the time of his service your committe has not made so searching inquiry of his activities and efforts as of the others. The testimony shows that he was secretive and reticent to an extreme degree as to the character of his work, and it was evidently friction in the association caused by this

that led to the severance of his connection with the organization, which occurred not long before the launching of the N. C. I. D.

EMERY.

EMERY.

James A. Emery became counsel for the N. C. I. D. in the year 1908 and has served in that capacity since that time, having his headquarters in the city of Washington.

The constituent members of this organization at the time of joining sign a card—something in the nature of a power of attorney—authorizing the counsel to represent them in those legislative matters in which an interest is taken by them, and he has complete authority in the premises to act and speak for them before committees of Congress and other persons and authorities thought necessary to be communicated with.

The activities of Mr. Emery in his capacity as counsel have been many and varied. When bills are introduced he procures copies, makes abstracts of them, prepares briefs and arguments upon them, keeps the members of his organization advised as to the contents and status of such bills by means of belletins, letters, pamphlets, etc., answers any special inquiries that may be directed or referred to him concerning such bills or in regard to existing law, seeks opportunities for making arguments before the committees having such bills in charge, and makes such arguments whenever opportunity is afforded. It also appears that by keeping constantly informed as to the status of bills in committees and upon the calendars he is able to and does advise the members of his organization when and how to address Representatives and Senators by letter or telegram urging action or nonaction, as may be desired by such members.

MULHALL.

Martin M. Mulhall entered the employ of the N. A. M. about the last of January 1903 and continued in the service until the class of the status of the status of the status of the status of the process of the status of the status

Muhall.

Martin M. Mulhall entered the employ of the N. A. M. about the 1st of January, 1903, and continued in its service until the close of the year 1911, a period of 10 years.

In September, 1911, he was suspended by the general manager, Mr. Bird, and subsequently was removed by the board of directors or resigned, his retirement to take effect at the close of the year.

Following his retirement the offered, in the latter part of 1911, to turn over his letters and correspondence to the American Federation of Labor and also sought to bring them to the attention of Congress through the then chairman of the Committee on Labor, Mr. William B. Wilson. These offers were not accepted, and in 1913 he endeavored to bring the matter to the attention of William Randolph Hearst, owner and publisher of various newspapers and magazines. It does not appear that he sought any compensation in connection with these offers.

After these negotiations had failed, the correspondence was finally brought to the attention of the New York World, and arrangements were made whereby, for the sum of \$10,000, the correspondence was furned over to that journal, and the personal narrative which appeared in the World and the Chicago Tribune on June 29, 1913, was written.

brought to the ettention of the New York World, and arrangements were made whereby, for the sum of \$10,000, the correspondence was turned over to that journal, and the personal narrative which appeared in the World and the Chicago Tribune on June 29, 1913, was written.

Since the appearance of this article and its companion piece, the summary prepared by Mr. Siebold, Mr. Mulhall has been variously and vigorously assalled.

Your committee has not felt called upon to enter upon either his personal condemnation or his personal defense. It has concerned itself wholly with an inquiry to ascertain the facts called for by the resolution committed to its charge. The fullest and freest opportunity was given to those interested to cross-examine Mr. Mulhall upon any and all parts of his personal narrative appearing in the journals referred to an examination of the proper under the resolution. He was given a very rigid cross-examination by Mr. James S. Easby-Smith, counsel for Representative James T. McDershort, and by Mr. Robert H. McCarter, who appeared as attorney for the N. A. M. and the N. C. I. D.

In his examination Mr. Mulhall admitted that he had been in error in sundry statements appearing in his personal narrative as published in the World and Tribune and as to matters contained or asserted in his correspondence. Some of these matters were vital and important; others were wholly immaterial:

Upon many other matters of great importance Mr. Mulhall has been abundantly corroborated by the testimony of officials of the N. A. M. accommittee, while also many of his statements and much of his testimony has been sharply and fiatly contradicted.

It is of vital necessity that the proper perspective be obtained and maintained. What Mr. Mulhall actually did in the matter of reaching and influencing Members of Congress is Important as relating to their integrity, and hence the integrity and purity of representative cyonement. Of almost equal importance, in another aspect, is what the organizations employing him thought he w

without question, except in perhaps one minor instance as to a small typewriting account, so far as the record discloses. That there was some friction at times because of his temper appears, but this was always smoothed over until the time of his suspension in 1911, and upon the whole he undoubtedly enjoyed the confidence, esteem, and appreciation of the officials who were his superiors, and his acts, with few exceptions, met their approval and received their commendations.

One exception which it seems proper to note at this juncture is the use by him of a room in the Capitol. In the Mulhall narrative appearing in the press, and in the comments concerning it, much stress was laid upon this fact. Hereinafter this will be more fully discussed. For the present it is sufficient to say that the use of this room by him was explicitly disapproved by that official of the N. A. M., Mr. Bird, under whose direction he was working, and positive instructions vergiven him not to use it. His subsequent use of the room was in violation of these instructions and seems to have been without the knowledge of Mr. Bird, Mr. Emery, or other of the officials of either organization. This protest was not against what he was to do in the room, but was simply against its use by him, it evidently being feared that such action would meet merited public suspicion and criticism.

Under all the circumstances and conditions it seems fair and just to say that the N. A. M. and the N. C. I. D., by now assailing and denouncing Mulhall, and by proving or attempting to prove that he did not do many of the things which at the time he reported he was doing, can not escape whatever criticism and condemnation may be deserved for his alleged acts as their agents, because, whether he did or did not do the hings which he reported to them he was doing, they thought he was reporting the truth, and, with few minor exceptions, approved his course unreservedly.

The exact duties that Mr. Mulhall was supposed and expected to perform your committee confesses prov

He appears also to have solicited members for the association to some extent, but this seems to have been a minor and merely incidental part of his business.

President J. W. Van Cleave unquestionably entertained a high regard for his abilities, was responsible for his salary being increased, and evidently held him in esteem, and between him and Ferdinand S. Schwedtman, secretary to Van Cleave, who carried on the greater portion of the latter's correspondence as president, there seems to have existed a deep and mutual friendship and admiration. He was constantly complimented and encouraged by Mr. Schwedtman, who assured him also of his chief's appreciation.

Some time after the formation of the N. C. I. D. Mulhall was "loaned" to the latter by the N. A. M., instructed to come to Washington, and was placed while here under the direction and control of Mr. Emery. While away from Washington, engaged in field work, he was to be under the direction of Mr. Bird. The services which he rendered the N. C. I. D. were considered by the N. A. M. as its contribution to the former organization.

There is an unsatisfactory indefiniteness also about the functions he was to perform in Washington. He was at this time receiving a salary of from \$250 to \$300 per month and a not illiberal allowance for expenses. The latter was not a fixed amount. He sent in his expense accounts and they were paid without question, except in the instance cited.

One of his duties seems to have been that of procuring bills, reports.

One of his duties seems to have been that of procuring bills, reports, etc., but the most of this work was, during much of the time at least, performed by I. H. McMichaels, who was employed by Mulhall for that purpose with Mr. Emery's consent, Mr. Emery paying him at least in

performed by I. H. McMichaels, who was employed by Mulhall for that purpose with Mr. Emery's consent, Mr. Emery paying him at least in part.

He did not appear before any committees of Congress to make arguments upon pending measures, nor does it appear that he had anything to do with the preparation of the bulletins and pamphlets sent out by Mr. Emery.

From the testimony adduced before your committee, the conclusion must be inevitable that in so far as Mr. Mulhall's duties in Washington and about the Capitol are concerned he was employed and used by these organizations very largely and primarily for personal lobbying. They believed him to be a man of extended acquaintance among Representatives, Senators, and other public men, and believed that this acquaintance could be capitalized and utilized in influencing individual Members in their official acts, and so affect the general course of legislation; and it was for this purpose that he was employed and retained. Having pointed out the legislation in which the organizations were interested, we turn now to the methods, and especially to Mulhall's work, in this regard.

In his personal narrative in the World and Tribune he asserted that he would obtain advance information as to legislation that was to be offered by way of amendment as riders upon bills; that upon one occasion he reported to Mr. John Dwight, the Republican whip of the House, that a rider would be offered to the sundry civil bill two weeks before it was offered, and that Dwight kept in Washington as many Members of bis side of the House as he possibly could, etc. He states that this rider was "a general eight-hour bill, which William Hughes, of the sixth New Jersey district, put upon the sundry civil high, and this rider was squarely defeated by a party vote of the House, the Republicans voting against it and the Democrats voting for it."

Concerning this statement there has been much testimony and a very considerable amount of confusion. We think the article was so worded as to make the impression

does not substantiate this idea, but that upon one occasion, which was that referred to by Mr. Mulhall, he did obtain such information is clearly and unmistakably proven. It does not appear, however, that he obtained this information two weeks in advance of the amendment being offered, but apparently it was some two or three days, nor was the amendment effered by Mr. Hughes of Jersey, but, as the record shows, it was by Mr. Kendall of Iowa.

Mr. Mulhall is also mistaken as to it having been defeated by a party vote, "the Republicans voting for it and the Democrats voting against it." As a matter of fact, a point of order was made to the amendment, and it was sustained by the Chairman of the Committee of the Whole. An appeal from this ruling was taken, and the Chair was sustained upon a teller vote—yeas, 99, nays 61. There is no method of ascertaining whether this vote was along party lines, nor do we deem it material. It is very well known in the House and throughout the country that divisions upon these questions have not been uniformly along party lines.

In a letter written to Mr. John Kirby, jr., of Dayton, Ohlo, under date of June 4, 1910, Mr. Mulhall makes a long report as to his activities. This letter has been placed in evidence before your committee. It appears from the context that upon June 3 Mr. Mulhall went to the Capitol and "received a brief report from my labor friends and was handed the following written statement:

"'The sundry civil bill now before the House, page 116, at the end of the bill, on page 184, Mr. Hughes, of New Jersey, has an amendment on the eight-hour law to be offered; every effort is being made to get your men in, so that the amendment can be defeated. Notice has been given all Republicans to be on hand to vote with the chairman, Tawney, against same going into the bill. I will look after the end of keeping the other way."

McMichael statifies that he did about that time hand Mulhall a note, but he is quite positive in the belief that not all of the language above quoted was

did so.

The original of this note was not placed in evidence. When Mr. Mulhall was before your committee he was questioned concerning it, and it was his impression that it had been filed before the Senate lobby investigating committee. We thereupon addressed a request to the Senate committee to be permitted to examine this, if the original had been filed, and in response thereto were advised that it had not been placed in evidence or presented to the committee. From all the evidence and the surrounding circumstances, your committee thinks it probable that McMichael's version is correct and that the other portions of the note became mixed with the original McMichael matter in quoting the same. same.

of the note became mixed with the original McMichael matter in quoting the same.

The letter of Mr. Mulhall continues, giving an account of his call upon the Republican whip of the House and informing him that such an amendment would be offered, and tells his (Mulhall's) efforts to procure the attendance of Members adverse to the legislation when this matter should arise.

It appears from an examination of the sundry civil bill, as it was reported to the House in the Sixty-first Congress, second session, that it did consist of 184 pages. It also appears from an examination of the Congressional Record (see pt. 7, vol. 45, 61st Cong., 2d sess., p. 7327) that at the close of the session on June 2, page 11f of the bill was under consideration. It will be remembered that Mr. Mulhall claims to have obtained this note on the morning of June 3 and prior to the meeting of the House. It further appears that the amendment of Mr. Kendall was proposed on page 184 and before the last section of the bill—section 11. (Pt. 7, vol. 45, p. 7410.)

This record evidence is necessarily strongly corroborative of certain of the details of Mr. Mulhall's letter, and, in addition to this, the testimony of Mr. Emery is conclusive upon that point.

Under date of June 6, 1910, Mr. Emery, writing to Mr. Kirby, gave an account of the contest over the Kendall amendment, saying among other things:

"In accordance with the warning received, an account of which was given you in my recent letter, an attempt was made by the Democrats.

other things:

"In accordance with the warning received, an account of which was given you in my recent letter, an attempt was made by the Democrats to attach the eight-hour bill to the sundry civil bill on Saturday afternoon. The colonel's authentic advance information enabled ample warning to be given to the Republican whip, and the prompt and efficient assistance which the colonel gave secured every precaution."

The "colonel" therein referred to was Mr. Mulhall.

In a subsequent part of the letter it is further stated:

"The colonel deserves the greatest credit in the manner of obtaining his information and the promptness and efficiency with which he applied it."

Another of the matters of legislation against which these organiza-tions have made vigorous and determined warfare has been the exemp-tion of labor unions from the operation of the Sherman antitrust law, and in connection with this same sundry civil bill in 1910 there was a contest over this in which Messrs. Emery and Mulhall took a most

contest over this in which Messrs. Emery and Aluman took a most active part.

On June 2, 1910, while the sundry civil appropriation bill was under consideration in the House (see Cong. Rec., vol. 45, pt. 7, 61st Cong., 2d sess., p. 7324), Representative William Hughes, of New Jersey, offered an amendment designed to prevent the use of any portion of a special fund allotted the Department of Justice for the investigation and prosecution of violations of the antitrust law being used for prosecuting members of labor unions under certain conditions. This amendment was offered to be inserted at the end of line 24, page 116, of the bill

ment was offered to be inserted at the end of line 24, page 116, of the bill.

We think it strongly probable that Mulhall, in writing his personal narrative, confused the Kendall amendment, above referred to, with this Hughes amendment, and hence some of the inaccuracies that appeared in his statement.

The Hughes amendment was adopted in the Committee of the Whole. No separate vote was had or demanded upon it at the time of the final passage of the bill by the House on June 4, 1910. The Senate, however, amended the bill by striking out the House amendment, and this action became Senate amendment No. 76. When the bill as amended by the Senate was returned to the House all Senate amendments were disagreed to by unanimous consent and the bill was sent to conference. There were a number of conference reports, partial in character, made from

time to time and acted upon. On June 21 (Rec., 61st Cong., 2d sess., vol. 45, pt. 8, p. 8056) Mr. Hughes moved that the House conferees be instructed to disagree to Senate amendment No. 76. Upon this motion there was a call of the roll, and the yeas were 154, nays 105, answered "present" 12, not voting 118.

The next final test came on June 23, 1910 (Rec., vol. 45, pt. 8, p. 8552, 61st Cong., 2d sess.), when Mr. Tawney moved that the House recede from its disagreement and concur in the Senate amendment striking the provision from the bill. This motion carried upon the roll call—yeas 138, nays 130, present 16, and not voting 105.

There has been placed in the record of your committee, and proven, a letter of Mr. James A. Emery, written to Mr. John Kirby, ir. (House hair), so was actions in regard thereto, and the work performed by Mulhall. Among other things, he says:

"In the Meantime, after an hour's conference with Mr. Dwight, the whip of the House, at his office, the program was outlined and carried out to the letter. To the colonel (Mulhall) was given a list of 14 names, some Democrats, some Republicans, who voted with HUGHES. He accomplished his work so successfully that of the 14 but 1 failed to either absent himself or vote with us yesterday."

In view of this statement, your committee has carefully examined the Record upon the two votes. This shows (see volume of Record the vote of June 21 who voted for the Hughes amendment on June 22; that there were 30 that voted for the Hughes amendment on June 22; who answered "present" on June 23; 6 that voted for it on June 21 who are recorded as not voting on June 23; 6 that voted for it on June 21 who are recorded as not voting on June 23; being paired, and 3 that voted for the work of all of those recorded as not voting on both days were paired, and as, of course, your committee has no way of determining who of them were absent from the city or engaged at the time in other official business, it has been deemed essential to rectite the Record facts in view of th

mittee to "ascertain and report to what extent and in what manner, if at all, legislation has been improperly effected or prevented by reason of the existence of such lobby if it be found to exist now or to have existed heretofore."

This necessitates the expression of the judgment of the committee as to what character of efforts may properly be exercised by an individual or an association in the attempt to influence the action of Congress and its individual Members in legislation. The committee realizes the extreme delicacy and difficulty of laying down such a rule and the practical impossibility of asserting one sufficiently specific to be generally satisfying. This is a matter of individual opinion and is a question which must largely be determined by the Member for himself. After all the searching and defining and speculating, we come back to the elemental proposition that the whole matter must depend altimately upon the judgment, the intelligence, the honor, and above all, perhaps, the courage of the individual Congressman.

No rule which this committee can lay down even if it could be crystallized into law, will protect a fool from his folly or a weak man from his timidity, nor can it give courage to the cowardy or virtue to the depraved. The man who enters public life in a representative government assumes grave responsibilities, and most largely upon his own judgment, his own firmness of will, and his own sense of honor must he rely in meeting the constant pressure from conflicting interests that are ever pleading and appealing, ever enticing and threatening him. Each appeal and each threat and each inducement offers its own problem to be solved, and each man must have a standard of his own.

The elements which may annoy may offer no obstacles to another. We see things from different angles, and, so seeing them, their appearances are different.

Nevertheless, your committee believes that there is a general standard in the public conscience of this country which renders it possible and proper to lay down

when we come to apply this rule to the activities of the N. A. M. and the N. C. I. D. in legislative matters we are at once confronted with the impossibility of divining the motives which actuated the attitude of the various Members of Congress.

Accepting as true the statement that upon the final vote on the Hughes amendment Members were induced to change position by the acts of Mulhall and Emery and the influence of telegrams and letters,

the question still remains as to what were those acts and what methods were used. In the very nature of things the committee could not ascertain these facts in detail or learn the motives of those who changed. As to the inducing of Members to remain away, which is also stated to have been done, the committee has no hesitation in saying that this was highly improper. The Members so induced violated the rules of the House, which require attendance and the casting of a vote unless excused by the House, and, what is more important, violated the obligations due their constituencies and the public.

This we say without reference to the merits of the legislation concerning which differences of opinion exist.

To this extent, at least, the lobby of the associations was guilty, in the opinion of your committee, of improperly preventing and seeking to prevent this legislation.

For the reason that it is impossible for your committee to know the motives of those who changed their position, it is impossible to say whether they were improperly influenced; but we feel constrained to say that there is a limit beyond which men should not in decency go, even in argument, and we entertain the gravest doubt as to the propriety of the acts of Mulhall and Emery relative to this matter, and we hope that future Congresses may be trusted to legislate without the particular kind of aid rendered in the particular manner that those gentlemen then gave.

We think it is offensive and outrageous that these associations should have their paid hirelings about this Capitol buttonholing Members of Congress, striving to induce them to remain away from the Chamber when a vote was being taken. We think they went beyond the limits of legitimate effort and that they deserve the severest censure as well as a pointed invitation and suggestion that they completely reform their methods or else remain away in the future. We have striven to make clear our opinion as to the right of persons and organizations to argue and appeal to Representatives and Senat

### AS TO THE NATIONAL TARIFF COMMISSION ASSOCIATION.

During the extraordinary session of the Sixty-first Congress, in 1909, the N. T. C. A., which, as has heretofore been pointed out, was a kind of offspring of the N. A. M., maintained a lobby in the city of Washington in an effort to bring about the creation of a tariff commission. The active work for this began immediately following the Indianapolis convention of February, 1909, and during the entire time that the tariff bill was pending before the extraordinary session of Congress there was a most vigorous and earnest campaign conducted in its behalf.

there was a most vigorous and earnest campaign conducted in its behalf.

The committee of 100 which was appointed at the Indianapolis convention in turn appointed an executive committee of 15, to which was given plenary power, apparently, in carrying on this fight. Mr. H. E. Miles, of Racine, Wis., was its chairman. The special session convened March 15, 1909. Prior to this time for several months the Committee on Ways and Means had been conducting hearings on the various schedules of the tariff bill. There had been no appearance before that committee of anyone advocating a tariff commission, nor had there been any very noticeable agitation of the subject, except by the N. A. M.

The majority members of the Ways and Means Committee had prepared the bill substantially as it was presented in the House by the date of the convening of the extraordinary session, and it was introduced and reported to the House within a very short time and its consideration began. Hon. James E. Watson retired from the House of Representatives on March 4, 1909. He had been a Member for 12 years, serving the time consecutively except for one term. He was for six years the Republican whip of the House and was on terms of closest intimacy with the Speaker and other prominent Members of his party in the body. As one of the leaders of his party and because of his agreeable personality, as well as great intellectual ability, he was generally popular and strongly influential in the House. He had served on important committees, being at one time a member of Ways and Means, from which he resigned in June, 1908, to enter the campaign as nominee of his party for governor of Indiana.

About the 26th or 27th of March, 1909, while the tariff bill was under consideration in the House, Mr. Watson, who was at his home in Indiana, received a message from either Mr. Muhall or Mr. Emery (see testimony, Watson, p. 2509) to come to Washington. He did so, and upon his arrival here negotiations were opened with him to take employment by the N. T. C. A. to wor

In view of the statement in the Mulhall article that Mr. Watson was employed in this capacity while yet a Member of Congress, we feel that attention should here be called to the fact that this is an error. This will be subsequently discussed more particularly.

'Mr. Watson's duties under his employment seem to have been to personally urge the question with Members of the House and Senate belonging to the dominant party. He did not appear before any congressional committee and make arguments upon it, nor were any public arguments before the committee of either House had upon it.

The tariff-commission amendment to the tariff bill was defeated in the House, and the activities of those engaged in the propaganda were then centered on the Senate. Mr. Watson (p. 2571) tells of the efforts there as follows:

then centered on the Senate. Mr. Watson (p. 2571) tells of the efforts there as follows:

"I had my headquarters down here in town, and I would get gentlemen to go and see their own Senators. I did not go to see all these gentlemen or argue to different Senators about it, but I had men from the different States go to see their own Senators, and then report to me. I had charge of that organization and that campaign for a tariff commission in the House and in the Senate, and I had various Members of Congress coming to report to me about how their delegations stood, and I had gentlemen who were interested in this proposition. For instance, I asked Mr. John C. Cobb, who at that time, I believe, was president of the Merchants' Association of Boston. He came here, and I asked him to see Senator Lodge and Senator Crane about it, and so on through the various States."

He also gives an account of a call by himself, Mr. Van Cleave, then president of the N. A. M., and Mr. Schwedtmann, secretary to Mr. Van Cleave, upon Senator Aldrich; states that Mr. Aldrich advised he was

not against a tariff commission properly limited and defined, and brought in a proposition which he submitted to their examination, and

says:
"We sat down and went over it while he was there. My recollection
is that I took my pencil out of my pocket and just wrote in this expression. They were providing for finding the facts for various purposes,
and how a report should be made to the President, etc., in that proposition of Senator Aldrich's, and I took my pencil and wrote in this lan-

guage:

"And for use in the preparation of tariff legislation.'"

Without going into the details it is sufficient to say that the bill which finally passed—the Payne bill—carried a provision for a modified form of tariff commission or board. It was not entirely satisfactory to those of the N. T. C. A. and the N. A. M. who had led in the propaganda, but was accepted as a step toward their ultiThere was no evidence.

mate desire.

There was no evidence presented to your committee which would indicate that under the rule as to improper influence set forth this tariff commission legislation was improperly effected by the lobby which worked in its behalf. At the same time the committee questions the propriety of one who has been a Member of Congress and attained a personal and political influence capitalizing that influence in pressing legislative propositions upon Congress for hire by personal contact and personal efforts with Members, as was done in this case, and we confess to a feeling of regret that upon any question, whatever its merits, the lobbyist for it should be able to say, as Mr. Watson said in this case (p. 2571), "I had various Members of Congress coming to report to me about how their delegations stood."

LEGISLATIVE ACTIVITIES AND METHODS OF THE A. F. L.

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LEGISLATIVE ACTIVITIES AND METHODS OF THE A. F. L.

The testimony of Mr. Gompers before your committee shows the various matters of legislation in which the federation has taken an interest. As a rule its position has been affirmative—that is to say, it has pressed for the adoption of legislation; but at times it has also opposed certain matters that have arisen. Its activities in this direction have been exerted in the States, as well as in the Federal Congress. Your committee has not felt that it was called upon or authorized to make investigation as to the efforts in the States and sonfined itself to Federal and congressional matters.

At its first convention in Pittsburgh, when organized, it declared generally for "a shorter workday, for increased wages," or at any rate a protest against the continual decrease in wages which has been imposed apon the workers since 1877; it also took up the question of immigration and its regulation, and also declared for a Federal law that would "regulate and limit and finally stop the Chinese immigration." There has been a greater enlargement in its demands since that time, and the following legislation has been urged and supported:

1. The establishment by law of a limitation of the hours of labor of women and childern. At first the limitation sought was to 12 hours per day, then to 60 hours per week, then to 58 hours, then to 54 and to 48 hours. The efforts in behalf of this legislation were mainly in the States, but from Congress there has been sought such legislation for the District of Columbia.

2. Legislation concerning vestibules upon the street cars for the protection of motormen in the District of Columbia.

3. Compulsory education and free text-book laws for the District of Columbia.

4. Lien laws for workmen in the District of Columbia.

5. Legislation of the Federal Government in the various departments should be shortened and limi

16. Legislation relative to interstate shipment of convict-made goods.

17. Legislation designed to prevent the manufacture of a certain character of matches. In the manufacture of which the disease of "phossy jaw" is alleged to be contracted.

18. Legislation creating a Bureau of Labor and the Department of Labor.

18. Legislation creating a Bureau of Labor and the Department of Labor.

19. Election of Senators by direct vote of the people.

20. Immigration, with particular reference to its restriction.

In addition to the matters above recited upon which the American Federation of Labor sought affirmative action by the Congress, there were also certain matters which it opposed, as follows:

1. The so-called compulsory antipliotage bill.

2. The repeal of the eight-hour law on the 1sthmus of Panama.

3. The so-called ship-subsidy bill, in March. 1907, which was opposed particularly because the organization held if "to include a very objectionable conscription provision injurious to and affecting seamen."

4. Compulsory investigation of labor disputes, opposed because it was considered a step toward compulsory arbitration.

Your committee finds from the testimony adduced before it that the methods pursued by the representatives of the American Federation of Labor in the effort to obtain or defeat legislation were the appearance before committees of the House, by its president, secretary, and legislative committee, where arguments were made at the public hearings held for the purpose of argument, and also, according to the testimony of Gempers and Morrison, its representatives have at times discussed with individual Members of Congress these matters of legislation, arguing upon the merits and soliciting the aid and support of such Representatives.

In the letter of Mr. Emery to Mr. Kirby giving an account of the fight over the Hughes amendment, a portion of which has been here-tofore quoted, it is also stated:

"Mr. Gompers made his headquarters in the office of Representative CARY, of Wisconsin, in the House Office Building, and had something in the neighborhood of 100 aids about him making a persistent office canvass, petitions and memorials being piled in from every union source."

Mr. Gompers when on the stand was questioned in regard to this and made a flat denial, saying:

"In so far as that statement refers to me or any number of men with me or aiding me in Mr. Cary's office or in the Capitol Building or in any office of the Government of the United States, it is absolutely untrue."

The committee feels assured that Mr. Emery was misinformed as to the fact at the time of writing the letter and made an error in the

The committee feels assured that Mr. Emery was misinformed as to the fact at the time of writing the letter and made an error in the statement.

It is a matter of common knowledge that Mr. Gompers in his capacity of president of the A. F. L. took a most keen interest in this legislation, as great, if not greater, than in any other matter which has arisen. He states that from his office he directed the legislative committee of the A. F. L. to go to the Capitol and render such assistance as they possibly could in having the Hughes amendment retained, and undoubtedly this committee obeyed instructions. This committee consisted of Messrs, Holder, Hamilton, and Moffett.

There seems to have been about all of the efforts of the A. F. L. relative to legislative matters entire frankness and full publicity. In so far as the record discloses there have been no secret methods connected with the work of its representatives in this regard. As will be hereinafter pointed out, it has vigorously opposed for election candidates, for office whose views and votes on public questions have been in opposition to its policies, but in its case, as in that of the other organizations referred to, your committee has no method of divining the extent, if any, to which Representatives have been influenced against their better judgments by fear of its political power. That the organization is actively and carnestly engaged in political and legislative effort and has been for many years is well known, but your committee has found nothing from the evidence taken before it to indicate it has done or attempted to do in these matters aught that is illegitimate or that is not within the rights and privileges of citizens of these United States. We do not find that its lobby has improperly effected or prevented legislation under the rule laid down.

THE LIQUOR DEALERS AND MONEY LENDERS.

THE LIQUOR DEALERS AND MONEY LENDERS.

In that part of the report wherein we gave an account of the legislative efforts of the liquor dealers, the loan sharks, and the pawn-brokers of the District of Columbia, all the facts except as to certain loans made to a Member of Congress, which will be subsequently discussed, have been quite fully set forth. There is no evidence that such lobbies as were maintained by these effected or prevented legislation improperly or otherwise.

EFFORTS AS TO COMMITTEE ASSIGNMENTS.

ation improperly or otherwise.

EFFORTS AS TO COMMITTEE ASSIGNMENTS.

In the third paragraph of the resolution your committee was directed to inquire whether improper influence has been exerted by said association (the N. A. M.) or by any other association, corporation, or person to secure or prevent the appointment or selection of any Representative to any committee of the House in this or any other Congress.

In the Mulhall article it was asserted that at the request of Mr. Emery and Mr. Mulhall three active members of the House Judiciary Committee were removed through the influence of Hon. James E. Watson: that one of these was Mr. George A. Pearre, late a Representative from the State of Maryland, the names of the others not being given; that in the place of the three men removed "three very subservient Members were appointed, Mr. Vreeland, of New York, and Mr. Bannon, of Ohio, being two of these," and the article adds:

"So this committee was fixed from that time on to make it impossible to get any legislation through unless it was O. K'd by the National Association of Manufacturers."

The Congress in which this is alleged to have taken place is not given, but from the surrounding circumstances it appears to have been the intention of Mulhall to assert that it was at the time the House committees were appointed for the Sixty-first Congress. The Judiciary Committee or that Congress was appointed near the close of the extraordinary session in August, 1909.

It is perfectly evident that Mulhall is in error as to at least a part of the statement. Mr. Vreeland was never at any time during his service in Congress a member of the Judiciary Committee. Mr. Bannon was appointed a member of the Judiciary Committee, Mr. Bannon was appointed a member of the Sixty-first Congress. At the time of his original appointment he succeeded to a vacancy caused by the resignation of Mr. Gillette, of California, who was not removed but who resigned from Congress to become governor of his State. In testifying, Mr. Mulhall was unabl

beginning of the Fifty-ninth Congress he was not reappointed. The then Speaker of the House, Mr. Joseph G. Cannon, appointed the committee.

It is well known that Mr. Cannon's views upon what are called the labor questions were also in antagonism to those of Mr. Pearre and were in accord in the main, if not wholly, with those of the N. A. M. officials. Your committee has no doubt that the failure to reappoint Mr. Pearre was due to his position on this question and because the Speaker did not deem it proper. There is no evidence in our record, however, to indicate that there were any efforts made by the N. A. M. in this direction. Mr. Watson denies that he ever consulted with the Speaker concerning or advised his removal. Mr. Emery likewise enters a denial of any activity in this regard. He was not at that time counsel for the N. C. I. D. The entire matter rests upon the unsupported statement of Mr. Mulhail, and since he is so unmistakabily in error as to other vital matters alleged to have been connected with this transaction, the committee feels assured that he was mistaken as to this. this transaction, the committee levis must be the transaction, the committee levis must be as to this.

Doubtless the removal or failure to reappoint Mr. Pearre was gratifying to the N. A. M., because of the antagonism of views between

them, and it is not beyond the range of possibility that the matter was by some of its representatives discussed with the Speaker, or others known to be close to him, but there is no evidence of any improper influence sought to be exerted upon him and no reason to assume that his act was other than upon his own initiative and responsibility.

Another charge in the Mulhall article is that in the Sixty-first Congress Mr. John J. Gardner, of New Jersey, then chairman of the Committee on Labor. "allowed the lobby of the N. A. M. to suggest to him the gentlemen they wished to have serve on his subcommittees of the House Labor Committee and to pigeonhole the labor bills and measures, through these subcommittees, that had been offered before 1908 and all that came up at the regular session of Congress in 1908 and 1909."

Mr. Mulhall, Mr. Emery, and Mr. Gardner each testified before the committee and were closely examined upon the statement. The substance of Mulhall's testimony upon this point is that he and Emery discussed the matter, and that in the latter's office certain persons were agreed upon to constitute at least one, and perhaps others, of the subcommittees; that Mr. Emery wrote on a slip of paper the names of five men to be suggested for appointment on subcommittee No. 2; that Mr. Mulhall communicated this to Mr. Gardner, and that they were so appointed.

There has been proven and placed in the record a cony of a tele-

So appointed

There has been proven and placed in the record a copy of a telegram sent by Mulhali to Emery, which reads as follows:

WASHINGTON, D. C., February 11, 1910.

JAMES A. EMERY, National Association of Manufacturers, Notional Association of Manufacturers, 170 Broadway, New York:

Subcommittee No. 2 appointed as suggested and bill referred to that committee by Chairman Hughes, of New Jersey, making personal canvass of full committee to try to force bill out next Tuesday.

M. M. Mulhall.

(Charge James A. Emery.)

Subcommittee No. 2 aphonited as suggested and but leave reason committee by Chairman Housins, of New Jersey, making personal canvass of full committee to try to force bill out next Tuesday.

(Charge James A. Emery.)

Also there have been proven end placed in evidence letters written by Mulhell about the same time in which there are statements tending to corroborate his assertions in this regard.

Mr. Emery and Mr. Gardner each make denial of the truth of these assertions. Mr. Emery undertakes to explain the telegram above quoted by saying that it evidently had reference to an effort which he and others were making to obtain a hearing upon an "cight-hour" bill. This explanation is not satisfactory to your committee. Its wording, it is not satisfactory to your committee. Its wording, and does not appear to reasonably bear the construction of having reference or discussion relative to appointment of the subcommittee, and does not appear to reasonably bear the construction of having reference for a bearing. That Mr. Gardner did, during his last term as chairman, become indifferent to the fate of "labor measures" which he had formerly champloned and made practically no effort to press them we think can not be questioned in the face of his own statements in the continuous of the conflicting testimony, the interest pominists in the realm of doubt as to the verity of the allegations concerning these subcommittee appointments.

The two Instances above clied are the only cases related in the Mulhall article. However, there are in the correspondence placed in the face of the subcommittee appointments.

It is in evidence that shortly prior to the election of the No. 2. M. M. and the No. 2. D. felt across the subcommittee appointments of the subcommittee appointments of the subcommittee of the Sixty-second Congress (this beling the first Congress after through the office of the committee of the committees of the Democratic cancus the Democratic members of the committee, expressed to him their interest in these two committee

EFFORTS IN ELECTIONS.

By the second paragraph of the resolution the committee was directed to "inquire whether money has been used or improper influence exerted by said National Association of Manufacturers or other person, persons,

association, or organization, or any agent thereof, to accomplish the nomination of election or secure the defeat for nomination of election. It has been heretofore stated that Mr. Mullail, as field agent of the N. A. M., was the chief character in the general conduct of its political and Tribune he related a number of instances in which in the World and Tribune he related a number of instances in which is the world of the control of the consideration of the control of the

"Now, Mr. Chairman, this man is Mr. Clyde Painter.

"Mr. Stafford For a list of delegates or for a list of members?

"Mr. Colle For a list of members in the association in my district.

C. R. Painter, of Bowling Green, was here to get one of his friends appointed as postmaster at Bowling Green and another at North Baltimore. There was a Democrat, Gea. Sherwood, representing his district, and consequently, being a friend of mine, he called on me and lived with me in my rooms at the hotel during that time. He was in my office when Mr. Mulhall came in, and a few days ago he came to me in Findlay and said, 'I remember when Mr. Mulhall came into your office and will make affidavit to it.' If you want him here to testify, I will have him here to-morrow, but this is his affidavit [indicating]. It reads:

"The State of Onio, Hancock County as:

"THE STATE OF OHIO, Hancock County, ss:

"C. R. Painter, being first duly sworn, says near the 1st day of February, 1910, he was in Hon. R. D. Cole's office in Washington, D. C., when Mr. Mulhall entered said office and engaged in conversation with Mr. Cole, representing that he bad a message from Mr. Cannon. Mr. Cole became very angry and ordered Mr. Mulhall from his office. Mr. Mulhall left, and Mr. Cole and this affiant spent the rest of the day together, and this affiant says that Mr. Cole did not on that day go to Mr. Emery's office, nor did he go on that night.

"C. R. Painter.

"Sworn to before me and signed in my presence this 9th day of September, 1913.

"E. T. DUNN, "Notary Public, Hancock County, Ohio.

"Notary Public, Hancock County, Onio."

Mr. Cole states positively that he never at any time received any campaign contribution from the N. A. M. or any of its officials (p. 2659).

In view of all the testimony your committee thinks it fair to state it does not believe that he was an emissary of this association or its agent in any way, or that he ever received any financial reward therefrom. We think Mr. Mulhall is in error as to having conducted Mr. Cole to Emery's office as stated, and that the entire allegation as to this meeting at Emery's office and what occurred there is untrue. Mulhall's own testimony upon it is confusing and contradictory upon its face.

hair's own testimony upon it is contusing and contradictory upon its face.

The most vigorous efforts which have been put forth by the association in any campaign were those exerted in 1906 in behalf of Mr. Charles E. Littlefield, of Maine. Because of the great prominence which Mr. Littlefield had attained in the country, as well as by reason of the conspicuous forces engaged for and against him, that contest excited extraordinary interest and is a well-remembered event of recent political history.

excited extraordinary interest and is a well-remembered event of recent political history.

In his narrative Mr. Mulhall discusses it in much detail, and, being examined concerning it, reiterated under oath substantially what he had said in the article. The repetition of his statement and testimony is deemed unnecessary here.

Mr. Littlefield has testified also before the committee concerning it at great length and with a fullness which leaves little or nothing to be desired.

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The dity of your committee under the resolution does not require the other was a substitute of the control of

Workingmen's Protective Association and using this in his campaigns, the expenses being borne by the N. A. M. Mr. Bird and Mr. Kirby have each testified as to this, as has Mr. Emery. Throughout the multitude of expense accounts of Mr. Mulhall placed in evidence there were items reading: "Paid member of the Stone Hoisters' Union" so much: "Paid member of Silk Weavers' Union" so much; "Paid to party workers to do campaign work and gather information in the labor unions" so much, etc. All these items were, according to Mulhall, for political work by the persons described, but not named, employed by him, except that in some instances the employment might have been for the obtaining of information to be used in connection with efforts to break strikes. It was understood by Mr. Bird and others who passed upon Mr. Mulhall's accounts that he was employing these individuals in connection with the organization of these workingmen's protective associations, and he was not required or expected to give the names of the persons so employed.

The committee of the Senate engaged in lobby investigation had, prior to the organization of the House committee, issued subpenas for

with the organization of these workingmen's protective associations, and he was not required or expected to give the names of the persons so employed.

The committee of the Senate engaged in lobby investigation had, prior to the organization of the House committee, issued subpenas for and obtained the books and papers of the N. A. M. and N. C. I. D. It caused an examination of the books to be made by an expert accountant, and his testimony taken by the Senate committee has been adopted by your committee and published as a part of the record, being "Appendix C," page 2909.

This evidence shows the aggregate expenditures, by years, of the N. A. M. from March 31, 1904, to March 31, 1913, March 31 being the end of its fiscal year.

The total as given by Mr. Frawley was \$1,785,398.37. This was expended for the following general purposes in the following amounts: President's office, \$98,381.19; secretary's office, \$15,139.59; general office, \$253,760.30; membership, \$134,259.94; public affairs, \$245,337.39; board of directors, \$13,812.82; committees, \$68,294.19; convention, \$38,979.71; convention reports, \$14,552.01; freight bureau, \$87,438.68; foreign department (general), \$120,679.55; translations, \$108,690.81; credits, \$59,680.47; collections, \$44,005.77; lists, \$12,996.87; special reports, \$2,729.68; bulletin, \$9,946.35; law department (general), \$23,401.57; patents and trade-marks, \$20,840.19; American industries, domestic, \$193,001.97; American industries, export, \$119,435.92; American Trade Index, \$62,361.88; miscellaneous printing, \$2,268.48; fixtures and library, \$17,490.82; miscellaneous printing, \$2,268.48; fixtures and library, \$17,490.82; miscellaneous printing, \$2,268.48; fixtures and library, \$17,490.82; miscellaneous, \$8,401.19; service to Members, \$11.751.41; field men, \$53,035.27.

The public affairs expenditures included "publicity work, amounts paid Mulhall tariff commission convention, and other field men." We understand that the funds expended in political campaigns are included under this head.

It has not been possible for your committee to ascertain the aggregate amount which these organizations have expended in the effort to effect nominations and elections of Members of the House of Representatives, but we find that money has been by them expended for that purpose.

Passing from the simple question of the use of money to that of whether "improper influence was exerted," this being the second part of paragraph 2, your committee has to report that it looks with greatest suspicion upon the act of sending Mulhall abroad in the country furnished with funds to organize temporary and speedily dissolving associations for use in elections, as was done again and again, and the secretiveness practiced induces in the common intelligence of men a surmise that there was not that scrupulousness which is attendant upon cleanly political practice. Mr. Mulhall's political work seems to have been largely to proselyte members of labor unions along political lines, and to do it by the use of money. The officials of the N. A. M., particularly Mr. Bird, knew this fact well, and Mr. Emery, of the N. C. I. D., also understood it, and Mulhall's accounts on their faces were made ambiguous, but were well understood in the office and were passed without question. The extent of the political influence thus exerted your committee can not tell, but the method was improper and dishonest, and to the extent that this method was used it was the exertion of improper influence and was disreputable.

The political activities of the American Federation of Labor seem to have begun in 1996; that is to say, this was the first occasion upon which the organization attempted to influence the election or defeat of persons for Congress. In March of that year there was formally presented to the President of the United States, the President pro tempore of the Senate, and the Speaker of the House by the executive council of the American Federation of Labor was demanding, there are set out the several questions in which it was a that time primarily

the other districts seems to have consisted wholly of a few addresses and the mailing out of literature. The expenditures for that year amounted to a little more than \$8.000 for all political purposes.

An itemized statement of the receipts for political expenditures and the disbursement of same, showing the sources from which derived and the payments out, will be found, for the several campaigns in which the A. F. L. participated, beginning at page 2428 of the hearing.

In 1903 the American Federation of Labor again participated actively in the political campaign, there being expended in that year a little less than \$8,500. The president, Mr. Gompers, made a general tour of the country, going into many congressional districts and speaking in behalf of the Democratic candidate for President of the United States, and in behalf of candidates for Congress in various parts of the country. Other speakers were likewise sent out by the federation, and literature was mailed, the records of various sitting Members of Congress upon legislation in which the A. F. L. was interested being furnished upon request of those seeking it. This record furnished was simply the record as compiled from the Congressional Record and gave the statement as to how the Member voted upon the several questions.

In the year 1910 there was also political activity on the part of the

questions.

In the year 1910 there was also political activity on the part of the A. F. L. similar in all respects to those exercised in the prior years, except that the amount collected and expended in the latter year was only about \$3,600.

In the year 1912 there were no political expenditures and no political efforts put forth by the organization as such.

To the extent above set forth the committee finds that the A. F. L. did in the years named and in the manner described use money for the purpose of effecting the nomination and election of Representatives in Congress.

the purpose of effecting the nomination and election of Representatives in Congress.

Your committee does not find that any improper influence was exerted or was sought to be exerted by it to precure the nomination or election or the defeat for nomination or election of any Member of this or past Congresses. Your committee does not deny the right of an organization or an association to advocate particular matters of legislation and to seek by legitimate means to secure the election of Representatives in accord with the views it entertains.

## PAIDLOYMENT OF REPRESENTATIVES FOR IMPROPER PURPOSES.

EMPLOYMENT OF REPRESENTATIVES FOR IMPROPER PURPOSES.

In the latter clause of paragraph 3 your committee is directed to "inculre whether Members of the House of Representatives have been employed by any of said associations, or have knowingly aided said associations, or any of them, for the accomplishment of any improper purpose whatever."

In the Mulhall article it was asserted that Mr. James E. Watson, while a Member of the House, had been employed by the association to lobby for the creation of the Tariff Commission, being paid therefor a compensation of \$230 per week. In his testimony Mr. Mulhall admitted that he was in error as to this statement, and Mr. Watson has related to your committee under oath the facts of his employment in that connection. He retired from Congress on March 4, 1909, and has not since been a Member. A few days subsequent to this he was employed by the National Tariff Commission Association to work for the securing of a commission in the tariff bill passed at the extraordinary session in 1999, and served in this capacity for a number of months. He received as compensation the sum of \$3.750.

Inquiry was made of all the representatives of the several organizations that have been referred to herein as to the employment of Members of the House of Representatives, and no evidence has been adduced of any such employment by them or by any other person or association.

# EMPLOYMENT OF HOUSE EMPLOYEES.

EMPLOYMENT OF HOUSE EMPLOYEES.

We have also made examination with reference to the employment and use of House employees. The substance of this alleration was that a chief page of the House. I. H. McMichael, was in the employ of the N. A. M., and the intimation was that he had used the pages of the House to sny upon Members, obtain information that might be gotten from overhearing conversations, and for other purposes, inconsistent with their duties as employees of the House; also during the course of the investigation it was charged that Henry Neal, the colored man who has served for many years as Speaker's messenger, and Harry Parker, for a long time messenger or ianitor of the Committee on Ways and Means, were in the employ of the association.

We deem it unnecessary to review in detail the evidence respecting the employees. We find that I. H. McMichael while a chief page of the House was employed by Mulhall, and that the fact was either known to Mr. Emery at the time or when it later came to his knowledge, was ratified by him, and also that his employment was ratified by Mr. Bird when it came to his knowledge, and McMichael was paid by the N. A. M. and the N. C. I. D. The weight of the testimony is that he received a salary of \$50 per month and was in the service from some time in the fall of 1909 until the close of the regular session of the Sixty-first Congress, in August. 1910; and again from the beginning of the session, in December, 1910, until the 1st of January, 1912; that is to say, during the year 1911 he received pay not only while Congress was in session but during the vacation as well.

It should be stated here that at the beginning of the extraordinary

January, 1912; that is to say, during the year 1911 he received pay not only while Congress was in session but during the vacation as well.

It should be stated here that at the beginning of the extraordinary session of the Sixty-second Congress, in April, 1911, McMichael ceased to be a chief page of the House and became for a time an employee located in the press gallery, serving in this capacity for a few months, after which he became an elevator operator, where he was employed until the publication of the charges, when he was discharged.

The services rendered by McMichael to the N. A. M. seem to have consisted principally of the obtaining of such public documents, bills, reports, etc., as were desired by Mr. Emery or Mr. Mulhall. At times he would also ascertain by inquiry of the clerks of the committees the status of bills pending before such committees, when hearings would be had, and like information of a public character. So far as your committee can determine, the work performed by Mr. McMichael was nothing more than that which any person familiar with the document room and having a general idea as to procedure and custom in the House might have performed. He did at one time furnish Mulhall with advance information of an amendment that was to be proposed to an appropriation bill. This has been referred to before and will be again discussed. Your committee does not believe that employees of the House should be permitted to accept outside employment, even of the character given McMichael in this instance. It tends to excite suspicion in the public mind, and may lead to dangerous and improper activities. This action of the N. A. M. officials in employing him and of McMichael in accepting the employment meets the strong disapproval of your committee. It was a violation of all the proprieties, and all persons connected with it deserve the severest censure.

As for the use of the pages in the manner alleged, there is no evidence to substantiate this charge in any respect. McMichael did a few times, perhaps, send one of the small boys with documents to Mr. Emery's office. This was improper in that it took an employee of the House and sent him upon a private mission, thus removing him from his place of duty; but the child, being under control of the chief page, of course, was innocent of any intent of wrongdoing.

We think the weight of the evidence is against the allegation that the colored messengers were regularly in the employ of or maintained any contractual relations with these organizations or their officers. Henry Neal, the Speaker's messenger, having access to the floor under the rule of the House, did at times go in for Members whom Muhall might desire to see, and he probably showed some courtestes to officials of the organizations and their families in placing them in the gallery and admitting them to the Speaker's antercoom. Parker, messenger of the Ways and Means Committee, seems at times to have procured some public documents of that committee for some of the officials interested. For these services liberal gratuities or "tips" were given them from time to time, and these were accepted. Your committee can not conceive that these men in their position and circumstances could have been considered as able to aid or affect in any way the course of legislation, and does not believe that they were employed as agents, but we think the acts of those men who were here as professional lobbyists, in constantly bestowing gratuities upon these employees, was reprehensible in the extreme, and generally we feel that there is impropriety in the tipping of even the menial employees of the House.

# CHARGES AGAINST MEMBERS.

In the tipping of even the menial employees of the House.

CHARGES AGAINST MEMBERS.

By the first paragraph of the resolution, which must be considered in direct connection with the preamble, your committee was directed to inquire and report particularly and especially upon all the matters alleged in the several publications concerning Representatives, and more especially whether the lobbyists of the said National Association of Manufacturers did reach and influence, "whether for business, political, or sympathetic reasons, or otherwise, the said Representatives, or any one of them, or any other Representative or any officer or employee of this or any former House of Representative or any officer or employee of this or any former House of Representatives in or about the discharge of their official duties," etc.

Attention has been directed in the beginning of this report to the fact that the publications consisted of two parts, (1) the personal narrative of Muthall and (2) the summary prepared by Selbold. In pursuance of this part of the resolution, your committee has made a thorough and complete examination as to all Members of the present House of Representatives whose names were mentioned in said articles in such manner as to suggest impugnment of their conduct. There are seven Members of the present House so mentioned in these unblications. Of these seven, two are referred to in both the Mulhall article and the summary, while the other five are mentioned in the summary alone. These five gentlemen were Messrs, Richard Bartholdt, James F. Burke, William M. Calder, Swagar Sherler, and E. Y. Webb. The two gentlemen mentioned in both summary and nersonal narrative are Messrs, George W. Fairchild and James T. McDernott.

In the consideration of the charges against the present Members of the House we shall take up first those mentioned only in the summary of the World and Tribune articles and shall set out fully all the evidence concerning them in detail.

In section 7 of this summary is the following statement:

There Johnson this a fong list of names, including those above recited, and this is the only mention concerning them at any point in the entire article.

Your committee in examining Mr. Seibold had him present his interpretation of the language above quoted. He stated that the expression "reaching and influencing" was not intended in any invidious sense; that by the expression "reaching" was meant simply that a hearing could be gotten and that because of business, political, or sympathetic reasons effective hearings could be had. Defining the sense in which he used the expression "for business, political, or sympathetic reasons," he stated that by the word "business" was meant the business conditions existing in the districts of Representatives; that by the word "political" was meant matters of party policy; and by the word "sympathetic" was meant that there were many thoroughly housest men who are genuinely sympathetic with the undertakings and policies of the National Association of Manufacturers.

Notwithstanding these definitions, your committee feels that it was unfortunate and unjust that these forms of expression were used. Section T was a portion of a sensational article, parts of which made serious charges. By an association of ideas the language "reaching and influencing for business, political, or sympathetic reasons" carried with it a sinister suggestion. Standing alone it might have carried no invidious meaning. Placed in the relation it was it did create suspicion in the public mind toward men upon whom nothing the Mulhall article or in the correspondence turned over by him could justify the casting of the slightest imprenment. We think it extremely unfortunate that public isournals should by the ingenious use of ambienous terms cast discredit upon public men not justly subject to attack. This is true not alone because of the insperiment. We think it extremely unifortunate more because of the importance in a representative government of preventing unjust public suspicion. We think it is quite as i and the corrupt.

## REPRESENTATIVE RICHARD BARTHOLDT.

In the correspondence turned over by Mulhall to the World there are a number of letters about Mr. Bartholdt passing between officials of the N. A. M., but there are nene written to him, excepting a letter of introduction written by Ferdinand Schwedtman introducing Mulhall to Mr. Bartholdt; this letter was written under date of October 29, 1907. Nor are there any letters by Mr. Bartholdt, excepting a formal and wholly noncommitted letter relative to some matter of labor legislation. Your committee examined Mr. Mulhall at considerable length relative to his personal recollection of any incidents or events occurring with Mr. Bartholdt.

Nothing further appears than that Mr. Bartholdt was somewhat troubled because of the conflicting opinions existing among his constituents relative to eight-hour and injunction legislation. He was a member of the Committee on Labor, before which some of these matters were pending, and was being constantly appealed to by both the advocates and the opponents of the measures. The National Association of Manufacturers, upon at least one occasion when a vote was expected in the House, caused a pressure to be brought by many manufacturers in

his district telegraphing him and urging him to vote in a particular manner. Your committee does not find anything which indicates that he was persuaded to vote or act in any manner other than his conscience and honor dictated, or that he was in any way influenced in his vote or actions by the lobbyists of the National Association of Manufacturers.

## REPRESENTATIVE JAMES F. BURKE.

REPRESENTATIVE JAMES F. BURKE.

After an examination of the Mulhall correspondence, it is somewhat difficult for your committee to understand how the name of Mr. BURKE could have been used in any connection. He is mentioned but three times in all the vast volume of correspondence. One mention is in the letter written by Schwedtman to Mulhall, under date of February 13, 1908, in which he purports to quote from a letter he had previously written to some one in Washington, giving a list of some 16 Representatives who had pledged support to some measure, it not appearing from the letter, in any way, what the measure was. Mr. BURKE's name is in this list. The best impression your committee can obtain as to what the bill was, from reading the letter, is that it was either a ship-subsidy or an antipitotage measure. There certainly has been no secret as to the attitude of Mr BURKE upon these questions. The other two references are in letters from Mulhall to Schwedtman, in which he related calling upon Mr. BURKE to try to get him interested in securing for Hon. James E. Watson a place in the Cabinet of President Taft. It seems to have been especially desired that Mr. BURKE should see Mr. Knox, who had been selected for the position of Secretary of State. Mr. BURKE seems to have expressed his personal friendship for Mr. Watson, but to have advised that this was a matter which Mr. Knox would probably not feel disposed to take up with the President, except upon the President's own initiative.

There is nothing in this record to indicate that Mr. BURKE was reached or influenced by any officer or agent of the National Association of Manufacturers for any business, political, sympathetic, or any other reason.

#### REPRESENTATIVE WILLIAM M. CALDER

or Manufacturers for any business, political, sympathetic, or any other reason.

REPRESENTATIVE WILLIAM M. CALDER.

In the case of Mr. CALDER the references are also meager and meaningless. His name is given in the list along with that of Mr. Burke, above referred to, as being piedged to the support of some bill, believed to be the antipliotage bill, but in a subsequent paragraph of the same letter therein quoted it is stated as follows:

"In talking over this matter with one of our and your good friends, whose name I think it best not to mention in this letter, I was assured that among the members of the Committee on Merchant Marine and Fisherles, which you named for me, the following gentlemen can be relied upon for bringing the bill out of committee for a heaving in the House: William W. Wilson, Illinois: Edmund H. Hinshaw, Nebraska, Grant E. Mouser, Ohlo; Geomee W. Fairchild, New York; while some one else states that it is more than likely that Mr. WILLIAM M. CALDER, of New York, and Mr. George E. Sturgess, of West Virginia, could be sufficiently impressed with the importance of this bill to vote for bringing it out of committee."

It will be remembered that this matter so quoted is from a letter written by Mr. Ferdinand Schwedtman from St. Louis, under date of February 13, 1908, to Mr. Mulhall, at Fort Wayne. Ind., this particular part being a quotation from a letter which he had written previous to that date to some one, whose name is not given. The letter is contradictory upon its fact. Mr. CALDER is first put down in the list of those who had pledged their support to the bill and then, in the same letter, the belief is expressed that he may be supported to the bill, but simply to vote to report if out of committee in order that the House might consider it. As a matter of fact, if the bill referred to was the antipliotage bill, as is believed, it is well known that Mr. CALDER was opposed to this bill, and certainly there is no evidence that he was in any way reached or influenced by the N. A. M. or any o

mittee, but stated that if this was done the enert was when, unsuccessful.

Certainly there is nothing in this record that even tends to indicate that Mr. Calder was reached or influenced by the N. A. M. for business, political, or sympathetic reasons, or otherwise.

## REPRESENTATIVE SWAGAR SHERLEY.

It is also difficult to understand how the name of Mr. Swagar Sherley could have been used, even in section 7. His name is three times mentioned in the Mulhall correspondence, each time in letters written by Mulhall himself. Two of these references are wholly incidental. The first is in a letter written by Mulhall to Schwedtman on September 21, 1908, in which the writer was commenting particularly upon Mr. Gill, of Maryland, and apparently seeking to get the N. A. M. to aid in the latter's campaign; in this it is stated that he (Mr. Gill), along with Congressman Sherley, of Kentucky, "had the nerve to fight openly against the injunction bill upon the floor at the last session of Congress when it opened"; the second is in a letter written by Mulhall to Emery under date of September 22, 1908; it also is in reference to the campaign of Mr. Gill, and states: "He had the backbone to back Congressman Sherley against the injunction bill publicly in the last session." The third reference is in a letter written by Mulhall to Schwedtman under date of January 15, 1909. At this time Mr. Mulhall was engaged in making a cenvass of the membership of the House in an effort to ascertain the views of the Members upon the question of a

tariff commission. He was doing this work under the direction of the officials of the National Association of Manufacturers. It does not appear that he was seeking to do anything except to ascertain the sentiments of the membership and extend invitations to attend the meeting which had been called for the discussion of this question at Indianapolis, Ind.. some time in February of that year. In this letter he says:

"I left Mr. Bennet's office and sent my card to Mr. Swagar Sherner, of the fifth Kentucky district. My interview with Mr. Sherner started in a brusque manner, he protesting against our stand on the tariff question; but by using a good deal of diplomacy and telling him how our people admired his straight, manly course in Congress I got him in a better humor, and he wound up by stating to me that he was in favor of a tariff commission bill, but that he would have to see the bill and pass upon it before he cast his vote on it. He stated it was impossible for him to attend the convention at Indianapolis, for his congressional duties were so numerous now that he could not get away."

It would require a greater stretch of the imagination than your committee is able to indulge to find in this anything faintly suggestive of the idea that Mr. Sherler had been, or could be, reached or influenced for any reason whatsoever—business, political, sympathetic, or otherwise—by the N. A. M., through any officer, agent, or member thereof. The testimony of Mulhall himself upon the subject, as well as that of all others, flatly and unequivocally contradicts any such statement or idea.

REPRESENTATIVE EDWIN Y. WEBB.

REPRESENTATIVE EDWIN Y. WEBB.

The allegations as to Mr. EDWIN Y. WEBB have no more basis than the others above recited. His name is mentioned four times in the Mulhall correspondence, three times in letters written by Mulhall himself, and once in a letter written by Schwedtman to Mulhall. These letters passed during the time that Mr. Mulhall was making the canvass of the House to ascertain the sentiment relative to the tariff commission, already referred to. In one of them, under date of January 19, 1909, written to Schwedtman by Mulhall, he states that he called at the office of Mr. Webb; that he found Mr. Webb favorable to a tariff commission idea, and that he would be pleased to receive an invitation to attend the Indianapolis convention. Writing to the same party, under date of January 27, 1909, Mulhall suggests the idea of the payment of Mr. Webb; expenses by the association if he should attend the tariff-commission convention. When examined on the stand concerning this Mr. Mulhall testified that the suggestion came wholly from him and that such a thing was not hinted at by Mr. Webb.

Under date of January 29, 1909, Schwedtman acknowledges the receipt of the last letter above referred to and states, in substance, that the matter of paying the expenses of persons who should attend the convention would be submitted to Mr. Van Cleave, the president of the organization. This is the last, so far as the record discloses, ever heard of this matter.

The fourth reference is in a letter written by Mulhall to Mr. John

convention would be submitted to Mr. Van Clenve, the president of the organization. This is the last, so far as the record discloses, ever heard of this matter.

The fourth reference is in a letter written by Mulhall to Mr. John Kirby, jr., Dayton, Ohio, under date of July 15, 1909, relating a call by him upon Mr. Webb on his tariff commission canvass and reciting that Mr. Webb expressed sentiments favorable to the tariff commission idea. This is all that the record shows relative to Mr. Webb.

The testimony of Mr. Mulhall is clear and unequivocal in regard to it. The only call or calls he ever made upon Mr. Webb in regard to any question—in fact, the only calls he ever made upon him—were at the time he was conducting this general canvass seeking to ascertain the sentiments of all the Members he could interview relative to a tariff commission. As a matter of fact, the record shows that in the House Mr. Webb opposed and voted against the tariff commission proposed in the Sixty-first Congress. There is no evidence of any kind or character indicating that Mr. Webb was reached or influenced by the National Association of Manufacturers in any of his official acts for business, political, or sympathetic reasons or otherwise.

REPRESENTATIVE GEORGE W. FAIRCHILD.

# REPRESENTATIVE GEORGE W. FAIRCHILD.

REPRESENTATIVE GEORGE W. FAIRCHILD.

As has been stated, Representative George W. FAIRCHILD was mentioned in both the summary and the Mulhall personal narrative. The mention of him in the summary is in section 7, he being therein listed as one of the men whom the lobbyists of the association had no difficulty in reaching and influencing for business, political, or sympathetic reasons. In the personal narrative of Mulhall the following is the statement made in regard to him:

"Congressman George W. Fairchild, of New York, an active member of the National Association of Manufacturers, a very large and wealthy manufacturer limself, and one of the most active adherents of the National Association of Manufacturers, frequently told me of those political meetings and dinners held in Emery's home. Mr. Fairchild Stated, at his last interview with me on the subject, late in 1912, that he thought it was an honor to sit down with some of the leading manufacturers of the country at those meals, and to associate with such men as Senator Looge, of Massachusetts; ex-Senator Crane, of Massachusetts; Senator Root, of New York; Senator Townsend, of Massachusetts; Senator Root, of New York; Senator Townsend, of Massachusetts; senator myself, at his special request. In 1906 I was sent by Mr. Cushing, and all my expenses in that campaign were paid by the National Association of Manufacturers, and Mr. Fairchild was sent by Mr. Cushing, and employed a number of workers to carry him through." (See p. 1232.)

The committee has made a full and thorough examination concerning these allegations. Mr. Fairchild himself testified before the committee, being the first witness and appearing voluntarily and requesting to be heard. He stated that—

First, He has never been a member of the National Association of Manufacturers.

heard. He stated that—
First. He has never been a member of the National Association of Manufacturers.
Second. That, never having been a member, the statement that he was "one of the most active adherents of the association" was necessarily inaccurate.
Third. That the statement that he had frequently told Mulhall of these polltical meetings and dinners in Mr. Emery's home was erroneous; that he (Mr. FAIRCHILD) was never in Mr. Emery's home and never had a meeting or conference with Mr. Emery or any of his friends or associates; that he did, a few months ago, attend a small impromptu dinner at the New Williard Hotel, given by Mr. Emery to the district attorney of Los Angeles, and this is the only dinner he ever attended given by Mr. Emery or any other member of the National Association of Manufacturers.
Fourth. As to his statement that Mulhall had been in Mr. FAIRCHILD's district on three different occasions, at his special request, Mr. FAIRCHILD's district on three different occasions, at his special request, Mr. FAIRCHILD states that he was in his district in 1906, spending one day there, and came entirely without request or prearrangement; that he was in error as to having been in the district in 1908; that in 1910, in his preliminary campaign for Congress, which was very spirited, he sent for Mr. Mulhall, and he remained with him only one day, to get

certain information which he (FAIRCHILD) desired to obtain from parties who were endeavoring to defeat him for the nomination to Congress who were endeavoring to defeat him for the nomination to Congress who were endeavoring to defeat him for the nomination to Congress who were endeavoring to defeat him for the nomination to Congress who were to do certain defective work, but after he had been there for a day or two, at the request of the Republicans who suggested his coming, he was asked to return to New Jersey, where he calimed to be working, and "his expenses were paid by the Republicans who asked him to come there."

There were in the Mulhall correspondence a number of letters menulated the congress of the companies of which he was a great to all the letters that were placed in evidence. He testified as to the alleged membership of Mr. FAIRCHILD in the National Association of Manufacturers. The fact in regard to that appears to be this: Mr. FAIRCHILD is himself a manufacturer, engrhe he companies of which he was a member did through him, take membership for a year in the National Association of Manufacturers, paying the membership fee. Mr. FAIRCHILD did not personally become a member, but this company, through him, did. This membership continued to the participation of Mulhall in the campaigns of Mr. FAIRCHILD by Marshall Cushing, at that time secretary of the N. A. M. The purpose of his visit seems to have been to do, -sa Mr. FAIRCHILD shows home he found the latter ill and confined to his room. He says:

"I said I was sent by Mr. Cushing and given a letter to Mr. FAIRCHILD was sick in bed at home. I went to his home and I sent in my card and I went into his room, where he was sitting or lying, and he made a state-mature of the companies of the state of the companies of th

[Mulhall narrative.-New York World, June 29, 1913.]

"LABOR" CONGRESSMAN M'DERMOTT "LOBBYIST AND TOOL OF TRUSTS."

I have been reluctant all through this story to bring into it any of the so-called friends of labor, but there is a gentleman in Congress who boasts of being a great labor unionist. He has a union card in his pocket. He has been elected to Congress four terms by "the labor vote," as he tells it, but there has never been a lobbyist or a tool in Washington who is more subservient to the trusts than Mr. James T. McDermott, Congressman from the fourth Illinois district, the stockyards district of Chicago.

It has generally been the rule of the National Association of Manufacturers to have its lobbylsts interview all newly elected Congressmen to find out how they stood on measures that would interest the organi-

zation.

I first interviewed Mr. McDermott when he came to Washington in 1907. I told him of the organization I was serving in Washington. He used language at this interview which I thought was not possible for a man filling the high position he filled to dream of using to any stranger who called on him. Later on I became acquainted with his confidential secretary, Mr J. H. McMichaels, and told Mr. McMichaels about my first interview with Mr. McDermott.

HE'D WIND M'DERMOTT USEFUL,

McMichaels and myself were extremely friendly from our first meeting, and I made Mr. McMichaels acquainted with the language Mr. McDermott had used when I first called on him. Mr. McMichaels assured me that McDermott did not mean what he was saying. He told me that McDermott was having a very hard fight on big hands for re-

It appears that Mr. Mulhall was in error in his statement that he was in the campaign in Mr. FAIRCHILD'S district in 1908; but in 1910 he did go into the district at Mr. FAIRCHILD'S request, made through the officials of the N. A. M., as appears from the correspondence proven in our record. At page 2079 will be found the following letter:

JUNE 14, 1910.

Mr. James A. Emery, 613 Union Trust Building, Washington, D. C.

MY DEAR MR. EMERY: We are in receipt of the following telegram from Mr. G. W. FAIRCHILD:

"If possible, should like Col. Mulhall to spend a few days in my interest at Cooperstown, N. Y. He understands the situation. Wire answer."

To which we replied as follows:
"Your telegram received. Consult with James A. Emery, Union Trust Building, in reference to disposition of colonel. Without doubt can be a lotter morning brings us a lotter.

arranged."

This morning brings us a letter as copy inclosed, to which I am replying as per copy inclosed.

As suggested to you over the telephone yesterday, if you can spare the colonel for a day or two in Mr. FAIRCHILD's interests, I would suggest that it be done.

Yours, very truly,

On page 2000 the response of Mr. Frank therete reads as follows:

On page 2080 the response of Mr. Emery thereto reads as follows:

NATIONAL COUNCIL FOR INDUSTRIAL DEFENSE, Washington, D. C., June 15, 1910.

Mr. J. P. Bird.

National Association of Manufacturers,
170 Broadway, New York, N. Y.

Dear Mr. Bird: I beg to acknowledge receipt of copies of your communication with Mr. Fairchild. I saw him personally, and the colonel has been in communication with him to-day. I have arranged, very much to Mr. Fairchild's satisfaction, that the colonel can go to this district next Monday and obtain some information of great importance to one of our most distinguished friends at the same time.

Believe me, very truly, yours,

James A. Emery.

And the response of Mr. Bird, general manager, to the above, as follows:

JUNE 16, 1910.

Mr. James A. Emery.
613 Union Trust Building, Washington, D. C.

My Dear Mr. Emery: Your letter of June 15 is duly received, and I am pleased that you have made arrangements with the colonel to serve Mr. Fairchild in any manner within his power.

I had hoped to have had an opportunity of meeting you to-day, but evidently something has delayed you in your return from Hartford. With many regrets, I was unable to be there, and I trust I may be favored with a newspaper report, or, if time permits, a more detailed report from you.

Yours, very truly,

It appears that Mr. Mulhall's expenses were paid by the N. A. M. on this trip. In 1912, Mr. Mulhall also went into the district of Mr. Fairchild and remained for a brief time; this, however, was after he had severed his connection with the N. A. M., and neither this organization nor the N. C. I. D. had anything to do with his visit therein that year, and an investigation of this does not come within the scope of the House resolution.

No evidence has been adduced of any discussion of legislation had with Mr. Fairchild by any representative of the organizations other than such as might be drawn by inference from hazy references in some of the Mulhall letters, and no evidence has been presented that any effort was made to reach and influence—or that he was reached or influence—by business, sympathetic, or political reasons.

REPRESENTATIVE JAMES T. M'DERMOTT.

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Representative JAMES T. MCDERMOTT, of Illinois, is also listed in the summary among those whom the N. A. M. had no difficulty in reaching and influencing for business, political, or sympathetic reasons, and mentioned in the personal narrative of Mulhall.

In view of the fact that that part of the Mulhall narrative appearing in the Chicago Tribune relative to Mr. McDermott is somewhat more elaborate than that which appeared in the New York World, it is deemed advisable to reproduce both, and, for convenience, they are placed in parallel columns:

[Mulhall narrative.-Chicago Tribune, June 29, 1913.]

HOW CONGRESSMAN M'DERMOTT, FRIEND OF THE UNION, WORKED FOR ITS FOES-INTRODUCING PACKER AND BANKER TILDEN, OF LORIMER FAME, WITH AN INTERESTING SIDE LIGHT ON AN EPISODE INVOLVING A CAMPAIGN CHECK.

PAIGN CHECK.

[By Martin M. Mulhall.]

I have been reluctant all through the story of my relations with the National Association of Manufacturers to bring into it any of the so-called friends of labor, but there is a gentleman in Congress who boasts of being a great labor unionist. He has a union card in his pocket. He has been elected to Congress four terms by "the labor vote," as he tells it, but there has never been a lobbyist or a tool in Washington who is more subservient to the trusts than Mr. JAMES T. McDermort, Congressman from the fourth Illinois district, the stockyards district of Chicago.

It has generally been the rule of the National Association of Manufacturers to have its lobbyists interview all newly elected Congressmen to find out how they stood on measures that would interest the organization.

I first interviewed Mr. McDermott when he came to Washington in 1907. I told him of the organization I was serving in Washington. He used language at this interview which I thought was not possible for a man filling fhe high position he filled to dream of using to any stranger who called on him. Later on I became acquainted with his confidential secretary, Mr. J. H. McMichaels, and told Mr. McMichaels about my first interview with Mr. McDermott.

HE DID NOT MEAN WHAT HE SAID.

McMichaels and myself were extremely friendly from our first meeting, and I made Mr. McMichaels acquainted with the language Mr. McDermott had used when I first called on him. Mr. McMichaels assured me that McDermott did not mean what he was saying. He told me that McDermott was having a very hard fight on his hands for re-

Mulhall narrative - New York World-Continued.

Mulhall narrative—New York World—Continued.

nomination and election and wanted me to get into closer touch with him, assuring me that I would find him a very useful friend if we needed his friendship.

Mr. McMichaels also wished me to send out numerous letters to manufacturers in McDermorr's district asking manufacturers to support him for renomination and election in 1908. To please Mr. McMichaels I sent out about 100 letters to different manufacturers in the fourth Illinois district. McMichaels made McDermorr aware of the interest I took in his reclection, and from that time on he became extremely friendly, allowing me et all times to use his congressional frank, his secretary. Mr. McMichaels, not barring it from general use with three exceptions.

CAUTIONED HIM ABOUT FRANK.

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Mr. McDermott told me that he thought it was not safe for me to use his frank to frank cut documents to Mr. D. M. Parry, Mr. James W. Yan Cleave, and Mr. John Kirby, jr., for these names were so well known to labor agitators that his frank with Mr. Van Cleave's or Mr. Parry's addresses dopen a document would not look good to any labor leaders that might discover it.

In addition to using his frank he also suggested to me the advisability of having the chief page of the House, Mr. J. H. McMichaels, his confidential secretary, use the seventy-five-odd pages upon the pay roll of the House to pick up any information of value on the floor of the House which would be of any benefit to the interests of the manufacturers. He said that these boys who were pages on the floor of the House would not be suspected if they were seen hanging around where the Congressmen met in private conversation, and that they could make themselves useful in the cloakroon of the House picking up information which would be useful and which could not be got in any other way.

### CHIEF LOEBVIST APPROVES

I informed Mr. Emery, chief lobbyist in Version at that time, of the suggestions made to me by McDermott, and he approved of the scheme at once. He not only instructed me to go ahead with the proposition, but later on he gave orders to me to have McMichaels send the pages of the House with documents and bills that he might call for and act as messengers from the Capitol Building to Emery's office, Nos. 611 and 613 Union Trust Building.

Mr. McMichaels told me on June 25 last that Emery owes him \$16, advanced by Mr. McMichaels as car fare for page boys sent to Emery's office with reports and public documents. The page boys received

About the time that Mr. Emery approved of the suggestion he put on his pay roll Mr. McMichaels at \$50 a month, with instructions that if any piece of information that McMichaels or McDermott might pick up would be useful we would pay extra for it. I want to say here that this service, suggested by Mr. McDermott and carried out under his instructions by McMichaels, was completely successful and effective, we getting information sometimes two weeks ahead regarding bills that had been or would be introduced on the floor.

# GOT ADVANCE NEWS OF BILLS.

In fact, we got information of bills that would be brought up that the Republican Speaker or the Republican whip of the House did not know anything about until the bills would be introduced as riders on measures. On one occasion when I reported to Mr. John Dwight, the whip of the House, a rider that was to be put on the sundry civil bill, Mr. Dwight did not believe me. I told him the rider would be offered two weeks before it was offered, and Dwight kept in Washington as many Members of his side of the House as he possibly could for two weeks before this measure came up.

He frequently asked me when the measure would come up, and he doubted it, for I did not tell him the name of the party giving the information or how it came to me. The rider I am speaking about was a general eight-hour bill which WILLIAM HUGHES, of the sixth New Jersey district, put upon the sundry civil-service bill, and this rider was squarely defeated by a party vote of the House, Republicans voting against it and Democrats for it.

Another suggestion carried out by Mr. McDermorr was that he allow me to use a room in the basement of the Capitol which was assigned to him for bis own use. He gave me the use of this room for the purpose of meeting me there when he had important information, as we could talk it over more privately than we could otherwise, and he also supplied this room so that I could meet Mr. McMichaels on all occasions, as McMichaels was frequently sent there to meet me at the suggestion of McDermorr.

Mulhail narrative.-Chicago Tribune-Continued.

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nomination and election, and wanted me to get into closer touch with him, assuring me that I would find him a very useful friend if we needed his friendship.

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## NOT SAFE TO USE HIS FRANK.

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HE WAS AFRAID OF A LEAK.

I was slow to use Mr. McDermott's suggestion, for I was afraid

I was slow to use Mr. McDeamort's suggestion, for I was afraid that there would be a leak in some way among the small boys employed by the House as pages. But McDeamort assured me that the boys could renort all the information they might pick up to McMichaels alone, who was in sole charge of them, and they would never question McMichael's right to so instruct them or to get from them any information along the lines he suggested.

I informed Mr Emery, our chief lobbyist in Washington at that time, of the suggestions made to me by McDermott, and he approved of the scheme at once. He not only instructed me to go ahead with the proposition, but later on he gave orders to me to have McMichaels send the pages of the House with documents and bills that he might call for and act as messengers from the (apitol Building to Emery's office, Nos. 611 and 613 Union Trust Ruiding.

As a general rule the mails were too slow for Mr. Emery. Whenever I found it necessary I riways asked Mr. McMichaels to send a page with any documents that Emery might require the moment they were introduced upon the floor of the House.

## EXTRA PAY FOR INFORMATION.

About the time that Mr. Emery approved of the suggestion be put on his pay roll Mr. McMic'aels at \$50 a month, with instructions that if any piece of information that McMichaels or McDermott might pick up would be useful we would pay extra for it. I want to say here that this service, suggested by Mr. McDermott and carried out under his instructions by McMic'aels, was completely successful and effective we getting information sometimes two weeks ahead regarding bills that had been or would be introduced on the floor.

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## EIGHT-HOUR LAW DEFEATED.

He frequently asked me when the measure would come up, and he doubted it, for I did not tell him the name of the party giving the information or how it came to me. The rider I am speaking about was a general eight-hour bill which WILLIAM HUGHES, of the sixth New Jersey district, but upon the sundry civil-service bill, and this rider was squarely defeated by a party vote of the House, Republicans voting against it and Democrats for it.

As I went along with McDermott and his secretary, McDermott became bolder. He frequently met me at the Fritz Reuter Hotel, I'ennsylvania Avenue and Four-and-a-haif Street. I never met McDermott there when he had any information for me that he did not strike me for a loan. He never paid it back. This became so frequent that I got so that I used to shun him, for I had considerable difficulty in meeting his requirements in money matters. There are numbers of letters and notes which I have turned over to the Tribune which establish the dates of these transactions.

HE "GREANED" "DERMOTT GOOD.

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During my relations with MCDERMOTT GOOD.

During my relations with MCDERMOTT, covering a period of four years, it is my best recollection that I personally gave to him in the aggregate between \$1,500 and \$2,000, always while Congress was in session, and in sums varying from \$10 to \$30. I rarely gave him more than \$20, and never so much as \$50 at one time. Most of my financial transactions with him were held at the Hofel Reuter.

Another suggestion carried out by Mr. McDERMOTT was that he allow me to use a room in the basement of the Capitol which was assigned to him for his own use. He gave me the use of this room for the purpose of meeting me there when he had important information, as we could talk it over more privately than we could otherwise, and he also supplied this room so that I could meet Mr. McMichaels on all occasions, as McMichaels was frequently sent there to meet me at the suggestion of McDermott.

DID BIRD NEED "STEERING"?

# DID BIRD NEED "STEERING "?

I found this room very useful for many purposes, for the National Association of Manufacturers was continually asking, through their secretary, Mr. Boudinot, and their general manager, Mr. J. P. Bird, for

Mulha!! narrative .- New York World -- Continued.

## HELPED M'DERMOTT COLLECT.

McDermott was very much worried about my leaving the national association, and said to me when I told him I was going to resign that the money he got from me on different occasions was very handy to have, as he had been able to reach me at any time he wanted help. After I did leave the organization he prevailed on me to send letters out to his district and had me visit Chicago on the 24th day of March, 1912, and stay there in his district and help him collect money from the manufacturers until the 18th day of April.

At this time he was having a very hard fight for renomination against Alderman McAnerny, of Chicago, who was seeking to be promoted to congressional honors. McAnerny and McDermott had a very stiff fight, and I was in Chicago only a very brief period of time until Mr. McDermott fully confided to me that he had been supplied with funds in the past through the Beef Trust.

In addition to having me solicit funds from the manufacturers he sent me to the Beef Trust, which comprises all the large concerns, such as the Armours and others, in the stockyards in Chicago, along with his political manager in Chicago, Mr. George Fleming, and instructed Mr. Fleming and me to see Mr. Edward Tilden.

## HOLDUP OF MR. TILDEN.

Mr. Tilden is chief political manager for the Beef Trust, and McDer-mort told me plainly, as did his political manager, Mr. Fleming, that Tilden always stood his campaign expenses, not giving him less than \$5,000 at each campaign, and frequently more.

Fleming and I made two or three efforts to see Tilden, but without success. Later on I went with Fleming to see the Sulzberger Bros., an independent packing concern in Chicago, and we saw the general manager of this establishment. When I made known our wants to him he, like the rest, told me he sent all business of this kind to Mr. Tilden, and advised us to see Tilden.

I chased Tilden, along with McDermorr and Fleming, to his uptown and downtown offices for several days, but failed to land him.

# M'CORMICK'S CHECK FOR \$250 AND EVENTS THAT FOLLOWED.

Among the manufacturers we called upon was Mr. Harold F. McCormick, of the Harvester Trust, and son-in-law of John D. Rockefeller, Mr. McCormick told me when I called on him with Mr. McDermott that he was a member of the National Association of Manufacturers, and when I told him of the many good things that McDermott had done for that organization he agreed to give him a check for \$250, and he told McDermott and me that the check would reach me in a few days, as all checks that were given for campaign purposes had to come from the McCormick estates.

# Mulhall narrative.—Chicago Tribune—Continued.

Mulhall narrative.—Chicago Tribune—Continued.

all kinds of documents, instructing me to send out the Congressional Record and the Congressional Directory, the Yearbook published by the Department of Agriculture, and any public document which might be useful to the members of the association. There were hundreds of thousands of these documents sent out. Sometimes Mr. Bird asked for such things as charts of the harbor of New York, all kinds of maps of the United States and its colonies, compasses for the purpose of navigation, along with the charts. On another occasion Mr. Bird went so far as to insist that I should go to the War Department to get a list of bids and specifications issued by the War Department to nshells, projectiles, guas, etc. Most of these things came through McDermott and, as a rule, were franked out by him.

M'DERMOTT WAS A CAUTIOUS MAN

# M'DERMOTT WAS A CAUTIOUS MAN.

MCDERMOTT WAS A CAUTIOUS MAN.

McDermott was always careful to keep away from me when any labor delegation was in Washington, for he did not want the working people or the officers of the American Federation of Labor to see him and me together. He often said that this would hurt his usefulness, as far as we were concerned. He frequently showed me letters that came to him from different labor leaders throughout the country, and at one time instructed his secretary, Mr. McMichaels, in my presence, to allow me to read any confidential matter coming from the labor organizations which would be of benefit to the National Association of Manufacturers.

McDermott was very much worried about my leaving the national association, and said to me when I told him I was going to resign that the money he got from me on different occasions was very handy to have, as he had been able to reach me at any time he wanted help. After I did leave the organization he prevailed on me to send letters out to his district and had me visit Chicago on the 24th day of March, 1912, and stay there in his district and help him collect money from the manufacturers until the 18th day of April.

# M'INERNEY RAN HIM A TIGHT RACE.

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At this time he was having a very hard fight for renomination against Alderman McInerney, of Chicago, who was seeking to be promoted to congressional honors. Mr. McInerney and McDermort had a very stiff fight, and I was in Chicago only a very brief period of time until Mr. McDermort fully confided to me that he had been supplied with funds in the past through the Beef Trust.

In addition to having me solicit funds from the manufacturers he sent me to the Beef Trust, which comprises all the large concerns, such as the Armours and others, in the stockyards in Chicago, along with his political manager in Chicago, Mr. George Fleming, and instructed Mr. Fleming and me to see Mr. Edward Tilden.

# TILDEN STOOD HIS EXPENSES.

Mr. Tilden is chief political manager for the Beef Trust, and McDermott told me plainly, as did his political manager, Mr. Fleming, that Tilden always stood his campaign expenses, not giving him less than \$5,000 at each campaign, and frequently more.

But on account of McInerney being also very useful to the Beef Trust, he getting through the city council several measures that were favorable to the trust, Tilden was slow this year about giving up. McDermott said that if Tilden supported him in this fight he. Tilden, would lose the active support of McInerney and aldermen of his stripe, and for that reason he was wanting outsiders to bring influence upon Tilden to have Tilden to do as he had done in the past, and pay his campaign expenses.

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Fleming and I made two or three efforts to see Tilden, but without success. Later on I went with Fleming to see the Sulzberger Bros., an independent packing concern in Chicago, and we saw the general manager of this establishment. When I made known our wants to him he, like the rest, told me he sent all business of this kind to Mr. Tilden, and advised us to see Tilden (because any subscription he would make and that the Sulzbergers would make for political purposes would have to come from Mr. Tilden).

# CHASED HIM BACK AND FORTH.

I chased Tilden, along with McDermott and Fleming, to his uptown and downtown offices for several days, but failed to land him. In the meantime we had been collecting from a number of concerns around Chicago, but getting only small sums, for the manufacturers of Chicago were pretty well bled about this time in the primary fight that was going on, and they were slow about giving up to McDermott.

Among some of the people that McDermott had me solicit funds from were the liquor interests of Chicago. He told me that the liquor people were under many obligations to him for votes in Congress for all their measures an I for the active support he always gave them in the campaigns in Chicago. Mr. Fleming and I saw the State agent of the liquor dealers in Chicago, but he, like Tilden, of the Beef Trust, was under obligations to McInerney and would not support McDermott in the primaries against McInerney, but would support him if he got the nomination.

# HOW HE COLLECTED FROM M'CORMICK.

Among the manufacturers we called upon was Mr. Harold F. McCormick, of the Harvester Trust, and son-in-law of John D. Rockefeller. Mr. McCormick told me when I called on him with Mr. McDermotthat he was a member of the National Association of Manufacturers. and when I told him of the many good things that McDermotthat done for that organization he agreed to give him a check for \$250, and he told McDermott and me that the check would reach me in a few days, as all checks that were given for campaign purposes had to come from the McCormick estates.

When Mr. McDermott went around with me, just the moment we got outside the door of the institution that would give us a check or cash I would turn the money over to McDermott, as he instructed me to always ask for the money in my name. For the last few days I was collecting for McDermott there his manager, Fleming, went around with me, as McDermott was busy making campaign speeches, and I turned the money over to Fleming in the same way.

USED PERSUASION TO MAKE HIM STAX.

# USED PERSUASION TO MAKE HIM STAY.

About this time I had been in Chicago two weeks, and I became convinced that it would be a useless expense for me to stay there any longer. So I notified Mr. McDermott that I would leave about the 5th of April for Baltimore. McDermott used some persuasion for me to stay until after the date of the primaries, the 15th instant, but I felt sore the way I was treated, for McDermott did not give me a dollar from the time I reached Chicago up to the 5th of April, and my expenses at the Hotel Sherman for room and board amounted to about \$8 per day.

Mulhail narrative .- New York World-Continued.

I made frequent inquiries of McDmanorr and his manager to know if the McCormick check had come. I wanted it to meet my expenses. That was the only compensation I asked from McDemiorr while I was helping him in Chicago. McDemiorr instructed me that when the Mc-Cormick check came in to use it to pay my expenses.

M'CORMICK CHECK DOESN'T COME.

I remained in Chicazo until April 18, and the McCormick check did not show up. McDermort and Fleming told me that they had phoned over to McCormick's office and were told he was cut of the city and that they could not get a satisfactory statement out of Mr. McCormick's private secretary.

I left for Baltimore on April 18, reaching my home in Baltimore on the 19th, When I got there I found the McCormick check, which had been forwarded by the hotel people on the morning that I gave up my room on April 5 with some other mail, to my home in Baltimore. I notified McDermort of this fact, and on June 1 I received notice from a bank in Baltimore that McDermort had asked for a duplicate check, telling McCormick that the original check sent to me was lost. He got a duplicate check from the McCormick people, which read as follows:

"Pay to the order of Col. M. M. Mulhall \$250. Harold F. McCormick,"

When I received this notice from the bank in Baltimore I was convinced that McDermott had committed a forgery, for the bank in Baltimore showed me by some letters from the Merchants' Loan & Trust Co., of Chicago, that there were two checks paid of \$250 each, one on the 20th of April, which was the original check sent to me, and one later on, which was the duplicate, McDermott using this check and lying to McCormick and forging my name on the back of it.

I had considerable correspondence with Mr. McDermott's secretary, Mr. McMichaels, concerning this check. I tried to talk on several occasions when I came to Washington with Mr. McDermott about the check matter, but he always seemed to avoid this subject when I broached it. I felt angry at McDermott on account of his actions in this check matter, for I knew that he gave a wrong impression to his secretary, Mr. McMichaels, and to other friends in Washington concerning it. At an interview I had with Mr. McMichaels on the 10th of June, 1913, I first got a clear conception of McDermott's dirty work in the matter.

It is true that from the time of Mr. McDermott's entrance into Congress up to a few weeks before the publication of the articles in question, the relations between him and I. H. McMichael were of an exceedingly intimate and friendly character; and they were much together. McMichael did undoubtedly aid him to a very considerable extent at times with his correspondence and clerical work, both while a chief page of the Heuse and during the time subsequent. We think the fair conclusion from all the testimony and circumstances developed is that Mr. McDermott knew of the employment of McMichael by Mulhall, and that he understood what Mulhall was engaged in—that is, that he was a lobbyist for the N. A. M.

Mr. McDermott has denied in his testimony very vigorously that the relations between Mulhall and himself ever became close and of an especially friendly character. We think, however, that they did. While we are of opinion that Mulhall has exagerated largely the intimacy existing between them, we are, at the same time, of opinion that Mr. McDermott has unduly minimized it. Your committee has no doubt that these three men were much in each other's society, that they frequently consorted socially together in this city and were upon terms of perfect understanding and friendliness. The evidence in the record as to this is too voluminous and convincing to admit of any other conclusion. We think too, that the weight of the testimony is that Mr. McDermott did obtain occasional sums of money from Mulhall, in the way of small loans, when they were together, but the testimony is that fire the standard of the settimony is that Mr. McDermott did obtain occasional acts of Mulhall, and we do not believe that he let McDermott have this money with a view of corrupting him.

Neither does your committee believe that McDermott received from \$1,500 to \$2,000, as alleged in the newspaper article. When examined

Mulhall narrative.-Chicago Tribune-Continued.

So on the morning of the 5th I paid my bill at the hotel and told the clerk at the Sherman House that if any mail came for me to forward it to my home address in Baltimore. My intentions were to take the train at 4 o'clock that afternoon, but about 2 p. m. on the 5th of April, 1912, Fleming called on me at the hotel and insisted on my remaining, telling me that he had a new list of manufacturers he would like to have me go around with him and see for the next few days.

HE CONSENTED TO REMAIN.

After a good deal of persuasion from Fleming and others I consented to remain over in Chicago until the primaries were over, so I registered again at the hotel and was assigned to another room, as I had given up my room and my baggage and everything was packed ready for de-

up my room and my baggage and parture.

I made frequent inquiries of McDermort and his manager to know if the McCormick check had come. I wanted it to meet my expenses. That was the only compensation I asked from McDermort while I was helping him in Chicago. McDermort instructed me that when the McCormick check came in to use it to pay my expenses.

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HE FOUND THE M'CORMICK CHECK.

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"Pay to the order of Col. M. M. Mulhall \$250.

"HAROLD F. MCCORMICK."

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ONE INDORSEMENT WAS A FORGERY.

DEAR SIE: We are inclosing original and duplicate checks issued by Harold F. McCormick, No. 19991, dated April 1, 1912, in favor of Col. M. M. Mulhall, No. 3933 Old York Road, your city, for \$250. Both checks have been paid by us, the original on April 20, subsequent to the payment of the duplicate. The indorsement of Col. Mulhall on one of these checks, presumably the duplicate, is a forgery, and we shall thank you to communicate with him and procure from him an affidavit setting forth the fact that the indorsement appearing on said check is a forgery. We shall greatly appreciate any assistance that you may render us in the matter and shall be glad to reimburse you for any expense incurred.

Very truly,

Merchants' Loan & Trust Co.

MERCHANTS' LOAN & TRUST Co., Chicago, III.

After receiving the letter from the Merchants National Bank of Baitt-more I called on their cashler and made an affidavit that I did not sign two checks from Harold F. McCormick and that anybody who had signed my name to the duplicate check drawn in favor of my name had committed a forgery. That affidavit the Merchants National Bank still holds.

CORRESPONDED CONCERNING THE CHECK

CORRESPONDED CONCERNING THE CHECK.

I had considerable correspondence with Mr. McDermott's secretary, Mr. McMichaels, concerning this check. I tried to talk on several occasions when I came to Washington with Mr. McDermott about the check matter, but he always seemed to avoid this subject when I broached it. I felt angry at McDermott on account of his actions in this check matter, for I knew that he gave a wrong impression to his secretary, Mr. McMichaels, and to other friends in Washington concerning it. At an interview I had with Mr. McMichaels on the 10th of June, 1913, I first got a clear conception of McDermott's dirty work in the matter.

upon this matter Mulhall was unable to give amounts or dates even approximately. We feel assured that this has been exaggerated. We think the most reasonable theory is that when they would be together in a social way in cafés and other places and McDermott would be in need of money he would borrow smail amounts from Mulhall. Mr. Mulhall admits in his testimony that such transactions were purely personal, that he never reported them to his organization, and that they were not charged to it but treated as purely personal matters.

That Mr. McDermott may have borrowed some moneys from McMichael at times which the latter received from the N. A. M. we think not improbable, but we do not believe there was any understanding that he was to regularly receive a portion or that there was any corrupt motive in the act. Probably it was an act of impropriety for Mr. McDermott to solicit and accept loans from McMichael from this salary, knowing its source.

The fact of the use of a room in the Capitol by Mr. Mulhall has been referred to heretofore. In the article he claims that this was procured for him by Mr. McDermott. We think this is true, or, at least, if he did not procure it for him, he did, having control over it, knowingly permit him to use it. The facts relative to this room, concerning which so much has been said, are that during the Sixty-second Congress two small adjoining rooms in the basement of the Capitol, Nos. 27 and 29, respectively, were allotted to the Committee on Expenditures in the Department of Commerce and Labor, of which Mr. ROTHERMEL, of Pennsylvania, was chairman and Mr. McDermott was ranking member. They were not used for committee on purposes, however, but were turned into storage rooms by the chairman, who seldom visited them and who gave Mr. McDermott the right to use them also, and Mr. McDermott in turn gave to McMichael a key or, with his knowledge and consent, McMichael had a key made and used

the room freely; and eventually, at the suggestion of either Mr. McDERMOTT or Mr. McMichael (and we do not deem it material which, for we do not doubt the former had knowledge of the fact and acquiesced willingly), Mulhall was furnished a key and given the use of the room and did use it for a few hours each day, having a stenographer come there and take the dictation of his correspondence relative to his association work. His use of the room was limited to a few weeks during the summer.

In testifying, Mr. Mulhall alleged that the information received by him on June 3, 1910, from McMichael, as to the proposed offering of an eight-hour amendment to the sundry civil bill, was furnished by McDERMOTT to McMichael, and the intimation is that it was so given in order that he (Mulhall) might have opportunity to become active against it. McMichael verifies the statement that Mr. McDERMOTT gave him the information, but (aithough he expresses his opinion) he is cognizant of no fact that would legitimately lead to the conclusion that it was done for the purpose intimated by Mulhall, nor do we believe it was.

MCDEMOTT to McMichael, and the intimation is that it was so given a order than he (Minial) might have opportunity to become active more of the proposed in the property of the proposed in the

records of forwarding addresses made by the hotel at that time have been destroyed, but from the testimony of the auditor, Mr. Schopen, before your committee (p. 1654) it is perfectly clear that at no time before April 8 did Mr. Mulhall surrender his room and reregister. He occupied the same room, No. 622, from March 28 to April 8, and no other room after that date. He does nat claim to have changed hotels, but states that he was at the Sherman during his entire stay.

In the meantime, on April 8, Mr. McDermott, having heard nothing of the check, called personally upon McCormick and there was issued a duplicate which was delivered to him, indorsed by him, and used to pay his campaign expenses, same being reported in his official statement. At the time of issuing the duplicate the bank was notified not to pay the original, but by oversight it did pay it. Subsequently, when the fact of the issuance of the two checks and their payment by the bank was called to his attention, he arranged with the cashier, Mr. Estes, and repaid to him the \$250, making the last payment about the last of June, 1913.

In view of all the facts and circumstances your committee does not feel that the course of Mr. McDermott's use and benefit that it was issued. We think he had the moral right to indorse the name of Mulhall to it.

It should be stated, in passing, that the primary election in which Mr. McDermott's was nominated was held on the 9th of April, a circumstance which strengthens the conclusion that Mulhall left on the 8th. He would have had no occasion to remain until the 18th.

Your committee is of opinion that the most serious question of propriety affecting Mr. McDermott's not in connection with the N. A. M. or the other matters above related, but grows out of his acts and dealings with the Liquor Dealers' Association of the District of Columbia and with George Horning, one of the pawnbrokers, to which allusion has been made.

Your committee is of opinion that the manuscript of the N. A. M. or the other matters above related, but grows out of his acts and dealings with the Liquor Dealers' Association of the District of Columbia and with George Horning, one of the pawnbrokers, to which allusion has all the pawnbrokers and in the course of this states fault statifies at length and with great detail relative to Mr. McDemborr's relations with the pawnbrokers and in the course of this states faulty and unequivocally that McDemborr's (see p. 494) told him that the pawnbrokers and in the course of this states faulty and unequivocally that McDemborr, see p. 494) told him that the pawnbrokers arised about \$10,000 to be used in the effort to defeat this He states that that he has been considered to the course of the cours

18 months; and that he has no note or other evidence of the indebtedness. He deniss that any part of this came out of the funds raised by him to be used in connection with the loan-shark and pawnbrokers; legislation, and states that it was a purely personal loan made to him because of personal friendship, and that after the total amounted to about \$1,000 he declined to lend him any more.

Mr. McDermorr agrees with this statement of Horning practically

inin to be used in connection with the loan-shark and pawnbrokers legislation, and states that it was a purely personal form made to him because of personal friendship, and that after the total amounted to about \$1,000 he decilined to lend him any more.

Mr. McDramorr agrees with this statement of Horning practically in toto.

McMichael was vigorously cross-examined by counsel for McDramorr and the relative to some phases of the investigation and was sought to be impeached as to others, but he adhered rigidly to his assertion relative to the pawnbroker matter.

Such is the substance of the testimony bearing upon this phase. In a previous part of this report we have set out the factuality to the several organizations engaged in the District of Columbia, and have given the story of their activity relative to the so-called Jones-Works excise bill. It will be remembered that all these organizations are federated into a central body, which is supported by dues paid by its constituent associations, and that during the pendency of the Jones-Works excise bill. It will be remembered that all these organizations are federated into a central body, which is supported by dues paid by its constituent associations, and that during the pendency of the Jones-Works will a special assessment was levied to procure additional funds to be used in fighting this legislation.

Harvey, secretary of this central body, there was loaned to Representative McDramorr out of fits freasury the sum of \$500. It does not clearly appear whether this \$500 was out of funds raised by the regular payment of dues to the central organization or out of that raised by the special assessment referred to and paid into the central body treasury. His note due at 90 days and beauty, the special assessment referred to and paid into the central body treasury. His note due at 90 days and beauty for the series of the series of

he was friendly to the legislation that you people favored?

"Mr. Harvey. Well, I had never had reason to think he was unfriendly.

"Mr. Russell. Did you know, when the legislation was presented to the House, what his attitude was on it?

"Mr. Harvey. I do not recall.

"Mr. Russell. Well, would the fact that he was supposed to be friendly to the legislation have something to do with making this loan?

"Mr. Harvey. I do not know. I suppose that he would consider it in that friendly spirit that a great many others would be; but as for his doing anything—if he has ever done anything to help us in any way—I do not know it and have never discovered. I do not know whether he could or not.

"Mr. Russell. You would not have loaned \$500 to him if you had understood he was unfriendly to you, would you?

"Mr. Harvey. That would not be a natural transaction; but I do not know what would have been done under the circumstances with a man as distressed as he appeared to be."

Your committee can go no further than ascertain and report to the House the facts as it finds them. The Members of the House know Mr. McDermott, know his ideals and his characteristics as the public generally does not and in the nature of things can not know them. His training and associations have not given him the ethical perceptions and standards relative to public office that usually characterize public men. We can not say that he has been corrupted in his votes, but some things which a private citizen may do with impunity must be avoided by one in official station, and we should feel that we had shirked a duty which we owe to the House and the country did we not say that we are driven, much to our regret, to the conclusion that he has been guilty of acts of grave impropriety, unbecoming the dignity of the distinguished position he occupies.

Finis J. Garrett, Chairman.

FINIS J. GARRETT, Chairman. CYRUS CLINE. JOE J. RUSSELL. SCOTT FERRIS. WILLIAM H. STAFFORD, FRANK B. WILLIS.

Laboring as I do under the disadvantage of lack of that experience along legislative lines so abundantly possessed by all of my colleagues upon the committee and, in addition, hampered by having been placed upon the committee at a late period to fill a regrettable vacancy occasioned by the protracted illness of my colleague, Mr. Nolan, of California, through which the committee lost a valuable member who had keenly followed the course of the labors of the committee from their meeption and who was so well qualified by nature and training to have to differ with the undings of my colleagues. Not that I disagree as to differ with the undings of my colleagues. Not that I disagree as to the facts so far as stated therein which they have so concisely and ably presented in their report, but only in my conclusions given herein and in the angle from which I view these facts and which impels me to set forth what I believe to be the striking fundamental propositions develored the striking fundamental propositions develored to the striking fundamental proposition of the striking fundamental proposition of the legislative body, I think that I should have remained silent and content with the report of my colleagues. But in my opinion this inquiry has developed a situation of a graver character, so far-reaching in its possible consecutive of my colleagues. But the striking fundamental proposition of the fundamental proposition

indictment. If anyone has any doubt as to the correctness of my position in the matter, he has only to read the undisputed portions of the letters and papers, the publication of which brought about this inquiry.

The belief has been common among the people that the large special interests of the country were so firmly entrenched in and surrounding the legislative branch that, by reason of the system built up under their influence, the enactment of remedial laws, popularly demanded, has been either denied or only partially accorded, and then reluctantly. During the present Congress the President publicly charged that legislation was being interfered with by an insidious lobby; and these charges were met in Congress with incredulity, and even attempted ridicule. Yet only a few days passed before the disclosures with which we are here confronted brought overwhelming confirmation of these charges.

While I do not mean to convey that there has been any wholesale individual corruption, or even many specific cases that can be denominated as cases of personal venality, yet the record of this inquiry shows that a system, none the less effectual, was built up and means offered thereby, and used, for the purpose of defeating and preventing remedial legislation.

There is only one portion of this record that startled the Nation and which presents any new features in our legislative history; that is, the various activities, political and otherwise, of the National Association of Manufacturers. It is the conditions surrounding these activities that, in my opinion, constitute the vital matter of the inquiry. The evidence convinces me that Mulhall, Emery and his associates, with the enthusiastic approval of the responsible officers of the National Association of Manufacturers, did influence legislation; did prevent the enactment of laws; did force the appointment upon committees or subcommittees of certain men believed to be necessary for the carrying out of their schemes, and prevented other men whom they believed to be influ

of organization labor men to betray their fellows in election campaigns and strike-breaking activities, they instituted a new and complete system of co nmercialized treachery.

One other thing must be borne in mind—that is, that during much of the period covered by the inquiry some officers of the House were in close sympathy and working with Mulhall and Emery, who, indeed in many instances were not only in close conference with these officers in carrying out their plans, but reported to these officers confidentially and received reports from them, as they might make reports in carrying out their plans, but reported to these officers in their organization.

Let it be noted that all this was done with a sinister secrecy. Much, of course, was done that is not disclosed, but that can be easily supplied from the evidence of what was done. And when we consider the influence exerted by these public officials upon their associates it is indeed a startling picture.

The facilities offered by legislative methods during the period covered by these transactions for insidious, secret, and sinister influence and operation are plain. The secrecy of committee hearings and sessions; the lack of well-defined and orderly conducting and docketing of the committees' business, or the proper keeping of the minutes of committee proceedings; the 'interminable tangle of technical proceedure, resulting from the slavish following of precedent, frequently wrongly established: the custom of suffering conference committees to absolutely frustrate the plainly expressed and recorded will of the Horse or Senate, and the arbitrary use of this power; the binding and gazging of the major portion of the Members of the body by the system of partisan leadership, rendering them absolutely helpless at the will of the few who really transacted the business or refused to transact it—these may be mentioned as the most striking conditions of this kind.

I can not let this phase of the situation pass without referring to the cyalical contempt in which Cong

he says:

"Some fears are also expressed that the President may be inclined to revive his injunction program if Congress is further delayed in adjournment, as he occupies a peculiarly powerful strategic position, the so-called 'pork' bills being in his hands for signature, and, of course, no other subject is so dear to the Congressman as public buildings in his district, and he will do anything to get them."

And again in an extract of a letter (p. 2390) of Mr. Emery, in which he says:

"Let him also say that I took this matter up personally with the Speaker at his house yesterday morning, and he turned loose upon the conservatism of the Senate, after my explanation to him, a streak of original and awe inspiring profanity that made the alleged utterances of a Missouri mule driver sound in comparison like the prattling innocence of a lisping babe."

Again in letter (p. 2394) it is stated:

of a lisping babe."

Again in letter (p. 2394) it is stated:

"\* \* the most important work he can do here between now and the end of this session is to strengthen the House Judiciary Committee as much as possible, and that a direct promise, if it can be had, be gotten that Malby and Denby can be placed on a special subcommittee for all labor bills. The Speaker has intimated as much, but if the colonel will act sharply on this matter with Watson, securing his support, definite action may be obtained. I emphasize this because I believe it will be the keynote of the entire position next winter."

And again in the extract of a letter (p. 2389) of Mr. Emery to Mr. John Kirby, jr., in which it is stated:

"And we had four votes to spare which were not used—the Speaker's vote and three Members who would have changed from 'not present' to 'aye' if necessary."

And in telegram (confidential print No. 2959) from Col. Mulhall to Hon. James E, Watson:

Washington, D. C., August 2, 1909.

WASHINGTON, D. C., August 2, 1909.

Hon. JAMES E. WATSON Rushville, Ind .:

It is extremely important and great favor to me if you will wire Speaker to have Harry Condrey placed on Rivers and Harbors Committee. Answer immediately.

M. M. MULHALL

(Charge J. A. Emery.)

And in the reply (confidential print No. 2973) of Watson to the foregoing:

AUGUST 3, 1909.

Col. M. M. MULHALL, Baltimore, Md.

My Dear Colonel: Your message was sent to Anderson, as was the one sent the other day, and communicated to me over the phone. There is no Postal Telegraph in my town, and the only way you can reach me direct is by the Western Union.

Before I left Washington I did what I could with Uncle Joe to get him to name Dave Coudrey on the Committee on Rivers and Harbors. I do not think he will do it; if he does not it will not be any fault of mine, as I most earnestly recommended him. I did this on your account, because you wanted it done, and I told the Speaker you were interested in Coudrey. I therefore tried to impress on him that Coudrey should succeed Ellis on that committee.

I suggest that you get Coudrey to get Bartholdt to go with him personally to the Speaker and ask for this appointment. That will help.

I will write to the Speaker at once, though I do not think I could give any additional weight to the words I have already uttered on this question.

Let me know the result of the conference you fellows had with Miles. Very sincerely,

Let me know the result of the conference you fellows had with Miles.

Very sincerely.

James E. Watson.

The naïve effrontery shown upon the witness stand by the officers of the National Association of Manufacturers in assuming that the committee would accept at face varue the bald denials and ridiculous evasion and perversion of the meaning of actions all too pilainly corrupt and sinister, and would simply and guilelessly make these explanations their own and attempt to hand the deception on to their colleagues and the public, can not be permitted to pass without mention. Their plainly shown attitude was that the American Congress was considered by them as their legislative department and viewed with the same arrogant manner in which they viewed their other employees, and that the American Jongses was considered by them as their legislative department and viewed with the same arrogant manner in which they were accustomed to disciplined in the same manner in which they were accustomed to disciplined in the same manner in which they were accustomed to disciplined in the same manner in which they were accustomed to disciplined in the same manner in which they were accustomed to disciplined in the same manner in which they were accustomed to disciplined in the same manner in which they were the Conneil for Industrial Defense were, in any sense, anything exceet instruments of the varying activities of the same men; or to ask anyone to believe that the so-called Workmen's Protective Association was anything but the filmslest cover for Mulhail's operations in corrupting, by the use of money, union labor men of some influence with their fellows to wantouty be tray these fellow workmen.

Here stands out unmistakably a fact, of which Congress and your committee is apparently expected to remain in complete ignorance, but which to the most casual reader of the record must be plainly apparent. That is that this is only another plase of the department of the protect of the country and organized labor. Indeed, the two countr

"Mr. Bird. I do not say that. I say that they were necessary. I do not say whether they justified the means.

"Mr. MacDonald. Is it your intention to continue with work of this kind?

"Mr. Bird. We have not done it.

"Mr. Bird. We have not done it.

"Mr. Bird. I do not think so

"Mr. Bird. It can be handled in a different way.

"Mr. Bird. It can be handled in a different way.

"Mr. Bird. It can be handled in a different way now?

"Mr. Bird. It can be handled in a different way now?

"Mr. Bird. It can be handled in a different way.

"Mr. Bird. Yes, sir.

"Mr. MacDonald. In an entirely different way now?

"Mr. Bird. Yes, sir.

"Mr. MacDonald. You do not think it will be necessary to use the means you have used?

"Mr. Bird. I think, sir, that these investigations that have been conducted here will be a great enlightening incident to manufacturers of this country. I believe that it will impress upon them, more than anything that has been done, the necessity of manufacturers standing together to preserve the rights that they hope to enjoy in this country of ours, and therefore I say that these investigations must eventually—not immediately, but eventually—be of a great deal of good to us, because it will convince manufacturers of conditions of which we have been unable to convince them single handed. We have never had the opportunity of presenting to the American manufacturer and business man the operations of organized labor as these investigations and publications have brought them out. I consider this expose—if it is called an expose—a sunlight ray from heaven."

"Mr. Gompers, president of the American Federation of Labor, intimates his view in his testimony (p. 2462) when he says:

"Mr. Gompers, president of the American Federation of business man could cialm was due to the normal activities of the workers; the injunction proceedings brought by the Buck Stove & Range Co.; the proceedings in contempt against Mr. John Mitchell, Mr. Frank Morrison, and myself—all these aroused an interest and an activity among the

tions of life. Altogether they compose that great interest known as "the public," whom Congress must serve. And remedial legislation must be found, and that speedily, to put an end to this merciless warfare being waged between organized capital and organized labor.

While many abuses in the legislative methods of the House have been corrected, it is all important, before our really great problems can be successfully met, that reform in the legislative methods of the House must be further continued and made drastic and complete. To obtain social justice we must see that there is no opportunity for perversion of the legislative machinery. We will not obtain this under a legislative system in which remains so many opportunities for powerful influences to secretly hinder and delay the operation of the lawmaking body.

RECOMMENDATIONS.

First. In my opinion, therefore, if we are to profit by the lessons of this inquiry, the cumbersome operations of the House itself must be simplified.

If necessary to enable public business to be transacted with expedition and individual Members to actually and freely legislate for their constituents and the Nation, reduce the membership of the House. Simplify the rules so that the object of getting things accomplished may not be lost sight of in a highly technical system calculated to offer the amplest encouragement to filibustering and delay.

The following should be obtained:
Publicity for all committee hearings and committee sessions.
A well-ordered system of docketing and conducting the business of committees.

A thorough and complete system of minutes of committee proceedings, open to the public.

A thorough and complete system of minutes of committee proceedings, open to the public.

A change in the present custom-made practice of legislation by conference committees.

Abolishing of partisan caucuses and the elimination of the system of party leadership in so far as it hampers the free and independent exercise of the prerogative of the individual Member.

Second. A system of registration of lobbyists and legislative agents, so that no person may engage, as a business, in such work here without there being a public record of his connection and the source of his employment.

Adequate penalties for the punishment of those who engage or conspire to improperly influence Members of Congress.

Third, While I regard the case of Representative McDeamott as not the most vital thing developed by this inquiry—being only a case of individual venality resulting from the vicious and corrupting influences which are shown to have been in operation around the House—yet, any refusal to recognize the enormity of such shocking disregard by a Member of his solemn duty and trust can not but tend to weaken the standing of the House. The disciplinary powers of the House must be rigorously and unsparingly applied, unless it is intended to minimize the offense.

If within the power of Congress, proceedings should be taken to cite the responsible officials and agents of the National Association of Manufacturers shown to have been engaged in improper lobbying activities and punish them for contempt.

Respectfully submitted.

WILLIAM J. MacDonald,

WILLIAM J. MACDONALD.

During the reading of the report the following occurred:

Mr. HULINGS. Mr. Speaker, a parliamentary inquiry.
The SPEAKER pro tempore (Mr. Ferris). The gentleman will state it.

Mr. HULINGS. Is it necessary to go on with this farce indefinitely in reading this report; would it not be better to distribute the printed reports among the Members?

The SPEAKER pro tempore. That is not a parliamentary

inquiry, and this reading of the report is under a special order.

Mr. HULINGS. By law or special order?

The SPEAKER pro tempore. By a special order of the House. If the gentleman from Pennsylvania desires to ask unanimous consent to omit the further reading, he can do so.

Mr. HULINGS. If it is in order, Mr. Speaker, I move that the further reading of the report be dispensed with and the report be distributed to the Members instead.

The SPEAKER pro tempore. That motion is not in order. If the gentleman desires to ask unanimous consent, I will put the request.

Mr. HULINGS. Then I ask unanimous consent to dispense with the further reading of the report,
Mr. MURDOCK and Mr. RUSSELL objected.

The Clerk proceeded with the reading of the report.

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent that the reading of the articles from the New York World and the New York Tribune, quoted in the report, may be

dispensed with.

Mr. MANN. Reserving the right to object, I would like to ask the gentleman if these articles in parallel columns are comparative statements; and if so, whether it would be practicable to have one reading clerk read one column while the other clerk is reading the other at the same time? [Laughter.]

Mr. GARRETT of Tennessee. That might be practicable, but

it would not be pleasant.

Mr. MANN. Oh, it is very pleasant to hear either or both of

them read. However, I will not object. The SPEAKER pro tempore (Mr. RAINEY). Is there objection to the request of the gentleman from Tennessee? [After a pause.] The Chair hears none, and the Clerk will omit the articles.

Mr. GARRETT of Tennessee. Mr. Speaker, there is a typographical error, which is obvious, and yet it seems important to call attention to it. In the ninth line, on page 67, in a quo-tation of Mr. Hardy's examination, the word "now" should

be "not." Of course, I can not offer any amendment now, as it is entirely too late, but it is proper to call attention to it.

The reading of the report was concluded.

Mr. MacDONALD. Mr. Speaker, in connection with this report I present for adoption two privileged resolutions, which I ask unanimous consent to have considered together.

The SPEAKER. The gentleman from Michigan presents two resolutions, which he asks unanimous consent to have considered together.

Mr. GARRETT of Tennessee. Let them be reported.

The Clerk read as follows:

House resolution 341.

Resolved. That the House proceed forthwith to determine whether under the report of your select committee on lobby investigations it has not been shown that J. Philip Bird, John Kirby, jr., James A. Emery, Martin M. Mulhall, and other officers and agents of the National Association of Manufacturers have been engaged in systematic, continuous practices against the order and dignity of the House and in improper and vicious lobbying activities rendering them liable to punishment by this House for contempt.

Mr. GARRETT of Tennessee. To that I reserve a point of order.

The SPEAKER. All points of order are reserved.

The Clerk read as follows:

House resolution 342.

Resolved, That this House proceed forthwith to determine whether under the report of your select committee on lobby investigations Representative James Thomas McDermott, of the fourth congressional district of the State of Illinois, has not been shown guilty of disgraceful and dishonorable misconduct and venality, rendering him unworthy of a seat in this House and justly liable to expulsion from the same.

Mr. GARRETT of Tennessee. I reserve a point of order to at. Mr. Speaker, I have no desire to press the point of order. Mr. MURDOCK. But there is a unanimous consent pending. The gentleman from Michigan asks unanimous consent that they

be considered together.

The SPEAKER. The first question to be disposed of is whether the resolutions are privileged. Has the gentleman from Tennessee anything to say upon that point?

Mr. GARRETT of Tennessee. I will not make the point. I

will move-

Mr. MacDONALD. Mr. Speaker, will the gentleman withhold his point of order?

Mr. GARRETT of Tennessee. Certainly.

Mr. MURDOCK. I think the gentleman from Tennessee

should state his point of order.

Mr. GARRETT of Tennessee. I make the point of order that the resolutions are not privileged resolutions. I reserve the point of order.

Mr. MacDONALD. Just for a brief statement.
Mr. GARRETT of Tennessee. How much time does the gentleman desire?

Mr. MacDONALD. Five minutes.

Mr. GARRETT of Tennessee. Mr. Speaker, I reserve the point of order for five minutes.

Mr. MacDONALD. Mr. Speaker, a very voluminous report. has been made here from a committee after months of work involving the gravest matter that could be involved concerning the interests of this House. The committee have made their report largely by stating the facts and the conclusions, in some cases, which the members of the majority of the committee and the minority draw from those facts, but there has been no recommendation made to the House as to the action to be taken upon this matter. As I say, it is a grave matter. It is a matter that this House must consider carefully and solemnly before acting upon it. The responsibility for the minority views is my own, since the report is mine alone. It was evidently in the minds of all the committee that the next step in this procedure would be taken by this House. I have no desire to do anything except to take the next logical, orderly step that must be taken; and I state that there can be no doubt in the mind of any gentleman of this House, after reading the record of the hearings and the report, but that the subject matter of the resolution, which I present here in regard to Representative McDermort and the members of the National Association of Manufacturers who were engaged in these lobbying activities, is a matter that is up before this House for determination now, and that the House can not evade this issue or delegate its powers to anyone else who will evade it. It is up to this House to answer to the American people now for the things that are revealed in this report. I say, answer it; I am not saying how the House shall answer it, but the answer must be made and made now.

The SPEAKER. The gentleman from Michigan asks unarimous consent to consider these two resolutions together.

Mr. GARRETT of Tennessee. Mr. Speaker, I reserve the point of order on both resolutions. The SPEAKER. The Chair will hear the gentleman.

Mr. MANN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MANN. Is it not within the power of the gentleman from Michigan to offer the two resolutions together as one series of resolutions?

The SPEAKER. It is not one resolution.

Mr. MANN. As a series of resolutions growing out of the me report. Is it not within his power to do that?

The SPEAKER. The Chair thinks that he could have made two sections out of one resolution. The resolutions could have been joined together, but when they are voted upon each man has to be voted on by himself.

Mr. MANN. If the resolutions were offered together, of course

they would be divisible, if anybody asked it.

The SPEAKER. Of course. Mr. Speaker Blaine held on a similar occasion that two men could not be joined together in the same condemnation. The case was not exactly like this. The first resolution which the gentleman from Michigan offers bunches together these men who are accused of being part and parcel of an association that was lobbying, but the resolution about Mr. McDermott and the resolution about these alleged lobbyists would have to be voted on separately, whether joined

in one resolution or not.

Mr. GARRETT of Tennessee. Mr. Speaker, while reserving the point of order, I wish to make this statement: The House and the country should understand the attitude of the com-The select committee appointed under House resolution 198 has not made recommendations for the very plain and simple reason that it was not authorized to make recommenda-Not only was it not called upon but it was not authorized, and any recommendation which it might have made calling for affirmative action on the part of the House would have been in clear excess of its authority, and would have received, as it would have merited, criticism. There has been no desire, and I think the report will show that, upon the part of the committee to avoid or evade any proper responsibility. Neither has it been the desire of the committee to exceed the authority

which was committed to it by the House under the resolution.

Having said that much, I wish to state that there is no disposition on the part of this committee, or upon any individual member of it, to insist upon any technicalities in dealing with this question. The resolutions which the gentleman from Michigan has submitted I think are not privileged, but I do not care

to press the point of order.

I move that the resolutions and report of this committee, together with the entire record, be referred to the Committee on the Judiciary, with directions to report to the House at the earliest practicable date what action, if any, should be taken by the House thereon.

Mr. KELLY of Pennsylvania: Mr. Speaker

The SPEAKER. For what purpose does the gentleman rise? Mr. KELLY of Pennsylvania. To make a point of order against this motion.

The SPEAKER. Why? Mr. KELLY of Pennsylvania. On the ground that it is a question of privilege, and no motion under the rules except a motion to adjourn can be considered.

Mr. GARRETT of Tennessee. Mr. Speaker, the gentleman from Michigan [Mr. MacDonald] had yielded the floor, and I make that motion, which is a privileged motion, a motion to refer, and on that I move the previous question.

The SPEAKER. The Chair will decide two or three things at once. Both of these resolutions offered by the gentleman from Michigan are privileged. The motion of the gentleman from Tennessee [Mr. Garrett] is proper and in order, and on

that he moves the previous question.

Mr. KELLY of Pennsylvania. Mr. Speaker, will the Speaker listen to the reading of one rule of the House on the proposition as to whether a motion to refer is privileged? I have it here and I would like to read it.

The SPEAKER. The Chair will hear it.

Mr. KELLY of Pennsylvania. Rule IX of the House of Representatives covers this point.

The SPEAKER. What is the number of the rule?
Mr. KELLY of Pennsylvania. Rule IX. Questions of privilege

The SPEAKER. What section?

Mr. KELLY of Pennsylvania. Section 653 of House Manual and Digest, and I can read it in a moment.

Questions of privilege shall be, first, those affecting the rights of the House collectively, its safety, dignity, and integrity of its proceedings; second, the rights, reputation, and conduct of Members, individually, in their representative capacity only; and shall have precedence of all other questions, except motions to adjourn.

The SPEAKER. If the gentleman will consider section 765, he will find out that a motion to refer is in order.

Mr. KELLY of Pennsylvania. Mr. Speaker, there are a number of precedents on the subject where it was not considered in order, as given in Hinds' Precedents.

Mr. GARRETT of Tennessee. Mr. Speaker-

The SPEAKER. When the Sherley resolution was up the Chair ruled then, and he ruled correctly, that a motion to refer was in order, and it was referred.

Mr. FITZGERALD. The rule of the House expressly makes

it in order, Mr. Speaker.

The SPEAKER. Why, of course; in section 765, the fourth clause of Rule XVI provides that when a question is under debate the following motions are in order: A motion to adjourn, a motion to lay on the table, a motion for the previous question, which are to be voted on without debate; and then, next, a motion to refer, to postpone, and so on, and so on, which are de-batable within the discretion of the Chair; but the gentleman from Tennessee makes the motion for the previous question, which is not debatable.

Mr. MURDOCK. Mr. Speaker, a point of order.
The SPEAKER. The gentleman will state it.
Mr. MURDOCK. Has the gentleman from Tennessee, after the gentleman from Michigan has the floor and yields to him for an explanation, the right to take the floor to make the

Mr. GARRETT of Tennessee. Mr. Speaker, my understanding of the fact does not agree with that stated by the gentleman

from Kansas.

Mr. MURDOCK. I do not know where I misstated the facts. Mr. GARRETT of Tennessee. I reserved the point of order, and the gentleman from Kansas asked if I would withhold making the point of order for five minutes, and I responded that I would, and did.

Mr. MURDOCK. The gentleman means the gentleman from

Michigan, by the way.

Mr. GARRETT of Tennessee. Yes; and the gentleman from Michigan spoke for five minutes and took his seat, and thereupon I obtained recognition in my own right.

Mr. MURDOCK. My recollection, Mr. Speaker, is that the

gentleman from Michigan did not take his seat, and the gentle-man from Tennessee asked the gentleman from Michigan—

SEVERAL MEMBERS. Oh, no.

Mr. MURDOCK. I beg the pardon of the House. I ask for an audience here. I am going to try to state exactly what transpired, and if any gentlemen wish to interrupt they should rise to their feet.

My recollection is that the gentleman from Tennessee [Mr. GARRETT] did request the gentleman from Michigan [Mr. MAC-DONALD | to withhold for a few minutes for an explanation. And I make the point of order, Mr. Speaker, that the gentleman from Tennessee can not, when time is yielded to him in that fashion, take the floor to make a motion.

Mr. GARRETT of Tennessee. Mr. Speaker, time was not yielded to me by anyone. I was recognized in my own right.

The SPEAKER. The gentleman from Michigan [Mr. MAC-DONALD] asked for five minutes, and got it and used it, and whether he sat down or did not makes not a particle of difference. His five minutes were up, and the gentleman from Tennessee [Mr. Garrett] took the floor in his own right, having reserved the points of order.

Mr. GARRETT of Tennessee. And I then withdrew them to

make the motion.

The SPEAKER. Yes. The gentleman has the right to make the motion to refer.

Mr. GARRETT of Tennessee. And I thought I moved the

previous question.

Mr. McCOY. Mr. Speaker, I rise to ask that the resolution of the gentleman from Tennessee [Mr. GARRETT] be read again. The SPEAKER. Without objection, it will be again reported. The Clerk read as follows:

Resolved, That the report of the select committee appointed under House resolution No. 198, and the findings and testimony, be referred to the Committee on the Judiciary, with directions to report to the House at the earliest practical date what action, if any, should be taken by the House thereon.

Mr. GARRETT of Tennessee. It included, in addition to what is written and has just been read by the Clerk, the two resolutions offered by the gentleman from Michigan and the report of the committee and the hearings.

Mr. KELLY of Pennsylvania. Mr. Speaker, a parliamentary

inquiry.

The SPEAKER. The gentleman will state it.

Mr. KELLY of Pennsylvania. On a question of privilege such as this, is it proper parliamentary procedure to move the previous question? I have a precedent here I would like to read. It is in Volume II, and is a case which concerns this same question.

The SPEAKER. The gentleman from Pennsylvania will please cite the section.

Mr. KELLY of Pennsylvania. Section 1256, in Hinds' Precedents. Volume II.

Mr. MURDOCK. Mr. Speaker, I ask that I may be recognized to make the point of order against the previous question.

Mr. FITZGERALD. Make it now. Mr. MURDOCK, I make the point of order against the previous question.

The SPEAKER. What point of order does the gentleman make against the previous question?

Mr. KELLY of Pennsylvania. It is not in order to move the

previous question on the question of privilege.

The SPEAKER. Now, that very section to which the gentleman from Pennsylvania [Mr. Kelly] refers, provides that the previous question does apply to a question of privilege, and there can not be any reason given against the rule.

Mr. KELLY of Pennsylvania. In the paragraph to which I refer the Speaker decided at that time, that, in his judgment, the matter before the House was a question of privilege, and that on a question involving the privileges of a Member of the House, the previous question could not be applied, and consequently the question of postponement was open to debate.

The SPEAKER. That is not before the House,

Mr. KELLY of Pennsylvania. It was overruled by the House. The SPEAKER. The House overruled the Speaker on that occasion.

Mr. KELLY of Pennsylvania. Yes.

The SPEAKER. And the voice of the House is better than the voice of any Speaker who ever sat in this chair, and higher

Mr. KEBLY of Pennsylvania. A parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. KELLY of Pennsylvania. Did the Chair rule or not, that

this entire resolution was a question of privilege?

The SPEAKER. As a matter of fact, the Chair ruled that these two resolutions offered by the gentleman from Michigan [Mr. MacDonald] were privileged resolutions.

Mr. KELLY of Pennsylvania. The question of privilege is a little bit different than the privileged question. Are these questions of privilege or privileged questions?

The SPEAKER. Privileged questions.

Mr. KELLY of Pennsylvania. I made a point of order that these resolutions were questions of privilege, involving the integrity of Members of the House and of the House itself.

The SPEAKER. That is not involved in the matter pending before the House now.

Mr. CLARK of Florida. Mr. Speaker, I demand the regular

The SPEAKER. The question is on the previous question on the motion to refer these resolutions, testimony, documents, and so forth, to the Committee on the Judiciary

Mr. McCOY. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. McCOY. Would it be proper, in view of the motion pending, to ask why this matter should be taken away from the special committee and referred to the Committee on the Judiciary:

The SPEAKER. This committee of which the gentleman from Tennessee [Mr. Carrett] was chairman was ordered to investigate. It had no right under the terms of the resolution to make recommendations, and no question is in order, anyway, when the previous question is demanded. The question is on the ordering of the previous question.

The question was taken, and the Speaker announced that the

ayes seemed to have it.

Mr. MacDONALD. A division, Mr. Speaker.

The SPEAKER. The gentleman from Michigan [Mr. Mac-DONALD] demands a division. Those in favor of a division will rise and stand until they are counted. [After counting.] One hundred and twenty-nine gentlemen have arisen in the affirmative. Those opposed will rise and stand until they are counted. [After counting.] Thirty-six gentlemen have arisen in the negative.

Mr. MacDONALD. Mr. Speaker, I demand the yeas and

The SPEAKER. The gentleman from Michigan demands the yeas and nays. Those in favor of taking the vote by yeas and nays will rise and stand until they are counted. [After count-

ing.] Twenty-two gentlemen have arisen in the affirmative.

Mr. MacDONALD. The other side, Mr. Speaker.

The SPEAKER. Those opposed to taking the vote by yeas and nays will rise and stand until they are counted. [After counting.] One hundred and twenty-nine gentlemen have arisen in the negative. Twenty-two is not a sufficient number, and the

yeas and nays are refused. On the former vote the ayes were 129 and the noes were 36, and the previous question is ordered. The question now is on the motion of the gentleman from Tennessee [Mr. GARRETT] to refer the resolution, and so forth, to the Committee on the Judiciary.

The question was taken, and the Speaker announced that the

ayes seemed to have it.

Mr. MacDONALD. Mr. Speaker, I ask for a division. The SPEAKER. The gentleman from Michigan asks for a division. Those in favor of referring these resolutions, and so forth, to the Committee on the Judiciary will rise and stand until they are counted. [After counting.] One hundred and thirty-three gentlemen have arisen in the affirmative. opposed will rise and stand until they are counted. LAfter counting.] Thirty-four gentlemen have arisen in the negative. On this question the ayes are 133 and the noes are 34, and-

Mr. MacDONALD. Mr. Speaker, I demand the yeas and

SEVERAL MEMBERS. Too late!

Mr. MANN. Oh, no; the gentleman demanded the yeas and

navs in time.

The SPEAKER. The gentleman from Michigan [Mr. Mac-DONALD] demands the year and nays. Those in favor of taking the vote by yeas and nays will rise and stand until they are counted. [After counting.] Twenty-three gentlemen have arisen in the affirmative—not a sufficient number—and the resolutions, and so forth, are referred to the Committee on the Judiciary.

Mr. MacDONALD. Mr. Speaker, I make the point of order

that there is no quorum present.

### ADJOURNMENT.

Mr. UNDERWOOD. Mr. Speaker, I make the point of order that the gentleman's point of order comes too late. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 43 minutes p. m.) the House adjourned until to-morrow, Wednes-

day, December 10, 1913, at 12 o'clock noon.

# EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of War, transmitting a report by the Chief of the Quartermaster Corps, United States Army, of all receipts and expenditures of contingent funds collected for the fiscal year ended June 30, 1913, from the nonmilitary residents at Fort Monroe under the terms of the act approved August 1, 1894, making provision for fortifications and other works of defense (H. Doc. No. 397); to the Committee on Expenditures in the War Department and ordered to be printed.

2. A letter from the Attorney General, transmitting a statement of the expenditures of the appropriation for the United States Commerce Court for the fiscal year ended June 30, 1913 (H. Doc. No. 451); to the Committee on Expenditures in the

Department of Justice and ordered to be printed.

A letter from the Acting Comptroller of the Treasury, transmitting the fifty-first annual report of the operations of the Currency Bureau for the year ended October 31, 1913 (H. Doc. No. 452); to the Committee on Banking and Currency and ordered to be printed.

4. A letter from the First Assistant Secretary of the Interior, transmitting report of withdrawals of lands that have been made in connection with the Flathead Indian Reservation, Mont. (H. Doc. No. 453); to the Committee on Indian Affairs and ordered to be printed.

5. A letter from the Attorney General, transmitting a statement of the expenditures of the appropriation for the United States Court of Customs Appeals for the fiscal year ended June 30, 1913 (H. Doc. No. 454); to the Committee on Expenditures in the Department of Justice and ordered to be printed.

6. A letter from the Attorney General transmitting the annual report of the Attorney General of the United States for the year 1913, with accompanying appendixes (H. Doc. No. 460); to the

Committee on the Judiciary and ordered to be printed.
7. A letter from the president of the Board of Managers of the National Home for Disabled Volunteer Soldiers, transmitting the report of the board of managers of the said home for fiscal year ended June 30, 1913 (H. Doc. No. 459); to the Committee on Military Affairs and ordered to be printed.

8. A letter from the assistant clerk of the Court of Claims, transmitting a copy of the conclusions of law and of fact in the French spoliation cases relating to the vessel brig Nancy (H. Doc. No. 456); to the Committee on Claims and ordered to be printed.

9. A letter from the assistant clerk of the Court of Claims, transmitting a copy of the conclusions of law and of fact in the French spoliation cases relating to the vessel brig Almy (H. Doc. No. 455); to the Committee on Claims and ordered to be printed.

10. A letter from the assistant clerk of the Court of Claims, transmitting a copy of the conclusions of law and of fact in the French spoliation cases relating to the vessel ship Sally (H. Doc. No. 457); to the Committee on Claims and ordered to be

11. A letter from the assistant clerk of the Court of Claims, transmitting a copy of the conclusions of law and of fact in the French spoliation cases relating to the vessel brig Adventure (H. Doc. No. 458); to the Committee on Claims and ordered to

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows

Mr. MOON, from the Committee on the Post Office and Post Roads, to which was referred the bill (H. R. 9318) to amend the act approved June 25, 1910, entitled "An act to establish postal savings depositories for depositing savings at interest with security of the Government for repayment thereof, and for other purposes," reported the same without amendment, accompanied by a report (No. 118), which said bill and report were referred to the House Calendar.

He also, from the same committee, to which was referred the bill (H. R. 9317) to regulate the payment of postal money orders, reported the same without amendment, accompanied by a report (No. 117), which said bill and report were referred to

the House Calendar.

He also, from the same committee, to which was referred the bill (H. R. 9321) to amend the act approved May 9, 1888, as amended by the act of June 11, 1896, reported the same without amendment, accompanied by a report (No. 116), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. PADGETT, from the Committee on Naval Affairs, to which was referred the bill (H. R. 10081) to make the tenure of the Major General Commandant of the Marine Corps for a term of four years, reported the same without amendment, accompanied by a report (No. 115), which said bill and report were referred to the House Calendar.

Mr. FLOYD of Arkansas, from the Committee on the Judiciary, to which was referred the bill (H. R. 5849) to amend section 100 of an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911, reported the same without amendment, accompanied by a report (No. 121), which said bill and report were referred to the House

Mr. DYER, from the Committee on the Judiciary, to which was referred the bill (H. R. 9994) to amend section 24, chapter 2, of the Judicial Code of the United States, reported the same without amendment, accompanied by a report (No. 120), which said bill and reoprt were referred to the House Calendar.

Mr. FERRIS and Mr. DAVENPORT, from the Committee on the Territories, submitted a minority report on the bill (H. R. 1739) to authorize the President of the United States to locate, construct, and operate railroads in Alaska, and for other purposes (H. Rept. 92, pt. 2), which was referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. SHERWOOD, from the Committee on Invalid Pensions, to which was referred sundry bills, reported in lieu thereof the bill (H. R. 10138) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of the Civil War, accompanied by a report (No. 112), which said bill and report were referred to the Private Calendar.

Mr. McCOY, from the Committee on the Judiciary, to which was referred the bill (H. R. 888) for the relief of H. C. Hodges, H. A. Powell, John Smith, and Joseph Ridley, reported the same without amendment, accompanied by a report (No. 114), which said bill and report were referred to the Private Calendar.

## CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows

A bill (H. R. 9541) granting a pension to William Preston Raines; Committee on Invalid Pensions discharged, and referred

to the Committee on Pensions.

A bill (H. R. 9629) for the relief of Nathan Lawrence Meands; Committee on Naval Affairs discharged, and referred to the Committee on Military Affairs.

A bill (H. R. 994) granting a pension to Francis A. Grennen; Committee on Invalid Pensions discharged, and referred to the

Committee on Pensions.

A bill (H. R. 4504) granting an increase of pension to Adam J. Sherman; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

# PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. PETERS of Massachusetts: A bill (H. R. 10139) authorizing the Treasury Department to test upon ships a device or devices for holsting and lowering lifeboats at sea; to the Committee on Interstate and Foreign Commerce.

By Mr. STEPHENS of Texas (by request): A bill (H. R. 10140) to amend an act of Congress approved April 26, 1906, making final disposition of the Five Civilized Tribes of the Indian Territory, and for the relief of John White, Emma L. Landers, and Della A. Alexander, née Bevers; to the Committee on Indian Affairs.

By Mr. SELDOMRIDGE: A bill (H. R. 10141) to establish and maintain a fish-hatching and fish-culture station in Boulder County or Larimer County, State of Colorado; to the Committee

on the Merchant Marine and Fisheries.

By Mr. REILLY of Connecticut: A bill (H. R. 10142) to enable the Government of the United States to participate in the second Pan' American Scientific Congress, to be held in Washington, D. C., October, 1914; to the Committee on Appropriations.

By Mr. JOHNSON of South Carolina: A bill (H. R. 10143)

for the relief of Confederate soldiers and citizens of the Con-

federate States; to the Committee on War Claims.

Also, a bill (H. R. 10144) to require the production of books and papers as evidence in State courts in certain cases; to the

Committee on the Judiciary.

Also, a bill (H. R. 10145) to prohibit the collection of revenue or the granting of permit to engage in the manufacture or sale of spirituous or malt liquors in States, counties, or municipalities in which such manufacture or sale is prohibited by State

or municipal law; to the Committee on Ways and Means.
Also, a bill (H. R. 10146) to authorize the Secretary of War to cause to be investigated and to provide for the payment of all claims presented on behalf of churches, schools, libraries, hospitals, and establishments conducted for the benefit of churches, or for charitable purposes, arising from the occupation and use of the buildings, grounds, and other property of various kinds occupied, used, taken away, injured, consumed, or destroyed by the United States or its Army during the Civil War, or for its benefit in any way; to the Committee on War Claims.

By Mr. TRIBBLE: A bill (H. R. 10147) to prohibit interference with commerce among the States and Territories and with foreign nations and to remove obstructions thereto, and to prohibit the transmission of certain messages by telegraph, telephone, cable, or other means of communication between States and Territories and foreign nations; to the Committee on Agriculture.

Also, a bill (H. R. 10148) to provide for the erection of a public building in the city of Monroe, Ga.; to the Committee

on Public Buildings and Grounds.

Also, a bill (H. R. 10149) to check the ravages of the cottonboll weevil; to the Committee on Agriculture.

Also, a bill (H. R. 10150) providing that the street car companies of the District of Columbia shall provide separate street cars or separate compartments for white and negro passengers; to the Committee on the District of Columbia.

By Mr. KENNEDY of Connecticut: A bill (H. R. 10151) provide for the purchase of a site and the erection of a public building thereon at Derby, in the State of Connecticut; to the Committee on Public Buildings and Grounds,

Also, a bill (H. R. 10152) to provide for the purchase of a site and the erection of a public building thereon at the town of Winchester, in the borough of Winsted, in the State of Connecticut; to the Committee on Public Buildings and Grounds. By Mr. OLDFIELD: A bill (H. R. 10153) relating to patents; to the Committee on Patents.

By Mr. LINTHICUM: A bill (H. R. 10154) to provide for carrying in the mails reply letters and postal cards without prepayment of postage; to the Committee on the Post Office and Post Roads.

By Mr. STEENERSON: A bill (H. R. 10155) denying secondclass mail privileges to publications carrying pictorial advertising relative to cigarettes or other form of tobacco, or to intoxicating liquors; to the Committee on the Post Office and Post Roads.

By Mr. COVINGTON: A bill (H. R. 10156) to purchase or condemn the Chesapeake & Delaware Canal; to the Committee on Rivers and Harbors.

By Mr. SUTHERLAND: A bill (H. R. 10157) granting pensions to the officers and soldiers who served in the West Virginia State troops in the late Civil War; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Kentucky: A bill (H. R. 10158) to amend an act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1895, and for other purposes," which act was approved August 7, 1894; to the Committee on the District of Columbia.

By Mr. ASHBROOK: Resolution (H. Res. 336) authorizing the Clerk of the House to pay to George Iden \$42, Lizzle Bassett \$6, and Rose M. Cornell \$12; to the Committee on Accounts.

By Mr. STEPHENS of Texas: Resolution (H. Res. 337) to print 500 copies of the decision of the Commissioner of Indian Affairs, affirmed by the First Assistant Secretary of the Interior, in the Grace Cox inheritance case, construing the act of

June 25, 1910; to the Committee on Printing.

By Mr. BYRNS of Tennessee: Resolution (H. Res. 339) to print 11,750 copies of Public Roads Bulletin No. 41, Mileage and Cost of Public Roads in the United States in 1909; to the Com-

mittee on Printing.

By Mr. UNDERWOOD: Resolution (H. Res. 340) referring certain portions of the annual message of the President of the United States to committees; to the Committee on Ways and

By Mr. PARK: Joint resolution (H. J. Res. 166) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

# PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions

were introduced and severally referred as follows:

By Mr. SHERWOOD: A bill (H. R. 10138) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of the Civil War; to the Committee of the Whole House.

By Mr. ADAIR: A bill (H. R. 10159) granting a pension to

Mary A. Elderkin; to the Committee on Pensions. By Mr. AUSTIN: A bill (H. R. 10160) making appropriation for payment of claims of John Sevier, sr., and John Sevier, jr., in accordance with report and findings of the Court of Claims, as reported in House Documents Nos. 1302 and 131, under the provisions of the act approved March 3, 1883, known as the Bowman Act; to the Committee on Claims.

By Mr. BUCHANAN of Illinois: A bill (H. R. 10161) to re-

move the charge of desertion against William H. Thiell; to

the Committee on Military Affairs.

By Mr. BUTLER: A bill (H. R. 10162) to place the name of Fred, A. Tencate upon the unlimited retired list of the Army; to the Committee on Military Affairs.

Also, a bill (H. R. 10163) to place the name of Lieut. Isaac Bird upon the unlimited retired list of the Army; to the Committee on Military Affairs.

By Mr. CAMPBELL: A bill (H. R. 10164) granting a pension to Henry N. Wilks; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10165) granting a pension to Charles E. Ingels; to the Committee on Pensions.

By Mr. CALDER: A bill (H. R. 10166) granting a pension

to Mary Baker; to the Committee on Pensions. Also, a bill (H. R. 10167) for the relief of Hannah Waldo;

to the Committee on Claims. By Mr. CANTOR: A bill (H. R. 10168) for the relief of Leon

Greenbaum; to the Committee on Claims. By Mr. CARLIN: A bill (H. R. 10169) granting an increase

of pension to Edward F. Smith; to the Committee on Pensions. By Mr. CULLOP: A bill (H. R. 10170) granting a pension to G. C. Crawshaw; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10171) granting an increase of pension to Francis M. Neal; to the Committee on Invalid Pensions. By Mr. DIES: A bill (H. R. 10172) for the relief of L. V.

Thomas; to the Committee on Claims.

By Mr. DOOLITTLE: A bill (H. R. 10173) granting a pension to George B. Weesner; to the Committee on Pensions. By Mr. EDWARDS: A bill (H. R. 10174) granting a pension

to W. J. Massey; to the Committee on Pensions.

Also, a bill (H. R. 10175) for the relief of Frank J. Chapman, legal representative of the estate of John Chapman, deceased; to the Committee on War Claims.

By Mr. FERRIS: A bill (H. R. 10176) granting an increase of pension to William R. Sanner; to the Committee on Invalid

By Mr. FESS: A bill (H. R. 10177) granting a pension to Josephine Schnebly; to the Committee on Invalid Pensions.

By Mr. FOWLER: A bill (H. R. 10178) granting a pension to Nancy Matsel; to the Committee on Invalid Pensions.

By Mr. GOEKE: A bill (H. R. 10179) granting an increase of pension to Henry Breneman; to the Committee on Invalid

Also, a bill (H. R. 10180) for the relief of Ray E. Barber for loss of cigar stamps while in transit from Toledo, Ohio, to said

Ray E. Barber; to the Committee on Claims. By Mr. GREEN of Iowa: A bill (H. R. 10181) granting a pension to Dorcas Cuppy; to the Committee on Invalid Pensions. By Mr. GRIEST: A bill (H. R. 10182) granting a pension to

Joanna C. Nightingale; to the Committee on Invalid Pensions. By Mr. HELVERING: A bill (H. R. 10183) granting an increase of pension to William H. Sutter; to the Committee on

Pensions. By Mr. HUMPHREY of Washington: A bill (H. R. 10184) granting an increase of pension to David C. Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10185) granting an increase of pension to Rufus G. Blanchard; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10186) granting a pension to Helen L. Hysom; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10187) granting an increase of pension to Alpheus Frey; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Kentucky: A bill (H. R. 10188) granting an increase of pension to Hayse Butler; to the Committee on Pensions.

By Mr. JOHNSON of South Carolina: A bill (H. R. 10189) granting a pension to William B. Pollard; to the Committee on

Also, a bill (H. R. 10190) granting a pension to Nannie L. Ezell: to the Committee on Pensions.

Also, a bill (H. R. 10191) granting a pension to Charles Ladshaw; to the Committee on Pensions.

Also, a bill (H. R. 10192) granting a pension to Awa I. Mingus: to the Committee on Pensions.

Also, a bill (H. R. 10193) granting a pension to William H. Franks: to the Committee on Pensions.

Also, a bill (H. R. 10194) granting a pension to John B. Dill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10195) granting a pension to Francis M. Cooper; to the Committee on Pensions.

Also, a bill (H. R. 10196) granting an increase of pension to Benjamin F. Henderson; to the Committee on Invalid Pensions. Also, a bill (H. R. 10197) granting an increase of pension to Nannie E. Lenderman; to the Committee on Pensions.

Also, a bill (H. R. 10198) for the relief of John C. Hardeman; to the Committee on Claims.

Also, a bill (H. R. 10199) for the relief of Charles A. Parkins; to the Committee on War Claims.

Also, a bill (H. R. 10200) for the relief of A. Y. Thompson; to the Committee on War Claims.

Also, a bill (H. R. 10201) for the relief of the heirs of Theodore Dehon; to the Committee on War Claims.

Also, a bill (H. R. 10202) for the relief of the heirs of Samuel Nelson; to the Committee on War Claims.

Also, a bill (H. R. 10203) for the relief of the estate of Samuel Bolt, deceased; to the Committee on War Claims.

Also, a bill (H. R. 10204) for the relief of the estate of Ruth O'Dell, deceased; to the Committee on War Claims.

Also, a bill (H. R. 10205) for the relief of the estate of William H. Willis; to the Committee on Claims.

Also, a bill (H. R. 10206) for the relief of the legal representative of Farley C. Sims; to the Committee on War Claims.

Also, a bill (H. R. 10207) for the relief of the legal representative of Richard Henderson; to the Committee on War Claims.

Also, a bill (H. R. 10208) for the relief of the legal representatives of Joseph H. Maddox, deceased; to the Conmittee un

By Mr. KINKAID of Nebraska: A bill (H. R. 10209) granting an increase of pension to Alexander W. Wells; to the Committee on Invalid Pensions,

By Mr. I.EWIS of Maryland: A bill (H. R. 10210) granting a pension to Charles L. West: to the Committee on Pensions.

Also, a bill (H R. 10211) granting a pension to William G.

Merriman; to the Committee on Pensions.

By Mr. LINTHICUM: A bill (H. R. 10212) granting a pen-

sion to Eva E. Schildgen; to the Committee on Pensions.

By Mr. MAHER; A bill (H. R. 10213) granting an increase of pension to Mary Brush; to the Committee on Invalid Pen-

Also, a bill (H. R. 10214) granting an increase of pension to James McCullough: to the Committee on Invalid Pensions.
Also, a bill (H. R. 10215) granting an increase of pension to

Frances Strauss: to the Committee on Invalid Pensions.

Also, a bill (H. R. 10216) granting an increase of pension

to Rosa T. Wallace; to the Committee on Invalid Pensions. Also, a bill (H. R. 10217) granting an increase of pension to

Mary T. Hartigen; to the Committee on Invalid Pensions. By Mr. OLDFIELD: A bill (H. R. 10218) granting an in-

crease of pension to Maggie J. Doremus; to the Committee on Invalid Pensions.

By Mr. OGLESBY: A bill (H. R. 10219) for the relief of the estate of William Wheeler Hubbell; to the Committee on Claims.

By Mr. O'SHAUNESSY: A bill (H. R. 10220) granting an increase of pension to Lucy A. Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10221) granting an increase of pension to Charles T. Gibson': to the Committee on Invalid Pensions.

By Mr. PROUTY: A bill (H. R. 10222) granting a pension to

Elizabeth Dyer Lippincott; to the Committee on Invalid Pensions

By Mr. RUSSELL: A bill (H. R. 10223) granting a pension to Annie Eggers; to the Committee on Invalid Pensions

Also, a bill (H. R. 10224) granting a pension to Ottillia H. Smith; to the Committee on Invalid Pensions

Also, a bill (H. R. 10225) granting an increase of pension to Anita Stone: to the Committee on Invalid Pensions.

Also, a bill (H. R. 10226) granting an increase of pension to William Hammonds; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10227) granting an increase of pension to

Landon Sherrill: to the Committee on Pensions. By Mr. STEENERSON: A bill (H. R. 10228) granting an increase of pension to Edward F. Soule; to the Committee on

Invalid Pensions, By Mr. TALCOTT of New York: A bill (H. R. 10229) granting a pension to Daniel Madigan; to the Committee on Invalid

By Mr. TREADWAY: A bill (H. R. 10230) granting a pension

to Helen Heathcote formerly widow of Isaac Booker; to the Committee on Invalid Pensions

By Mr. TRIBBLE: A bill (H. R. 10231) to erect a monument commemorating the battle of Kettle Creek, in Wilkes County.

By Mr. WILLIS: A bill (H. R. 10232) for the relief of Col. Alfred C. Sharpe; to the Committee on Claims.

# PETITIONS, ETC.

Under clause 1 of Rule XXII. petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of citizens of Philadelphia protesting against an appropriation of any national or State funds for the celebration of 100 years of peace with England; to the Committee on Appropriations.

By Mr. BELL of California: Memorial of the Credit Men's Association of San Francisco, Cal., favoring legislation on the flood control in the Mississippi Valley; to the Committee on

Rivers and Harbors. By Mr. BUCHANAN of Illinois; Petition of F. Carlson and others of Chicago, Ill., favoring the passage of House bill 6060.

providing for the restriction of immigration; to the Committee on Immigration and Naturalization.

By Mr. CARY: Petition of Cotton Belt Lodge, No. 204, Brotherhood of Locomotive Firemen and Enginemen, of Jonesboro, Ark., favoring the passage of House bill 103, to have an electric headlight to afford adequate protection to the members of the above organization, the traveling public, and the property of railroads; to the Committee on Interstate and Foreign Commerce.

By Mr. DALE: Petition of the American Flint Glass Workers' Union, of Brooklyn, N. Y., favoring the passage of the Battlett-Bacon bills (H. R. 1873; S. 927); to the Committee on the Judiciary.

Also, petition of the Cotton Belt Lodge, No. 204. Brotherhood of Locomotive Firemen and Enginemen, cf Jonesboro, Ark., favoring the passage of House bill 103, relative to electric headlights on road engines; to the Committee on Interstate and Foreign Commerce.

Also, petition of Plimpton Cowan & Co., of Buffalo, N. Y., favoring the passage of the Bartlett bill (H. R. 4322) for 1-cent letter postage; to the Committee on the Post Office and Post

Also, petition of W. J. Leary, of New York City, protesting against the passage of Senate bill 136 in its present form; to the Committee on the Merchant Marine and Fisheries.

By Mr. DONOHOE: Memorial of the Philadelphia Board of Trade, protesting against the provision of the income-tax law imposing a duty of collecting the tax at its source; to the Committee on Ways and Means.

By Mr. GRIEST: Memorial of the Philadelphia Produce Exchange, favoring Philadelphia, Pa., as a center for the establishment of a regional reserve bank; to the Committee on Banking and Currency

By Mr - HUMPHREY of Washington: Memorial of the Senttle Commercial Club. of Seattle, Wash., favoring an amendment to Senate bill 136, relative to vessels navigating the inland waters; to the Committee on the Merchant Marine and Fisheries.

By Mr. LEVY: Petition of the J. L. Mott Iron Works, of few York City, protesting against the Kahn law relating to foreign exhibits at the Panama-Pacitic Exposition; to the Committee on Ways and Means.

Also, memorial of the Portland Chamber of Commerce, of Portland. Oreg., favoring passage of Senate bill 2063, relative to employment of assistance in the Supervising Architect's Office; to the Committee on Public Buildings and Grounds.

By Mr. MacDONALD: Petition of the United Brewery Workmen, Local No. 65, of Hancock, Mich., favoring the passage of House bill 1873 and Senate bill 927; to the Committee on the Judiciary

Also, memorial of the Copper Country Commercial Club, of the Upper Peninsula of Michigan, favoring an investigation of the copper country by the Secretary of the Navy, with a view to locating the contemplated Government armor-plate factory; to

the Committee on Naval Affairs.

By Mr. PHOUTY: Petitions of sundry citizens of Des Moines, Iowa, favoring passage of House bill for pensions for the United States Military Telegraph Corps for services rendered in the Civil War; to the Committee on Invalid Pensions.

By Mr. SCULLY: Petitions of sundry citizens of the State of

New Jersey, favoring an amendment to the seamen's bill relative to vessels navigating inland waters; to the Committee on the Merchant Marine and Fisheries.

By Mr. SMITH of New York; Memorials of the board of aldermen and the Transportation Club, of the city of Buffalo, N. Y., protesting against the passage of the seamen's bill in its present form and favoring an amendment relative to vessels navigating inland waters; to the Committee on the Merchant Marine and Fisheries.

Also, petition of the Bank of East Aurora, N. Y., favoring various changes in the proposed banking and currency bill; to the Committee on Banking and Currency.

Also, memorial of the Buffalo Association of Credit Men, favoring legislation for flood control in the Mississippi Valley; to the Committee on Rivers and Harbors.

By Mr. UNDERHILL: Memorial of the Portland Chamber of Commerce, of Portland, Oreg., favoring the recommendation of the Treasury Department to employ outside of the classified service consulting architects to relieve the congested condition of the Supervising Architect's office; to the Committee on Public Buildings and Grounds.

By Mr. UNDERWOOD: Petition of citizens of Birmingham, Ala., favoring legislation providing pensions for the United States Military Telegraph Corps for services in the Civil War; to the Committee on Pensions.

By Mr. WALLIN: Petition of the United States Anglers League, of the State of New York, for the enactment of a bill providing for a fish batchery on Long Island; to the Committee on the Merchant Marine and Fisheries

Also, petitions of Kohler & Campbell, D. F. McAllister, Thompson & Ballantine, and Hudden & Co., of New York City, favoring an amendment to the se men's bill; to the Committee on the Merchant Marine and Fisheries.

# SENATE.

# Wednesday, December 10, 1913.

The Senate met at 10 o'clock a. m. Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D. THE JOURNAL.

The VICE PRESIDENT. The Secretary will read the Journal

of the proceedings of the preceding session.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst Bacon Bradley Overman Owen Page Perkins Smoot Sterling Stone Sutherland Hollis Jackson Brady Brandegee Bristow Perkins Reed Robinson Shafroth Sheppard Sherman Shields Shively Simmons Swanson Thompson Thornton Townsend Johnson Jones Kenyon Bryan Burleigh Kenyon Kern La Follette Martin, Va. Martine, N. J. Nelson Norris O'Gorman Burton Vardaman Walsh Warren Weeks Williams Clapp Colt Crawford Dillingham Gallinger Simmons Smith, Ga. Smith, S. C.

Mr. SHEPPARD. I wish to announce the unavoidable absence of my colleague [Mr. CULBERSON] and to state that he is paired with the Senator from Delaware [Mr. DU PONT]. announcement may stand for the day.

Mr. SMOOT. I desire to announce that the senior Senator from North Dakota [Mr. McCumber] is unavoidably detained from the Senate.

•The VICE PRESIDENT. Fifty-six Senators have answered to the roll call. There is a quorum present. The Secretary will read the Journal of the proceedings of the preceding session.

The Journal of yesterday's proceedings was read.

Mr. WILLIAMS. Mr. President, I notice from hearing the minutes read that upon yesterday a resolution (S. Res. 19) seems to have passed the Senate to pay some clerk hire out of the con-tingent fund of the Senate. The resolution never passed the Committee to Audit and Control the Contingent Expenses of the Senate, and the Senate can not pass a resolution which is valid in law to pay anything out of the contingent fund of the Senate until it has met the approval of the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. MARTIN of Virginia. Mr. President— Mr. WILLIAMS. Wait a minute. In other words, the Senate can not by a resolution repeal a law of the United States. is a law of the United States which provides that nothing shall be paid out of the contingent fund of the House unless it has been approved by the Committee on Accounts of that body, and that nothing shall be paid out of the contingent fund of the Senate unless it has been approved by the Committee to Audit and Control the Contingent Expenses of the Senate. Now, I yield to the Senator from Virginia.

Mr. MARTIN of Virginia. Mr. President, I simply want to

say that at the proper time, when we reach that order of business, I expect to move a reconsideration of the vote by which the resolution referred to by the Senator from Mississippi [Mr. Williams] was passed, for the reason that in the last appropriation bill these additional employees were provided for act of Congress, and that, in addition to the reason given by the Senator from Mississippi, is amply sufficient to show the necessity of reconsidering the vote which was had on yesterday, and I contemplate making, and shall at the proper time make, a motion to reconsider the vote on the resolution, which was taken yesterday. Mr. WILLIAMS.

Mr. President, the resolution went to the Committee to Audit and Control the Contingent Expenses of the Senate and was reported adversely; so, of course, even if it stands without reconsideration, it is not worth the paper on

which it is written, and can not be executed.

Mr. SMOOT. Mr. President, I do not desire to take any time in discussing this matter, but this question has been before the Senate previously. The approval which the Senator speaks of is the approval of the voucher which is made by the chairman of any committee of this body. Of course I do not want to consume the time of the Senate now, as I believe the resolution will be reconsidered.

Before the Journal is approved, however, Mr. President, believe I ought to call attention to the fact that the Journal and the RECORD ought to agree, and they do not agree. The Journal shows, as read by the Secretary, that yesterday morning when I called for a quorum the President announced that there

were 58 Senators present. The RECORD this morning shows that

there were 64 Senators present. Both can not be right.
While I am discussing the matter, I might as well call attention to changes that have been made in the RECORD for the last two days, the practice of which I believe ought to be stopped. On December 8 I called for a quorum.

Mr. WILLIAMS. I yielded to the Senator for-

Mr. SMOOT. Oh, no; the Senator yielded the floor.

Mr. WILLIAMS. I want to dispose of this point first, though, and this matter of the call has nothing to do with what the Senator is talking about.

Mr. SMOOT. The Senator did not yield to me. I took the

floor in my own right.

Mr. WILLIAMS. The Senator took the floor by saying that he did not want to discuss the question, and then he did proceed to discuss it by giving an ex cathedra opinion to the effect that what was meant by this law, which is a very plain law, was that the committees had power to audit, and nothing else. Now, I submit to the Chair the proposition that it does not make so much difference just now, but the law is that nothing shall be paid out of the contingent fund of the House unless it has received the approval of the Committee on Accounts of that body, and that nothing shall be paid out of the contingent fund of the Senate unless it shall receive the approval of the Committee to Audit and Control the Contingent Expenses of this body. It is, in other words, a self-denying ordinance to keep the contingent funds from being burdened by all sorts of accounts.

Mr. SMOOT. I have the floor, and I wish to continue. the morning of December 8 I called for a quorum, and the Vice President announced that there were 48 Senators present. next morning when I looked into the RECORD I found that 61 Senators were recorded as being present. On that same day WEEKS called for a quorum, and the Vice President announced 51 Senators as being present. The RECORD the next morning shows 59 Senators as being present. Senator Bristow called for a quorum that day, and the Vice President announced 48 Senators as being present, while the Record shows 58 as being present. Yesterday morning I called for a quorum, and the Vice President announced that there were 51 Senators present, while the RECORD this morning shows 64 Senators as being present. It shows the Senator from Oklahoma [Mr. Owen as being present, although he did not enter this Chamber until 29 minutes past 10 o'clock. The Journal shows there were 58 Senators present, while the RECORD shows 64 Senators as being Senator Hitchcock asked for a quorum, and it was announced that there were 57 Senators present. I do not know how many the Record will show as being present, because the call was made in a speech of the Senator from Minnesota [Mr. Nelson], yet to be published. Senator Gallinger called for a quorum, and the Vice President announced 59 present, while the RECORD shows 62 Senators as being present. I called for a quorum at 8 o'clock last night, and the Vice President announced there were 56 Senators present, while the Record shows 59 as being present.

Mr. President, I simply call attention to this fact, because I believe the Record should show the exact facts. I am perfectly willing to say that I think it has happened in this way: Senators have come into the Chamber perhaps after the announcement, and the Secretary has recorded their names as being present as answering to the roll call, but I do not believe that practice should be hereafter allowed.

Mr. BACON. Mr. President-

The VICE PRESIDENT. May the Chair make a statement before the Senator from Georgia proceeds?

Mr. BACON. Certainly.

The VICE PRESIDENT. Whatever is wrong about this matter is directly traceable to the conduct of the present occupant of the chair. The Chair was inquired of by the Secretary as to whether it was a proper thing, after the result of the roll call had been announced and before any other business had taken place, if a Senator entered the Chamber and requested the Secretary to put him on the roll as being present, for the Secretary to do so. The Chair asked what had been the custom of preceding presiding officers, and was informed by the Secretary that the immediate predecessor of the present occupant of the chair had said that until some other business was transacted, al-though the announcement had been made by the Chair, it was not in violation of the rules of the Senate to mark Senators present who actually arrived in the Chamber before any other business had talen place. The Chair then instructed the Secretary to proceed in accordance with the ancient custom of the Senate, and the Chair does not desire that the Secretary shall be criticized for doing what was done by direction of the Chair. If it is not the desire of the Senate that that practice shall continue, the Secretary from this time forward, after the an-nouncement of the result of a roll call is made, will not record

the name of any Senator. The Sen tor from Georgia.

Mr. BACON. Mr. President, I merely wish to state from my own experience something in illustration of what the Chair has just said. This morning I was in the Chamber before the Senate convened. I went into the cloakroom to put up my hat and hang up my coat. While I was there, which seemed not exceeding two minutes, the bell rang. As is usual, the bell rings after the roll call has begun, and my name, being second on the list, was called before I entered the door. I was in the room when the name of Mr. BRADLEY was called. for a few moments while the call was proceeding, intending to ask the Chair to permit me to record my presence, when I was called to the door upon an official matter by a messenger from the Smithsonian Institution, of which I am one of the regents. Standing at the door, thinking I would certainly be in time to answer my name, I was detained longer than I anticipated; I entered the Chamber the Vice President announced the result of the call. I then asked the Secretary to record my name, and he did so. Is there any impropriety in that?

Mr. SMOOT. No. Mr. President; I do not think so; but there

is not a similar case once in a thousand roll calls.

Mr. BACON. That simply happened this morning, and I have no doubt that similar cases are happening all the time. As the Vice President has said-

Mr. BRISTOW. Mr. President-

Mr. BACON. Pardon me a moment, until I finish the sentence. As the Vice President has said, of course, after we have passed from the roll call and proceeded to other business, it would be improper to then add a Senator's name to the list, but where a Senator is in the Chamber, although after the announcement has been made by the Chair, but before the Senate has proceeded to other business, there is certainly no impropriety in the presence of that Senator being recorded.

Mr. SMOOT. Where a Senator was in the Chamber at the time the roll was called or had been in the Chamber during the roll call, that would be a different thing entirely; but I do believe. Mr. President, that after the announcement of a roll call has been made, and a Senator later enters the Chamber, he ought not to be recorded as present during that roll call.

Mr. BRISTOW. Mr. President, I should like to ask the Senator from Georgia what would be his judgment in regard to a case like this: At the roll call on the convening of the session yesterday morning the Senator from Oklahoma [Mr. Owen] was not present and did not appear until some time after half past 10 o'clock. In the meantime a bill had been taken up and was under discussion. The RECORD shows that at the time the roll was called the Senator from Oklahoma was present and answered to his name, when, as a matter of fact, he was not in the Chamber for about half an hour afterwards, and business had been transacted before he appeared. Does the Senator from Georgia think the RECORD ought to show that he was present when he was not and did not appear for half an

Mr. SMOOT. And I desire to call the Senator's attention to the fact that the roll call was commenced at 2 minutes past

10 o'clock yesterday morning.

Mr. BACON. Mr. President, I have addressed my reply to the statement of the Vice President, and I think under the circumstances stated by the Chair the secretaries are not to be criticized, nor is the practice to be departed from.

Mr. BRISTOW. I desire to say that I am in entire accord with the Senator from Georgia [Mr. Bacon], for I think he should have been recorded as present, because he was present, and it is well known that he was here, as he had been in the Chamber.

Mr. OWEN. Mr. President, I did not understand the particular roll call to which the Senator from Kansas referred. A number of times when the roll call has been proceeding I have walked up to the desk and asked to be recorded, and immediately gone out. Probably it was such an occasion as that to which the Senator has referred.

Mr. SMOOT. No. Mr. President; the roll call to which the Senator has reference was the first roll call yesterday morning. The Senator from Utah called for a quorum yesterday morning at 2 minutes past 10 o'clock, and the Senator from Oklahoma did not enter this Chamber yesterday morning until 29 minutes past 10

Mr. GALLINGER. Regular order!

Mr. SUTHERLAND. Mr. President, the resolution to which the Senator from Mississippi has called attention, providing for additional cierks—

The VICE PRESIDENT. If the Senator will pardon the Chair for just one moment, the Chair wants this matter first settled, because the Chair has assumed the responsibility for what has been done on information obtained as to the conduct of his predecessor in this office, and the Chair does not want the secretaries criticized when the blame is with the Chair. The Chair desires to know now whether they shall be instructed to record no Senator as present after the result of the roll call is announced or whether the previous custom, which, as the Chair believes, did exist, shall continue.

Mr. GALLINGER. Mr. President, during the short period that it was my privilege to preside over the Senate I feel quite sure that there were a few exceptional cases where a Senator was permitted to record his name when he came in the door just as the roll call was completed, but it was not the custom to allow Senators to go to the desk after the announcement had been made and record their names. I do not know that any great harm comes from it, and yet I think it is a bad practice. While the name of the Senator from Georgia ought to be recorded this morning, of course-for we all knew that the Senator was present-I think it would be a wise thing for the secretaries to refuse to enter any name that was not on the roll when the announcement was made from the Chair.

The VICE PRESIDENT. Well, it must be settled one way or the other, and the Chair will instruct the secretaries to record

no Senator's name after the Chair has announced the presence of a quorum unless such Senator obtains permission of the

Senate to have his name recorded as present.

Mr. SUTHERLAND. Mr. President, the resolution (S. Res. 19) providing for additional clerks, which was agreed to on yesterday, is probably entirely unnecessary, because of the provision in the appropriation bill to which the Senator from Virginia [Mr. MACTIN | has called attention; but I do not want to let the construction which the Senator from Mississippi has placed upon the law pass without challenge. The position of the Senator from Mississippi, as I understand, is that the Senate is powerless to authorize a payment from the contingent fund unless the Committee to Audit and Control the Contingent Expenses of the Senate has first sanctioned it. Am I correct about that, will ask the Senator?

Mr. WILLIAMS. Yes.

Mr. SUTHERLAND. The language of the law is:

Hereafter no payment shall be made from the contingent fund of the Senate unless sanctioned by the Committee to Audit and Control the Contingent Expenses of the Senate—

And so on. It seems to me that that only means that the payment itself shall not be made unless the committee shall sanction it, but not that it may not be authorized by the Senate to be made. In other words, the Committee to Audit and Control the Contingent Expenses of the Senate in that respect simply exercises the power of an ordinary auditor. When the Senate has authorized an expenditure to be made and the time has come when payment should be made under the authorization of the Senate, then it is the duty of the committee to see that it is properly made under the law, but-

Mr. WILLIAMS. Will the Senator read the exact language of

the law?

Mr. SUTHERLAND. It is:

Hereafter no payment shall be made from the contingent fund of the Senate unless sanctioned by the Committee to Audit and Control the Contingent Expenses of the Senate—

And so on.

It seems to me that it would be a remarkable situation if the Senate, which is the crea or of the Committee to Audit and Control the Contingent Expenses of the Senate, was rbsolutely powerless to do anything unless its creature had first authorized it to do it.

Mr. WILLIAMS. Mr. President, if the Senator from Utah will pardon me, there are some things beyond the power of the Senate, and one or them is to amend, modify, or vary a law which has been passed by both branches of the Legislature and approved by the President.

Mr. SUTHERLAND. That is quite true.
Mr. WILLIAMS. This is one of those cases. can not do anything which would have that effect. underlying this law was that very frequently, in that spirit of comity and courtesy and good fellowship that characterizes both bodies, resolutions get through very easily to make pay-I ents out of the contingent fund. Therefore the two Houses joined together in passing a self-denying ordinance, a law which should restrain their own power over their own contingent fund, and so they have said expressly that no payment shall be made out of the contingent fund of either body unless sanctioned by the Committee on Accounts of the House and by the Committee to Audit and Control the Contingent Expenses of the Senate. The entire reason of the law would be defeated if the construction were placed upon it which the Senator from Utah now

seeks to place upon it.

The object of my announcement this morning was to give notice, so that Senators would understand the situation, that so far as this resolution was concerned it carried no appropriation; that until the Committee to Audit and Control the Contingent Expenses of the Senate had approved of it, it was just that much waste paper; and that there was no obligation upon the Committee to Audit and Control the Contingent Expenses of the Senate to approve of it at all; that it was a matter in foro conscientiæ so far as they were concerned. I do not see how language could be used that is plainer than just what the Senator has read-that no payment shall be made out of the contingent fund unless sanctioned by these two committees in the respective Houses.

Mr. SUTHERLAND. Mr. President, I quite understand the position taken by the Senator from Mississippi, and I have no doubt that, if the law had provided that no payment should be authorized, then the Senator's construction would have been

correct, but I do not think-

Mr. WILLIAMS. I have never said that.

Mr. SUTHERLAND. If the Senator will bear with me. I do not think it was the intention of the law to preclude the Senate from controlling its contingent fund or to prevent the Senate from controlling the Committee to Audit and Control the Contingent Expenses of the Senate.

Mr. ROBINSON. A parliamentary inquiry, Mr. President. The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Arkansas?

Mr. WILLIAMS. If the Senator will pardon me, the inten-

tion of the law is expressed by the words of the law.

Mr. ROBINSON. Mr. President, I desire to submit a parliamentary inquiry. What is before the Senate?

Mr. WILLIAMS. Nothing, except—

Mr. ROBINSON. I ask for the regular order, Mr. President. The VICE PRESIDENT. The Journal of yesterday's proceed-

ings will stand approved as read.

Mr. SUTHERLAND. Mr. President, just a moment. I understood that the Senator from Virginia [Mr. MARTIN] had moved to reconsider the vote by which this resolution was Am I correct about that?

The VICE PRESIDENT. The Senator from Virginia said he would do so at the proper time. It will undoubtedly come

Mr. SUTHERLAND. May I be indulged to say just a single word? I have said what I have simply because I differ with the Senator from Mississippi as to the construction of this law, and I do not think his statement ought to pass unchallenged.

Mr. WILLIAMS. I do not think we differ. The Senator from Utah and I agree that the Senate can authorize the payment, but they can not enforce it, and they can not compel it. It must be sanctioned by the committee before it becomes anything except a brutum fulmen.

Mr. LANE. Mr. President, I understand the ruling of the Chair to be that hereafter any Senator who is not here during the time of the roll call will not be marked upon the roll. Is

that correct?

The VICE PRESIDENT. That is correct; after the Chair has announced the result, there being objection to the practice. Mr. LANE. That being the fact, I wish to announce for the benefit of my friend the Senator from Utah that I got in a bit late, just after the roll call was finished, but that I am here. [Laughter.]

Mr. GALLINGER. We are glad to welcome the Senator.

ADDITIONAL CLERKS TO SENATORS.

Mr. MARTIN of Virginia. I move that the vote by which Senate resolution 19 was agreed to on yesterday may be reconsidered. It is the resolution which was referred to in the discussion a few moments ago, by which an additional clerk is to be provided for certain Senators and paid out of the contingent fund of the Senate. The resolution was inadvertently passed, as provision was made in the last general deficiency appropriation bill that these additional clerks shall be paid as other clerks are paid, under a statute. I move, therefore, that the vote be reconsidered.

Mr. WARREN. That was from December 1 until the 30th

of June next.

Mr. MARTIN of Virginia. That is true; and they will be provided for in the regular way in the regular appropriation bill; but at present the resolution which passed yesterday is not only unnecessary but is confusing and calculated to give trouble.

Mr. JONES. Mr. President, I desire to say that the statement of the Senator from Virginia is entirely correct. There will be no objection to the reconsideration.

The VICE PRESIDENT. The question is on the reconsideration of the vote whereby the resolution was agreed to.

The motion to reconsider was agreed to.

Mr. GALLINGER. Now, Mr. President, let the resolution be

indefinitely postponed.

Mr. MARTIN of Virginia. I concur in that request, and move that the resolution be indefinitely postponed.

The motion was agreed to.

BAILWAY LAND GRANT IN IOWA (S. DOC. NO. 310).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of War, transmitting, in further response to a resolution of the Senate of August 19, 1913, reports of the Chief of Engineers and Chief of the Quartermaster Corps of the United States Army relative to the land grant under the act of Congress approved May 12, 1864, which was ordered to be printed, and, with the accompanying papers, ordered to lie on the table.

TRAVEL OF EMPLOYEES OF INTERIOR DEPARTMENT (H. DOC. NO. 464).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a statement showing in detail what officers or employees (other than special agents, inspectors, or employees who in the discharge of their regular duties are required to constantly travel) of the Department of the Interior who have traveled on official business from Washington to points outside of the District of Columbia during the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

ANNUAL REPORT OF THE ATTORNEY GENERAL (H. DOC. NO. 460).

The VICE PRESIDENT laid before the Senate the annual report of the Attorney General of the United States for the fiscal year ended June 30, 1913, which was ordered to lie on the table and be printed.

UNITED STATES COMMERCE COURT (H. DOC. NO. 451).

The VICE PRESIDENT laid before the Senate a communication from the Attorney General, transmitting, pursuant to law, a statement of the expenditures of the appropriation for the United States Commerce Court for the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

COURT OF CUSTOMS APPEALS (H. DOC. NO. 454).

The VICE PRESIDENT laid before the Senate a communication from the Attorney General, transmitting, pursuant to law, a statement of the expenditures of the appropriation for the United States Court of Customs Appeals for the fiscal year ended June 30, 1913, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

FINDINGS OF THE COURT OF CLAIMS.

The VICE PRESIDENT laid before the Senate the following communications from the assistant clerk of the Court of Claims, transmitting certified copies of the findings of fact and conclusions filed by the court in the following causes:

The cause of Mary Sommers, widow of Rudolph S. Sommers, deceased, v. United States (S. Doc. No. 308); and

The cause of Mary D. Gearon, granddaughter and sole heir of Patrick Dee, deceased, v. United States (S. Doc. No. 309).

The foregoing findings were, with the accompanying papers, referred to the Committee on Claims and ordered to be printed.

PETITIONS AND MEMORIALS.

Mr. KENYON presented a petition of sundry citizens of Randalia and Fayette, in the State of Iowa, praying for the enactment of legislation to further restrict immigration, which was referred to the Committee on Immigration.

He also presented a memorial of sundry citizens of Dubuque County, Iowa, remonstrating against the adoption of an amendment to the Constitution granting the right of suffrage to women, which was ordered to lie on the table.

Mr. O'GORMAN presented petitions of sundry citizens of Brooklyn and Albany, in the State of New York, praying for the enactment of legislation granting relief to persons who served in the United States Military Telegraph Corps during the Civil War, which were referred to the Committee on Pensions.

Mr. SMITH of Michigan presented resolutions adopted by the Michigan Equal Suffrage Association, of Jackson, Mich., favoring the adoption of an amendment to the Constitution granting the right of suffrage to women, which were ordered to lie on the table.

#### PAY OF EMPLOYEES.

Mr. MARTIN of Virginia. From the Committee on Appropriations I report back favorably without amendment House joint resolution 164, authorizing the Secretary of the Senate and the Clerk of the House to pay the officers and employees of the Senate and House, including the Capitol police, their respective salaries for the month of December, 1913, on the 20th day of said month. I ask unanimous consent for the present consideration of the resolution. It simply provides for the payment of the salaries of the employees of the two Houses on the 20th of this month.

The VICE PRESIDENT. Is there objection to the present

consideration of the resolution?

Mr. GALLINGER. Mr. President, I think the resolution

should be read in full.

The Secretary read the joint resolution, and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration.

The joint resolution was reported to the Senate without amendment, ordered to the third reading, read the third time, and passed.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH of Georgia:

A bill (S. 3609) to amend section 237 of the Judicial Code as to provide for a review by the Supreme Court of the United States of all final decisions rendered by the highest court of a State in suits of the character and kind named in said section, and for other purposes; to the Committee on the Judiciary.

By Mr. BRISTOW:

A bill (S. 3610) for the relief of C. E. Moore; to the Committee on Post Offices and Post Roads.

A bill (S. 3611) granting a pension to Anna J. Shepherd; and A bill (S. 3612) granting an increase of pension to William B. Warren (with accompanying papers); to the Committee on Pensions.

By Mr. LA FOLLETTE:
A bill (S. 3613) granting an increase of pension to Hattie A. Harris; to the Committee on Pensions.

By Mr. BURLEIGH: A bill (S. 3614) granting a pension to Emil Ginther; to the Committee on Pensions.

By Mr. OWEN:

A bill (S. 3615) for the relief of the estate of Allen J. Mann, deceased: and

A bill (S. 3616) for the relief of the heirs of G. W. Click, deceased; to the Committee on Claims,

A bill (S. 3617) granting an increase of pension to W. H. Riner; to the Committee on Pensions.

By Mr. CHAMBERLAIN:

A bill (S. 3618) granting an increase of pension to Oregon Washburn (with accompanying papers); to the Committee on

By Mr. TILLMAN:

A bill (S. 3619) for the relief of heirs of John D. and Elizabeth Witherspoon, deceased; to the Committee on Claims.

By Mr. TOWNSEND:

A bill (S. 3620) to remove the charge of desertion from the record of Isaac Terwilliger; to the Committee on Military

A bill (S. 3621) granting an increase of pension to Hattie S. Russell (with accompanying papers); to the Committee on Pen-

By Mr. BRANDEGEE:

A bill (S. 3622) for the relief of the heirs of Adam and Noah Brown; to the Committee on Claims.

By Mr. JONES:

A bill (S. 3623) providing for certain regulations to the business of commission merchants engaged in interstate commerce; to the Committee on Interstate Commerce.

By Mr. O'GORMAN:

A bill (S. 3624) granting a pension to Nana E. Sears; to the Committee on Pensions.

# AMENDMENT TO INDIAN APPROPRIATION BILL.

Mr. OWEN submitted an amendment authorizing the Secretary of the Interior to withdraw from the Treasury of the United States the sum of \$10,000 on deposit to the credit of the Creek Indians and pay the same to the trustees of the Henry Kendall College, intended to be proposed by him to the Indian appropriation bill; which was referred to the Committee on Indian Affairs and ordered to be printed.

#### BANKING AND CURRENCY.

Mr. CRAWFORD submitted two amendments, intended to be proposed by him to the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes; which was ordered to lie on the table and be printed.

### PERSONAL EXPLANATION.

Mr. OWEN. Mr. President, I rise to a question of personal privilege.

On page 549 of the Congressional Record of December 9, 1913, the Senator from New Hampshire [Mr. Gallinger] suggested that the Senator from Oklahoma had interpolated in the RECORD the words "roll call." I was not able to recall what the Record showed, and therefore requested that it be sent for. I now have it in my hand-folios 200, 201, and 202.

Mr. GALLINGER. I will ask the Senator if that relates to

his first statement?

Mr. OWEN. I decline to be interrupted by the Senator from

New Hampshire.
The PRESIDING OFFICER (Mr. Walsh in the chair). The Senator from Oklahoma declines to yield. The Senator from Oklahoma will proceed.

Mr. OWEN. On page 549 the Senator from Oklahoma called attention to the RECORD, on page 149, where he had called the attention of the Senate to the various quorums called for and to the number of Senators who answered "present" roll call. At that time the Senator from Oklahoma mentioned the matter of a roll call in connection with these quorums eight different times, the last time in reference to the Senator from New Hampshire [Mr. Gallinger], who made the point of no quorum at 8 o'clock p. m., and 56 Senators were present on the That was the eighth time the roll call was menroll call. tioned.

When reference was made to that last night the Senator from New Hampshire suggested that the term had been interpolated, and cross-questioned the Senator from Oklahoma. The Senator from Oklahoma did not remember what the original record was, but remembered what he intended to say. He now finds from the original record that he used the term "roll call" eight times, and it was the eighth time that he referred to the Senator from New Hampshire.

The Senator from Oklahoma finds from the RECORD, folios 200, 201, and 202, that he did not interpolate the words "roll call," as suggested by the Senator from New Hampshire, but that the Senator from New Hampshire did interpolate certain words in referring to the statement made by the Senator from Oklahoma, so as to read as follows:

Mr. Gallinger. The Senator has put into the Record that when I made the point of no quorum there were 65 Senators present. They may have been in the cloakroom or on the street or somewhere else, but they were not at that time present in the Senate Chamber—

The Senator from New Hampshire interpolated the wordsas the Senator would have the country believe

intending to impute to the Senator from Oklahoma a desire to misrepresent the Senator from New Hampshire before the country. He suggested that the Senator from Oklahoma had interpolated words not used, which was not a true suggestion, but he did not suggest that he himself had interpolated words which were not true, as the fact now appears from the Record.

The only possible foundation for the complaint of the Senator from New Hampshire is that on the first occasion, when the Senator from Oklahoma referred to the number of Senators present at these calls, the RECORD shows that he did not, on page 53, column 1, insert the words "roll call," but immediately afterwards explained to the Senator from New Hampshire in the following words:

I said the call of the roll disclosed the presence of 56 Senators.

So the imputation of the Senator that he was being misrepresented is not true, much less that the Senator from Oklahoma desired to misrepresent him. The Record shows it is not true; and yet the Senator has persisted in misrepresenting the Senator from Oklahoma, under the color of the claim that the Senator from Oklahoma had misrepresented him.

Mr. GALLINGER. Mr. President, at best this is a tempest in a teapot; and I hardly think the Senator from Oklahoma, who is so anxious to have the currency bill considered, ought to con-

tinue this controversy.

What does the RECORD show? The first time the Senator from Oklahoma lectured the Senate and told us what our duty was, and that we ought not to have roll calls, although the rules of the Senate give us that liberty, and the roll has been called several times at the request of Senators on the other side during the past few days. This is what the Senator said:

Mr. President at 1.55 p. m. to-day the Senator from Utah [Mr. SUTHERLAND] made the point of no quorum. There were 61 Senators

Mr. LIPPITT. I should like to ask who made that statement? Mr. GALLINGER. The Senator from Oklahoma,

At 2.45 p. m. the Senator from Utah [Mr. SUTHERLAND] again made the point of no quorum. There were 65 Senators present. At 4 o'clock p. m. the Senator from Utah [Mr. Smoot] made the point of no quorum. There were 56 Senators present. The Senator from Utah [Mr. Smoot] again made the point of no quorum at 12 minutes past 5. There were 58 Senators present.

Mr. President, this entire controversy hinges upon that statement made by the Senator from Oklahoma, that those Senators were present. It is true that subsequently he said that he meant to say that it was on a roll call, after he had been called to account for what I considered to be a statement calculated to make a false impression.

The matter is not of great consequence at best, however. The Senator from Oklahoma says I have made statements that were not true. In that respect he has evened it up, because I made the same observation concerning himself; so we will just let it

Mr. OWEN. Mr. President, it is a serious matter when one Senator imputes to another a wrongful purpose and when one Senator tries to misrepresent another Senator. It is a serious matter. It interferes with the parliamentary proprieties of this body. It is a breach of the etiquette of this body. It is contrary to the rules of this body.

After having all this explanation and having had it perfectly wall understood, the Senator interpolated in the RECORD words he did not use, to the effect that the Senator from Oklahoma would have the country believe that these gentlemen were all in their seats at the instant the point of no quorum was made.

I agree that it is a tempest in a teapot in a certain sense, but I do not think the Senator ought to try to put a Member of this body in a false position, much less that he should do so under

the color of imputing that very fault to another.

Mr. GALLINGER. Mr. President, I say again that I think we had better proceed with the currency bill rather than with this personal controversy. The Senator from Oklahoma has not been overcareful in what he has said in debate. I simply repeat that I called attention to an inaccuracy, and it was an inaccuracy. As to my suggestion that the Senator õesired the country to understand that, the Senator has told us three or four times that he is talking to the country and not to the Senate. I have not been talking to the country. As I said last evening, I do not think the country cares a rap about this matter, and I think we bad better let it go.

Mr. OWEN. I agree with the Senator.
The PRESIDING OFFICER. Morning business being closed, the calendar under Rule VIII is in order.

# PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. Latta, executive clerk, announced that the President had on the 6th instant approved and signed the act (S. 2318) authorizing the appointment of envoys extraordinary and ministers plenipotentiary to each Paraguay and Uruguay.

## BANKING AND CURRENCY.

Mr. OWEN. I move that the Senate proceed to the consideration of House bill 7837.

The PRESIDING OFFICER. The Senator from Oklahoma moves that the Senate proceed to the consideration of House bill 7837. Is there objection? The Chair hears none.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes

Mr. NELSON. Mr. President, on account of the importance of the subject matter under consideration and many of the in-tricate questions involved. I felt it incumbent upon me to pre-pare a written speech. If I had not been interrupted I prob-ably would have finished the speech on the first day, for I was four hours on my feet; but as you know, Mr. President, both on Monday and yesterday I was subjected to a great deal of interruption It is very embarrassing not to submit to such inter-ruptions. If a man has a written speech and declines to submit to interruptions some critical people may infer that he is not familiar with the subject, and therefore declines to answer questions. Sometimes a man may be considered impolite when he declines to yield for interruptions. In view of these and

other considerations I felt that I could not deny to my colleagues the right to interrupt me and to catechise me.

There is another consideration that I want to call attention to that has actuated me in taking up so much time of the Senate in going over this bill in detail. It is this: I have heard the remark on several occasions from Senators that there is no real difference between the Owen bill and the Hitchcock bill; that they are both about the same. To my mind a statement of that kind conveys the impression that any gentleman who makes such a statement is not familiar with either bill; that he takes his information at second hand; that he really does not know the distinction between the Glass bill and the Owen bill and the Owen bill and the Hitchcock bill; that he is for anything that the spirit of Democracy and the Democratic caucus may prescribe.

I wish to say, before proceeding further, that I shall invite the attention of the Senate this morning to some other provisions of the bill. I have aimed in this discussion to take up the several bills and discuss paragraph by paragraph the important sections. I have omitted some of the minor ones, or those as to which there is not much difference between the three bills, but I have aimed to present to the Senate, as clearly as I could, the difference between the three bills and to point out what I conceive to be the superior merits of the Hitchcock bill.

Yesterday I was on the subject of the issue of the proposed new currency, the Federal reserve notes. Under the Hitchcock bill these notes may be issued on two plans. First, they may be issued dollar for dollar in gold or gold certificates; in other words, the reserve notes may take the place of our present gold certificates.

The other condition is that they may be issued upon shorttime commercial paper of the nature prescribed in the bill, accompanied by a gold reserve of 45 per cent: in other words, the reserve bank on presenting commercial paper of this character equal to the par value of the reserve notes asked for, and having in connection with it a supply of 45 per cent in gold, is entitled to these new reserve notes. But th's gold reserve of 45 per cent may in emergencies be reduced from 45 per cent to 30 per cent. In case of such reduction the reduction is subject to a special tax regulated in proportion to the deficiency of the reserve. Such a tax is to be at the rate of 1 per cent per annum upon every 24 per cent or fraction thereof of reduction below the maximum reserve, but in no event can the gold reserve go below 30 per cent. The object of requiring that of these banks where the reserve falls below 45 per cent is to act as a deterrent on the undue inflation of the currency. I regard the requisite of a gold reserve as important for two reasons. It not only furnishes a fund for redeeming the currency in gold, but there is another important reason. Where a bank is required to keep a large gold reserve it acts as a brake upon the undue infintion of currency. Our old State-bank system, where the banks were required to keep little or no gold reserve, led to endless inflation, to a superabundance of paper currency, practically irredeemable; commerce and trade suffered from it in general, and many people were bankrupted and lost their little all.

In the particulars to which I have referred, Mr. President, the Glass bill differs from both the Hitchcock bill and the Owen bill in allowing the reserve notes to be redeemed in gold or in lawful money justered of in gold alone. As the original Glass bill came before this body it allowed this new currency to be redeemed not only in gold but in lawful money, and the term "lawful money" technically meant not only what are denominated "greenbacks" but silver dollars. I am glad to say that we succeeded in convincing our friends on the other side in the committee that our position in this respect was correct, and that they ultimately concurred with us in the view that we ought to eliminate the term "lawful money" and make these notes absolutely redeemable in gold coin or gold certificates, which are practically the same as gold coin.
Mr. BORAH. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Idaho?

Mr. NELSON. Yes. Mr. BORAH Do I understand that the redemption is now confined to gold?

Mr. NELSON. The redemption of these new notes, these reserve notes, is confined to gold or gold certificates. It does not refer to national-bank notes.

Mr. BORAH. Certainly not; but I was under the impression that the last report upon the bill provided not for redemption in gold at the Treasury but for redemption in gold or lawful money at the reserve bank.

Mr. NELSON. I think that has been corrected in the last or caucus print; that is, if a man insists on the gold he must go up to Uncle Sam's counter and demand a redemption of his notes. If he is content to take lawful money, he can present them to the bank.

Mr. BORAH. Of course, ultimately, I suppose, it amounts to

gold redemption.

In the final analysis it will, but it weakens Mr. NELSON. the character of the notes. In order to make these notes firstclass commercial paper, they ought absolutely to be redeemable in gold or its equivalent under all conditions and at all times and places.

The Glass bill required, as I said, 33% per cent of lawful money of reserve notes, and the Owen bill requires a reserve of 331 per cent in gold if presented at the Treasury, or gold or

lawful money if presented at the reserve bank.

The Owen bill, as it originally came here when reported by the chairman's section of the committee, provided that these bills should be receivable for all Government dues except customs. That was made an exception. I am glad to say, however, that the caucus corrected that and eliminated the exception.

Both the Glass and the Owen bills differ from the Hitchcock bill in leaving it entirely discretionary with the Federal reserve board to issue currency to a reserve bank. The Hitchcock bill provides that the reserve bank is entitled to reserve notes on complying with the conditions of the law as to gold reserves and as to collateral security; in other words, if a reserve bank has a gold reserve of 45 per cent and tenders eligible commercial paper equal to the par value of the notes required, it is absolutely, upon such notes and such collateral security, entitled to circulation. Under the Owen bill it is discretionary with the reserve board whether it will allow such currency to issue to a reserve bank. Under the Hitchcock bill, the reserve bank, if it has eligible commercial paper equal to the par value of the currency at par and has the 45 per cent gold reserve, is entitled to that currency.

As I said a moment ago, the requirement of this new reserve serves a double purpose. Not only does it fortify the notes and make them absolutely safe, but, in the next place, it is a deterrent and a brake upon undue inflation; it prevents an excess of such paper circulation. We find that principle adopted in France, in Germany, and in Great Britain. The Bank of England can issue notes representing the permanent Government debt, sixteen or eighteen million pounds. I forget the exact amount, but it is something like that,

Mr. SHAFROTH. Eighteen million pounds is right.

Mr. NELSON. Eighteen million pounds. All issues of notes beyond that by the Bank of England are pound for pound in

Under the Owen bill, even allowing the bank, as we propose to do, to issue notes, gold for gold, dollar for dollar, it would be discretionary with the reserve board.

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Nebraska?

Mr. NELSON. I do.

Mr. NORRIS. I should like to inquire of the Senator what particular object can be accomplished by issuing these notes with the gold reserve of 100 per cent. Would it not be just the

same in reality as a gold certificate?

Mr. NELSON. In effect it would be, but the gold would be in the banks, and it would be the property of the banks instead of being in the Treasury. It is the property of the holders of gold certificates scattered all over creation. Some of the holders of gold certificates may be in Europe. The gold in the Treasury is their gold, whereas if the gold certificate is presented to the bank and the bank wishes currency for it, the bank must go to the Treasury, draw the gold, and keep it in its own vaults as a reserve.

Mr. NORRIS. From what the Senator has said in regard to the owner of the gold certificates, if it be the rule that a man could take a hundred cents on the dollar, would he not in reality

be the owner of it?

Mr. NELSON. No; he would not be the owner of it in the sense that he would be of a gold certificate. He would have those same notes, and their character as legal obligations and promises to pay would be identical with the other notes.

Mr. NORRIS. In one case he would have gold certificates to

go and get the gold with.

Mr. NELSON. To go and draw the gold. Mr. NORRIS. Yes; and in the other case he would have the Federal reserve notes to back up by gold, which he could also get by presenting Federal reserve notes.

Mr. NELSON. And that he can do in the other case as to notes based on commercial paper. They are exactly on a par in that respect.

Mr. NORRIS. But the explanation I want to get from the

Senator is what good would come from it?

Mr. NELSON. The good of it is that the bank secures that store of gold reserve; it has an opportunity to get it in the vaults of the bank and issue its notes against it, while in the other case, as long as the gold reserve is outstanding, you do not know where those certificates may be and the Treasury is

only a custodian and keeper of the gold.

But imagine, and I want to be very frank with Senators, that this is not so much a practical question as the other feature of the note-issuing provision. I imagine that most of the notes will be issued upon commercial paper with the 45 per cent gold reserve or, as it is in the other bill, 43\frac{1}{2} per cent gold reserve—whichever provision is finally adopted—and the banks are not likely to issue this dollar-for-dollar currency to any great extent, except for the purpose of replenishing their gold

supply.

There is another small matter to which I will call the attention of the Senate. The Owen bill provides for the issue of reserve notes in denominations of \$1, \$2, \$5, \$10, \$20, \$50, and \$100. In the Hitchcock bill we have eliminated the ones and twos. We do not believe that these reserve notes ought to be smaller than \$5. There are several reasons for our belief. These notes circulate from hand to hand, and we have a large amount of silver currency circulating in the shape of silver certificates. I think our silver dollars and our silver certificates can well occupy the field of the \$1 and \$2 notes and that the reserve notes should not be of a smaller denomination than \$5.

I am glad to see the Senator from Mississippi [Mr. WILLIAMS] in front of me listening to what I am saying, for I look at the situation just as it is. He and his coadjutors will finally fix up the bill as it will become a law, and I hope I may be able to convert him to that extent, so that he will impress the ideas that I am trying to impress upon him upon his Democratic

associates.

In reference to the so-called clearing-house or exchange provisions in the bills, the Owen bill and the Hitchcock bill are identical. The original Glass bill was very defective in that respect, though in one sense it might be good for the country, at large. It would be a great blessing to provide a place for the clearing of checks and drafts without expense to the public at large, but it would be a terrible blow to the country banks. Practically, as it appeared from the evidence presented to our committee, it would deprive the smaller country banks of a large proportion of their net income and net resources by wiping out the exchange business and preventing them from making any charge for selling drafts or making collections. From the evidence before the committee it appeared that some of these banks, most of them, I think, have been reasonable and fair, but some of them have been guilty of making unreasonable and undue charges. That matter we have cured both in the Owen bill and in the Hitchcock bill. We permit these banks to make reasonable collection and exchange charges, but we allow the reserve board to regulate it so that there can not be any undue or excessive charges. I think it is a very wholesome provision. By means of it we do not deprive the small local banks of a reasonable amount of revenue, and at the same time we have a tribunal that has the opportunity to check or restrain any undue exactions of the banks.

Section 18 of the oill simply repeals the provision of the law requiring a national bank to deposit Government bonds before it can do business. Under the existing law national banks, regardless of whether or not they take out circulation, are obliged to deposit \$30,000 and not less than one-third of their capital with the Treasury Department in United States bonds. I have no doubt the provision was originally inserted in the law for the purpose of securing a market for Government bonds at that time, in 1864, but the provision is practically obsolete and should be repealed. These bonds are not the basis of circulation, as are the bonds a bank must deposit as a prerequisite

to secure a charter as a national bank.

I now come to a question which I regard as one of the most important in the bill, made so because of the changes in the Owen bill by the Democratic conference. I refer to the pro-

vision for the refunding of the 2 per cent bonds.

The Hitchcock bill, section 19, provides that the reserve banks shall each year purchase 2 per cent bonds of the United States at par and accrued interest equal in amount to not more than 50 per cent of their capital. The reserve banks purchasing such bonds may deposit them with the reserve agent—that is, the reserve agent who is an officer of the directors of the

regional banks-as security for the circulation of Federal reserve notes, or they may exchange the bonds at the Treasury Department for one-year Treasury gold notes bearing 3 per cent interest. In case such exchange is effected the banks are required, at the option of the Government, to renew the oneyear gold notes, year by year, for a period of 20 years; that is, instead of commercial paper, those one-year gold notes may be presented as a basis of circulation, or a bank requiring circulation may present partly commercial paper and partly such oneyear gold notes to secure circulation. Those one-year gold notes may also be used as security for reserve-note circulation, and are also available as an investment of the bank for the employment of its idle funds, and to aid them in protecting the gold supply.

It is conceded that those one-year 3 per cent gold bonds can be readily sold and gold procured on them, and that in that way they will be a means of maintaining and keeping up the gold reserve. In addition to that, they will be valuable to the reserve banks in case they have idle funds. In case they have funds that are not called for by the member banks they can invest them in these 3 per cent bonds and derive the interest that inures from them as an addition to their income and re-National banks that sell their 2 per cent bonds in the manner indicated must retire that portion of their note circulation for which the bonds were given as security. These oneyear 3 per cent gold notes are to be immune from all kinds of taxes. The Glass bill provides for the exchange of the 2 per cent bonds for 20-year 3 per cent bonds at the rate of 5 per cent year and the retirement of national-bank-note circulation in the same proportion. In other words, the Glass bill provides that 5 per cent a year of these 2 per cent bonds now outstanding may be converted into 20-year 3 per cent bonds. Under the Owen bill they can be converted into one-year 3 per cent gold notes, which the banks are required to renew from year to year if necessary. One advantage of the one-year notes is that the Government at any time it has a surplus revenue can redeem those notes while in the other case, if we issued a new 20year bond, the Government could not redeem those bonds in any other way than by going into the open market and buying them.

Mr. WEEKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Massachusetts?

Mr. NELSON. I yield. Mr. WEEKS. May I suggest to the Senator another advantage which the proposition before the Senate has over the Glass bill? In the Glass bill the earnings of the reserve banks were to be divided between the Government and the banks after paying a stipu'ated rate of interest; as I recall it, 40 per cent of the excess to be added to the rate of interest to be paid the banks and 60 per cent of the earnings going to the Government, Refunding these bonds, as is proposed in the Glass bill, imposes an additional rate of interest of 1 per cent, so that there would have been in the end \$750.000.000 of 2 per cent bonds, as there are now, refunded into 3 per cent bonds, costing seven and a half million dollars more in interest, without any recompense in any way, of which seven and a half million dollars the Government would receive 60 per cent of the profits and the holders of the stock of the bank the other 40 per cent. As a net result it would cost the Government \$3.000,000 a year more than it does now to carry the same amount of debt, and the indebtedness would not be in such shape that it could be used for any purpose, like maintaining our gold supply. Is not that a correct statement?

Mr. NELSON. It certainly is exactly correct, and I am very

glad that the Senator has made it.

Mr. WEEKS. If we have not done anything else in the delay which has taken place in the hearings and discussion of the bill, we have certainly saved the Government \$3,000,000 a year and have furnished the banks with a security which will enable them to maintain the gold supply.

Mr. NELSON. I now come. Mr. President, to compare the

Owen bill with the Hitchcock bill in this respect, and to point out and demonstrate that the Owen bill by its provisions perpetuates and continues the present inelastic national-bank-note

One of the chief objections sought to be attained by this legislation was to escape from the effects, often in the past proven to be disastrous, of an inelastic currency based upon bond circulation. There are two provisions in the Owen bill which, beyond any doubt, will lead to a continuation of the present bond secured currency. So that instead of escaping from that, elimi nating it, and relying on the new currency which we are providing for in this bill, we are left at the mercy of the old currency.

The provisions that bear on this subject and make it clear are, first, paragraph 8 on page 14 of the last print of the Owen bili,

the bill, as I understand, which has been passed upon by the Democratic conference. It is one of the provisions that relate to the power of the reserve banks. I will quote the provision in

Eighth. Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banas, to re-rive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law which relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating registrates. privilege.

Can any Senator maintain that that provides for any other than the same kind of notes that we now have under our national-bank system? The paragraph which I have just read gives the reserve banks the power to issue the same kind of currency based upon Government bonds as our national banks can issue at this time.

In this connection, I propose to call the attention of the Senate to the refunding provision of the Owen bill, and to show how that bill further fortifies and makes this contention absolutely sure. I ask Senators to turn to page 60 of the last print of the Owen bill, and, at the risk of some delay, I will quote the whole paragraph to the Senate in order that they may what it provides. I rend from the last print of the Owen bill, which I may call for brevity the caucus print:

SEC. 18. Any member bank desiring to retire the whole or any part-

A member bank is a national bank-

A member bank is a untional bank—

Any member bank desiring to retire the whole or any part of its circulating notes may file with the Treasurer of the United States an application to sell for its account, at par and interest, United States bonds securing circulation to be retired.

The Treasurer shall, at the end of each quarterly period, furnish the Federal reserve board with a list of such applications, and the Federal reserve board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least 10 days before the end of any quarterly period at which the Federal reserve board may direct the purchase to be made. Upon notice from the Treasurer of the amount of bonds so sold for its account, each member bank shall duly assign and transfer, in writing, such bonds—

That is, the outstanding bonds-

to the Federal reserve bank purch sing the same, and such Federal reserve bank shall thereupon deposit lawful money with the Treasurer of the United States for the purchase price of such bonds, and the Treasurer shall pay to the member bank selling such bonds any balance due after deducting a sufficient sum to redeem its outstanding notes secured by such bonds, which notes shall be canceled and permanently retired when redeemed.

Here I come to "the milk in the coconut":

The Federal reserve banks purchasing such bonds shall be required to take out an amount of c'rculating notes equal to the amount of national-bank notes outstanding against such bonds.

Now, listen:

Now, listen:

Upon the deposit with the Treasurer of the United States bonds so purchased, or any bonds with the circulating privilege acquired under section 4 of this act, any Federal reserve bank making such deposit in the manner provided by existing law shall be entitled to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited. Such notes shall be the obligations of the Federal reserve bank procuring same, and shall be in form prescribed by the Secretary of the Treasury—

Listen to this, Senators-

and to the same tenor and effect as national-bank notes now provided by law. They shall be issued under the same terms and conditions as national-bank notes.

Can anything be plainer than that? This section provides that the reserve banks may buy up the Government bonds which have the circulation privilege and put the money in the Treasury, whereupon the Treasury transmits it to the bondholders, and then the reserve banks deposit these bonds again with the Comptroller of the Currency and get exactly the same kind of bond-secured currency that we have now. In that way, under this provision of the bill, you will be perpetuating our present system of bond-secured currency; you will continue under the provisions of this bill, which I have quoted, to maintain all these notes in circulation based upon Government bonds instead of upon commercial paper.

What has been the cause of the lack of elasticity in the national-bank notes? Why have they been inelastic? Why have they been too rigid to meet the commercial needs of the country? Why have It is because they have been based on Government bonds and would only ebb and flow in volume as the banks saw fit to buy those Government bonds. That, as I supposed, was the system which we were endeavoring to get away from by this legislation.

There are two important points that we seek to accomplish, or should seek to accomplish, by this legislation. One is to gather up, concentrate, and utilize the bank reserves in a better and more effective manner than has been the case up to this date; the other is to provide the country with an elastic currency, a currency that will be regulated, not by the purchase of bonds but by the commerce and trade of the country, based on the commercial paper that is used as an incident to that trade and commerce.

It is only in that way that we can secure an elastic currency; it is only in that way that the countries of the Old World, where they have better banking systems than we, have succeeded in securing an elastic currency that responds to the commercial wants of the country. Yet, while that is avowedly the purpose, or ought to be the purpose, of this legislation, in cold blood, with malice prepense, the Owen bill proposes to perpetuate the very system that we are trying to get away from by this legislation.

Mr. SHAFROTH. Mr. President, does not the Senator recognize the fact that the United States notes or greenbacks are just as inelastic as the national-bank notes, and is the Senator in favor of retiring the greenbacks?

Mr. NELSON. Oh, the Senator does not mean what he says. Mr. SHAFROTH. Yes, sir.

Mr. NELSON. I will tell you why.

Mr. SHAFROTH. They are a fixed currency.

Mr. NELSON. I will tell you why; and I say it in a spirit of humility. There is no comparison between the two, for the reason that we have a law on the statute books which prevents the amount of greenbacks from being increased. That circulation can not be extended. Heretofore we had more greenbacks outstanding than we have now; and some years ago-I do not recall when-we had at the head of the Treasury Department Secretaries who were trying to eliminate the greenbacks and get them out of circulation. To prevent that Congress passed a law-I can not recall the year-

Mr. SHAFROTH. In 1878.

Mr. NELSON. Yes; Congress passed a law prohibiting the further retirement of any notes. You can not call that an elastic currency, for it has remained at the volume of \$346,-000,000 for a great many years. Until we change the legislation of the country that will continue to be its volume; it can be neither more nor less. So it has not even the elasticity of national-bank-note circulation, which does have some slight elasticity.

We know that during the panic of 1907, while the banks as a rule were averse to purchasing bonds and extending their circulation, under the stress of the conditions then prevailing the banks did take out considerable circulation. If I recall the facts—and I think I am correct—during the pendency of that panic, and until the banks fully resumed, our nationalbank-note circulation increased to the extent of about \$50,000,-000. I can not give the figures exactly. So in the matter of elasticity there is no comparison between greenbacks and national-bank notes.

Mr. SHAFROTH. That is, the national-bank notes are a

little more elastic than the greenbacks?

Mr. NELSON. The greenbacks are not elastic at all.

Mr. SHAFROTH. They are not elastic at all, but the national-bank notes are a little more elastic than the greenbacks. If objection be made to the national-bank notes on the ground that they are inelastic, why is not that a much greater reason for retiring the greenbacks, because they are less elastic than the national-bank notes?

Mr. NELSON. There are a great many people who think they ought to be retired; and, as a matter of sound banking and currency principles, I think they could well be retired. I think we ought to have one uniform currency, such currency as is prescribed in this bill. I will take the Senator a little bit into my confidence in this matter, however. While I admit that that would be most sound, yet we old soldiers who fought in the War of the Rebellion, who carried muskets and rifles on our shoulders and greenbacks in our pockets, sustaining the Government's credit by carrying its greenbacks and sustaining the Government itself by carrying its muskets and rifles on our shoulders, have a kind of love for the dear old greenback. [Laughter.] While they now have new rifles, new guns, Krag-Jörgensens, and other improved firearms, instead of the old Enfield and Springfield rifles, we say nothing about that, but we old soldiers hate to let go of the dear old greenback. [Laughter.]

Mr. SHAFROTH. I agree with the Senator.

Mr. NELSON. The capitalists of the country may say that it was unjust and unfair to compel the people to take that kind of currency, which was then at such a great discount. I never heard a soldier at pay day object to taking greenbacks, and if the soldiers did not object, why should these moneybags object? They did not encounter the dangers or incur the risks of war, as did the boys who wore the blue. This, however, is foreign to the question, and I am sorry to have taken up the time of the Senate with it.

I will quote again the last part of the paragraph I have been discussing.

Such notes

That is, the notes that are to be issued upon these 2 per cent Government bonds

shall be the obligations of the Federal reserve bank procuring same, and shall be in form prescribed by the Secretary of the Treasury, and to the same tenor and effect as national-bank notes now provided by law. They shall be issued under the same terms and conditions as national-bank notes.

So, Mr. President, it seems to me that anyone who reads this refunding provision and, in connection with it, paragraph 8 of the powers given to the reserve banks, must inevitably come to the conclusion that, if this measure is enacted into law, it will perpetuate and maintain our present rigid bond-secured currency.

I desire now to call attention to another provision. I am reading from the Owen bill:

United States bonds bought by a Federal reserve bank against which there are no outstanding national-bank notes may be exchanged at the Treasury for one-year gold notes bearing 3 per cent interest. In case of such exchange for one-year notes the reserve bank shall be bound to pay such notes and to receive in payment thereof new 3 per cent one-year Treasury gold notes year by year for the period of 20 years.

That limits the purchase of 2 per cent bonds, and the substitution of 3 per cent one-year gold notes for them, to bonds that are not the basis of national bank note circulation. But under the funding provision of section 18 of the Owen bill, whenever the 2 per cent bonds on which circulation is now issued are purchased by the reserve banks they are to issue similar notes based on the bonds purchased, so that practically you are simply changing about. Instead of the national banks, as now, hav-ing outstanding seven hundred and fifty-odd millions of national-bank notes based on Government bonds, you would have these reserve banks—assuming that they bought up all the bonds, as they can do—having outstanding the same volume of notes based upon the same class of security, the Government bonds. So by this legislation you are not getting away from the present system.

As I have said several times, I regard it as of the utmost importance that by this legislation we shall escape from the rigid character of our present currency. We can only escape from it by substituting, as rapidly as we can and with as little friction as possible, the new system provided for in this bill and

the new class of notes provided for in it.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota

yield to the Senator from North Carolina?

Mr. NELSON. Certainly.

Mr. SIMMONS. I desire to ask the Senator a question for information, because I confess I am a little bit confused about this matter.

At the present time the national banks which hold these Government bonds have, in a large measure, discretion as to the amount of currency they will take out upon them, have they not?

Mr. NELSON. I can not exactly answer the Senator's question. I will say that any bank can buy Government bonds, but if a bank wants to issue national-bank notes it must deposit Government bonds with the Comptroller of the Currency, and it then gets circulation, as at present. It used to be that they got circulation only at the rate of 90 per cent, but as a result of recent legislation they now get dollar for dollar.

Mr. SIMMONS. The Senator does not catch my point. understand that now a national bank can get 100 cents on the dollar on its bonds.

Mr. NELSON. Yes, Mr. SIMMONS. The question I meant to address to the Senator-probably I did not express myself with clearnesswas whether the national banks holding these Government bonds did not have a discretion as to whether they would take out anything in the way of notes, or as to the amount of notes they would apply for upon those bonds.

Mr. NELSON. There is a discretion as to the circulation

they will take out, of course.

Mr. SIMMONS. Yes; a discretion as to the circulation.

Mr. NELSON. But for whatever circulation they do take

out they must deposit bonds. Yes. The discretion is absolute?

Mr. SIMMONS. Yes, The discretion is absolute. NELSON. Oh, it is not mandatory now.

Mr. SIMMONS. The discretion is absolute with the national

Mr. NELSON. Yes; as to the amount. Mr. SIMMONS. The Government has no power to control that discretion?

Mr. NELSON. No.

Mr. SIMMONS. The Government can not say to a national bank, You ought to increase your circulation on these bonds?

Mr. NELSON. No; it can not do that. Mr. SIMMONS. Under the system proposed in the Owen bill, will not the Government come into a power which will permit it in a measure to control the amount of circulation based upon Government bonds?

Mr. NELSON. Not under this provision. Mr. SIMMONS. Suppose the reserve banks of the country, we will say in the course of a dozen years, should come into possession of all of the 2 per cent bonds?

Mr. NELSON. By buying them?

Mr. SIMMONS. By buying them and having them in their vaults. By reason of the Government's control over these banks, the fact that three directors of the banks are appointed by the Government, the fact that three other directors of the banks are not stockholders but are representatives of commercial interests in the country, and the further fact that the Government appoints the reserve board, could not the Government, in practical effect, say to these reserve banks, You shall increase your circulating notes based upon Government bonds?

Mr. NELSON. No. The bill defines the power.

Mr. SIMMONS. Technically speaking, it would not have the power, but in practical effect would it not have that power?

Mr. NELSON. It has not. Mr. SIMMONS. What I mean to ask is, by means of the Government's control through its reserve board and through its representation upon the directorate of the banks, would it not be able to practically control the amount of bank notes based on Government bonds?

Mr. NELSON. It could not control it in the respect that I refer to; absolutely not. I will read the provision again.

Mr. SIMMONS. I think I undertand the provision which the Senator has read.

Mr. SHAFROTH. If the Senator will yield to me-

Mr. NELSON. Let me first answer the Senator from North

Mr. BRANDEGEE. Will the Senator state whether the print

Mr. BRANDEGED. Will the senator state whether the print from which he is reading is that of December 1?

Mr. NELSON. Mine is the print of December 1. I have mine marked "Third Owen bill." It is the bill that ran the gantlet of the Democratic conference. The first part of the section provides for application by the national banks.

Mr. CRAWFORD. From what section is the Senator read-

Mr. NELSON. Section 18, page 60. It provides how national banks can get rid of these bonds, as they are anxious to do, because they are at a discount. It provides that they can sell them. I will not read the entire paragraph.

The Federal reserve banks purchasing such bonds-

That is, these 2 per cent bonds, for instance-

shall be required to take out an amount of circulating notes equal to the amount of national-bank notes outstanding against such bonds.

That is mandatory. There is no regulating power here at Washington. Neither the reserve board nor the directors of the regional banks can override that clear mandate of the law.

I now yield to the Senator from Colorado.

Mr. SHAFROTH. The object of that is to overcome the provision of the Hitchcock bill that \$50,000,000 of this nationalbank currency shall be retired, without providing a substitute currency for it, unless that substitute currency arises from the issuance of currency upon paper of 30, 60, 90, or 120 days, which may be deposited for the purpose of getting currency. That was the object of that provision, so as to prevent the contraction of the currency and to keep the currency at its present volume.

Mr. BRADY. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Idaho?

Mr. NELSON. I yield to the Senator. Mr. BRADY. Is not the authorization of this additional currency discretionary with the board?

Mr. NELSON. Not the currency that we refer to here.

Mr. NELSON.

Mr. BRADY. It says:

The Federal reserve board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least 10 days before the end of any quarterly period at which the Federal reserve board may direct the purchase to be made.

My understanding is that the Federal reserve board is not compelled to do it.

Mr. NELSON. They can direct the purchase of the bonds, but if they are once purchased circulation must be taken out.

Mr. BRADY. After they are purchased?

Mr. NELSON. Yes.

Mr. BRADY. The circulation must be taken out? Mr. NELSON. Yes. If the Senator will look at the foot of the page, commencing on line 24, he will see the provision.

Mr. BRADY. But it is to be left to the judgment of the reserve board as to whether or not the reserve bank shall purchase these bonds? Is that correct?

Mr. NELSON. No; not absolutely. The first question is as whether the bonds shall be offered for sale. I read at the top of the page:

Any member bank desiring-

Of course these bonds can not be sold unless the banks that hold them are willing to sell them.

Mr. BRADY. Section 18, commencing with the first part of the section, says:

Any member bank desiring to retire the whole or any part of its circulating notes may file with the Treasurer of the United States an application to sell for its account, at par and interest, United States bonds securing circulation to be retired.

Mr. NELSON. Yes. That is, the first demand must come from the national banks.

Mr. BRADY. But they are not compelled to make that demand?

Mr. NELSON. No.
Mr. BRADY. They may do it?
Mr. NELSON. They may do it. Now, these bonds are not

due in any particular year.

Mr. BRADY. And they may file applications stating that they desire to sell the bonds?

Mr. NELSON. Yes. Mr. BRADY. Then the Federal reserve board has the power to require some bank to take the bonds and issue currency for them. Is that correct?

Mr. NELSON. It has the power, which I will read:

The Treasurer shall, at the end of each quarterly period, furnish the Federal reserve board with a list of such applications—

That is, applications from the national banks to sell those

And the Federal reserve board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks.

That is, compel the reserve banks to buy those bonds.

Mr. BRADY. That is the very question I was asking the Senator.

Mr. NELSON. It can compel them to do that; but before that can be done there must be first an offer, a desire, on the part of the national banks to sell the bonds.

Mr. BRADY. I understand that quite well.
Mr. NELSON. The Senator can see that now, when the 2 per cent bonds are at a discount and are likely to remain at a discount, they will all be ready to sell.

Mr. BRADY. That is quite true; but I am trying to have the Senator make as clear as possible the real authority of the re-

serve board.

Mr. NELSON. The only authority of the reserve board is in reference to the requirement to purchase the bonds. If the bonds are once purchased, circulation must be issued on them. The Senator can see that as long as the national banks do not apply to sell the bonds on which circulation is based those notes remain in circulation. Let me call the Senator's attention to the first paragraph:

SEC. 18. Any member bank desiring to retire the whole or any part of its circulating notes may file with the Treasurer of the United States an application to sell for its account, at par and interest, United States bonds securing circulation to be retired.

That comes from the national banks that have their notes outstanding. They want to get rid of them; they want the notes

redeemed, so that they can sell the bonds. If they make such an application, it is in the power of the Federal reserve board to require the Federal reserve bank to buy those bonds, but if the Federal reserve board does not buy them, the notes are outstanding and the bonds are there. They are not due; they can not be redeemed.

Mr. BRADY. But, as I understand it, the Federal reserve board do not buy the bonds. They simply take the application of the purchaser and require some particular reserve bank to buy the bonds.

Mr. NELSON. It is the national banks that are trying to sell the bonds, and it is one of these new regional reserve banks that buys them.

Mr. BRADY. That is quite clear, but there is one point I wish the Senator would make plain. I want to find out what happens in case the Federal reserve board decides that they will not require the Federal reserve bank to buy the bonds.

Mr. NELSON. Then those bonds will remain in the Treasury Department as a basis for circulation. They will be left with the national bank note circulation. It is only the bonds

the national-bank note circulation. It is only the bonds deposited in the Treasury that are a basis of circulation. If

the Senator will read the first four lines here, he will see the

Mr. BRADY. What I was trying to have clearly understood is that it is within the discretion of the Federal reserve board to compel the Federal reserve bank to buy the bonds.

Mr. NELSON. They can order the Federal reserve bank

Mr. BRADY. And they can refrain from ordering the bank

to buy the bonds under this proposal. Mr. NELSON. Yes; but if they do not buy them the notes are outstanding; the bonds are in the Treasury, and the bank

notes that are issued on them are outstanding.

Mr. BRADY. That is the point I wanted to have made clear. Mr. NELSON. So, you see, the system really amounts to this, to make it plain to the Senator: A national bank in the Senator's home town has \$50.000 of national-bank notes outstanding based on Government bonds filed in the Treasury. It comes to the reserve board or comes to the Treasury of the United States and says, "I want to retire these notes that I have outstanding; I want to sell the bonds on which I have obtained this circu-As your bank desires to sell these bonds for the purpose of redeeming or withdrawing its national-bank note circulation, the reserve board may order the reserve bank to purchase those bonds; but if it purchases the bonds it must issue circulation notes upon those bonds, just the same kind of notes as the notes that were based on the bonds when the national bank offered to sell them.

Mr. BRADY. That is my understanding.
Mr. NELSON. I do not know how I can make it any plainer.
Mr. BRADY. The only question is as to the authority of the Federal reserve board to say to my home bank, when it makes application to sell these bonds—
Mr. NELSON. Those bonds on which there is outstanding

circulation.

Mr. BRADY. On which there is outstanding circulation. The Federal reserve board, as I understand it, simply makes a list of the bonds to be sold. The Federal reserve board does not purchase the bonds.

Mr. NELSON. Oh, no. Mr. BRADY. My bank would simply make an application to it to sell the bonds.

Mr. NELSON. And to redeem its circulation.
Mr. BRADY. That application is filed with the Federal reserve board. Then the Federal reserve board may in its discretion require the Federal reserve bank to purchase the bonds.

Mr. NELSON. Yes.
Mr. BRADY. What I want to find out is what would be the position of my home bank in case the Federal reserve board said we will not require the Federal reserve bank to buy those

Mr. NELSON. If it made no application to sell the bonds or redeem the currency, there would be nothing for the reserve board or the bank to act upon.

Mr. BRADY. But that is not the point. My bank would want to sell its circulating notes. It would make an application to the Federal reserve board to sell its bonds. It may desire to do it. There is nothing in this proposed law to compel the Federal reserve board to relieve the situation by buying those bonds. It may do it or it may not do it. It is entirely discretionary with the board.

Mr. NELSON. I see what the Senator means. cretionary. But the point the Senator has referred to has no bearing on the main question in the case, and that is the

question relating to our circulating medium.

Mr. BRADY. I understand that. Mr. NELSON. The Senator can see that it is only swapping the national-bank notes for these new notes based upon the same kind of bonds.

Mr. BRADY. There is no question about that. oint I was discussing was the actual transfer. If I understand the Senator's explanation, and I think it is very plain, if any national bank desires to sell its bonds, it files its application, and in case the Federal reserve board desires to buy the bonds they can require the Federal reserve bank to buy those bonds; but if the Federal reserve board says, "We will not require the Federal reserve bank to buy your bonds," the bank offering the bonds could not compel the Federal reserve board to take

Mr. NELSON. Then your bank would have to hold its bonds, and its national-bank notes would be outstanding.

Mr. BRADY. That is the point I desired to have made clear. Mr. NELSON. It would be just where it was before it made the application.

Mr. BRADY. And this proposed law would be of no benefit to that bank.

Mr. NELSON. Not for the purpose of selling its bonds. Mr. BRANDEGEE. Could not the bank which desired to

retire its circulating notes which were secured by bonds sell

the bonds in any other market?

Mr. NELSON. Certainly, they could sell them in the open market; and they could go with their legal-tender money to the Treasury and say, "We want to redeem our circulating notes," and if they were redeemed the national bank would get back its notes

Mr. BRANDEGEE. And the national bank could hold its bonds, having taken up the notes.

Mr. NELSON. It could hold them.

Mr. BRANDEGEE. It could hold them if it wanted to do so?

Mr. NELSON. Certainly.
Mr. SIMMONS. If the Senator will pardon me, he is discussing the question whether the system proposed in the Owen bill, with reference to bank notes based on Government bonds, will be more or less elastic than under the present system?

Mr. NELSON. I will say that it is simply a perpetuation of the same system.

Mr. SIMMONS. That is what I understand the Senator to

claim. Mr. NELSON. It is neither worse nor better. All the vices

and virtues and imperfections of the present system are perpetuated.

Mr. SIMMONS I understand that to be the contention of the Senator. The Senator is contending that under the Owen bill, with reference to bank circulation based on bonds, the system will be in effect the same as at present, so far as elasticity is concerned.

Mr. NELSON. Certainly.
Mr. SIMMONS. Now let me ask the Senator—
Mr. NELSON. It will be just like this, to make the state-

Mr. SIMMONS. I understand the Senator; but he does not understand me, I fear, and I am trying to have him get my viewpoint. I am a little bit confused about it and I am trying to get light and information from the honorable Senator who is a member on the committee and has evidently given close study to the subject. As I understand it, if a national bank desires to sell its 2 per cent Government bonds it notifies the Treasury Department of that purpose.

Mr. NELSON. They must desire to sell them for the pur-

pose of taking up circulation.

Mr. SIMMONS. Yes. The bank notifies the Treasury Department of its desire to sell its bonds and retire its notes. Treasury Department in that case requires the reserve banks to purchase those bonds and with the proceeds take up the outstandings, and requires the purchasing bank to redeposit the bonds and issues to them a like amount of reserve notes.

Mr. NELSON. The Federal reserve board is the authority that must require the banks to buy those bonds, but there the power of the reserve board ends. They can require the banks to purchase the bonds, and after the bonds are purchased the issuing of the same kind of currency upon them is mandatory.

Mr. SIMMONS. If under that authority the reserve bank does purchase these bonds it is compelled to take out notes

against those bonds again, is it not?

Mr. NELSON. Yes, sir; exactly the same kind of currency. Mr. SIMMONS. If a national bank should sell its bonds to private citizen, he would not be required to take out circula-

a private citizen, he would not be required to take out circulation against those bonds, would he?

Mr. NELSON. Not an outsider.

Mr. SIMMONS. Then we have this condition—

Mr. NELSON. Allow me just a word here. You could not sell those bonds that were in the Treasury. They are there until the notes for which they are security are redeemed.

Mr. SIMMONS. But if I purchased those bonds from the bank. I could go to the Treasury Department and I could reclaim.

bank, I could go to the Treasury Department and I could reclaim them by paying off the notes issued on them. Mr. NELSON. No; you could not.

Mr. SIMMONS. Could not the bank do it? I am putting myself in the place of the bank.

Mr. NELSON. You would have to redeem those circulation notes.

Mr. SIMMONS. Exactly. I would have to redeem those notes and I would own the bonds.

Mr. NELSON. That is, the bank that deposited them would have them. The Treasury would deal with the bank.

Mr. SIMMONS. Then the notes would be canceled and pass out of circulation. But if these bonds are purchased by a central reserve bank, under the section of the bill read by the Senator the circulation based upon them would be retired, but in their place other notes of like amount would be issued to the purchasing bank, and currency would be, in effect, neither reduced nor

Mr. NELSON. Exactly the same kind of notes.

Mr. SIMMONS. So the Government in this way prevents the currency covered by these bonds from being withdrawn from circulation. If it was left to individual initiative and control, the holder of those bonds would, by paying off these notes, retire that much circulation without being required to substitute anything in their place.

Mr. NELSON. That can be done now. Any national bank

can retire its notes.

We SIMMONS. That can be done now by holders of the \$50,000,000 of bonds, which you provide may be retired every

Mr. NELSON. That is entirely different. The Senator is traveling outside of the line. I say that can be done by the national banks now. If a national bank has \$50,000 in circulation, based on Government bonds, the national bank can go there and redeem that circulation.

Mr. SIMMONS. Exactly.

Mr. NELSON. It can take currency there and redeem the notes and get back the bonds.

Mr. SIMMONS. Exactly. Mr. NELSON. It is at the option of every national bank to withdraw its circulation. If you go through the country you will find that the smaller banks, the country banks, as a rule, have circulation up to the amount of their capital. The national banks can not have more than the amount of their capital. The large city banks in New York and other places have only a limited amount, only a part of their national-bank notes outstanding in proportion.

Mr. SIMMONS. That is exactly as I understand it. At present the national banks can at will retire the circulation against their bonds now deposited in the United States Treasury.

Mr. NELSON. They can redeem those bonds at any time. Mr. SIMMONS. But if those bonds are purchased by a re-

serve bank under the authority the Senator just read in the Owen bill, then that reserve bank can not retire that circulation.

Mr. NELSON. It must take out bonds. Mr. SIMMONS. Therefore, this provision does provide for the mandatory issue of notes against that amount of Govern-

Mr. NELSON. That is what we have to-day. We have exactly the same system in the currency we have now that we are

supposed to be trying to get away from.

Mr. WEEKS. Mr. President—

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Massachusetts?

Mr. NELSON. I will yield, but I do not mean to take the Senator from North Carolina off the floor.

Mr. SIMMONS. I will yield to the Senator.
Mr. WEEKS. I wanted to call the attention of the Senator from North Carolina to a qualified error that he made in the statement which he has just submitted, relating to national banks retiring circulation. He said, if I understood him, that they could retire it at will. When the national-bank act was passed, and for 40 years of its existence, the law limited the retirement to \$3,000.000 a month, the purpose being

Mr. SIMMONS. The Senator will understand that I meant

within the limitation of the law.

Mr. WEEKS. I will just complete my statement by saying that five or six years ago that limitation was increased from \$3,000,000 a month to \$9,000,000 a month, so that if no circulation were taken out and the national banks retired all they could every month for a year they would retire only \$108,000,000 a year, or about one-seventh of the outstanding national-bank note circulation.

Mr. BRANDEGEE. That national-bank circulation is the

bond-secured circulation?

Mr. WEEKS. The bond-secured circulation.

Mr. SIMMONS. Mr. President, the thought that I had in my mind was that at the present time the national banks holding these bonds can take out circulation upon them or not at their discretion.

Up to the amount of their capital.

Mr. SIMMONS. Yes; up to the amount of their capital. But if the national banks desire to dispose of their bonds, as provided in the clause which the Senator has read, and they become the property of the reserve banks under the provision last read by the Senator from Minnesota, then those banks are compelled to issue circulating notes against those bonds.

Mr. NELSON. The same kind of notes and on the same con-

dition.

Mr. SIMMONS. I think that is a very important differentiation between the present system and the system proposed in

the Owen bill, so far as elasticity is concerned, because in the one care the amount of notes issued and in circulation based upon these bonds is largely within the discretion of the na-tional banks, but when these bonds go into the hands of the reserve banks they have no discretion as to the amount of circulation that shall be issued against the bonds; they are required and commanded by the law to issue the amount. I speak of the 2 per cent bonds these banks are required to buy when offered for sale in the way provided.

Mr. NELSON. Does not the Senator see on reflection that

that makes them still more inelastic? The national banks can redeem those notes and get back the bonds, they can retire the circulation, but this provision makes it mandatory, so that whenever bonds are bought by these reserve banks under the provisions of the bill, they must take out circulation under

it, making it still more rigid.

Mr. SIMMONS. No; the Senator—
Mr. NELSON. It is not mandatory on national banks now. They can increase their circulation up to the amount of their capital or they can decrease it. But this makes it absolutely

mandatory to issue on the bonds they purchase.

Mr. SIMMONS. The Senator is entirely right with respect to one class of Federal bonds that may come into the hands of the Federal reserve banks; that is, that class of bonds that they purchase indirectly from the national banks through the instrumentality of the Treasury. The Senator read two provisions with respect to the powers and duties of the reserve banks with reference to circulation based upon Government bonds. first clause which the Senator read authorizes these reserve banks to acquire Government bonds, just as national banks are permitted to acquire them. They go into their vaults and become a part of the assets of the bank.

Mr. NELSON. No; they do not take the bonds. They must deposit them in the Treasury with the Comptroller of the

Currency

Mr. SIMMONS. I am talking about the first section which

the Senator read.

Mr. NELSON. I am referring to that.

Mr. SIMMONS. The first section authorizes them, when they become the owner of Government bonds, to take those bonds to the Treasury and secure circulation upon them just as other banks are permitted to do. Is not that true?

Mr. NELSON. Is not that a continuance of the present

system?

Mr. SIMMONS. Exactly.

Mr. NELSON. Do you want the present system of nationalbank circulation that is claimed to be inelastic to be continued?

Mr. SIMMONS. Will the Senator permit me to finish the statement that I started to make?

Mr. NELSON. Go on.
Mr. SIMMONS. I say there are two sections of the bill with reference to the purchase of bonds by these reserve banks. One section permits them to purchase them just like any national bank can to-day purchase them, and after they have purchased them they can take out circulation upon them or not just as they please. Is not that true?
Mr. NELSON. Yes.
Mr. SIMMONS. So far as the

So far as that part of the bonds which may be acquired by the reserve banks is concerned, there will be the same method as exists now and the same elasticity that exists now, no more and no less.

Mr. NELSON. Exactly, but-

Mr. SIMMONS. Except, if the Senator will let me finish, that in present conditions the national banks owning the bonds can take out circulation upon them at will.

Mr. NELSON. Up to the amount of the capital.

Mr. SIMMONS. Yes; up to the amount of the capital. if the reserve banks which acquire these bonds buy them in the open market, if you please, with the same privileges that the national banks now have of obtaining issue upon them, the power of determining whether they will take out circulation upon those bonds or not, so as to respond to the business needs and requirements of the country, is not lodged absolutely in the breast of private ownership, as it is now, but by virtue of the fact that the Federal reserve board has general supervisory power over the banks, by virtue of the fact that the Government has three directors upon the board of the reserve banks, and that three other directors upon the board of the reserve banks are not stockholders in the bank, but they represent the business interests of the country, does not the Senator believe that with this representation of the Government and of the business interests upon the directory of those banks the power will be indirectly lodged in the Government of requiring these Federal reserve banks holding the bonds to take out such circulation upon those bonds as the business interests of the country

may from time to time require, and thus bring about a more responsive elasticity?

Mr. NELSON. I do not believe anything of the kind. Mr. SIMMONS. Does not the Senator believe—

Mr. NELSON. I do not believe anything of the kind, for-

Mr. SIMMONS. Just a moment. Does not the Senator be-lieve that this control over the banks would result in regulating the amount of circulation more in accordance with the business needs and requirements of the country than when that power rests solely and exclusively in the breast of men who have no interest except to advance their personal interests?

Mr. NELSON. Let us apply the proposed law. I will again read this paragraph of the section:

Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law which relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege.

Now, I want to say, and the Senator ought to know it, that no bank would undertake to buy and pay par for the 2 per cent bonds as an investment. If a reserve bank buys these 2 per cent bonds, in the nature of the case, under this paragraph, they will want to issue circulation. While in one sense there may be a technical discretion, as I have said, no reserve bank would go into the market and buy these 2 per cent bonds as a pure investment without intending to issue circulation; for as an investment those bonds are not worth over 75 or 80 per cent of their face value. So if the reserve banks went into the bond market under this paragraph to buy those 2 per cent bonds they could only buy them, to save themselves from a great loss, for the purpose of taking out circulation. To buy them as an investment would be utter folly. The Senator himself would not buy a 2 per cent bond as an investment and pay par for it, and no reserve bank would do so. Therefore, as a practical question, the proposition that the Senator has submitted is of no earthly value when applied to those 2 per cent bonds.

Mr. WEEKS. Mr. President

The PRESIDING OFFICER (Mr. THORNTON in the chair). Does the Senator from Minnesota yield to the Senator from

Mr. NELSON.

Mr. WEEKS. I should like to add a word to what the Senator from Minnesota has said on the subject. One of the most important things for us to get rid of gradually, so gradually that it will not affect the business of the country, is the bondsecured circulation, because while it has the only elastic property which our circulation has, as a matter of practical effect, its elasticity is pretty nearly nil.

I understood the Senator from North Carolina to say that he understood the issuing of this circulation depended upon the will of the private owners of the bonds; that is, of the banks.

Now, that is not strictly true.

Mr. SIMMONS. I meant within the terms of the law.

WEEKS. Because it is required by the national-bank act that 25 per cent of their capital shall be kept outstanding in circulation at all times; and not only that, but in order that the banks may take advantage of the Aldrich-Vreeland Act, which is our anchor to windward in case of trouble, they must have 40 per cent of their capital in bond-secured circulation, the purpose of that being to prevent banks from avoiding the carrying of these 2 per cent bonds in ordinary times, and then when we get into extraordinary times enabling them to take advan-

tage of the Aldrich-Vreeland Act. There is no retirement, as a matter of fact, of this circulation, or at least that is practically true, for the reason that the banks can, not find a market for their 2 per cent bonds when they would be glad to sell them and retire the circulation; in other words, when they do not need the circulation. For that reason they send it in for redemption, it goes to the Treasury, is then sent to the bank which originally issued it, then goes to the reserve city bank with which the country bank is doing business, and finally it comes back to the Treasury, very frequently in exactly the same condition in which it was when it was issued a month or more before. It is the country banks that issue circulation so largely. The city banks do not do so on account of this rapidity of redemption and the difficulty of retiring circulation on account of the impossibility of finding a ready market for the 2 per cent bonds, which, as the Senator from Minnesota [Mr. Nelson] has said, would not be worth par, or anything like par, on their merits if it were not for the circulation privilege which goes with them; they probably would sell for about 75 cents on the dollar on their merits as an investment pure and simple.

Mr. BRADY. Mr. President—
The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Idaho?

Mr. NELSON. I do. Mr. BRADY. The statement which the Senator from Massachusetts [Mr. Weeks] has just made causes me to ask a question relative to the purchase of these bonds by the Federal reserve banks. I hope that the Senator from Minnesota [Mr. Nelson] will understand that I am not discussing the merits of the bill, but that I am discussing a pure and simple business transaction as I see it as a business man. If I am mistaken, I want to be advised of that fact.

We will assume that there is a local national bank at this time doing business in some specific locality. After this bill is passed, if the board of directors of that bank decide that the bank does not want to go into this system, that it desires to surrender its charter, to either quit business or to take out a charter under some State law, section 18 of the bill provides

that-

Any member bank desiring to retire the whole or any part of its circulating notes may file with the Treasurer of the United States an application to sell for its account, at par and interest, United States bonds securing circulation to be retired.

If I understand the statement of the Senator, the bonds used for circulation are not worth more than from 75 to 80 per cent of par; they are certainly not selling on the market to-day at to exceed 97 and some odd fractions of a cent of par. If the banks filed their application with the Federal reserve board, and the Federal reserve board should say, "You are a large and strong banking institution; we think you ought to go into this new association; if you will not do it we will refuse to take your bonds and we will not sell them to a Federal reserve Now, this provision says:

The Treasurer shall, at the end of each quarterly period, furnish the Federal reserve board with a list of such applications, and the Federal reserve board may, in its discretion, require the Federal reserve banks to purchase such bonds from the banks whose applications have been filed with the Treasurer at least 10 days before the end of any quarterly period at which the Federal reserve board may direct the purchase to be made.

What condition would that bank be in if the Federal reserve board should make that statement to them? The law says that they may do it. What is going to happen to the bank in case they do not require the purchase of those bonds? In order to retire from the national banking business or to change to a State bank, will they have to sell all those bonds at the present discount of 4 per cent, or will they have to lose the 20 or 25 per cent, which, as has been stated here, is the probable amount of depreciation of the bonds, or will there be some way which will compel the Federal reserve board to require the Federal reserve bank to purchase the bonds? It is a simple business proposition, and I am interested to learn just what would be the condition of the bank which had those bonds and refused to come in if section 18 becomes a part of this banking

Mr. WEEKS. Mr. President, the Senator from Idaho [Mr. Brady] has put his finger on one of the one hundred or more propositions in which the Hitchcock proposal excels the Owen proposal. In the case of the Hitchcock amendment-I will refer to it as an amendment-it is provided that the Federal reserve banks shall buy \$50,000,000 worth of 2 per cent bonds held now presumably by the national banks, and presumably that would retire \$50,000,000 of the bond-secured circulation. If that took place in the spring months or in the summer months, in my judgment we never would know that the circulation had been retired, because I believe that there is a redundancy of currency most of the time; but if it took place in the fall months, we might feel at once the need of additional currency. Then we would have to take it out under the provisions of this Let us suppose that the Federal reserve banks buy this \$50,000,000 of bonds, and we provide that they shall be purchased at par and interest, and that one year after the Federal reserve banks shall buy \$50,000,000 more bonds at par and interest. That at once establishes the price of the 2 per cent bonds; so that the banks or other holders may know that every year there is going to be a market for some portion of their bonds at the price the Government should pay for those bonds, and that is par and interest. When the Federal reserve banks have bought these \$50,000,000 of bonds, under the Hitchcock proposition they have the privilege of going to the Treasury and taking 3 per cent one-year bonds in their place.

Our reason for providing for refunding in that way not only was that we would gradually retire the 2 per cent bonds which are now outstanding and the bond-secured circulation, but at the same time we would furnish the reserve banks with an investment which would enable them to use without delay their accumulations of loanable funds deposited with them. In addition to that, however, it would give them a security which they could sell at home or abroad whenever they needed to replenish their gold supply. There is nothing better as a marketable security than a public bond of a nation like the United States which has less than one year to run, and these bonds at the longest would not have over one year to run; in other words, the reserve banks would have a security which they could sell not only to American investors-because there are always large funds which must be used at some time lying in the banks ready for investment-they could not only sell these short-time bonds to American investors, but they could sell them abroad as well and obtain gold in either case, and in that way control the gold supply of the country.

The purpose of the Hitchcock plan is that, first, it does take care of the 2 per cent bonds at par and interest. It relieves the banks of the possibility of a serious loss in case that is not done. It does provide the reserve banks with a profitable investment at once, which comes within the provisions of the bill, and it will enable the reserve banks in case of need to replenish their gold supply by selling these bonds either at

home or abroad.

Now, take the other alternative which the Senator-and I beg his pardon for taking so much of his time-has brought to the attention of the Senate; which is, that in case a bank does not desire to go in under any of these plans, does not believe in any of them, and wants to get out of the system and take out a State charter, in what position is that bank? It must indicate within a stipulated time what its purpose is to be. If it does not within that time announce that it is going to remain in the system, it forfeits its charter. We will say it has on hand so le 2 per cent Government bonds. If there were any considerable number of such banks and they tried to market their bonds at one and the same time, we can easily see that, notwithstanding the fact that possibly something is going to be done with those bonds eventually, they would sell down to 90 and perhaps to 85 per cent of their par value. Just suppose for a minute that the holders of \$200,000,000 of 2 per cent bonds wished to market their holdings within 30 or even within 60 days, what would be the result? We would see the 2 per cent bonds selling at 90 and, as I say, at possibly 85 per cent of par, and the only buyers would be speculators, who would think that sooner or later they would be taken care of at a relatively high price. These bonds have been selling above par ever since they were issued until within a few months, and yet on the sales of less than \$20,-000,000 they depreciated from above par to 94. That was in the ordinary course of the market.

I took occasion to investigate the selling of those bonds when the Secretary of the Treasury charged that the New York banks or somebody else were maliciously depressing them for malign and ulterior purposes. My judgment is that there was nothing whatever in the charge, and yet, as I have said, on the sale of less than \$20,000,000 of bonds they were depressed from above par to 94. Suppose the holders of \$200,000,000 of those bonds wished to dispose of them, what would be the result? An enormous depression of Government bonds and the creating of a condition which would affect business throughout this country. Therefore I say that the provision which has been made in the Owen bill is a decidedly bad one and it is not only going to perpetuate a bond-secured circulation, but it does not make

proper provision for the bonds, even if they were to be retired.

Mr. WILLIAMS. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Mississippi?

Mr. NELSON. Yes; I yield.

Mr. WILLIAMS. With the permission of the Senator from Minnesota [Mr. Nelson], I will say that the Senator from Mas-WEEKS] and the Senator from Idaho [Mr. sachusetts [Mr. BRADY] have alike forgotten that there are two alternatives in this proposition, or, at any rate, they failed to mention them in this connection.

In order to maintain these 2 per cent bonds at par and not to violate the contract between the Government and the present holders of the bonds-the implied contract-which was, that they were the basis of circulation, section 18 of the Owen bill provides, first, that the banks shall have the option. The banks can, if they will, come up and pay in and get the bonds, and those bonds can be converted into Federal reserve notes, or the banks can elect to take 3 per cent exchequer bills-one-year notes-which everybody admits will be above par. Then there is an option also-

Mr. NELSON. Mr. President-

Mr. WILLIAMS. One moment. The bank has that double option to start with. Now, the Senator from Idaho [Mr. Brady] has instanced a case where a bank might want to have

should refuse to do so. The bill provides that in that case, for all of those 2 per cent bonds outstanding against which there is no outstanding circulation, they shall be converted into 3 per cent certificates. So that there is an option with the banks, and there is also-as there ought to be-substantially an option with the Government, for the reserve board in this respect represents the Government.

The object of section 18 was to prevent the 2 per cent bonds from going below par by virtue of the fact that they are to be deprived of a privilege which they have enjoyed all the time, to wit, the privilege of being the basis of circulation.

If the Senator will read the provision still further he will find that in the original Owen bill it was provided that not over \$36.000,000, I believe, per annum-

Mr. NELSON. That is right.

Mr. WILLIAMS. Should be so converted; but the Democratic conference struck out that limitation for fear that even that limitation might act psychologically so as to bring the bonds below par. There is no possibility of these bonds going below par.

Now, as to inflating and perpetuating the present national bank-note system. There is something in the argument which has been made on that question. This does work a substitution of Federal reserve bank notes for the present national-bank notes upon the same basis, to the extent that it is within the discretion of the Federal reserve board if it is thought wise to do so; but it also leaves it in the discretion of the Federal reserve board to force them virtually to take 3 per cent certificates or exchequer bills in lieu of the 2 per cent bonds.

Mr. WEEKS. Mr. President, I think the Senator from Mis-

sissippi has correctly stated what may happen, provided the banks remain in the system, but what the Senator from Idaho asked was what is a bank to do that wants to go out of the system? What is it going to do then with its bonds? Where

is it going to find a market for its bonds?

Mr. WILLIAMS. That is just what this provides for. Suppose a bank wants to go out of the system, then that bank gives notice and makes application to the Treasury Department for the sale of its bonds and for interest. When that takes place, that bank may pursue that course or it may pursue the other course of carrying those 2 per cent bonds to the Treasury and getting, in lieu of them. 3 per cent certificates; or, if it demands circulation and wants to redeem it in that way and does not want the 3 per cent certificates, it goes through the process described in section 18; and in that way it gets out. It can get out in either one of the two ways.

Mr. NELSON. Will the Senator from Mississippi allow me

to interrupt him, for I know he wants to be correct? Mr. WILLIAMS. Oh, yes; of course I do.

Mr. NELSON. I want to read this part of the bill, and the Senator will then see that he is in error. It is only the bonds on which there is no outstanding circulation that can be con-

Mr. WILLIAMS. I thought I said that.

Mr. NELSON. Commencing with line 15, it is provided:

United States bonds bought by a Federal reserve bank against which there are no outstanding national-bank notes may be exchanged at the Treasury for one-year gold notes bearing 3 per cent interest.

It is only bonds of that kind that can be exchanged for the 3 per cent gold notes, not those that are the basis of outstanding circulation.

Mr. WILLIAMS. The Senator is right about that.

Mr. BRANDEGEE. And it is only the reserve banks that can do it. The member banks have not that option. Under the bill a member bank can not go to the Treasury and get gold notes in exchange for its bonds, as the Senator from Mississippi has said. It is the reserve bank which has bought the bonds from a member bank which may go to the Treasury and get the

Mr. NELSON. With the permission of the Senator from Mississippi, I should like to proceed, but I do not want to take him off his feet.

Mr. WILLIAMS. I am through. I was merely trying to get

this matter cleared up.

Mr. NELSON. I want to call the attention of the Senator from Idaho to a very brief answer to his question, which is found in the first three words of this section. If a bank does not want to go into this system, it does not have to enter it at all. The section begins with the words "Any member bank." A member bank is a bank that takes stock and becomes a part of the institution. If the bank in Idaho does not go into the system, it is left in the air; it can not come in under this provision.

Mr. BRADY. That is just the point that I was going to them converted into reserve bank notes and the reserve board make. I wanted to ascertain what would happen to a bank if it decided it did not want to enter the system. Such a bank would

not receive any of the benefits of this legislation.

None of the provisions of this section would inure to the benefit of that bank. If that bank would not come into the system, it would have to be extinguished as a national bank; it would have to forfeit its charter; its assets would be liquidated in the hands of a receiver, and its bonds would have to be disposed of like the other assets of the bank.

Mr. BRANDEGEE. Mr. President, I will not interrupt the

Senator if he wants to proceed.

Mr. NELSON. Oh, no; I am quite willing to be interrupted.
Mr. BRANDEGEE. Well, I wanted to call the Senator's attention to page 61 of the print of December 1, from which we have been reading. Beginning in line 15, it is provided:

United States bonds bought by a Federal reserve bank against which there are no outstanding national-bank notes may be exchanged at the Treasury for one-year gold notes bearing 3 per cent interest. In case of such exchange for one-year notes the reserve bank shall be bound to pay such notes and to receive in payment thereof new 3 per cent one-year Treasury gold notes year by year for the period of 20 years.

Not being a member of the committee and not having heard the evidence upon which this provision is based, it is somewhat blind to me, as I read it, as I have done, in this respect. It

In case of such exchange for one-year notes the reserve bank shall be bound to pay such notes and to receive in payment thereof new 3 per cent one-year Treasury gold notes year by year for the period of 20

What does it mean when it provides that the bank "shall be bound to pay such notes and to receive in payment thereof"?

Mr. NELSON. I will explain that to the Senator.

Mr. BRANDEGEE. Does it mean that they are to receive in

lieu thereof-

Mr. NELSON. I think, with all due respect to my friend from Mississippi, or whoever had a hand in framing the provision-

Mr. WILLIAMS. I did not draw it. Mr. NELSON. What I want to say to the Senator is that in principle it is the same as the Hitchcock bill, only it is not so clearly expressed, to my mind, as it is in the Hitchcock bill. Let me read the provision of the Hitchcock bill on this point:

The bonds so purchased may be held by such reserve bank and used for deposit with its reserve agent as security for the Federal reserve notes issued—

This is the language to which I call especial attention-

or they may be exchanged at the Treasury for one-year Treasury gold notes bearing 3 per cent interest. In case of such exchange the reserve bank shall be bound at the option of the United States to renew year by year for 20 years the 3 per cent gold notes so issued.

That is the provision of the Hitchcock bill. The meaning of the language which the Senator from Connecticut has read is practically the same, only I do not think it is expressed so clearly.

The provision in section 18 of the Owen bill reads:

In case of such exchange for one-year notes the reserve bank shall be bound to pay such notes and to receive in payment thereof new 3 per cent one-year Treasury gold notes year by year for the period of 20 years.

It is in legal effect the same as the provision of the Hitchcock bill.

Mr. WILLIAMS. It is just the difference between the renewal of an old note and the issuance of a new note in its stead.

Mr. NELSON. Yes; in its legal effect it is the same, but I can only say that I prefer the language of the Hitchcock bill.

Mr. WILLIAMS. They do not accomplish the same purpose. One is the renewal of an old note, carrying it over, and the other

is the substitution of a new one in payment of the old one.

Mr. NELSON. In the case of Government notes they would
not indorse on the one-year note, "This note is a renewal."

The Government would probably issue a new note.

Mr. WILLIAMS. It would just continue in existence; but in this case they are bound to accept in payment of this year's note a new note of next year.

Mr. NELSON. Yes; in effect the burden upon the banks is the same.

Mr. WILLIAMS. It is the same.

Mr. NELSON. There is no distinction in that respect.

Mr. BRANDEGEE. Now, just one more word—
Mr. NELSON. But here is the distinction: This provision of the Hitchcock bill applies to all bonds, both bonds that are the basis of circulation and those that are not; while in the Owen bill it is limited to the bonds on which there is no cir-That is the distinction.

Mr. BRANDEGEE. And such bonds as have been bought by a Federal reserve bank.

Mr. NELSON. Yes; but you must consider the sentence above, which reads:

United States bonds bought by a Federal reserve board against which there are no outstanding national-bank notes.

Mr. BRANDEGEE. I agree with the Senator entirely. Now, Mr. President

Mr. NELSON. There is a radical difference between the two bills. The Owen bill limits the convertibility into one-year notes to bonds of the United States for which there is no outstanding circulation, while the Hitchcock bill makes it apply to all bonds each year to the extent of 50 per cent of the capital of the reserve banks.

I do not intend to take the Senator off his feet, but I want to say in this connection that there are \$730,000,000 of 2 per cent bonds outstanding. I believe that there are bonds deposited for circulation amounting to \$760,000,000 in round numbers; in other words, there are bonds to the extent of \$30,000,000 outside the amount of the 2 per cent bonds that are a basis of circulation; so that in round numbers out of the bonded debt of the United States \$760,000,000, or somewhere near that figure-I can not be exact to a few thousand dollars-are now in the Treasury as the basis of national-bank note circulation, and of that amount \$730,000,000 are 2 per cent bonds. Now I yield to the Senator from Connecticut.

Mr. BRANDEGEE. Mr. President, I read the following pro-

vision from the bill:

In case of such exchange for one-year notes the reserve bank shall be bound to pay such notes and to receive in payment thereof new 3 per cent one-year Treasury gold notes year by year for the period of 20 years.

At the end of the 20 years, then, these Treasury notes will all have become due—that is, year by year, they being one-year notes—and will be redeemed by the Treasury in gold.

Mr. NELSON. They are redeemed by the Government. Mr. WILLIAMS. They are finally payable. Mr. BRANDEGEE. Finally payable, and that ends that situation.

Mr. NELSON. The time is the same as in the Hitchcock bill.

Mr. BRANDEGEE. Yes; the time is the same.
Mr. NELSON. I will read the provision of the Hitchcock bill: In case of such exchange the reserve bank shall be bound, at the option of the United States, to renew year by year for 20 years the 3 per cent gold notes so issued.

Mr. WILLIAMS. And the hope is that a great many of them will finally be liquidated and will cease to be the basis of circu-

Mr. NELSON. I ask the attention of my friend from Massachusetts [Mr. Weeks] to what I am about to state, for I am not entirely sure that I am correct about it. I suppose the 20-year period was put in the bill on the theory that the 2 per

cent bonds are due in 20 years. Is not that correct?

Mr. WEEKS. It is on the theory that they are due in 20

years; yes

Mr. NELSON. That is, the Government can pay them at the end of 20 years. Then the 20-year limitation is put in in both cases. I want to say, incidentally, that this discussion here is to me most interesting. It shows the great difference between a man who has had experience as a banker and a man who is a farmer and country lawyer like myself. I have to grope my way as best I can, while the Senator from Massachusetts [Mr. Weeks], with his great experience and ability as a banker, can clear up these details much better than I could possibly do, so I am very glad to have him interpose and give us the benefit of his views.

Mr. WEEKS. Mr. President, I want to say that the Senator from Minnesota greatly depreciates his own capacity as a clear

expounder of any question which he is discussing.

Mr. GALLINGER. Mr. President, I will venture to suggest that I have listened to this debate from the beginning to the present time, and I think the Senator from Minnesota [Mr. Nelson] has not "groped" in vain. He certainly has given me a great deal of valuable information. However, I am constantly reminded of the old maxim, "When doctors disagree, who shall decide?" And I find a great deal of difficulty in my mind, even up to the present time, in determining which side is right in this controversy.

Mr. NELSON. Mr. President, I am afraid that in all I have said here I am like the prophet of old calling in the wilder-

ness—the Democratic wilderness

Mr. WILLIAMS. There is no Democratic wilderness; there is a Democratic highway.

Mr. NELSON. I do not mean this in any disrespectful sense,

as the Senator from Mississippi will understand.

I will not take up the time of the Senate further on the questions I have been discussing. I now invite your attention to the question of bank reserves. I shall go into it in detail, and it may not be very interesting, but it may give you informa-tion if you will take the trouble to read it in cold type.

I have already explained the present reserve system of the national banks. All the pending bills propose to change this

system and to substitute therefor a system fundamentally safer and better. The Hitchcock bill, section 20, provides for a reserve of 12 per cent on deposits of country banks and 15 per cent for banks in reserve and central reserve cities. Under the new system there is no occasion for maintaining in the future, when the plan is consummated, a distinction between banks in reserve and central reserve cities, for the banks in central res\_rve cities will no longer act as reserve agents for banks in reserve cities. Taking the statement of the Comptroller of the Currency for September 10, 1913, as a basis, it appears that the amount of the net deposits of all country banks was at that time \$3.595,707,487: that the required reserve of 15 per cent arrounted to \$539,356,423. Two-fifths of this amount, or \$215,-742,449, is retained in the vaults of the country banks, and three-fifths, or \$323,613,613, may be and usuall, is retained in the banks of the central reserve or reserve cities.

The deposits in banks in reserve cities amounted at the date aforesaid to \$1,881.647.300. Twenty-five per cent of this amount is \$470,411.825, and one-half of this, which may be deposited in banks in central reserve cities, amounts to \$235,205.912. deposits in banks in central reserve cities at the same time were \$1.619.335,280. Twenty-five per cent of this amounts to \$404,-The aggregate amount of reserves required of banks in central reserve and reserve cities under existing law is \$875,-Under the Hitchcock bill the aggregate amount required will be \$525,147,389. It thus appears that banks in reserve and central reserve cities will under the new system be relieved of \$350,098,256 of reserve requirement. serve requirement of country banks under the existing system is \$539,356,123, and the total amount of reserve requirement under the Hitchcock bill will be \$431,484,898, thus relieving the country banks of the reserve requirement of \$107,871,225. the Hitchcock bill country banks will be required to maintain in their own vaults 4 per cent of their deposits instead of 6 per cent under the old system, and with the reserve banks 4 per cent of their deposits instead of 9 per cent under the old and of this 4 per cent they may deposit 1 per cent within the first 6 months, 1 per cent within the next 6 months, 1 per cent within the next 6 months, and 1 per cent within the next 6 months, thus allowing the transfer to be made in installments every 6 months until the whole 4 per cent has been deposited, making 24 months in all; and 4 per cent is optional with the country banks. They may keep that part either in their own vaults or with the reserve bank. Banks in reserve cities under the new system will be required to keep in their own vaults 5 per cent of their deposits instead of 121 per cent under the old system, and they will be required to deposit with the reserve banks 6 per cent under the new system instead of 121 under

the old system. This 6 per cent may be paid in as follows: One per cent within the first 6 months, 1 per cent within the next 6 months, and 1 per cent within the next 6 months, thus allowing the transfer to be made in installments every 6 months until the whole 6 per cent has been deposited, making 36 months in all; and the other 4 per cent of the required reserve may be, at their option, kept in their own vaults or with the reserve bank. Banks in central reserve cities are required to keep in their own vaults under the new system 5 per cent of their deposits, instead of 25 per cent under the old system, and they are required to keep with the reserve bank a reserve of 6 per cent, payable in instaliments, as in the case of banks in reserve cities; and the residue of the required reserve, namely, 4 ner cent, they may, at their option, keep in their own vaults or with the reserve bank. By giving such time to the member banks to make their deposits in the reserve bank it makes the transfer of funds comparatively easy and will lead to little or no friction or financial disturbance. The system of reserves proposed in the Hitchcock bill removes in the aggregate \$457.961,476 of the reserves under the existing system from the embargo of that system and makes the same available to the member banks for banking and discount purposes, while of the \$353,887,253 of the reserves required to be deposited with the reserve banks about two-thirds of it, or \$235.918.168, is available for discount purposes. It thus appears that in the aggregate \$693,879,644 of the reserves required under the existing system will be available for discount purposes to member banks and reserve banks under the new

These figures that I am using are obtained by applying the rules under the old system and under the Hitchcock bill to the figures given by the Comptroller of the Currency in his report of September 10, 1913. The Glass bill requires a country bank to maintain a reserve of 12 per cent, 5 per cent to be kept in its own vault and and 5 per cent ultimately in the reserve bank and 2 per cent optional with the member bank. The bill further requires banks in the reserve cities to maintain a permanent reserve equal to 18 per cent, one-half of it to be kept in their own vaults, 5 per cent in the reserve bank, and 4 per cent optional. As to banks in central reserve cities the bill requires practically the same reserve as for banks in reserve cities, with the same option. Under the last edition of the Owen bill country banks are required to maintain a reserve of 12 per cent upon their demand liabilities and 5 per cent upon their time deposits, and of these reserves four-twelfths are to be kept in their own vaults and five-twelfths, payable in installments of one-twelfth every six months, in the reserve banks, and the residue of the required reserve is optional with the member bank. The bill further requires that banks in reserve cities shall maintain a reserve equal to 15 per cent of the amount of their demand liabilities and 5 per cent of their time deposits, and of these reserves six-fifteenths are to be kept in their own vaults, and sixfifteenths, payable in installments, in the reserve bank, and the balance of the required reserve optional with the banks. I think I am stating it correctly. In respect to banks in central reserve cities the bill requires that such banks maintain a reserve equal to 18 per cent of their demand liabilities and 5 per cent of their time deposits, of which six-eighteenths are to be kept in their own vaults and six-eighteenths, payable in installments, with the reserve bank, and the residue of the required reserves, at the option of the member banks, to be kept in their own vaults or with the reserve banks.

I call your attention to this:

The bill further provides that in lieu of cash the Federal reserve bank may accept from the member banks one-half of the required reserves in commercial paper eligible for discount.

This I regard as a very dangerous innovation. Instead of depositing the required reserve in cash with the reserve banks, these different banks are allowed to deposit half of the reserves

required in commercial paper.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Minnesota yield to the Senator from Ohio?

Mr. NELSON. Certainly.

Mr. POMERENE. This provision grew out of the feeling that in making this change it should be as gradual and with as little disturbance of business as possible. The branch of the committee of which I have the honor to be a member felt that if all of the reserves were to be transferred in cash necessarily the member banks making the deposits would have to make some arrangement to get cash, and it might be that they would have to call some of their loans in order to meet the cash requirements.

In order to avoid the necessity of calling their loans to any greater degree than we thought advisable, it was provided that 50 per cent of the reserves might be transferred in the form of eligible commercial paper which could be indorsed and redis-From the standpoint of the regional banks, we could counted. see no difference between taking on the one hand 50 per cent of prime commercial paper, indorsed and passed upon by the reserve banks, and the other 50 per cent in cash; and taking, on the other hand, 100 per cent in cash and perhaps on the next day rediscounting the paper and turning the cash back to the banks.

We believed this would avoid any undue disturbance which might be incident to the collection of the cash by the member bank in the first instance, taking it to the reserve bank, then rediscounting the paper, and giving it back into the marts of

Mr. NELSON. The reply I have to make to that is, in the first place, that we have allowed such a length of time to elapse before the reserves are required to be transferred that it really will be no burden. In the case of country banks we give 24 months, and in the case of other banks 36 months. mobilization of these reserves will not, as the Senator thinks, lead to a contraction of loans. In my opinion, it will lead to this: The banks will withdraw the reserves from the places where they now are, but they will withdraw them very gradu-Therefore, if you allow that length of time, it seems to me it will be no burden. Some of the banks may put in com-mercial paper; most of them, I think, will not in this instance; so instead of loading up the reserve banks-instead of furnishing them an ample reserve of cash with which to operate-you tie them up with a certain amount of reserve paper.

You must bear in mind in this connection that under the bills here—under both your bill and the bill we have reported the reserve banks must keep a reserve of these reserves of 33; per cent, and they must keep that reserve in cash. Now,

assuming that the banks could put in 50 per cent in commercial paper, the only cash reserve they would have would be a limited amount. If you should apply the 33 per cent to the commercial paper and the 33 per cent to the cash, it would be equivalent to applying 66 per cent to the cash. It would be cutting down the cash ability of the reserve banks to the amount of 66 per cent, and to that extent it would cripple them.

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Min-

nesota further yield to the Senator from Ohio?

Mr. NELSON, I do.

Mr. POMERENE, It must be borne in mind that it is the purpose of these banks to pay some dividends, to have some earnings, and this is simply a privilege which is granted to the member banks to furnish 50 per cent in commercial paper. They are not obliged to do it, and this applies only to the payments during the transition period. For the life of me I am not able to see how it is going to be dangerous to say to a member bank, "You can bring \$100,000 in cash and deposit it in the reserve banks to-day and to-morrow rediscount your paper in the amount of, say, \$50,000, or you can bring, in the first instance \$50,000 in rediscounted paper and \$50,000 in cash."

If you should require all of it to be in cash, it might be that the member bank which is seeking to comply with this law would be compelled to call leans to the extent of \$50,000 in

order to meet the cash requirement.

Mr. NELSON. In the nature of the case I do not think that would be so, but just imagine this case: Suppose all the member banks availed themselves of this privilege. You would have the reserve bank starting out with half of its reserves that are supposed to be for the protection of all the banks, represented by commercial paper instead of by cash. If our present reserve system were in that condition-that half of the reserves were in commercial paper instead of cash-you may imagine what would be the result.

The bank is required if it issues reserve notes, to keep under your bill a reserve of 331 per cent; under our bill a reserve of 45 per cent. In this way you cripple it; you load it up with commercial paper, which will not enable it to maintain its

The bank can not loan out more than two-thirds of its reserves. It has to keep one-third of its reserves. If half of its reserves were loaned out, there would be little more to loan of the reserves; it would be equivalent to 66 per cent of the balance of the reserves; in other words, two-thirds of the cash reserves.

Suppose one-half of the cash reserves deposited in the regional banks consisted of commercial paper; the other half of the reserves, 66 per cent of it—two-thirds of the other half in cash would have to remain; and the result would be that you would have only one-third of 50 per cent that would be available.

In that way you would seriously cripple a bank.

Mr. POMERENE. Mr. President, it does seem to me, with all due respect, that the Senator from Minnesota overlooks this fact: If there is a need for a given amount of currency in the country, we must get it either from the member banks or from the regional banks. If all of the banks should avail themselves of this privilege, and furnish 50 per cent in rediscounted paper, there would be very little necessity for these banks to go to the regional banks in order to get accommodation.

Mr. NELSON. But suppose they wanted more money? Mr. POMERENE. Pardon me just a moment. If, however, But suppose they wanted more money? there is a need for the cash at the time, and they bring in all of the reserve requirements in cash, it must be immediately loaned out by the reserve bank. It seems to me it makes no difference, except that the member banks in the first instance must take their money out of the commerce of the country in order to place it in the regional reserve banks, and when they do that to that extent they are disturbing trade conditions,

unless there is a plethora of money in the country.

Mr. NELSON. The Senator is mistaken in one thing. They are not taking the money out of the commerce and trade of the country; they are taking it out of the reserves of the country which are tied up, and they are simply transferring the reserves

from one set of banks to these reserve banks.

More than that, the Senator assumes in his statement that every time application is made to a reserve bank by a member bank for accommodation the reserve bank must issue currency That is not the theory at all. The theory of this bill is that when applications are made by a member bank to have its paper discounted it is the duty of the reserve bank, if it has the cash on hand, to discount it: and it is only when the member bank is short of cash and needs currency that it must apply for leave to issue reserve notes.

What would the reserve banks have to loan out if you should eripple them in the first instance? May not the banks want a great deal more accommodation? May not some banks want immediately to apply to the reserve bank for accommodation? May they not bring up paper and say, "We want to discount this paper; we want to secure so much cash or so much bank credit"? You cripple the reserve banks for the time being; you cut them off from loanable funds.

Mr. POMERENE. There will be less demand for the cash that is in the vaults of the regional reserve banks if they can bring the rediscounted paper. In the statement I made I did not mean to indicate that currency would be issued every time a member bank might make an application for money. Of course, the new currency, Federal reserve notes, would be issued only in the event that the reserve bank did not have the

necessary cash on hand.

Mr. NELSON. Here you have in one case 24 months and in the other case 36 months in which to put in these reserves. If during all that period half of these reserves can consist of commercial paper of one kind or another-I mean eligible paper, of course-during all that period you will have the bank crippled to that extent in doing the business for which it was

Mr. POMERENE. If half the reserves are received by the Federal reserve bank, it will not be compelled to furnish so

much cash to the member banks.

Mr. NELSON. The Senator is assuming that all the applications for loans and all the applications for help during that period would be limited to supplying these reserves. If that were the case, what he has stated m'ght occur; but, as a matter of fact, applications undoubtedly will be made during the seasonal demands for currency. In the fall of every year applica-tions will be made, or every time the crop-moving serson comes around, varying with the condition of the country. You cripple the bank to that extent, and drive it to seeking the issue of currency when it ought not to be driven to it.

The Hitchcock bill provides-and I call the attention of the Senator from Vermont [Mr. Page] to this-that if a State bank or trust company is required by the laws of its State to keep its reserves either in its own vaults or with another State bank or trust company such reserve deposits so kept in such State bank or trust company shall be construed as though they were reserve deposits in a national bank. The new Owen bill is substantially the same with some slight modifications, but it contains an additional provision which seems to me to be of a very questionable character, namely, in permitting a member bank to reduce its reserves in the reserve bank by checking against the same under certain circumstances. That is, it can cut down its reserves by drawing checks against them.

This may lead to undue expansion on the part of a member bank and unduly diminish the resources of the reserve bank. Section 22 of the Hitchcock bill requires a Federal reserve bank to have at all times in its vaults, in gold certificates or lawful money, a sum equal to not less than 35 per cent of its net deposits in addition to the reserves required for Federal reserve notes. This reserve, however, may be, in cases of emergency, reduced to 25 per cent, but no lower; but in case of a reduction from 35 per cent to 25 per cent, a graduated tax as a deterrent is provided for. In these respects there is a difference between

this bill and the Glass and Owen bills.

The Glass bill authorizes loans on improved farms, but not for a longer term than one year, which is of no practical value, as farm loans are not made for such a short period. In the West and Northwest, all through the farming country, I know of no cases of farm loans, mortgages on farms, that are made for less than five years. If a farmer is obliged to borrow a small sum of money for a short time, he goes to the bank and gives his note. If they are not satisfied with his signature they have him get a signer, as they call it; or, if not that, they require him to give a chattel mortgage. Loans on farms are invariably

for five years or over.

Both the Hitchcock and Owen bills authorize loans on improved farms to the extent of 50 per cent of their value, and for a term of five years. Under the Hitchcock bill the aggregate of such loans on the part of any bank must not exceed one-third of its time deposits, while under the Owen bill they must not exceed 25 per cent of the capital and surplus of a bank.

It seems to me that the provision of the Hitchcock bill in this respect is much more elastic and favorable than the Owen bill. The capital of the small country banks is not usually very large and their surplus is as a rule quite small, while their time deposits are always considerable, and inasmuch as they usually draw interest they are of a permanent and reliable character and make them a safe basis for the limit prescribed for farm loans.

In this connection I call attention to one provision in this section relating to farm loans. That was inserted at my instance. We all know out West that national banks have been for years accustomed to receive time deposits, practically doing a savings-bank business. They receive deposits from farmers and pay interest on them, usually in the form of certificates. Some are in the form of bank books, but generally they are time cer-tificates. I know in the little town in which I live where we have three banks, which are comparatively small compared with the big city banks, while the deposits of those three banks run from \$1,000,000 up to \$1,200,000, on an average, more than two-thirds of them—I might almost say three-fourths of them—are the deposits of farmers, and they are time deposits. The banks issue certificates. Usually they do not pay any interest unless the money is left for six months. It is customary if it is left for six months to pay 3 per cent, and if left for one year 4 per cent. The great portion of their deposits are of that permanent character.

Some question has arisen from time to time, but it has never been directly ruled upon so far as I know, or in a mandatory way, as to whether the national banks have the right to accept time loans or pay interest on deposits. To cover that question and make it safe, I had this language inserted in this provision, and I call the attention of the Senator from Ohio [Mr. Pom-ERENE] to it, who does me the honor of listening to me.

That deposits in national banks, payable more than 30 days after bey are made, shall be known as time deposits, and—

I call the Senator's attention to this language-

such banks may continue hereafter, as heretofore, to receive time deposits and to pay interest on the same.

I think that it is very important to save all questions that might be raised, and inasmuch as gentlemen on the side of the Senator from Ohio are in control of the situation, I would suggest to him that he incorporate that provision in the paragraph.

Mr. POMERENE. It is practically placing in a mandatory form what has been the practice.

Mr. NELSON. Exactly; it is legalizing it. I trust the Sena-

tor will see to it that the change is made.

The Hitchcock and new Owen bill both provide that national banks may establish foreign branches. The Hitchcock bill requires that the capital of a foreign branch shall be \$5,000,000, while the Owen bill requires only \$1,000,000. In the opinion of our section of the committee, a branch bank in a foreign country, where most of their banks have large capitals and surpluses, would cut a sorry figure and accomplish little with so small a capital as \$1,000,000; that in order that such a branch bank may be of any service to our banks in this country it ought to be of sufficient size and capitalization to be able to compete, at least for our own business, with the big banks of the foreign countries on equal terms.

Now, Mr. President, I have gone over in detail the very important paragraphs of the bill for the purpose of showing what the Glass bill is, what the Owen bill is, and what the Hitchcock bill is, and I have pointed out what I consider to be the virtue and good qualities of the Hitchcock bill over and above the

Owen bill and the Glass bill.

To summarize briefly what I have thus described in some detail, it will appear that in the following particulars the Hitchcock bill is more efficient and more effective in accomplishing what ought to be the ultimate purpose and object of such legislation, namely:

First. In the number of reserve banks and the capital re-

quired for such banks.

Second. In the matter of stock subscription and its payment, Third. In the matter of the appointment of the board of directors of the reserve banks and the Government control through the same.

Fourth. In regard to the distribution of the earnings of the

Fifth. In regard to the make-up, number, term of office, salary, and powers of the reserve board.

Sixth. In regard to the deposit of Government funds.

Seventh. In regard to the system of bank reserves; and Eighth. Finally, in the most important matter of all, the

issue, the circulation, and the prompt redemption of the re-

serve notes to be issued under the new system.

One of the chief ends sought is to gather up, to concentrate, and to utilize where most needed the mandatory and other reserves of the member banks. As these banks gather up, concentrate, and utilize the funds and credits of their depositors, so the reserve banks must build up a volume of available credits from the resources—the reserves—of the member banks. And the greater the concentration of such reserves, the less they are dissipated and scattered, the more valuable and effective the system will prove to be, especially in great emergencies. | roll.

We are in effect establishing a central bank here at Washington under the domination of the reserve board, with 4, 8, or 12 branches, with the capital and reserves in these branches, to be ultimately handled and marshaled by the central authority that has no funds under its keeping or direct disposal, but must in case of emergency order one branch to help another branch. It is like a general fighting a big battle with 8 or 12 corps on the fighting line without a single central reserve to draw from in case of undue and dangerous pressure on any part of his line of battle. In such a case he must constantly feed the most threatened part of his line from those parts of the line that he deems for the time being to be less threatened, thus weakening one part of his line for the purpose of strengthening another part of his line.

A general relying on such a system of reserves is not a firstclass general and runs a great risk in the hour of combat.

so while in normal times one reserve bank may well rely for help on another bank, through the order of the reserve board. yet in the midst of acute money stringency, or in the face of an impending panic or run, when the conflagration is likely to break out and spread with the force and speed of a great prairie fire, the hasty transfer of funds from one reserve bank to another will be most difficult and hazardous in the extreme, for the bank drawn upon may at any moment be exposed to the conflagration and need all of its resources at home. It is moreover to be noted that each reserve bank will naturally be governed as to the volume of credits it grants by the volume of its own resources, and that it will not, except remotely, be governed in its operations by the operations of the other reserve banks. The presumption is that each reserve bank will ordinarily grant all the credit it can, all that its own resources can well carry. It is also to be further noted that there is lurking in the system a temptation to the negligent management of a reserve bank to unduly expand its own credits for the reason that in case of stress it can look for help to other banks of the system. But I will not dwell any further on these and other drawbacks of the system. It is sufficient for me to say at this moment that all these drawbacks and all other risks incident to a scattered system of reserve banks can be obviated and eliminated only by the establishment of a strong Government-controlled central bank, which because of party platforms and purely political considerations is not to be vouchsafed to us at this time.

I hope the Senator from Mississippi [Mr. WILLIAMS] will

take this to heart.

No less important than husbanding and utilizing the reserves is the securing of a paper currency responsive to the commercial and industrial needs of our country and as good as gold in the hands of the holder. A currency based upon and measured by first-class short-time commercial paper, growing out of the daily transactions of trade and commerce, and not out of speculative and promoting ventures, is the determining factor of the desired elasticity. The volume of such currency will in the nature of the case be governed by the ebb and flow of trade and commerce, the only self-regulating factor; and the requirement of a gold reserve of 45 per cent, as proposed by the Hitchcock bill, will not only make such currency safe, but it will also act as a deterrent to undue expansion, for the gold reserve must be secured as well as the commercial paper before the reserve notes can issue. A reserve bank can give book credit and note credit. I refer to our bill. Its book credit is backed by a reserve of 35 per cent, while its note credit is backed by a gold reserve of 45 per cent. And this ample gold reserve, as the experience of the other great countries of the world teaches us, will at all times check undue expansion of note credit. And this lesson comes to us not only from abroad, but our own experience, under the obsolete State bank systems, affords us ample evidence of the danger that flows from the issue of paper currency without ample gold reserve. to be observed that a strong central bank is much better equipped for securing and maintaining an ample gold reserve by its control of discounts than a system of scattered reserve banks; but while this is so, we can, however, congratulate ourselves that the reserve notes that are to be issued under the proposed system will undoubtedly be as safe in the hands of the holders as our existing national-bank notes, so that while we have sought for and, in a measure, secured elasticity we have not sacrificed soundness and safety.

The PRESIDING OFFICER (Mr. THORNTON in the chair). The question is on the amendment of the Senator from Okla-

homa [Mr. OWEN]. Mr. BRISTOW. Mr. President, I suggest the absence of a

The PRESIDING OFFICER. The Senator from Kansas suggests the absence of a quorum, and the Secretary will call the

The Secretary called the roll, and the following Senators answered to their names:

Goff Gore Hitchcock Smoot Stephenson Stone Sutherland Overman Page Perkins Pittman Poindexter Pomerene Reed Robinson Borah Brady Brandegee Bristow Bryan Hollis Thompson Thornton Tillman Townsend Hughes James Johnson Burton Kern Lane Lea Lewis Chilton Vardaman Walsh Warren Weeks Williams Clapp Clark, Wyo. Clarke, Ark. Crawford Cummins Dillingham du Pont Saulsbury Shafroth Sheppard Linoitt McLean Martine, N. J. Nelson Norris O'Gorman Sherman Shields Shively Simmons Smith, Md. Smith, S. C. Works Gallinger

The PRESIDING OFFICER. Sixty-four Senators have answered to their names. A quorum of the Senate is present.

Mr. OWEN. I observe that, although I was in the Senate Chamber, I neglected to answer to my name on the call.

The PRESIDING OFFICER. Does the Senator from Okla-

homa ask permission that his name be added?

Mr. OWEN. No: I do not.

Mr. BURTON. Mr. President, I desire to give notice that to-

morrow at the close of the routine morning business I shall seek to address the Senate on the question of regional banks versus a central institution.

Mr. CRAWFORD. Mr. President, last night at the close of the evening session I was making some observations on the pending bill. I wish to occupy the attention of the Senate a short time only in continuing the line of discussion in which I

was engaged when the Senate adjourned.

I was discussing the question of the ownership of the stock in these reserve banks and the provision in the bill which coerces national banks into taking the stock or suffering the penalty of giving up their charter and going out of business. I challenged Senators to point to a single provision anywhere in the existing banking systems of the world as a parallel for this coercive feature of the pending bill, and I insist that no such precedent can be cited.

Mr. President, if it appeared that the principal and essential purpose for which this law is to be enacted would fail in the absence of this drastic coercive feature, there might be some justification for it; but it does not seem to me that there is anything in the situation which sustains the contention that the purposes sought to be attained by this legislation would fail if the matter of subscribing and owning the shares in these banks was made optional so far as the national banks of the country are concerned, just as it is optional so far as State banks and trust companies are concerned, and if the public were to have the privilege of subscribing for this stock as well

I have here a statement by one of the experts who came before the committee, a very competent gentleman, disinterested, as I understand it, not himself engaged in the banking business, and therefore not speaking from the standpoint of self-interest at all. Mr. Conant came before the committee several times and placed his valuable services at the disposal of each of the factions of the committee which have made reports here, and his opinions were highly respected. In his testimony, discussing the particular feature to which I am addressing myself, he said:

self, he said:

I am opposed to the present draft of the bill in compelling national banks to enter the system or dissolving their charters within one year. I think it is not in accordance with the conservatism of Anglo-Saxon laws. I understand it is legal—that the Government has reserved the right to modify or revoke charters. But in Massachusetts, of which State I am a native and of which State I am proader at the moment than that in which I now live, the law which authorizes the legislature to modify or annul charters is supposed to be invoked only in case of gross laches on the part of a corporation, or to make some trifling ameadment. The proposition that a corporation which has a charter for 20 years, and in which shareholders have invested their capital, believing it would be a good investment, within one year should be compelled to accept provisions which it appears are objectionabe to many of them, or be dissolved. I think is drastic and un-American. That does not necessarily imply that the bill can not be carried out with some modifications.

Mr. Conant expresses confidence that this enforced subscription of stock is not necessary to the successful operation of the law, and that it can be put into operation just as well through subscription extended to the public as by confining that subscription and ownership to the banks themselves. He says:

This whole bill is largely an experiment. There is nobody who can predict how it is going to work. We can not predict whether the present banks are going to tumble over each other to get into the system or stay out. It would be a very unfortunate experience if three-fourths of them should stay out. Perhaps you can do it, provided that your big institutions in the reserve cities and the central reserve cities shall be brought in by persuasion or perhaps by a certain amount of compulsion, although I do not believe much in compulsion in financial matters. If you have

a means of providing banking capital in your reserve centers, the system will so along just as well without the smaller banks. If you can sell your capital to private shareholders, with a 5 per cent interest, with a reasonable expectation of making 5 per cent on the investment. I think you would have no difficulty in selling it. Then you would be able to start the system on a sound going footing, and the question whether other banks should come in would be left to subsequent developments. ments.

Now, Mr. President, just look at this proposition squarely for a moment and see if the statement of Mr. Conant does not meet your own view of fairness and justice in harmonizing this legislation with the common rights of the average citizen of these United States and with the rights of stockholders who hold stock in a small national bank of only \$25,000 capital or \$50,000 capital; and, as I recall it, over one-half of the seven thousand and odd national banks in the United States are banks with a capital of \$50,000 and \$25,000.

Those are the small banks, serving country constituencies, not engaged in the large financial operations of the country, but serving effectively and well small communities in small towns and in country villages. The stockholders of those banks as individuals have nothing to say about whether or not they shall take this stock. They have the same standing and no more as other individuals in those communities who have no stock in those banks.

My friend from Missouri [Mr. Reed] last night intimated, when he interrupted me, that because these banks are scattered all over the country and their stockholders are men engaged in the ordinary vocations in those various communities, to require the banks in which they have shares to come into this system and to take this stock is, in effect, requiring the public to take this

ock. That is far-fetched. It is not a correct statement at all. This bill is not dealing with those stockholders, it is not recognizing those stockholders, it is not recognizing any right on their part to ownership of the banks we are creating, but it is dealing with the corporate entity which we call a national bank or national banking association; it is dealing with it in its essence as an incorporated bank. It is not recognizing in any sense the stockholders who may have a share in it. It is saying to that corporate entity called a national banking association, "You, and you alone, are required to subscribe for this stock, and you refuse to subscribe to it at the risk of giving up your existence." In principle it is the same as if this law, instead of saying it to this corporate entity which you are recognizing here as a national bank, were to say to the stock-holder engaged in his ordinary pursuits, "We require you to subscribe stock to this enterprise, or we prohibit you from continuing to carry on your business." That is not literally a correct statement of the situation, I admit, because this is a bank with a charter received from the Government, granted to it by an act of Congress, while the individual stockholder, as an individual, is engaged in the prosecution of his individual and private pursuits. I do not mean that it is parallel and identical, but I say that the consequences, the penalty visited upon this bank because it refuses to take this stock, is a penalty which, in effect, puts that bank out of business, just as the Government might put the individual out of business.

Mr. REED. Mr President——
The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Missouri?

Mr. CRAWFORD. I do.

Mr. REED. I undertook to interrogate the Senator from South Dakota last evening, but he was too busy to permit me to conclude what I wanted to ask him.

Mr. CRAWFORD. But the Senator will remember that it

was pretty late.

Mr. REED. Yes; I recall that it was late, and, of course, the Senator is not obliged to break in on his discourse. like, if the Senator now has a disposition to yield to me for that purpose, to ask him one or two questions in order to elicit his views.

The Senator speaks of a distinction between requiring the stockholder of a national bank or permitting the stockholder of a national bank to take the stock in the regional bank and requiring the bank as a corporate entity to make such subscription. Does the Senator think that that is a substantial difference as a practical question?

I mean that if a thousand men own the stock of a bank, they own the bank; they own the corporation. If it would be fair and proper to require the stockholders, as such, to subscribe for an additional share of stock each, would there be any difference in the practical effect worked out under that kind of requirement and requiring the corporate entity itself to subscribe for an equal amount of stock?

Mr. CRAWFORD. I do not see that there would, and I should be opposed to a law which would undertake to coerce the individual stockholder against his will into subscribing for an additional share of stock, holding before him the penalty that unless he did so he could no longer transact business, as un-American and against the spirit of Anglo-Saxon civilization, just as strenuously; and more so, indeed, than I would urge it against the entity you call the national banking corporation.

Mr. REED. I may have misunderstood the Senator, but I

understood him to be making that very distinction.

Mr. CRAWFORD. Not in that way; far from it.

Mr. REED. And if he was making that distinction, I wanted to ascertain whether he thought there was any real difference between the two plans. That brings us to this—
Mr. CRAWFORD. Let me make myself clear there.

Mr. REED. Certainly.

Mr. CRAWFORD. It would add to the repugnance and the revulsion I have for the enforcement of such a principle if it were applied to the individual stockholders beyond what I now hold against it as applied to a banking corporation.

Mr. REED. Now, may I not be permitted to ask one or two further questions? Does the Senator think that a bank should so manage its business affairs that it can not pay to its depositors on demand the money they have turned over to it?

Mr. CRAWFORD. I entirely justify the purposes of the bill, which are to make the banks more efficient and more able to meet such demands as the Senator refers to; and my contention is that those features of the bill can remain operative and in full force and effect and be executed with free ownership and the right of public subscription to the stock as well as if it is confined, as proposed here, to coercive subscription by the banks.

Mr. REED. Of course, Mr. President, I am trespassing on the Senator's time, and-

Mr. CRAWFORD. I am perfectly willing to yield. Mr. REED. And I have no right to indicate to him the character of answer he ought to make, but the question I asked

was merely preliminary.

Mr. CRAWFORD. My answer is affirmative, if the Senator prefers to have it that way for the purpose of asking another

Mr. REED. If it be true that it is the duty of a bank to always hold itself in a position to respond to the legal demands of its depositors, then I ask the Senator if it is not the duty of the lawmaking power to prescribe regulations which will, so far as possible, compel a bank to maintain itself in a position to respond to the demands which the Senator says it ought to respond to?

Mr. CRAWFORD. I cordially agree with that statement.

Mr. REED. The Senator, then, will agree with me that Congress has the right to require the banks to keep in their vaults enough reserves to be able to respond to every demand, will he

Mr. CRAWFORD. That is making it pretty broad, because that might be construed as requiring them to keep in their

vaults practically all the money they have.

I am talking about the right of Congress as a legal proposition, not as a question of accommodating the banks. The Senator has already said that the banks ought to maintain themselves in a position where they can respond to every demand. If they ought to so maintain themselves, then Congress ought to command them to so maintain themselves, should it

Mr. CRAWFORD. Well, I do not want to make a statement so broad that it would imply that the Government could create a bank, induce and encourage men to subscribe to its stock and to invest their capital in the stock for the purpose of carrying on business, and then turn around and practically paralyze it; for instance, with the declared purpose of making it safe, going so far in that direction that it would prevent it from doing business at all. I think the exercise of power to so great an extent would be an abuse. I do not know how far the Senator from Missouri means to go.

Mr. REED. I am not talking about the Government going to the extent of doing anything which would be merely destructive; I am talking about the duty of the Government to compel banks to maintain themselves in a position where they can respond to just demands, which the Senator has already said

they should always be prepared to respond to.

Mr. CRAWFORD. All reasonable regulations of the law with that object in view are certainly within the scope of con-

gressional authority and are sound in principle.

Mr. REED. Now, Mr. President, if that is true, the Govern-

ment clearly has the right to require the banks to maintain larger reserves than they now maintain. That is true, is it not?

Mr. CRAWFORD. To maintain larger reserves, or they can change the method of managing and holding the reserves so

that they will be more efficient; for instance, by mobilizing them, by having a common reservoir for them, and perhaps by reducing the amounts required, because rendering the reserves more effective, more mobile, would make it possible to reduce the aggregate amount held by each bank.

Mr. REED. But the Senator is doing more than answering by question. He does concede that the Government has the my question. right, in the interest of the safety of depositors and in order that the banks may be compelled to always stand able to meet just demands, to increase the amount of reserves or to require the reserves to be held in a certain place other than they are now held, which, of course, concedes that feature of the bill which requires the reserves to be placed in regional banks.

Mr. CRAWFORD. Very well; I am not finding fault with

Very well. Then the complaint of the Senator is reduced down to the question of a contribution to the capital stock of the institution which is created for the benefit of the banks in order to enable the banks to mobilize their reserves and to use their reserves for their own benefit; in other words, the Senator's complaint is that, in endeavoring to relieve the banks, in endeavoring to create a greater efficiency for the banks, in endeavoring to furnish them facilities by which they can utilize reserves which now must lie dead or dormant, the Government proposes to be guilty of the heinous offense of asking the banks to contribute 6 per cent of their capital and their surplus to the creation of a reservoir that is built for their benefit and the benefit of nobody else. Does the Senator think there is any outrage or wrong in that?

Mr. CRAWFORD. Mr. President, the Senator with his usual strength and power and, I must confess, with the ingenuity with which he is gifted, makes a statement from his viewpoint, but I decline to adopt it-I am addressing myself now to his last sentences—as a correct statement of this particular propo-

sition.

Mr. President, the question of requiring banks to keep reserves and hold them, either in their own vaults at all times as a protection to their own groups of depositors or giving them the option either to hold reserves in their own banks or carry a portion of them in certain other banks in reserve cities or in central reserve cities or in reserve banks, is not a question in which the banks alone have an interest.

Mr. REED. No.

Mr. CRAWFORD. It is a question in which the entire country has an interest; it is a question in which every person who may have business in any of the banks has a very lively interest; it is a question in which the entire fabric of business throughout the United States stands in a relation of very great dependence; and it is upon the broadest grounds of public policy, and to promote public welfare, that legislation of this sort is proposed. It is not a question of simply levying a tax or an assessment upon a particular line of business in order to capitalize the reserve banks, and it is not fair to undertake to confine it to a limit of that kind. The bill which I am criticizing in that respect does not propose to do that, because it undertakes to guarantee that, if the business will justify, it will pay to the banks subscribing to the stock of the reserve banks dividends at 5 per cent.

Mr. REED. Mr. President, the public is interested in the banks not going down. Nobody said they were not. Of course, all business depends upon the banks remaining stable, because we do business through them. Nobody has denied that. What I have said is that the primary obligation is upon the banks, and that this bill is primarily intended to make the banking system more capable of performing its functions, to protect it from disasters that now threaten it, to enable the bankers to use reserves they can not now properly use; and that, therefore, the direct benefit, the immediate benefit, comes to the banks. Now, Mr. President, if the Senator will pardon me, does he

think that the banks are taking any chances of losing the capi-

tal they put into the regional banks?

Mr. CRAWFORD. I am not discussing the question from that standpoint at all. The Senator is anticipating. He is asking questions along a certain line before I have developed my I refuse to place the proposed organization of the reserve banks and the mobilization of reserves, the establishment of these reservoirs, upon the narrow ground that we are simply providing for the creation of a bank for banks. We have heard it over and over again here that the new system is simply to provide a bank for banks. It ought to be something more than a bank for banks, and that is why I am criticizing it.

Mr. REED. That hardly answers my question, which was, whether the Senator thought that the bankers and the banks were taking any great chance of losing the amount of money which they may contribute to the stock of the reserve banks?

Mr. CRAWFORD. I have made no such statement and I make no such contention. I do not contend that this is an unsafe investment for the banks. I think it is very probable that it will be a good investment; that it will earn money; and, therefore, I maintain that it should not be an exclusive privilege enjoyed only by the banks.

Mr. REED. Mr. President, if it is almost certain to make money, if it is so fine an investment that the banks ought not to be permitted to have it exclusively, then what becomes of the Senator's argument that we are perpetrating an outrage upon the banks when we compel them to make an investment which is so good that it is an outrage to refuse to the general public

a chance to participate in it?

Mr. CRAWFORD. Mr. President, my objection to the principle underlying this feature of the bill is not weakened one particle, whether you take the view that it is going to be a losing investment or whether you take the view that it is going to be a profitable investment. The principle is just the same in each case. If the Government of the United States comes to me and undertakes to say that I must invest my money in the stock of the Chicago & North Western Railway Co., and that if I do not do so within a period of one year the strong arm of the Government will compel me to abandon the prosecution of the business in which I am engaged, it does not change the dangerous character of that principle, whether they can convince me that upon my investment in the stock of the Chicago & North Western Railway Co. I would receive a dividend of 50 per cent per annum or whether I could convince them that I should lose every dollar that I put into it. The principle is the same in either

Mr. REED. But, Mr. President, the Senator entirely misses the point. Nobody proposes to say to a private citizen, "You shall make an investment"; nobody proposes to say to a bank, "You shall make an investment." What it is proposed to do is to say to the banks, "You shall make yourselves safe; this is the means provided; and if you do not take it and thus place yourselves in a position to respond to your legal liabilities, then you must go out of business." I now want to apply the Senator's own illustration-

Mr. CRAWFORD. Mr. President, if the Senator will permit

If the Milwaukee road-Mr. CRAWFORD. Mr. President-

Mr. REED. Let me finish.

Mr. CRAWFORD. I want to

Mr. REED. Let me finish this statement.

Mr. CRAWFORD. The Senator knows that I have the kindliest feelings toward him, and all that, but does the Senator think it is quite fair to my argument, before I have fairly started, to put in all this time, going from one question to another and from that to another, until I have practically been carried far afield and broken the continuity of my argument? I say that now, so that the Senator will have some consideration for my desire to present my thoughts in a somewhat connected manner.

Mr. REED. I want merely to finish this statement, and I will not further interrupt the Senator, because I think he has

been very patient and very gracious.

I want to apply his Milwaukee railroad illustration as it ought to be applied. The Government has no right to say to the Senator, or to any other citizen, "You must buy the stock of the Chicago, Milwaukee & St. Paul Railroad. If it were to undertake to do so, it would violate the fundamentals of our Constitution; but the Government has the right to say to the Chicago, Milwaukee & St. Paul Railroad, "It is your duty to provide reasonably safe appliances and reasonably safe tracks over which to carry the citizens of the country; if you have a bridge over a stream in a dangerous condition, you shall repair that bridge or you shall quit business.'

That is a parallel to this thing. The Government has no right to say to the private citizen: "You shall subscribe to the stock of a bank." The Government has no right to say to a bank: "You shall subscribe to the stock of another bank." The Government has, however, the right to say to a bank: "You are in a dangerous position, and here is a remedy we propose. You must accept that remedy and put yourself in a safe position, or we will no longer permit you to exist, because you are not capable of fulfilling the functions you undertook to fulfill and for which

we chartered you."

That is all there is of this cry of "outrage" and "wrong." Instead of the banks complaining because they are required to contribute to this system, they ought rather to regard it as a legislative beneficence which is proposed; for we intend, under this bill, to make their reserves liquid, to permit them to re-

borrow those reserves, and thus have the benefit of them. On top of that, we propose

Mr. CRAWFORD. Mr. President-

Mr. REED. We propose under this system to issue the money of the Government, and give it to these banks Mr. CRAWFORD, Mr. President—

Mr. REED. Just a moment.

Mr. CRAWFORD. I yielded to the Senator to ask me a

question, not to make a long argument.

Mr. REED. When banks, under that sort of proposition, complain because they are required to put up 3 per cent of their capital and surplus, upon which they get practically 71 per cent return, it is a poor position for banks to take, and it is a poor position for their special pleaders to occupy.

Mr. CRAWFORD. Is the Senator asking me a question? I failed to get it, if he was asking a question in that speech.

Mr. REED. I said I would not say anything more, so I shall have to sit down.

Mr. CRAWFORD. Mr. President, it becomes a habit, in undertaking to meet arguments upon the floor of the Senate, by some sort of innuendo to attempt to put the person presenting the argument into the attitude of being a special pleader, interested in a special way, for the purpose of weakening in advance the things he desires to say.

My opposition to the coercive feature of the bill does not rest upon any concern for the banks. They probably will take care It is a protest against the application of a principle which I believe to be unjust; unjust if it related to stockholder, unjust if it related to an individual citizen anywhere, and in the same way, no more and no less, unjust to this

entity you call a banking corporation.

I maintain that the capital it is sought to create in these reserve banks to enable them to hold reserves, to receive deposits, and to issue reserve notes, can be secured, and that this system can be erected and made successful without this coercive feature in the law. It is equally vicious whether the invest-ment in the stock by these banks results in great gain and profit to them or whether the investment results in material loss to them, and to their disadvantage. It makes no difference which result follows. If the investment is a profitable one, if it is one upon which they are to reap great advantage and the ownership of the stock is confined to them, then you are conferring upon them a special privilege, and you are denying that privilege to all the rest of the universal society under this Government. Is that right?

Suppose I have \$5,000 which I am anxious to invest, and I think this stock in a Federal reserve bank is a good investment; that I am perfectly willing to take 5 per cent dividends on my investment; that I am anxious to take that stock. Is it fair or just to say to me, "You are not recognized; you have no rights; we refuse to take your money; we refuse to permit you to invest in it; this privilege is to be conferred only upon

banks"

Why should it be confined to and conferred only upon banks, if it is a profitable investment? The people of the United States who have their funds husbanded are anxious to invest They are glad to get securities that are backed by the Government of the United States. They want municipal bonds or State bonds or Government bonds-securities of that kindbecause they believe in them, because they think they are safe, because they are good investments.

I believe this stock will be a good investment for those who are satisfied with 5 per cent dividends. Why should the law be so framed as to exclude Smith, Brown, Jones, and Robinson from subscribing to the stock, and confer that right only upon

banks?

If you take the other view of the matter, if it is to be a losing investment, it is just as vicious and just as bad. Suppose we assume that it will not pay the 5 per cent dividends; that the dividends may be passed one year after another; that the reserve banks will be a disappointment. Suppose we assume that they have not found avenues in which to invest the vast deposits they are holding. They are confined to dealing with banks, and can not deal with the public. They have not been able to earn the dividends; the investment has lain idle, and brought back nothing, and the certificates issued for the stock have depreciated until they can not be sold at par. Suppose we assume that they have gone down to 75 per cent or 50 per cent. Then you have coerced the little bank out in the country, with \$25,000 capital, into making an investment against its will, against its judgment, and you have put upon it that loss.

The rule is just as vicious in one case as it is in the other. am insisting that whether the Government, as a matter of law, has the arbitrary power to compel this thing or not, it ought not to do it; that it is un-American to do it; that it is against the spirit of freedom in investing one's own means and is not called for here. That is not necessary. There is no precedent

found for it anywhere.

I desire now to call attention to the situation with reference to the matter of ownership of the great European banks. I call attention to a statement made by the very able and competent gentleman who was employed by the committee of the House of Representatives when it made its investigation of the Money Trust-a gentleman who enjoyed the complete confidence of the committee, so that its members never asked witnesses a question. This gentleman asked all of the questions. He assumed control of the entire course of the examination from beginning 'to the end, and it was extended over many months. His wide experience in the city of New York, his familiar acquaintance with all of these abuses in banking circles and in the great combinations of the country, especially fitted him for the service he was employed to render and did render. I am speaking of

I wish to call attention to what he says in an article contributed to a magazine after these hearings were all concluded and the report made, which I have no doubt in a large measure was prepared by him. It is an article which he contributed to the public for the information of the American people after the Glass bill had been introduced in the House, after the distinguished chairman of the Committee on Banking and Currency of the Senate had offered his bill here, and when the merits of the two bills were being discussed in the other branch of Con-

gress and by the public generally.

Mr. Untermyer, in this article in the North American Review, published in October last, says:

As I read the bill, the reserve banks are not allowed to take private deposits nor to buy, sell, discount, or rediscount domestic bills or notes in the open market or by any means except for or through the member banks. In that way all healthy competition in the discount market is strangled, and the only effective way of keeping down the rate is prevented. If we ever hope to establish a discount market, the bill must be amended in the latter particular.

He goes on and discusses these foreign banks and the ownership of their stock. He says:

ship of their stock. He says:

In England, France, Germany, and other countries the central or Government banks take private deposits and buy paper directly in the open market in competition with the private banks, bankers, and individuals who are their customers and for whom they rediscount. In this way the private discount rate is regulated.

In 1906 the Reichsbank had 70,000 depositors, of which only 2,500 were banks. There were 25,000 merchants, 9,500 farmers, 22,000 industrial companies. The first deposit must amount to not less than 150 marks (\$312,25), but the smallest deposit entry allowed is 2½ cents.

That is the kind of bank this great German Imperial Bank is. He goes on and says:

In the same way the banks of France, England, and other countries have vast numbers of depositors, of which only a small proportion are banks. All the European Government and quasi-Government banks compete with the private institutions both in the taking of deposits and in the purchase and discount of commercial paper, except that they allow no interest on deposits.

He goes on further in regard to the ownership of these banks:

He goes on further in regard to the ownership of these banks:
The Bank of England has 145,530 shares scattered among 11,986 individual shareholders, or an average holding of less than 124 shares each. Each owner of 500 shares or over has but one vote regardless of the amount hold.
The Bank of France has 182,500 shares held by 32,867 holders, averaging 54 shares each tholder—11,592 holders have 1 share each; (8,88) have 2 shares each; 1,742 have 10 to 20 shares each; 1,088 have 21 to 50 shares each; 246 have 51 to 100 shares each. Only 108 holders have 100 shares or over.
The Reichsbank has a capital of 100,000 shares. There are two classes of stock—40,000 shares of 3,000 marks (\$750) each and 60,000 shares of 1,000 marks (\$250) each. On January 1, 1912, there were 18,757 holders, with an average of 54 shares each; 16,537 domestic owners held 29,810 shares of the first class and 58,540 shares of the second class.

These are the great imperial banks of France and of Germany that we have had pointed out to us over and over again during the years we have been investigating the question of improving our banking and currency system. Those great banks, which are held up to us as the guiding lights for us to imitate and follow, are banks whose stock belongs to the people, individual owners extending throughout the Empire, running up into thousands of holders, and are open to business transactions with them and with the public.

What have you here? While, as I said last night, I expect to vote for the Hitchcock bill, and if it is defeated to vote for the Owen bill, because I heartily and fully believe in the provisions for an elastic currency and the mobilization of bank reserves, and I think the provisions in each of the bills with regard to those two points are excellent, I am bound to say that in other respects—and this question of ownership is one of them—the bill as it came to us from the House, and as it is presented by the Senator from Oklahoma, has some very vicious things in it.

In the first place, you are interlocking all the national banks together. You are practically, by operation of law, making a joint ownership and trust combination among them and excluding the public from any ownership or any interest in them. You are compelling the little banks to come in, and it is done with the knowledge that they will be overshadowed, dominated. and controlled and overwhelmed by the big banks.

Who felt the keenest need for the relief this bill is to furnish? The big banks. It was the big banks that failed in discharging their duty to the country banks, namely, to give them their money when they were entitled to it in 1907. The big banks wanted this relief, asked for it, organized, and pushed a propaganda all over the country for a number of years to secure it. Of course they wanted a privately owned central bank, for which the American people would not stand, but they took the initiative. They gathered together the literature. They went out and made the speeches. They built up the sentiment because they felt the need of having these provisions for mobilization of reserves and for additional currency in times of distress.

In that respect their desire was sound. I have no criticism of that. They wanted, however, to throw out a net and compel all the little banks everywhere throughout the country to come in. They sought to shape the first bill so that they would have to come in, while apparently making it optional. In this bill you cut across lots, upon the theory that the shortest distance between two points is a straight line, and say to these little banks: "You shall come in or quit business." When they ask: "What are we to receive as justification for our coming in?" you point out to them the provisions for redis-count. You say to them: "You can bring your portfolio to a reserve bank, and you can get a book credit there, or you can put in your prime bills of exchange and notes and get currency. and go back home and loan out the currency to your people."
"Yes; but what kind of prime commercial paper do you require?" "Well, it is commercial paper maturing in 30 days, 60 days, or not to exceed 90 days." The little banker out in a village of 1,500 people says: "We have no such paper. We loan to the live-stock grower and dealer. We loan to the country merchant. We loan to the farmer. These borrowers come in and pay their interest and get a renewal from year to year, or from one six-months' period to another six-months' period. We have no 90-day maturing paper, except so small an amount that we could not get any particular benefit from your bank. Besides that we have our correspondents in St. Paul and in Sioux City and in Minneapolis and in Omaha with whom we are carrying accounts. They accommodate us, and we have no We feel no need for anything of this kind. We feel no necessity to take stock in this bank. You have so hedged about your provisions for rediscounting paper and your classification of the kind of paper that will be received that they are of no benefit to us. We would like to get our money from the big banks down in New York when they owe it to us and we need it, and they refuse to pay it. We would like to have you build up a new system by which we shall not have a repetition of the experience of 1907, but so far as this reserve bank being of direct benefit to us in the way of rediscounting paper, it is of no benefit at all." Your answer to this small country Your answer to this small country bank is, "You have got to come in or give up your business. You say to John Smith, who would be glad to take 100 shares of this stock and get his 5 per cent dividend and who stands ready to subscribe for it, "No; this goes to the banks. You can not have it."

I protest against that as an unsound principle. believe tying up the banks through coercion into this kind of a close corporation, excluding the public, is a good thing. So far as that feature of the bill is concerned. I believe it is a bad thing. I do not believe you will find, as I said last night, a parallel for it anywhere on earth.

The private bank, the State bank, is not required to come in. There are, as I recall, about 17,000 of them in the country. They will continue to send their reserves down to New York and get 2 per cent on daily balances. The 2 per cent which they will get will go into their coffers, and the reserves which they keep there will continue to be invested in call loans as heretofore, because they are not in this system. not reaching these 17.000 State banks and trust companies. You are leaving it optional with them whether they shall come in or not. They may continue doing business in the old way, getting interest on daily balances as they did before, keeping accounts in New York and elsewhere as they did before, and they are competing in the various communities with the small national banks, which you are compelling to come in.

How are you going to get in all the banks? There is no way on earth to get the State banks in except as they come in voluntarily. You will not have one-third of the banks in when you force the national banks in. You will have more than two-thirds of the banks of the country still outside of the reserve

Why is it not better to have the capital stock of this bank furnished voluntarily by investors from the rank and file of the citizenship of the country? Why is it not better to open the books and let them come forward and take it, giving preference to small subscribers, and protecting the holding of this stock so that it will be impossible for it to be gobbled up and monopolized by a few? Why will not that be better? By doing so you will increase the banking capital of this country, from individual investments, \$105,000,000.

We were told by Mr. Forgan and other bankers when they appeared before the committee that it is legitimate banking to lean out \$12 to the public for every dollar held by the bank as capital, and under pressure the banks go farther than that.

It is admitted that there is not sufficient banking capital when compared with the expansion of credits throughout the

Now, if you can bring \$105,000,000 additional banking capital to the service of the American people from the pockets of individuals by opening the subscription books and letting them take this stock, why is that not better than by force of law to coerce every country bank into a great organization, which when created is a banking trust greater than any we have yet

I believe it is better to get the money from the pockets of individuals for the capital of these reserve banks and require national banks to place their reserves in them, as this bill provides. The Senator from Missouri [Mr. Reed] was correct in stating that it is a function which the Government has a right to exercise, for the purpose of protecting the public business and depositors, to require these banks created under Federal law to keep reserves and prescribe the manner in which they shall carry them and where they shall be kept. There is no doubtful exercise of authority in that. When this capital is offered to private citizens of the country they will come forward and take it, and they will take it because it is a good investment, because they have faith in the Government, and for the 5 per cent divi-Make the national banks carry their reserves in these new Government banks and you will have accomplished the purposes of mobilizing reserves that you seek without compelling the country banks to take money out of their loanable assets and deprive the patrons of their communities of the use of that

By such public ownership you would, in addition to this increase in banking capital, secure an extended, diversified ownership among the people of the country in these new banks. would create a reservoir in which the reserves will be kept for the purpose of relieving any weak spot in time of stress and danger, just the same as you have it under the House bill and in the bill presented by the distinguished Senator from Oklahoma. I contend that such a provision for public ownership is better and that it relieves this bill from that coercive feature which is repugnant and repulsive to the average American

As to the attempt to create an impression that those who hold this view of the ownership urge it because they are in some way not in sympathy with proposed legislation, and have a special interest in the banking community, let us look at that for a moment. You have created in this bill, if it becomes a law, eight great banks. You have required those banks to do business for banks and the Government and nobody else. You have denied the privilege of investing a penny in the ownership in the stock of these banks to the individual citizen and you have provided for a board of directors to manage them, in which you allow the banks to have the selection of six and the Government to have the selection of three. The banks select three who are directly interested in the proprietary banks and three others—of course, from their customers—engaged in agricultural, commercial, and manufacturing pursuits; but the member banks select them, and you need not doubt that they will know who those three other men are when they select them; they select these three, and the other three who are directly interested in the stock-holding banks; that makes six; while then the Government selects but three.

You have formed a great banking trust when you create these banks and exclude private individuals from any ownership in them or any voice in their management. You have confined the ownership to banks, and you have given them power to elect the number of banks which then took place, and would this have

controlling members on their boards of directors; but because we suggest something better the insinuation is made that we are special pleaders, in some way interested in behalf of these banks.

Our proposition is that the Government, having created these banks, shall, through the Federal reserve board, appoint five of their managing directors and let the banks select four, thereby placing the absolute control of the board under an agency ap-

pointed by the Government itself.

You limit the ownership to banks. You limit the direct control, through the boards of directors, to banks. You exclude the individual citizens of this country from owning a dollar of the capital stock. The board of directors of each reserve bank will be the immediate, potent, controlling power in the conduct and management of its business. All must admit that. board of directors managing and directing a reserve bank in Chicago, or San Francisco, or Denver, or New Orleans, or Boston, or New York will be in close touch with the rapidly moving commercial current every day and every hour, and theirs will be the potential control. The actual control will be vested in the board of directors and not in a supervisory tribunal here at Washington. You have given this supervisory tribunal of seven or nine the power of review and recall, and I am glad that has been done. I am glad they are removed from direct interest in I heartily approve of all that. But, having created the banks. that long-distance tribunal to sit in power here as a supervising tribunal, a board of review, you allow these banks to choose the actual and immediate agencies which will direct, guide, and control the business of each bank as its board of directors, giving a secondary and more remote supervisory power to a long-distance tribunal.

Mr. HITCHCOCK. Mr. President—
The VICE PRESIDENT. Does the Senator from South Da-

kota yield to the Senator from Nebraska?

Mr. CRAWFORD. Yet, because we suggest changes of this kind, the attempt is made to put us in the attitude of being special leaders representing special interests, with a sinister desire to defeat this legislation. I yield to the Senator from Nebraska.

Mr. HITCHCOCK. Mr. President, along the line of the argument now being made by the Senator, I want to ask him to go back a little in history, to 1907, and to direct his attention particularly to the city of New York as the processes of that panic gradually came on. I wish to ask him what, in his judgment, would have been the situation if at that time there had been in the city of New York a reserve bank to which the banks and trust companies of the city could have gone with their paper and procured discounts for the purpose of meeting the demands of their depositors in cash or the needs of their borrowers? Suppose that reserve bank in New York City was controlled by nine directors, and suppose the great banking interests of New York had elected six of those directors and the Government only three of those directors, and then suppose the great Knickerbocker Trust Co. had come to that reserve bank and asked it for cash with which to meet the demands of its depositors, and had offered commercial paper of borrowers interested in the Tennessee Coal & Iron Co.; I ask the Senator whether it is his opinion that a reserve bank in New York City, controlled by the great banking interests which crushed a number of those trust companies, would have discounted the paper of men interested in the Tennessee Coal & Iron Co.?

Is it not a fact that if there had been a reserve bank in New York City at that time controlled by the great banking interests which dominated the situation there and then, and which dominate it now, they would simply have refused to discount the Tennessee Coal & Iron Co. paper, just as the big banks refused to do it, because they desired the Tennessee Coal & Iron Co. to get into such straits that it would be forced to sell out to the Steel Trust? Would not the situation have been exactly the same in New York with the reserve bank controlled by the banking interests that it was without a reserve bank?

Mr. CRAWFORD. Mr. President, I do not know. depend on the character of men and what sort of patriotic spirit prompted them and whether their motives were high or low, but there certainly would be serious danger that in that atmosphere men selected by the banks themselves and placed in control of this board would fail to measure up to the standard of unselfish patriotism that a situation like that requires.

Mr. HITCHCOCK. But, on the other hand, if the reserve board in New York had been then in existence and had had upon its board five directors chosen by the Federal reserve board here in Washington, is it not likely that that reserve bank in New York City would have come to the relief of any bank having eligible and legitimate paper and prevented the ruin of a prevented the absorption of the Tennessee Coal & Iron Co. by the Steel Trust?

Mr. CRAWFORD. I think that is probable.

Mr. HITCHCOCK. Is not that a fair example of what may result in a reserve under the control of banking interests, and is it not a strong argument in favor of having a reserve bank. which is a public utility, under the control of directors, a majority of whom are selected by the Federal reserve board?

Mr. CRAWFORD. That is why I favor the proposition to

have the Government appoint a majority of the board of directors.

Mr. President, I am not in sympathy and would not be in sympathy with the creation of Government banks, and giving them a tremendous advantage through Government deposits and Government patronage, and so favoring them that they could overshadow privately owned banks, and then turn them loose to compete with private bankers. But in committee I reserved the right to express my view here that both these bills come short of what they ought to provide in allowing the banks created under this law to exercise the power that is necessary to make them potent and effective in regulating discounts and preventing abuses in that the banks we are creating here are confined entirely in their transactions to accommodations extended to member banks and transactions with the Government itself, with the sole exception, under this open-market provision, of dealing in foreign bills and bank acceptances indorsed by the banks themselves.

Instead of being a special pleader for these banks, I believe that in order to make this system complete and potent, the banks created under this law should have the power under regulations of the Federal reserve board to deal with individuals, not for the purpose of going into general competition with the banks of the country, but for the purpose of making effective a control over discount rates which we seek in the bill, to give to the Federal reserve banks.

In the House they apparently thought that they had given such power in the Glass bill, but I fail to find it there, and I fail to find it in either draft that is reported here. In the report made by Mr. Glass, chairman, on page 52, the following observation appears in regard to section 15 of the bill:

It will have been observed that the transactions authorized in section

It will have been observed that the transactions authorized in section 14 were entirely of a nature originating with member banks and involving a rediscount operation. It is clearly necessary to extend the permitted transactions of the Federal reserve banks beyond this very narrow scope for two reasons:

1. The desirability of enabling Federal reserve banks to make their rate of discount effective in the general market at those times and under those conditions when rediscounts were slack and when therefore there might have been accumulation of funds in the reserve banks without any motive on the part of member banks to apply for rediscounts or perhaps with a strong motive on their part not to do so.

2. The desirability of opening an outlet through which the funds of Federal reserve banks might be profitably used at times when it was sought to facilitate transactions in foreign exchange or to regulate gold movements.

movements.

Then he goes on to say:

In order to attain these ends it is deemed wise to allow a reserve bank, first of all, to buy and sell from anyone whom it chooses the classes of bills which it is authorized to rediscount. The reserve bank evidently would not do this unless it should be in a position which, as already stated, furnished a strong motive for so doing. Outright purchases in the open market would, of course, require the payment of the face of the paper less discount, whereas rediscount operations would require simply the holding of a reserve of 33½ per cent behind the notes issued or deposit accounts created in the course of the rediscount operation. Apart from this fundamental permission, it was deemed wise to allow the banks to buy coin and bullion and borrow or loan thereon and to deal in Government bonds.

Section 15, under "open market," does not give the power, in my judgment, that will make this law effective in enabling those reserve banks to exercise that effective control over the rate of discount to which he refers, because it provides

Sec. 15. That any Federal reserve bank may, under rules and regulations prescribed by the Federal reserve board, purchase and sell in the open market, at home or abroad, either from or to domestic or foreign banks, firms, corporations, or individuals—

What?

cable transfers and bankers' acceptances and bills of exchange of the kinds and maturities by this act made eligible for rediscount with or without the indorsement of a member bank,

In the United States, so far as acceptances are concerned, they are all in the future; we have none. We do not use acceptances. We may use them sometime in the future; possibly they may come in vogue under this bill; but these are bank acceptances, and the buying and selling of them in dealing with individuals is dealing in the paper of banks. These reserve banks can not buy and sell bills of exchange and promissory notes, which make up the great volume of credit transactions in this country, except as they get them from other banks.

What did your guide and counsel of the committee in the Pujo hearings, Mr. Untermyer, say about this? He criticized the bill in this respect more severely than do I. He says:

As I read the bill, the reserve banks are not allowed to take private deposits nor to buy, sell, discount, or rediscount domestic bills or notes in the open market, or by any means except for or through the member banks. In that way all healthy competition in the discount market is strangled, and the only effective way of keeping down the rate is prevented. If we ever hope to establish a discount market the bill must be amended in the latter particular.

What have we, then? Along with the most excellent provisions here for the mobilization of the reserves and the elasticity of the currency we have a close corporation in which the banks, and the banks alone, are to share. We have the transactions conducted by the banks we are creating confined to member banks, and to member banks alone. We withhold from these new instrumentalities the power to prevent abuses in the way of extortion in discount rates; we withhold from them the power to reach over the head of this trust which we are creating, when it is guilty of abuse, when it has abused the power that is given to it by the chaining of these banks together into one and confining the capitalization of the banks created to their contributions, and placing the boards of directors under their control; we prevent the Federal reserve board which we are creating here from going over the head of this organization, in a great emergency, and dealing with individuals. Mr. Untermeyer says that healthy competition in the discount market is strangled by these limitations and restrictions.

It seems to me that his accusation is justified. In that spect I think both these drafts are incomplete. Some say respect I think both these drafts are incomplete. the giving of power to these banks to deal with individuals is going too far. As I said, I would not give this power to the reserve banks, except under the rules and regulations prescribed by the Federal reserve board, this tribunal created as a supreme court of finance, governed only by the highest and most unselfish and patriotic motives, and in the mind of which the uppermost purpose is to promote the public welfare. I would give the reserve banks this power, to be exercised only under rules and regulations prescribed by the reserve board. anyone fear that they would launch these banks into the general business of competing with all the other banks of the country in ordinary banking business? Not for a moment would they do it; but to withhold from them the power to prevent extortion and abuse by the vast combination that you create here in chaining these banks together, by withholding from them the power to pass over the head of these member banks when emergency requires it, and to deal with individuals, is to deprive this plan of a power which makes the Bank of England so dominant in the financial world, and enables it to draw gold to London from the four corners of the globe, and to check dangerous speculation and ward off danger. The great banks in Germany and in France control the discount rate effectively, because they can deal in the open market and establish the discount rate; but we withhold that power here. I think the bill is seriously weak in that respect.

Mr. President, I have failed to hear any argument that justifies the exclusion of the common public from ownership in the stock of the regional reserve banks. I have failed to hear any satisfactory justification of the invocation of a governmental power to coerce existing banking associations against their will to invest money in the stock of new banks organized by the Government; and, from the standpoint of having full and effective governmental control, I think the bill fails in that it does not come up to what the public has a right to expect of it in placing the great reserve banks under the control of the banks themselves.

One other feature and I am through. I confess that I was not only startled but amazed at some of the situations which were uncovered as a result of the revelations of the Pujo investigating committee. One of the fundamental recommendations made by that committee after the investigation was a declaration against interlocking directorates. I am not so radical that I think it is wrong for a bank to have control of little feeding banks, smaller in size and located in a country that is tributary, and which are not competing banks. I think they are avenues for the convenience of the public, and connected with them there is no abuse; but the combination of the great banks of the country for the purpose of controlling credit is recognized everywhere as a positive menace. Yet, although this bill is dealing with banking and currency, and although three or four lines added to one of its sections would remove from the management of the banks that come into the new system the vices of interlocking directorates, not one line is found in the bill to remedy that evil. When we are dealing with a subject relating to banks and can deal effectively with

the evil to which I have referred by attaching a few sentences to one of the sections of the bill, I do not see why it is necessary to delay on the ground that it is to be hereafter mixed into some general legislation for the country. I am disappointed because it is not in here, and I think it can and should be put into this bill.

Mr. BRISTOW. Mr. President-

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Kansas?

Mr. CRAWFORD. Certainly.

Mr. BRISTOW I wish to inquire of the Senator from South Dakota if the evils developed in the Pujo committee report have not been assigned as among the great reasons making legislation necessary

Mr. CRAWFORD. Certainly.
Mr. BRISTOW. Then we have the spectacle of having the causes which make the legislation necessary, and the legisla-

tion itself not providing a remedy.

Mr. CRAWFORD. I have a slip here that was sent around over the country very extensively after the conclusion of the Pujo hearings. I do not know who is the author of it, but it apparently was circulated as a direct result of the revelations of that committee. One of the recommendations is to prevent anyone being a director in more than one bank in the same city. I am not satisfied with simply saying "in the same city"; I think the same person ought to be prohibited from being a director of a competing bank, whether it be in the same city

I think both bills which have been presented to the Senate have improved very greatly many of the features of the House bill. In this connection I am reminded somewhat of an incident that happened in one of the counties in my State, where they wanted to build a new courthouse. In order to do so, the law required the commissioners to submit the matter of issuing bonds to a vote of the electors of the county. The county seat happened to be located down in one corner of the county, and it was feared that, if they submitted the proposal to issue bonds to build a new courthouse, it would be voted down. The courthouse was an old ramshackle building, and it seemed necessary to erect a new one.

So the commissioners conceived the plan of repairing the old courthouse, which they could do under the law without issuing They passed a resolution under which they built onehalf of a new courthouse on the back part of the old one. finished it up, and installed the county officers in the new rooms in that half When they had done that they passed another resolution authorizing the making of further repairs, and under that they built the other half. I think the chairman of this committee and his associates have made a new bill out of the House bill, and that the Senator from Nebraska and those associated with him have greatly improved the Owen bill. The bills reported by the Senate committee are, in my opinion, much better than the bill as it passed the House.

I am very glad that the provision for the protection of depositors in the bank is in both bills.

Mr. BRISTOW. Mr. President, if the Senator will yield-

Mr. CRAWFORD. Certainly.
Mr. BRISTOW. I should like to invite his attention to the fact that the provision for the insurance of deposits in the Owen draft was incorporated in the Democratic caucus after the number of regional banks had been increased and the rate of interest on the stock of the regional banks had been fixed at 6 per cent. In the case of a number of the proposed regional banks there may not be any profit, and in others there may be profit; so that we may have the insurance of depositors in New York and New England, and in the West none whatever.

Mr. CRAWFORD. I discovered that, and was going to com ment on the fact that, while I am glad a step has been taken in the Democratic conference recognizing that principle, it falls far short of furnishing the relief which I think is provided for in

the Hitchcock draft.

When I visited my State, after this bill had been introduced in the House and was under discussion. I took copies of it with me and talked to all classes of business people—bankers and others—about it. They were not satisfied with the provision relating to the loaning of money by the banks upon farm mortgages nor with the classification of commercial paper which could be rediscounted by the reserve banks, because they did not deal in their business with that class of commercial paper sufficiently to get any benefit under this law. The provision of the Hitchcock draft which allows national banks to make loans upon farm mortgages out of their time deposits-50 per cent upon farm mortgages for periods of five years-is an improvement, and provides for making such loans and fixes the percentage upon time deposits. This is much more effective and will give a relief not found in the limitation to an amount equal to one-half of the capital stock of the bank, as provided in the Owen bill.

A bank in an agricultural community is usually a bank of about \$25,000 or \$50,000 capital. If its loans upon farm morr-gages are limited to half its capital stock, they will amount only to \$12,500 or \$25,000, which is practically of no consequence. So in that respect the provisions of the Hitchcock bill will afford a relief to country banks and their patrons that can act come from the Owen bill.

In the draft reported by the Senator from Nebraska [Mr. HITCHCOCK | and his colleagues here is a provision that will permit the rediscount of commercial paper maturing in 180 days, provided that no one bank shall be accommodated to the extent of more than \$200,000. That provision will make the bill of some substantial benefit to the na ional banks in agricultural communities, because if they can get accommodation on sixmonths paper they can make use of the rediscount provisions of the bill in times of stress. The universal verdict of banks such as we have in the Sta e that I in part represent is that if the maturity of this paper is limited to 90 days it will be of little or no benefit to them.

I do not think it is fair to limit the maturity of this paper to 90 days. In case of foreign acceptances, the House bill allows a maturity of six months, but when it comes to paper held by one of the small country banks-and no paper is of better quality (al hough it extends over a longer period of time) than the paper that is in the portfolios of these country banks-it is limited to 90 days, while foreign acceptances and bills of exchange of that kind are made eligible which mature in six

months or four months.

I think that is an unjust, unfair discrimination, all the more grievous in its character when you compel the country banks to come in here and subscribe to the stock against their judgment and against their will and then so specify and define the class of paper that can be recognized in the banks crea ed by this bill that they are barred from the benefit of its use.

Mr. BRISTOW. Mr. President—
The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Kansas?

Mr. CRAWFORD. I do.
Mr. BRISTOW. I should like to invite the Senator's attention to what seems to me to be a fact, and that is that the sixmonths paper which we include in the Hitchcock amendment is just as good and just as liquid as the mercantile paper in the cities that runs for 30 days.

Mr. CRAWFORD. It is just as good. There is no doubt

about that.

Mr. BRISTOW. It is based upon wheat and cattle paper, as we call it, which is a food product that ultimately will bring money in the market.

Mr. CRAWFORD. In that respect it is absolutely of the

same quality as the commercial paper which we have been told over and over again is paid out of consumption. This is paid out of consumption, but the processes consume a little longer time than the short-time paper of commercial cities.

Mr. BRISTOW. I should like to ask the Senator if he has heard any reason assigned why the paper of the farmer, which runs for six months, and which is just as good as any paper that can be made, should not be treated with as favorable consideration as the paper of the merchants or the business men?

Mr. CRAWFORD. I certainly have not.

Mr. BRISTOW. Has there been any effort to explain why this discrimination is made against the notes of the farmers of

Mr. CRAWFORD. The only explanation I have ever heard was a complaint that the paper is not liquid; but paper that matures in 120 days or 180 days, and which is attached to a bill of lading, and expresses a transaction between an importer and some foreign merchant, may run for four months or six months,

and is no more liquid than this class of paper.

Mr. BRISTOW. Let me direct the Senator's attention to another fact. If this six-month paper relates to the agricultural products of a foreign country the banks can handle it.

Mr. CRAWFORD. Oh. yes. Mr. BRISTOW. If it relates to the agricultural products of our own country they can not. Is not that one of the most palpable and unjustifiable discriminations against the paper of the American farmer that ever was incorporated into any law?

Mr. CRAWFORD. I have protested against it ever since I

rend the bill the first time.

I wish to say, in closing, that I believe I am expressing the feeling of the constituency I represent with relation to this bill when I say that they do not want any unnecessary delay in its consideration and in final action upon it. I believe it is the sentiment of the people in my home State, and I believe in the country generally, that as soon as it can be done, after giving the bill the serious, careful consideration and discussion that a bill of this gravity and importance ought to have, it should be enacted into law in some form or other. I shall be pleased if, within a brief time, without sacrificing the serious discussion the bill should have, the Senate can come to a vote upon it.

It has been no desire of mine in the part I have taken in the

discussion and as a member of the committee to delay the consideration of the bill, and it is not out of any spirit of partisan hostility that I have expressed these views. As I said frankly at the start, I believe the good features of the bill outweigh its faults, serious as some of them are. I have simply given voice to my opinion upon these particular propositions.

I have not undertaken to go into a scientific discussion of the bill in any exhaustive way. Upon the question of stock ownership, upon the question of control by the boards of directors, upon the question of interlocking directorates, and upon the power to go over the heads of member banks and deal with individuals for the purpose of controlling the discount rate my convictions are clear, and I have attempted to give expression to them here.

I believe the bill would be stronger, and I do not believe it would be unjust, if it contained a provision, under rules and regulations prescribed by the Federal reserve board, authorizing the reserve banks in serious emergencies to deal with individu-I believe such a provision would make it more powerful and effective in reaching a sore spot than it will be in its present form. We come to the place where powerful organizations of banks are entrenched, we build up a system very good, as far as it goes, but when we reach the point where we may, if we will, give these Government banks the power to leap over oppressive organizations and deal directly with people, and thus compel them to relax their grip where it is a menace, we stop short and withhold the power necessary to protect the people of the country from oppression.

Mr. HITCHCOCK. Mr. President-

The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Nebraska?

Mr. CRAWFORD. I do. Mr. HITCHCOCK. The Senator's views on that point are quite well known; but I wish to follow out for a moment a line of questioning on that subject, and see if he will not admit that a necessity or propriety of having the reserve banks of Europe deal with the people which does not apply to the United States.

For example, take the Senator's own State. Can he conceive the possibility, in any town of South Dakota, of a borrower who has a legitimate right to credit being compelled to go to a reserve bank to get his loans?

Mr. CRAWFORD. No.

Mr. HITCHCOCK. I can not in Nebraska. I do not believe I could conceive of such a thing in Iowa, nor in Illinois, nor, in fact, in any State of the Union, for the reason that in all of these States, and in every city and in every town of each State, there exists a real, active competition among the thousands of banks to do the business of the community in which they exist,

Mr. CRAWFORD. I agree with the Senator upon that point so far as nine-tenths of the banks are concerned, or even more. The statement was made here last night that there is free competition among them; but while that is true when you apply it geographically to the greater part of the United States, is it true universally? If it is, why do we have complaints here against the "Money Trust" and great combinations of banks that absorb the funds of the insurance companies and use the money of the people in stock gambling, and all that, discriminating against those whom they wish to crush and building up those whom they wish to favor? Is this outcry a sham or is there not semething to it?

Mr. HITCHCOCK. Wherever such a condition exists-and we will take, for instance, New York, without intending to cast any aspersions on that town above any others-can not the Senator from South Dakota clearly see how a reserve bank, owned by the people and under Government control, would naturally rectify such a condition?

Mr. CRAWFORD. I ask the Senator, How can it do it if its transactions are all confined to the very banks that are guilty, and if you have not provided against interlocking directorates, and have simply bound all the banks in the country together in one legal combination?

Mr. HITCHCOCK. I think I can explain that. The banks are not all guilty. Take the case of the city of New York: The testimony before the Pujo committee did not show that all the banks were interlocked by this interlocking-director sys-

tem. It did not show that all of the banks were in a conspiracy. It did show, however, that a large number of the banks were practically in fear of their big neighbors. They were afraid to make loans to certain interests for fear the more powerful banks in the community, controlling the clearing house, would punish them. If, however, under this new system we establish a reserve bank under the control of the Government, having the authority at any time to come to the relief of any bank. the power of the banking interests heretofore exerted in the form of a conspiracy will be necessarily done away with and any man or any institution having a legitimate demand for credit will find some bank not only willing to lend him money, but not afraid to do so, because the bank will know that it can go to the reserve bank in case the others start a war upon it.

So it seems to me that if you provide a reserve bank controlled by the Government and owned by the people, you do away with any argument in favor of having the reserve bank go into the active banking business itself. It will not be compelled to go into the competitive business of banking, because by its uniform treatment of all banks it will put all banks in a position where they can compete. None of them need be afraid of any dominating control or any conspiracy to force it to do

as a dominating influence may dictate.

Mr. CRAWFORD. I do not want to be misunderstood there. I have no desire to put, and I doubt entirely the wisdom and fairness of putting, these banks, with the great advantages we are giving them, into competition in the sense that they would become active competitors in ordinary banking transactions with the banks of the country. I would not advocate that; but I say that if we give them the reserve power, under the rules and regulations prescribed by the Federal reserve board, in cases of emergency to go over the heads of banks and deal with individuals, while it is a latent power which they might never use, I think it would be a wholesome check. I think it would be a very valuable asset to the people of the United States to have that reserve power, under rules and regulations prescribed by the Federal reserve board, given to these banks. So far, and no farther, would I go.

Mr. HITCHCOCK. Of course, there is an objection to that, as the Senator will recognize, in that if you confine the business of a reserve bank strictly to the function of buying paper from its member banks it not only gets commercial paper which is supposedly good, but it has upon all that commercial paper the indorsement of a solvent bank; so that it is dealing with something absolutely a good investment, and practically without any possibility of failure. If, on the other hand, you permit a bank organized for the purpose of caring for the reserves of the American banks to go directly into the market and lend money to the individual borrower, it will be subject to the same losses to which individual banks are subject, because it will not have the protection of the indorsement of its member banks upon the paper which represents its direct loans to the people.

Mr. CRAWFORD. I say to the Senator that the Bank of England has had that power and has exercised it repeatedly for a good, long period of time, extending for a hundred years. Of course, for a shorter time, but in a very effective way, the Imperial Bank of Germany and the Bank of France have exercised and do exercise that power. They have not met with disaster and shipwreck by doing it. As I said before, I should want to give that power with a view to its being exercised only when necessary to control discount rates when the public wel-

fare requires it.

Mr. TOWNSEND. Mr. President, in view of the fact that for something like an hour now there have been fewer than 20 Senators in the Chamber, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Jackson James Kenyon Kern La Follette Lane Lea Lewis Ashurst Bacon Borah Page Poindexter Pomerene Ransdell Smith, S. C. Smoot Sterling Stone Bradley Sutherland Brandegee Bristow Reed Robinson Sutherland Swanson Thompson Thornton Tillman Townsend Vardaman Walsh Warren Weeks Robinson
Saulsbury
Shafroth
Sheppard
Sherman
Shively
Simmons
Smith, Ga.
Smith, Md.
Smith, Mich. Bryan Chilton Clapp Crawford Dillingham Lea Lewis Lippitt Martin, Va. Martine, N. J. Nelson O'Gorman Overman Gore Hitchcock Hollis Overman Weeks Williams Owen Hughes

Mr. SHAFROTH. I wish to announce that my colleage [Mr. THOMAS] is confined to his room this afternoon on account of a severe sore throat.

Mr. TOWNSEND. The senior Senator from Washington [Mr. Jones] has been called from the Chamber on official

The VICE PRESIDENT. Sixty Senators have answered to the roll call. There is a quorum present.

TENTH INTERNATIONAL VETERINARY CONGRESS (H. DOC. NO. 462).

The VICE PRESIDENT !aid before the Senate the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Agriculture and Forestry and ordered to be printed: To the Senate and House of Representatives:

In view of the provision contained in the deficiency act ap-

proved March 4, 1913, that-

Hereafter the Executive shall not extend or accept any invitation to participate in any international congress, conference, or like event without first having specific authority of law to

I transmit herewith, for the consideration of the Congress. and for its determination whether it will authorize the acceptance of the invitation, a report from the Secretary of State. with accompanying papers, being an invitation from the Government of Great Britain to that of the United States to send delegates to the Tenth International Veterinary Congress, to be held at London from the 3d to the 8th of August, 1914, and letters from the Department of Agriculture showing the favor with which that department views the proposed gathering.

It will be observed that the acceptance of the invitation will involve no special appropriation of money by this Government.

WOODROW WILSON.

THE WHITE HOUSE, December 10, 1913.

COMMISSION OF FINE ARTS (H. DOC. NO. 461).

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was

To the Senate and House of Representativs:

I transmit herewith for the information of the Congress the report of the Commission of Fine Arts for the fiscal year ended June 30, 1913, with accompanying illustrations. WOODROW WILSON

THE WHITE HOUSE, December 10, 1913.

The VICE PRESIDENT. Accompanying the communication are illustrations. The whole matter will be referred to the Committee on Printing.

# PROHIBITION OF LIQUOR TRAFFIC.

Mr. SHEPPARD. Mr. President, in my recent campaign for election to this body I announced from more than 150 platforms before the people of Texas that I favored state-wide, nation-wide, world-wide prohibition. I was, therefore, especially gratified when a few hours ago committees numbering more than 2000 men and women from every section of the Union, representing the Anti-Saloon League of America, the Woman's Christian Temperance Union, other temperance bodies, and the principal churches of the country, summoned Representative Horson, of Alabama, and myself to the steps of the Capitol and requested us to introduce in the House and Senate, respectively, an amendment to the Federal Constitution prohibiting the sale. the manufacture for sale, the importation for sale, the transportation for sale, and the exportation for sale of intoxicating liquors for beverage purposes. I intend during my service in the Senate to exert every effort at my command to establish every principle and every measure to which I gave allegiance in my addresses to the people during my candidacy for the Senate.

I now introduce a joint resolution proposing an amendment to the Constitution, and ask to have it read at length.

The joint resolution (S. J. Res. 88) proposing an amendment to the Constitution of the United States was read the first time by its title, and the second time at length, as follows:

Joint resolution (S. J. Res. 88) proposing an amendment to the Constitution of the United States.

Whereas exact scientific research has demonstrated that alcohol is a narcotic poison, destructive and degenerating to the human organism, and that its distribution as a heverage or contained in foods lays a staggering economic burden upon the shoulders of the people, lowers to an appalling degree the average standard of character of our citizenship, thereby undermining the public morals and the foundation of free institutions, produces widespread crime, pauperism, and insanity, inflicts disease and untimely death upon hundreds of thousands of citizens, and blights with degeneracy their children unborn, threatening the future integrity and the very life of the Nation: Therefore he it

Recoiled by the Sonate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein). That the following amendment of the Constitution be, and hereby is, proposed to the States, to become valid as a part

of the Constitution when ratified by the legislatures of the several States as provided by the Constitution:

"ARTICLE -

"Section 1 The sale, manufacture for sale, transportation for sale, importation for sale, and exportation for sale of intoxicating liquors for beverage purposes in the United States and all territory subject to the jurisdiction thereof are forever prohibited.

"Sec. 2. Congress shall have power to provide for the manufacture, sale, importation, and transportation of intoxicating liquors for sacramental, medicinal, mechanical, pharmaceutical, or scientific purposes, or for use in the arts, and shall have power to enforce this article by all needful legislation."

Mr. SHEPPARD. Mr. President, one of the fundamental duties of the American people is the extermination of the traffic in intoxicating liquors for beverage purposes. Experience has demonstrated that the only safe way to handle this traffic is to destroy it. In the United States it has reached such proportions that the Nation must join in the struggle against it. is a menace to the integrity and the progress of this Republic. The fact that alcohol undermines the brain and paralyzes the will of man, planting in him and his posterity the seeds of physical and moral degeneracy, the seeds of disease, the seeds of poverty, the seeds of crime, makes it a peril to the very existence of free government. Let the people of this Nation insert in the National Constitution, the source of the Nation's life, a clause prohibiting an evil that will prove to be the source of the Nation's death.

National prohibition conflicts in no way with the spirit of the Federal Constitution. The organic structure of this Republic rests on a logical division of functions between the Union and the States. The States have retained control of all matters of local concern, while the Federal authority embraces every purpose of general or national scope. The liquor traffic imperils both the Nation and the State, and every unit of sovereignty must cooperate against it. It must be fought by the county; it must be fought by the State; it must be fought by

the Nation.

Already the Federal Government has entered the fight by decreeing that liquors shipped from one State to another for the purpose of violating the laws of the State of destination shall be deprived of the character and the protection of interstate commerce. This is but the first step in the battle for the Na-tion's life. It is a valuable step, but so powerful is the liquor traffic that every weapon must be brought into use. Indeed, it is not sufficient that we should have this Nation enter the con-We must unite with all the other peoples of the earth in attacking an evil that menaces society everywhere.

Let us never forget the pioneers in the world movement against alcohol. Let us here pay tribute to the courage and the devotion of the men and women who nearly 70 years ago organized at London in 1846 perhaps the first international temperance congress. In the many international congresses that have met since then this world movement has found an enthusiastic development, culminating for the present in the fourteenth International Congress on Alcoholism which assembled at Milan in September of this year. Nor should we forget the various societies of international membership that have been founded for the purpose of resisting this enemy of the human race.

It is gratifying beyond estimation to note the fact that the world is waking as never before to an acute sense of the danger of alcohol. In every country the same terrible inderment stands against it. From every land ascend the cries of the multitudes it has damned. Among almost every people it is the ch'ef source of the murders, the suicides, the thefts, the debancheries of body and of mind. Before the popular judgment of almost every country the dealers in this frightful drug must answer the following arraignment: Your traffic crushes every moment some home, some heart. The poison you distribute is an ever-spreading pestilence. It impedes the physical and mental growth of children, distorting the moral sense, promoting disobedience of parents and disregard for law. It curves the future generations of its victims—the crazed, the maimed, the palsied, and the blind—into whose blood the fittal taint is in-evitably transmitted. It wrecks domestic happiness and betrays the most cacred vows. It contains no nourishment; it gives no strength. It impairs the vital processes, the vital tissues of the human organism. It destroys moderation and selfcontrol, releasing every low and savage impulse. Instead of satisfying thirst, it leaves a greater thirst, suggesting the agon'es of hell. It is the cause of practically half the accidents in industrial occupations. It lowers the efficiency of labor and weakens the foundations of industrial progress. It increases the liability to disease, particularly to infectious maladies like tuberculosis. It diverts the earnings of mankind into channels of economic waste, causing a loss that far exceeds the revenue it provides for governmental use. It is an obstacle to human advancement that should be no longer tolerated.

As the facts become impressed on all mankind, the conviction grows that temporizing policies must be discontinued. The world is coming to understand that humanity must destroy the liquor traffic or welcome moral degradation and economic ruin. The overwhelming issue is whether men shall conquer the liquor traffic or the liquor traffic conquer men.

Let us examine some of the more important phases of the world struggle with alcohol. Great Britain has been wrestling with the liquor traffic for nearly 600 years. The English Parliament passed a law in 1327 limiting the number of liquor shops, and in 1495 gave the justices power to prohibit them in certain On various occasions Parliament actually prohibited the distillation of spirits throughout the Kingdom for a given period, and it is the observation of a high authority that the totally prohibitive acts against the liquor trade have been the most successful. Parliament has adopted altogether about 400 acts in relation to the liquor traffic without any permanently satisfactory result. It is apparent that the one solution of this problem in Great Britain, as in all other countries, lies in the prohibition of the manufacture, sale, or importation of intoxicating liquors for beverage uses. Well may we here recall the statement in 1834 of Charles Buxton, the noted English brewer, to the effect that the struggle of the school, the library, and the church, all united against the beer house and the gin palace, was but the development of the war between heaven and hell.

In Denmark prohibition is making rapid advancement. The King of that country is reported to have said in 1909 on signing an act for State-wide prohibition in Iceland, a dependency of Denmark, that few, if any, of his actions since he became King had given him more satisfaction than that of signing this law, and that if the Parliament of Denmark would pass a similar law for Denmark he would be still more willing to approve. Faroe Islands, another dependency of Denmark, prohibition is

in unrestricted and satisfactory operation.

In Norway and Sweden public opinion is rapidly moving toward national prohibition. Never was there sounder or more prophetic utterance than that of the Crown Prince of Sweden in 1911 at Hessleholm:

I do not hesitate to say that the people which first frees itself from the influence of alcohol will in this way acquire a distinct advantage over other nations in the peaceful, yet intense, struggle. I hope it will be our own people who will be first to win this start over the others

In Russia the sale of intoxicating liquors is monopolized by the Government and the establishment of state vodka shops throughout the country, causing a general increase in drunkenness, has resulted in a distinct movement against the use of alcohol. A commission was appointed by the Duma in 1912 to investigate the liquor question, and one of its recommendations was that the following sentence should be labeled on every bottle of vodka:

Man! Although thou hast bought this spirit, yet know that thou drinkest poison which destroys thee. Before it is too late never buy another bottle. (Signed) Minister of Finance.

The Duma, composed of men elected by the people of Russia, adopted this recommendation and sent it to a body of higher power for approval. The higher body rejected this recommendation, but approved another requiring instruction in abstinence from alcoholic liquors to be given in all the public schools of Russia. Let me quote here the words of an eminent Russian scholar, at St. Petersburg, in 1910:

The struggle against the liquor traffic is not simply a national question, it is a world's question. All social problems group round the question of alcoholism, while the evils of drunkenness, on such an authority as Gladstone, outweigh the evils of war, pestilence, and familie put together.

famine put together.

Twice within the last six years the Parliament of Finland has voted overwhelmingly for total prohibition, but the veto of the Czar of Russia has prevented these measures from becoming laws. The sentiment in Finland is almost universal for com-

plete, country-wide prohibition.

In Germany the present Emperor said in 1910, in a speech before the naval cadets at Muerwick, that the renunciation of alcoholic drinks would raise the people morally, and that in the next naval war victory would belong to that nation which would show the smallest consumption of alcohol. The National Industrial Congress at Hamburg in 1909 declared that it was one of the most important objects of the industrial movement to oppose the devastation of alcoholism, and that it was to the interest of German industry to restrict the sale of alcoholic liquors either entirely or as much as possible. The members of this congress assessed themselves 1 mark a year each to carry on the war against alcohol among the workers of Germany. The report of the Prussian Government trades inspector for 1911 contains this statement:

The effort of the labor organizations to limit the use of alcoholic liquors among their number is even more noticeable. The Woodworkers'

Union, of Bielefeld, seems especially successful in this respect. The use of spirits among them has practically ceased; beer drinking, especially during pauses in work, is growing less and less. Milk is taking the place of beer.

The building trades, the railway systems, the chemical industry, the national insurance societies, and certain departments of the Government have begun an active campaign against alcohol in Germany. There is no braver and no more earnest body of men and women in the world than the German prohibitionists.

The various temperance organizations in Germany are enjoying a steady and a large increase in membership. In March of this year was held, in Berlin, the first German congress for the rearing of children as total abstainers. A resolution was adopted expressing the hope that "the mothers of Germany would recognize the fact that the first step German women must take toward combating drunkenness was to bring up their own children in complete abstinence from the use of alcoholic liquors," and the belief that this would form the best means for insuring the acceptance of laws against alcohol by the coming generation.

In Austria the various temperance societies have united in a national antialcoholic congress, which is making notable progress in exposing the terrors of drink. In Hungary temperance organizations and temperance principles are steadily spreading. In 1912 a small but distinguished group of Hungarian women issued an appeal to their sisters throughout Hungary to join in the fight against alcoholism, an appeal that should be published in every language and in every country on the globe; an appeal that constitutes one of the most effective indictments of the liquor traffic that has yet been uttered. As an additional evidence of the world feeling on this subject I want to quote a few sentences from this appeal. They are as follows:

Come to our help, Hungarian women. Come from all parts of the land—poor and rich, happy and unhappy, women of station and of humble position, you whom alcohol has made to weep, you who know and feel your obligations to religion, to God, to your country, and to humanity yet unborn. We wish to uplift the coming generations which, not knowing alcohol, will belong to a morally purer and more warmhearted world. We seek the aid of all for this task. We trust that there may not be a single Hungarian woman who will not hearken to us. None shall be so humble in our eyes that we will not be grateful to see them join us; none too high to have a right to look down on the work to which we invite you. We affectionately beg you to suggest everywhere the idea of fighting alcohol. Make sentiment for it in high and low circles, for the odor of alcohol is found in both—in drawing room and in cottage. Our social organism is sick. Our physical, moral, and economic forces are on the way to destruction.

Oh, may this cry from the women of Hungary reach the women of every other land, and may the mothers of the world unite to destroy a traffic that has become the chief enemy of woman's happiness, the chief cause of woman's tears.

In the Netherlands the sentiment against alcohol is constantly growing, and an unofficial test poll of 75,000 voters has shown 62 per cent for entire prohibition. The annual meetings of the Netherlands Association for the Abolition of Alcoholic Liquors are helping wonderfully to advance this sentiment. In Belgium, where there is said to be one drinking place for every eight men, where probably more alcohol is consumed per capita than in any other European country, there are signs at last of a revolt. The great strike in April of this year, in which 500,000 men and women quit their employment for more than a week and, on account of abstinence from drink during that time, preserved perfect order, although great disturbances had been expected and the troops were under orders, gave a distinct impetus to the prohibitive movement not only in Belgium but throughout Europe and the world.

In France, where the Government is in the clutches of the liquor traffic on account of the electoral power of the distillers. wine growers, and saloon keepers, where the number of suicides has nearly trebled in 50 years, where lunacy has nearly doubled in 30 years, where the resisting capacity of the citizen has become so weakened that tuberculosis takes off 150,000 victims. every year, where statistics prepared by the ministry of justice show an enormous increase in crime on account of drink, the French Academy of Medicine has demanded the suppression of alcoholic liquors and a national league against alcoholism has been formed whose membership now exceeds 100,000.

In Spain an antialcoholic league has been recently founded and is already obtaining good results. Switzerland abolished all traffic in absinthe by popular vote in 1909, and the prohibitive idea is gaining large headway among the people as to all other forms of alcohol.

In Italy, where, until four or five years ago, wine drinking was practically a universal custom, representatives of the Government have been collecting statistics as to the effect of alcoholism in that country, and it is now generally recognized as a national menace. In 1908 an Italian temperance federation was organized at Milan. It embraces all the temperance societies

of Italy, and it is giving unity and effectiveness to the work against alcoholism in Italy.

In the Balkan States and in Greece the temperance spirit has found permanent lodgment among large and increasing

numbers of the people.

In Arabia, Palestine, Persia, Syria, and Turkey the ancient habit of total abstinence is still observed by most of the inhabit-Commercial intercourse with Europe and America has led to the importation of intoxicating liquors, and these countries are beginning to suffer from the evils that follow in the path of alcohol. Already movements have been started within these lands to prohibit the importation of alcoholic liquors. No sadder commentary on certain phases of European and American civilization may be found than the effort of these Asian peoples to prevent their degradation by the foul products distilleries and the breweries of Europe and America. I can think of nothing more humiliating than the fact that in many foreign trade centers American commerce often finds its sole embodiment in the liquor traffic. What must these foreign peoples think of our sincerity or our consistency when they see on the same ship that brings the missionaries of Christ the missionaries of the devil in the shape of barrels of whisky and kegs of beer?

In China the long struggle of Government and people against the production, the importation, and the use of opium is soon to succeed. At present alcohol is almost unknown to the more than 400,000,000 in China, and there could be no sounder argument for the destruction of the liquor industry where it now flourishes than the preservation from its terrible influence of our brethren in the distant East, who are but beginning to

enjoy the blessings of liberty.

In India the feeling of the native population against the liquor traffic has become so strong that recently one of India's foremost statesmen, Hon. G. K. Gokhale, asserted in an appeal to the British secretary of state for India, Lord Crewe, that total prohibition was the sentiment of the Indian people.

In Japan, where the traffic in intoxicating liquors received an impetus from the admission of foreigners in 1868, numerous temperance societies are developing and a national temperance league has been formed. At a recent meeting of this league the president, Taro Ando, declared the curse of alcohol would have to be suppressed by law. The Japanese soldiers were prohibited from using any kind of alcoholic liquor in the field during the great war with Russia in 1904 and 1905, and the result is an eloquent tribute to the army that abstained.

In 1911 the question of national prohibition was submitted to the people of New Zealand and resulted in 259,945 votes in the affirmative, 205,661 in the negative, or a majority of 54,282 against the liquor industry. As the law required a three-fifths vote for the abolition of the traffic, the poll had no other practical effect than to show the feeling of the people. In Australia the temperance forces are becoming stronger and more deter-

mined every year.

In Africa the liquor traffic has been prohibited in large sec tions and restricted in others by an agreement among 18 of the leading nations, including the United States, known as the Brussels general act of 1890. The importation of alcoholic liquors into the territory under this agreement is also prohibited. An international federation has been formed for the protection of the native races of Africa from the liquor traffic, one of its main objects being the enforcement of the agreement embodied in the act of 1890. It should be stated here that Menelik, ruler of Abyssinia, has issued an edict prohibiting the importation of intoxicating liquors into that country. He is using every measure at his command to prevent the introduction into his kingdom of wine, beer, whisky, and other intoxicants, all of which he calls European poison.

When Khama, King of Bechuanaland, issued an order some 20 years ago prohibiting the manufacture or sale of intoxicating beverages within his domain, the order was disregarded by the white traders. Khama and other native chiefs who were following his example appealed to Queen Victoria for assistance,

and she replied:

I approve the provision excluding strong drink from your country. I feel strongly in the matter, and am glad to see the chiefs have determined to keep so great a curse from their people.

It was this native ruler, Khama, who said on another occasion:

To fight against drink is to fight against demons and not against men. I dread the white man's drink more than the Assegais of the Matabele, which kill men's bodies and it is quickly over; but drink puts devils into men and destroys both their souls and their bodies forever. Its wounds never heal.

And thus it comes to pass that this native African chief has uttered a truth that the highest civilizations of the world may well take seriously to heart.

In various parts of Latin America movements are under way against alcohol. Laws against it have been introduced or are pending before the National Legislature of Argentina and other Latin-American countries.

Especially notable is the progress of prohibition in Canada. In the Province of Prince Edward Island complete prohibition has been adopted and crime has practically disappeared. The entire Province of Nova Scotia, with the exception of the city of Halifax, has been placed under prohibition. The liquor traffic has been outlawed in 700 of the 1,000 municipalities in Quebec. A majority of 5,000 in favor of prohibition has been registered in British Columbia. In over half the municipalities of Ontario the traffic has been discontinued. In nearly all of Newfoundland and Labrador prohibition has been established.

Turning to our own country, the United States, what pride may be felt in the fact that an area equal to nearly three-fourths of our territory containing half our population has been voted dry. Complete State-wide prohibition has been adopted in Georgia, Kansas, Maine, Mississippi, North Carolina, North Dakota, Oklahoma, Tennessee, and West Virginia. The States having pro-hibitory law for half or more than half of their populations are Alabama, Arkansas, Colorado, Florida, Idaho, Indiana, Iowa, Kentucky, Louisiana, Minnesota, Nebraska, New Hampshire, South Carolina, South Dakota, Texas, Utah, Vermont, and Virginia. Those having prohibition for one-fourth or more but less than half of their populations are California, Delaware, Illinois, Maryland, Massachusetts, Michigan, Missouri, Ohio, Oregon, Washington, Wisconsin, and Wyoming. The remaining nine States—Arizona, Connecticut, Montana, Nevada, New Jersey, New Mexico, New York, Pennsylvania, and Rhode Islandhave prohibitory law for less than one-fourth of their respective populations.

The movement against the liquor traffic has obtained such headway in the United States that nothing can prevent its ultimate nation-wide success. [Applause in the galleries.] people of the United States understand that the National Government must be summoned to the contest, and at a great prohibition gathering at Columbus, Ohio, last month the campaign for nation-wide prohibition was definitely and enthusiastically begun. It is a crusade that deserves to rank with the outpourings in the Middle Ages from Christendom toward Jeru-

This is no new question in the United States. The agitation against the liquor traffic dates from Revolutionary and Colonial times. The sale of slaves to American colonists found a permanent basis in the fact that African negroes could be exchanged for American rum. The liquor traffic gave great impetus to African slavery in the United States. Slavery has been destroyed, and now its partner-the liquor traffic-must follow it

to a common grave. [Applause in the galleries.]

The resolutions that have been introduced in the American Congress for a prohibition amendment to the Federal Constitution mark a distinct stage in the war against alcohol, but they are by no means the first suggestion of general prohibition. In 1777, 12 years before the present Constitution came into being, the Continental Congress at Philadelphia passed the following

resolution:

Resolved, That it be recommended to the several legislatures in the United States immediately to pass laws the most effectual for putting an immediate stop to the pernicious practice of distilling grain, by which the most extensive evils are likely to be derived if not quickly prevented.

Mr. President, responsibility for the miseries and the crimes of men rests far more largely with society than may be generally supposed. People who keep their own lives blameless have by no means entirely met their duty to humanity or to God. We who permit a traffic to continue that fills the penitentiaries, the jails, the asylums, the hospitals, the poorhouses, and the potter's fields are guilty of serious dereliction. We who permit a traffic to continue that will make chaos of governments and beasts of men are culprits before the bar of truth. And until we begin an affirmative movement against evils that threaten to engulf mankind, until we terminate the terrible partnership between the Government of this country and the liquor trade, a partnership whereby the revenues that sustain the Republic-yea; our very salaries as Senators of the United States represent men's broken bodies, men's wasted lives, the widow's and the orphan's cry, the white slave's bartered shame—we shall invite and we shall deserve any disaster that may overwhelm the Nation or the race. [Applause in the galleries.]

Mr. THOMPSON. Mr. President, as this is a question in which Kansas has had longer and better experience than any other State in the Union, I desire to say a few words in support of the resolution.

We have had State-wide prohibition as a part of the Kansas State constitution longer than has existed in any other State in the Union. The Kansas Legislature in 1879 voted by joint resolution to submit to a vote of the people an amendment to the State constitution forever prohibiting the manufacture and sale of intoxicating liquors, except for medicinal and scientific pur-This amendment was adopted by the people at the genposes. eral election in 1880. During the 33 years since that time the law has not been repealed, nor has the constitutional amendment on which it is based been resubmitted to the people for their affirmation or rejection. If there is any one question which is permanently settled in the minds of the people of Kansas, it is the prohibition question. In my judgment, the question will never again be submitted to the people or seriously attempted to be resubmitted by any organization, political or otherwise. If it should be resubmitted, prohibition would carry by a larger vote than any other proposition that could be presented to the people of Kansas. It has been entirely eliminated from politics, and the people are practically a unit on the question of retaining it as the fundamental law of the State. After this long trial and experience with the law fully 90 per cent of the people would vote for its continuance and are favorable to its extension throughout the Nation. Our firm stand for the law is proof of the strength of character of our citizens and a constant example in practical reform to all the States of the Nation.

The closing of the saloons and joints in the State has had a most excellent effect upon the morals as well as the material interests of the people of the State, so much so that no one with the best interests of the people and the State at heart desires to go back to the old order of things under the saloon. Among the most beneficial results of the operation of the law are better homes, happier and wealthier families, higher standards of education and intelligence, and a large reduction in crime. These are the natural and inevitable results of prohibition wherever effectively enforced. But the best result of all is in the fact that of the half million boys and girls in Kansas only a very small proportion have ever seen an open saloon. Children are growing to manhood and womanhood without the temptation or evil influence of the saloon.

During the 33 years of prohibition the illiteracy of our people has been reduced from 49 per cent to 2 per cent, and this trifling amount is almost entirely among the foreign element in the mining section of the southeast. With 105 counties in the State 87 of them have no insane, 54 have no feeble-minded, 96 have no inebriates, and what few there are come from the cities which defied the law until recent years. There is only 1 pauper to every 3,000 population, and there are 38 county poor farms which have no immates. In July, 1911, 53 county jails were empty and 65 counties had no prisoners serving Since the establishment of prohibition the population of Kansas has increased more than any of the surrounding States, and her wealth has increased until it has become the richest State in the Union per capita. Although we suffered one of the worst droughts in the history of the State last summer, recent statements from the banks show that in the 930 State banks there is on deposit belonging to the people of Kansas about \$120,000,000, and on deposit in the 213 national banks about \$90,000,000, making a total of \$210,000,000, or about \$123 for every man, woman, and child in the State.

Until 1909 Kansas permitted drug stores to sell whisky and other intoxicating liquors for medicinal purposes. This privilege was grossly abused, and the State legislature, in 1909, passed a law prohibiting the sale of intoxicating liquor for any purpose The State bank deposits of the State which had theretofore been gaining gradually only about a million dollars a year made a sudden increase of \$14,000,000, or from \$83,000,000 to \$97.000.000 at that time. In addition to this the increase in wealth within the past 10 years has been at the rate of \$120,000,000 per year. The assessed valuation of property for taxation is sufficient to give every man, woman, and child in the State \$1.700, while the average wealth in the Nation is only about \$1,200. Is it not reasonable to believe and fair to say that 33 years of prohibition has had something to do with this grand result?

About three years ago when I was judge of the thirty-second judicial district of Kansas, I was asked to give my opinion of the effects of the law in that particular locality, and I wrote a letter setting forth my views at that time, which have not materially changed, and I desire to read it now as a part of my remarks on this occasion.

It is a pleasure to say that convictions are less difficult in my district for violations of the prohibitory law than for the violation of any other criminal laws of the State. By a rigid enforcement of the law for many years, the former prejudice of the people against the law has completely changed to an extreme bias in its favor. When a jury is now impanded to try one charged with the violation of this

law, instead of a juror disqualifying, as he formerly did, because of his prejudice against the law, he now often disqualifies on account of his frank admission of extreme bias in its favor; and frequently care has to be taken on the part of the court in protecting the rights of a defendant to prevent a conviction without sufficient evidence to sustain it. A man could no more start a joint in Garden City, or any other southwestern Kansas town, than he could wilifully apply a torch to one of our best buildings. No good citizen would stand for it, no matter what his views on the liquor question.

The result is, instead of being what was formerly considered the most lawless section of the State, we have become the most law-abiding people on the face of the earth. This judicial district, consisting of the nine southwestern counties, embraces a territory equal in size to the entire State of Connecticut with little old Rhode Island thrown In, yet in most of the counties there has not been a civil difficulty of sufficient importance to justify the calling of a jury for the same length of time. One or two days is sufficient time to transact the entire court business of a regular term in each of the dive southwestern counties. The old argument that no one will settle in a prohibition community is answered by the fact that our population has more than doubled in the last four years, and instead of property decreasing in value it has enhanced in value from 100 to 1,000 per cent. I know of no one in the poorhouse or in full in any of these nine counties, and our people are as healthy, happy, and prosperous as can be found anywhere in the world, and may rightfully challenge comparison with any other similar territory with joints or open saloons.

What I said at that time as to conditions in my judicial district could have been said of most of the other judicial districts of the State, and remain about the same to-day

Kansas welcomes this resolution, and I shall gladly render every service possible to secure its passage, and thereby aid in securing for the Nation the beneficent effects which have already been realized in Kansas.

Mr. OWEN. Mr. President, I feel it my duty as a Member of this body to express my profound satisfaction and my cordial acquiescence in the proposal offered to this body by the splendid young Senator from Texas [Mr. Sheppard]. I approve of this constitutional amendment. I am glad to see it introduced.

The eastern part of my own State, consisting of the Five

Civilized Tribes of Indians, has had prohibition under the Indian treaties for a long period of time, due to the recognition by the Indian people of the baneful effects of this traffic. admitting Oklahoma into the Union, the Senate of the United States imposed upon Oklahoma a condition which the best people of Oklahoma sought and desired-that the State should be introduced into the Union with prohibition at least for the eastern part of Oklahoma, where the treaty obligations of the United States were transferred from the United States to the proposed Commonwealth about to enter the Union, and then I campaigned Oklahoma in favor of State-wide prohibition, which was adopted after a fight with the l'quor interests.

I should feel derelict in my duty to human beings if I did not now, at the first opportunity, express myself emphatically in favor of this proposal.

The only value a seat upon the floor of the Senate has that is worthy of a man is the opportunity it affords to serve other men. I hope the Senate may honor itself by passing this proposal as promptly as it can be done under the order of business in this body. [Applause in the galleries.]

The VICE PRESIDENT. The Chair is compelled to state to the occupants of the galleries, who are evidently strangers in the city, that it must be perfectly apparent that business can not be conducted on the floor of the Senate if the galleries are to control the business. There is a great deal of objection by Senators to manifestations, either of pleasure or of displeasure, on the part of the galleries. There is now pending a rule, not yet adopted, to prohibit it absolutely. It is a source of regret to a presiding officer to be compelled to call attention to what manifestly might lead to a very serious breach of decorum if long continued.

## BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes

Mr. WEEKS. Mr. President— Mr. OWEN. I do not wish to interrupt the Senator from Massachusetts. I thought if there was no one prepared to speak upon the measure we might read those sections which are unobjected to and dispose of them. But if there is desire for delay until a further time, I will not press it.

Mr. WEEKS. There are two or three Senators on this side waiting to speak, and I think we ought to defer the commence-

ment of the reading of the bill for the present.

Mr BRISTOW. May I inquire the plan that is to be followed? My understanding has been that the bill would be taken up section by section, and that the amendments which

have been suggested would be voted upon as the sections were

Mr. OWEN. Mr. President, as I understand the parliamentary rules, there are two ways in which this may be done. can either take up the bill as it passed the House and propose amendments to the House text, which finally, when that process has been concluded, would then be before the Senate as competitive measure, with the amendment moved as a substitute by the chairman of the committee; or, on the other hand, as the substitute proposed, section by section, comes up, an amendment may be proposed to it section by section.

I understand the Senator from Oklahoma Mr. BRISTOW. has moved the bill which he has reported to the Senate as a substitute for the House bill, which was reported back by the com-Section 1 of the substitute proposed by the Senator from Oklahoma is practically the same as section 1 of the amendments proposed by the Senator from Nebraska [Mr.

HITCHCOCK

Mr. OWEN. Yes; that is true.

Mr. BRISTOW. So there will be no controversy in regard to section 1, I understand.

Mr. OWEN.

Mr. BRISTOW. Then when we come to section 2, as I understand-I may be mistaken in this-the Senator from Nebraska proposes to offer a substitute for section 2 as an amendment to the House bill. That would be perfecting the text of the House bill before the substitute of the Senator from Oklahoma is voted upon; or, if the Senator from Nebraska desired, he could offer section 2 as a substitute for that section of the substitute, which would be an amendment to the amendment.

Mr. OWEN. Yes; that can be done. Mr. BRISTOW. In either event, the vote will come first on the amendment to the amendment or upon the perfection of the House text before the amendment of the Senator from Oklahoma is voted upon. Mr. OWEN.

Mr. BRISTOW. Would it not be better for us to proceed in that way than to take up the sections of the bill where there is no controversy and pass over those where there is contro-

Mr. OWEN. That is what I propose. I thought that would be the most orderly way and the most convenient way.

Mr. BRISTOW. Then, when there is no one to speak, sec-

tion 1 will be taken up and disposed of.

Mr. OWEN. Yes.

Mr. BRISTOW. And then section 2 will be taken up and the amendment offered.

The amendment offered. Mr. OWEN.

Mr. BRISTOW. That is entirely satisfactory to me. Mr. OWEN. As an amendment to the amendment.

Mr. BRISTOW. Yes.

Mr. SMOOT. Did I understand the Senator to say that there were two ways of proceeding to the consideration of this

Mr. OWEN. That is what I understand.

Mr. SMOOT. First to take the House bill and amend that or, secondly, to take the substitute and amend the substitute?

Mr. OWEN. Yes.

Mr. SMOOT. I know of no rule of this body that would allow the substitute to be taken up and voted upon in the way of an amendment to a substitute. The only bill that is before the amendment to a substitute. Senate is the House bill. The only way we can proceed with it is to amend the bill either by an amendment offered by the Senator from Oklahoma or an amendment offered by any other Senator, but we can not amend a substitute

Mr. OWEN. It is an amendment. Mr. SMOOT. Then it will have Mr. SMOOT. Then it will have to be offered as an amendment to the House bill. The Senator from Nebraska can not offer an amendment to your substitute or any section of your substitute. All he can do is to offer an amendment to any of the paragraphs of the House bill. The Senator from Oklahoma has a perfect right to offer his substitute, but it can be offered only as a whole in place of the House bill. That can be done, of

Mr. OWEN. The Senator makes the observation that it is a substitute. It is offered in the form of an amendment, and being an amendment proposed, an amendment to the amendment can be offered under the parliamentary rule.

Mr. SMOOT. Yes; but in order that an amendment can be offered to an amendment, it must first be offered to the bill

itself, and that is the House bill.

Mr. CLARKE of Arkansas. Mr. President, the situation presented ought not to cause any difficulty. Whilst the report presented to the Senate by the chairman of the Committee on Banking and Currency is popularly referred to as a substitute,

it is simply an amendment in the form of a proposition to strike out all of the House bill after the enacting clause and to insert new matter. Our rules provide for that situation very definitely and very satisfactorily:

Pending a motion to strike out and insert, the part to be stricken out and the part to be inserted shall each be regarded for the purpose of amendment as a question; and motions to amend the part to be stricken out shall have precedence.

It will be entirely competent for the Senator from Oklahoma to move to strike out all of the House bill after the enacting clause and insert the matter he presented. Then it would be open to other Senators who desired to perfect the House bill by offering amendments to that; and when the Senate has disposed of such proposed amendments the question will come in competition between the substitute offered by the Senator from Oklahoma and the original House bill. But until the House bill has been perfected, as we might say, the vote on the substitute could not take place. Under our rule there does not seem to be any way by which that result can be obviated. Calling it a substitute does not give it any additional rights or deprive it of the lawful character of an amendment, but it is a comprehensive amendment, in its legal effect, to strike out the House bill and insert the new matter proposed by the chairman of the committee.

Mr. SMOOT. Mr. President, I fully agree with the Senator from Arkansas that the Senator from Oklahoma can offer his amendment by moving to strike out all after the enacting clause and inserting. There is no question about that. But that is not what the Senator from Oklahoma said. The Senator from Oklahoma said there were two ways to proceed with it; that is, to consider the House bill and offer the amendment to the House bill, or take his amendment and perfect that without offering it as an amendment to the House bill.

Mr. BACON. Mr. President, the principle is correctly recognized. I think, as stated by the Senator from Arkansas. At the same time I will suggest that there is possibly a simpler method of procedure which would recognize the principle the Senator

now has stated.

The familiar rule and the ordinary method of procedure is that where there is a substantive proposition, such as an original bill, and another substantive proposition is proposed to be substituted for it, as is this case, by striking out all after the enacting clause and inserting a substitute in lieu of it, the parliamentary body deals with each of those separate propositions separately, the friends of each having the opportunity to perfect each particular measure separately. Then one is put against the other, and the body chooses between the two. The simple method of procedure is this: It matters not, in taking that course, whether the body permits the friends of the original measure first to perfect it and lay it aside and then let the friends of the proposed substitute perfect that, and after each has had the action of the body in bringing it to the shape where those who advocate the one or the other prefer to have it, then the substitute, of course, is the first proposition voted upon by the body, and if it is carried, then the original proposition is displaced, and the substitute stands in lieu of it, and the body enacts it into law. But the important thing is that each proposition is dealt with separately, and the rights of amendment are all the rights which belong to an original proposition and not rights which are limited to the cases of amendments,

For illustration, here is the original bill. Under the rule recognized-and it is the universal parliamentary rule-only two amendments are permitted to be pending at a time. If the substitute were treated simply as an amendment, of course there could be only one amendment offered to the substitute, because an amendment can not pass the second stage. for purposes of amendment, the substitute is treated as an original proposition, there can be two amendments offered to any provision of that substitute. That is the way in which it

Of course the more usual plan is that the substitute shall first be taken up and, treating it as a substantive original proposition, proceed to act upon it by amendments which may be proposed to it, and in that way perfecting it. When that is done it is laid aside and the original proposition is then taken up as another original substantive proposition, and all the rights of amendment apply to that.

I will state, Mr. President, that there is a book in which that matter is clearly set forth, in a simpler way than in any other work on parliamentary law I have ever read. It is a little book which can be found in the Library, known as Mell's Parliamentary Practice, in which this particular subject is dealt with and stated with very much more clearness and conciseness than I have been able to state it. It is the easy, simple way in which a parliamentary body proceeds to deal with a question

when there is an original proposition containing many provisions and to which there would naturally be many amend-ments proposed, and another substantive proposition which it is intended to substitute for it, which, of course, must also go through the complicated processes of amendment. In other words, the two must be treated separately in order to avoid the difficulty of having to deal with the general rule of parliamentary law that only two amendments can be pending at a time. The substitute, when it is being perfected, is treated as an original proposition. The original bill, when being perfected, is also treated as an original proposition. So in each case the two amendments can be pending at the same time for any particular provision in them.

I am quite sure that that is not only the correct rule, but that it is the only practicable one under which the body can proceed without confusion and without difficulty in dealing with a bill where there is a substitute proposed for the whole of it,

especially where there are many sections to it, as in this bill.

Mr. CLARKE of Arkausas. Mr. President, I am not very familiar with the little book to which the Senator from Georgia referred, but I am familiar with Rule XVIII of the Senate. The only difference between the doctrine laid down in the little book referred to by the Senator and our rule is that the order cited by him is directly in conflict with the express provision of this rule. The rule says:

And motions to amend the part to be stricken out shall have prece-

Instead of amending the substitute and laying it aside, the specific language of the rule is that the original proposition shall be amended by its friends, so that when the vote comes that involves its life it will be perfected in its best form.

It is not the rule of the Senate and it can not become the rule of the Senate as long as the last clause of Rule 18 is in exisence, that a substitute shall be considered first. The proposition to amend the House bill will be the first motion in order, and in this particular case it obviously works out the most expeditious result. If it is a fact that the majority of the Senate first intend to dispose of the matter in that way, and are perfectly willing to stand by the comprehensive amendment or substitute, or whatever name you choose to apply to it, presented by the chairman of the committee, it is a very easy matter to dispose of an amendment offered by those who belleve that the text of the House bill should be amended. It may be laid on the table or otherwise disposed of in some regular parliamentary way. So when we reach the substitute, if no amendments are adopted to that, we then take the House bill as it came to us and the substitute as presented by the Senator from Oklahoma on behalf of the Committee on Banking and Currency. Our first business under this rule will be to deal with such amendments as are offered to the House bill, because the proposition then will be made to strike out all after the enacting clause and insert in solido the proposition con-tained in the report made by the chairman of the Committee on Eanking and Currency.

The observations of the Senator from Georgia are very generally correct, and I differ from him with much hesitancy, but I think the text of the rule is so plain that I am warranted in doing it in this case. He is exactly right about the fact that the text to be stricken out and the provision to be inserted in lieu of it constitute two parliamentary questions, and they are to be disposed of in order. Under our rule precedence is given to an amendment offered to the original text before it is competent for the Senate to consider the adoption of the substitute or its amendment. Really there is no room for serious dispute about it. The text of the rule is so plain that I think there will be no difficulty about it when we come to deal with it practically

Mr. HITCHCOCK. Mr. President-

Mr. BACON. If the Senator will pardon me a moment, the vital consideration in my mind is that the two shall be considered as substantive propositions in order that all rights of amendment which would apply to an original measure may be enjoyed by each. That is the vital thing about it.

The question as to whether the substitute shall be taken up

first and perfected or whether the original bill shall be taken up and perfected is not vital, and it is entirely agreeable to me that the bill shall be considered first for amendment.

Of course I do not know that the substitute which is to be offered by the Senator from Oklahoma will or will not be amended. I believe there are some amendments that he himself wishes to offer to it, and if so, he ought to be permitted to perfect his substitute before he offers the measure which he proposes by striking out all after the enacting clause and inserting it. He must perfect that before he makes his motion to strike out.

Mr. OWEN. That is right. Mr. BACON. That is the w That is the whole point in regard to that. So far as the question as to whether the original proposition is first considered for amendment or whether the substitute is considered for amendment, it is in practice not a matter of vital importance. It is, however, a matter of vital importance that the two measures shall be each considered as an original measure for the purpose of amendment. That is all I contend

for. I do not think there is any possible doubt about it.

The VICE PRESIDENT. The Chair will state what seems to be the state of the record. The bill was reported back from the The only amendment now pending is the amendment offered by the Senator from Oklahoma. But the ruling of the Chair will be that amendments may be proposed to the original House bill and after the original House bill has been perfected, then the amendment of the Senator from Oklahoma comes up, and the amendment of the Senator from Oklahoma is amendable. As many amendments may be presented to it as Senators see fit to offer.

Mr. HITCHCOCK. Mr. President, in order to make some progress and to clear up the parliamentary situation, I offer as an amendment to the House bill, the amendment to section 1, which appears upon the print authorized by the committee which, as I understand, has been practically accepted by the chairman of the committee. Am I correct in that?

Mr. OWEN. I understand that that is the case.

Mr. HITCHCOCK. As a matter of form, I first offer the amendment that appears in section 1.

The VICE PRESIDENT. The amendment proposed by the Senator from Nebraska will be stated.

The SECRETARY. On page 1, after line 4, it is proposed to in-

The terms "national bank" and "national banking association" used in this act shall be held to be synonymous and interchangeable. The term "member bank" shall be held to mean any national bank, State bank, or trust company which has become a member of one of the reserve banks created by this act. The term "board" shall be held to mean Federal reserve board; the term "district" shall be held to mean Federal reserve district; the term "reserve bank" shall be held to mean Federal reserve bank.

Mr. HITCHCOCK. Mr. President, as this amendment is substantially concurred in by both wings of the committee and has the approval of the Democratic conference, I presume that it may be adopted without any further discussion.

Mr. OWEN. I have no objection to the adoption of that

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Nebraska [Mr. Hitchcock].

The amendment was agreed to.

Mr. WEEKS. Mr. President, I want to call the attention of the Senate to one phase of this legislation which I think has not been completely discussed and because I have some information which, it seems to me, will be of interest to the Senate.

One of the contentions which developed when the bill was originally proposed in the House was as to the character of the reserve board-whether the board should be made up of bank men or should be composed of men who are not in any seuse bank men, or should have some bank men and others who have had no banking experience but who have been engaged in general business pursuits. The changing sentiment was reflected in the different bills which came into the House. The first bill provided that three of the members of the reserve board should be bank men; the next bill provided that one should be a bank man; and the next bill provided that none of the members of the reserve board should be bankers. It was contended that there was a reason for this last solution of the question, in that the directors of European central banks were in no case bankers.

There is a material difference between the banker as we understand him to be in this country and the banker as he is understood abroad. Many men engaged in mercantile pursuits in Europe, especially in England, are classed as merchants, but they are really merchant bankers, especially those engaged in foreign trade. Therefore when it is said in England that the director of a bank is a merchant he may be a banker as well as a merchant. So the statement is not in any sense true that the great European banks have not on their boards of directors men who have been actively engaged in banking pursuits. It is true that, generally speaking, they are not actively interested in joint-stock banks, but there are banks of issue, there are banks of discount, and there are other classes of banks in Europe, which are represented on these boards. In order to indicate that this contention is sound and to have it in the record, I want to call to the attention of the Senate the character of the membership of the different boards of directors of the three great European central reserve banks.

I want especially to call attention to the fact that these directors of the Bank of England are either private bankers or are directors sometimes in one and sometimes in many other active business pursuits.

The bank directorate or board of the Bank of England is composed of the governor of the bank, W. Cunliffe, of Cunliffe Bros., merchants, a director of the North Eastern Railway.

DEPUTY COVERNOR.

Cecil Lubbock, director Withbread & Co. and Northern Insurance Co.

DIRECTORS.

C. G. Arbuthnot, of Arbuthnot, Latham & Co., merchants; a director of London Assurance Corporation.

O. Bonsor, chairman South Eastern Railway Co.; chairman Watney, Coombe, Reid & Co. (Ltd.); and a director of Northern Assurance Co. and London & Greenwich Railway.

Herbert Brooks, of R. Brooks & Co., merchants; chairman of Atlas Assurance Co., British Australasian Trust & Loan Co., United Planters' Co. of Ceylon; and a director of Colombo Electric Tramways & Lighting Co., Indemnity Mutual Marine Assurance Co., and the Peninsular & Oriental Steam Navigation Co.

W. M. Campbell, of Curtis, Campbell & Co., West India merchants; a director of the Commercial Union Insurance Co. and

the Merchants Trust Co.

Brien Cokayne, of Antony Gibbs & Sons, merchants and bankers; a director of the Fortuna Nitrate Co. and Pan de Aznear Nitrate Co.

A. C. Cole, a director of the London Assurance Corporation,

C. H. Goschen, of Frohling & Goschen, foreign bankers.

E. C. Grenfel, of Morgan, Grenfel & Co., bankers; vice president International Mercantile Marine; director of Indemnity Mutual Marine, Sun Insurance Office, and Sun Life Assurance

Sir E. A. Hambro, of C. J. Hambro & Sons, bankers.

L. H. Hanbury, of Wood, Field & Hanbury, hop merchants; director in Crompton & Co. and Guardian Assurance Co.

G. W. Henderson, of R. & J. Henderson, East India mer-

chants; chairman of Borneo Co.

W. D. Hoare, of Hoare, Miller & Co., merchants; chairman Belize Estate & Produce Co., Brazilian Trust & Loan Corporation, and London Trust Co.; director Alliance Assurance Co. and London & Brazilian Bank.

Lord Hollenden, of I. & R. Morley, warehousemen.
Right Hon. F. H. Jackson, of Frederick Huth & Co., merchants; chairman Indemnity Mutual Marine Insurance Co.; director in Acorn Trust Co., Eastern Telegraph Co., and Northern Assurance Co.

R. E. Johnston, of Edward Johnston, Son & Co., merchants; vice chairman of Guardian Assurance Co.; director in Sao Paulo Brazilian Railway Co. and the Thames & Mersey Marine Insurance Co.

R. L. Newman, of Newman, Hunt & Co., merchants; director North British & Mercantile Insurance Co.

M. C. Norman, D. S. C., of Brown, Shipley & Co., bankers. Sir Augustus Prevost, Bart., of Morris, Prevost & Co., merchants; director in Guardian Assurance Co.

Lord Revelstoke, G. C. V. O., of Baring Bros., bankers and financial agents; director in Arthur Guinness, Son & Co.

A. G. Sandeman, chairman of George G. Sandeman & Sons; member of council of the Corporation of Foreign Bondholders.

Tiarks, of J. H. Schroder & Co., merchants; chairman of Sao Paulo Coffee Estates.

H. A. Trotter, of Thomson, Hankey & Co., merchants; director Alliance Assurance Co., Cordova Light, Power & Traction Co., and United Electric Tramways of Montevideo.

C. Vickers, of Vickers (Ltd.), shipbuilders; director of London Assurance Corporation.

A. F. Wallace, of Wallace Bros. & Co., merchants. It is true that, generally speaking, those directors are not immediately connected with the management of joint-stock hanks; but, as indicated from the reading, they are, in several instances, directors of trust companies, and to say that Mr. E. C. Grenfel, of Morgan, Grenfel & Co.; C. H. Goshen, of Frohling & Goshen; Sir E. A. Hambro; F. H. Jackson, of Frederick Hugh & Co.; Cecil Lubbock; and Lord Revelstoke, of Baring Bros., are not bankers is simply to beg the question, because there are few as competent bankers in the United States as are those men. The assertion, therefore, that bankers should not be appointed on the Federal reserve board because bankers are not members of the board of directors of the Bank of England

is, in my judgment, entirely unwarranted.

Now, let us turn to the German bank and the French bank and in the same way demonstrate that their boards of directors are composed of material similar to that making up the board

of directors of the Bank of England.

The Reichsbank has three organs, which compose the administration. The first is the Reichsbank Kuratorium, of which the president is the chancellor of the German Empire, at present Bethmann Hollweg; the vice president is the secretary of state of Prussia, at present Dr. Delbrueck. The other members of the board are Dr. Lentze, the Prussian finance minister; Dr. Wolff, of the Bavarian ministry of finance; Dr. Hallbauer, privy councillor of Saxony; Dr. Predoehl, the mayor of Hamburg.

From this it will be seen that this is a body representing some of the States that comprise the German Federation, who are appointed to and stay in office for an indefinite time, quite independent of any party policy. It should also be remembered in this connection that the chancellor of the German Empire remains in office even though he may not be supported by a majority of the parties in power, so that the whole body of this portion of the directorate of the Reichsbank is strictly non-

The second branch is the Reichsbank Direktorium; president, Mr. Havenstein; vice president; Dr. Glasenapp; and six additional members.

The third branch is the Zentral Ausschuss, composed of Dr. Kaempf, president of the municipal council of Berlin; Mr. Hardt, a prominent business man; Mr. von Mendelssohn, member of the most important private banking firm of Berlin; Mr. Woermann, a prominent merchant of Hamburg; Dr. Salomonsolm, manager of the Disconto-Gesellschaft, one of the largest banks of Berlin; Mr. Hecker, a banker; Dr. von Schwabach, leading partner of the second largest private banking firm of Berlin; Mr. Delbrueck, partner of the third largest private banking firm of Berlin; Count von Doenhoff-Friedrichstein, apparently representing agrarian interests; Prof. Dr. Helfferich, one of the leading directors of the Deutsche Bank, the largest bank of Germany; Mr. Hugo Oppenheim, a Berlin private banker; Mr. Otto Braunfels, a Frankfurt private banker; Mr. Carl Fuerstenberg, manager of the Berliner Handelsgesellschaft, one of the four most prominent banks of Berlin; Dr. James Simon, a prominent Berlin merchant; Dr. von Oppenheim, a prominent private banker of Cologne. There are three deputies of this group and their substitutes, who are acting as constant consultants with the Direktorium when the Zentral Ausschuss does not meet. These are all bank presidents and two most important private bankers of Berlin, except Dr. Kaempf, who is now a retired banker and, as stated above, president of the municipal council of Berlin. They are Kaempf, Schwabach, Fuerstenberg, von Mendelssohn, Prof. Helfferich, and Dr. Salomonsohn, the six private bankers referred to in the reading.

There are local committees, composed of men of similar character, in Bremen, Breslau, Cologne, Danzig, Dortmund, Dresden, Frankfurt, Hamburg, Hannover, Kiel, Konigsberg, Leipzig, Magdeburg, Mannheim, Munich, Nuremberg, Posen, Stettin, Strassburg, and Stuttgart.

In those cities are branch banks, which may be compared with the branches which will be established through our regional banks under the provisions of the pending bill.

The Kuratorium, the government board, meets only four times a year. The Zentral Ausschuss is being called together once a month at least and every time when there is a question of changing discount rates. The deputies of the Zentral Ausschuss assist at the weekly meetings of the Direktorium. The actual management of the Reichsbank is in the hands of the Direktorium, which is recruited from members of the staff, all trained in business, and who remain in office irrespective of party policy and irrespective of political questions as long as they render good service, appointed for life.

I want to submit now the character of the directorate of the Bank of France. There is the governor, Mr. G. Pallain; the deputy governors, Messrs. Lem and Sergent; the regents, Baron Hottinger, Messrs. Aynard, Richemond, Loreau, Baron de Neuflize, Baron Davilier, Mallet, Baron E. de Rothschild, Dervillé, Bénard, Colomb, Cousin, Lariviere, René Laederich, F. de Wendel. Of these Baron Hottinger, Mr. Mallet, and Baron Rothschild, and Baron de Neuflize, all to be heads of important private banking firms of Paris, where, of course, the Rothschilds are the leaders. Mallet, Hottinger, and De Neuflize are also very important private firms. There are three censeurs, Messrs. Derode, Guillain, and Victor Legrand. The branches are in charge of local boards.

Senators should be, and probably are, aware of the fact that the regents are elected by the 200 largest stockholders.

The regents have a vote on the board, but they can not outvote the governor, who has to be in accord with them, in order to constitute a resolution.

It is important to state the fact that the bankers on the board of the Bank of France are, jointly with the governor,

running the business, because it has been publicly stated, not only referring to the directorship of the Bank of England and the Bank of Germany, but especially to the Bank of France, that no bankers were on those boards, and that was the reason why bankers should not be placed on the Federal reserve board.

As I have said before, it concerns me very little whether the President appoints the members of the reserve board or whether they are elected by the banks or provided for in some other way, if they are thoroughly competent men for those places; and in order to secure thoroughly competent men I submit to the Senate that we are likely to get better results if men are appointed who have had banking experience, but who have at the time of their appointment no entangling alliance with any private banking concern of any character, and preferably no business connections whatever.

I have put this in the RECORD, Mr. President, in order that there may be no misrepresentation or misinformation about this important question. The best banking men in Europe, other than those connected with the joint stock banks, are directors in the national banks of the respective countries, and I hope that when the places on our reserve board are filled it will be found that they have been filled largely by men who have had broad mercantile experience who understand and comprehend our foreign trade and its requirements and who have had actual banking experience, so that they may fill those offices to the satisfaction of all the people of the United States.

Mr. SHAFROTH. Mr. President, in answer to the Senator from Massachusetts, I wish to say that the writer, upon the Bank of England, at least, expressly says that no banker is upon the court of directors of the Bank of England; and he defines a banker as being one connected with a check-paying bank. Mr. Hartley Withers has written a book on the Bank of England, in which he expressly states that while there are upon it men interested in financial institutions, no person is upon the court of directors of the Bank of England who is connected with a check-paying bank.

The National Monetary Commission examined the governor of the Bank of England, and in his testimony he stated that no banker connected with a check-paying bank was upon the court of directors of the Bank of England. He further said that while there was no law which prohibited it, it was the univer-

sal custom and it never had been departed from,
Mr. Bagehot, in his book entitled "Lombard Street," which treats of the Bank of England, expressly stated that there was no banker, in the sense of a person connected with a check-paying bank, upon the court of directors of the Bank of Eng-land. Whether the list which has been cited by the Senator from Massachusetts defines the banks with which these persons are connected, whether they are check-paying banks or not, I do not know. Under the definition which has been given by these three writers upon the Bank of England itself, however, it seems to me to be clear, at least in the absence of a showing as to the character of the banks that have been described in the speech of the Senator from Massachusetts, that the word of these gentlemen who know so much about the subject should be taken as true.

Mr. WEEKS. I should like to ask the Senator from Colorado a question. Would he consider Mr. Schiff, of Kuhn, Loeb & Co., of New York, a banker?

Mr. SHAFROTH. I do not know enough about their business to state as to that.

Mr. WEEKS. Would the S J. P. Morgan & Co., a banker? Would the Senator consider Mr. Morgan, of

Mr. SHAFROTH. I do not know his connections. We generally speak of them as bankers, and yet they might come within the very definition which has been described by the

writers upon the Bank of England.

As I understand, a director of the Bank of England must have, as a qualification, stock in the Bank of England to the extent of £500, and must own a mercantile business to the extent of £20,000. That seems to have been laid down as the general qualification of a member of the court of directors. As to check-paying banks, the writers on the subject expressly say that they are not and never have been members of the court of directors of the Bank of England.

I think the Senator from Colorado is begging Mr. WEEKS. the question. There is no doubt about Mr. Morgan, or Mr. Schiff, or a long list of similar names in this country, being bankers. They are the leading private bankers of the United States. They are in exactly the same class as Lord Revelstoke, of Baring Bros., who is a member of the board of directors of

the Bank of England.

If there is going to be a differentiation between a joint-stock bank and a private bank, I am not going to discuss that thin, ing comment on the pending bill, the comment to be of a gener narrow, restricted point of view; but it does not admit of any nature. Probably I more immediately represent the layman—

question whatever that men who are acquainted with all the banking business of the country, who are familiar with every form of banking, foreign as well as domestic, are members of those boards, because I have read the names of men who to-day are actually members of the boards of directors of the three great banks of Europe.

Mr. SHAFROTH. I want the Senator from Massachusetts, then, to differentiate this language which is used by Mr. Walter

Bagehot in his book on Lombard Street:

In London no banker has a chance of being bank (of England) director, or would ever think of attempting to be one. I am here speaking of bankers in an English sense (of those who accept deposits subject to check). \* \* Not only no private banker is a director of the Bank of England, but no director of any joint-stock bank would be allowed to become such. The two situations would be taken to be incompatible. \* \* The mass of the bank directors are merchants of experience, employing a considerable capital in trade in which they have been brought up and with which they are well acquainted. \* \* The direction of the Bank of England has for many generations been composed of such men.

There is also a statement here from Mr. Hartley Withers, in which he comments upon this very matter, and says:

There is also a statement here from Mr, Hartley Withers, in which he comments upon this very matter, and says:

When we come to consider the bank's organization, its most striking features are the constitution of its court of directors and its system of government by rotation, and these are points on which the bank's critics have fastened with the keenest energy and determination.

The bank court is a committee recruited chiefly from the ranks of the accepting houses and merchant firms, and its members are nominated by itself, subject to the purely formal confirmation of the shareholders; and it is an unwritten law that no banker in the ordinary sense of the word—that is, no one connected with what we call the check-paying banks—can be a member of it.

At first sight, this is one of those anomalous absurdities so common in England, and so puzzling to the intelligent foreigner, who can not understand why we suffer them. A court of directors ruling the Bank of England, and so performing most important banking functions, and yet disqualifying for membership anyone with an expert knowledge of banking, is a tempting subject for an epigrammatically minded satirist. But, in fact, this anomally, like many of our others, not only works excellently well in practice, but is, when calmly considered, clearly based on sound common sense. For in the first place it would obviously be undesirable that a member of one of the outer ring of banks should have the insight into the position of his rivals which membership of the Bank of England court could give him, unless all the others were similarly privileged. But if all the outer banks were represented on the bank court, it would become a committee of unwieldly dimensions, perhaps reproducing or reflecting in the bank parlor the rivalries and jealousies that stimulate the outer banks were represented on the bank court, it would become a committee of unwieldly dimensions, perhaps reproducing or reflecting in the bank parlor the rivalries and jealousies that stimulate the outer ban

The governor of the Bank of England, who was examined by the National Monetary Commission, testified as follows:

Q. Is there any custom restricting the class from which the directors may be selected?—A. There is no legal restriction as to the class from which directors may be selected, except that they must be "natural-born subjects of England or naturalized," but in actual practice the selection is confined to those who are or have been members of mercantile or financial houses, excluding bankers, brokers, bill discounters, or directors of other banks operating in the United Kingdom.

It seems to me that when these three authors, and the governor of the Bank of England himself, say that no banker is upon the court of directors of that bank in the sense of a man connected with a deposit and check paying bank, it ought to be

conclusive of the question.

Mr. WEEKS. I stated that there were banks in England having different functions, such as banks of deposit, banks of discount, and banks of issue, but that so far as our definition of a banker is concerned there were such bankers on the board of directors of the Bank of England. Nobody will contend that from our standpoint Lord Revelstoke is not a private banker; and yet one of the authors called as a witness by the Senator from Colorado says there are no private bankers on the board.

There are certainly at least six men on the board who would come within our definition of a private banker in this country the class of bankers represented in New York by firms like Morgan & Co., Kuhn Loeb & Co., and similar firms in different

parts of the country.

To say that there shall be excluded from this reserve board men who have had banking experience is likely to remove from it the possibility of the very kind of experience which will make the board most efficient.

Mr. SHAFROTH. Nobody expects to exclude men who have had experience; but when they are upon the board they ought to have no connection whatever with the banks of the United

Mr. WEEKS. We provide that they shall not have.

## RECESS.

Mr. SHERMAN. Mr. President, I desire to make some passing comment on the pending bill, the comment to be of a general

Mr. SMOOT. Mr. President—
The VICE PRESIDENT. Does the Senator from Illinois yield to the Senator from Utah?

Mr. SHERMAN. I do.

Mr. SMOOT. I should like to ask the Senator from Indiana [Mr. Kern] whether it is worth while to compel the Senator from Illinois to begin his speech at 7 minutes before 6 o'clock. He desires to go on immediately at 8 o'clock, and I think if the Senate could take a recess now until 8 o'clock it would be justified.

Mr. KERN. I have no objection to a recess being taken now. Mr. SMOOT. I should like to have it done, because the Senator from Illinois expects to go on at 8 o'clock, and it is now

7 minutes of 6.

Mr. SHERMAN. I should prefer to begin at 8 o'clock.

Mr. KERN. I hope seven minutes more will not be consumed in an unnecessary roll call immediately after 8 o'clock; but whether that is done or not-

Mr. SMOOT. I can not agree to that, of course.
Mr. KERN. I say, whether that is done or not, I will move
a recess until 8 o'clock.

The motion was agreed to; and thereupon (at 5 o'clock and 53 minutes p. m.) the Senate took a recess until 8 o'clock p. m.

#### EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.

Mr. SMOOT. Mr. President, I suggest the absence of a

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst Bacon Gronna Hollis Nelson O'Gorman Overman Owen Page Robinson Smith, Ga. Smith, Md. Smith, S. C. Smoot Stone Hollis
James
Johnson
Johnes
Kenyon
Kern
Lane
Lea
Lewis
McLean
Martin, Va.
Martine, N. J. Brady Bristow Bryan Chilton Swanson Thompson Thornton Tillman Warren Clarke, Ark. Saulsbury Shafroth Sheppard Sherman Colt Crawford Cummins Dillingham Gallinger Shively Williams

The VICE PRESIDENT. Fifty-two Senators have answered to the roll call. There is a quorum present.

# AGRICULTURAL EXTENSION WORK

Mr. SMITH of Georgia. Mr. President, I will necessarily be absent to-morrow morning during the morning hour on business in some of the departments and I ask leave to present a report to-night from the Committee on Agriculture and Forestry.

The VICE PRESIDENT. Is there objection? The Chair hears none

Mr. SMITH of Georgia. From the Committee on Agriculture and Forestry I report back favorably without amendment the bill (S. 3091) to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an act of Congress approved July 2, 1862, and of acts supplementary thereto, and the United States Department of Agriculture, and I submit a report (No. 139) thereon.

The VICE PRESIDENT. The bill will be placed on the , calendar.

# BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. STONE. Mr. President, I desire at some time soon to occupy not exceeding 30 minutes in submitting some remarks I wish to make while this bill is under consideration. tended to do that to-night, but I do not feel physically in form nor do I care to undertake it. I understand the Senator from Illinois [Mr. Sherman] desires to address the Senate. All I care for is to wedge in somewhere between these heavy guns who occupy hours in elaborating their views. I think perhaps I can arrange with the Senator from Ohio [Mr. Burton], who has given notice of his intention to speak to-morrow at considerable length, to let me in for a few minutes before he begins That would be far more pleasing to me. So I will not interfere to-night with the purpose of the Senator from Illinois. As far as I am concerned, I stand ready to listen to his enlivening observations.

Mr. CLARKE of Arkansas. Mr. President, I send to the desk telegram which I ask the Secretary to read.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The Secretary read as follows:

LITTLE ROCK, ARK., December 10, 1913.

Senator JAMES P. CLARKE, Washington, D. C .:

Senator James P. Clarke, Washington, D. C.:

Copy of bill received and very carefully considered. Bill as a whole much improved. Serious objection page 67, reading "no member bank shall extend, directly or Indirectly, benefits of this system to nonmember bank." That would prohibit absolutely any nonmember bank, no matter what size, carrying account with member bank. Section 17 improved, but open to the same objections of clearing instead of collecting. This is all in favor of the large banks in the reserve centers. Possibly benefit the North and East, but serious detriment to South and West, Provision allowing banks to charge drawers of checks for checks cleared impracticable. Depositors of checks have heretofore assumed cost of collecting. This such a radical change that banks would be afraid to avail themselves of it, being afraid of interpretation by the State courts of the present law merchant of contract between depositor and bank. This could not compel nonmember banks to charge and would drive customers from member banks to nonmember banks. Provision allowing charges for sale of exchange, if that provision goes through, impracticable. No one would buy exchange if personal checks were cleared at a very minimum rate. Interest on funds while in transit would amount to more than collection charges. In my opinion, clearing of individual checks impracticable; of no benefit to the country. Cittles only would profit, to the detriment of the country, and would cause such a revolution in present methods of doing business and such criticism by individuals who would be charged who are not now charged that it would be not only a political blunder, but a political crime. I am a Democrat; I want to see the Democrats pass a thoroughly scientific—at least thoroughly practical—bill that will benefit the country and the party. Democrats have been in office two terms in the last 50 years. Don't let us legislate ourselves out of office again.

Mr. CLARKE of Arkansas, Mr. President, the author of that tolerane.

Mr. CLARKE of Arkansas, Mr. President, the author of that telegram is Mr. George W. Rogers, cashier of the Bank of Commerce, of Little Rock, Ark., one of the leading financial institutions of our State. He is a most intelligent gentleman and a banker of great experience. He has given much attention to this particular legislation, and I gladly admit I have profited

by frequent conferences with him.

I think his arraignment of the substitute hill is rather more sweeping than is justified. Independently of my own opinion about the matter, I have conferred freely with the Senators directly in charge of the preparation of the substitute which will be offered and to which he makes reference in his telegram, and none of them wholly agree that his criticisms are well taken. However, I have such respect for him personally, and such respect for his opinions on the general subject of this legislation, and such a complete knowledge of his familiarity with practical banking matters, that I felt I could not withhold his telegram from the RECORD. I believe that his opinion is worthy of consideration by the conferees who will ultimately consider the bill. Some of his objections seem to me to have merit in them. I feel sure he is sincere in what he has said about the defects in the substitute bill and that he is prompted to make the suggestions he does by his intimate knowledge of practical banking and not by a desire to be captious. I fear that he has not given due weight to the radical change of system that is involved in the adoption of the pending legislation, and has failed to make due allowance for the incidental compensations that will become apparent when the system has been tested by actual operation. The parliamentary stage has been passed when amendments may be offered without hope of adoption, and I trust that the conferees from the two Houses of Congress will carefully consider the objections indicated by Mr. Rogers before the final text of the bill is agreed to.

Mr. SHERMAN. Mr. President, I regard the telegram just now introduced in the RECORD as a most encouraging introduction. I have no technical knowledge of banking. The comments I shall make will be entirely nonprofessional. From the layman's point of view this bill presents, whichever section of it be considered, some very striking differences. I shall speak of one that appeals most favorably to me as the Hitchcock bill, if you will accept that expression, and the other as the caucus bill. This is by way of identification and shortening the record.

Last spring, if I had been called on to vote upon the cloture, in all probability I would have favored some reasonable modification of the present rule on that subject. I would not at this time do so. I believe the present practice is as conducive to sane legislation as if it were restricted.

The larger the legislative body the less deliberation, the less the individuality of the Member. The House with its 435 Members is less of a deliberative body than the Senate with its 96 Members. The reason is apparent. If everybody in the House talked to his entire satisfaction there never would be any legislation in that body; 435 Members would consume all the waking hours allotted to the average man. Therefore the rules of the House must close debate. The previous question there, or whatever may be equivalent to it in practice, becomes absolutely indispensable to the transaction of its business. As the number of men increases in a deliberative body the relative importance of those who lead that body increases by the same inevitable rule. That influence does not mean that the membership is extinguished; it only means that the representation of a large number of men is placed in the hands of a chosen few. That always happens. Government by the multitude does the same thing. It multiplies the temporary power of popular leaders and the public press. It needs no closing rule or cloture where there are but 96 men authorized to represent a coordinate branch of a legislative department. Ninety-six men can never talk each other into complete exhaustion nor unduly delay legislation. It makes no difference how political parties are divided, whether into two or more, a minority party can never prevent the majority party from having and exercising the power that is commensurate with the responsibility that naturally attaches to that power. Public opinion is after all a powerful remedy if evil result from unlimited discussion,

The Senate is the only open forum there is left in the United Out of 48 legislatures of as many States there is no such thing as an open forum. In the more numerous body of the State legislatures it is a closed forum all the time, and under express parliamentary rules the organization legislates. The larger the State the greater this truth. The House of Representatives is no longer an open forum where unfettered freedom of discussion prevails. The Senate is. It ought to remain so. If public opinion is not a sufficient corrective for a minority or does not have a sufficiently steadying influence on a majority, we can afford to take the time, even though in the opinion of some dignified and learned Senators that time may be wasted. I do not think it is. There never is an explosion so long as the steam escapes. It is only the imprisoned elements that destroy. Let a man talk himself empty, and it is the first step toward universal peace. To suppress him and imprison his thought is the most provocative of war of anything in the world. They did not use the guillotine in the French Revolution half as readily until gag rule had been applied to some of the

So I believe here, while we have been suffering from some verbal castigation, because we have taken some time, I am not sure but the time has been well spent. I do not expect to convince those who are already convinced the other way. some consolation sometimes in talking to the insensate timber in The lifeless thing is really sympathetic sometimes here compared with the human beings to whom the avenues of reason are closed. [Laughter.] We have not lost any time here, not even on the record of the majority party, as much as we have encroached on the working hours of the day. perfectly satisfied, if we must, to begin at 10 o'clock in the morning and to work until 11 o'clock at night and to keep it up all winter; some of us are used to it, but we have not wasted the

We had a lecture last night that was entertaining, edifying, full of information, full of kindly admonition that might bring up those who are not yet hardened in their ways in the nurture and admonition of the Lord. It pointed the way to better, higher, nobler things, an ideal state—some of it a beautiful air castle. I wish we could get to it. I wish it would harden into something substantial. I wish in the lifetime of the youngest man in this body, if he lived out the allotted time of the Scriptures, that we might reach that happy condition. I shall not live to see it; I doubt whether any of my colleagues will; but we can live in hope.

Remember that republican government, after all, is but an ideal. If it were not for that ideal there might not be any progress. We never reach all our ideals on this side of the Chamber. It remains for some of the Senators on the other side to do so, who happily think the millennium has arrived when there is a favorable verdict at the polls, to be in that beatific frame of mind where they think everything is as it ought to be, barring some things that we are preventing from early accomplishment, among which are some I now proceed to note, to see how

far we have yet to travel.

One is that there shall in due course of industrial justice be insurance against involuntary unemployment. I am in favor of that. I can tell you the best kind of insurance against involuntary idleness; I can tell you when the premium against that form of policy will be the highest. It will always be the highest after a Democratic victory and a threat of tariff revision. [Laughter.] That is the time when the premium will mount up to the highest, and it is the time when the greatest number of the unemployed will be found in the land. Unem-

ployment, involuntary idleness-the best insurance policy in the world against that unhappy state of affairs is to elect somebody who believes in building a wall high enough to keep our pay rolls at home and to let other countries shift for their own people. We ought to supply our home markets with the work of our own hands instead of bringing it from abroad. I am in favor of that kind of industrial justice first, Mr. Presi-

To prohibit child labor is another. We have prohibited it since 14 years ago in many of the Northern States along the Mississippi Valley; there is nothing new in that. The trouble is you have not kept up with the procession. The employment of child labor is a misdemeanor in many States. It is a matter some good authorities think entirely within the range of State jurisdiction. It makes no difference if the products of the labor should thereafter be introduced into the interstate commerce of the country; it is sometimes doubted whether an instrument of production can be reached under the interstatecommerce clause of the Constitution. However that may be, it has already received proper attention and will continue to do so in the future whenever needed.

A minimum wage is another one of these, and in that a great deal of experiment is now in progress. Barring constitutional difficulties, if they be removed it becomes an open question when and how a minimum wage can be applied to all localities in any given undertaking. It is very largely a local problem. What one public utility can pay another can not always pay in some other less-favored locality and rendering the service under less favorable conditions. In many places commissions are studying the question, and they are proceeding with all due expedition to find the best way in which the minimum wage scale can be worked out. Some think the better way is by an arbitration board, making each wage scale a problem of itself, and after hearing the evidence handling whatever controversy have arisen, which necessarily involves an examination into the production costs, including material, the labor employed, the conditions of the service, and the general state of the market to make an award or finding. Those things are in course of solution. Any cloture rule applied in this body would not hasten their wise solution 24 hours.

Women ought to be protected by laws governing the conditions of the service in which they may be engaged. I am happy to say that in many States of my acquaintance there are now such laws, reasonable ones, limiting the line of occupation. Women may not work in coal mines; they may not engage in insanitary work where robust physical strength is required or where the moral surroundings are such as to make it improper. That has been the law in several States of which I have personal knowledge for several years back-at least, as far as four years and six years ago. The number of hours of labor is always limited, together with the conditions surrounding their service as to seats, air, heat, light, and other matters that affect their moral and physical welfare.

Convict labor, it is said, ought to be abolished. Certainly it ought, and it has been abolished by State after State, both by constitutional amendment and by statutory enactment. The State where I happen to live abolished it many years ago and substituted a more humane way of employing her unfortunate convicts.

Industrial publicity ought to be given. This is another one of the alleged reasons why we should not be wasting time. It is said that these greatly needed reforms find in us a brake; . that we are standing in the way of industrial justice. Industrial We have had it in State after State where I have had occasion to transact business in the last 30 years-not for the 30 years; in some of them it is 2 years old, in some 4, in some 10, and in some States for 12 years back we have had industrial publicity, and we had industrial publicity in one 16 years ago. Industrial publicity extends to the remotest detail of industrial life. It extends to the surroundings under which the workmen render their daily service, their hours of service, sanitation, the mechanism for their safety in the places where they work, in mines, with machinery, and in other hazardous employments. All of these are matters embodied in written reports. time there is an accident of any kind, however trivial it may be, whether or not it result in death, through a State bureau the statistics are kept; they are published; they are accessible to all. So the industrial publicity on this score relating to the factory, to the mill, and to the mine is adequate and full for all purposes of industrial justice and a basis for remedial laws.

A bureau of labor statistics is found in many of the States, taking care in detail of all that can be done in this line. Whatever may be done in Federal legislation by act of Congress can be worked out, and I apprehend between now and the adjournment, next August, we will have ample time, even in an open forum here, with no cloture, to discuss abundantly and well all

such remedial legislation.

Factory laws, wherever they are extant, in the larger manufacturing States or the older ones, are of a kind that promote to a very high degree the sanitation, the life, the health, and the limb of the employee. Competent factory inspectors under State authority give to all employed in these undertakings a degree of safety not possible under the old order of things. Safety-appliance acts and limitation of hours of service on common carriers, State and interstate, have already been enacted.

mon carriers, State and interstate, have already been enacted.

A compensation act! The abolition of the common-law defenses has come along in due course. Compensation legislation would be further along at the present time, both in State and Nation, if there had been substantial agreement in the ranks of those who would most largely benefit by such remedial

legislation.

The Brotherhood of Locomotive Engineers were here last summer. From one city in the State, with the conditions of which my colleague and myself are quite familiar, there radiate many trunk lines of road. The engineers represent a highly skilled form of labor. It requires a well-developed type of man; the responsibility is heavy; the service is exacting; the life and property intrusted to the care of enginemen are incalculable. The engineers have not always agreed with other organizations. One reason why probably some delay has occurred in this body in advancing legislation in their behalf is because those benefited themselves are not in accord on compensation acts. Some prefer in case of injury to sue when the common-law defenses are taken away—the three that constitute the stock defenses under the common-law practice that prevails in many of the States. They prefer to sue so that they may receive what they think their injuries really entitle them to, while a compensation law providing a graduated scale, as it must, would enable them to collect less for injuries or death than under suit brought and tried before juries or one revised afterwards by the courts.

I think on this we are in an evolutionary stage. I do not

I think on this we are in an evolutionary stage. I do not believe industrial conditions in this country require undue haste, either in this body or elsewhere. The conditions are evolutionary; they are not reactionary or destructive. Many years ago the common-law defenses of the assumed risk of the business, the doctrine of fellow servants, and contributory negligence were the stock defenses that came down to us from the common law. One by one the States have abolished them. In some of the largest States in the Union, where the employer and the employee formerly had bitter and frequent litigation, they have had those defenses removed by statutory enactment, until now the employees can sue and recover the full measure

of damages free from them.

The removal of those defenses, the compensation law, and industrial insurance are steps; they are the evolutionary progress in the industrial world. These economic questions will be solved in due time, notwithstanding the criticism that this side of the Chamber has received, especially on last evening—that we are wasting time. The greatest waste known is haste. I have no objection to criticism; I welcome friendly criticism; and I regard that as friendly criticism. I am only taking the time here because those matters were placed in the Record, and I think it entirely proper for some review of the progress of the hour to be placed in the same Record.

Better roads legislation is coming as rapidly as we have accurate data as a basis. Many agencies are now gathering material from which intelligent bills can be framed. States are creating public sentiment and passing local laws which will be

part of the structure when the entire system is completed.

Public-health laws are proceeding with all due expedition,
Occupational-disease laws are already found in many States.
Their experience will light us on our way. No fear need be felt
here on that score. Congress will act within the limits of its
power. Many of us come from Republican States where those
problems are not new.

Parole laws for convicts are in operation in many States.

We have abundant time to consider them here,

Presidential primaries will require action by the States, for a majority of this Senate will not vote to send Federal election officers to the polling places in the several States. We can adopt the local machinery of State election laws; further, I submit, this body will not now go.

I think in due time we will come to industrial insurance. That is my own hope. Some may think that, too, is an air castle. I shall help make it a reality. I do not know, but I think the tendency of everything is to work out that way.

In 1911, by an act of Parliament, Great Britain established a scheme of industrial insurance. Practically it is insurance against injury; it is life insurance; it is accident insurance; it is sick benefit; it is out-of-work insurance. The employer pays a portion of it, the employee pays a portion of it, and the Government of Great Britain pays a part. The employee pays a very small proportion.

From their experience we will gain something. From our own experience under compensation acts we will gain something. From the statistics being gathered by bureaus in State and Federal jurisdictions we will gather something. So from year to year, coming along with due speed, we will have the enduring

basis for just legislation.

I have never seen in the time I have been here—a few months—any undue obstruction of legislation. The tariff bill came along from April to October. It embraced a great many items. Through the hot summer we sat here with considerable toleration of each other's frailties and listened to arguments to which our adversaries were always impervious, just as we were to theirs. We plodded through the dog days without any serious breaches of senatorial dignity. The bill is a law. It is on trial, along with the men who are responsible for it.

So I do not believe in the cloture just now. I think we are

getting along with a fair degree of speed.

It may seem like a solecism, but I want to talk to you, and I want to talk to the empty benches over on the other side and to such small percentage of them as are filled, about the morals of legislation. It seems not to have much place here, does it? I spoke about it to a friend of mine one day on a street car. He said, "Why, legislation does not have any morals." I said, "That is what is the matter."

How does that topic connect itself with the currency question? Because we are legislating on 7,500 national banks. When did they begin? A long time ago. The first act was passed in 1863. It developed gradually. Were they enterprises which made money at first? Not very much. Were they numerous at first? Not very. What created them? What was

the emergency?

In 1861 there were about 1,600 banks of all kinds—good, bad, and indifferent. There was in circulation about \$202,000,000 of all kinds of money—good, bad, and indifferent. In 1863 the germ of the present act concerning national banking associations was passed. If I turn back to the debates in both bodies in which that act was considered, I find some of the arguments offered.

I find that John Sherman, who was a Member of the Senate and of the House for a great many years, said it would create a market for Government bonds. Government bonds and Government obligations were going then at 73, at 60, and they were slow sales at that. If the note-circulating privilege were allowed the bonds, it was the opinion of the men who wanted money badly that it would enhance the price, enlarge the market, and make it easier to replenish an empty Treasury.

By the way, the Treasury was empty in 1861. We had not any revenue. We were in debt. For the three years preceding 1861 this Government of ours had been subsisting on borrowed money, just as it does every time the same party gets into power. It is inevitable. A deficit goes along with the air

castles.

So in 1863 a national-bank act was passed that would encourage the sale of bonds and provide currency for the needs of that time. It was born of the perils of civil war. No debate on earnings or profits attended its enactment. The question then was how to get money to arm, equip, and put soldiers in the field; so that was one of the methods adopted.

If it had begun and ended with the Civil War, nothing more could be said. It did not. It was amended in 1864 and amended subsequently several times. It was amended by a general revision in 1882 and by the subsequent act of 1900, all of them recognizing the same right in bonds with the note-circu-

lation privilege.

Let me read some of them. I am going to read them into the Record. I want them to stay there as an everlasting memorial of what ought to be alongside of some things that have been

said already, and in the same RECORD.

I want to preface that by saying that the morals of legislation are the basis of every enduring law. There is not a law which has survived and has come down to our time from the banks of the River Thames, from the days of English revolution, from Marston Moor or Naseby Field, from the days of the great charter of King John, that has not had back of it, below it, as its support, as its foundation, some inherent justice that appealed to human nature and to the ineradicable instincts of the human heart.

That is what makes laws; that is what makes them worth having and keeping; that is what makes them live and makes the statutes of a country instinct with justice.

A government may be legally right and may be morally wrong. It may keep within the strict letter of sovereign power and still violate the essential articles of good faith. It is the spirit always and not the letter of the law that stamps its validity for future years.

There is an aphorism that comes down to us from classical days that republics are ungrateful. It is true that the public service in a government of the people requires greater sacrifices, with fewer honors and less compensation, than in a monarchy. Those who serve a republic faithfully and well place themselves upon a high level of public duty.

This Republic of ours, and rightly so, confers no orders of nobility. Even its pensions are measured by the bread line. There are no great sums of money paid here to those who gave up their health, their strength, or their lives in the common defense. Neither wealth nor honor, save the gratitude of the people, mark the consciousness of things well done. monuments and memorial tablets are reared, it is true, at public expense, but many more from private means.

In this country we have no Westminster Abbey. We have no blazing jewels, decorations of the heroes and statesmen of our country, marking the signal recognition of their sacrifices. We have no spot where the statesmen, the scientists, the poets, the orators, and the dramatists of our country are gathered in consecrated ground. They are scattered on a continent, with graves unmarked save by the loving hands of those who mourned in private when they died. So in this country the only thing that is left is the consciousness of duty well done. And ought not a government to have some morals in legislating

for her own people and their descendants?

"Oh, well," it is said, "that applies to a bank, and who has any sympathy for a bank?" Well, it does seem a far call to connect what I have said with the banking system of the country. Along, though, after the Civil War closed there was an enormous interest-bearing debt. Bonds did not sell at par in the exchanges of the country. We went through the war on credit. Our ancestors fought it on voluntary credit and on enforced credit. They sold their securities on a falling market. After it was over we settled ourselves to the even more burdensome task of solving the problems of peace. Among them the most serious problem was how to pay our honest debts. Through good report and ill, in victory and in defeat, the Republican Party always stood for a dollar worth 100 cents in the counting houses of all the civilized nations of the world, and you can not always say as much on the other side of this Chamber, my friends.

To-day the gold standard exists in this Republic because the Republican Party existed first. It protected it. From the time this bill was born in the House, my Democratic brethren, the ghost of free silver has walked in these Halls. You may think we have a buil moose in our family closet, but you have a free-silver skeleton in yours, and its bones are clanking loudly. [Laughter.]

I bespeak your earnest and prayerful consideration of that subject. When we wanted to strike out the phrase "or lawful money," I have not forgotten, if you have, what excruciating shouts of agony went up from the other end of this building. We found out where the sore spot was, of which somebody spoke here to-day. That is one of them. It is about the best exercise of political discretion I ever saw exhibited. It is only political discretion that keeps it from breaking out in an acute form. It is discretion; it is not principle. There is an abundance of it there yet under the surface. Every once in awhile I touch it, and every time I touch it somebody flinches.

Let me read some of this that binds us to keep faith, Mr. President. The Revised Statutes of the United States contain this language. It is the act of 1864:

SEC. 5133. Associations for carrying on the business of banking under is title may be formed by any number of natural persons, not less in this title may be for

I ask leave to put this in without reading it, because all of you are familiar with it.

The PRESIDING OFFICER (Mr. Johnson in the chair). Without objection, permission is granted.

The matter referred to is as follows:

They shall enter into articles of association which shall specify in general terms the object for which the association is formed, and may contain any other provisions, not inconsistent with law, which the association may see fit to adopt for the regulation of its business and the conduct of its affairs. These articles shall be signed by the persons uniting to form the association, and a copy of them shall be forwarded to the Comptroller of the Currency, to be filed and preserved in his office.

Mr. SHERMAN. Then a copy of the articles is forwarded to the Comptroller of the Currency and filed, and that, in substance, is an act of incorporation. Upon this procedure—

The association shall become, as from the date of the execution of its organization certificate, a body corporate.

That is, one of these national banks. Those are some of the circumstances that attend its birth legally.

And as such and by the name designated in the organization certificate it shall have power-

Among other things, to continue for 20 years as a corporation. The following section, 5139, says:

The capital stock of each association shall be divided into shares of \$100 each

Now, here is a declaration:

And shall be deemed personal property.

That was in 1864, nearly 50 years ago. What does "personal property" mean? Just what it says. It is certainly used advisedly. Horses and cattle on the farm, merchandise on the shelf, cash in your pocket, mills, mines, factories, forests, fields, minerals severed from mother earth, all of them are property, and some, changing their form, become personal property.

What are the attributes of property of any kind? Ownership, private ownership, or public. I am talking about private ownership to-night, not public. I want to distinguish sharply between the two.

It says it shall be transferable on the books of the association in such manner as shall be prescribed by the by-laws of the association. Every person becoming a shareholder of such property shall in proportion to his shares succeed to all the rights and liabilities of the private holder. It is assignable. It is not merely that you own it and can not sell it, that you have to keep it; but it is like a promissory note or bill of exchange, it is transferable from hand to hand. It is like cattle or merchandise, capable of sale, an article of commerce. Shares of national banks are as transferable and as fluid in passing from hand to hand as any species of personal property in this country, and 50 years ago by the statute, by a solemn act of Congress, we have declared such shares to be personal property.

I know there is not anything more unpopular now than to defend private property. A man who has anything is an object of suspicion. Anything that is successful is to be attacked per se. If a man has anything, how did he get it? If he did not steal it, how? If a corporation has weathered the gales of bankruptcy and built up a business by the excellence of its products, by the efforts, ability, and sacrifice of its managers and its owners, and made a name for itself, by fair dealing, built up a world-wide market, it is a trust. Legislatures go after it. The "new freedom" of business makes it a shining mark for its own. If it is not a public enemy, how did it ever grow so big? It is a menace because it succeeded. be a government by failures apparently to hear some of our critics on the stump tell it. But they know better. When I get with them and talk it over with them, they say, "Oh, well, that is just campaign talk." We likely do not have any of that here on the floor of this Chamber. It is all "burnt and purged away," as the ghost of Hamlet's father said to him when he was walking at unseemly hours.

Personal property. Again, the act of 1882, which is a continuation and a revision of some 30 or more years ago, provides—

ation and a revision of some 30 or more years ago, provides—
That any national banking association organized under the acts of February 25, 1863, June 3, 1864, and February 14, 1880, or under sections 5133, 5134, 5135, 5136, and 5154 of the Revised Statutes of the United States, may, at any time within the two years next previous to the date of the expiration of its corporate existence under present law, and with the approval of the Comptroller of the Currency, to be granted as hereinafter provided, extend its period of succession by amending its articles of association for a term of not more than 20 years from the expiration of the period of succession named in said articles of association, and shall have succession for such extended period, unless sooner dissolved by the act of shareholders owning two-thirds of its stock, or unless its franchise becomes forfeited by some violation of law, or unless hereafter modified or repealed.

It shall then have succession for such extended period unless sooner dissolved by the act of the shareholders owning two-thirds of its stock, or unless its franchise becomes forfelted. What? By an act of Congress? No; by some violation of law.
Or unless hereafter modified or repealed.

Senators say because there is retained in it the right to modify or repeal it that thereby no rights attached under the 20-year extension. I will consider that later on.

It is provided further:

SEC. 4. That any association so extending a period of its succession shall continue to enjoy all the rights and privileges and immunities granted and shall continue to be subject to all the duties, liabilities, and restrictions imposed by the Revised Statutes of the United States

and other acts having reference to national banking associations, and it shall continue to be in all respects the identical association it was before the extension of its period of succession.

What do these banks do after having been given corporate life under these acts? It is provided:

Sec. 8. That national banks now organized or hereafter organized, having a capital of \$150,000 or less, shall not be required to keep on deposit or deposit with the Treasurer of the United States United States bonds in excess of one-fourth of their capital stock as security for their circulating notes.

That is a relaxation of a prior act where some larger amount of bonds was required, one-third, I believe.

But such banks shall keep on deposit or deposit with the Treasurer of the United States the amount of bonds as herein required.

And such of those banks having on deposit bonds in excess of that amount are authorized to reduce their circulation by the deposit of lawful money as provided by law: \*Provided\*, That the amount of such circulating notes shall not in any case exceed 90 per cent of the par value of the bonds deposited as herein provided.

SEC. 10. That upon a deposit of bonds as described by sections 5159 and 5160, except as modified by section 4 of an act entitled "An act fixing the amount of United States notes, providing for a redistribution of the national-bank currency, and for other purposes," approved June 20, 1874 and as modified by section 8 of this act, the association making the same shall be entitled to receive from the Comptroller of the Currency circulating notes of different denominations, in blank, registered, and countersigned as provided by law, equal in amount to 90 per cent of the current market value, not exceeding par, of the United States bonds so transferred and delivered, and at no time shall the total amount of such notes issued to any such association exceed 90 per cent of the amount at such time actually paid in of its capital stock.

SEC. 11. That the Secretary of the Treasury is hereby authorized to receive at the Treasury any bonds of the United States bearing 35 per cent interest, and to issue in exchange therefor an equal amount of registered bonds of the United States of the denominations of fifty, one hundred, five hundred, one thousand, and ten thousand dollars, of such form as he may prescribe, bearing interest at the rate of 3 per cent per annum, parable quarterly at the Treasury of the United States.

This is quoted from the act of March 14, 1900:

This is quoted from the act of March 14, 1900:

And provided further. That under regulations to be prescribed by the Secretary of the Treasury, any national banking association may substitute the 2 per cent bonds issued under the provisions of this act for any of the bonds deposited with the Treasurer to secure circulation or to secure deposits of public money.

I read this parliamentary day what was written in 1884 by James G. Blaine on this subject. His spirit seems almost prophetic:

If a similar institution-

He is talking of the Second United States Bank, on which the distinguished Senator from Connecticut [Mr. McLean] gave us an illuminating address the other night-

were created to-day—1884—bearing a like proportion to the wealth of the country, it would require a capital of at least \$600,000,000.

It is hardly conceivable that such a power as this could ever be entrusted to the management of a Secretary of the Treasury or to a single board of directors with the temptations that beset them. (Blaine's Twenty Years, vol. 1, p. 486.)

Mr. Blaine says that Jackson's instincts on the bank were cor-As I remember, the total resources of the 4, 8, or 12 regional banks to be created under either of the bills in question will be from \$500,000,000 to \$700,000,000, ordinarily spoken of here as about \$600,000,000, the same figures that Mr. Blaine gave

This brings us to the question whether the morals of legislation are well founded on the attempt by what I call the caucus bill to subject the 7,500 national banks to its terms. We must remember that these national banks are the legitimate successors of those who preceded them. Some are the same organization continued by extension of their charters in a line of succession from their first organizations. Some of them have been organized since under subsequent laws. The Government, however, enacted these laws. All of them were ones that invited those who wished to go into the banking business to avail themselves of such laws. They went in, it is fair to presume, relying on those laws. They knew what the terms were. It was voluntary. But the Government, among other things, beginning in 1863 and continuing down to a very late date, attached to all of its interest-bearing obligations, commonly known among people as bonds, the note-circulating privilege. No other form of public indebtedness had this privilege. It was a high prerogative indelibly stamped upon the security. It helped create a market from the earliest times down to the last bond that has passed into the hands of a private holder.

This Republic has sold her securities either in bankruptcy or plenty for 20 years at the lowest rate of interest of any country in either the New or the Old World. Lately some of these bonds, it is true, have been selling on a depressed market. In is true, have been selling on a depressed market. Immediately the cry went up that there was a conspiracy among the holders. It is the same kind of conspiracy that is always formed when dangerous conditions affecting the desirability of a security appear. Whenever securities are in danger, whenever some of the desirable qualities are about to be withdrawn,

then, in every instance, the holders of that security begin to put them on the market in larger and larger quantities, and as the offerings increase the price inevitably falls.

Taking away the circulating privilege from the bonds necessarily detracts from their value. Because of that those holding the bonds affected by these bills naturally began to discuss the ways and means of turning them into some more stable security with a higher rate of interest. Two per cent is a very low rate. I do not know of anything that renders a 2 per cent Government bond desirable unless it would be the note-circulating privilege. There are on the market a thousand investments to-day that do not require a skilled broker to find that will beat in safety and in rate of interest a 2 per cent bond. You can not sell a 2 per cent bond unless it is to somebody who wants to use it for note-circulating purposes at par.

The government by law from early times attached to it the note-circulating privilege. And now arises a demand for currency legislation. Of course, the 7.500 national banks are the only ones that are within the legal grasp of Congress. are some 18,000 or more banks outside, over which we have no control, except that we may reach them in .. very indirect way that I will refer to after a while. But, nevertheless, to use

the language of one of Hamlet's characters, we-

By indirections find directions out.

I will refer to a paragraph of this bill—the caucus bill—that shows by what indirect methods you may reach those that you can not by the express letter of the law. It is proposed in organizing to utilize the reserves set aside to guard depositors, these banks to be known as reserve banks.

The first United States Bank and the second United States Bank were established with due regard to the right of private property. The second United States Bank, with \$35,000,000 capital, had 20 per cent of it subscribed and paid for by the The second United States Bank, with \$35,000,000 United States. The Government did not attempt to dragoon anybody into subscribing for shares. They offered the other 80 per cent to the general public, and the general public subscribed The shares of stock held in foreign countries denied liberally. to the alien holder the voting power attached to the stock. That was the sole restriction, and a proper one. It was a domestic institution, and it ought to be controlled by domestic But it was an honest bank. It is like Banquo's ghost and the ghost in Hamlet. They were honest ghosts, to say the least of it. They did not undertake to do something at somebody else's expense. The Government never undertook in the second United States Bank to take private property involuntarily for the purpose of establishing the bank.

It is proposed here by the sections in question in the caucus bill, first, to compel the national banks to subscribe to an amount equal to 6 per cent of their capital and surplus. Let me here advert, not with any degree of exultation but only noting as a matter of exact justice, the concrete benefits of the cloture, as it did not apply to us. House bill 7837 was introduced August 29, 1913, by Mr. Glass and was referred to the appropriate committee. Let me read on page 14 of that bill on this subject now under examination:

Any national banking association now organized which shall not, within one year after the passage of this act, become a national banking association under the provisions hereinbefore stated—

That is the system of entering the reserve bank-

or which shall fail to comply with any of the provisions of this act applicable thereto, shall be dissolved.

What does that mean? It means a decree of corporate death is pronounced if that should be enacted. That is a strange basis for a just law. As an old-time country lawyer said, in asking a question of a monstrous legal proposition stated by his adver-sary, "Is this the law?" "No," he said, "it is iniquity intensi-fied and made horrible under forms of law." That adequately describes the House bill as it came to the Senate. But, nevertheless, it passed the tribunes of the people with glad acclaim. They trod upon each other in their haste to vote for it. They sent it across to us.

I now have the pleasure of referring to the same bill-House bill 7837-reported with amendments from the committee in the other House to the Committee of the Whole House on the state of the Union and ordered to be printed. In that bill is the same thing I have already read. I refer to it on pages 14 and 15 of the amended bill, in which no amendment is made whatever, and so it remains as in the original bill. It reads:

Any national banking association now organized which shall not, within one year after the passage of this act, become a national banking association under the provisions hereinbefore stated, or which shall fail to comply with any of the provisions of this act applicable thereto, shall be dissolved.

law books say, for a long space of time, to wit, many days. On page 14 I read again:

Any national banking association now organized which shall not, within one year after the passage of this act, become a national banking association under the provisions hereinbefore stated, or which shall fall to comply with any of the provisions of this act applicable thereto, shall be dissolved.

There are three deliberate parliamentary legislative steps. The same bill in the Senate, under date of November 22, 1913. was ordered printed, showing changes proposed by the amendments of the Senator from Oklahoma [Mr. Owen]. I now turn to the same subject in the amended bill.

Between the time that this product of parliamentary delibera-tion came to the Senate from the House and November 22, 1913, there had been abundant time for mature reflection. I pay what I think is a deserved tribute to the members of the Committee on Banking and Currency, without regard to party affiliations. They labored long, faithfully, and well. I think the committee is composed of sincere, earnest men, trying to do what is best. If we had had cloture after the bill came in here, after much of the spirit had been exhibited that appeared so rampant last night. I am not sure but that about the time it came out of the committee on to the floor of the Senate a roll call would have been demanded in the interest of speedy legislation; but this is still an open forum. So on the 22d of November, 1913, the amended bill appeared here. I wonder what happened in the meantime. Did Saul of Tarsus come back to earth again, and was he stricken by a great light on the way, or what? On the same subject still, Mr. President, I read:

Any national bank failing to signify its acceptance of the terms of this act within the 60 days aforesaid shall cease to act as a reserve agent, upon 30 days' notice, to be given within the discretion of the said organization committee or of the Federal reserve board.

There is part of the flagellation of the unregenerate right there. You are to be taken out of the reserve-agent system if you do not give 60 days' notice of bowing your corporate neck to the yoke. Take due and timely notice now; but it goes on. This is not all of the perils in store for the unfaithful:

Should any national banking association now organized fail, within one year after the passage of this act, to become a member bank under the provisions hereinbefore stated, or fail to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank act or under the provisions of this act shall be thereby forfeited.

Here is what the cloture did by its absence; here is what the deliberation of these faithful gentlemen in the committee produced. I do not know where the ones who fell down in blind and idolatrous devotion to the House bill, I do not know where those who made sundry visits to the Chief Magistrate at the other end of the Avenue and received material and pleasurable information—I do not know where they got the information that led to this change; but, nevertheless, here it is. Mayhap they conferred with some distinguished lawyer of the realm, who told them that a corporate franchise might have about it the incidents and properties of private property rights. I do not know what secret conferences were held during delays in this Senate while debate was in progress, but the bill was changed to read:

Any noncompliance with or violation of this act-

They did not say that the bank shall be thereby dissolved, as in the peremptory language of those other three bills, but-

Any noncompliance with or violation of this act shall, however, be determined and adjudged by a proper circuit, district, or Territorial court of the United States in a suit brought for that purpose by the Comptroller of the Currency in his own name before the association shall be declared dissolved.

That begins to sound a little bit more like a civilized government; it does not sound so much as if a number of parlia-mentary destroyers were after the banks of this country. I hold no brief for the banks, but I would just as willingly defend a bank with \$200,000,000 of assets as I would defend the ditcher in his humble cottage. There are no classes at all in this country according to my way of thinking. If this Government becomes one that can not deal out justice to the great as well as to the weak, it is no longer a government of the people, but it becomes a destroyer of some and a promoter of others, and that is the beginning of the end. This language possesses to me something that sounds like justice, something that harks back through our love and reverence for the law of the land that comes to us from early times. It is a civilized instinct, it is true, but nevertheless by long years of training it has become an instinct in the hearts of liberty-loving and law-abiding men in this country. It requires a decree of court to take the corporate franchise away, even from any one of the 7,500 national banks.

I now take up the same bill. H. R. 7837, in the Senate under date of December 1, 1913, "ordered printed showing changes proposed by the modified amendment of Senator Owen."

This is the caucus bill, as I understand. I turn now to this mature product of government by the people, consisting of a majority of a minority, on the same subject, and read on page 6 as follows:

Should any national banking association in the United States or trust company engaged in commercial banking in the District of Columbia now organized fall within one year after the passage of this act to become a member bank under the provisions hereinbefore stated, or fall to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national bank act or under the provisions of this act shall, within the discretion of the Federal reserve board, be thereby forfeited.

Here is another timely precaution born of the absence of the cloture. You see, Mr. President, how deliberation has produced a leavening sense of justice. Many of the bad laws of the country are the impulsive laws, the laws passed under the pressure of great public clamor. I do not criticize men who must go before the people for an election who sometimes bend to the before the people for an election who sometimes beld to the vigor of the supposedly popular breeze; but the virtue of the double character of the legislative body, one body having a longer tenure of office than another, is never exemplified fully for what it means except in time of stress and great public excitement in certain quarters, coupled with equally great absence of information on a subject. That is pretty generally true of many of the technical matters involved in currency legislation.

It is no reflection upon the multitude who compose the voting population of this country that they do not each of them fully understand these details. Neither do you nor I, Mr. President, understand architecture; neither are we sculptors; neither are we shoemakers. That is not our trade; it is not our business. Every man unto his calling. We have not time to learn it all. We are not like the pioneer grandfathers of old in the forest or on the plain, who made everything they had in the household and made their living out of the ground or caught it from the waters or on the plain or in the forest. Those days have passed away forever in this country. It is every man now specializing

in some branch of industry.

This is a good illustration of a great deal of error that comes up every time a public question becomes urgent. If you want to find out how to prepare a currency law, go to somebody who does not know anything about it. The less a man knows does not know anything about it. The less a man knows nowadays the more capable he is of giving you advice. If you want a law regulating architecture, do not go to an architect—no; go to a jeweler. If you want somebody to advise you about conducting a watch factory, go to a horseshoer. If you want to get advice how to frame a currency bill, to keep from wrecking the delicate mechanism of reserves and credit, do not go to a banker; bankers are public enemies; stay away from them. But, nevertheless, no cloture rule having been in full force and effect, and there being ample time in the committee to deliberate, the bank charter was at last made subject to forfeiture within the discretion of the Federal reserve board."

"While the That is another encouraging glimmer of reason. lamp holds out to burn" on that subject "the vilest sinner may

return."

Any noncompliance with or violation of this act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located—

Here is another instance of how delay and reflection produce The other bill on this subject said that suit should be brought under the direction of the Comptroller of the Cur-

rency in his own name. Here it says:

Under direction of the Federal reserve board, by the Comptroller of the Currency in his own name before the association shall be declared

We, it seems, must point the way. it came over here, arbitrarily and harshly forfelting the franchise of every national bank that declined to enter the system, has been gradually modified, first, by putting it in the discretion of the reserve board, and then by introducing an order of a United States court declaring such forfeiture, so that now there are at least two features added that would serve in some degree to mitigate the original injustice of the bill.

I want to take up these features that compel even yet, even as mitigated, a national bank to become an involuntary subscriber to the shares of stock in the Federal reserve banks. It has been suggested here several times that the act concerning national banking associations has in it a section that reserves the right to Congress to alter, amend, or repeal the act. That is true. If such a provision did not exist, if it were found in none of the acts of Congress, the sovereign always has the right to recall an act creating a corporation. That is an act of original sovereignty by whatever authority granted. In this instance it was one that appertained properly to the Federal Government.

Let me call briefly the attention of Senators who think this forfeiture is proper and valid to the uniform administration of justice on this question. Where, by the act of the sovereign, whether a monarch as in older days by his letters patent created a corporation, or whether under a free corporation act, such as the bank act in this country, banks are created and charters are issued to them for a fixed time—20 years—investments are made, men risk their capital; their money is put in shares; and under the terms of the act under which they incorporate the bonds of the sovereign granting the charter are required, as in all these statutes, to be purchased and a certain per cent of the capital stock taken out in the form of circulating notes based on those securities, property rights attach; the act of incorporation can not be arbitrarily repealed; charters can not be then forfeited by mere legislative will so as to impair private property risked by its owners in the incorporated enterprise. The forfeiture of the charter retires the United States bond-secured circulation, returns the 2 per cent bonds to the bank with the circulating privilege written into them when the bank bought them stricken out, and leaves the shareholders of the bank to stand the depreciation of such bonds on the market.

I shall not stop here, as it is foreign to my purpose at this time to inquire into the legal status of those whose rights might be so affected. I am adhering here entirely to the moral aspects of legislation. The men who are the shareholders in the 7,500 banks, or their predecessors, invested their money on the faith of existing laws. Those laws gave them corporate life for 20 years. Subsequent acts gave them the right to extend their corporate franchises for 20 years more, and so on, until the banks to-day have come down, either directly or indirectly, from pres-

ent laws under that process.

These shareholders had part of their money invested in United States bonds because it was required by the act under which their banks were created and because the circulating-note privilege attached to the security. Very well. Over a thousand million dollars' worth of capital stock is found in those banks, and more than seven hundred millions of accumulated surplus is found there. All of it, both the surplus and the original shares, belongs to the shareholders. These shares are declared by the national-banking act to be personal property. Under the proposed caucus bill this personal property is forced to go into the reserve-bank system, or, in default, it faces in the discretion of the reserve board, backed up by the decree of a court of competent jurisdiction, a forfeiture of its right to be a corporation and to conduct a banking business under the law.

This means liquidation and the retirement of the bank from business. It is an involuntary commandeering of the shares of stock that belongs to various holders throughout the country in

behalf of the new freedom of business.

It may be that the courts would not declare this confiscatory. I shall not stop here to discuss that question. I am merely saying that when the Government for 50 years permits these corporations to be formed, permits them to renew their charters, permits them to continue in business, and permits them to invest until they have \$1.785 000,000 of investments, never, under whatever stress, in time of peace or even in time of war, ought a republican form of government, through attempted legislation to undertake to force these shareholders to subscribe for shares in a reserve-bank system such as proposed in this bill.

"O," It is said, "reserves are impounded now under the law."

"O," It is said, "reserves are impounded now under the law."
The Government reaches out and takes, in the reserve and central reserve cities, 25 per cent of the deposits. In the country banks it takes 15 per cent of the deposits and impounds them or segregates them in such a way as to be beyond your private

or personal control.

Let me tell you what the difference is. Every time five or more men agree to incorporate a national bank they find a law existing at that time requiring the segregation of these reserves. There is no bad faith in that. There is no change. A man is presumed in every instance to know the law, and in this instance he does. He has not only constructive but actual notice of the law governing the case. So when they undertake to embark in that enterprise the law is plain before them. They voluntarily submit themselves and their subscriptions of stock to its terms.

The shareholders in a reserve bank who by compulsory subscription are sought to be reached do not voluntarily submit themselves to the processes of this caucus bill. On the contrary, it is not made to depend upon their volition. It is coer-

cive and backed up by the penalty of dissolution.

It is said, however—I have heard it any number of times, and we all remember it—that the banks almost unanimously will agree to go in: that the whole 7.500, of one accord and with unanimous haste, will ruch to the office and subscribe the full amount permitted by the act.

If that is so and you have faith in it, why do you not take out the death penalty? I never knew anybody who would make a thing so attractive, so profitable, so desirable that everybody would rush to get some of the investment who had the headsman stalking behind with his ax, threatening instant execution if those menaced did not take some of the manifold blessings showered upon them. Still that is the way this bill is written.

The very terms of the bill belle the statement. The very

The very terms of the bill belle the statement. The very spirit that is sought to be written into the act says that if you do not force the banks to go into the system they will not

go in

I think there is a good deal of misunderstanding about the distinction between regulation and control. It is one thing to regulate the banking business of the country; it is another and quite a different thing to undertake to control it. Regulating is universally recognized as necessary and proper for both persons and property. It is one of the purposes of government to regulate both, and the right has been exercised from time immemorial.

It is an admitted and a universally applied means of enabling civil society to administer one of its chief purposes. Persons are regulated so as to restrain injustice, oppression, and fraud. Property is regulated so that the owners or possessors may not so use it as to interfere with the lawful rights of others.

Carrying out this principle are many of the most useful applied doctrines of our modern system of jurisprudence. No man can so use his property as to injure another. In regulation it assumes a wide scope, Civil and criminal codes are constant witnesses to the just exercise of public authority for the benefit of all.

There is a well-defined limit to regulation. It may not be distinct always, but in a specific case the average judgment of the well-informed man unerringly distinguishes the line.

A government ought never to regulate except in necessary things. To extend its regulatory power unless there is some useful and necessary end to serve is never justified. If no remedy is to be invoked, and if no mischief exists that can not be cured by natural laws applying to agriculture, industry, commerce, or finance, no statutery law ought to be imposed so as to become involuntary as to those to whom it is applied.

If an occupation can be conducted without regulation equally as well as with it, it is always the part of wisdom not to regu-

late but to leave it to private hands.

Control administers, orders, does, and tells others how to do. The conduct of the occupation is controlled. A man controls his business activities. He embarks in the pursuit of his choice. He acquires property. He controls it. He controls as agent of the owner. He owns land. With the title the control passes as an inseparable and an indispensable incident to the ownership. The farmer controls his acres. The owner of an office building controls, either through himself or his agents, his property. A merchant controls his merchandise. The owner of money controls it. He puts it in a vault, in his pocket, or deposits it in a bank. He hoards it. He gives it away. He squanders it. He spends it for pleasure or for those who are subjects of his care. He has control of it, in other words. That is what control means. In whatever form private property may be, control is essential and vital, and is an indispensable part of the ownership and title.

For most purposes, if control be separated from the holder of the title, there is a destruction of all the useful incidents of ownership. Without the control of what use is the land to the farmer? He can not choose the crop to be sown, the method of cultivation, when and how to harvest it, or at what price to sell by his voluntary act the proceeds of his toil. The same thing applies in a different form to merchants and to the owners of all other kinds of property. Deprive me of my control of my property, and I infinitely prefer that you confiscate

the title to my property.

I may not be keeping step with the procession; I do not know. I have some ideas that possibly are antiquated and old-fashioned; but I believe in the control of property as a necessary incident of the vesting of the title in it. Take away my control, and I prefer that you take my property and keep it forever; and I will sleep better, because I will cease to think of it when it is no longer mine.

It is unimportant by what agency the control is taken. Among all reasonable men acts are measured by their effects. The effect on me is precisely the same whether the control be absorbed by either public or private means against my consent.

It seems almost to require an apology to state these elementary maxims, but a m disposed to put them in the Record in order to perfect it. if nothing else.

We are now passing through an era when it is difficult to distinguish regulation from control in the minds of many. Some

publicists have a mania for invading individual rights by legislation. To them it is of no concern whether a law is adapted to the underlying conditions or whether it does violence to every human experience. The free coinage of language represents to many in this age the wealth of nations. [Laughter.] If it can be translated into laws, it represents the superlative wisdom of the sages and the tribunes of the people who do not think private rights concern us in legislation.

I hold no brief for the banks. I have not a dollar's worth of

bank stock in the world.

What is a bank? What is a banker? I wish to put in the Record here in this year of our Lord 1913 that at home your banker is your neighbor. Do you have a suspicion of him? Do you look upon him as a fit subject for police surveillance? Is he visited with obloquy and supposed to be a dangerous character? Without exception, in every well-regulated community that has a bank the banker is a man of character, of respectability, of substance, having the confidence of his neighbors. Why the individual banker who is your neighbor is all right and why an aggregation of banks and bankers are a menace to the public welfare is something I fail to understand. I have not heard it satisfactorily explained.

There are some few very large banks in the country. However, the greater part of their deposits come from private depositors. One of the largest banks in the country is a private bank. It enjoys no corporate franchise; it asks no special privileges or immunities from the Government, State or National. Some of the largest banks among the country banks are private. No charter intervenes between their private fortune and their liabilities. But where the large fortune does not exist, where it is necessary for several to assemble themselves, they incorporate

under State or Federal laws.

Now, what is a bank? A bank in every instance is a collection of men of character and responsibility. They assemble their personalities and their money. They incorporate not alone their personalities and their money. They incorporate not alone to protect themselves against liability, because in many in-stances I do not believe that is a material question. They incorporate to shield themselves against the mutations of death. With a partnership, whenever a partner dies it is a dissolution of the partnership, and difficulties ensue in winding it up. Therefore the succession for a number of years is preserved by incorporating the banking business. When their capital is invested by their subscriptions it forms the nucleus. Their character and their cash are assembled, and we call it a bank.

Up to this point no bank would ever run 12 months. It could not; it would not pay. The operating expenses would exhaust the income and leave at least but little margin to pay dividends on the assembled shares. In every instance the profitable and the large part of the bank is composed of the depositors.

out the depositors no bank could exist.

Therefore, when first 6 per cent of the shares of capital stock are to be coerced into joining the banking system proposed by this caucus bill, it is an involuntary taking of what the statute years ago declared to be personal property. Would you confiscate the farmer's herd? Would you take his cattle on a thousand hills? No; you know better. You know that for 500 years in the history of the English-speaking race even the sovereign can not take private property without compensation. You do, though, by the sections of this bill take the shares of stock declared by a solemn act of Congress to be the personal property of the owner involuntarily from him. If he has \$5,000 in shares of the stock, you compel him to subscribe \$300 worth of it at

In addition to that you indirectly compel him to take more If he is a depositor, a per cent of the deposits is taken, varying somewhat in these different amendments. I shall not quote the exact per cent taken, because it has fluctuated and is subject yet to change. It is enough to say that by the processes proposed in this caucus bill \$107,000.000 of capital stock is to be taken involuntarily-personal property coerced by an attempted act of Congress into a subscription to the shares of these proposed reserve banks by the owners

In addition to that a sum varying from \$400,000,000 to \$500,000,000, a percentage of the deposits of the 7,500 national banks, is to be taken and impounded, not in the banks that existed as reserve or central reserve banks when the national banks were incorporated, and to which they consented by applying when that was in the law, and knowing they should be required so to choose their place to deposit their reserves, but taking four or five hundred million dollars of their deposits without any show of voluntary action on their part and put-ting it in reserve banks controlled by whom? Well, one bill, the caucus bill, says by directors appointed by the bank. Just to summarize it without going into details, they are allowed to large collection of people.

appoint them all. Now, this, it is argued, is very generous and is extremely solicitous of the private rights of the banks.

The other, the Hitchcock bill, provides a divided board, part

by the banks and part by the reserve board. It makes no difference about the directors. That is not the essential point. I will come to that in a moment again. I do not want to go ahead of what seems to me the orderly development of this idea.

These directors of the Federal reserve banks are the ones who attend to the details on the ground, the actual management of the banks. It does not make any difference who appoints these directors if there is above them some supervisory power, some power that is even more than supervisory, a power that is essentially controlling or destructive, a power that may remove. Let me read that part of the caucus bill. In the subdivision on the powers that are vested in the reserve board it is provided how the board of directors of the reserve banks may be removed. On page 38 of the caucus bill, paragraph (f), as amended, reads:

To suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated in writing by the Federal reserve board to the removed officer or director and to said bank.

I wish to read in this connection also the paragraph stricken out before the amendment was made:

To suspend the officials of Federal reserve banks, and for cause, stated in writing with opportunity of hearing, require the removal of said officials for incompetency, dereliction of duty, fraud, or deceit, such removal to be subject to approval by the President of the United States.

This only reached the officials of the reserve banks. amendment reaches both the officers and the directors of the reserve banks. It does not limit the power to remove for cause. It does not say that the reserve board may remove the directors for cause. It says they may "suspend or remove any officer or director of any Federal reserve bank, the cause of such removal to be forthwith communicated," and so forth.

There is a difference between removing a man for cause and removing him and then signifying to him what it was that caused him to be beheaded. One is an indictment with an opportunity to be heard, as the act was originally written, a chance for defense, a chance to show the injustice or the untruth The other, as written in the caucus bill, of the charges made. depends upon the arbitrary power, the willful caprice, the un-bridled discretion or indiscretion of the reserve board.

I care not how the directors of a bank may be elected. They may be all bankers; they may be all elected and chosen by the bankers; but if the power remains in the reserve board to remove them with or without cause, then the actual power of control and administering the affairs of the Federal reserve bank is not in any board of directors, but in the reserve board itself. This clause creates a powerful central bank, its capital and deposits enforced contributions from private property, controlled by political forces. All the elaborate framework is a pretense. The reserve banks are but branches of a vast centralized authority headed by the President. The power to resist inflation rests in the hands of the President. Greater power was never placed in any ruler, even in an absolute monarchy.

The methods of subscribing for capital stock, as I see it, are vital. The provisions of the Hitchcock bill offer the subscription first to the general public. It does not commandeer the national banks of the country. It only requires that they use their kindly offices. They underwrite the subscription, but the public are first invited to subscribe, and there is a 5 per cent cumulative dividend, nontaxable. It is a desirable form of

investment to an army of small investors.

But human nature is so constituted, Mr. President, that if by law, arbitrarily and unjustly, you undertake to force either bankers or individuals in private life not connected with banks to the involuntary taking of a 10 per cent investment they resent it; it is against human nature, with our strain of civilization, with our traditions and our practices. It is un-American; it is ungovernmental; it is unjust. The Hitchcock bill provides for voluntary subscription by the people.

It is argued here, though, that this is a bankers' bank and not

a people's bank. What is a bankers' bank? A bankers' bank is made up of the member banks; and who are the member banks? The shareholders who pledged their subscriptions and their character and assembled them as the nucleus of a bank. And the depositors. And who are the depositors? The people who do business with that bank, who have a surplus to deposit.

Therefore these member banks that subscribe, if it be said to be a bankers' bank, only subscribe for their shareholders and for the much larger sum represented by their depositors, and both of these-the shareholders and the depositors-form a The reserve bank, therefore, Mr. President, ought to be a geople's bank, and the Hirchcock bill makes it a people's bank.

The men of my generation can remember not many years ago when a great President of the Democratic Party found it necessary, following the usual practices that came along with those administrations, to berrow a considerable sum of money in order to preserve the public credit. He was criticized unstintedly. President Cleveland was criticized down to the day of his death because in offering his bonds he took them to the banks. He sold them in large blocks or in entirety to banks or large brokerage houses. He did not invoke the potency of a popular subscription. He sold them out en bloc and was criticized for it, but this day we witness his indorsement. It is a tardy recognition by the successors of his party when they limit this subscription to the banks and do not open it to the public generally.

If I have stock in a bank, if I have deposits in a bank, Mr. President, I do not want the bank to become my guardian; it is my debtor. The bank and its officers are the custodians of my stock and manage it, and I am trusting them for that. I deposit my money; the relation of debtor and creditor exists. But, nevertheless, I do not want to constitute them my conservator to subscribe for me, through the compulsory section of this caucus bill, a part of my share or part of my deposits in a

reserve bank.

That is the test in this case. The Hitchcock bill makes a voluntary subscription, the banks only who underwrite to take what the popular subscriptions leave untaken. That is voluntary, and there at the threshold is the difference, as I see it, a basic difference from a layman's point of view, in these two proposals. If it be a voluntary bank subscription, then there can be no complaint if the board of directors should be appointed by the Government through the President or a Federal reserve board. That is a voluntary act. When we subscribe all who go in know the law is plain. It is written so that they know when they make their subscriptions that it will be subject to the terms of the act. The caucus bill, however, is an involuntary subscription, followed up by the control of the Government after you are coerced and dragooned into the subscription.

I can vote for the Hitchcock bill, because it recognizes the right of private property. It recognizes the right of the bank to manage its affairs. After that has been done I care not what kind of control may be exercised after once the consent has been

given.

There is another undertaking here that from the standpoint of a layman can not be justified. I do not know just how violent this may seem to a banker, who is in reality the trustee for the shareholders and the depositors. He is surrounded by many rigorous laws that do not govern the ordinary relation of debtor and creditor; he is surrounded by criminal laws. State and National, whatever the form of his organization or if he be a private banker. Those laws do not apply to you or to me if we are debtors, but they do apply to a bank, and many a banker has become a felon simply because this rigid supervision and the restrictions placed upon him by the criminal code said so. Therefore, if we go a step further, what the banker does after he has organized a bank and has deposits, if we belong to the borrowing class we go through the process described by those who are entirely familiar with the banking business. We of the outside not intimately acquainted with this mechanism only see a part of it when we borrow, when we draw a bill of exchange, when we write a check, when we sign a note, when we put up collateral. In every instance after the bank is in operation it acts as a reservoir for the collection of the surplus money of the community that is subject, or that the bank influence or business reaches out and makes subject, to the laws of banking, It is not only the money that is actually in the bank, but it is the potential credit thereby created as well as the cash

This bill, known as the caucus bill—and I am not using that term in any critical or invidious sense, let me say—undertakes after this involuntary subscription is made, after men's money, shareholders and depositors alike, is coerced into the system of banks proposed—after that is all done, then it is proposed by an act of government to create and extend credit. I said sometime ago, and I am going to repeat it, for I am going to adhere to it, that I would just as lief undertake to wind a watch with a crowbar as to create and extend credit by governmental action. It is too delicate a piece of mechanism. You had as well undertake to control the pulsations of the human heart and the circulation of the vita! fluid as to lay the clumsy hand of governmental action apon the pulsating heart of the commerce and the finance of this country. It can not be done without public disorder. It never has been undertaken without disaster from the

time President Jackson removed the bank deposits and undertook to dictate the finances of the country, creating the panic that ensued down to the latest forms of perverted government action proposed in this bill. These efforts all work out in due time their legitimate results. Credit is a delicate operation. It can not be made by merely passing laws. Still here is a sovereign power proposed in this caucus bill. After all this involuntary subscription is made and deposits contributed, here is a governmental board sitting in Washington that has authority to require a reserve bank to rediscount the paper of any other

Federal reserve bank in the United States.

One great purpose, however, is found in all these bills. There is an organization of the credit power of the national banks. It has hitherto been unrelated save in clearing-house associations necessarily local in scope and limited in power. Both the Owen caucus bill and the Hitchcock bill assemble their credit power and mass the reserves of the country in a way that must be a permanent contribution to the financial legislation of the United States. The Illuminating report of the National Monetary Com-mission of date January 9, 1912, undoubtedly bluzed the way for the comprehensive structure of organized credit proposed in either of those bills. The caucus bill gathers a vast potential credit of half a century of national-bank development practically into a single board whose boundless powers are wielded in the last analysis by political force. No power will rise in politics above its source. Private credit, like private business, can not enter into a successful partnership with American politics. It ends in loss of confidence, scandal, and disaster. No board ought to possess such extensive and dangerous powers as proposed in the caucus bill. Unfinited inflation of a paper currency with no mechanism for its retirement, an immense expansion of credits, an arbitrary power to order all the reserve banks in the system rediscount paper, each other's paper, from any part of the Union-not in emergencies, but at any time-the ability to meet promises to pay by substituting new promises and prolong the day of final fiquidation, the easy avenue for creating note issues which are obligations of the United States to be paid in gold, the paradox of centralizing our credit resources by dividing them into from 8 to 12 parts of varying and unequal size, the jealousies thereby engendered between rival sections aspiring for the location of regional banks, the differences in the character of the security and methods of business between communities, sought to be thrust into business relations with each other by forcing credit creation by governmental action, the disparity in resources between the opulent centers of commerce and finance, the fertile and the barren areas, the resulting large capital and deposits of some regional banks will combine to make their accumulated money subject to the wants of speculators. The attack of predatory politics, ever restless when legitimate business may be looted, is a constant danger.

No one but a novice whose experience is limited to the perusal of books and the architecture of air castles expects numan nature to be other under this bill than with other legislation. All laws must be operated by human beings. The assaults on the public officers who hold the purse strings of \$600.000,000 by the impecunious, the adventurers, the borrowers without private credit, the men who mistake political influence for bankable collateral will be the most terrific and persistent in our history. Every man denied will carry his grievance to the ballot box. Has he not listened to the doctrine of the new freedom, and is not free credit a part of it? It is inevitable that a relaxation of the inexorable rules that govern the extending of credit to a borrower will become an issue in future campaigns. It has already become so with credit in private hands. How can it be less so when credit becomes a power attached to public officers who rise and fall with the fortunes

of partisan candidates for political office?

The foregoing neutralize the benefits arising from the concentration and organization of the credit power of the national

banks, as I am able to forecast the future.

I mention another feature I object to, and I do not wish to wound anybody's sensibilities and I do not think I shall. I object to a community in the corn-belt prairies that has plowed its money out of the soil by the sweat of their faces, dug it out of our mines, and made it in our factories, made it with our cattle, our sheep, and our corn, clover, and our hogs, our wheat, flax, barley, and forage, with our mills, our railroads, our traction companies, and our commerce and banking in the great Middle West and in the Northwest, in all that country that has developed since the Civil War, since the banks were first authorized to be created by acts reaching back half a century, in all that country where the virgin sod was never touched by a plow until in our lifetime, during all the developments of this national banking system, I object to that com-

munity's having taken against our will a part of the money that we have made in our country to promote those who have failed

to develop their own resources.

I object to a bank's taking en masse the resources from New York to the foothills of the Rocky Mountains and commandeering them in the interest of a section of the country that has not made money and wants to take it out there by law instead of attracting it there by the legitimate course of trade. That is what this caucus bill is trying to do. You are trying to legislate money from where commerce has placed it to where it can be loaned on bagged peanuts, on Angora goats, and on bales of cotton. I know what is the matter when I look at this bill. You have not made enough money there to promote your business, and you want to coerce the people elsewhere who have made it to loaning it to you by governmental action when you can not get it in any other way. That is the plain unadorned layman's view of this thing. That is credit by government. That is the new freedom. Dig for it, as we did. You have a good country. Develop it. You have free trade in many things under the new tariff. You can buy where you can buy the cheapest; the high cost of living ought to be constantly lowered; you can buy mackerel and codfish from Nova Scotia; you can feed poultry food to your hens and have cheap eggs; you have got Angora goats, and can raise raw material for mohair clothing in your warm country. [Laughter.] You have ostrich farms in Arizona; you can utilize your cacti and rattle-snakes and horned toads for the nutrition of those birds famed for vigorous digestion. Through them noxious and unsightly things are transmuted into waving plumes to adorn the chivalry and beauty of the world. Go ahead and make money; but do not try to come up into the country where they have made it, if you have not got it, commandeer it by an act of Congress, and take it, whether we wish you to do so or not.

There is one part of this bill now that, to my mind, is fear-

fully and wonderfully made. The Treasury is compelled to redeem in gold the reserve notes proposed to be issued by the caucus bill. The reserve banks are permitted to redeem in gold or lawful money. What is "lawful money"? That is the phrase that caused the excruciating agony at the other end of the Capitol when it was struck out. It is back here again, was struck out in a certain place. Lawful money! Supp an cloquent gentleman, at one time from the Platte River, were construing that phrase; suppose he were at the fountainhead of financial authority and were called upon to say what he thinks "lawful money" is, what would the answer be?

The great trouble here is that we misunderstand each other on terms. We mean money on this side in one way, and some of you mean it in the other way. There is a misunderstanding. Maurice Maeterlinck says that hell is a place of infinite misunderstanding. Now, let us understand each other at the outset, and not have any of it in this Chamber. There is but one kind of money in the world; there is but one kind of money in this country. Every other kind of money is a delusion. Do not get mixed up on the idea that anything that has the legaltender quality attached to it is money. The Government can make anything legal tender. At 75 cents a dozen, it could make "a setting of eggs," as my grandmother used to call it, legal tender if it wanted to, and it would be a good legal tender to What is the legal collection of a debt? It is suing the debtor, taking judgment, levying execution, and exposing his property above the exemptions to sale. Somebody bids money. The money that is bid when paid to the judgment creditor satisfies the debt, and that money has attached to it the legal-tender power. In voluntary payment it may be offered by the debtor to the creditor and its acceptance extinguishes the debt; if refused, the creditor can recover no more or different money than that tendered. Any Government can give legaltender quality to any kind of money. It may be called money. It may pay debts at its face. No law can ever fix its buying power. There is but one kind of money, and that money is the gold dollar of 23.22 grains of pure gold or 25.8 grains of standard gold with one-tenth alloy. It is equal in debt-paying and buying power everywhere in the civilized world.

Oh, well, somebody says, greenbacks are money. I do not think so. Do not misunderstand terms. Greenbacks are not money. Federal reserve notes will not be money. Greenbacks have legal-tender power; they can pay debts; they are worth their face now simply because the Government is able to pay them in gold when demanded by the holder. Federal reserve notes may by an act here, by the fiat of Congress, be given legaltender power; silver certificates, silver dollars, may be given legal-tender power, but the ultimate money is the gold dollar, and it has been money from time immemorial.

tain of it discovered in some part of the habitable globe, accessible to man, so that it would become as common as copper or iron, the ultimate redemption money would no longer consist of gold of the present standard. It is because universally and for centuries, from the dawn of recorded history, gold has continued to be the most stable of all the metals. Such money is merely a stable measure of value; it is in the greenbacks a promise to pay the money of redemption. The promise-to-pay money is made a legal tender. It was a declaration of the sovereign that its promise should be taken in payment of debts. Gold is a legal-tender coin. Men would universally take it in satisfaction of debts if the Government never made it so. When the sovereign compels anything to be taken that men would not take voluntarily in business, it embarks on an experiment the end of which no one can accurately predict.

Our lawful money is of various kinds other than gold. The Government, however, is compelled to pay gold, and the reserve banks are given the option of paying gold or any other kind of

money, providing it is lawful.

There is another feature of this bill that has attracted my attention. I am speaking now of the caucus bill. There is in it what I call the "boycott clause." I do not know whether much attention has been paid to it, and I am making my suggestions now for the purpose of provoking future discussion, although at the risk of consuming valuable time. This provision is found in the caucus bill. I am somewhat solicitous to learn the purpose of this provision on page 67, which reads:

Except as thus provided, no member bank shall keep on deposit with any nonmember bank a sum in excess of 10 per cent of its own paid-up capital and surplus. No member bank shall extend directly or indirectly the benefits of this system to a nonmember bank, except upon written permission of the Federal reserve board, under penalty of suspension.

There are 7,509 national banks, according to the last report of the comptroller which I have received, which is dated November 20, 1913. I find by the same report that the national banks' liabilities to State and private banks are \$578,216,313 and some cents. The liabilities of the same banks to the trust companies and savings banks are \$499,000,000 in round numbers. The total liabilities, therefore, of the national banks to other banks-State banks, private banks, trust companies, and savings banksare \$1,077,000,000. The list of the resources of national banks shows that the national banks have deposited in State and private banks to their credit \$242,000,000 in round numbers. total capital and surplus of the national banks is \$1,785,000,000. Ten per cent of this-and the requirement of this paragraph is that they shall not keep on deposit with any member bank in excess of 10 per cent of their capital and surplus-10 per cent is \$178,000,000 in round numbers. The national banks already have deposited in the State and private banks and trust companies \$242,000,000. One hundred and seventy-eight million dollars, the 10 per cent figure, would require the national banks to withdraw from the State and private banks some \$64,000,000 in round numbers. If this were to be regarded as an unfriendly act, the State and private banks could, on the other hand, withdraw from the 7,500 national banks \$1,077,000,000 of deposits or debts owing-and whether they be time deposits or demand liabilities they are debts in some form.

The purpose may be fair or otherwise—I impute no improper motive—but the effect of this paragraph is naturally to create two classes of banks in this country. One class is the member bank and the Federal reserve bank. They are for-bidden to place more than 10 per cent of their deposits in State or private banks. This naturally limits their business. naturally causes a withdrawal of deposits.

What I abhor in legislation is the creation of classes required by operation of law to become hostile to each other. This bill does unnecessarily and without serving any useful purpose create a class war between the two kinds of banks so created.

In that event the national banks would stand to lose, net, \$1,013,000,000 of their resources. This is, in substance, what happened to the second United States Bank. There was an incessant war between the second United States Bank and its branches and the State banks of the different States of the Union. The line was sharply drawn. Jackson in his political campaigns utilized the State and private banks as political agencies to make war upon, and to secure political power to prevent the extension or renewal of the charter of the second United States Bank.

Here is a direct invitation to a war of reprisal by the one

upon the other. It certainly can serve no useful purpose.

It may not be a very considerate kind of comparison, but I do not know how adequately to describe the discord that could be created, or the confusion and chaos, better than by I do not say there is any particular, unalterable commercial could be created, or the confusion and chaos, better than by status attached to gold. If suddenly there were to be a moun-likening this paragraph to the 300 foxes that Samson had, to

whose tails he tied firebrands and turned them loose. Here are about 18,000 private banks and State banks in the country, with 7,500 national banks, and we are turning one loose against

the other to engage in a war of retaliation.

There is yet another feature in connection with State banks. Nearly all the States, especially the larger States of the Union in point of population and in material, industrial, agricultural, and financial resources, have constitutional or statutory provisions for the chartering of State banks. I have had occasion in years past to examine the laws of some of the States, organic and statutory. The organic laws in some of them require all amendments, as well as the original banking laws, to be submitted to a vote of the people before they shall be effective. In pursuance of that constitutional power many of the States have enacted banking laws and submitted them to the people for confirmation. Some of the original acts have been amended Amendments in every case have been submitted many times. in like manner to a confirmation by popular vote. The acts under which State banks are chartered have provisions that are at variance with the requirements of the acts governing national banking associations,

One provision in the bill says that trust powers may be granted to banks, taking care, however, that they are not in contravention of the laws of any State. I do not know how that would operate. I do not know how it is possible for it to operate in some of the States. Some of the trust companies, outside of doing an investment business, do a very large business in accepting and executing trusts, as testamentary trustees, executors, administrators, receivers in bankruptcy, in the administration of trust funds, and in the handling of property in a multitude of fiduciary capacities. These trust companies by the statutes or many States are not required to give bond. The order of the court, or whatever authority appoints them, if a bond would be required from a natural person, is that no bond shall be given

Ly the trust company.

In almost every case where this is so, it is because the trust company before it begins business is required to put certain securities in the hands of the State auditor or the State banking superintendent, or whatever answers to a similar authority. The security so deposited depends in its amount upon the size of the city in which the trust company is located. In some cases the minimum in the smaller cities is \$50,000, and runs up, increasing with the size of the city, to \$1,000,000, and increases thereafter in proportion to the amount of money kept or the trusts that are accepted to be executed by the company.

These securities are taken from the trust company, put in the hands of the banking superintendent, and there impounded by the provisions of the banking law, to remain as long as the trust company shall continue to do business. This would require, under the State banking act, a segregation of that much of the assets of the trust company. If the trust company seeks to be made a member of the Federal reserve bank, it must comply with the provisions of the bill. In that event there are two conflicting authorities. No such requirements are in this bill and nothing in lieu of it. There are some securities in the hands of the State banking department. There are other securities and cash under the inspection of a Federal authority, and the reserves are segregated and put in a reserve bank under a Federal authority. If reserve notes are issued, some of the bank's paper is deposited with the comptroller as collateral. Such a bank serves two masters. Will not the usual result follow?

The methods of extending credit, of taking collateral, of establishing the worth of the names on notes or bills of exchange are different. The requirements of the State banking laws do not at all agree with the provisions of this bill, especially the caucus bill. There is at once a conflict of jurisdiction between the two authorities.

I do not think this part of the bill is well worked out. One or the other ought to be paramount. If they come in, the bill ought to provide that appropriate legislation shall be had by the State to permit the release of the trust company from all obligations to the State department, and thereafter the supervisory power of the reserve bank or other Federal authority should impound these securities and hold them for the protection of those who are the beneficiaries under the trust, so that no injury may result. If that is not provided, I do not see how any trust company can comply with the provisions of this bill and become a member bank unless it surrenders its State-created powers.

The acceptance and execution of trusts by a national bank change the jurisdiction of that immense volume of business built up under State laws and State court decisions from State to Federal control. It is an adventure on a vital subject into the unknown.

The method of making loans, for instance, is a vital point of difference. Some of the State banking laws will not permit any officer or employee of a bank who has access to its funds or securities to borrow money from the bank in which he is employed or for which he acts until the loan has been approved by the board of directors. There is no such provision here. This would be a matter of conflict in the making of loans. A bank examiner from Federal authority would pay no attention to this provision, whereas the bank examination made by State authority would require a strict observance of it.

So these conditions, as I say, would require some change in

this paragraph of the caucus bill.

Something has been said here about the large banks and about the New York banks. I hope I shall never become a victim of mere phrases. War cries signify nothing, although a nickname, an epithet, or a phrase will sometimes do much temporary execution. The mere fact that somebody may cry "Wall Street!" does not necessarily imply that the person so crying has the best of the argument. The mere fact that somebody may criticize the large banks of New York City does not imply that the merits of the controversy are with this or that bill.

I am not here to defend the New York banks. They need no defense. If they do, it can be made by much abler tongues than mine. The Senators from that State, men of great capacity and experience, of wide knowledge, both of law and of practice, can do so. I wish, however, in justice to some of those banks or their predecessors, not to let the occasion pass without one last word.

In 1862 or 1863 this country was without specie. We were in the midst of a great struggle for national existence. Secretary Chase was at the end of his financial resources. A large part of the Government of England looked with a critical and unfriendly eye upon the struggling Republic of the New World. They had acknowledged the beligerency of the Confederate States of America. Lincoln, in this Capital, was administering the duties of his great office in the midst of unparalleled difficulties. Our credit was constantly sinking. The future was dim and unrevealed. Many reverses on the field had happened. Our revenues were not sufficient for our expenditures. Every day of that unfortunate period of our civil life there went out in expenses \$2,000,000. Our bonds were selling below par at a high rate of interest. Our circulating-note obligations were at a discount in gold.

At this perilous time, when the Treasury was without gold, the predecessors of the New York banks did something that I will never forget. I was in my cradle at the time and have no personal memory of it, but I can read it, and I have a lively memory of what those men then did. Some of the boys of that time are the bankers of to-day in Philadelphia and New York City. They can remember the stress of that time among their elders. In that dark hour of public peril, I wish to record here for the banks of New York City that they came to the rescue, and they put \$150,000,000 in gold in the Union Treasury of this country, and still they and their successors are to-day objects of suspicion, and the dollar is called "a cowardly dollar."

It was not a cowardly dollar in the administration of Abraham Lincoln. It was an honest dollar and it was a fearless dollar, because it helped to keep the Union to-day where every one of the 48 States has two Senators sitting in this body. That is over, never to return; but let us not forget that the \$150,000,000 given to the Government by the New York banks drained them of their specie resources. The total circulation of all the banks of the United States at that time was only \$202,000,000, and the New York banks put up \$150,000,000 of gold.

Now, about the country banks. In the same report I note that out of total national-bank resources of \$6,260,000,000, in round numbers, the country banks, all outside of the reserve and cen-

tral reserve cities, have 52 per cent.

It is not the New York banks that are hit by this bill. They will survive and take care of themselves. They have wide markets for securities, their resources are large, their foreign trade extensive. We scarcely ever see a foreign bill of exchange in the inland cities outside of the city of Chicago, and they come largely from the ports of entry on the Atlantic coast. The cities that do business with foreign countries have a double chance to survive where the inland cities have not.

The country banks, comprising 52 per cent of the loans and discounts, are affected by this bill in a vital spot. Of the specie resources of the national banks, comprising a total of \$710,000,000, the country banks have nearly 30 per cent. Of legal-tender notes, they have about 33½-per cent. Of all the capital stock of the national banks, the country banks have 60 per cent. Of the surplus, they have more than 50 per cent. Of the national-bank notes outstanding, they have 55 per cent. Of

the individual deposits, the country banks have more than 60

I am quoting these figures only to show that the country banks are the larger proportion of the 7.500 banks affected by this bill. Their resources, their loans, their discounts, their specie, their legal-tender notes, are in every instance, in the larger items a majority running from 52 to 60 per cent.

Mr. President, it is nearly 11 o'clock, lacking but a couple of minutes of the hour. I have a few more points I should like to develop, but I will take the chance to get to them on some future occasion when we read the bill by paragraphs.

The PRESIDING OFFICER (Mr. Lea in the chair). The

hour of 11 o'clock having arrived, the Senate stands adjourned until 10 o'clock to-morrow.

The Senate thereupon (at 11 o'clock p. m.) adjourned until to-morrow, Thursday, December 11, 1913, at 10 o'clock a. m.

# HOUSE OF REPRESENTATIVES.

Wednesday, December 10, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the fol-

lowing prayer:

Eternal God, our heavenly Father. Thy loving heart pours itself out upon us in a thousand blessings day by day; blessings which measure up to our physical, mental, moral, and spiritual needs. And what dost Thou require of us but to do justly, love mercy, and walk humbly with Thee. Grant, O most merciful Father, that in all the relationships of life we may strive earnestly to do Thy behests and make ourselves worthy of Thy tender mercies and loving care. In the spirit of the Master.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Tulley, one of its clerks, announced that the Senate had passed without amendment joint resolution of the following title:

H. J. Res. 164. Joint resolution authorizing the Secretary of the Senate and the Clerk of the House to pay the officers and employees of the Senate and House, including the Capitol police, their respective salaries for the month of December, 1913, on the 20th day of said mouth.

PRINTING OF HOUSE LOBBY COMMITTEE REPORT.

Mr. GARRETT of Tennessee. Mr. Speaker, I ask unanimous consent that there may be printed 1.000 additional copies of the reports (H. Rept. 113) that were read yesterday.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that there shall be printed 1,000 copies of the two

reports that were read here yesterday.

Mr. MacDONALD. Reserving the right to object, I should like to ask the gentleman if there is any objection to having

2,000 copies printed?

Mr. GARRETT of Tennessee. I will state this to the gentleman from Michigan: I apprehend that there will be a request possibly for more copies than that, but I did not want to present a resolution for that until a little later, when the committee can determine with some definiteness about how many will be required. This thousand copies for which I am now asking is simply for the present use of the Members of the House and Senate. I think we should limit it at this time, and then I will present a resolution and let it go to the Committee on Printing, in order to get the number of copies which may be

found to be necessary.

Mr. MacDONALD. From the requests which I have received. I am satisfied that there will be a demand for a good many

copies.

Mr. MANN. Has the gentleman had an estimate of the cost

of printing this?

Mr. GARRETT of Tennessee. No: I have not an estimate of the cost. There were only 385 copies of the House print made yesterday. I had thought there would be a larger House print than that or I should have ordered a committee print, as I had the right to do.

Mr. MANN. The usual number was printed, of course.

Mr. GARRETT of Tennessee. The usual number.

Mr. MANN. And the House got 385.

Mr. GARRETT of Tennessee. The House got 385 copies, not enough for each Member to get a copy yesterday. I amperfectly willing that the request shall be for 2,000 copies. I have no objection to that.

Mr. BUCHANAN of Illinois. Mr. Speaker, I believe there was a resolution passed in the convention of the American Federation of Labor requesting that an effort be made to secure a number of copies of this report, as well as of the hearings. should like to ask the gentleman if he has had any requests from that source.

Mr. GARRETT of Tennessee. Does the gentleman mean from the American Federation of Labor as a body?

Mr. BUCHANAN of Illinois. Or any officials of it.

Mr. GARRETT of Tennessee. No; I have not had any such requests for it

Mr. BUCHANAN of Illinois. There is a desire on the part of the representatives of the labor of the country to have additional copies.

The SPEAKER. Is there objection?
Mr. BUCHANAN of Illinois, I object to the request for 1,000 copies. Mr. Speaker. If you will make it more than 1,000, I will not object.

Mr. GARRETT of Tennessee. I will reduce the request to 500, if necessary.

Mr. DAVENPORT. He wants a larger number. Mr. GARRETT of Tennessee. I explained to the gentleman from Michigan that I understand there will be a request for these copies later. It is my purpose, when I have ascertained about what number will be equired, to present a resolution and let it take the usual course, but this request I am making now is for the immediate convenience of the membership of the House, not for outside bodies or for general distribution. A number of Members were unable to obtain copies yesterday. I hope the gentleman will not object to that.

Mr. MacDONALD. Still reserving the right to object, I understand the gentleman to say he is willing that the request

shall be for 2000 copies.

Mr. GARRETT of Tennessee. I have no objection to 2,000. The SPEAKER. Does the gentleman ask for 2,000?

Mr. GARRETT of Tennessee. I will submit the request for 2.000.

The SPEAKER, The gentleman from Tennesser [Mr. GAR-RETT | asks unanimous consent to print 2.000 copies of the two reports that were read here yesterday and printed in the Con-GRESSIONAL RECORD. Is there objection?

There was no objection.

## LEAVE TO WITHDRAW PAPERS.

By unanimous consent, at the request of Mr. Roberts, of Massachusetts, leave was granted to withdraw from the files of the House without leaving copies the papers in the case of James Wood (H. R. 4277, 62d Cong.), no adverse report having been made thereon.

By unanimous consent, at the request of Mr. Austin, leave was granted to withdraw from the files of the House without leaving copies the papers in the case of Adam and Noah Brown (H. R. 6286, 62d Cong.), no adverse report having been made

# CALENDAR WEDNESDAY.

The SPEAKER. This is Calendar Wednesday, and the call rests on the Committee on Military Affairs.

The Chair desires to suggest to the House that Members can not sit in their seats and make any motion whatever; they can not sit in their seats and interrupt a Member who has the floor. The Chair understands that these things are done without due consideration and without any desire on the part of a Member to disturb the order of the House, but he does disturb it. The call rests with the Committee on Military Affairs.

The Clerk proceeded with the call of committees.

TENURE OF OFFICE OF THE MAJOR GENERAL COMMANDANT, UNITED STATES MARINE CORPS.

Mr. PADGETT (when the Committee on Naval Affairs was called). Mr. Speaker, by direction of the Committee on Naval Affairs, I call up the bill H. R. 10081, a bill to make the tenure of the office of the major general commandant of the Marine Corps for a term of four years.

Mr. MANN. Mr. Speaker, I make the point of order that this bill, which is on the House Calendar, should be on the Union

Calendar.

The SPEAKER. Upon what ground does the gentleman make that point of order?

Mr. MANN. A part of the bill reads:

And any officer appointed under the provisions of this act who shall be retired from the position of commandant of the Marine Corps by reason of age or length of service snail have the rank and retired pay of a major general; if retired for any other reason, he shall be placed on the retired last of officers of the grade to which he belonged at the time of his retirement: Provided, That an officer serving as commandant shall be carried as an additional number in his grade while so serving, and after his return to duty in his grade until said grade is reduced to the number authorized by law.

The latter provision provides for an additional officer in the Marine Corps, which, of course, carries with it the pay, making an additional draft on the Treasury. The first part fixes the pay of a retired officer, and that would involve an expenditure of money from the Treasury.

Mr. PADGETT. The last proviso says:

Provided further, That nothing herein contained shall operate to increase or reduce the total number of officers in the Marine Corps now provided by law.

Mr. MANN. That may be, but it puts them in a different

grade, and there is a difference in the pay.

Mr. PADGETT. But it does not increase the total number. The SPEAKER. If it increases the total appropriation it ought to be on the Union Calendar, and there is where it goes. The House will resolve itself into Committee of the Whole House on the state of the Union.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. Clark of

Florida in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10081, a bill to make the tenure of the office of the major general commandant of the Marine Corps for a term of four years, and the Clerk will read the bill.

The Clerk read the bill, as follows:

The Clerk read the bill, as follows:

Be it enacted, etc., That hereafter when a vacancy shall exist in the position of commandant of the Marine Corps the President may appoint to such position, by and with the advice and consent of the Senate, an officer of the Marine Corps on the active list not below the grade of field officer, who shall hold office as such commandant for a term of four years, and who, while so serving, shall have the rank, pay, and allowances of a major general in the Army; and any officer appointed under the provisions of this act who shall be retired from the position of commandant of the Marine Corps by reason of age or length of service shall have the rank and retired pay of a major general; if retired for any other reason, he shall be placed on the retired list of officers of the grade to which he belonged at the time of his retirement: Provided, That an officer serving as commandant shall be carried as an additional number in his grade while so serving, and after his return to duty in his grade until said grade is reduced to the number authorized by law: Provided further, That nothing herein contained shall operate to increase or reduce the total number of officers in the Marine Corps now provided by law.

Mr. PADGETT. Mr. Chairman, under the present law the

Mr. PADGETT. Mr. Chairman, under the present law the commandant of the Marine Corps is appointed to hold during his official life; that is, he holds until he retires at the age of This bill intended to make the appointment for a specific period of four years. It is recommended by the department in a letter of the Secretary of the Navy, which is embodied in the report. Under the existing law when the commandant retires he retires as a major general. Under the bill as reported if he retires from the position of commandantthat is, if he retires from the service while holding the office of commandant-he retires as a major general; but if he retires from the office and not from the service, he goes back to the grade to which he was entitled in the line. So that his advancement to the grade of major general would have been for the period during which he has served. If he retires from the

service, he retires in the grade he holds in the line.

You will notice that the bill as reported provides that "if he retires as commandant of the Marine Corps by reason of age or length of service," but the committee this morning, upon recommendation of the Secretary of the Navy, has directed me to offer an amendment to insert in line 12, after the words "Marine Corps," the words "in accordance with the provision of sections 1251, 1622, 1623, Revised Statutes of the United States or," so that it would include a provision that he may retire on account of disabilities incurred in the line of service. For instance, under the bill as printed he could retire on account of age or length of service, but if he were wounded in battle and was retired, he would retire in the grade in which he belonged in the line, and not in the grade of major general, which rank and grade he held while serving as commandant. These sections of the Revised Statutes are the sections which provide for and regulate the retirement for disabilities in the service. So that if he retires from the office of commandant, he would have the right to retire for age and length of service and for disabilities incurred in the line of duty.

Mr. Chairman, will the gentleman yield? Mr. ADAIR.

Mr. PADGETT. Yes. Mr. ADAIR. Mr. Chairman, I would like to ask the gentleman if there is involved in this bill or proposition any increase of salaries or any increase of cost to the Government?

Mr. PADGETT. I do not think that it would involve any additional cost. Under the present law a commandant when appointed serves until his retirement at the age of 64. He is appointed to hold during the term of his official service; that is, until he retires at the age of 64 or until he should retire for other cause. When he retires, he retires with the grade and rank of major general. Under the provisions as reported in this bill he would be appointed for a period of four provisions of the bill as reported and existing law.

Of course, if they were to appoint a man who was Vears 60 years of age every four years, you would have a man retiring every four years, the same as under existing law. Under existing law, if the President were to nominate and the Senate confirm the appointment of a man 60 years of age, he would retire at 64 and another one appointed at 60 years of age would retire at 64, so that the same possibilities exist under the two laws. It would depend on the action of the President. If you appointed a man under 60 years of age and he served four years and retired, he would not retire as major general at all, and would never retire as a major general. So that if the President were to nominate and the Senate confirm a man under 60 years of age every time, there would never be a retirement. Therefore, under this law the possibilities are the same so far as the number retiring is concerned, and it might be less.

Mr. ADAIR. Does the gentleman think it would have a tendency to increase the retired list among the officers in the

higher rank?

Mr. PADGETT. I think not, if the President of the United States will not nominate men who are 60 years of age.

Mr. SLAYDEN. Mr. Chairman, will the gentleman yield? Mr. PADGETT. Certainly.

Certainly.

Mr. SLAYDEN. Is it not conceivable that a man may be chosen for the post of commandant of the Marine Corps under 60 years of age, say, 59 years, who would, after serving four years, be retired because of length of service and not because of age, and thus get added rank?

Mr. PADGETT. Yes. Mr. SLAYDEN. The statement that the gentleman made a moment ago was that if they appointed men under 60 years of

age that could not happen,

Mr. PADGETT. No; I did not say it would not happen. I was speaking of the age limit, and was explaining the age limit. That is also possible under existing law, and is taking place The present commandant of the Marine Corps has made application for retirement. He was appointed for an indefinite term, and he is not 64 years of age, but he has had the length of service required, and he is making application under existing law for retirement on account of length of service. It was just as I stated a moment ago.

Mr. SLAYDEN. He will retire with the rank of major

general?

Mr. PADGETT. Yes; under the present law. Mr. HAY. Mr. Chairman, will the gentleman yield?

Mr. PADGETT. Certainly.

Mr. HAY. What provision is there in this bill which would prevent the President from redetailing any officer who was detailed for four years as commandant of the Marine Corps?

Mr. PADGETT. None whatever. He can reappoint him. would then go to the Senate for confirmation, and, if confirmed, serve a second term; but if you got an inefficient man, instead of his holding for his official life, he would terminate in four years under the proposed bill and an efficient man could be

Mr. HAY. Does the gentleman know of an instance where a man has been detailed as the head of a corps where he has not been redetailed and kept in there until he was retired for Mr. HAY.

Mr PADGETT. It does not do that Whenever he is first appointed he is appointed for the full term until his retirement. Mr. HAY. Oh, no; under the provisions of this bill you can appoint a major who was 45 years of age and he could stay there for 19 years.

Mr. PADGETT. Yes.

Mr. HAY. And I want to say to the gentleman that the experience in the War Department has been that wherever a man has been detailed at the head of a corps as a brigadier or a major general he has been redetailed and redetailed again until the age for retirement arrives, and he is only retired on account of age.

Mr. PADGETT. The gentleman does not seem to get the existing law. Under existing law it is not a detail; it is an appointment.

Mr. HAY. I understand that.

Mr. PADGETT. It is the same under the present law and this proposed bill.

Mr. HAY. I understand that.

Mr. PADGETT. You can appoint to-day a major, and if a major is appointed to-day he would hold until he is 64 years

So that there is no change whatever in the

Mr. HAY. But the gentleman does not catch my point. My point is, while it is an appointment now, it will be an appointment then.

Mr. PADGETT. Yes.

Mr. HAY. The President has to appoint all of these officers.

Mr. PADGETT. Yes.

Mr. HAY. Whether they are appointed for four years or whether they are appointed for life or for the term which they would hold these offices. Now, I say in practice that men who have been detailed and appointed to the position of brigadier general-for instance, take the Signal Corps, the chief of which corps is a brigadier general-it has been the uniform custom to redetail this man and to reappoint him until he arrives at the age of retirement. Now, is there anything in that bill which would require this commandant of the Marine Corps to give up the position at the end of the four years?

Mr. PADGETT. There is nothing that keeps the President from reappointing him. The President can reappoint him until he becomes ineligible. Under existing law when he appoints him holds until he is 64. Under the proposed law he appoints him for four years, and the President has the opportunity to appoint somebody else. Whether he will do that or not. I do not know: but the law gives him the opportunity, the power, and the au-

thority so to do. Now, that is the difference.

Mr. SLAYDEN. Does the gentleman not think there ought to be a provision of law which would require a man detailed or appointed, whichever word you prefer to use, to the rank of commandant for four years, provided he does not reach the end of his official life before the four years of his detail shall have passed, to go back to the rank and position which he had held before he was detailed as such?

Mr. PADGETT.

And not be reappointed? Well. yes; I say not be reappointed. Mr. SLAYDEN.

Mr. PADGETT. This bill does provide that when he goes out at the end of four years he goes back to his rank in the line.
Mr. SLAYDEN. To the rank he held before. To the rank he held before.

Mr. PADGETT. Yes: it provides that-

Mr. SLAYDEN. But no provision against redetail?

Mr. PADGETT. None.

Mr. SLAYDEN. Does the gentleman not think there ought to be?

Mr. PADGETT. I do not. I think that the President and the country ought to have an opportunity to avail itself of the man who is the most available and the most useful.

Mr. SLAYDEN. And an opportunity for favoritism?

Mr. PADGETT. No. sir; I think not. I think that the President of the United States can be and must be trusted to exercise intelligently and patriotically the duty which Congress confides

Mr. HOWARD. Mr. Chairman, I want to propound this question to the gentleman from Tennessee: In effect, if this bill is passed, an officer 57 years of age, without the requisite length of service to retire from office, say he attains 63 years of age. instead of being retired because of the fact he had not the length of service goes back into the Marine Corps as a colonel?

Mr. PADGETT. Yes: he goes back to the grade he held. Mr. HOWARD. In the grade from which he was promoted to be major general commandant.

Mr. PADGETT. He may move up, in the meantime, in the

Mr. HOWARD. By promotion. That would put a man back in the service probably three or four numbers below the commanding position that he occupied as major general commandant

Mr. PADGETT. That is true.

Mr. HOWARD. With this scramble that is always in evidence when a commandant is to be appointed.

You take this man and put him back as a colonel, or probably as a lieutenant colonel or major, to serve the balance of his time before he retires?

Mr. PADGETT. That is true.

Mr. HOWARD. Now, I want to ask the gentleman, in all candor, to give an expression of his opinion to this House as to what he thinks the effect of such a law would be upon the dis-

cipline in the Marine Corps. Mr. PADGETT. I do not think there is any use of speculating on that, because we are doing it every day. Under the law as it now stands in the Navy any officer, even a commander, may be appointed chief of a bureau, and when he is appointed chief of a bureau he has be rank, pay, and allowances of a rear admiral, and when he roes out of the position of chief of bureau he goes back to the rank from which he was appointed And only within the last few weeks Admiral Twining, while serving as Chief of Bureau of Ordnance, had the rank, title. pay, and allowances of an admiral, but when he passed out of

that he went back and is now serving as a commander. Admiral Andrews was Chief of the Bureau of Navigation, having control and government of the whole personnel of the Navy. He passed away from the position of the chief of the bureau and went back into the position of commander, and since then has come up for promotion to captain. He has not yet been confirmed by the Senate, and is now serving in command of a ship as a commander. We have had that for years and years, and we have had multiplied instances of it, and instead of doing harm I think it does good. It gives an incentive to more men for opportunity to do something, and at the same time it gives an opportunity to the Government to place a man back in the ranks where his ability fits him, either up or down.

Mr. HOWARD. Now, Mr. Chairman, if the gentleman from Tennessee will indulge me just a moment further. I can see the logic of his statement if all those who sought to be commandant of the Marine Corps would, within the time that they were serving as major general commandant, be retired by virtue of length of service, but I venture the statement that not one man in ten to-day who is a colonel, a lieutenant colonel, or major in the Marine Corps would want to accept the position of major general commandant of the Marine Corps if he knew that during the time of his service as such he would not receive, as the gentleman from Virginia [Mr. HAY] stated a while ago, a reap-pointment to that office which would retire him within that

grade during his tenure of service.

Now, further than that, if the gentleman will permit, this hill seeks to put men in office from the line without any idea of

rank; that is to say, any man—

Mr. PADGETT. From the major up, and not below a major.

Mr. HOWARD. I understand not below a major. It means from major up.

Mr. PADGETT. But there are line officers below the runk of

Mr. HOWARD. But the captain and those folks never get anything, because they are swimming too close to the bank. [Laughter.] I am talking of folks likely to get these promo-

Now, I go back to the original proposition Does the gentleman think it would have a wholesome effect on the discipline of the Marine Corps, taking into consideration the fact that we have a picking board in the Navy and not in the Marine Corps—does not the gentleman think it would have an unwholesome effect to reduce a man to major general commandant after serving four years in the Marine Corps to that of lieutenant colonel?

Mr. PADGETT. I do not, and I want to say that Maj. Gen. Biddle, who is now major general commandant of the Marine Corps, and has been for the last two years, has recommended this legislation, and is to-day recommending it, for the efficiency of the service. He is the commandant of the Marine Corps.

I want to say further that we have instances of it and illustrations of the workings of it with all of the bureaus. bureau chiefs go back into their rank, and yet whenever there is an opportunity for appointment as chief of a bureau there are numbers of applicants who want it, knowing that when they retire-not longer than four years, and many of them do not serve as much as four years—they are to go back into the ranks and they take up the service patriotically and efficiently.

Mr. HULINGS. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Tennessee yield

to the gentleman from Pennsylvania?

Mr. PADGETT. Yes, sir. Mr. HULINGS. The gentleman says appointment under this bill is for four years. There is nothing to prevent a reappointment, is there?

Mr. PADGETT. Nothing whatever.

This bill provides that the President may Mr. HULINGS. retrieve his mistake at the end of four years if he has made one?

Mr PADGETT. That is it.

Mr. GOULDEN. Mr. Chairman, will the gentleman yield?

Mr PADGETT. Yes, sir.

The chairman of the Committee on Naval Mr. GOULDEN. Affairs has so ably and so satisfactorily given the information which I desire that I simply want to thank him therefor and assure him of my appreciation of his courtesy in allowing me to make this statement.

Mr. OGLESBY. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman from Tennessee yield

to the geutleman from New York?

Mr. PADGETT. Yes. Mr. OGLESBY. Does this make any change in the existing law as to the grade from which men may be selected to the post of commandant of the Marine Corps? Mr. PADGETT. None whatever.

Now, Mr. Chairman, I ask for the reading of the bill for amendment.

The CHAIRMAN. The Clerk will read.

The Clerk rend as follows:

Be it enacted, etc., That hereafter when a vacancy shall exist in the position of commandant of the Marine Corps the President may appoint to such position, by and with the advice and consent of the Senate, an officer of the Marine Corps on the active list not below the grade of field officer, who shall hold office as such commandant for a term of four years, and who, while so serving, shall have the rank, pay, and allowances of a major general in the Army.

Mr. MANN. Mr. Chairman, has the gentleman from Tennessee resumed his seat yet? Is this being read in the time of the

The CHAIRMAN. This is being read for amendment.

Mr. MANN. Not yet. Whenever the gentleman from Tennessee resumes his seat I desire to take the floor.

Mr. PADGETT. I will state to the gentleman from Illinois that I have no desire whatever to cut off debate. After I had concluded I looked around over the Hall and nobody addressed I will withdraw my request for the present.

Mr. MANN. Owing to the confusion, Mr. Chairman, we could not hear the gentleman from Tennessee, but we could see him.

It looked as though he still had the floor.

The CHAIRMAN. Does the gentleman from Illinois desire to be recognized?

Mr. MANN. Yes; I desire to be recognized in my own time.

The CHAIRMAN. The gentleman from Illinois [Mr. MANN] is recognized.

Mr. MANN. Mr. Chairman, there are two theories, upon either one of which you may appoint a commandant of the Marine Corps

Mr. PADGETT. Mr. Chairman, I reserve the remainder of

Mr. MANN. There are, I believe, 10 colonels in this corps, and when a commandant is retired the President appoints a new commandant, or head of the corps, from one of the colonels. Under the existing law the new commandant remains commandant until he retires or dies or resigns. For a number of years the Navy Department has been urging the passage of this bill. Under the existing law when the President appoints a new commandant he attempts to select from the colonels eligible for appointment the best man for the place, and I think in the main has been in the past singularly successful.

Now, the proposition comes up that a new commandant shall only be appointed for four years, and if we could be sure that when appointed he would serve four years, perhaps there would be no valid objection to the passage of the bill. Under the existing law the new commandant is appointed on merit, but if

this bill becomes a law what will be the procedure?

Here are 10 colonels, one of them eligible for retirement in January, one of them eligible for retirement in June next, one of them eligible for retirement in December next. If not appointed commandant, they will be retired in the grade of colonel and receive the pay and allowances of a retired colonel—very much less, by the way, than the pay and the allowances of a major general. Under this state of affairs every one of the 10 colonels would be in favor of the appointment as commandant of the colonel who would be retired in January next, and in January that commandant would be retired as a major general; and the colonel then who was to be retired in June would be appointed as commandant, and in June he would be retired as a major general; and the next colonel eligible for retirement would be appointed as commandant, and he would be retired as a major general when the time came. And if this bill becomes a law it is not improbable that every one of the 10 colonels, most of whom under existing law when they reach the retiring age will be retired as colonels, would probably be retired as a major general.

Now, I do not blame these gentlemen for wishing to be retired at higher pay. I have no criticism of the Army or Navy officer who wishes to be retired at the highest possible compensation. It is his business to look out for himself. It is our business to

do that which is best for the country at large.

Mr. TALBOTT of Maryland Will the gentleman yield? Mr. MANN. I yield to my distinguished friend from Maryland.

Mr. TALBOTT of Maryland. Could not the condition which you have described happen just as well under existing law as under this bill?

Mr. MANN. It could not.

Mr. TALBOTT of Maryland. Why not? Mr. MANN. Under existing law the President endeavors to select the man for commandant on merit; but under this lawthe instances are frequent-

Mr. TALBOTT of Maryland. Does the gentleman mean to say that under existing law if the President wanted to do what the gentleman has described he could not do it?

Mr. MANN. Oh, he could appoint these people; certainly. Mr. TALBOTT of Maryland. Yes. That is all I wanted to

Mr. MANN. Under existing law the President selects the man on merit, because he serves during his tenure of office. Only -and I do not mean to criticize what was donedistinguished general who was Chief of the Corps of Engineers of the Army retired in advance of the time when he was required to retire, after he was permitted to retire under the law, in order that another member of the Engineer Corps might be appointed Chief of Engineers, so that he might be retired as a major general.

It will always be done when it can be done. Now, the present

system endeavors to select the best man for the place.

In my opinion, the reason why this bill has been so urged for ears is because it offers an opportunity to retire officers at a higher grade, and I have heard no reason given for changing the system except the effect on the retiring officers. If the House is anxious to increase the burden and the load of the retired officers of the Army and the Navy, it ought to pass this bill. I do not find fault with the present system, but I do not believe it ought to be increased or enlarged.

Mr. BUCHANAN of Illinois. Mr. Chairman, will the gentle-

man yield?

Mr. MANN. Certainly.

Mr. BUCHANAN of Illinois. I supported this bill in the committee, and I do not understand how it makes it possible to increase the number on the retired list at higher pay. gentleman has not made it clear to me how it is possible to create more generals under this bill than would be possible under the present law, and he has admitted to the gentleman from Maryland [Mr. Talbott] that it might be done under the pres-

Mr. MANN. The reason is because the vacancies will occur

so much more often.

Mr. BUTLER. And they are bound to come.

Mr. MANN. It is inevitable, when you have a four-year period, that the opportunity to fill this position occurs that much more frequently than if you have a longer period.

Mr. BUCHANAN of Illinois. Will the gentleman yield fur-

Mr. MANN. Certainly.
Mr. BUCHANAN of Illinois. Is it not possible under the present system for the President to appoint a man 60 years of age, who in four years will be retired on account of age, or a man who may be retired on account of length of service? And can not the President reappoint every four years under this bill? This permits the President to appoint an officer who is the most efficient, and if he becomes inefficient it gives the President an opportunity to remove him. It seems that the opportunity is greater under this bill to create a greater efficiency than under the existing law, because at the present time there is no power to remove a commandant if he becomes inefficient.

Mr. MANN. I take it that if any commandant becomes in-efficient Congress has the power to change the law-to cut off his term. As far as that is concerned, I think no one of them has ever been charged with inefficiency up to date. But if you pass this law, every four years comes the temptation to appoint a man solely for the purpose of giving him pay at a higher rank. Everyone in the House who is familiar with the practice knows that it has been a common practice to promote generals in the Army and officers in the Navy for the sole purpose of having them retired at higher pay, and it has very often been announced that that was the reason for the promotion.

Mr. FOSTER. I should like to ask my colleague a question.

Mr. BUCHANAN of Illinois. Will the gentleman yield further?

Mr. MANN. Certainly.

Mr. BUCHANAN of Illinois. I do not understand how this makes it possible to increase the number more than under the present law. The gentleman has not made it clear to me yet, although he is a very able Member of the House.

Mr. MANN. Because the opportunity comes that much oftener. It is not customary now to appoint a commandant who is within four years of the retiring age, and hence the opportunity does not come every four years under existing law to run these people through this conduit into higher retired rank; but if you put in a new commandant every four years, you give the opportunity that much oftener for this temptation to be availed of.

Mr. BUCHANAN of Illinois. I believe the gentleman has admitted that the practice is here now. What would be the incentive on the part of the President to take advantage of the opportunity under the new law any more than under the present

Mr. MANN. Well, I think it is perfectly patent. I have given an instance of where the officer was to be retired in January or June. Of course that is not the way the retirement comes. Usually several officers are eligible for retirement at the same time. If it happens to come at a four-year period

under this law, they will all be retired through the conduit of this system as major generals.

Mr. FOSTER. I have yet failed to understand—it is probably my fault—how these officers will be retired at the high rate. If a colonel serves four years as commandant and goes back to his command he takes the same grade, and if he should be 64 years of age, eligible to be retired at the end of his service as commandant, does he retire at a higher grade than he served

before he was promoted?

Mr. MANN. If he goes back as a colonel he would be retired as a colonel, but if he is retired while he is commandant he is retired as a major general.

Mr. FOSTER. If he is 64 years of age, eligible to be retired while serving as commandant, he retires at the pay of a major general?

Mr. MANN. I do not think he is required to be 64 years of age. I do not think a man has to be 64 years of age to be retired in the Marine Corps service. He is compulsorily retired at the age of 64, but if he can retire as a commandant, as a major general, within the term he retires as a major general because he has served for 30 years. Then the next man would do the same thing. You will never, in my judgment, see a commandant at the head of this corps who will ever go back in the corps to a position as colonel. He will be retired as a major general. The retired pay of a major general is higher, I think, than the pay of a colonel. While the bill provides in reference to them, as a proper precaution, no one familiar with the service ever expects that to be done. I do not think anybody desires it to be done. The man who has been a commandant ought not to be put back in a subordinate position.

Mr. FOSTER. The reason I asked my colleague the question is that I understood the chairman of the committee to say that he was retired at the rank which he held before being advanced to the rank of commandant.

If he is retired while commandant, no matter MANN. what his rank was before, he is retired as a major general. If his term runs out while he is commandant and he is foolish enough not to retire, he would go back to his former grade of Then if he is retired after that he would be retired as a colonel. But if there is anybody in the Marine Corps so foolish as to do that he ought to be dismissed for inefficiency.

Mr. FOSTER. Under this bill-and I think the gentleman is correct-his contention is that there would be more men advanced who would be entitled to be retired at a higher grade?

Mr. MANN. Undoubtedly; a man who is commandant and can retire as a major general and let his friend come in as a commandant and retire as a major general would be very unkind, both to himself and his friend, if he did not avail himself of the opportunity.

This is not the first time this bill has been before Congress. When the last vacancy occurred, at the time Gen. Biddle was appointed commandant, and before his appointment, the Navy Department recommended the passage of this bill. Congress declined to pass it. I do not believe that this House, which I think is not any more favorable to retiring officers at a higher

pay than the previous Congress, ought to favorably consider it.

Mr. PADGETT. Mr. Chairman, I want to make one or two
observations. This is my ninth year in service on the Committee on Naval Affairs, and if this bill has been before the committee at any time, I fail at this time to recall it. I do not
remember that the department has ever recommended this bill before. It is true that Gen. Elliott, the former commandant, did advocate such a law. Gen. Biddle, the present commandant, has advocated it, but if the department has ever heretofore recommended it, I fail at this time to recall it. I have asked the gentleman from Maryland, who sits by me, Mr. Talbott, a member of the committee, and I have also asked the clerk of the committee, and neither one of them recall that this matter has been before the committee heretofore.

Mr. MANN. Will the gentleman yield?

Mr. PADGETT. Certainly.

Mr. MANN. Does not the gentleman recall the fact that when Gen. Elliott was retired the appointment of a new commandant was held up for a long time in order to let Congress act on the recommendation of the Navy Department, making a fixed term of four years?

Mr. PADGETT. I do not. Mr. MANN. Well, I do.

Mr. PADGETT. I do not recollect that there was such recommendation made, nor do I remember that it has ever been before the committee

I desire to call attention to other statements of the gentleman from Illinois. Take his illustration about the 10 colonels. very thing that he says about the colonels that can be done under this proposed law can be done under existing law to-day. The President, if he wanted to, could select men who are 63 years of age and nominate them to the Senate, and the Senate could confirm them. They would serve one year and would retire as major generals, and whatever the age of the oldest man was, he would nominate him, the Senate could confirm him, and he would pass out at 64 years of age.

Mr. HAY. I call the attention of the gentleman to the fact that that is not true in the Army.

Mr. PADGETT. I do not know anything about the Army. I am talking about the Marine Corps.

Mr. STAFFORD. Mr. Chairman, I would like to have the chairman's view as to whether or not the President would be open to criticism for that character of practice?

Mr. PADGETT. He would. I want to say this, that when the gentleman from Illinois speaks about the present law he says, first, that under existing law the desire and the practice and the inclination is to seek men of merit and nominate them and have them appointed, but he says that if you pass this law that practice will not prevail, and he imputes to the President the possibility—yea, the probability—that instead of following the custom that has characterized the Presidents in the past the present President or future Presidents will select men simply for the purpose of augmenting and piling up the retired

WITHERSPOON. Mr. Chairman, will the gentleman yield?

Mr. PADGETT. Certainly.

Mr. WITHERSPOON. Assuming that the President of the United States is the kind of officer that they claim he is, can not he do that very thing now?

Mr. PADGETT. That is what I say; yes.

Mr. WITHERSPOON. Can not he pick out men in the Marine Corps who for length of service or for age will retire in a month or two months or a year and under the present law just appoint that class in order to increase the retired list, if he so desires?

Mr. PADGETT. He could increase and multiply it just as fast as he could find men who would reach 64 years of age or who will soon have 30 years of service. That is the existing law, and yet they say the President and the appointing power of the Senate are moved by good principles and purposes under existing law, but that if you enact the law and make it four years, so that the President will have an opportunity to bring better material in, if he has inefficient men in the service; therefore the President will pervert the functions of his office and will appoint men who are not reliable and competent.

Mr. HAY. Is it not a fact that the officers of the Marine Corps are appointed under the same law as the officers of the Army?

Mr. PADGETT. Yes; they have the same general regula-

Mr. HAY. And the same general law. As I understand the law, as it applies to the Marine Corps it will be impossible for the President to do what the gentleman has said.

Mr. PADGETT. The gentleman means for the Army?

Mr. HAY. Or the Marine Corps. They are appointed, as I understand, under the law which governs appointments in the Army and they draw the same pay and allowances.

Mr. PADGETT. They have the same organization?

Mr. HAY. Yes. Mr. PADGETT. But under the law the commandant of the Marine Corps is appointed for his official life, until 64 years of age, and not for a definite term.

Mr. HAY. What I am coming at is this, that under the law that prevails in respect to promotions in the Army, a man can not be promoted to the grade of brigadier general two months before he arrives at the retiring age. The law provides that a man must serve one year in the rank of brigadier general before he can be retired. I just want to call attention to that, and to what I believe to be the case, that that would apply to the appointment of a major general of the Marine Corps.

Mr. PADGETT. Well, there is this difference, there is no grade of brigadier general in the Marine Corps.

Mr. HAY. But applied to major general, too.
Mr. PADGETT. If it applies to major general, the result could not take effect.

Mr. HAY. In other words, an officer appointed to the rank

of brigadier general of the Army can not be appointed to this

position two or six months before he arrives at the retiring age, because the law provides that he must serve one year; so that a colonel 63 years and 6 months old could not be made

a brigadier general.

Mr. PADGETT. As far as a law to prevent, it could be done. I do not know of that law, but the thing I want to call attention to is this, that in this respect it does not change the law one particle. The existing law and this proposed till are the same. Mr. GARRETT of Texas. Will the gentleman yield?

Mr. PADGETT. Yes. Mr. GARRETT of Texas. If I understand the situation, boiled down it is that the gentleman simply proposes by this bill

to change the law from a life tenure to four years' service?

Mr. PADGETT. That is the sum, substance, and merit of it. Now. Mr. Chairman, if there is no one else desiring to address the House, I will ask for a reading of the bill.

The CHAIRMAN (Mr. GARD). The Clerk will read the bill

for amendment.

The bill was rend.

Mr. PADGETT. Mr. Chairman, I offer a committee amendment.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Amend, line 12, after the words "Marine Corps," by inserting the words "In accordance with the provisions of sections 1251, 1622, and 1623 of the Revised Statutes of the United States or."

The question was taken, and the amendment was agreed to.

Mr. HAY. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Amend, line 8, page 1, after the word "years," by inserting the words "unless sooner relieved."

Mr. HAY. Mr. Chairman, the purpose of that amendment is to permit the appointing power to relieve this officer sooner.

Mr. PADGETT. That is all right; we have no objection. The question was taken, and the amendment was agreed to. Mr. HAY. Mr. Chairman, I offer a further amendment, to come in at the end of the bill.

The CHAIRMAN. The Clerk will report the amendment. MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

The committee informally rose; and the Speaker having resumed the chair, sundry messages, in writing, from the President of the United States were communicated to the House of Representatives by Mr. Latta, one of his secretaries, who also informed the House of Representatives that the President had, on December 8, 1913, approved and signed joint resolution of the following title:

H. J. Res. 155. Joint resolution extending time for completion of classification and appraisement of segregated coal and asphalt lands of the Choctaw and Chickasaw Nations and of the improvements thereon, and making appropriation therefor.

TENURE OF OFFICE OF THE MAJOR GENERAL COMMANDANT, UNITED STATES MARINE CORPS.

The committee resumed its session.

The Clerk read as follows:

Insert at the end of the bill, page 2, the following: "Provided further. That no person shall be eligible to redetail as commandant of the Marine Corps until be shall have served two years in the Marine Corps."

Mr. HAY. Mr. Chairman, the committee in its report referred to the appointment of the Chief of Staff of the Army, and they stated they wanted to bring this appointment in line with the tenure of the office of the Chief of Staff of the Army. der the law the Chief of Staff can not serve as Chief of Staff except for four years, until he has returned to the line and served two years there, except in time of war or in case of If that is what the gentleman desired to bring about, to put the Commandant of the Marine Corps on the same basis as the Chief of Staff of the Army, the amendment which I offer effects it.

Mr. PADGETT. Mr. Chairman, I do not think that is a wise amendment or that it should be agreed to. I think that the President should have the power and the authority to reappoint an efficient man if he thinks that it is proper to do so. This amendment would require that the commandant should pass out of the service as commandant for two years before he could be reap-pointed by the President, and I think that this should be left with the President to say whether or not the services of a man are such that he would be justified in reappointing him. The reappointment has to go to the Senate for confirmation, and to say that a man could not be reappointed I do not think would

be proper legislation.

Mr. HAY. Mr. Chalrman, it will not prevent a man from being reappointed after serving two years in the Marine Corps.

Now, the Chief of Staff of the Army is a very much more important officer than the Commandant of the Marine Corps. He is the chief of the Army, consisting now of 90,000 men, and the law provides that he should only serve four years, and that at the end of the four years he shall return to the line of the Army. Now, the report made by the gentleman and his committee calls attention to the fact that they desire that the Commandant of the Marine Corps should have the same tenure of office as the Chief of Staff of the Army.

If that is what they desire, this amendment accomplishes that purpose. It does seem to me, if the purpose is to have a man serve four years as Commandant of the Marine Corps, the way to accomplish that is to embody in this law the provisions which are contained in the law with regard to the Chief of Staff of the

Army.

Mr. PADGETT. I ask for a vote, Mr. Chairman.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia [Mr. Hay].

The question was taken, and the Chair announced that the ayes seemed to have it.

Mr. PADGETT. Division, Mr. Chairman.

The committee divided; and there were-aves 5, noes 26.

So the amendment was rejected.

Mr. PADGETT. Mr. Chairman, I move that the committee do now rise and report the bill to the House as amended, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARD, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10081, and had directed him to report the same to the House with amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass,

The SPEAKER. Is a separate vote demanded on any of the amendments? [After a pause.] If not, the Chair will put

them in gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill as amended was ordered to be engrossed and read a third time and was read a third time.

Mr. MANN. Mr. Speaker, I move to recommit the bill to the Committee on Naval Affairs.

The SPEAKER. The gentleman from Illinois moves to recommit the bill to the Committee on Naval Affairs.

The question was taken, and the Speaker announced that the noes seemed to have it.

Mr. MANN. Mr. Speaker, I ask for a division. The House divided; and there were—ayes 35, noes 79.

So the motion was rejected.

The SPEAKER. The question is on the passage of the bill. The question was taken, and the Speaker announced that the noes seemed to have it.

Mr. PADGETT. Division, Mr. Speaker. The House divided; and there were—ayes 81, noes 32.

So the bill was passed.

On motion of Mr. PADGETT, a motion to reconsider the vote by which the bill was passed was laid on the table.

## PETITION FOR AMENDMENT TO CONSTITUTION.

Mr. HOBSON. Mr. Speaker—
The SPEAKER. For what purpose does the gentleman from

Alabama [Mr. Horson] rise?

Mr. HOBSON. Mr. Speaker, I rise to ask unanimous consent that at 3 o'clock to-morrow one hour may be set aside for the purpose of presenting a petition that was brought to-day by a committee of 1,000 from all the States of the Union, with the view to an ultimate constitutional amendment for prohibition in the United States. And I would like to say in this connection that it is simply a courtesy which I wish to have extended to this great committee, and not a matter of consideration of the

merits of the question.

Mr. BARTHOLDT. Mr. Speaker, regular order.

The SPEAKER. The question is on the request of the gentleman from Alabama [Mr. Hosson] for unanimous consent to set aside an hour to-morrow, beginning at 3 o'clock, to present

a petition from a committee of 1,000—

Mr. HOBSON. With appropriate remarks.

The SPEAKER. With appropriate remarks, and present a petition of a committee of 1,000 from a convention recently held in Columbus, Ohio, looking to country-wide prohibition. Is there objection?

Mr. BARTHOLDT. I object.

Mr. HOBSON. Before the gentleman objects—
The SPEAKER. The gentleman has objected.
Mr. HOBSON. I want to ask the gentleman to reserve his right to object. I am sure he will do it out of courtesy.

Mr. BARTHOLDT. I will.

Mr. HOBSON. I want to have the gentleman understand that the proposition is not for a discussion of the merits of the bill.

Mr. DONOVAN. Mr. Speaker, the regular order.

The SPEAKER. The regular order is the objection to the request of the gentleman from Alabama [Mr. Hobson].

Mr. BARTHOLDT. I reserved the right to object.

Mr. HOBSON. The gentleman reserved it. The SPEAKER. But the gentleman from Connecticut asked for the regular order.

Mr. HOBSON. Was that the gentleman from Connecticut

[Mr. Donovan]

The SPEAKER. Yes, sir.

Mr. HOBSON. Mr. Speaker, I wish to give notice that at 4 o'clock to-morrow I shall move to adjourn, and those who care to stay here will hear remarks on this question.

Mr. MANN. It is so seldom the gentleman is here that we would like to hear what he has to say. [Laughter.]

TENTH INTERNATIONAL VETERINARY CONGRESS (H. DOC. NO. 462).

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with the accompanying documents, referred to the Committee on Foreign Affairs and ordered to be printed:

To the Senate and House of Representatives:

In view of the provision contained in the deficiency act approved March 4, 1913, that-

Hereafter the Executive shall not extend or accept any invitation to participate in any international congress, conference, or like event without first specific authority of law to do so—

I transmit herewith for the consideration of the Congress, and for its determination whether it will authorize the acceptance of the invitation, a report from the Secretary of State, with accompanying papers, being an invitation from the Government of Great Britain to that of the United States to send delegates to the Tenth International Veterinary Congress, to be held at London from the 3d to the 8th of August, 1914, and letters from the Department of Agriculture showing the favor with which that department views the proposed gathering.

It will be observed that the acceptance of the invitation will involve no special appropriation of money by this Government.

Woodrow Wilson.

THE WHITE HOUSE, December 10, 1913.

REPORT OF THE COMMISSION OF FINE ARTS (H. DOC. NO. 461).

The SPEAKER also laid before the House the following message from the President of the United States, which was read and, with the accompanying documents, referred to the Committee on the Library and ordered to be printed:

To the Senate and House of Representatives:

I transmit herewith for the information of the Congress the report of the Commission of Fine Arts for the fiscal year ended June 30, 1913, with accompanying illustrations. WOODROW WILSON.

THE WHITE HOUSE, December 10, 1913.

ENBOLLED JOINT RESOLUTION SIGNED.

Mr. ASHBROOK, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled joint resolution of the following title; when the Speaker signed the

H. J. Res. 164. Joint resolution authorizing the Secretary of the Senate and the Clerk of the House to pay the officers and employees of the Senate and House, including the Capitol police, their respective salaries for the month of December, 1913, on the 20th day of said month.

CHANGE OF REFERENCE.

By unanimous consent, the Committee on Appropriations was discharged from further consideration of the bill (H. R. 9822) establishing the Mammoth Cave National Park, and the same was referred to the Committee on the Public Lands.

NAVAL MILITIA.

Mr. PADGETT. Mr. Speaker, by direction of the Committee on Naval Affairs, I call up the bill (H. R. 8667) to promote the efficiency of the Naval Militia, and for other purposes, on the Union Calendar, No. 26.

The SPEAKER. The House resolves itself automatically

The SPEAKER. The House resolves itself automatically into Committee of the Whole House on the state of the Union, and the gentleman from Illinois [Mr. Foster] will take the

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 8667, with Mr. Foster in the chair.

The CHAIRMAN. The House is in Committee of the Whole

House on the state of the Union for the consideration of the bill H. R. 8667, which the Clerk will report.

The Clerk read the title of the bill, as follows:

A bill (H. R. 8667) to promote the efficiency of the Naval Militia, and for other purposes.

Mr. PADGETT. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Tennessee [Mr. Pap-GETT] asks unanimous consent that the first reading of the bill be dispensed with. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

Mr. PADGETT. Mr. Chairman, I do not wish to consume much time in explanation of this bill, as I do not deem it neces-

I may say that at the last session of the last Congress the Committee on Naval Affairs favorably reported a bill which is the same as this, with the exception of a few amendments, mostly verbal, which have been made in the present bill.

Mr. MANN. Mr. Chairman, will the gentleman yield for a

question?

Mr. PADGETT. Yes.

Mr. MANN. Is the bill now reported with these changes practically what was known as the Foss bill that the House voted on?

Mr. PADGETT. Yes, sir; it is almost identical. I was going to add that in the Congress preceding the last the Naval Committee reported substantially this bill, with only verbal changes, and the House passed the bill, but it was so late in the session that it did not receive consideration in the Senate. At the last session of the last Congress the Senate passed the bill, but it was so late in the session that the House did not have opportunity to consider it; so that this bill, with but few changes, not material or substantial, has been passed by both bodies.

Mr. COX. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Tennessee yield to the gentleman from Indiana?

Mr. PADGETT. Yes. Mr. COX. What is the proposed maximum to which the Naval Militia can be extended?

Mr. PADGETT. There is no limit. The Naval Militia is

organized under the States.

Mr. COX. Do the States have any limit of law regulating the number of men who can join the State Naval Militia?

Mr. PADGETT. They have no regulations, as I understand,

limiting the number. They have regulations as to the organization, as to qualifications, as to examinations, professional and physical, and along that line, but there is no limitation, as I understand, as to the number the State may from time to time authorize.

Mr. COX. This bill proposes, as I understand, to take all the State Naval Militia and coordinate and make it a branch of the Navy?

Mr. PADGETT. Yes; substantially. But we limit the total appropriation in the bill to \$200,000.

Mr. COX. That is to meet the present requirements?

Mr. PADGETT. No; that is the limitation that is fixed. It will require legislation on this bill to enlarge it hereafter.

Mr. COX. Oh, yes; but I say that only meets the present requirements-\$200,000. There is nothing in that to keep a future Congress from increasing the appropriation from time to time as the number of men might be added to the various Naval Militias of the States?

Mr. PADGETT. Yes.

Mr. COX. How many men now belong to the Naval Militia? Mr. PADGETT. The report gives it exactly—8,126 officers and enlisted men. The gentleman will find that on page 3 of

Mr. COX. Do I understand the gentleman to state that the sum total of the cost contemplated by the proposed bill for the

next year can not exceed \$200,000?

Mr. PADGETT. Without legislation of Congress it can not, at any time, be other than the amount carried in the annual appropriation bill.

Mr. COX. I take it that if the bill becomes a law the Committee on Appropriations will very likely follow out the man-

dates of the law and make the appropriations.

Mr. PADGETT. But anybody could make a point of order against that. There is to-day in the annual naval appropriation bill an appropriation of \$125,000 toward defraying the expenses of the Naval Militia as it exists now, and that has been

carried for a great many years. It was authorized a good

many years ago.

Mr. COX. That amount of money, as I understand it, is expended to pay the expenses of the Naval Militia at Naval Militia

maneuvers each year.
Mr. PADGETT. Yes; that and repairs and fittings and fur-

nishings and things of that kind.

Mr. COX. Do you mean that only \$125,000 is paid out for all those things?

Mr. PADGETT. Yes. The appropriation reads-

Arming and equipping the Naval Militia, \$125,000.

When this bill came to the committee, speaking personally, I insisted that there should be a limitation upon the cost, and it was upon my initiative that the \$200,000 limit was fixed. will state that a board of officers of the Naval Militia of the several States and the Navy Department have been working upon this bill for several years.

Mr. COX. Very actively? Mr. PADGETT, Yes.

Mr. COX. Doing their best to get Congress to pass this kind

of legislation.

Mr. PADGETT. They have been trying to perfect the measure, and this measure puts it upon the same basis as the Dick bill relating to the land militia, so far as it can be adapted and adjusted to the Naval Militia.

Mr. COX. Do these officers in the State Naval Militia draw

any salaries now?

Mr. PADGETT. Not in time of peace.

Mr. COX. Will they get any part of this \$200,000 appropria-

tion in the way of salaries?

Mr. PADGETT. Nothing in the way of salaries. They get pay when they go upon the maneuvers, the same as the land militia get allowances and pay at such times.

Mr. COX. Does that only cover expenses, or is it anything in

addition to that?

Mr. PADGETT. They get pay, as I remember it.

Mr. COX. When they are engaged in the maneuvers.

Mr. PADGETT. During the few days that they are engaged in the maneuvers each year.

Mr. COX. They will be drawing a salary during that time.

Mr. PADGETT. Yes.
Mr. COX. So that future appropriations will be governed entirely in their amount by the number of men who enlist in the various States from year to year.

Mr. PADGETT. If they were to enlist; but the number in the Naval Militia is now as high or higher than it ever has been, and it has never exceeded 8,000 or 9,000 men.

Mr. COX. Does not the gentleman believe the moment this bill becomes a law and they see inducement held out to them, to the end that they can draw salaries and have a good time at the public expense, the number of enlistments will rapidly increase largely all over the United States, and in a very few years we will be appropriating not less than \$1,000,000 per year?

Mr. PADGETT. No, sir; the expense will be very little. want to say to the gentleman that I do sincerely hope and the

department sincerely hopes that it will increase.

Mr. COX. What—the number or the expense?

Mr. PADGETT. The number of men. There is nothing that would yield so large a benefit to the Navy as to have an organized militia in reserve that could be put upon our ships, as the department says, as an organized force in 48 hours.

Mr. BUTLER. In 36 hours. Mr. PADGETT. They say 36 hours, but I say 48 hours after the danger signal appears.

Mr. BUTLER. Well-equipped men.
Mr. PADGETT. Well-equipped men, trained and organized, and at a trifling expense.

Mr. COX. I am aware of the fact that that argument is al-

ways used.

Mr. PADGETT. And for the trifle it would cost the Government there is nothing that would yield so great a profit and benefit to the Government as to have an organized naval

Mr. COX. Where are you going to have room to put the men of the Naval Militia, if the number of men in the Navy

is now up to the maximum standard?

Mr. PADGETT. We are up to the maximum standard of authorized enlistment, but we are about 30,000 men short of the enlistment necessary to equip on a war basis the vessels that we now have.

Mr. COX. In the event of an emergency, is it designed that the Naval Militia shall take the places of these sailors?

Mr. PADGETT. Yes; and it is made compulsory that they

shall come in in advance of future enlistments.

Mr. CALLAWAY. Will the gentleman yield?
Mr. PADGETT. With pleasure.
Mr. CALLAWAY. There is no provision in the bill for paying the militia, but there is a bill pending now in Congress providing payment for the land militia.

Mr. PADGETT. Yes. Mr. CALLAWAY. What probability is there of its passing? Mr. PADGETT. I can not tell the gentleman. I do not know what the future may have in store for it.

Mr. CALLAWAY. This bill provides for an increase in the

naval militia?

Mr. PADGETT. It provides for an organization of it.
Mr. CALLAWAY. If that bill I spoke of should pass, providing pay for the Army Militia, does not the chairman think that this organized Naval Militia would immediately and with some show of right clamor for payment?

Mr. PADGETT. I think if they organize a Naval Militia

and Congress should pass the bill to pay the land militia, they ought to pass the same provision for the Naval Militia. As to

what will be done, of course, I do not know.

Mr. CALLAWAY. Is it not a fact that when organizations are perfected they will immediately go to work to get on the pay roll, and when you provide for an increased Naval Militia and an organization in Washington they will immediately go to work to make themselves a buffer back at home to induce the Congressmen to put them on the pay roll, and then this Congress will do what they think the political exigencies at home demand?

Mr. PADGETT. No; I think the gentleman has made his

statement too broad.

Mr. CALLAWAY. I have been here three years, and that is about what I see.

Mr. MOORE. Will the gentleman yield?

Mr. PADGETT. Certainly.
Mr. MOORE. Does the gentleman know of any considerable number of his fellow citizens who are willing to serve in the

Army and Navy for nothing?

Mr. PADGETT. No; we have a good many enlistments in the State of Tennessee. We have a good National State Guard We have always been proud of the fact that in every call that has been made by the President of the United States for volunteers the State of Tennessee always sent more than she was asked for. For that reason she has become known and has been given the name of the "Volunteer State."

Mr. MOORE. Does the gentleman think that any body of citizens should enlist in the Army or the Navy to perform

service without some return?

Mr. PADGETT. This is not an enlistment. This does not enlist them, but it organizes the militia and provides for some help in training, furnishing them ships, officers to train them, and limits the total appropriation, as stated in the bill, to \$200,000 a year.

Mr. MOORE. Will the gentleman consider this phase of it? To train men on a battleship, whether voluntary or in the regular service, will also tend to equip them for service in the

merchant marine. Mr. PADGETT. Yes; and give them much valuable military

service, which could be available in the Army.

Mr. MOORE. Is it not a fact that we are at a loss to obtain sufficient men to man the ships now engaged in our merchant marine?

Mr. PADGETT. Yes. Mr. MOORE. Would it not be an inducement to the young men of the country to equip themselves so that they might be of value in serving either on land or sea?

Mr. PADGETT. Yes; but I am not looking at it collaterally, but for the direct benefit of it. We need the men; we are 30,000 short of enlisted men to-day upon a war basis. It would be a very expensive matter to enlist these 30,000 mea to equip all our ships in full commission. We have a large number of battleships and cruisers, and others that are in reserve, with only a skeleton crew. If we had a large body of trained men, who each year had some practice, so organized with a very triffing expense that upon the breaking out of trouble who could, within a few hours, go on the ship ready to serve effi-ciently and take the place of enlisted men and become enlisted men, it is apparent to me that we should derive a benefit beyond expression.

Mr. MOORE. The young men who enter the Naval Militia

are not confined to any one State or coast line?

Mr. PADGETT. No, sir.

Mr. MOORE. I observe that, on page 3. a statement is made of the strength of the Organized Militia in the country, and

that Chicago is third on the list, with 505 men enrolled as petty officers and seamen.

Mr. PADGETT. Well, Chicago has the Great Lakes avail-

able to her.

Mr. MOORE. I should say Illinois, not Chicago. Mr. PADGETT. Chicago has a naval militia, also.

Mr. MOORE. Massachusetts stands at the head of the list

and California second.

Mr. PADGETT. And all of the lake States have naval

militia.

Mr. MOORE. I wanted to call the gentleman's attention of the fact that while Massachusetts does stand at the head of the list, with 640 men reported for this volunteer service, the State of Illinois, which is interior and might not be affected by this coast-line question at all, is second in rank so far as en-rolled men are concerned, and has 505 men on the list.

Mr. PADGETT. Yes; and it has been the practice and is to-day the practice of the Navy Department to furnish to these men ships to train upon, and each year in the summer season they go out under charge and control of naval officers, and it is no junket trip. They go there, and in connection with the en-listed force and the regular men upon the ships they do the work and take the training that the regular enlisted men do.

Mr. COX. How long do these cruises last?

Mr. PADGETT. From two to three weeks.

Mr. COX. Once a year?

Mr. PADGETT. Yes. Mr. GOULDEN. Mr. Chairman, will the gentleman yield?

Mr. PADGETT. Certainly. Mr. GOULDEN. I simply desire to ask whether the Naval Militia is on the same plane as the National Guard as to benefits, advantages, and so forth?

Mr. PADGETT. Just as far as it was able to adapt and adjust the Dick bill to the Naval Militia it has been done.

Mr. GOULDEN. There is no special advantage of the Na-

tional Guard over that of the Naval Militia, so far as the National Government is concerned?

Mr. PADGETT. Nor of the Naval Militia over the National

Guard.

Mr. HULINGS. Mr. Chairman, will the gentleman yield?

Mr. PADGETT. Yes. Mr. HULINGS. I would like to call the attention of the chairman of the committee to the language that is used in line 5. on page 4, as to the service which may be exacted of the Naval Militia-

to serve during the term so specified, either within or without the territory of the United States.

This Naval Militia is but a part of the Organized Militia, according to the first section of the bill.

Mr. PADGETT. Yes.
Mr. HULINGS. And I am told, or I find by the report of the
Attorney General of the United States, that the Dick bill, under which the Organized Militia is provided, is unconstitutional in that part of it which requires service outside or beyond the boundaries of the United States. I would like to ask the gentleman if he has taken that into consideration in the framing of that part of his bill?

Mr. PADGETT. If the gentleman will read the whole bill and get the scope of it, he would see that that service takes place after they enlist and at the breaking out of hostilities. They then come in and become a part of the naval force, and the gentleman's objection does not apply. This training is of the Naval Militia, but when hostilities break out and the President calls upon them they come in then and are mustered into the service of the United States, and their character as militia

Mr. HULINGS. I do not so understand the bill. Section 3 of the bill seems to cover that question. That section provides that the President may call them into service without further enlistment, and without such enlistment the bill is open to the charge of the Attorney General of unconstitutionality. The only authority we have to call any portion of the forces of the United States the "Organized Militia" is through the Dick Act, and this bill starts out by prescribing that the Naval Militia shall be a part of the Organized Militia; and if the Organized Militia can not be sent abroad, how can the Naval Militia, which is a part of the Organized Militia, be sent abroad?

Mr. PADGETT. No; the "Organized Militia" refers to the

States.

Mr. HULINGS. The bill reads:

That of the Organized Militia, as provided for by law-

And so forth.

Mr. PADGETT. That is the State law and the State organi-

Mr. HULINGS. To continue:

such part of the same as may be duly prescribed in each State, Territory, and for the District of Columbia shall constitute a Naval Militia.

If it is true that the Organized Militia can not be sent abroad, how under this bill can you send the Naval Militia abroad?

Mr. PADGETT. Certainly; and the organization is under the State law, and we take up that organization and bring it in and recognize it and deal with it. But the organization in the first instance is through the State law.

Mr. HULINGS. But the State law does not know anything about the Organized Militia. The term was originated in the Dick law, and that is where you get it. However, I only wished, Mr. Chairman, to call the attention of the gentleman to this

part of the act.

Mr. PADGETT. If the gentleman will get the report, he will see that it is set out at great length in the report. law of the State of Massachusetts is illustrative of the laws and an example of laws of other States wherein the militia is organized. Does anyone else desire any general debate?

Mr. MANN. I would like to ask the gentleman a few ques-

tions about the bill.

Mr. PADGETT. Yes, sir.

Mr. MANN. On page 5 there is a proviso:

Provided, however, That any officer or enlisted man of the Naval Militia so qualified who shall refuse or neglect to present himself for such muster upon being called forth as herein prescribed shall be subject to trial by court-martial and shall be punished as such court-martial may direct.

Is the effect of that to provide that if the President calls upon the Naval Militia that any enlisted man in the State militia who refuses to go into the Government service is to be court-martialed?

Mr. PADGETT. Yes, sir.

Mr. MANN. Is that same provision in the Dick bill?
Mr. PADGETT. It is in the Dick bill; yes, sir. If they are to receive the benefits, then, when the Government needs them, it should have some power to compel them to come in.

Mr. MANN. The point that occurred to me was that it might be much more difficult to get men into the Naval Militia in the States if, when they went in, they were told that at any time they might be compelled to go into the field and leave their work at home. Here is a boy, for instance, who has a mother dependent upon him. He is quite willing to enlist in the Naval Militia, quite willing to enlist for the Government if conditions are so that he can, but he might be wholly unwilling to be forced to go away from home.

Mr. PADGETT. What will be the advantage or good to the

Government to enlist him and train him if when the Govern-

ment needs him he refuses to go?

Mr. MANN. Well, that is the case with all of our naval officers now. What is the advantage of having them if they do not go when they are needed? Nobody knows when we will need them and nobody knows whether they will resign—

Mr. PADGETT. But a naval officer can only resign with the

consent of the President.

Mr. MANN. That is true, but if he has resigned you can not pull him back in. The point raised in my mind was whether it may not affect disadvantageously the raising of the Naval Militia-

Mr. PADGETT. I think not.

Mr. MANN. And getting men to enlist. Mr. PADGETF. The officers of the Naval Militia who have been giving very great study and pains to this approve of that provision, and it was put in here with their approval.

Mr. MANN. I notice on page 11, where it refers to the appro-

priations, line 19, it says:

But no payment to the Naval Militia under the provisions of this section and no allowances for mileage shall be made from appropriations made from the Navy, but shall be made solely from the sums appropriated for such cruise, maneuvers, field instruction, or for the Naval

Now, as I understand this bill, although the gentleman has stated several times that this bill limited the amount appropriated to \$200,000, I think possibly the language is not quite accurate. If I understand the bill correctly, this bill makes a permanent appropriation of \$200,000 a year?

Mr. PADGETT. Yes, sir; and then such other amount as

Congress may provide in the annual appropriation.

Mr. MANN. I know; but it limits the expenditures, does it not?

Mr. PADGETT. To \$200,000, section 20.

Mr. MANN. Two hundred thousand dollars a year?

Mr. PADGETT. Yes; it limits the appropriation.

Mr. MANN. That is on page 18. So, in fact, there will be additional appropriations for cruises, maneuvers, and field instruction carried in the naval appropriation bill?

Mr. PADGETT. Well, we are carrying now \$125,000, and have been for a number of years.

Mr. MANN. That is not to be cut down by the permanent

appropriation of \$200,000?

Mr. PADGETT. I can not say whether it is or it is not, because we have not had the hearings. I do not yet know what the estimates and needs will be. We will take into consideration the \$200,000 provided here, and if a smaller amount is needed, added to that, why we would, of course, cut it down.
Mr. MANN. Well, that \$125,000 now appropriated is appro-

priated in the main, is it not, for items which are covered by

Mr. PADGETT. This bill covers the items that are covered by that appropriation; but that appropriation does not cover

everything that is provided for in this bill.

Mr. MANN. There are several places in here where things are limited, as I suppose, to this permanent appropriation?

Mr. PADGETT. Yes, sir.
Mr. MANN. I feared that there was a conflict between that
and other appropriations that apparently contemplated an

annual appropriation.

Mr. PADGETT. The matter has been gone over very carefully and I do not think there is any conflict. It was submitted to the Navy Department and they have approved it, and that same language was in the bill under the last administration, and was very earnestly and cordially approved by that administration.

Mr. MANN. I am sure that my distinguished friend from Tennessee has learned by this time that as far as making appropriations is concerned, and the form of them, it is not safe to rely on any department of the Government.

Mr. PADGETT. I understand; but I said the committee

itself had given very careful consideration to this.

Mr. MANN. But the truth is that the committee has not been giving very careful consideration to it. This bill is a heritage to the present committee. I think the gentleman from Tennessee [Mr. Padgett] and I have supported a good many bills like this

A good many of the committee have-the subcommittee. We took it up and went over it carefully in the We reported the House bill, and when the Senate bill came to us we reported the Senate bill out, so as to have the Senate bill upon the calendar.

Mr. COX. Mr. Speaker, I would like five minutes.

I yield five minutes to the gentleman from Mr. PADGETT.

Indiana [Mr. Cox].

Mr. COX. Mr. Chairman, I can not remain idly by without registering my protest against this bill, although I imagine I will not change the opinion of any man so far as the bill is concerned. But I am opposed to it for several reasons, which to me are valid and sufficient to justify me in my opinion that the bill ought not to become a law.

We are told by the chairman of the great Committee on Naval Affairs and by many of the Members on the floor of the House to-day that this is a great measure—one of the most beneficial and important bills that has come upon the floor of the House for. lo, these many years. As the gentleman from Texas [Mr. Callaway] put it a while ago, if I remember correctly, this bill has sought to force its way upon Congress for the last four or five years in different forms, in a different way, and a different manner, and from different committees, in some shape or other.

Mr. PADGETT. Will the gentleman permit?
The CHAIRMAN. Will the gentleman from Indiana yield to

the gentleman from Tennessee?

Mr. COX. Yes; I yield.

Mr. PADGETT. As to forcing its way, I want to simply state that the committee of this Congress reported it, the committee of the last Congress reported it, and the committee of the Congress before reported it. In the Congress before the House passed it, but too late in the session for the Senate to take

That was a good thing.

Mr. PADGETT. And in the last Congress the Senate passed it and sent it over here just before the adjournment, which was too late to reach it under the call of committees. So it has passed both bodies, and it has passed in the same form substantially

in which it is now.

In my judgment it was a happy solution of the measure at those times. The reason why I used the expression "forced its way in" is, as I started to say a moment ago, that I believe the gentleman from Texas [Mr. Callaway] struck the keynote of the situation by saying that there is somebody back home who wants this measure. In reading the report from my own State, I see 17 officers from Indiana; petty officers and enlisted men from Indiana number 202. While I have not religia [Mr. Edwards] is recognized for 10 minutes.

ceived any communication from any of those men that I recall asking me to support the measure, yet I imagine that their influence, whatever it has been, has been felt somewhere along this line in order to force this bill through.

Now, let us not be deceived at all in this matter, gentlemen. Where is the good in it? What makes it the great and important bill that it is claimed to be? The chairman of the Committee on Naval Affairs announced a moment ago that the intention was to limit the appropriation to \$200,000 a year. I am going to venture a prophecy here that in less than five years from now instead of this appropriation being held down to \$200,000 a year it will be costing the American people not a penny less than \$1,000,000 a year, because if you will read section 20 you will find in it substantive law sufficiently broad and sufficiently strong to enable the Committee on Naval Affairs to make an additional appropriation beyond the \$200,000. In section 20 it is provided, in addition to the provision appropriating \$200,000, "except such additional expenditures as may be authorized by the annual naval appropriation act."

Mr. MANN. Mr. Chairman, will the gentleman yield for a

question?

Mr. COX. Yes. Mr. MANN. Does the gentleman think that provision would authorize an appropriation in the naval bill?

Mr. COX. I do.
Mr. MANN. Oh, clearly not.
Mr. COX. I do.
Mr. MANN. Oh, no.
Mr. COX. Why would it not?

Mr. MANN. That is not an authorization. If the naval appropriation bill does authorize additional expenditures, of course they would be in order anyhow. That is simply surplusage in this bill.

Mr. COX. Well, the gentleman is a mighty good authority

on parliamentary law—

Mr. MANN. I do not think there is any question about the proposition-

Mr. COX. But in my judgment that would be substantive law, sufficient to justify the Committee on Naval Affairs in making an appropriation and would prevent a point of order being made against such an appropriation if it was made on the naval appropriation bill.

Mr. MANN. Clearly not, and I hope the gentleman will not express his opinion so strongly. If an improper appropriation is recommended by the Naval Committee on the subject, I shall expect my friend from Indiana to make a point of order against it and have it sustained on the ground that it is not an authorization.

Mr. COX. I always yield to the gentleman from Illinois when it comes to a question of parliamentary law. I might be wrong upon this, but even if I am wrong on my proposition that that provision of law is sufficient upon which to base an appropriation in the naval appropriation bill, the same still holds true. People in the department and elsewhere will find some way to induce Congress to amend the bill so as to increase

the appropriation.

Where in the world are these appropriations going to stop for the Army and Navy? Where is this extravagance going to cease? I want to call the attention of this House to the planks in our last platform concerning economy and to a plank in the Democratic platform of four years ago. If I had them here, I would read them at this time. Why fasten this charge upon the American people? Why lay the foundation now, so that in the next Congress or in a very few years several thousand additional State militia may be taken on, all piling up the cost

Oh, yes; we are told on the right hand and on the left hand that it is the best and most important measure that ever came before the American Congress. I do not believe that the bill ought to pass, and while I do not believe for a moment that it will be defeated here, yet I hope something will turn up between now and the time it reaches the Senate and the Senate gets hold of it, so that it will be defeated over there. plause.]

It is but another branch of militaryism fastened upon the backs of the toilers of the country. With more than half of the total revenues of the Government each year being paid out for support of the Army, Navy, and other military branches of the Government, it is time to call a halt upon these expenditures, and I can not bring my mind to support this bill under any conditions whatever.

Mr. PADGETT. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. EDWARDS].

The CHAIRMAN (Mr. SABATH). The gentleman from Georgia

Mr. EDWARDS. Mr. Chairman, I appreciate the kindness of the chairman of the Committee on Naval Affairs in yielding to me 10 minutes. I wish to devote my time to the discussion of another matter, and I ask unanimous consent to extend my remarks in the RECORD. I yield back the balance of my time.

The CHAIRMAN. The gentleman from Georgia [Mr. ED-WARDS ] asks unanimous consent to extend his remarks in the

Is there objection?

Mr. MANN. What is the request, Mr. Chairman?

The CHAIRMAN. To extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. FOWLER. Mr. Chairman, I desire to make some inquiry as to some features of this bill. I wish to submit some questions to the chairman.

Mr. PADGETT. Yes, sir. Mr. FOWLER. I discover on page 3 of the report that the grand total number of State Naval Militia is 8,126. I desire to know if the gentleman has gone into the question of the limita-tion of the number of such State Naval Militia that can be organized in each of the various States of the Union.

Mr. PADGETT. No, sir. There is no limitation that I know of. There does not appear to be any necessity for any. We have been struggling and working and striving to get as many as we could, and we have not now a third as many as we need, and if we could have three or four times more than we have it would be just a three or four times greater benefit and blessing. They may provide for a given number of battalions, companies, and so forth, but the States can change these at pleasure.

Mr. FOWLER. Then, if there is no limitation upon the number that might be organized in the various States, might not this bill encourage a superabundance of State Naval Militia?

Mr. PADGETT. I do not think there is any possibility of it,

Mr. FOWLER. Then, if there should be a very large number, does this bill make any limitation as to the number that can be drafted into the United States naval service?

Mr. PADGETT. No, sir; there is no limitation upon it. They are not drafted in unless there is war, and, if war should come, we would need 30,000 more men than we have now enlisted, and there is no possibility of this ever reaching that number.

Mr. FOWLER. The provision of the bill does not confine the right to draft them in time of war, but it may be done if there is any impending danger in the mind of the President or to quell insurrection?

Mr. PADGETT. Certainly.
Mr. FOWLER. And he is the sole judge?
Mr. PADGETT. Yes.
Mr. FOWLER. As to whether there is impending danger?
Mr. PADGETT. That is the same provision that exists in reference to the land militia in the Dick bill.

Mr. FOWLER. The complement of the naval forces of the United States is about 57,000 men, is it not?

Mr. PADGETT. There is an enlistment of 51,500, including 3,500 apprentice seamen. Then comes the official list and the Marine Corps, making altogether, if I remember aright, something like 67,000 or 68,000 of the Marine Corps, the officers and enlisted men of the Navy, and the apprentice seamen.

Mr. FOWLER. That is fixed by law, is it not?

Mr. PADGETT. Yes. Mr. FOWLER. The provision which this bill adds seeks to increase the Navy, not by direct enactment, but by a system of drafting.

Mr. PADGETT. This does not add to the Navy in time of peace. It only provides for organizing the militia, and provides for their training and development and to make them qualified and fit for service if a condition should arise in which we would need them. And this authorizes them to be brought in to meet the exigencies that might arise, and we would be mighty glad to get them if the exigencies should arise.

Mr. FOWLER. Do you not think this might create the danger of an enlargement of the Navy without direct authority?

Mr. PADGETT. No, sir. Mr. FOWLER. You think not? Mr. PADGETT. There is no possibility of such enlarge-

Mr. FOWLER. Do you not think it might create the danger of an additional appropriation without direct authority?

Mr. PADGETT. No, sir; there can not be an appropriation without direct authority. It takes an act of Congress to appropriate every dollar.

Mr. FOWLER. Yes; that is true. You understand the import of my inquiry, I know.

Mr. PADGETT. I have answered it.

Mr. FOWLER. The appropriation for the payment of the

Navy is for the payment of the standing Navy.

Mr. PADGETT. Yes; and none of that can be used for this.

There is an express limitation here.

Mr. FOWLER. Yes; that is true; but is not this proposed system of drafting the very first step in the direction of doing what I have suggested in my inquiry?

Mr. PADGETT. No. As I stated before, I am trying to answer the question of the gentleman with the utmost good

faith and most perfect frankness.

Mr. FOWLER. I beg the pardon of the gentleman. I know that.

Mr. PADGETT. I want to say that the bill simply provides for the organization, training, and development of a Naval Militia that may be available and subject to call in time of emergency. If there is no emergency, they are no part of the Navy in time of peace. They are under State authority, and the Government is simply aiding them by providing for letting them have ships, officers to train them, and the equipments necessary for their training, so that they may be prepared for an emergency

Mr. FOWLER. There is one question that was sprung in the discussion a short time ago with reference to the drafting,

and a refusal to comply

Mr. PADGETT. That is in time of war.

Mr. FOWLER. A court-martial might follow. Mr. PADGETT. Yes; that is in time of war.

Mr. FOWLER. Not necessarily in time of war.
Mr. PADGETT. War, insurrection, or rebellion, I believe.

Mr. FOWLER. Or impending, in the discretion of the President

Mr. PADGETT. That is a time of war. If war is impending, is certainly a time of war, because we want to get ready for it.
Mr. FOWLER. I have read your bill hastily, not having had an opportunity to make an investigation of it, but it appears to me that some of its provisions are dangerous. I mean in the way of imposing hardship on the local man who is willing to enlist either as a soldier in the Army or the Navy-taken away from his own home and his own State to foreign quarters, away from his business and away from his people, without his consent.

Mr. PADGETT. Answering the gentleman in perfect candor and frankly, if that man is not willing to go to meet the necessities that may arise what is the use of the Government in a time of peace expending money to train him? Why should the Government train these men, furnish them ships, furnish them supplies and train them in a time of peace, and then when the Government needs them in an impending danger, in the time of war, they refuse to go? Would you not be absolutely wasting your energy and your resources in such an enterprise's

Mr. FOWLER. It is true that every man owes fealty to his Government; not only the man in the Army and Navy, but every able-bodied man in the land owes it as implicitly as the enlisted men in the Army or the Navy. You could say that of the indi-

vidual just as you say it of a member of the militia.

Mr. PADGETT. Except that, as far as the militia is concerned, the man has received a special consideration in the form of this contribution made for his training and development and furnishing him ships, and he has taken an obligation, specially, which the general citizen has not taken.

Mr. FOWLER. How much more does the Government pay for training a cadet at Annapolis than it does for a man in the

State militia?

Mr. PADGETT. The estimate is that this appropriation will young man at Annapolis costs from \$14,000 to \$18,000.

Mr. FOWLER. Yes. Now, the cadet at Annapolis can resign after his term of school is over. be about \$10 a man. It has been estimated that to graduate a

Mr. PADGETT. He can only resign upon the acceptance of

his resignation by the President of the United States. Mr. FOWLER. That is true, but it is never refused.
Mr. PADGETT. He can not resign of his own motion unless

the President consents to it. Mr. FOWLER. This bill does not provide for the resignation of Naval Militia men by virtue of the presidential consent,

does it? Mr. PADGETT. Oh, yes; it provides that he shall enlist for such a time, or during the continuance of the war, and the President, when he does not need them, can discharge them.

Mr. FOWLER. He has that authority, I suppose, as Commanding General of the Army, but there is no specific provision in this bill giving authority to any State naval enlisted man to resign?

Mr. PADGETT. I do not recall any specific provision. That exists, anyway. He is enlisted, and he becomes a part of the regular naval force, subject to its rules, and the President has just as much authority over them and the same authority that he has over the regular Navy.

Mr. MADDEN. There is no such authority given to a man in the Regular Army or Navy now.

Mr. PADGETT. No; there is not.
Mr. FOWLER. I was not speaking of the regular enlisted Army or Navy man. I was speaking of the naval cadet, those graduates from Annapolis. As I understand you, you seek the passage of this bill for the purpose of strengthening the Navy in its numbers and in its efficiency to meet the emergencies if they should arise?

Mr. PADGETT. Yes; at a minimum or nominal cost.
Mr. FOWLER. It is not for the purpose of increasing the size of the Navy uselessly, nor increasing the appropriations to maintain it uselessly?
Mr. PADGETT. Very far from it.

Mr. COX. Will the gentleman yield? Mr. PADGETT. With pleasure.

Mr. COX. I want to ask the gentleman for an explanation of the language found in section 2 of the bill. The first part of section 2, line 5, page 2, provides:

And the arms and equipment of the Naval Militia of the several States, Territories, and the District of Columbia shall be the same as, or the equivalent of, that which is now or may hereafter be prescribed for the landing forces of the vessels of the United States Navy—

Now, what arms and equipment are necessary for men on a vessel of the United States Navy?

Mr. PADGETT. Rifles, pistols, machine guns. Mr. COX. Anything else?

Mr. PADGETT. Cartridge boxes and the equipment for small arms.

Mr. COX. Then there is this additional provision:

and such other and additional arms, armament, and equipment, including vessels and stores, supplies, and equipment of all kinds for the repairing, maintenance, and operation of the same, as the Secretary of the Navy may from time to time prescribe for the training of the Naval Militia in duties afloat.

Mr. PADGETT. Yes; that is what we are doing now.

Mr. COX. I want to ask whether or not, under that language, the Secretary of the Navy would not have the power to build a vessel, a battleship, if he so desired, and turn it over to the State Naval Militia.

Mr. PADGETT. He would not have authority to build even

a cance.

Mr. COX. Why would he not have that authority under the

language?

Mr. PADGETT. Because to build a ship he must have specific authorization. That simply allows him to assign such vessels as we have in the Navy for use of the Naval Militia, which he is doing now under authority.

Mr. COX. Where does the gentleman get that language-that his powers are restricted to the assignments of such vessels as are now at his disposal to assign to the State Naval Militia?

Mr. PADGETT. In the language there-

Arms, armament, and equipment, including vessels and stores, supplies, and equipment of all kinds for the repairing, maintenance, and operation of the same.

Mr. COX. The first part of that language is very plain and would limit the kind of armament to be given to the Naval Militia of the State.

Mr. PADGETT. Yes.

Mr. COX. That it can only be of the same kind given to the landing forces, and so forth; but in the language in the paragraph that follows I fail to find wherein the Secretary of the Navy is restricted to assigning vessels already constructed and under his jurisdiction and control.

Mr. PADGETT. The Secretary has no power whatever to construct a vessel. He can not even repair a vessel where the cost of the repair exceeds 20 per cent of the cost of the ship.

Mr. COX. Is that under some law that is not stated here? Mr. PADGETT. Yes; that is under the general law, and every year for every ship that is built, from the smallest to the greatest, the gentleman will find that there is direct authority of Congress, with a limit of cost fixed, and he will find in the appropriation bill every year authority to the Secretary to repair certain vessels, limiting the amount that may be expended for repair, because of this general law.

Mr. COX. Under this language there will be no question, I take it, that the Secretary of the Navy would be permitted to turn over a part of these funds to repair vessels that are given over to the State Militia.

Mr. PADGETT. He would not turn over the funds to repair it, but he would repair it under his authority. He would not turn over the repair of the vessels to them. He would repair them as provided by law, which he is doing now.

Mr. COX. And use a part of this appropriation for that

Mr. PADGETT. Yes.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. PADGETT. Certainly.
Mr. WILLIS. I desire to ask a question for information. Is the purpose of this legislation to establish the same relationship between the regular naval forces of the United States and the Naval Militia as now exists between the Regular Army and the State militia?

Mr. PADGETT. Absolutely, so far as it can be done, and this is an adaptation of the Dick bill to the Navy, so far as it can be adapted. Neither has any preference over the other.

Mr. WILLIS. I understood the gentleman from Illinois [Mr. FOWLER] to be objecting to this upon the theory that it would increase the Navy. If it has the same effect in respect to the Navy that it had in respect to the land forces of the United States, it would have a contrary effect. That has kept men from enlisting in the Army and saves the Government millions of dollars

Mr. PADGETT. That is what I stated in the fore part of my statement, that this was an opportunity for the Government to receive the aid of these trained men when they are needed in time of war at a very minimum of cost. The Navy is to-day 30,000 short of its enlistment on a war basis to man the ships we now have.

Mr. MADDEN. In other words, it costs the Government \$10 per annum per man to insure a certainty of having a number

of efficient men in case of need?

Mr. PADGETT. When we need them on 48 hours' notice.
Mr. TEMPLE. Mr. Chairman, will the gentleman yield?
Mr. PADGETT. Yes.
Mr. TEMPLE. I would like to have some clear, comprehen-

sive expression concerning the course contemplated by this bill to be followed at the outbreak of war. Section 3 provides:

That in the event of war, actual or threatened, \* \* \* it shall be lawful for the President to call for such number of the Naval Militia of a State or of the States or Territories, etc., as he may deem neces-

In section 5 it is provided-

That every officer and enlisted man of the Naval Militia who shall be called forth in the manner hereinbefore prescribed shall be mustered for service without further appointment or enlistment.

But previous to that, in the section prescribing the manner of calling forth the Naval Militia, it is provided that when so called they shall serve either within or without the territory of the United States. Now, if they serve without further enlist-

Mr. PADGETT. Of course, in the Navy it is impossible for them to serve exclusively in the territory of the United States. Mr. TEMPLE. Well, for instance, on Lake Michigan or Lake Champlain.

Mr. PADGETT. There you get into the concurrent jurisdiction of the Dominion of Canada and England.

Mr. TEMPLE. What I want to call attention to is this: It provides that without further enlistment officers and men of the Naval Militia shall serve either within or without the territory of the United States.

Mr. PADGETT. But it provides, first, that the Secretary of the Navy shall provide standards and rules and regulations, and they must first pass these examinations and qualifications before they become part of the Organized Militia accepted by the Government.

Mr. TEMPLE. But the point I want to call attention to is this: The enlistment is for service in the State Naval Militia. That militia is called forth and mustered into the service of the United States without further enlistment, and then is called to serve either within or without the territory of the United States. Now, my question is—
Mr. PADGETT. He has first to become part of the Organized
Militia as authorized by this bill.

Mr. TEMPLE. But I have not asked my question yet. I am merely laying the ground for it. A man enlists and serves in the State Naval Militia. He is mustered into the United States service without any further enlistment, and then he is sent to serve outside of the United States. Now, in connection with the interpretation of the Dick law, I am told that the Attorney General has declared that without further enlistment a man who has enlisted to serve in the State Militia in the land service can not be sent outside the territory of the United States. Can it be done in the case of the naval service when it can not be done in the case of the military service?

Mr. PADGETT. I think so, because naval service is of necessity outside the territorial jurisdiction of the United States because, when you get beyond the three-mile limit, you are outside the jurisdiction of the United States.

Mr. TEMPLE. It is possible, however, for a naval man to serve inside the territory of the United States—say on Lake Michigan, which is all inside the United States. But I merely raise that question.

Mr. PADGETT. I think it is time enough to raise that when the man refuses to go. Let him raise it if he wants to do so.

Mr. TEMPLE. But it provides here that if he does refuse

or even neglects to present himself for muster he can be tried by a court-martial and punished as the court-martial may direct.

Mr. PADGETT. But, if it is not upon authority he can not be punished. If it is upon authority he has no right to refuse.

Mr. TEMPLE. My idea is this: That the same principle should prevail in the naval and the military service; and that if this is constitutional, then the Dick law applying to the land

service is also constitutional. Mr. PADGETT. I think if war ever got up it would be constitutional.

The CHAIRMAN. The time of the gentleman from Ten-

nessee has expired.

Mr. TEMPLE. I am glad to hear the gentleman from Tennessee [Mr. Padgett] say so. I know there have been instances when the opinion of the Attorney General was not followed by the President in time of war. I am very glad the gentleman agrees with that idea.

Mr. WILLIS. If the gentleman will permit another brief question. I have been examining the report, and I do not find any statement as to the number of States in which there is now an organization. Can the gentleman give that information?

Mr. PADGETT. If the gentleman will turn to page 3 of the report he will see it.

Mr. WILLIS. I thank the gentleman and beg his pardon for interrupting him.

Mr. PADGETT. If there are no further gentlemen desiring

to debate, I ask that the bill be read.

Mr. MANN. Mr. Chairman, at the time of the Spanish War, when no one knew where the Spanish fleet was and a great many people in the country along the coast were considerably worried, and no one knew how strong the Spanish fleet might develop to be, we had already been told that the United States was unprepared for war, that it had neither money, men, nor ammunition, I went to the Secretary of the Navy one day, at the request of the Naval Militia at Chicago, and I said to Secretary Long, "We have got a lot of boys in the Naval Militia at Chicago who would like to enlist in the Navy, and I understand you

I was told it was not practicable to enlist them. I believe the Secretary had had some little difficulty growing out of the enlistment of the very efficient Naval Militia of his own State of Massachusetts, which enlisted practically as a body, and the Navy Department had reached the conclusion, as I recall it, that it was not practicable to take in the Naval Militia with its officers as a body, and they thought they would not be willing to enlist and be assigned apart from their officers to the different

I said to the Secretary that the people of Chicago were not proud, that the boys there were willing to enlist in the Navy and go any place to which they were sent. They enlisted in considerable numbers. One of them, now a very distinguished man in the Government service, Dr. Stratton, Chief of the Bureau of Standards, if I recall rightly, was assigned on board of a vessel, spent his time in shoveling coal, and made no complaint of it. These boys were assigned to a large number of different vessels.

I think they were represented on pratically every vessel in the naval service in the Atlantic waters, anyhow. There were 60 of them on board the *Oregon*. The commander of that vessel stated that no more efficient service was rendered by anybody on board his vessel, or any other, than was rendered by these boys from the Naval Militia at Chicago.

Mr. Chairman, in my judgment it is impossible for us to keep at all times in the Navy a sufficient number of men on board the vessels to form a full complement in time of war. And when I have noticed, as I have at Chicago on a few occasions when I had the opportunity, the men in this service on board the training ship there, furnished by the Government, doing all of the work, including the dirty work that is per-formed on board a vessel, studying everything that should be studied on board the training ship, from scrubbing the deck to handling the ship and the guns on the ship, it has seemed to me that here was something worth while. It is possible some people consider that they are having a gay holiday. I would not consider the work that they do a holiday. Undoubtedly they get pleasure out of it or they would not be there, but they do the work until they are able to go on board a warship

anywhere and do a considerable amount of the work that an able seaman or experienced man in the Navy does.

What is the proposition here? To involve the Government in an expense of \$20 or \$25 or \$30 per man in this service, an expense

Mr. Chairman, will the gentleman yield?

Mr. MANN. Not yet. An expense, as I was saying, of no importance compared with the need for the men if war arises. We have reached that point where we depend in the main for our safety as a Nation upon the Navy. We do not maintain a large Army. We do not maintain possibly, or probably, an excessive Navy, but the Navy, spending a large amount of money upon the land militia, we may well afford, in my judgment, to spend the comparatively small amount provided in this bill in order that if we do have the need of these men in time of stress, we will have prepared throughout the country, in the Naval Militia, men qualified and willing to serve the Government on warships in any capacity, in any place, or at any time.

Now I yield to the gentleman from Pennsylvania [Mr. MOORE]

Mr. MOORE. Referring to the gentleman's tribute to the men in Chicago who enlisted for this service, I desired to call his attention also to their readiness, in addition, for work upon shore. Many of them were actually employed along the coast line, from Maine to Florida, doing Signal Corps service, and taking the rough as well as the smooth during the preliminary stages of the Spanish-American War.

Mr. MANN. There was not a vessel at Santiago, following the American flag, that did not have some of the Chicago boys on board doing the hard work, and I am proud of it.

Mr. PADGETT. Mr. Chairman, I simply want to state that the Naval Militia at the outbreak of the Spanish War actually furnished in that war 3,332 officers and men. And so efficient was their work during the war that they received favorable commendation from their various commanding officers of the Regular Navy. And the strength of the Naval Militia in the various States grew to about 5,500 men. The militia of the various States to-day numbers about 8,126 men. And I want to pay a tribute to the patriotism and the efficiency of the work of the Naval Militia in the Spanish War. They went in a few hours after the call was made, and it took six weeks, as I remember, to get 5,500 men by enlistment from the body of [Applause.]

Mr. Chairman, I ask for the reading of the bill under the rule for amendment.

The CHAIRMAN (Mr. FOSTER). The Clerk will read. The Clerk read as follows:

The Clerk read as follows:

SEC. 3. That in the event of war, actual or threatened, with any foreign nation involving danger of invasion, or of rebellion against the authority of the Government of the United States, or whenever the President is, in his judgment, unable with the regular forces at his command to execute the laws of the Union, it shall be lawful for the President to call forth such number of the Naval Militia of a State or of the States or Territories, or of the District of Columbia, as he may deem necessary to repel such invasion, suppress such rebellion, or to enable him to execute such laws, and to issue his orders for that purpose, through the governor of the respective State or Territory, or through the commanding officer of the Naval Militia of the District of Columbia, from which State, Territory, or District such Naval Militia may be called, to such officers of the Naval Militia as he may think proper: Provided, That from and after the issue of such call it shall be unlawful for the governor of any State or Territory, or any other State or Territorial officer, or any official of the District of Columbia, to discharge from service in the Naval Militia any officer or man except by reason of the expiration of his term of enlistment.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Amend, page 3, line 18, by striking out, after the word "proper," the colon and all of the proviso up to and including line 23.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The Clerk read as follows:

SEC. 4. That whenever the President calls forth all or any part of the Naval Militia of any State, Territory, or of the District of Columbia, to be employed in the service of the United States, he may specify in his call the period for which such service is required, and the Naval Militia so called shall continue to serve during the term so specified, either within or without the territory of the United States, unless sooner relieved by order of the President: Provided, That if no period be stated in the call of the President, the period shall be held to mean the existence of the emergency, of which the President shall be the sole judge, except that no officer or enlisted man shall be required to serve more than two years under such call: And provided further, That no commissioned officer or enlisted man of the Naval Militia shall be held to service beyond the term of his existing commission or enlistment: Provided further, That when the military needs of the Federal Government raising from the necessity to execute the laws of the Union, suppress insurrection, or repel invasion, can not be met by the regular forces,

the Naval Militia and any existing Naval Reserve shall be called into the service of the United States in advance of any volunteer naval force which it may then be determined to raise.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Amend, page 4, by striking out, after the word "judge," in line 9, the semicolon and the remainder of the line and all of line 10 and the words "such call," in line 11.

The CHAIRMAN. The question is on agreeing to the amend-

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Amend, page 4, line 15, by striking out the word "raising" and inserting in lieu thereof the word "arising,"

The CHAIRMAN. The question is on agreeing to the amend-

The amendment was agreed to.

Mr. PADGETT. Mr. Chairman, I wish to offer the committee amendment which I send to the Clerk's desk.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Section 4, page 4, line 18, after the word "Militia," insert the words "qualified as herein provided."

The CHAIRMAN. The question is on agreeing to the amend-

The amendment was agreed to.

Mr. PADGETT. Mr. Chairman, I offer another amendment. The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Section 4, page 4, in line 18, after the word "reserve," insert the ords "now or hereafter organized."

The CHAIRMAN. The question is on agreeing to the amend-

The amendment was agreed to.

Mr. PADGETT. Mr. Chairman, I offer another amendment. The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 4, section 4, in line 20, after the word "raise," change the period to a colon and add the following proviso: "And provided further, That nothing herein contained shall prevent the Secretary of the Navy, when vessels are purchased or otherwise acquired by the United States for a war, from manning such vessels by all or part of the officers and men then serving on said vessels."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The CHARMAN. The Clerk will read.

The Clerk read as follows:

Sec. 5. That every officer and enlisted man of the naval militia who shall be called forth in the manner hereinbefore prescribed shall be mustered for service without further appointment or enlistment, and without further examination previous to such muster, except for those States and Territories and the District of Columbia, if the case may so be, which have not adopted a standard of professional and physical examination prescribed by the Secretary of the Navy for the naval militia, and whose officers and petty officers shall not have been examined and found qualified in accordance therewith by boards of officers which shall be appointed by said Secretary: Provided, however, That any officer or enlisted man of the naval militia so qualified who shall refuse or neglect to present himself for such muster upon being called forth as herein prescribed, shall be subject to trial by court-martial and shall be punished as such court-martial may direct: Provided further, That when in the service of the United States, officers of the naval militia may serve on courts-martial for the trial of officers and men of the Regular or Naval Militia Service, but in the cases of courts-martial convened for the trial of officers of the Regular Service; the majority of the members shall be officers of the Regular Service; and officers and men of the navai militia may be tried by courts-martial the members of which are officers of the Regular Service; the majority of the members of the Regular Or Naval Militia Service, or both: And provided further, That when vessels commanded by naval militia officers coperate or act in conjunction with vessels commanded by officers of the Navy, the exercise of command over such combined force shall be determined by the rank which such commanding officers hold, except that, for the purposes of this proviso, naval militia captains, commanders, and lieutenant commanders shall be junior to lieutenant commanders of the Navy, unless speciall

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Amend, page 5, by inserting, after the word "vessels," in line 21, the following words: "In the service of the United States."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.
Mr. PADGETT. I offer a committee amendment.
The CHAIRMAN. The gentleman from Tennessee offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amend, page 4, in line 24, after the word "further," by inserting the word "professional."

The amendment was agreed to.

The Clerk read as follows.

SEC. 6. That the Naval Militia, when called into the actual service of the United States, shall be governed by the Navy regulations and the articles for the government of the Navy.

With the following committee amendment:

Amend, page 6, in line 7, by striking out the word "actual."

The amendment was agreed to.

The Clerk read as follows:

SEC. 7. That the Naval Militia, when called into the actual service of the United States, shall, during their time of service, be entitled to the same pay and allowances as are or may be provided by law for the Regular Navy.

With the following committee amendment:

Amend, page 6, in line 11, by striking out the word 'actual."

The amendment was agreed to.

The Clerk read as follows:

SEC. S. That when the Naval Militia is called into the actual service of the United States, or any portion of the Naval Militia is called forth under the provisions of this act, their pay shall commence from the day of their reporting in obdience to such call at their local ship, armory, or quarters; but this provision shall not be construed to authorize any species of expenditure previous to arriving at such places which is not provided by existing laws to be paid after their arrival at such places.

With the following committee amendment:

In page 6, line 15, strike out the word "actual."

The amendment was agreed to.

The Clerk read as follows:

The amendment was agreed to.

The Clerk read as follows:

SEC. 10. That the Secretary of the Navy is hereby authorized to procure, by purchase or manufacture, and issue from time to time to the Naval Militia such number of United States service or other arms, accessories, accoutements, equipment, uniforms, clothing, equipage, and military and naval stores of all kinds, under such regulations as he may prescribe, as are necessary to arm, uniform, and equip all of the Naval Militia in the several States, Territories, and the District of Columbia in accordance with the requirements of this act without charging the cost or value thereof or any expense connected therewith against the allotment of such State, Territory, or District from the annual appropriation for the Naval Militia in the annual appropriation for the Navy, or in any other general appropriation for the Naval Militia that may hereafter be made, nor requiring payment therefor, and to issue from time to time ammunition suitable for such arms as the Naval Militia of the several States, Territories, and the District of Columbia may be equipped with, and to exchange said arms, accessories, accouterments, equipment, equipage, stores, and ammunition when the same shall have become obsolete, without receiving any money credit therefor, for other arms, accessories, accounterments, equipment, equipage, stores, and ammunition suitable for the Naval Militia: Provided, That said property shall remain the property of the United States, except as hereinafter provided, and be annually accounted for by the governor or other proper officer of the States, Territories, and the commanding general District of Columbia shall, when and as required by the Secretary of the Navy, urin in to be Navy Department, or other proper officer of the States, Territory, and the District of Columbia shall, when and as required by the Navy, without receiving any money credit therefor, and without expense for transportation or otherwise, such or all property theretofore issued under the prov

With the following committee amendment:

Amend by striking out all after the word "act." in line 24, page 8, down to and including the word "allowance," in line 10, page 9.

The amendment was agreed to.

The Clerk read as follows:

The Clerk read as follows:

SEC. 11. That when it shall appear by the report of inspections, which it shall be the duty of the Secretary of the Navy to cause to be made at least once in each year by officers detailed by him for that purpose, that the Naval Militia of a State or Territory or of the District of Columbia is sufficiently armed, uniformed, and equipped for active duty, the Secretary of the Navy is authorized on the requisition of the governor of such State or Territory or of the commanding general District of Columbia Militia, to pay to such officer as may be properly designated and appointed by said governor or commanding general so much of its allotment from the annual appropriation for arming and equipping the Naval Militia in the annual appropriation for the Navy as shall be necessary for the payment, subsistence, and transportation of such portion of said Naval Militia as shall engage in actual service or instruction afloat or on shore; and the officers and men of such Naval Militia while so engaged may be paid therefrom the same pay, subsistence, and transportation or travel allowance as officers and men of corresponding grades of the Regular Navy are or may hereafter be entitled to by law, and the officer so designated and appointed shall be regarded as a disbursing officer of the United States and shall render

his accounts through the Navy Department to the proper accounting officer of the Treasury for settlement, and he shall be required to give good and sufficient bonds to the United States, in such sums as the Secretary of the Navy may direct, faithfully to account for the safe-keeping and payment of the public moneys so intrusted to him for disburgement.

With the following committee amendment:

Amend, page 10, line 5, by inserting after the word "authorized," in line 5, the words "in his discretion."

The amendment was agreed to.

The Clerk read as follows:

The Clerk read as follows:

Sec. 12. That the Secretary of the Navy is authorized to provide for participation by any part of the Naval Militia of any State or Territory or the District of Columbia on the request of the governor of said State or Territory or the commanding general of the militia of said District, in any cruise, maneuvers, field instruction, or encampment of any part of the Regular Navy, afloat or on shore. In such case the Naval Militia so participating shall, if so requested by the governor or commanding general and allowed by the Secretary of the Navy, receive the same pay, subsistence, and transportation as is provided by law for the officers and men of the Regular Navy, and no part of the sums appropriated for the support of the Regular Navy, shall be used to pay any part of the expenses of the Naval Militia of any State, Territory, or the District of Columbia while engaged in such cruise, maneuvers, field instruction, or joint encampment of the Regular Navy and Naval Militia, but no payments to the Naval Militia under the provisions of this section and no allowances for mileage shall be made from appropriations made for the Navy, but shall be made solely from the sums appropriated for such cruise, maneuvers, field instruction, or for the Naval Militia: Provided, That officers of the Regular Navy in command of vessels upon which Naval Militia may be embarked, or in command of camps, navy yards, or other places in which Naval Militia may be encamped or be, shall remain in command of said vessels, camps, navy yards, or other places in which Naval Militia may be encamped or be, shall remain in command of said vessels, camps, navy yards, or other places in which Naval Militia may be encamped or be, shall remain in command of said vessels, camps, navy yards, or other places in which Naval Militia may be encamped or be, shall remain in command of the Naval Militia so under his commanding officers of the Regular Navy may, in the exercise of their discretion, place upon any duty to which his rank o

With the following committee amendment:

Amend, page 11, by inserting after the word "authorized," in line 3, the words "in his discretion."

The amendment was agreed to. The Clerk read as follows:

The Clerk read as follows:

SEC. 15. That each State or Territory or the District of Columbia furnished with material of war under the provisions of this or former acts of Congress shall, during the year next preceding each annual allotment of funds, have required every ship's company, engineer's, navigator's, and other divisions or units of its Naval Militia not excused by the governor of said State or Territory, or the commanding general District of Columbia Militia, to participate during at least five consecutive days in such form of military or naval exercise as may have been prescribed by the Secretary of the Navy, and in default of such prescribing by the Secretary of the Navy, then in some form of Naval Militia exercise during at least five consecutive days to be prescribed by the governor of the said State or Territory, or the commanding officer of the District of Columbia Naval Militia, and shall also have required said divisions to assemble for drill and instruction at armories or other places of rendezvous or for target practice not less than 24 times, and shall have required during such year an inspection of each of said divisions or units, to be made by an officer of said Naval Militia, or by an officer of the State service, or by an officer of the Regular Navy.

With the following committee amendments:

With the following committee amendments:

Page 14, line 17, insert, after the word "funds," the words "in order to participate in such annual allotment of funds,"

The amendment was agreed to.

Also, the following committee amendment:

Page 14, line 22, after the word "militia," insert the words "for reasons satisfactory to the Secretary of the Navy."

The amendment was agreed to.

The Clerk read as follows:

The clerk read as follows:

The actual and necessary traveling expenses of the members of such board, together with a per diem to be established by the Secretary of the Navy, shall be paid to the members of the board. The expenses herein authorized together with the necessary clerical and office expenses of the Division of Navai Militia Affairs in the office of the Secretary of the Navy, shall constitute a charge against the whole sum annually appropriated under the appropriation for the arming and equipping of the Navai Militia in the annual appropriations for the Navy, and shall be paid therefrom, and not from the allotment duly apportioned to any particular State, Territory, or the District of Columbia; and a statement of such expenses shall be submitted to Congress by the Secretary of the Navy in connection with his annual report.

Mr. COX. Mr. Chairman, I move to strike out the last word. I want to ask the gentleman in charge of this bill whether or not the Navy has any regulation fixing the per diem of its officers while traveling on duty.

Mr. PADGETT. I do not know.

Mr. COX. In the closing paragraph of page 16 you provide-Together with a per diem to be established by the Secretary of the Navy.

Mr. PADGETT. To be established.

Mr. COX. Yes; to be established. That is what prompts my inquiry as to whether or not there is any per diem allowance now made by the Secretary of the Navy to any of the officers of the Navy while traveling under orders.

Mr. PADGETT. I do not know.

Mr. COX. Does not the gentleman think there ought to be

some limit on this per diem?

Mr. PADGETT. The Navy Department will fix the limit.
Do you mean that you think it ought to be fixed in this bill?

Mr. COX. Yes.

Mr. PADGETT. I think that can be left to the Secretary of the Navy. That is a detail that can be left to him.

Mr. COX. Of course, that could be left to him; but could not Congress fix it?

Mr. PADGETT. Of course Congress could fix it, but I do not think it would be wise.

Why not? Mr. COX.

Mr. PADGETT. Because the Secretary might see fit to reduce it or to increase it as exigencies might arise. It is a very small item, which will amount to only a few dollars a year.

Mr. COX. Does not the gentleman think a limitation of not to exceed \$4 a day would be a reasonable limitation?

Mr. TALBOTT of Maryland. It depends altogether on the

rank of the officer.

Mr. COX. Does not the gentleman think that amount will be sufficient?

Mr. PADGETT. I do not know, sir; there might be circumstances where he would be giving too much or too little. There might be one place where he was giving too much and one place

where he would be giving too little.

Mr. COX. I take it that whatever per diem was fixed, it would be uniform; you would not fix one amount for one city and another amount for another, but it would be uniform.

Mr. PADGETT. There might be conditions where it ought to be varied.

Mr. COX. Does not the gentleman think that whenever the Secretary of the Navy has fixed the amount it will be uniform?
Mr. PADGETT. Off hand, I should say that I suppose it

would be, but at the same time I can see where he might want to change it.

Mr. COX. Mr. Chairman, I move an amendment by inserting, on page 16, line 22, after the word "diem," the words "not to exceed \$4 per day."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

On page 16, line 22, after the word "diem," insert the words "not to exceed \$4 per day."

Mr. COX. Mr. Chairman, I think that amendment ought to be agreed to. I think Congress is as well able to fix this matter

as is the Secretary of the Navy.

Mr. PADGETT. I think that is a matter that should be left to the Secretary of the Navy. He may want to enlarge it or change it as conditions may arise or with reference to localities

or as the rank of the officer may justify. Mr. COX. Mr. Chairman, I want to say that this per diem question has been a serious question in all the departments for several years. For years and years, I do not know how long,

the post-office inspectors were allowed \$4 per day. I imagine if Congress had not taken up the matter and reduced it from \$4 to \$3 per day the department to-day would be recommending a straight \$4 a day. Some three or four years ago, under the administration of Mr. Hitchcock, he required a careful, itemized expense account to be kept as to whether or not

it would not be economy to reduce the per diem from \$4 to \$3 by putting them on the actual-expense basis. He found after three months' demonstration that by putting them on an actual-expense basis—which practically amounted to \$3 a day—it would save the Government of the United States from \$50,000 to \$60,000 a year.

When the Post Office Committee got that information it very quickly and promptly reduced the per diem of post-office inspectors from \$4 to \$3 a day, although as yet some inspectors are not satisfied with that amount.

Now, I do not care what regulations the Secretary of the Navy might make, they are bound to be uniform so far as grade is concerned, and they are bound to be uniform throughout the dominion of continental United States. I should rather trust Congress to fix this at \$4 a day than to risk that the Secretary of the Navy might fix it at \$5 to \$10 per day, because I believe that \$4 per day is a sufficient per diem for any of these officers who might be detailed for duty. This per diem only pays the board bills; in addition thereto the officer who travels gets 8 cents per mile for mileage,
Mr. STAFFORD. Will the gentleman yield?

Mr. COX, I will. Mr. STAFFORD. Is not the gentleman aware that the inspectors and supervisors in the postal service who do not receive a per diem are granted an allowance without limit for the expenses they incur while in discharge of duties outside of their respective homes?

I do not know any such thing.

Mr. STAFFORD. It is a fact.

Mr. COX. I very much doubt whether that is accurate. What I stated a moment ago I know to be true, for I got that information from the Post Office Committee. I am firmly convinced that a per diem of \$4 per day for this class of men will be a sufficient amount.

The CHAIRMAN. The question is on the amendment offered

by the gentleman from Indiana.

The question was taken, and the amendment was lost.

The Clerk read as follows:

Sec. 19. That when any officer, petty officer, or enlisted man of the Naval Militia is disabled by reason of wounds or disabilities received or incurred in the naval service of the United States in time of war he shall be entitled to all the benefits of the pension laws existing at the time of his service, and in case such officer, petty officer, or enlisted man dies in the naval service of the United States in time of war, or in returning to his place of residence after being mustered out of such naval service, or at any time in consequence of wounds or disabilities received in such naval service in time of war, his widow and children, if any, shall be entitled to all the benefits of such pension laws: Provided.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

On page 18, line 6, strike out the word "Provided."

The amendment was agreed to.

The Clerk read as follows:

That all expenditures authorized to be paid by the Secretary of the Navy under the provisions of this act shall be paid out of the \$200,000 appropriated in section 10 of this act, except such additional expenditures as may be authorized by the annual naval appropriation act.

With the following committee amendments:

Page 18, line, 7, insert the words and figures "Sec. 20" at the beginning of the line,

The committee amendment was agreed to.

Mr. COX. Mr. Chairman, beginning with the word "except," in line 10, page 18, I move to strike out the remaining portion of that line and all of line 11, and also strike out the comma after the word "act," in line 10, and insert in place thereof a period.

The CHAIRMAN. The Clerk will report the amendment of the gentleman from Indiana.

The Clerk read as follows:

Page 18, lines 10 and 11, after the word "act," strike out the comma and insert a period, and strike out the words "except such additional expenditures as may be authorized by the annual naval appropriation act."

Mr. COX. Mr. Chairman, just a word on that amendment. It was contended awhile ago by the gentleman from Illinois that it was mere surplusage and would not be sufficient authority for the naval appropriation committee to base an appropriafrom the State of Illinois [Mr. Mann] almost exclusively on questions of parliamentary law. If that is useless, and mere surplusage, then it has no place in this bill. If it has no place in this bill, it ought to be stricken out, and if it has a place in the bill, then the only place and the only position it can possibly have is, as I said awhile ago, to give the naval appropriation committee a fundamental, basic law on which to make an appropriation. If it be the intention to hold down the appropriation for this concern that we are making an adjunct to the Navy of the United States, although we are now appropriating \$150.000,000 a year for the Navy—if it be the purpose of this committee to hold these appropriations down to \$200,000, and this provision is mere useless language, then we should strike it out of the bill; and if the chairman opposes the striking of it out, in my judgment it would be conclusive proof to any Member on the floor that he wants to use it as a leg on which to stand when it comes to making appropriations for the same

Mr. PADGETT. Mr. Chairman, I am afraid that the gentleman's judgment of my purpose is faulty, as well as it is in saying that it is useless surplusage in the bill.

Mr. COX. I did not say that it was surplusage. That was

the argument made by the gentleman from Illinois.

Mr. PADGETT. Mr. Chairman, the gentleman from Illinois said that it was surplusage, so far as being an authorization

for additional appropriations in the annual appropriation bill, in which statement he was correct; but it is necessary because of the provisions of this bill that it should be here. On page 13 of the bill, section 14, which has been passed, there is this language:

SEC. 14. That the annual appropriation made by Congress for arming and equipping the Naval Militia in the annual appropriation for the Navy shall be available for the purpose of providing for issue to the Naval Militia any stores and supplies or publications which are supplied to the Navy by any department.

In section 20 of the bill we provide that all expenditures authorized to be paid by the Secretary of the Navy under the provisions of this act shall be paid out of the \$200,000 appropriated in section 10 of the act, except such additional appropriation expenditures as may be authorized by the annual appropriation act. The annual appropriation is authorized for the purposes specified in section 10. We are carrying in the annual appropriation bill an appropriation of \$125,000

Mr. COX. For what purpose?

Mr. PADGETT. For arming and equipping the militia, for paying the expenses of handling these boats, maintaining them, and all of that sort of thing that I have heretofore explained. If you were to strike this out where it provides here this exception, then you would destroy the provision on page 13 which I just read to the committee. This is not an authorization for appropriations in the naval appropriation bill. That has been done heretofore by substantive legislation passed years ago in the legislation of Congress, and the appropriations under the naval appropriation bill do not require this language. It is put here for the purpose of harmonizing the provisions between section 20 and the section on page 13 which I read.

Mr. JOHNSON of South Carolina. Mr. Chairman, will the

gentleman yield?

Mr. PADGETT. Certainly.

Mr. JOHNSON of South Carolina. How much does the gentleman contemplate will be necessary to appropriate under section 10 of this bill and any other appropriation bill in order to carry into effect this law?

Mr. PADGETT. Section 10 limits all of the expenditures to

\$200,000.

Mr. JOHNSON of South Carolina. Except?

Mr. PADGETT. Except this.

Mr. JOHNSON of South Carolina. What are the exceptions and how much will that carry?

Mr. PADGETT. That depends on what Congress may from

year to year appropriate.

Mr. JOHNSON of South Carolina. What is the judgment of the gentleman?

Mr. PADGETT. I think it would be less than the \$125,000

which we have been appropriating.

Mr. JOHNSON of South Carolina. So that the entire expense of carrying this bill into execution will be less than \$350,000?

Mr. PADGETT. Three hundred and twenty-five thousand dollars, I think

Mr. ROBERTS of Massachusetts. It is going to reduce the \$125,000

I think so. It seems to me to strike this Mr. PADGETT. language out would be simply to confuse the bill and complicate

the provisions we have already passed.

Mr. MOORE. Mr. Chairman, I hope the limitation proposed by the gentleman from Indiana [Mr. Cox] will not pass. There is a good reason, it seems to me, why the language of the paragraph should remain as it is, without revision. I call the attention of the gentleman from Indiana and our friends on the other tide, to the fact that we are now preparing to consider a bill for the education of the farmers of the country. We take very particular pains to make appropriations for that purpose, and it is a good purpose, because we want the boys to understand the methods of tilling the soil, and we want to make their work upon the farm profitable. When that bill was considered here some time ago I stated that no way was provided by this Government by which a man could be trained to service upon the sea; it is due to that fact that seamanship is unpopular to-day, and we have a waning merchant marine. During the discussion of the peace question the other day I ventured to argue that the construction of battleships and the use of battleships tended to make men seamen and gave us a sort of training school for the American merchant marine. This is a legitimate method by which in times of peace, when we do not need fighting men, we can have them trained for the purpose of war, both upon sea and land, and still have them available for the purposes of the merchant marine. We have got to pay attention to the question of the merchant marine. If we provide here very large appropriations for the education of farmers' boys, as we are going to

do and as the gentleman from Indiana is very much interested in having us do, we must also provide for some other avenues of employment, from which the modern young man is drifting. We must educate the boy who goes down in the mine, educate the boy who goes upon the ships. Now, what is the proposal? To encourage some of our young men to go upon ships of their The proposition is to make them useful to the Government by having them prepared, so that when the Government calls upon them for war service they will be ready for the field or the ships. We are bound to have our Army and Navy, so why not train these boys for useful occupations upon the sea? We need them for the merchant ships.

It is not their ambition always to be upon fighting shipsthey are not well paid for that, but if they can learn the methods of navigation and understand the art of sailing or managing ships, by reason of their training under the inspiration of the Government of the United States, they will be useful in times of peace, when we need them as seriously as we do in

times of war.

You have a bill that will come up very soon, the seamen's bill, that I understand puts a limitation upon the men who serve upon the ships. It provides that no man can serve upon a ship who has not had three years' training. I challenge any man in favor of that bill to say how a boy will get three years' training in this country under any system we now provide. We take the foreign boy for this service, a boy who does not speak the English language, because he has served upon a foreign ship, and we qualify him as an able seaman. We have no method of training our own boys to be able-bodied seamen for the merchant service, and now propose a very trifling inducement of \$10 a year-

Mr. BUCHANAN of Illinois. I would like to ask the gentleman if he has read the seamen's bill, of which he speaks?

Mr. MOORE. I have read the seamen's bill.

Mr. BUCHANAN of Illinois. Then the gentleman knows it does not prohibit apprentices. The first year it provides 25 per cent shall be able seamen; the second year, 45 up to 55; and after the bill has been in effect for four years it is 65 per cent,

leaving then 35 per cent.

Mr. MOORE. How many men will be able to train for able-

bodied seamen under that system?

Mr. BUCHANAN of Illinois. Thirty-five per cent after four years and 65 per cent to start with.

Mr. MOORE. How many boys will enlist in that kind of

service and under that kind of encouragement?
Mr. BUCHANAN of Illinois. I do not know.

Mr. MOORE. That is my answer to the gentleman. are boys willing to do it, and we are asked to appropriate \$10 a year for each of them. This is a real training school for the merchant marine, and we ought to sustain it. [Applause.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. Cox].

The question was taken, and the amendment was rejected.

The Clerk read as follows:

The Clerk read as follows:

SEC. 20. That, for the purpose of securing a list of persons especially qualified to hold commissions in the Navy or in any reserve or volunteer naval force which may hereafter be called for and organized under the authority of Congress, other than a force composed of Organized Naval Militia, the Secretary of the Navy is authorized from time to time to convene examining boards at suitable and convenient places in different parts of the United States, who shall examine as to their qualifications for naval duties all applicants who shall have served in the Regular Navy of the United States or in the Organized Naval Militia of any State or Territory or the District of Columbia. Such examination shall be under rules and regulations prescribed by the Secretary of the Navy. The record of previous service of the applicant shall be considered as part of the examination. Those applicants who pass such examinations shall be certified as to their fitness for naval duties and rank, and shall, subject to a physical examination at any time, constitute an eligible class for commissions, pursuant to such certification, in any volunteer naval force hereafter called for and organized under the authority of Congress other than a force composed of Organized Naval Milita; and the President is hereby further authorized, upon the outbreak of war, or when, in his opinion, was is imminent, to commission in the Regular Navy for the exigency of such war such of the persons whose names have been certified as above provided as he may select: Provided, That no one shall be commissioned to a higher rank than the rank for which he may have been recommended by said examining board: And provided further, That the President may also commission or warrant as of the highest rank formerly held by him, or the present equivalent of such former rank in case the nomenclature or some of the specific duties of the same may have been changed, any person who having been formerly a commissioned or warrant officer of the United St

Also the following committee amendment was read:

Change the number of the section, page 18, line 12, from "20" to "21."

The CHAIRMAN. The question is on agreeing to the committee amendment.

The amendment was agreed to.

Mr. PADGETT. Mr. Chairman, there is a misprint in line 10, page 19. The word in the print is "was," and it should be "war." It reads "was is imminent," but should be "war is imminent."

The CHAIRMAN. Without objection, the word "was," on page 19, line 10, will be changed to "war."

There was no objection.

The Clerk read as follows:

Sec. 21. That all laws and sections of laws conflicting with the provisions of this act are hereby repealed.

Also the following committee amendment was read:

Change the number of the section from "21" to "22."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Chair begs to call the attention of the gentleman from Tennessee [Mr. Pargert], the chairman of the committee, to the fact that in the report it says that on page 5, line 21, after the word "vessels," there should be inserted a comma. The Clerk has called the attention of the Chair to the fact that this comma has not been inserted in the printed bill.

Mr. PADGETT. On what page is it?

The CHAIRMAN. On page 5, line 21, after the word vessels.

Mr. MANN. No comma is required there.

Mr. PADGETT. No comma is required there. The report

may have indicated it, but there is none needed.

The CHAIRMAN. The Chair begs to call the attention of the gentleman to the fact that the report said that the comma should be inserted.

Mr. PADGETT. The report may have indicated it, but there

is no necessity for it.

The CHAIRMAN. The Chair has called attention to it

because the report so stated.

Mr. PADGETT. And I appreciate the kindness and courtesy of the Chair for so doing, but I do not think there is any necessity for inserting the comma. Mr. Chairman, I move that the committee do now rise and report the bill as amended to the House, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to; and the Speaker having resumed the chair, Mr. Foster, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 8667) to promote the efficiency of the Naval Militia, and for other purposes, and had directed him to report the same to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross.

The amendments were agreed to.
The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time,

was read a third time, and passed.

On motion of Mr. Padgett, a motion to reconsider the vote by which the bill as amended was passed was laid on the table.

## POSTAL . SAVINGS DEPOSITORIES.

The SPEAKER. The Clerk will resume the call of com-

Mr. MOON (when the Committee on the Post Office and Post Roads was called). Mr. Speaker, I desire to call up the bill (H. R. 9318) to amend the act approved June 25, 1910, entitled 'An act to establish postal savings depositories for depositing savings at interest, with the security of the Government for repayment thereof, and for other purposes.'

The SPEAKER. The Clerk will report the bill.

Mr. MOON. It is on the House Calendar.

The Clerk read the bill, as follows:

A bill (H. R. 9318) to amend the act approved June 25, 1910, entitled "An act to establish postal savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes."

Be it enacted, etc., That sections 2 and 13 of the act approved June 25, 1910, entitled "An act to establish postal savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes," he hereby amended to read as follows "SEC. 2.

as follows:

"Sec. 2. That provisions of section 3 of the act of July 5, 1884, entitled 'An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1885, and for other purposes, are hereby extended and made applicable to all official mail matter pertaining to the business of the postal savings system; and hereafter the board of trustees for the control, supervision, and administration of the postal savings depository system shall not be required to show in the annual report prescribed by section 1 of the act

of June 25, 1910, establishing such system, the amount of work done for that system by the Post Office Department and postal service in the transportation of free mail.

"Sec. 13. Postmasters, assistant postmasters, clerks, or other employees at post offices of the presidential grade, and postmasters at post offices of the fourth class, shall not be allowed or paid any additional compensation for the transaction of postal savings depository business."

Mr. MANN. Mr. Speaker, I reserve a point of order as to the calendar. This bill ought to be on the Union Calendar. Will the gentleman from Tennessee allow me a little time?

Mr. MOON. Yes; certainly.

Mr. MANN. Then I will not make the point of order.

Mr. MOON. Mr. Speaker, I will ask the Clerk to read the report. It contains a brief explanation of the bill.

The SPEAKER. The Clerk will read the report

The Clerk read as follows:

The Clerk read as follows:

Mr. Moon, from the Committee on the Post Office and Post Roads, submitted the following report, to accompany H. R. 9318:

"The Committee on the Post Office and Post Roads, to whom was referred the bill (H. R. 9318) to amend the act approved June 25, 1910, entitled 'An act to establish postal savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes,' having considered the same, report thereon with a recommendation that it pass.

"The present statute requires that special stamps be affixed on all official correspondence transmitted through the mails which relates to the business of the postal savings system. The intent of Congress in thus requiring the use of special stamps was to assist in ascertaining one of the cost items of the new service, but it has been found that the plan was impractical for the reason that the rate of postage charged on official postal savings mail is the same rate that is required of the public. The actual expense of transmitting this mail is much less, and the figures which have been heretofore submitted on the subject have to a large extent been estimates. The use of a distinctive stamp is expensive and entails accounting difficulties which are unnecessary. There is no substantial ground for requiring different treatment of the postal savings mail than is given official mail matter from other divisions of the Post Office Department. If the special stamp is discontinued, it will follow logically that the annual report which the board of trustees is required to make to Congress respecting the cost of transacting business incident to the postal savings system is complex and difficult of administration. The amount that is allowable to a postmaster under its terms is inconsequential, while the expense of ascertaining and adjusting the matter is unwarranted. The volume of business done at fourth-class offices is so small that the continuance of the provision authorizing additional co

Mr. MOON. Mr. Speaker, it is hardly necessary for me to enter into any more thorough explanation of this bill than is contained in the brief report that has just been read at the Clerk's desk.

When the postal savings bank system was established, it was predicted on the floor of this House by the present chairman of this committee that this would probably be one of the difficulties that would confront us, among others. It now transpires that the department, in the exercise of the authority of the postal savings banks, has found that it is difficult of administration in this feature and expensive, and it recommends-and that is the purpose of this bill-the discontinuance of the distinctive stamp and a return to the franking privilege as provided for other branches of the Post Office Department.

Mr. JOHNSON of South Carolina. Mr. Speaker, will the

gentleman yield? Mr. MOON. Certainly.

Mr. JOHNSON of South Carolina. Is this the only change?

Mr. MOON. Yes.

Mr. MURDOCK and Mr. MANN rose.

The SPEAKER. To whom does the gentleman yield?

Mr. MOON. I yield to the gentleman from Kansas [Mr. MURDOCK ]

Mr. MURDOCK. In this connection, Mr. Speaker, I would like to call the attention of the gentleman from Tennessee to this circumstance, that when we passed the parcel-post law there was also a call for a distinctive stamp, and I think that that distinction was obviated by the department.

Mr. MOON. Yes; by an Executive order.
Mr. MURDOCK. The gentleman will remember that in the discussion of the Post Office appropriation bill a year ago, I succeeded in getting an amendment put on in the House which took away from the postmasters in the adjustment of salaries any salary based upon the sale of the distinctive parcel-post stamps. I believe that amendment was afterwards killed in the Senate. At the present time do postmasters receive salaries based on the sale of those stamps?

Mr. MOON. I believe they do.

Mr. MURDOCK. Does not the gentleman think that would be a good thing to correct along with this?

Mr. MOON. Does not the bill do so?
Mr. MURDOCK. This bill does not correct that at all.

Mr. MOON. It does correct the safary of postmasters based on the sale of these particular stamps, but not on those.

Mr. MURDOCK. It would not be corrected now, but there ought to be a readjustment of postmasters' salaries owing to that fact

Mr. MOON. I doubt, Mr. Speaker, whether I ought to commit myself too far to the gentleman on other matters now.

Mr. MURDOCK. I suppose that is true, but I think in view of the fact that the sale of the parcel-post stamps has been enormous, there ought to be a readjustment of the postmasters' salaries on that account.

Mr. MANN. Mr. Speaker, will the gentleman yield? The SPEAKER. Does the gentleman yield?

Mr. MOON. I yield to the gentleman from Illinois [Mr. MANNI.

Mr. STAFFORD. Just one moment. I think the chairman of the committee has committed an inadvertence in replying to the query of the gentleman from South Carolina [Mr. Johnson], to the effect that this bill has only one purpose. I think that the chairman overlooked the purpose carried in section 13, which is the second section of this bill.

Mr. MOON. Do you mean section 3 of this bill misnumbered

Mr. STAFFORD. I think it is properly numbered 13. seeks to amend section 13 of the postal savings-bank act, a copy of which I have in my hand. I direct attention to the first clause, which states that it is an amendment to sections 2 and 13 of the postal savings-bank act. I wish to direct the attention of the chairman to the fact that in section 13 we take away allowances to fourth-class postmasters for doing postal savings business.

Mr. MOON. That was the answer to the gentleman from Kansas. The gentleman from South Carolina [Mr. Johnson] was improperly answered in that respect, as suggested by the gentleman from Wisconsin [Mr. Stafford], for the thirteenth section of the postal savings bank act is amended by the bill.

Mr. JOHNSON of South Carolina. I wanted to ask the gentleman if the Committee on the Post Office and Post Roads had made any inquiry as to whether or not the postal savings banks

are yet paying expenses.

Mr. MOON. Oh, yes; very full inquiry has been made by the committee on that subject.

Mr. JOHNSON of South Carolina. Does the gentleman know how much the income exceeds the outgo?

Mr. MOON. The postal savings bank system has been in operation, I believe, some two and one-half or three years. Up to this time the balance of accounts shows a loss of about \$1,000,000 to the Government in operating the postal savings

Mr. JOHNSON of South Carolina. Is that loss still going on,

or does the income now equal the outgo?

Mr. MOON. No; the income is not equal to the outgo. That loss consists in the inauguration of the system, to begin with, and the fact that the expense attending it has been greater than the income from it. Practically, we borrow money from the people and place it in the savings depositories. The Government pays the depositor 2 per cent interest. That money is loaned on securities to the banks at 2½ per cent. Some of it, where parties desire, is covered into United States bonds at 2 per cent. I believe there is now about \$2,500,000 that has been so provided for. The balance of it is deposited under other provisions of the postal-savings law.

There are about 12,000 offices in the United States where these deposits are received, and of course the cost attending

that is a part of the expense.

Mr. JOHNSON of South Carolina. When may we hope that the system will become self-sustaining?

Mr. MOON. I can not express any opinion on that, Mr. Speaker. There are a good many who think it may never be self-sustaining. Probably that is the correct view of it.

There has been introduced into the House a bill, which I will call up before a great while, that provides for the taking off of the limit on deposits in the postal savings banks, which limit is now, I believe, \$500, and provides for making it unlimited as far as the deposit is concerned, and to limit to the sum of \$1,000 the amount on which interest is to be paid by the Government to any single depositor.

Mr. JOHNSON of South Carolina. Does the organic act limit the interest that the Government may charge on these postal deposits to 21 per cent when loaned to banks?

Mr. MOON. No; the law provides that it shall not be less than 2½ per cent.

Mr. JOHNSON of South Carolina. Not less than 21 per cent? Mr. MOON. Yes; but the Government might charge more.

Mr. JOHNSON of South Carolina. The Government might increase the rate to 3 per cent if it was thought to be wise?

Mr. MOON. Yes; and it may be advisable; but that is a matter of administration. It might be advisable for the Congress to direct that not less than 3 or  $3\frac{1}{2}$  per cent interest should be charged, because, as a matter of fact, under the system as it now exists the Government is operating a banking system in the United States for the depositing of money. It secures the deposits and pays 2 per cent interest, and loans the money to the banks for  $2\frac{1}{2}$  per cent interest, and the banks in turn loan the money to the people at from 6 to 8 per cent. It might be well to increase the interest to the banks or borrowers. I do not know; but those are questions that do not arise very properly on this bill.

Mr. JOHNSON of South Carolina. I understand that; but I thought perhaps the gentleman's committee, having charge and jurisdiction of the subject, might have inquired into this very

important matter.

Mr. MOON. We have inquired into it very definitely and very fully. The hearings have not yet been printed, but my friend from Wisconsin [Mr. Stafford] has some exact figures which he took down during the hearings, and if the gentleman desires any further information I shall be glad to yield to the gentleman from Wisconsin to read his figures.

Mr. MURDOCK. Will the gentleman yield to me? Mr. STAFFORD. If the gentleman will yield to

Mr. STAFFORD. If the gentleman will yield to me, I will follow this up with these exact figures.

Mr. MOON. I will yield to the gentleman from Wisconsin for the present.

The SPEAKER. How much time does the gentleman from Tennessee yield?

Mr. MOON. Ten minutes.

The SPEAKER. The gentleman from Wisconsin [Mr. STAF-

FORD] is recognized for 10 minutes.

Mr. STAFFORD. Mr. Speaker, the question as to the cost of operation of the postal savings bank system is of present interest, and one that has been given thorough consideration by the Post Office Committee during the past week, in connection with a bill recommended by the department that seeks to lift the limit of monthly deposits and of total deposits to \$500 each, so that there will be no limit whatsoever to the amount that may be deposited by a single depositor.

As you will remember, under the existing postal savings bank law passed three and a half years ago, there was a limit of amount of deposits in any one month to \$100, and not to exceed in the total an aggregate of \$500 at any one time, other than the amount that might accrue from interest in the investment of these funds. Numerous instances have been called to the attention of the administration officials of the postal savings banks that money has been sent abroad because of this limitation on the amount of deposit. Only recently in the city of Washington, when there was a flurry or run on the United States Trust Co., thousands of dollars were withdrawn and the money brought to the postal savings bank for deposit, but there was this arbitrary limit that prevented the Government

There are thousands of instances where foreigners have brought money from stockings and hiding places only to find that this arbitrary limit prevented the Government from taking it. There were some members of the committee, among others my friend from Kansas [Mr. Murdock] and myself, who at the time of framing the original postal savings bank bill, thought there was no reason why there should be any limit whatever placed on the deposits if any person had any reason to utilize the depository. Now the post-office officials come to us and ask and recommend that we lift the limit, and the committee is of the opinion that the limit should be lifted.

Now, as to the operation of the postal savings banks during the past three years: There are at the present time, or was on June 30 last, \$33,818,000 deposits. At the close of the year before, June 30, 1912, there were \$20,237,000, an increase in the last fiscal year of thirteen and a half million dollars.

In 1912 there were 243,801 depositors, with an average deposit of \$83. In the fiscal year ending June 30, 1913, there were

331,006 depositors, with an average deposit of \$102.

In the administration of this fund, as the chairman of the committee has stated, the Government under the law pays the depositor 2 per cent and receives from the banks 2½ per cent on the deposit. There is no limit on the discretion of the Government officials as to the amount of interest they may charge the banks for the use of these funds. I was surprised only recently to read a news item relating to New York banks engaged in savings bank business that there was no bank in the city of New York paying less than 3½ per cent, and many of them paid 4 per cent interest on deposits. Now, these deposits are more or less permanent in character, and if these private

institutions can afford to pay private depositors of small sums  $3\frac{1}{2}$  and 4 per cent, and in general throughout the country the banks pay not less than 3 per cent, why should not the Government, under the authorization of the savings postal-bank act charge the banks a like sum that they pay to the ordinary depositor when they deposit their individual accounts?

It is true that the system as carried on up to date has met with a loss, but that loss can be easily corrected by raising the rate of interest to be charged the banks. I am frank to say that the administration official, the Third Assistant Postmaster General, is considering the proposition to raise the rate on these deposits to be paid by the bank.

In the first six months when this system was in operation the total expenses for operating the banks, including the payment of clerks, payment of postage, all items of expense, was \$114,000. In 1912 it was \$619,000. In 1913, \$752,000, or up to date, \$1.486,000, or, in round numbers, one and one-half million dollars.

Against this there has been received interest on deposits paid by the banks of \$537,932, leaving a net loss to the Government of \$948,068, or, as the chairman said, in round numbers about a million dollars.

Mr. MADDEN. Will the gentleman yield to me right there? Mr. STAFFORD. I yield to my colleague on the committee.

Mr. MADDEN. The amount of expenditures expressed in the gentleman's statement, it is only fair to say, is in a large measure based on reports of various post offices, made by postmasters arbitrarily, showing the cost of transacting each item of business to be all the way from 2 cents up to 64 cents. That is, these statements of the postmasters, ranging all over the United States, arbitrarily estimate the expense from 2 cents to 64 cents, and they do not at all represent the actual cost of the transaction.

Mr. STAFFORD. The gentleman is correct; but that is on the side of maximum expense and not on the side of minimum expense. The administrative officials in estimating the expense took the maximum amount estimated. As they said, in one place the cost of operation was 64 cents, whereas the cost shown by the records for auditing a postmaster's account was only 19 cents; and one postmaster returned as high an amount as 64 cents as the expense for each deposit. Now I will yield to the gentleman from Minnesota [Mr. Steenerson].

Mr. STEENERSON. Is it not a fact that at the hearings it was stated by the Postmaster General that the additional expense in case the deposits were increased to fifty or sixty millions would be very small, and in that event it would be very likely self-sustaining?

Mr. STAFFORD. Mr. Speaker, the gentleman reminds me of one very important phase brought out in the hearings of the Third Assistant Postmaster General, and that is that the administrative force in the Post Office Department to-day is able to take care of twice the amount of deposits without increasing the administrative cost only slightly, and that is one reason why he recommends the lifting of the amount of deposits, so that they may be able to increase the total from thirty-three million dollars to fifty, sixty, or one hundred million dollars.

I was most earnest in the advocacy of this system in conjunction with my good friend from Kansas [Mr. Murdock] when it was first proposed. I wanted to see it established in all of the first and second class offices. We tried to have that limitation placed in the bill, but we were unsuccessful. We realized there was no great demand for the establishment of these postal savings banks in these small crossroad post offices, where the last administration went to the extreme in establishing them and where the figures show in many offices there are but one or two depositors. There was no call for the establishment of postal savings banks in that character of office. The demand came from large industrial centers, where there was a large foreign population. Statistics recently reported to the House by the Postmaster General, submitted this past week, show that the cities where the postal banks are most utilized are in localities where there are a large number of foreigners.

Mr. MURDOCK. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. MURDOCK. At the time of the creation of the postal savings bank the gentleman will remember that I busied myself in particular, and I think he did, in providing for the small denominational bonds. I would like to ask the gentleman how many of those bonds are out?

Mr. STAFFORD. Mr. Speaker, the depositors have not availed themselves of the privilege of transferring their postal savings accounts into Government bonds.

Mr. MURDOCK. They have to some extent.

Mr. MOON. Two million and a half dollars.

Mr. MADDEN. Two million three hundred thousand dollars. Mr. STAFFORD. I was going to say to the extent of two and a half to three and a half million dollars, but they have not done so to as large an extent as we anticipated. I know the gentleman and the House will be interested in the compara-tive deposits in banks and with the Government of these postal savings funds. You will remember that the State banks made a strong protest through fear it would withdraw

The SPEAKER. The time of the gentleman has expired. Mr. MOON. I yield the gentleman three minutes more.

Mr. STAFFORD. It would withdraw the funds from the local banks and that the provision carried in the law giving the Government the right to invest 30 per cent of the funds in Government bonds would naturally draw out of those localities large amounts of money. Of the thirty-two and a half million dollars now in current cash 95.4 per cent is redeposited in the local banks, and in the Treasury there is but 41 per cent—one million and a half in money—though the law requires 5 per cent. So the fears of the State banks and those who opposed this law so vigorously at the time of its inauguration have not been realized. When we lift the limit of deposits, as the committee intend by the bill to be reported to the House, there will immediately develop twenty or thirty or fifty more millions of dollars available to be deposited in these banks, and the cost of administration will not be proportionately increased. Larger returns will come in, and if the local administrative official charges a reasonable rate. 3 per cent, to the banks for this money-as, in my judgment, I believe they should be chargedthere is no question but that the deficit will be immediately wiped out and a profit develop.

The SPEAKER. The time of the gentleman from Wisconsin

has expired.

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent that the gentleman's time be extended for two minutes in order that I may ask him a question.

Mr. MOON. I control the time. Let the gentleman ask his

question.

Mr. MURDOCK. Are there any figures showing how hidden money was developed?

Mr. MADDEN. They have \$33,000,000 on deposit. Mr. MURDOCK. Is there any way of segregating that from money already in bank?

Mr. STAFFORD. The Third Assistant Postmaster General testifies that most of this money comes from the stockings and hiding places of these foreigners.

Mr. MURDOCK. The great protest of the banks was that it would take money out of the banks. Their fears did not

Mr. STAFFORD. As the gentleman knows, in his own district, where banks are safe and secure, there have been no with-drawals to speak of. The deposits have been generally by foreigners who were unacquainted with and doubted the safety

and security of our local banking institutions.

Mr. MOON. Mr. Speaker, the range of this discussion has gone pretty far, and really the suggestions here ought to come under the Post Office appropriation bill more properly than here; and in view of what has been said, I want to say that I regret my views do not fully coincide with some of the gentlemen ou this question. I believe it will be found upon a full investigation that there are more than 12,000 clerks, as shown from this proof, in the United States who give the greater part of their time every day to this work instead of a few minutes. I believe if we could get at it accurately that the loss to the Government under this postal savings-bank system to-day has not been a million, but more than two million dollars of money, and yet we want to give it a trial. Of course all of us who understand this bill know that the measure, in the first place, was ostensibly intended for the gathering in of that class of funds that would not go to the banks, for collecting the money of foreigners who had no confidence in American institutions, and yet while the opposi-tion existed on the part of the banks in the first place you will notice that has steadily, effectually, and permanently been with-drawn, because the United States is just a means of gathering in the money of the foreigners and other people, putting it in their depositories, transacting the business at a loss of a million dollars a year, in order that the banks might get the money at 2½ per cent and loan it to the people at 8. But I am not going to discuss this matter; it does not pertain to this bill.

Mr. PAYNE. Will the gentleman yield right there?

Yes.

Mr. PAYNE. It has been stated what the gross loss has been for three years previous, but I have heard no separate statement as to the comparative loss for each year.

Mr. MOON. I will say to the gentleman from New York that the hearings are not before us now; they have not been printed. believe my friend Mr. Stafford took a memorandum at the time, and I will ask him if his memorandum shows that exactly.

Mr. PAYNE. Last year, for example.

Mr. STAFFORD. I can not give offhand the exact amount, but with the increasing deposits it shows a corresponding reduction proportionately of loss.

Mr. MOON. I think it is one-third last year. Mr. PAYNE. Has the gentleman any estimate of what the additional deposits will be increased if this exceedingly small limit of deposits is taken off and the people are allowed to deposit what they wish?

Mr. MOON. I said a few minutes ago that I had introduced a bill which has been ordered favorably reported, and I will file that report in the House in a few days. It provides for taking off the limit of deposits entirely and fixing \$1,000 as the maximum upon which the Government will pay interest. It is hoped by the department that this will bring about such a readjustment of affairs of the postal savings bank as to prevent

Mr. PAYNE. I am informed by the postmaster at home that people come there with \$300 or \$400 or \$500 or more to deposit, and because they can not deposit the whole they will not deposit

at all and do not open an account.

Mr. MOON. Yes; that is true. I do not want to state anything that is not favorable to this institution, if anything can be found. The evidence is that in a number of instances several thousand dollars were offered for deposit at post offices, and because they could not deposit over \$500 none was deposited.

Mr. PAYNE. I am also told by him that a large share of the deposits were money that looked as if it had been folded and kept for a long time hidden away, perhaps slept on, under the bed, or something of that kind, that evidently it had been hoarded.

Evidently some has been hoarded, but now the great bulk of the wages of foreigners are deposited temporarily in these banks for the purpose finally of taking the certificate and carrying it to Europe. Does the gentleman from Illinois desire some time?

Mr. MANN. I wish 10 minutes, and I may desire a little more time.

Mr. MOON. I yield 10 minutes to the gentleman from Illinois

[Mr. MANN].

Mr. MANN. Mr. Speaker, every little while we are regaled with complaints about the use of the so-called franking system. The Post Office Department itself frequently has given enunciations of the idea that the franking privilege was a gross injustice to the Government and the Post Office Department, and I shall later call the attention of the committee to the annual report of Postmaster General Hitchcock of several years ago, which the gentleman from Kansas [Mr. MURDOCK] furnished to me a while ago when I suggested I would like to have him tell me specifically where that recommendation was.

The President's Commission on Economy and Efficiency has spent a good deal of time, and more paper, printing their recommendations that no service of the Government should have the franking privilege. That is to say, that a Member of Congress or a department of the Government, instead of putting on a printed notice or a franked signature, should put on a stamp. The proposition was seriously made to Congress on several occasions by these different bodies that every Member of Congress, for instance, should be provided with stamps and should stamp the envelopes which he sent out on official business, and that every branch of the Government which enjoyed the privilege of the so-called penalty envelopes without stamps should have a special stamp that it should put on the envelope. And they have argued for this in the interest of economy. Those branches of the public who want the pay of the postal employees increased or the rate of postage decreased invariably dwell upon the fact that the Post Office Department would be much more than self-sustaining if the franking privilege were re-moved. And I have been absorbing this information now for more than 16 years, and never have had a shock like I had this morning when I picked up this bill, reported to the House yesterday and brought in this morning with a report. Here was the great Post Office Department, which for years has been insisting that there should be no such thing as the franking privilege without a special distinctive stamp-and they insisted on it so much that a few years ago, when we created a postal savings bank, we allowed them to use a distinctive stamp with postal savings-bank matter so far as the trustees of the postal savings bank were concerned-saying, without having courtesy to apologize for their past opinion, that now it is

useless, extravagant, and unworkable.

Let me read you just, for instance, first, the report of the Postmaster General for the fiscal year ending June 30, 1910, about the time that the postal savings bill was passed. It was this opinion of the department which caused the insertion in that bill of a provision for a distinctive stamp on mail matter sent out by the trustees of the postal savings bank.
Mr. TOWNSEND. What report is it?

Mr. MANN. I will give it to you. This is the annual report of Postmaster General Hitchcock for 1910:

The unrestricted manner in which the franking privilege is now being used by the several Federal services and by Congress has laid it open to serious abuses—a fact clearly established through investigations recently instituted by the department. While it has been impossible without a better control of franking to determine the exact expense to the Government of this practice, there can be no doubt that it annually reaches into the millions. It is believed that many abuses of the franking system could be prevented, and consequently a marked economy effected, by supplying through the agencies of the postal service special official envelopes and stamps for the free mail of the Government, all such envelopes and stamps to be issued on requisition to the various branches of the Federal service requiring them, and such records to be kept of official-stamp supplies as will enable the Post Office Department to maintain a proper postage account covering the entire volume of free Government mail. As the first step in the direction of this reform special stamps and stamped envelopes have been provided for use instead of franks in the free transmission of the official mail resulting from the business of the new postal savings system. By properly recording the issuance of such stamps and envelopes an accurate account can be kept of the cost to the Government of handling the postal savings mail, which is certain to become an important item of expense and should be separately determined. In keeping with this plan it is hoped that Congress will authorize the substitution of special official stamps and stamped envelopes for the various forms of franks now used to carry free of postage the vast volume of departmental and congressional mail matter. During the last year methods of accounting similar to those employed in the most progressive of our business establishments have been introduced in the postal service, and nothing has so impeded the department's plans in this regard as the impossibility of determining with exactness ho

As the first step in the direction of this reform special stamps are going to be used in the postal savings-bank department, but this department, which for years has been insisting that the franking privilege used by Members of Congress and the penalty envelopes used by the departments for the transmission of official mail was an abuse and that they proposed to reform it, now say what? They say this, which is in the report accompanying this bill:

The use of a distinctive stamp is expensive and entails accounting difficulties which are unnecessary.

Now, my own judgment is that the opinion of the department now, after taking, is much more valuable than it was before taking. After trying it they found that they themselves could not make it work. It not only is more expensive, but they can not keep the account.

The Bureau of Economy and Efficiency of the President took a great deal of time to tell Congress how to run the Government without ever having discovered how to do much of anything properly themselves, so far as their own reports were concerned at least. [Applause.] And they insisted that it would be cheaper for the Government to have every bureau of the Government stamp its envelopes with a distinctive stamp than to have printed the penalty clause which is now printed upon them. I never took any stock in the old recommendation of Postmaster General Hitchcock or any of these recommenda-tions of that kind, because I know that it is cheaper for the Government to use this class of envelope without a distinctive stamp than with a distinctive stamp.

While the Post Office has frequently suggested that it was doing this great amount of business for other branches of the Government without pay, and ought to receive credit for that, I never have heard anyone in the Post Office Department suggest that it was using a great deal of Government property without rent and without charge for rent, and using a great deal of Government property, which was heated and lighted out of other appropriations, without any charge for that. truth is that the system now in operation, while it is abused sometimes by somebody sending out enormous quantities of matter which ought not to be frankable and which properly is not frankable, but which is nevertheless franked, the present system is much better than the system which was proposed by the Post Office Department, and I am extremely glad that the new administration of the department has reached the con-clusion that the distinctive-stamp idea is an expensive luxury, if not an unnecessary fraud. [Applause.]

Mr. MOON. Mr. Speaker, it is useless for me to say that I very fully concur in the views of the gentleman from Illinois [Mr. Mann]. I want now to yield to another gentleman from lies its continuation,

Illinois [Mr. MADDEN], who says he wants to talk strictly on the bill. [Laughter.] The SPEAKER.

How much time does the gentleman yield?

Mr. MOON. I yield five minutes.
The SPEAKER. The gentleman from Illinois [Mr. MADDEN]

is recognized for five minutes.

Mr. MADDEN. Mr. Speaker, the bill that is pending has two objects. One object is to authorize the Postmaster General to discontinue the payment of compensation to fourth-class postmasters for work done for the postal savings bank system, and the other distinctive feature of the bill is to do away with the use of the postage stamp or the envelope used in the correspondence of the postal savings bank system.

These are the two objects of the bill. The first reason why the Postmaster General thinks the use of the postage stamp ought to be done away with is that its use charges falsely to the postal savings bank system 2 cents for every envelope used, whereas it costs the Government a very small fraction of the 2 cents to make the stamp; and so if we were to enumerate all the postage stamps used in the correspondence of the postal savings bank system and were to ascertain just what they cost the Government, and then figure up what is charged against the system, the difference between the two would be the amount that ought not to be charged.

And then the other object, being to do away with the payment of compensation to fourth-class postmasters is sought for this reason: There are 4,000 fourth-class post offices in the United States in which the postal savings bank has been established. In only about 3,000 of these has there been any postal savings bank business, and the average compensation allowed according to law to each of the postmasters in the 3,000 offices where they do business would amount to only 27 cents per annum, and the auditing department of the Post Office Department is obliged to keep 4,000 accounts.

Mr. LLOYD. Mr. Speaker, will the gentleman yield?
The SPEAKER. Does the gentleman from Illinois yield to the gentleman from Missouri?

Mr. MADDEN, Sure. Mr. LLOYD. Would it not be a better way to discontinue the 3,000 offices?

Mr. MADDEN. No; because there is a possibility of their developing business.

Mr. LLOYD. But the gentleman says at the present time they are not transacting business.
Mr. MADDEN. I say 1,000 offices are not.

Mr. LLOYD. Why not discontinue the 1,000 offices?
Mr. MADDEN. Well, that is within the power of the Postmaster General, and that is being done more or less all the time. Wherever they find it is not essential to the welfare of the community to continue one of these offices they discontinue it.

Mr. LLOYD. Now, one other question.
Mr. MADDEN. I would like to finish the statement on the auditing first. At each of these offices they are obliged to keep an account, so that they have 3,000 accounts with 3,000 post-masters, each one of whom has coming to him within the range of a year 27 cents on the average, and, whether that account is closed or not, the account has to be audited every month. or whenever the audit is made; so that it has been discovered that the cost of the audit amounts to very much more than the amount which is coming to the postmaster whose account is being audited.

Mr. LLOYD. Now, in the 3,000 offices which the gentleman thinks ought to remain, why does he say that the postmasters should not be compensated for taking care of the business of the Government?

Mr. MADDEN. I say if it does not amount-

Mr. LLOYD. In the first, second, and third class offices there are clerks provided to perform the work. In the fourth-class office whatever work there is must be paid for by the postmaster himself, and it seems to me that he is the man of all others who ought to have compensation for the service that he renders to the Government.

Mr. MADDEN. But if on an average that compensation has not been more than 27 cents per annum, and it costs more to audit the account of the amount due the postmaster than the payment of the 27 cents amounts to, the gentleman from Missouri can well understand——
Mr. LLOYD. That those offices ought to be discontinued.

Mr. IMADDEN. That is all right. I am not making any argument as to whether they should be discontinued or not. I

really believe myself that no postal savings bank should be established in any post office where the business of the office does not justify it, or, if it is established, that it ought not to be continued unless the business transacted in that office justiMr. BURKE of South Dakota. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. BURKE of South Dakota. I should like to ask the gentleman if there are any great number of these fourth-class offices that do any considerable amount of business?

Mr. MADDEN. I am not prepared to say just what amount

of business any particular fourth-class office does. All I say is that the average compensation due to postmasters in the 3,000 local fourth-class offices where business is done has only amounted under the law to 27 cents per annum.

Mr. BURKE of South Dakota. Does the gentleman know what the average compensation would be in the other 1,000

offices?

Mr. MADDEN. There was no business done in the other

1,000 fourth-class post offices.

Mr. SMITH of Minnesota. Has the committee made an estimate of the cost to the Government of keeping track of the amount of stamps used by the postal savings department?

Mr. MADDEN. No; the committee has no knowledge of how many stamps have been used or how much it costs to keep track All the committee has is the information furof the stamps. nished by the Third Assistant Postmaster General, to the effect that it would be much more economical and more just to the institution known as the postal savings bank system to do away with the use of the stamp, because the charge of 2 cents per envelope used in that system is an unjust and arbitrary charge that is not warranted by the facts.

Mr. SMITH of Minnesota. It is nothing more nor less than a book charge. There is no consideration passing one way or

the other?

Mr. MADDEN. That is very true, but the book charge being made, Members of Congress read the statement of receipts and expenditures of the postal savings bank system; and if, perchance, by making an unjust, arbitrary charge, first for one thing and then for another, the expenses of the system are made to appear to be five times what the receipts are, the natural conclusion would be that the system is not justified in existing. What this hill color to do is to challed that only What this bill seeks to do is to abolish that arbitrary, unjust system of making charges against the postal savings bank system, so that the actual results may be shown on the face of the returns.

The SPEAKER. The time of the gentleman from Illinois has

expired.

Mr. MOON. Mr. Speaker, I move the previous question on

the passage of the bill.

The SPEAKER. The gentleman from Tennessee moves the previous question on the passage of the bill.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time,

and was accordingly read the third time and passed.

On motion of Mr. Moon, a motion to reconsider the last vote was laid on the table.

## PERSONAL EXPLANATION.

Mr. SLAYDEN. Mr. Speaker, I ask unanimous consent for half a minute or a minute in which to make a brief statement.

The SPEAKER. The gentleman asks for one minute to make personal statement. Is there objection?

There was no objection.

Mr. SLAYDEN. Mr. Speaker, just before the passage of the resolution commonly known as the Hensley resolution the other day I received a communication, through his secretary, from the gentleman from Virginia [Mr. MONTAGUE] requesting me to have him paired on that resolution as in favor of the resolution.

I am sorry to say that I forgot to discharge that duty to my friend, and I make this statement in order that he may be set right on the record.

## LOSSES BY POSTMASTERS.

Mr. MOON. Mr. Speaker, I call up the bill (H. R. 9321) to amend the act approved May 9, 1888, as amended by the act of June 11, 1896.

The SPEAKER. The gentleman from Missouri [Mr. BOOHER] will take the chair. The House resolves itself automatically into the Committee of the Whole House on the state of the Union.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 9321) to amend the act approved May 9, 1888, as amended by the act of June 11, 1896, with Mr. BOOHER in the chair.

Upon taking the chair Mr. BOOHER was greeted with ap-

plause.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act authorizing the Postmaster General to adjust certain claims of postmasters for loss by burglary, fire, or other unavoidable casualty, approved May 9, 1888, as amended by the act of June 11, 1896, be, and the same is hereby, amended so as to read

other unavoidable casualty, approved May 9, 1888, as amended by the act of June 11, 1806, be, and the same is hereby, amended so as to read as follows:

"That the Postmaster General be, and he is hereby, authorized to investigate all claims of postmasters for the loss of money-order funds, postal funds, postal savings funds, postal savings cards, postal savings newspaper wrappers, postal cards, postal savings cards, postal savings stamps, and postal savings certificates belonging to the United States in the hands of such postmasters, and for the loss of key-deposit funds, funds deposited to cover postage on mailings, and funds received as deposits to cover orders for stamped envelopes, in the hands of such postmasters, resulting from burglary, fire, or other unavoidable casualty, and if he shall determine that such loss resulted from no fault or negligence on the part of such postmasters with the amount of any remittance of money-order funds, postal funds, or postal savings funds made by them in compliance with the instructions of the Postmaster General, which shall have been lost or stolen while in transit by mail from the office of the remitting postmaster to the office designated as his depository, or after arrival at such depository office and before the postmaster at such depository office has become responsible therefor: Provided, That no claim exceeding the sum of \$10,000 shall he paid or credited until after the facts shall have been ascertained by the Postmaster General and reported to Congress, together with his recommendation thereon, and an appropriation made therefor: And provided further, That this act shall not embrace any claim for losses as aforesaid which accrued more than four years prior to the date of approval of this act; and all such claims must be presented within six months after such date, and no claim for losses which may hereafter accrue shall be allowed unless presented within six months from the time the loss occurred."

Sec. 2. That it is hereby made the duty of the Postmaster Gen

Mr. MOON. Mr. Chairman, under the general law the Postmaster General is authorized to adjust the losses for money orders, stamps, and other funds, and the purpose of this act is to add to it the authority to adjust the losses affecting postal savings banks. I therefore ask that the report be read. It is very brief and states the reasons pointedly for the passage of

The CHAIRMAN. Without objection, the Clerk will read the report.

The Clerk read as follows:

[Report No. 116, by Mr. Moon, to accompany H. R. 9321.]

[Report No. 116, by Mr. Moon, to accompany H. R. 9321.]

The act of May 9, 1888, as amended by the act of June 11, 1896, authorizes the Postmaster General to reimburse postmasters for losses of certain funds resulting from burglary, fire, or other unavoidable casualty while such funds were in their custody or in transit to their designated depositories. There is no provision of law, however, for granting such relief in the case of losses of postal savings funds, postal savings cards, postal savings stamps and certificates, key-deposit funds, funds deposited to cover postage on mailings, and funds received as deposits to cover orders for stamped envelopes. The object of the accompanying bill is to remedy this anomalous condition and to authorize the Postmaster General to grant the same measure of relief as to losses of these funds, for which postmasters are equally responsible, as may now be accorded with respect to losses of funds covered by existing law.

Mr. MOORE. Will the gentlement from Theorem.

Mr. MOORE. Will the gentleman from Tennessee answer a question?

Mr. MOON. If I can.

Mr. MOORE. A loss occurred in my district recently due to a robbery. It was a small amount of \$150 in postage stamps, so that this would not apply. But suppose it had been postal savings-bank funds, would this bill authorize the Postmaster General, in his discretion, to settle it?

Mr. MOON. Postage stamps are covered by law now.
Mr. MOORE. Yes; I know; but I am assuming that the loss had been postal savings-bank funds?
Mr. MOON. The Postmaster General has no authority to adjust such a loss. The passage of this bill would give him that authority

Mr. MOORE. It would give him authority to adjust it without coming to Congress?

Mr. MOON. Yes; it places it on the same basis as the

general postal matters.

Mr. MOORE. To what extent does it give the Postmaster General authority to adjust these matters?

Mr. MOON. Up to \$10,000.

Mr. MOORE. He could settle claims up to \$10,000 without recourse to Congress?

Mr. MOON. Yes.

Mr. BURKE of South Dakota. Will the gentleman yield?

Mr. MOON. Certainly.

Mr. BURKE of South Dakota. Can the gentleman state to what extent there have been losses by reason of the larceny of postal funds?

Mr. MOON. No; I can not. There has been no evidence before the committee as to the number of cases or the extent of the loss

Mr. BURKE of South Dakota. As I understand it, if there is a loss under existing law of postal savings-bank funds, the only recourse of the postmaster would be, assuming that it was a loss without his negligence, by a special bill in the nature

Mr. MOON. That is true. Mr. Chairman, I ask that the bill be read for amendment.

The Clerk read the bill for amendment.

Mr. MOON. Mr. Chairman, I move that the committee do now rise and report the bill favorably to the House, with the

recommendation that it do pass.

The motion was agreed to; accordingly the committee determined to rise, and, the Speaker having resumed the chair, Mr. BOOHER, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 9321) to amend the act approved May 9, 1888, as amended by the act of June 11, 1896, and had directed him to report the same back without amendment, with the recommendation that the bill do pass.

The SPEAKER. The question is on the engrossment and

third reading of the bill.

The bill was ordered to be engrossed and read a third time,

was read the third time, and passed.
On motion of Mr. Moon, a motion to reconsider the vote whereby the bill was passed was laid on the table.

## PAYMENT OF POSTAL MONEY ORDERS.

Mr. MOON. Mr. Speaker, by direction of the Committee on the Post Office and Post Roads, I call up the bill (H. R. 9317) to regulate the payment of postal money orders.

The Clerk read the bill, as follows:

Be it enacted, etc., That under such rules and regulations as the Postmaster General shall prescribe postal money orders may be issued payable at any money-order post office, and on and after the date upon which such rules and regulations become effective all money orders shall be legally payable at any money-order post office, although drawn on a specified office; and that all laws or parts of laws in conflict herewith are hereby repealed.

Mr. MOON. Mr. Speaker, there is nothing in the bill except the proposition to change the law so as to allow money orders issued from one post office to another to be paid in any moneyorder office in the United States. I ask that the Clerk rend the

The Clerk read the report (by Mr. Moon), as follows:

The Committee on the Post Office and Post Roads, to which was referred House bill 9317, has considered the same and recommends that

referred House bill 9317, has considered the same and recommends that it do pass.

The purpose of the bill is to broaden the scope of the postal money order by making it payable at any money-order post office instead of at a specified office, as at present. There is an increasing demand that such orders shall be payable anywhere to meet the requirements of commercial usage. The limitation that a postal money order may be paid only at the office on which drawn has been a great inconvenience to patrons of the system, and the reason for this restriction ceased to exist with the discontinuance of the letter of advice. The facility with which money in this form may be transported and used in clearing accounts will be a distinct aid to commerce, and there appears to be no reason why money orders payable at any money-order office should not be absolutely safe when issued under rules and regulations prescribed by the Postmaster General.

Mr. MANN. Mr. Speaker, will the gentleman yield?

Mr. MANN. Mr. Speaker, will the gentleman yield?

Mr. MOON. Yes. Mr. MANN. Was this bill referred to the Post Office Department for recommendation?

Mr. MOON. This bill, I will say to the gentleman, is the creature of the Post Office Department itself.

Mr. MANN. I suspected as much, and therefore I wanted to

have that fact go into the RECORD.

Mr. MOON. Mr. Speaker, I desire to say to the House, if it is not already so understood, the three bills acted upon this evening are propositions that come from the Post Office Depart-

Mr. MANN. Mr. Speaker, I am not certain, and I expect the gentleman is not certain, what the result of the bill will be or whether it will work satisfactorily, but I do not wish the Post Office Department to hereafter blame Congress for this legis-

Mr. MOON. No. The Post Office Department advised me

and the committee that it will work all right.

Mr. BURKE of South Dakota. Mr. Speaker, I would like to ask the gentleman if his attention has been called, in line 7, to the word "legally," appearing before the word "payable," and whether there is any necessity for that word—if it would not be better legislative form to leave it out?

Mr. MOON. I do not know that it would. It never hurts to put in the word "legally" anywhere.

Mr. BURKE of South Dakota. It seems to me that if Congress authorizes that something shall be payable, it ought to be

an inference that it is legally payable.

Mr. MOON. Money orders are now legally payable only at the office in which they are drawn.

Mr. BURKE of South Dakota. They are only payable.

Mr. MOON. Well, only legally payable there.
Mr. PAYNE. Mr. Speaker, as I understand it now, when a
money order is issued payable at a certain office there is a letter of advice sent to the postmaster at the paying office.

Mr. MOON. That was the law, but it has been discontinued. Mr. PAYNE. That was for the purpose of safety, I suppose?

Mr. MOON. Yes.
Mr. PAYNE. But if it has been tried and discontinued, and there is no necessity for it, there can be no objection to this.

Mr. MOON. The Post Office Department has not said to us what rules and regulations would be adopted in respect to this; but they do say they can provide rules and regulations that will make these orders legally payable at any office in the United States, with proper safeguards. It is an experiment, of course, but I think one in which there is no possible danger.

The SPEAKER. The question is on the engrossment and

third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. Moon, a motion to reconsider the vote by

which the bill was passed was laid on the table.

## REGENTS OF SMITHSONIAN INSTITUTION.

The SPEAKER. The Chair desires to announce that he has reappointed Mr. Pepper, of Iowa, and Mr. Ferris, of Oklahoma, Regents of the Smithsonian Institution, and Mr. Roberts, of Massachusetts, to take the place of Mr. Dalzell, of Pennsylvania. The Clerk will continue the call of the committees.

The Clerk proceeded to call the committees.

### RAILROADS IN ALASKA

Mr. HOUSTON (when the Committee on the Territories was called). Mr. Speaker, I am directed by the Committee on the Territories to call up the bill (H. R. 1739) to authorize the President of the United States to locate, construct, and operate railroads in Alaska, and for other purposes. This is a bill on the Union Calendar.

Mr. DAVENPORT. Mr. Speaker, before the House resolves itself into the Committee of the Whole House on the state of the Union for the consideration of this bill, I desire to state that there is an understanding between the gentleman from Tennessee [Mr. Houston] and myself, inasmuch as I am opposed to the bill, that there would be no agreement reached to-night as to time for debate, but that when the bill comes up on next Wednesday we would then make an agreement as to time to be consumed in the discussion of the bill.

The SPEAKER. The House will automatically resolve itself into the Committee of the Whole House on the state of the Union for the consideration of this bill, and the gentleman from

Mississippi [Mr. Harrison] will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 1739, with Mr. HARRISON in the chair.

Mr. HOUSTON. Mr. Chairman, I ask unanimous consent that

the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Tennessee asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

Mr. MURDOCK. Mr. Chairman, reserving the right to object, will this keep the copy of the bill out of the RECORD?

Mr. MANN. It will not be printed in the RECORD unless it is read or ordered in.

Mr. MURDOCK. It seems to me that a bill of this importance and novel character ought to be put in the RECORD.

Mr. MANN. I suggest that the gentleman from Tennessee ask unanimous consent to dispense with the first reading of it and that it be printed in the RECORD as though read.

Mr. HOUSTON. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill, and that the bill be printed in the RECORD.

Mr. GARRETT of Tennessee. You do not want the entire

Mr. HOUSTON. The bill as reported from the committee.
Mr. GARRETT of Tennessee. The bill technically i cludes all.

The CHAIRMAN. The gentleman from Tennessee [Mr. Houston] asks unanimous consent that the first reading of the bill be dispensed with and that the bill as amended by the committee be printed in the RECORD.

Mr. MANN. That the committee substitute be printed in the RECORD.

The CHAIRMAN. That the committee substitute be printed in the RECORD. Is there objection? [After a pause.] The Chair hears none.

The committee substitute is as follows:

That the President of the United States is hereby empowered, and therebed, and directed to adopt and use a name by which to design the thereby of the state of the property of the pr

and of all moneys received and expended in the construction of said work and in the operation of said work or works, and in the performance of their duties in connection therewith. The annual reports herein provided for shall be by the President transmitted to Congress. SEC. 6. That it is the intent and purpose of Congress through this act to authorize and empower the President of the United States, and he is hereby fully authorized and empowered, through such officers, agents, or agencies as he may appoint or employ, to do all lawful acts and things in addition to those specially authorized in this act necessary to enable him to accomplish the purposes and objects of this act.

Mr. HOUSTON. Mr. Chairman, I merely called up this bill to get the bill under headway, and I now move that the committee rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Harrison, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 1739 and had directed him to report that it had come to no resolution thereon.

#### ELECTION TO COMMITTEES.

Mr. UNDERWOOD. Mr. Speaker, I desire to move the election of members of committees at the request of the gentleman from Illinois. I ask that the letter which I send to the Clerk's desk be read

The SPEAKER. The Clerk will report the letter.

The Clerk read as follows:

DECEMBER 5, 1913.

Hon. Oscar W. Underwood, Chairman Committee on Ways and Means.

Dear Mr. Underwood: I beg to make the following recommendations concerning appointment of Republican Members on committees to fill vacancies:

JOHN A. Peters, of Maine, to the Committee on Claims and the Committee on Insular Affairs.

Calvin D. Paige, of Massachusetts, to the Committee on Patents, Committee on the Revision of the Laws, and Committee on Railways and Canals.

Samuel Wallin, of New York, to the Committee on Industrial Arts and Expositions.

and Expositions.

Mr. Wallin resigns from the Committee on Railways and Canals, which leaves a vacancy there.

Yours, very truly,

JAMES R. MANN, JAMES R. MANN, Chairman Conference Minority.

Mr. UNDERWOOD. Mr. Speaker, at the request of the gentleman from Illinois, I move that the gentlemen who are named in the letter be elected to the committee places as named, and on that I move the previous question.

The previous question was ordered.

The question was taken, and the motion to elect was agreed to.

REPORT OF NATIONAL FORESTRY COMMISSION (S. DOC. NO. 307).

Mr. LEE of Georgia. Mr. Speaker, the chairman of the National Forestry Commission has made a report to Congress, through the Secretary of War, who asks that a thousand extra copies of that report be printed.

The SPEAKER. The gentleman from Georgia [Mr. Lee] asks unanimous consent that a thousand extra copies of the report of the National Forestry Commission be printed.

Mr. MANN. Mr. Speaker, reserving the right to object, when

was this submitted?

Mr. LEE of Georgia. It was submitted to-day.

Mr. MANN. Does the gentleman know what it will cost to

Mr. LEE of Georgia. Very little; it is a very short report, and there is a very great demand for the information which this report contains, and the Secretary of War requests it.

Mr. MANN. Has it matter that is illustrated? Mr. LEE of Georgia. I think not; there are no cows in it, or

Mr. HUMPHREY of Washington. Mr. Speaker, reserving the right to object, I would like to ask the gentleman what is the character of the report?

Mr. LEE of Georgia. It is the report of the commission for the past year, which report is required by Congress annually. This report is made through the Secretary of War.

Mr. HUMPHREY of Washington. Is this in relation to the

Appalachian Reserve?

Mr. LEE of Georgia. The Appalachian and White Mountain. The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

## ADJOURNMENT.

Mr. UNDERWOOD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p. m.) the House adjourned to meet to-morrow, Thursday, December 11, 1913, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows.

1. A letter from the Secretary of the Interior, transmitting a statement showing in detail what officers or employees (other than special agents, inspectors, or employees who in the discharge of their regular duties are required to constantly travel) of the Department of the Interior have traveled on official business from Washington to points outside of the District of Columbia during the fiscal year ended June 30, 1913 (H. Doc. No. 464); to the Committee on Expenditures in the Department of the Interior and ordered to be printed.

A letter from the Secretary of Agriculture, transmitting information regarding the study and investigation of the boll weevil and hog cholera plagues, as directed in House resolution No. 254, dated September 16, 1913 (H. Doc. No. 462); to the Committee on Agriculture and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. FINLEY, from the Committee on the Post Office and Post Roads, to which was referred the bill (H. R. 3393) to authorize the carrying of mail by aeroplane or any similar device, reported the same without amendment, accompanied by a report (No. 126), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. IGOE, from the Committee on the District of Columbia, to which was referred the bill (H. R. 10158) to amend an act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1895, and for other purposes," which act was approved August 7, 1894, reported the same with an amendment, accompanied by a report (No. 125), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. CLAYTON, from the Committee on the Judiciary, to which was referred the bill (H. R. 8734) to amend an act entitled "An act to prevent the disclosure of national-defense secrets," approved March 3, 1911, reported the same without amendment, accompanied by a report (No. 124), which said bill and report were referred to the House Calendar.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. ADAMSON, from the Committee on Interstate and Foreign Commerce, to which was referred joint resolution (H. J. Res. 165) for recognition of the services of the late David Du B. Gaillard, lieutenant colonel, Corps of Engineers, United States Army, as a member of the Isthmian Canal Com-mission, and for the relief of Mrs. Katherine Davis Gaillard, reported the same with amendment, accompanied by a report (No. 122), which said joint resolution and report were referred to the Private Calendar.

Mr. HAYDEN, from the Committee on the Public Lands, to which was referred the bill (H. R. 3638) providing for the issuance of patent to George W. Wolf, reported the same with amendment, accompanied by a report (No. 123), which said bill and report were referred to the Private Calendar.

# PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials

were introduced and severally referred as follows:

By Mr. LENROOT: A bill (H. R. 10233) for the purchase of a site and the erection thereon of a public building at Lady-smith, Wis.; to the Committee on Public Buildings and Grounds.

By Mr. BORLAND: A bill (H. R. 10234) to provide for the cost of street paying in the District of Columbia; to the Committee on the District of Columbia.

By Mr. HAYES: A bill (H. R. 10235) making appropriations for the printing and publishing of maps and reports relating to the kelp beds on the Pacific coast; to the Committee on Agriculture.

Also, a bill (H. R. 10236) providing for the payment of certain claims of the State of California growing out of the Indian wars; to the Committee on Claims.

By Mr. REILLY of Connecticut: A bill (H. R. 10237) ratifying the establishment of the boundary line between the States of Connecticut and Massachusetts; to the Committee on the

By Mr. McGILLICUDDY: A bill (H. R. 10238) to donate to General Knox Chapter, Daughters of the American Revolution, Thomaston, Me., the tract of land known as the Old Fort St. George Military Reservation; to the Committee on Military

By Mr. KINKAID of Nebraska: A bill (H. R. 10239) to amend section 4 of the reclamation act approved June 17, 1902; to the Committee on Irrigation of Arid Lands.

Also, a bill (H. R. 10240) to amend section 3 of the act approved August 9, 1912, providing for issuance of patents on reclamation entries, and for other purposes; to the Committee on Irrigation of Arid Lands.

By Mr. WALLIN: A bill (H. R. 10241) for the purchase of a site and the erection of a Federal building at Canajoharie, N. Y.: to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 10242) for the purchase of a site and the erection of a Federal building at St. Johnsville, N. Y.; to the Committee on Public Buildings and Grounds.

By Mr. MOORE: A bill (H. R. 10243) authorizing an appropriation for a dry dock at the Philadelphia Navy Yard; to the Committee on Naval Affairs.

By Mr. FOWLER: A bill (H. R. 10244) appropriating \$100,000 to improve the harbor and Ohio River and levee at Shawneetown, Ill.; to the Committee on Rivers and Harbors

Also, a bill (H. R. 10245) providing for the increase of compensation and wages of the officers, employees, and servants in the various departments of the United States Government; to the Committee on Reform in the Civil Service.

By Mr. PORTER: A bill (H. R. 10246) authorizing the purchase of a site and the building of a post office in Pittsburgh, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. MOTT: A bill (H. R. 10247) authorizing the Secretary of War to donate to the Fort Oswego Chapter, Daughters of the American Revolution, of Oswego, N. Y., two bronze or brass cannon or fieldpieces; to the Committee on Military Affairs.

By Mr. WINGO: A bill (H. R. 10248) to prohibit interference with commerce among the States and Territories and with foreign nations, and to remove obstructions thereto, and to prohibit the transmission of certain messages by telegraph, telephone, cable, or other means of communication between States and Territories and foreign nations; to the Committee on Agri-

By Mr. HAYES: A bill (H. R. 10249) to regulate the coming into and the residence within the United States of certain classes of aliens, and for other purposes; to the Committee on Foreign Affairs.

By Mr. HAWLEY: A bill (H. R. 10250) to provide pensions for the officers and soldiers of the Indian wars of the United States which occurred prior to the year 1880; to the Committee on Pensions.

Also, a bill (H. R. 10251) to create the Oregon Caves National

Park; to the Committee on the Public Lands. By Mr. EDWARDS: A bill (H. R. 10252) preventing inter-state shipment, shipment into foreign countries, of heifer calves under age of 18 months, slaughtered, or for the purpose of being slaughtered; to the Committee on Interstate and Foreign Com-

By Mr. STEPHENS of Texas: A bill (H. R. 10253) to amend sections 39 and 111 of the act approved March 4, 1909, entitled "An act to codify, revise, and amend the penal laws of the United States"; to the Committee on Indian Affairs.

By Mr. TRIBBLE: A bill (H. R. 10254) to provide for the erection of a public building in the city of Covington, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 10255) to provide for the erection of a public building in the city of Eatonton, Ga.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 10256) to provide for the erection of a public building in the city of Madison, Ga.; to the Committee on Public Buildings and Grounds.

By Mr. LINTHICUM: A bill (H. R. 10257) to provide for an examination and survey of the Baltimore Harbor and entrances thereto, with a view to increasing the depth and width of the channels to the Chesapeake Bay; to the Committee on Rivers and Harbors

By Mr. FERRIS: A bill (H. R. 10258) authorizing the Secretary of the Interior to sell to the city of Lawton, Okla., a tract of land to be used for watershed and water-supply purposes; to the Committee on the Public Lands.

By Mr. CULLOP: A bill (H. R. 10259) to increase pension for total blindness; to the Committee on Invalid Pensions.

By Mr. GOLDFOGLE: Resolution (H. Res. 338) providing information on the income-tax law; to the Committee on

By Mr. MacDONALD: Resolution (H. Res. 341) directing the House to determine whether certain officers and agents of the National Association of Manufacturers have not been guilty of practices rendering them liable to punishment for contempt;

to the Committee on the Judiciary. Also, resolution (H. Res. 342) directing the House to determine whether, under the report of the Select Committee on Lobby Investigations, Representative James Thomas McDermott has not been shown to be guilty of disgraceful and dishonorable misconduct and venality rendering him unworthy of a seat in the House, and justly liable to expulsion from the same; to the Committee on the Judiciary.

By Mr. ROGERS: Joint resolution (H. J. Res. 167) to enable the Government of the United States to hold in 1915, in connection with the Panama-Pacific International Exposition, the Second Pan American Scientific Congress; to the Committee on

Foreign Affairs.

By Mr. HOBSON: Joint resolution (H. J. Res. 168) proposing an amendment to the Constitution of the United States;

to the Committee on the Judiciary.

By Mr. REILLY of Connecticut: Memorial of the Legislature of the State of Massachusetts, requesting approval by Congress of the boundaries between the States of Massachusetts and Connecticut established by legislation in said States; to the Committee on the Judiciary.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions

were introduced and severally referred as follows:
By Mr. ADAIR: A bill (H. R. 10260) granting an increase of pension to Richard S. Hutchings; to the Committee on Invalid

By Mr. ANTHONY: A bill (H. R. 10261) granting a pension to Francis M. Brown; to the Committee on Pensions.

Also, a bill (H. R. 10262) granting an increase of pension to Michael Cavanagh; to the Committee on Invalid Pensions.

By Mr. ASHBROOK: A bill (H. R. 10263) granting an increase of pension to James Whyde; to the Committee on Invalid Pensions.

By Mr. BOOHER: A bill (H. R. 10264) granting an increase of pension to John P. Bischoff; to the Committee on Invalid

By Mr. BYRNS of Tennessee: A bill (H. R. 10265) granting an increase of pension to Nancy E. Robinson; to the Committee on Pensions.

By Mr. BARTHOLDT: A bill (H. R. 10266) granting a pen-

By Mr. BARTHOLDT: A bill (H. R. 10266) granting a pension to Elizabeth Maurer; to the Committee on Invalid Pensions.
By Mr. CARY: A bill (H. R. 10267) granting an increase of pension to Peter W. Flood; to the Committee on Pensions.
By Mr. ESCH: A bill (H. R. 10268) granting an increase of pension to Henry Sickels; to the Committee on Invalid Pensions.
By Mr. FIELDS: A bill (H. R. 10269) granting a pension to Lula A. Bentley; to the Committee on Pensions.

Also, a bill (H. R. 10270) granting a pension to Wilburn

Also, a bill (H. R. 10210) granting a pension to Wilburn Hall; to the Committee on Invalid Pensions.

By Mr. FITZGERALD: A bill (H. R. 10271) to remove the charge of desertion from the record of Edward Whiteside; to the Committee on Military Affairs.

By Mr. GEORGE: A bill (H. R. 10272) granting a pension to Nana E. Sears; to the Committee on Pensions.

By Mr. HELVERING: A bill (H. R. 10273) granting a pension to Mary C. Windsor; to the Committee on Invalid Pensions. By Mr. JACOWAY: A bill (H. R. 10274) for the relief of W. M. Middleton; to the Committee on Military Affairs.

Also, a bill (H. R. 10275) granting an increase of pension to

Samuel R. Price; to the Committee on Pensions.

By Mr. KREIDER: A bill (H. R. 10276) to place the name of Findlay I. Thomas upon the unlimited retired list of the Army;

to the Committee on Military Affairs.

By Mr. LEWIS of Maryland: A bill (H. R. 10277) to remove the charge of desertion from the record of George Patterson; to

the Committee on Military Affairs.

By Mr. LLOYD: A bill (H. R. 10278) to correct the military record of William A. Viles; to the Committee on Military

By Mr. MAHAN: A bill (H. R. 10279) granting an increase of pension to Margaret McGrath; to the Committee on Invalid

By Mr. MOSS of West Virginia: A bill (H. R. 10280) granting an increase of pension to William B. Miracle; to the Committee on Invalid Pensions.

By Mr. O'SHAUNESSY: A bill (H. R. 10281) granting an increase of pension to Racheal E. Ripley; to the Committee on

Invalid Pensions.

Also, a bill (H. R. 10282) granting an increase of pension to William L. Collins; to the Committee on Invalid Pensions.

By Mr. PETERS of Maine: A bill (H. R. 10283) granting a

pension to Ellen H. Russell; to the Committee on Invalid Pen-

By Mr. RUSSELL: A bill (H. R. 10284) granting an increase of pension to William G. Files; to the Committee on Invalid Pensions.

By Mr. SELLS: A bill (H. R. 10285) granting a pension to

Mollie N. Cape; to the Committee on Pensions.

Also, a bill (H. R. 10286) granting a pension to Harrison Large; to the Committee on Pensions.

Also, a bill (H. R. 10287) for the relief of the heirs of D. C. Dunn; to the Committee on Claims.

By Mr. SHACKLEFORD: A bill (H. R. 10288) granting a pension to Geneva Beha; to the Committee on Invalid Pensions. By Mr. SHERWOOD: A bill (H. R. 10289) granting a pen-

sion to Lizzette Hichborn; to the Committee on Invalid Pen-

By Mr. SHREVE: A bill (H. R. 10290) granting a pension to Mary A. Hird; to the Committee on Pensions.

Also, a bill (H. R. 10291) granting a pension to Marinus N. Allen; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10292) granting an increase of pension Josiah Hadlock; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10293) granting an increase of pension to Henry W. B. Mechling; to the Committee on Pensions

Also, a bill (H. R. 10294) granting a pension to Alice Randall; the Committee on Invalid Pensions,

Also, a bill (H. R. 10295) granting an increase of pension to J. Lyons; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10296) to place the name of Maj. D. H. Strickland upon the unlimited retired list of the Army; to the Committee on Military Affairs.

By Mr. SPARKMAN: A bill (H. R. 10297) granting an in-

crease of pension to Bertha Roesch; to the Committee on Invalid Pensions.

By Mr. TALBOTT of Maryland: A bill (H. R. 10298) granting a pension to William Hinker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10299) granting an increase of pension to William Flynn; to the Committee on Invalid Pensions.

By Mr. TAYLOR of New York: A bill (H. R. 10300) for the relief of the dependent mother of Henry Sloat, deceased; to the Committee on Claims.

By Mr. WILLIS: A bill (H. R. 10301) granting an increase of pension to Jonathan Lydick; to the Committee on Invalid Pensions.

# PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of the National Wholesale Druggists' Association, of New York City, favoring an appropriation by Congress for legalizing reasonable trade agreements; to the Committee on Appropriations.

Also (by request), petition of the Kansas City (Mo.) Association of Credit Men, favoring the appointment of a national flood commission to devise a way of controlling the floods of Mississippi River; to the Committee on Rivers and Harbors.

By Mr. ANSBERRY: Petition of Cotton Belt Lodge, No. 204, Brotherhood of Locomotive Firemen and Enginemen, boro, Ark., favoring the passage of bill (H. R. 103) relative to the regulation of electric headlights on locomotives; to the Committee on Interstate and Foreign Commerce.

Also, petition of the Portland (Oreg.) Chamber of Commerce, favoring the passage of legislation to increase the force of the Office of the Supervising Architect in the Treasury Department for the purpose of relieving the present congested condition; to the Committee on Public Buildings and Grounds.

By Mr. BARTHOLDT: Petition of Tenth Ward Improvement Association of St. Louis, Mo., favoring an investigation into the contract of the Mississippi River Power Co., of Keokuk, Iowa, which furnishes electric power for St. Louis; to the Committee on Interstate and Foreign Commerce.

By Mr. BOWDLE: Resolution of the Business Men's Club of Cincinnati, Ohio, approving the resolution (H. Res. 298) relating to a suspension of naval construction programs; to the Com-

mittee on Naval Affairs.

By Mr. BYRNS of Tennessee: Papers accompanying a bill granting increase of pension to Nancy E. Robinson, widow of Tyre Robinson; to the Committee on Pensions.

By Mr. DALE: Petition of the Floersheimer Co., New York, N. Y., favoring the passage of the 1-cent letter postage rate; to

the Committee on the Post Office and Post Roads.

Also, petition of Local Union No. 96, Journeymen Plasterers'
International Association, Washington, D. C., favoring the passage of legislation to regulate plastering in the District of Co-

lumbia; to the Committee on the District of Columbia.

By Mr. GARDNER: Memorial of the Cape Cod Board of Trade, favoring an appropriation to enable the placing of the proper aids to navigation in the navigable waters of the United

States from Wings Neck to the western charter limits of the Cape Cod Canal, Mass.; to the Committee on Appropriations.

By Mr. GARNER: Petition of the Young Men's Business League of Palestine, Tex., favoring an appropriation for the construction of a deep-water harbor at the mouth of the Brazos River; to the Committee on Rivers and Harbors.

By Mr. JACOWAY: Papers to accompany bill for the relief of W. M. Middleton; to the Committee on Invalid Pensions

Also, petition of citizens of Little Rock, Ark., in behalf of the United States Military Telegraph Corps of the Civil War; to the Committee on Pensions.

By Mr. JOHNSON of Washington: Memorial of the Commercial Club of Ilwaco, Wash., favoring an appropriation for an investigation of the rock supply on the Government reservation near the north jetty of Grays Harbor, State of Washington, for use in the improvement of the north jetty on said harbor; to the Committee on Rivers and Harbors.

By Mr. KENNEDY of Rhode Island: Petition of the Business Men's Association of Pawtucket, R. I., favoring the passage of the bill for 1-cent letter postage on first-class matter; to the Committee on the Post Office and Post Roads.

Also, petition of the Business Men's Association of Pawtucket, R. I., favoring the passage of the Nelson-Madden consular bill; to the Committee on Foreign Affairs.

By Mr. LEVY: Memorial of the board of trustees of the Toledo Commerce Club, favoring a revision of existing patent

laws; to the Committee on Patents.

By Mr. LONERGAN: Petition of the Hartford & New York Transportation Co., protesting against the passage of the sea-men's bill (S. 136); to the Committee on the Merchant Marine and Fisheries

By Mr. MOTT: Memorial of a mass meeting of the People's Institute in Cooper Union, New York City, favoring the widening of the limits of the parcel post to reduce the cost of living; to the Committee on the Post Office and Post Roads.

Also, memorial of the Portland Chamber of Commerce, of Portland, Oreg., favoring the passage of Senate bill 3063, for employment of more people in the Supervising Architect's Office of the Treasury Department; to the Committee on Public Buildings and Grounds.

Also, memorial of the board of supervisors of Jefferson County, N. Y., favoring an increase in the mobile Army; to the Committee on Military Affairs.

By Mr. RAKER: Memorial of the San Francisco Credit Men's Association, of San Francisco, Cal., favoring action by Congress assisting the people in the flood district of the Mississippi Valley; to the Committee on Rivers and Harbors.

Also, memorial of the Chamber of Commerce of Portland, Oreg., favoring the passage of bill (S. 3063) relative to the employment of more people in the Supervising Architect's office of the Treasury Department; to the Committee on Public Buildings and Grounds.

Also, memorial of San Francisco Typographical Union No. 21, of San Francisco, Cal., favoring the passage of bills (H. R. 1873 and S. 927) relative to making lawful agreements between

employers and laborers; to the Committee on Labor.

By Mr. SCULLY: Petition of citizens of the third congressional district of New Jersey, protesting against the passage of bill (S. 136) to increase the equipment and crews on all boats;

to the Committee on Merchant Marine and Fisheries.

By Mr. STEPHENS of California: Memorial of Local No. 64, N. P. P. & B., and San Francisco Typographical Union, No. 21, favoring the passage of the Bartlett-Bacon bill to take labor organi-

zations out of the antitrust act; to the Committee on Labor.

Also, memorial of the San Francisco Credit Men's Association, of San Francisco, Cal., favoring the passage of a bill for flood control in the lower Mississippi Valley; to the Committee on Rivers and Harbors.

By Mr. WILLIS: Papers to accompany bill (H. R. 10232) for the relief of Col. Alfred C. Sharpe; to the Committee on Claims.

# SENATE.

# THURSDAY, December 11, 1913.

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D. SMOOT. Mr. President, I suggest the absence of a

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst Bankhead	Gronna Hollis	Myers Norris	Smoot
Bradley .	Hughes	O'Gorman	Sterling
Brady	James	Overman	Swanson
Brandegee	Johnson	Owen	Thompson
Bristow	Jones	Page	Thornton
Bryan	Kenyon	Perkins	Townsend
Burleigh	Kern	Pomerene	Vardaman
Burton	La Follette	Reed	Warren
Clark, Wyo.	Lane	Robinson	Weeks
Colt	Lea	Sheppard	Williams
Crawford	McLean	Sherman	Works
Dillingham	Martin, Va.	Simmons	
Gallinger	Martine, N. J.	Smith, S. C.	

Mr. KERN. I desire to announce that the senior Senator from Georgia [Mr. Bacon] will be unavoidably detained for an hour or two this morning on account of official business

I also desire to announce that the senior Senator from Colorado [Mr. Thomas] is absent on account of illness. This an-

nouncement may stand for the day.

Mr. THORNTON. I desire to announce that my colleague [Mr. RANSDELL] is absent on departmental business.

The VICE PRESIDENT. Fifty-four Senators have answered to the roll call. There is a quorum present. The Secretary will read the Journal of the proceedings of the preceding session.

The Journal of yesterday's proceedings was read and approved.

## BANKING AND CURRENCY.

Mr. HOLLIS. Mr. President, I desire to give notice that I shall address the Senate upon banking and currency on Friday evening of this week at 8 o'clock.

Mr. ROOT. Mr. President, I submit two amendments to the pending currency bill which I ask to have printed and lie on

I desire to give notice that with the permission of the Senate I shall speak to the amendments, not at any great length, on Saturday morning immediately after the conclusion of the routine morning business.

In submitting the amendments I wish to say that I regard as very good, indeed, a great deal of this bill. I think it will introduce a number of very valuable improvements in our system. I value very highly the assiduity and sincerity and public spirit of the members of the Senate Committee on Banking and Currency, as displayed in the work they have done in considering and preparing amendments to this measure. I think they are entitled to grateful recognition from us all upon both sides, both parts of the committee, and they certainly have it from me. But, sir, I think there are two exceedingly vicious provisions in the bill—one, what I regard as a greenback inflation provision, and the other the provision for the guaranty of bank deposits. Upon these I have submitted the amendments, and shall make some remarks.

The VICE PRESIDENT. The amendments will be printed and lie on the table.

## MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 8667. An act to promote the efficiency of the Naval Militia, and for other purposes:

H. R. 9317. An act to regulate the payment of postal money orders;

H. R. 9318. An act to amend the act approved June 25, 1910, entitled "An act to establish postal savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes;

H. R. 9321. An act to amend the act approved May 9, 1888, as amended by the act of June 11, 1896; and

H. R. 10081. An act to make the tenure of the office of the Major General Commandant of the Marine Corps for a term of four years.

## PETITIONS AND MEMORIALS.

Mr. WEEKS presented a petition of the congregation of the Methodist Episcopal Church of Blandford and Russell, in the State of Massachusetts, praying for the passage of the so-called antipolygamy bill, which was referred to the Committee on the Judiciary.

Mr. WEEKS (for Mr. Lodge) presented a memorial of the Council of Jewish Women, of Boston, Mass., remonstrating against the proposed segregation of races in the Government departments, which was referred to the Committee on Civil Serv-

ice and Retrenchment.

Mr. PERKINS presented a petition of Typographical Union No. 21, American Federation of Labor, of San Francisco, Cal., praying for the enactment of legislation to make lawful certain agreements between employers and laborers and persons engaged in agriculture or horticulture, and to limit the issuing of injunctions in certain cases, and for other purposes, which was referred to the Committee on the Judiciary,

He also presented a petition of the Merchants' Exchange of Oakland, Cal., praying for the enactment of legislation authorizing the Secretary of the Interior to employ necessary architectural aid in the construction of public, buildings, which was referred to the Committee on Public Buildings and Grounds.

## BANKING AND CURRENCY.

Mr. STERLING. I send to the desk a letter from the president of the James Valley Bank, of Huron, S. Dak., and ask that

There being no objection, the letter was read and ordered to

lie on the table, as follows:

JAMES VALLEY BANK, Huron, S. Dak., December 8, 1913.

Hon. THOMAS STERLING, Senate Office Building, Washington, D. C.

Senate Office Building, Washington, D. O.

Dear Sir: I am in receipt of a copy of the currency measure as reported by the committee, and also the minority report, the first of which I received through your kindness and for which I thank you. It seems to the writer that by all means the stock in the Federal reserve association banks should be subscribed and paid for by the general public so far as possible. I firmly believe that a great many persons would myest small amounts in stock of this nature on a basis of 5 per cent earnings without any desire or expectation of having even a voting voice in the management, and it seems to me that it would be far preferable to do this entirely than to force the banks to take the stock first and then open the books to the general public for subscriptions.

It has seemed to me always to be unfair to the bankers of the country, who have put in a great deal of time and money in building up a business under a national charter, to practically compel them to surrender that charter within one year's time because they did not choose to be forced into an investment as is contemplated in the proposed bill.

With best personal regards and wishing you every compliment of the season, I remain,

Sincerely, yours,

R. E. Cone, President.

## BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. STONE:

A bill (S. 3625) to authorize the Missouri, Kansas & Texas Railway Co. to construct a bridge across the Mississippi River near the city of Hannibal, in the State of Missouri; to the Committee on Commerce.

By Mr. SHEPPARD:

A bill (S. 3626) for the relief of the estate of Lemuel Thomas, deceased; to the Committee on Claims.

By Mr. WEEKS (for Mr. Lodge):

A bill (S. 3628) granting a pension to Corda P. Gracey; and A bill (S. 3628) granting an increase of pension to Alvin Woodman (with accompanying papers); to the Committee on Pensions.

A bill (S. 3629) granting an increase of pension to Isabella H.

Dealing (with accompanying papers); and A bill (S. 3630) granting an increase of pension to Mary F. Chamberlain (with accompanying papers); to the Committee on Pensions.

By Mr. SHIELDS: A bill (S. 3631) to provide for the appointment of clerks of the courts of the United States, to fix their terms of office and compensation, and require them to make reports of funds received and disbursed by them, and for other purposes; to the Committee on the Judiciary.

By Mr. RANSDELL:
A bill (S. 3632) providing for the eradication of the cotton boll weevil; to the Committee on Agriculture and Forestry.

By Mr. SHERMAN:

A bill (S. 3633) for the relief of the legal representatives of Daniel J. Snow; to the Committee on Claims.

A bill (S. 3634) granting an increase of pension to William J.

Keen: and

A bill (S. 3635) granting an increase of pension to William Green; to the Committee on Pensions.

By Mr. HUGHES:
A bill (S. 3636) granting an increase of pension to Edgar A. Hamilton; to the Committee on Pensions.

#### EMPLOYERS' LIABILITY BILL.

Mr. OVERMAN submitted an amendment intended to be proposed by him to the bill (S. 959) to provide an exclusive remedy and compensation for accidental injuries, resulting in disability or death, to employees of common carriers by railroads engaged in interstate or foreign commerce, or in the District of Columbia, and for other purposes, which was referred to the Committee on the Judiciary and ordered to be printed.

## PROSECUTIONS UNDER WHITE-SLAVE ACT.

Mr. JONES. I submit a resolution and ask for its immediate consideration.

The resolution (S. Res. 235) was read, as follows:

Resolved, That the Attorney General of the United States be, and he is hereby, directed to advise the Senate what instructions, if any, have been sent to the United States district attorneys for the various districts in the State of Washington relating to the enforcement of the act of Congress, commonly known as the Mann white-slave act, and whether or not instructions have been given to the United States attorneys for said districts not to prosecute any cases under said act, except those of an international character.

The VICE PRESIDENT. The Senator from Washington asks unanimous consent for the present consideration of the resolu-

Mr. KERN. I object.

The VICE PRESIDENT. Objection is made, and the resolution will go over under the rule.

RECEIVER OF PUBLIC MONEYS AT SPRINGFIELD, MO.

The VICE PRESIDENT. The morning business is closed. Mr. MYERS. I did not hear the order of committee reports.

was called out of the Chamber for a moment. I ask leave that may submit a report from the Committee on Public Lands.

The VICE PRESIDENT. The Chair will receive the report out of order

Mr. MYERS. From the Committee on Public Lands I report back favorably without amendment the bill (S. 3403) to abolish the office of receiver of public moneys at Springfield, Mo., and for other purposes, and I submit a report (No. 140) thereon. I call the attention of the Senator from Missouri to the bill.

The VICE PRESIDENT. The bill will be placed on the cal-

endar.

Mr. STONE. If it goes to the calendar, it is all right; but I was about to ask unanimous consent for its consideration.

The VICE PRESIDENT. The Chair simply made the formal order, not observing that the Senator from Missouri had risen to the bill and therefore will recall it.

Mr. STONE. I should like to have the bill considered. Mr. MYERS. It is a very simple bill. I am satisfied It is a very simple bill. I am satisfied no one will object to it, and that it will not take half a minute to dispose of it.

Mr. STONE. I ask unanimous consent for the present consideration of the bill.

The VICE PRESIDENT. Is there objection?

Mr. NORRIS. Is this the bill relating to the Springfield, Mo., land office?

Mr. MYERS. It is. Mr. NORRIS. The bill has not been considered by the committee, and the report has been made without a meeting of the committee.

Mr. MYERS. This bill proposes to abolish an office. Being such an unusual bill, I think it ought at once to receive favorable attention from everybody. There is only one land office in the State of Missouri, and I am informed that the salaries of the officers and the expense of running that office are wholly unnecessary. The Senator from Missouri [Mr. STONE] can state how much public land there is now in the State of Missouri-I think about as much as you could put in your pocket. The bill provides that the land office shall be abolished by the end of this year. In order to do that we must get quick action on the bill and get it over to the other House. I admit that there was no formal meeting, but that the committee was polled.

I have been trying to get a meeting of the committee, but could not get one under the circumstances, until the currency bill has been disposed of. I desire to say that I do not favor polling committees on bills of any importance, and so long as I am chairman of the Committee on Public Lands I can assure Senators it will never be done on any bill as to which there can be any serious difference of opinion. Here, however, is a little bill to abolish a very insignificant office. It must be done, if done at all, by the 30th of this month; and I will admit that in this instance I polled the committee, and a majority of the committee indorsed the bill. These are the facts.

Mr. STONE. If Senators will pardon me, we could dispose of this matter by letting the bill go to the calendar. What the Senator from Montana says about it being necessary to pass the bill by the end of the month is all right, but we can amend the bill in that particular when we take it up. Just let the bill go to the calendar.

The VICE PRESIDENT. The bill will go to the calendar. Morning business is closed, and the calendar under Rule VIII is in order.

## HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to the Committee on Naval Affairs:

H. R. 8667. An act to promote the efficiency of the Naval

Militia, and for other purposes; and H. R. 10081. An act to make the tenure of the office of the major general commandant of the Marine Corps for a term of four years.

The following bills were severally read twice by their titles and referred to the Committee on Post Offices and Post Roads:

H. R. 9317. An act to regulate the payment of postal money

H. R. 9318. An act to amend an act approved June 25, 1910, entitled "An act to establish postal savings depositories for depositing savings at interest with the security of the Government for repayment thereof, and for other purposes; and

H. R. 9321. An act to amend the act approved May 9, 1888, as

amended by the act of June 11, 1896.

## BANKING AND CURRENCY.

Mr. BURTON. Mr. President, I gave notice that I would address the Senate immediately after the close of routine morning business this morning, but as I understand the senior Senator from Missouri [Mr. STONE] would like to address the Senate for a time, I shall be glad to yield to him if he so desires.

Mr. OWEN. I move that the Senate proceed to the consideration of the banking and currency bill.

The VICE PRESIDENT. Is there any objection? The Chair

hears none.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. OWEN. Mr. President, I advise the Senator from Ohio [Mr. Burton] that the Senator from Missouri [Mr. Stone] is not

prepared at this moment to take the floor.

Mr. BURTON. The Senator from Missouri saw me a very few moments ago and stated that he desired to proceed. However, I am entirely ready to go ahead now.

Mr. OWEN. The Senator from Missouri stated just a moment ago that he was not ready to go on, as he did not expect to have the measure come up so early.

Mr. BURTON. Very well, then, Mr. President, I will proceed

in pursuance of the notice I gave on yesterday.

The VICE PRESIDENT. The Senator from Ohio is recog-

Mr. BURTON. Mr. President, I desire to address the Senate particularly on the question of regional banks as contrasted with a central institution.

Mr. President, I enter upon the discussion of this subject with some hesitation because of the conditions existing under the resolution adopted by the Senate for sessions lasting for 11 hours. Members of the Senate are wearied by long attendance. Much worse than this, however, is the inability to obtain that degree of attention which would be given in case normal hours were the rule.

I quite agree with those who have stated that the bill now pending presents questions as important as any which have received consideration from Congress since the Civil War. While I do not share the opinions of those who regard our banking system as altogether faulty, it nevertheless is deficient in essential particulars. It is difficult to command the interest of the people in this subject, which is technical in its nature, and requires the most elaborate consideration to avoid grave errors. These errors are liable to be crystallized into substantive law because of the insistence of selfish interests and the general prevalence of fallacious views on the subject of money and

From the very foundation of the Republic, and even before, there has been no topic upon which we have so frequently gone astray as upon that relating to currency and banking. worth while to quote frequently the words of John Adams in a letter written from Holland in 1787 to Thomas Jefferson, in which he said:

All the perplexities, confusions, and distresses in America arise not from defects in their Constitution or Confederation, not from the lack of honor or virtue, so much as from direct ignorance of the nature of coin, credit, and circulation.

Not only was this true then, but we have a most distressing record of errors in our financial policy all along the line, including various mistakes in legislation which now are universally recognized and find no defenders. Actuated by the necessity for financial reform and spurred on by the crisis of 1907, the National Monetary Commission commenced in 1908 a most elaborate examination of this subject. The result was a library affording a mine of information surpassing in comprehensiveness and value any previous list of publications on monetary and banking topics. No one who has read the hearings before the Senate Committee on Banking and Currency can fail to recognize the incalculable value of the information obtained or the industry and patriotic interest of the members of the committee. These hearings show the advantage of a discussion upon a definite, concrete proposition, such as was presented by the bill which passed the House. Almost every phase of opinions on monetary questions was represented. While no opinions on monetary questions was represented. doubt some of those who appeared before the committee presented little of permanent value, all the material obtained is valuable because it represents the viewpoint of American citizens anxious to aid in the solution of the important problems which are pending.

There are several propositions before the Senate which may be generally described as included under two classes: First, for a regional bank system, for which two bills have been introduced, one-the Owen bill-provides for not less than 8 nor more than 12 district or regional banks; the other-the Hitchcock bill-for 4, with authority to increase that number after two years. In the second class a bill has been introduced providing for a central bank with branches. In all pending propositions it is contemplated that an official board appointed by the President shall exercise a greater or less degree of

There is little question concerning the reforms which should be secured by banking and currency legislation. These reforms are based upon the defects and limitations of the system. They are, first, to provide means for the mobilization and utilization of reserves; second, to make provision for necessary expansion and contraction in the volume of circulating notes. To these I would add a third, which has not occupied so prominent a place in this discussion, namely, the regulation of international exchanges, especially the export and import of gold. For accomplishing proper results in this regard methods must be established for raising and lowering rates of discount in response to conditions and with a view to future contingencies. It must be conceded that in all three of these features our banking laws are notably lacking. Barring these defects we have a banking system which, in its general features, may challenge comparison with that of any nation. A credit structure has been established which involves the handling of \$25,000,000,000. Save in times of unusual stress, accommodations are extended to borrowers as freely as in any country of the world. There are certain distinctive features which characterize it. Our banking laws are based very largely on that idea of freedom of individual action and initiative which is characteristic of American business life. It has been regarded as desirable both in National and State legislation to allow the freest opportunity to those who may desire to enter the banking business.

As one result the rule has been the independent organization of separate institutions. The branch banking system has not been favored. There are in the United States, according to the recently issued report of the Comptroller of the Currency, 29,254 banks, of which 7,473 are national. Of the remainder there are 18,520 State banks reporting to the comptroller and 3,261 so-called nonreporting banks. It may be remarked in this connection that more than 20,000 State banks and credit institutions conduct their business under the divergent laws of 48 different States. As a consequence this country is confronted with a problem of banking and currency reform unique in the history of banking and unprecedented in the character and the number of complications to be dealt with.

Mr. President, in approaching this subject, we can not overlook the fact that in this country we have a great variety of banking laws, different rules for organization, different rules as to reserves, and varying laws as to rates of interest and penalties for charging illegal rates. In a country in which the banking business has been in some degree concentrated the

problem is much simpler than in our own.

In comparison with the very large number of independent banks in the United States there are in the Republic of France only 27 separate institutions, of which the larger banks have very numerous branches. More than half the capital belongs to four institutions, and perhaps four-fifths of the deposits are held by them. These are the Bank of France, the Crédit

Lyonnais, Société Générale, and the Comptoir d'Escompte de Paris. In Germany there are only 421 independent banks, many of them with branches. In Canada there are 29 chartered

banks, with 2,200 branches.

I am far from saying that the passage of either the so-called Owen bill or the Hitchcock bill might not be a benefit to the country and improve its banking facilities. Throughout each proposed measure there appears a careful recognition of the defects of our present system, a sincere and earnest desire to make our banking system what it should be. Nevertheless, it seems to me that both of these measures contain serious defects and fall far short of promising the beneficial results which could be secured. The success of either bill must depend in large degree upon two things: First, the extent to which existing institutions may become members under the plan, and, second, the quality of the men chosen as members of the proposed Federal reserve board. Should either of these bills become a law, or, indeed, any bill providing for a board of Government directors, the responsibility for the exercise of the appointive power resting upon the President will be greater than in any exercise of the appointive power since the time of President Lincoln. The making or marring of our whole financial system would depend very largely upon the men chosen, for the power lodged in them is enormous—I may say, almost limitless. It involves a degree of control over what has been regarded as private enterprise to be managed by the individual owners of capital invested far and away greater than anything ever yet attempted in this country. The plan seems to afford a prece-dent for the selection of Government officials to have super-vision and management of industrial and commercial enterprises. While this may make the conservative pause, it is fitting that every effort be made to pass the best bill possible.

In addition to the complications which arise from our diversified system of banking, there is serious difficulty from the motley quality of our currency. We have seven forms of circulating medium—gold coin, silver coin, gold certificates, silver certificates, United States notes or greenbacks, national-bank notes, and Treasury notes under the act of 1890 which were issued against purchases of silver bullion, only a small amount of which remain outstanding. To these must be added the subsidiary

silver.

Of gold coin there is, according to the best estimates in the country, between \$1,700,000,000 and \$1,800,000,000, the largest stock of gold of any nation on the globe. Of this amount about \$1,114,000,000 is deposited in the Treasury and is represented by gold certificates. Of the silver dollars there are approximately \$560,000,000, of which \$491,000,000 are represented by silver certificates. We have national-bank notes to the amount of approximately \$735,000,000. Of the Treasury notes under the act of 1890, there are about \$2,700,000. The greater part of the very large amount issued under this act, which continued in force from June or July, 1890, until the autumn of 1893, has been retired by the coinage of the silver bullion into silver dollars.

Mr. ROBINSON. Mr. President, will the Senator yield for a

question?

Mr. BURTON. Certainly. Mr. ROBINSON. What was the amount of silver certificates

stated by the Senator?

Mr. BURTON. My recollection is \$491,000,000. That is approximately the amount. I may say in this connection that it is very difficult to carry all of these figures in the memory, because successive statements show changes in the amounts, and when two different statements are found in different documents issued at different dates a confusion results which makes it very difficult to remember either with exactness

Mr. ROBINSON. What was the item of \$2,700,000? Mr. BURTON. About \$2,700,000 of Treasury notes. I have not the last statement before me, but I think that is the amount of Treasury notes issued under the act of 1890 which are now

Mr. O'GORMAN. Mr. President, the Senator from Ohio has quite correctly stated that the gold held in the United States aggregates almost \$2,000,000,000. Is it not a fact that that represents about one-sixth of the entire gold in the world?

Mr. BURTON. Yes; it represents at least one-sixth. Mr. O'GORMAN. I only venture to make this inquiry at

Mr. BURTON. I am much obliged to the Senator, because that fact emphasizes the strong position which we should occupy. Mr. SHAFROTH. Mr. President-

Mr. BURTON. If the Senator from Colorado will excuse me, I see that according to the latest statement the amount of Treasury notes outstanding is \$2,571,000, which is slightly less than the figure I gave.

Mr. SHAFROTH. That is correct. I was about to call attention to it. The statement of the amount of silver certificates outstanding is \$491,354,000.

Mr. BURTON. Precisely.

Of the greenbacks there are \$346,000,000 outstanding, sustained by a gold reserve of \$150,000,000. To all these must be

added the subsidiary silver.

The complexity caused by these different forms of money is still further accentuated by the different limitations and qualities assigned to them. Some forms are legal tender, while others very similar in their nature are not. For example, gold and silver dollars are legal tender, while gold certificates and silver certificates are not, though they are available for the reserves of banks.

What are the arguments in favor of a central bank? In the first place, there is an overwhelming argument from the practically universal policy of all the more advanced nations of the world, both in older and younger countries, whose people have considered these problems and passed through the same alternations of depression and prosperity, of depreciated currency and of sound money, which we have experienced. The adoption of a central bank by all of them has been an evolution, the result of trial of other methods. The principle has been adopted by nations so different in political institutions as Russia and Switzerland, so remote in locality as France and Japan, of such world-wide commercial relations as Great Britain, and of such small or limited operations as the Republic of Bolivia in South

It is idle to say that it is to any extent an incident of absolute government or kingly authority. The sturdy Boers of the Transvaal Republic established a central bank before the conflict with England at the close of the last century. Switzerland, with its well-established system of cantonal and private banks, voted on this subject by a referendum.

At first, on a vote on the 28th of February, 1897, it was rejected by a vote, I believe, of 255,000 against and 190,000 in favor of such an institution. It was afterwards adopted.

The following is a partial list of central banks, with the dates of their organization:

The Swedish Bank, established in 1668.

The Bank of England, established in 1694, with vital changes in the charter 150 years later, in 1844.

The Bank of France, in 1800. The Bank of Finland, in 1811.

The Bank of the Netherlands, in 1814.

Norges, or the Bank of Norway, in 1816.

The Danish Bank, in 1818. The Bank of Portugal, in 1822. The Bank of Spain, in 1849.

The Bank of Belgium, in 1850. The Imperial Bank of Russia, in 1860, remodeled in 1886

The Imperial-Ottoman Bank of Turkey, in 1863.

Notwithstanding the backward condition of this country and the unusual emergencies, political and otherwise, which have arisen within its borders, Turkey has a central bank suited to meet the usual conditions of trade. This has been of very great benefit, not only to the national credit of the country but to its business as well.

The Reichsbank of Germany, in 1876. The Austro-Hungarian Bank, in 1878. The Bank of Roumania, in 1880.

Japan, entering the family of civilized nations, established a central bank in 1882.

Persia established an Imperial Bank in 1889.

Italy, in 1893.

Switzerland, in 1905.

may say there has been no tendency in politics or business or in finance more uniform and more universal than that toward a central bank for the mobilization of reserves and the control of the note-issuing privilege.

The following countries also have the central-bank system: Abyssinia, Algeria, Argentina, Australasia, Bolivia, Brazil, Bulgaria, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, Egypt, Greece, Guatemala, Haiti, Honduras, Mexico, New South Wales, New Zealand, Nigeria, Queensland, Salvador, Servia, Tasmania, Uruguay, Venezuela, Victoria, and another bank, the last of all, in West Africa.

The stock ownership and management of these banks present wide varieties. For instance, the stock of the Bank of Sweden is owned exclusively by the Government. The Reichsbank, or Imperial Bank of Germany, was preceded by the National Bank of Prussia, the stock of which was owned by the Government. In the case of the Bank of England and the Bank of the Netherlands, the stockholders select the directors and officials, with a minimum of governmental control, though each bank has practically the exclusive right of note issue in the country and carries the deposits of the Government.

The Bank of Switzerland, one of the most recently established central banks, organized within less than 10 years, has a directorate of 40 members. Fifteen are chosen by the stockholders and 25 by the Bundesrath, or executive council of 7.

Prior to the formation of the Imperial Bank of Germany 31 banks in the constituent States of Germany had the privilege of note issue. This privilege has been for the most part concentrated, so far as bank issues are concerned, in the national bank. There is a small amount of Government currency still outstanding in that country, a heritage from the note issues of the different States prior to the formation of the Empire.

The reason of this, however, was due to tradition, a recognition of existing conditions, rather than the result of any settled plan.

Generally speaking, we may say that a central bank in this country would be like an army mobilized at one point, its whole power is instantly available for defense. It would secure immediate action without the delay or red tape of officialdom, as illustrated by the action of the proposed Federal reserve board. A bucket of water instantly applied is more efficient in preventing a conflagration than a whole fire department in subduing it after the lapse of a little time.

Surplus funds received from one section may be applied to loans whenever needed in another section with no resultant strain. In such a case a central bank would be only the intermediary clearing house for one section having a surplus to lend to another which was in need. Spreading over a vast area in its operations, it permits this balancing of varying surplus and

A demand developing in one section would be met quietly and without arousing apprehension. The statements published would be a composite or resultant of the consolidated surpluses and deficiencies of the entire country. With several regional banks, any section in need would show a regional bank under strain, with apprehension aroused in the minds of those not trained to comprehensive views. Apprehension could easily cause a serious situation, difficult to meet, when actually no cause for distrust existed. Managers of a central bank, constantly viewing the conditions of the country as a whole, would have a broader training that would enable them to shape their policy with greater intelligence. With knowledge, too, of both national and international conditions, their course would be shaped with greater wisdom in the light of domestic as related to foreign conditions.

The control of foreign exchange and greater power to protect the gold supply, the greater credit and prestige abroad, would enable a central bank not only to better protect our commerce but also to furnish more aid to our Government if occasion should arise.

The unquestioned strength of such an institution would eliminate the contention for the Government guaranteeing the bank notes. A Federal reserve agent would not have to be chosen to hold the collateral of regional banks to assure the meeting of their obligations. The Secretary of the Treasury would not have to exercise the perplexing and possibly dangerous discretion of locating the Government deposits or shifting them at will with resultant danger of discontent and disturbing results. It would make easy of solution the complex problem of 2 per cent bonds and national-bank-note circulation; would assure general participation by banks because of their greater faith in the success of such a plan; would avoid the political pressure to be invoked, with regional banks to compel interlending, rendering unstable plans for maintaining reserves, the certainty of which can alone give such stability as will make an open dis-count market possible. With a central bank, a broad discount market would be assured, and nothing would be more helpful to commerce.

In the all-important point of mobilization of reserves there are manifest advantages in one institution. In every time of crisis and stress the most distinctive feature of American banking has been the eager, sometimes disgraceful, scramble of each separate institution to maintain a sufficient reserve for itself. Different localities have labored to fortify themselves at the expense of each other instead of working in harmony as they would under one central institution. This tendency would not be destroyed, even if it were somewhat mitigated, in case a plurality of institutions is still maintained, because the avowed object of the proposed regional plan is to provide facilities for different regions of the country and maintain the distinct and independent existence of a variety of institutions, each caring for a well-defined locality, and intended to carry the deposits and resources of that region.

I say, Mr. President, that the scramble between banks might perhaps be lessened by having 8 or 12 regional institutions; but I think, under the plan proposed, that even this statement must be made with a certain degree of reservation. As it is now, with our great multitude of banks, each institution works for itself, but with complete and voluntary control of its own busi-The pressure which is now brought by one bank to secure reserves by withdrawing funds from another will be in a measure transferred to the Federal reserve board, upon which, if human nature continues as it is now, an attempt will be made to bring political pressure to bear on behalf of one region as against another. It must be conceded that if you have these separate, scattered institutions there must be some authority to effect an adjustment between them. Perhaps the so-called Federal reserve board is the only way by which this can be accomplished, but it is in itself a recognition of the necessity for cen-It furnishes the strongest possible argument for one central bank, because it concedes in unanswerable language that they must all work together-if not by voluntary cooperation, if not by carrying out the ordinary laws of finance in the adjustment of balances, then it must be under compulsion exercised by a set of officials appointed by the President.

Mr. BORAH. Will it interrupt the Senator to allow me a

Mr. BURTON. I yield with pleasure to the Senator from

Mr. BORAH. If the proposition which we have before us is efficient, is workable, and accomplishes all its friends hope, it must necessarily work and be efficient by reason of the fact of its centralized power, and it becomes in fact, though not in name, a central bank.

Mr. BURTON. It has a certain similarity to it.

Mr. BORAH. In so far as it is successful and is a workable proposition it must be a central bank. That is to say, if the central board exercises the power as it should, and as efficiently as it should, it is the same as if it were a central bank oper-

Mr. BURTON. You can not make it the same as a central bank. Let me suggest a very simple illustration. Suppose there are two banks, one located at Chicago and one at New York, the leading financial centers of the country. Each is required to maintain a reserve. The New York bank calls on the Chicago bank for a balance, say, half a million dollars. The Chicago bank transmits that balance. That deducts the reserve from the Chicago bank, half a million dollars, and adds it to the one in New York. It weakens the position of the Chicago bank and strengthens that of the New York bank. Under a central institution that \$500,000 would count as a reserve of the whole institution. There would be no derangement; there would be no injury to any portion of the country.

This bill contains as its central idea regional banks to provide for different portions of the country, but in other provisions it seeks to overcome the defects which must inhere in distinct institutions with their separate organizations, their different interests, and, I may say, their rivalries. But the point is that when you establish these separate agencies you decentralize reserves. You fail to obtain that strength which would result from one central institution, one place where reserves could be mustered and where they would be available for use by the whole country as needed, and that, too, without friction, loss of time, or the exercise of compulsion.

Mr. WEEKS. The Senator does not object to being interrupted?

Mr. BURTON. No, sir; I do not. Mr. WEEKS. I should like to suggest one other difference which seems to me to be vital. If a single bank is organized. the operations of that bank will be limited by law. There will be a homogeneous practice by the officers of the bank. In the establishment of a number of banks bringing them under one head, as is proposed in this bill, by authorizing a reserve board we are giving to this reserve board certain qualities which are dependent upon the character of the board itself. In other words, we are placing in the hands of individuals vital functions connected with banking, which, if we had one bank, would be legal provisions and could not be deviated from in any way. Will not that very fact bring about dissatisfaction and quite likely injustice, which will subject the whole system to more or less discredit?

Mr. BURTON. I hope not, but I fear it will. I shall have something to say later on the subject of possible collisions between the different banks.

O'GORMAN. Mr. President-

Mr. BURTON. In any event, it would be best to have the management of our reserves, as far as possible, determined by substantive provisions of law, by universal rules easily understood, rather than by this method, under which there must be constant resort to the more or less arbitrary discretion of

As I understand the banking business, each bank desires to manage its own affairs. It does not like to have some official intervene and say, "You have been making loans in such and such amounts; you may be following a conservative policy, but you must take part of your assets and loan them to some other bank, managed by a different set of men, with different ideas, less regardful of those principles of caution and conservatism which will strengthen any bank."

I will be glad to yield to the Senator from New York.

Mr. O'GORMAN. I wish to make only this inquiry. were to have a central bank in the United States similar to many of the European central banks referred to, would the power of the officials regulating and controlling the central bank be any less than the power now confided by the pending bill to the Federal reserve board?

Mr. BURTON. It would not be less, at least in the language of any statute we might draw on the subject, but the conditions with which they would have to deal would be so radically different as to obviate the necessity for the exercise of arbitrary power. It would avoid the necessity of keeping track of 8 or 12 independent institutions representing different localities,

each with its various ideas.

Mr. O'GORMAN. But the Senator understands that under the provisions, surely of the Owen bill, and, I think, of the Hitchcock bill, the Federal reserve board has conferred upon it almost absolute power to control every phase of this proposed regional-bank system. Every act discharged by the officials of any one of the regional banks, whether there be 4 or 6 or 8 or 10, must secure the approval of the reserve board in Washington. Indeed, the power of the reserve board under both these bills is so broad and comprehensive that it is no exaggeration to say that either of these plans embodies the virtues of a central bank, because there is a centralized power dominating every phase of the entire system.

The only real difference that can be pointed out between the central banks of Europe and the plan proposed by either of these bills is that the reserve board sitting in Washington will not have the physical immediate possession of reserves; but it has the equivalent. It has the power to give an order to any one or to all the reserve banks, so that its control for purposes of regulation or supervision is absolute and untrammeled.

Indeed, the whole proposed plan might very well justify the statement that however it may be described in the bill, either plan contemplated is a central bank, because the great feature of a central bank is the centralization of control and of power, and that feature distinguishes either one of these bills.

Mr. BURTON. Mr. President, I can not agree with my friend the Senator from New York. His argument is virtually that, in effect, this is a central bank. How can you have a central bank when you have eight different regions, and when the very principle of your bill is to avoid centralization and to have separate institutions to provide for the respective needs of different parts of the United States; also where it is absolutely impossible, even with an all-powerful Federal reserve board, to make the reserves of any one bank count as reserves of any other?

The Senator then adds that the central board has a control by which it must revise each step taken by these different banks. Under such a system, Mr. President, where you have the various interests of each locality to look after, in which will be separate directors, with their diverse ideas as to lending and borrowing money and as to the management of banking business, you could never find men so gifted nor so able that they could control the system as they could with one central institution. A man with the eyes of Argus or the arms of Briareus would not be able to fulfill that task.

I may say in passing that if they are to be entirely under control of the Federal reserve board, why not say so in your bill and make the directors of regional banks mere agents for this central institution? Why give them any initiative or any control if they can only exercise their powers when it meets with the approval of a Federal reserve board?

Mr. O'GORMAN. May I answer your question?

Mr. BURTON. Certainly.

Mr. O'GORMAN. The plan devised would seem to me to be far more meritorious than the strictly central bank for which the Senator from Ohio contends, because with a central bank in Europe there is one central board whose word is absolute, whose aid throughout the system must come from employees and subordinates. This, I suggest, is an improvement upon that system, retaining all its virtues, because we have a central board in Washington which, as I have said, is absolute in its author-

ity; but that board has the aid and cooperation, under this system, of bankers, of representative business men, in each of the 4, 6, 8, or 10 sections of the country where a reserve bank may be located.

It does seem to me that the result of the cooperation of the reserve board in Washington, with the intelligent action of bankers and business men, not employees, throughout the country, will promise better results than if the whole system was to be dominated by a board in some central spot to be dependent for its information upon such reports as might come to it from time to time from its salaried employees.

Mr. BORAH. May I ask the Senator a question? Mr. BURTON. Certainly.

Mr. BORAH. I suppose the Senator's argument leads to the conclusion that in a conflict of power or judgment the ultimate power and the ultimate judgment rests in this central board. It is the centralized power to ultimately decide.

Mr. O'GORMAN. Yes.

Mr. BORAH. Then I get back to the proposition which I originally submitted. If this proposition works efficiently and accomplishes all that it is designed to accomplish, it must inevitably in the end come to be in its operation and in its effect a central bank. It is a central bank owned by the banks, but nevertheless in its operation and its power it is centralized under this board; and, according to the argument of the Senator from New York, whatever appears upon the statute, however it appears upon the face of the law, in its final working operation it must come to be a privately owned central bank-a bankowned central bank.

Mr. BURTON. Mr. President, that is impossible under the bill owing to the separate capital, the separate reserves, the bill owing to the separate capital, the separate reserves, the separate organization and line of action contemplated under this bill. The whole question, I will say, referring further to the remarks of the Senator from New York, is between that harmony and subordination, which would exist under a central bank, and independence and probably repulsion under such a plan as this. How valuable is the advice of these different directors going to be? Suppose a situation arises where the directors of our regional bank ask the Federal reserve board to require another regional bank to make them loans, and the directors of the second regional bank ask that they be not required to do so. Can it accept the advice of both? board must side with one and take a stand against the other. Its constant duty would be that of deciding disputes which, under a central organization, would never arise.

Mr. SHAFROTH. Mr. President

Mr. BURTON. I shall be glad to yield to the Senator from Colorado.

Mr. SHAFROTH. I should like to ask the Senator from Ohio whether the district system which is proposed in the bill has not this virtue? We know that wherever a bank is located the natural tendency will be to favor the locality to a large extent where the directors are. They magnify the importance of the questions there. Consequently, when you have one board located in New York or in Washington, for it would be in one of those places, we out West fear that they would overlook our portion of the country and not give us the proportion of discounts to which we might be entitled. In other words, when an application is made for discounts or currency the things that are uppermost in their minds are the conditions that immediately surround them. Of course, they have somewhat of an enlarged view, but, notwithstanding that, they naturally are interested more in the conditions immediately surrounding them. On that account we have feared that the accommodations of a central bank would naturally gravitate to its part of the United States, which would be to the detriment of the other sections of the country. But when you have separate reserve banks, absolutely loyal to the interests of the districts which they represent, clothed with the power to give discounts to the banks of their section, there is going to be no discrimination against those people in favor of some other section of the United States. I will ask the Senator whether there is not something in that consideration? Then I will ask him another question.

Let me answer that first.

Mr. SHAFROTH. All right.

Mr. BURTON. Do you suppose with a central institution there would exist any partiality for one section when a board is appointed representing all parts of the country and having in mind the interests of every portion of it? If you think there should be this equal right in all the several sections, why do you recognize varying rates of interest in the various districts or portions of the country? Why not frame rules that for the same class of loans the rate of interest shall be the same?

In the bill which I have introduced I have inserted a provision that up to 20 per cent of the capital of a member bank the rate of interest shall be the same. I believe that is fair. If we establish an institution of this kind, let it be a national institution. If the Government is to put its money into this bank, let that money be available on equal terms to every county and every hamlet in the United States if they bring in the proper security. But instead your plan breaks down at the very beginning. It contemplates different rules in the separate districts. It provides for various rates of interest in the different regions. It provides that money or credit shall be transferred not from a central reservoir, but through the cumbersome process under which one regional bank makes a demand upon another, to be determined by an arbitrary decision by an official board on that application.

I want to say further, in answer to the question of the Senator from Colorado, that in the countries in which central banks have been established there exists the most perfect provision for every part of the country. Take the Bank of France. That institution has some loans that seem to us absurdly small, even as low as 5 francs or \$1. It has in all a million separate loans. You do not hear any complaint in France that the bank does

not provide for the remote portions of the country.

Even if at the beginning the central bank system, like any new organization, might not work perfectly, nevertheless, with a central board responsible to the Nation and to all its people, an opportunity would be afforded for the most perfect provision for every State and locality in the Union simply, without repulsion and without the necessity for red tape, and the inevitable dissatisfaction which is sure to occur under this compulsory

Mr. SHAFROTH. I want to say just a word as to the answer which the Senator has made. Most of his answer has been as to the rate of discount being uniform. As to that the Federal reserve board has control, and it can make the rate of discount the same as to certain classes of security just exactly the same as a central bank. It may be that it may not watch interest rates as closely, but we have no right to suppose that the members will neglect their duty.

Mr. BURTON. Let me suggest to the Senator from Colo-

rado how they are handicapped under your regional system. Suppose you start out with eight regions. Some of those will be constantly debtor and others will be constantly creditor localities. You stake them off separately. Here are districts 1, 2, 3, where there is a surplus of funds most of the year, and districts 4, 5, 6, where there is a deficiency of funds. that separate organization, do you believe you can make the rates of interest the same as you would if this money were all in one central reservoir and went wherever it was demanded in the whole country for the same class of loans?

Mr. SHAFROTH. Inasmuch as the Federal reserve board has a right to compel a bank in a district that has a surplus

of funds to rediscount the paper of another reserve bank, with the additional indorsement of the reserve bank of the district, which would make it absolutely safe, I can not see that there is much difference between the situations in that respect.

Mr. BURTON. The trouble is you are starting off with a system which emphasizes those differences and divides the country up into debtor and creditor districts. Such an ar-

rangement is faulty on its face.

Mr. SHAFROTH. Yes; but there are other features which, it seems to me, emphasize the importance of those districts. One is the treatment of the district itself. It is human nature to magnify the conditions that immediately surround us. have a central bank, you can readily see that the result we have a central bank, you can readily so the people imme-will be that the necessities or the needs of the people immediately surrounding the central bank will be magnified. is where the securities are going to be discounted more liberally than they will be in the case of far-distant portions of the United States.

Besides, of course, the difficulty of coming from the Pacific coast to the eastern coast of the United States for the purpose of making discounts is something that is bound to be inconvenient. It may be that you may have branch banks; that is true; but a branch bank is always subservient to the interests of the central bank and to the policy of the central bank.

Mr. BURTON. It ought to be. In actual practice, the manager of a branch of a central bank is specifically authorized to look after the needs of his community. By uniform rules all

sections are treated alike.

Mr. SHAFROTH. That is all right; it ought to be. That is the reason I believe in a separate system, where the banks will be located in the various districts, which, in my judgment, will bring them in close touch with the bankers. One witness testified during the banking and currency hearings that he thought

there ought to be a Federal reserve bank within such a distance of every bank in the United States that the banker, on closing his bank in the afternoon, could take a train and go to the reserve bank, and by the opening of the bank in his town the next morning telegraph that he had the funds with which to meet all runs which might be made upon his bank. That would give safer and speedier action. When a central reserve bank exists, it seems to me it is plain and clear that, while the branches will have a disposition to relieve a condition of that kind, yet the branch bank is always subservient to the will of the central bank; and if the central bank says, "Oh, no; we need the money here," where this immediate surrounding sentiment prevails, and which makes an impression upon them, the far-off district bank is not apt to get justice.

Then there is always "red tape" necessary to be gone

through with in order to get direct communication with the headquarters where those banks exist. Personal contact, personal acquaintance, is the great equation in determining when discounts can be readily obtained, and a man out in the far West is not apt to know one man in the directorate of the central bank where he is likely to know all of them in a regional bank. It seems to me those are differences in favor of

the district system.

Mr. BURTON. Mr. President, I thoroughly believe that, with the present disposition of the people and with the grave responsibility resting upon it, the Federal reserve board chosen for a central bank would inevitably favor the weaker portions of the country as against the stronger. The Senator from Colorado says that those in the different regions know the interests of their respective localities and will assert them. Indeed, they know them too well and have too little regard for any of the rest. Suppose the regional bank, say in Denver, asserts its interest, the regional bank at San Francisco asserts its interest, the regional bank at Cincinnati asserts its interest. Is it an advantage to have a system under which preference is given to the one that makes the loudest claim for deposits and accommodations in its locality? Can you build up a perfect system where importunity is the paramount force and the insistent demands of every locality are to be listened to? No. The best way is to have one great central institution the directors of which, like those standing on a commanding eminence, can look over the whole country and take into account every part of it. If Denver makes its claims, let them be compared with the claims of San Francisco and of Cincinnati and of all the others, and especially let those in control act under general rules. I am afraid of government by importunity. I am afraid of government that comes from listening to the claims of one locality for which a board might have a certain degree of partiality. Why, you start at the very beginning with your separate regions and with an invitation for contests between them.

Mr. SHAFROTH. That is what I am afraid of. I am afraid that where the bank is located which controls the money all over the United States, the importunities will be there, and that the far distant people will not be able to reach it in the personal manner that people can who are immediately sur-

rounding the central bank.

Mr. BRISTOW. Mr. President— Mr. BURTON. Just one minute further. It seems to me the logical conclusion of the argument of the Senator from Colorado is that there should be no centralization of reserves. It is also a conclusion from his argument that you should not limit the number of your regional banks to 8 or 12, but should have one in every ambitious city or town so as to give all a chance to prefer their claims.

Mr. SHAFROTH. No; I think there are certain things that are necessary to the central reserve board. As to each bank, its limits are imposed by its organization and its reserves come from its own immediate territory. It is unquestionably going to be loyal to that extent, at least to the community it serves.

Mr. BURTON. No doubt it would be loyal to its community, but it is a far better thing to have a board that is loyal not to one specific community but to the whole United States.

Mr. BRISTOW. Mr. President—
The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. BURTON. I yield with pleasure. Mr. BRISTOW. If it will not disturb the Senator from Ohio, I should like to suggest to the Senator from Colorado that in the Hitchcock bill there is a provision that gives every community in the United States the right to discount. It is not a question of privilege; it is a question of legal right, and is incorporated in the law which describes the security upon which the discount may be given. Would not that guarantee to every community fair play?

Mr. SHAFROTH. There are certain virtues in favor of the provision of the Hitchcock bill and there are certain evils that are bound to grow out of it. It is on that account that we in our bill have left it in the discretion of the bank itself, subject to review by the Federal board. You may have a community that wants too much money, it may be that they are weakening the banks in some way; and to say that any person who comes shall be entitled to discounts, no matter what the condition of the reserves of the bank may be, no matter how much money they have already issued, makes another evil that you have got to calculate upon. Therefore, we have placed in our bill a provision that the matter of discounts shall be subject to the review of the Federal reserve board, and that the right of discount, while it shall be exercised-and there is a provision that it shall not discriminate-it is not compulsory, as it is in the bill favored by the Senator. Under that bill he will find that that condition might arise which would make it absolutely absurd that discounts should be made.

Mr. BRISTOW. If I understand the Senator from Colorado correctly, he is in favor of regional banks, because from his argument it will enable the regional bank to supply the community where the regional bank is located; that it localizes the system is the argument in favor of the regional bank. His argument as against the central bank is that it does not centralize, but his argument in favor of his bill is that it does centralize; that is, he is giving all of the power of the central bank in the board, which is the dangerous power that he wants to avoid, and yet in his bill he gives that power to the central board.

Mr. SHAFROTH. In answer to the Senator I will say that it is necessary to have discretion vested somewhere, and we in our bill do not determine in advance what shall be done. Whenever you attempt to say that under all circumstances a man has the right to go to a bank and, no matter what the conditions of the reserves are, and no matter how much money has been issued by that Federal reserve bank, the bank shall continue to rediscount his paper, presupposes a condition that will always be favorable, when, as a mater of fact, it may be the reverse condition. On that account it is safer to give the power into the hands of the Federal reserve board to say whether or not under these peculiar conditions any more money shall be

Mr. BRISTOW. I shall not intrude on the time of the Senator from Ohio for further discussion, but will take this subject up when we consider the bill by paragraphs.

Mr. BURTON. Mr. President, when we take up the paragraphs for consideration I shall wish to discuss that provision which imposes a certain degree of compulsion on the Federal reserve board and gives to it the right to compel the regional banks to lend to all comers. I can not see quite what that means or how it will work out. The question arises in my mind, Suppose a member bank goes to one of the regional banks and, say, on the presentation of its paper, asks for a loan of \$50,000, and the regional bank says, "No; we can not lend that to you. The present or prospective demands from other customers make it impossible, or, at least, it would be bad banking." I understand that a provision in the bill means that I understand that a provision in the bill means that such member bank can go over the heads of the directors of the regional bank and appeal to the Federal reserve board. will not press the question now, but at a later time I should like to have that question answered. I should like also an explanation of this question: Does this bill intend to change the general law of banking under which those charged with the duty of granting credits can form their judgment and decide whether a loan should be granted, so that loans must be made to all comers, without taking care to ascertain their solvency and probable ability to pay?

Mr. SHAFROTH. Mr. President—
Mr. BURTON. I will not ask the Senator from Colorado to answer that question now, as it would perhaps interfere with the thread of my argument; but when we come to it, I hope we

may have a full discussion of that subject.

Panics and strain upon credit are characterized by scarcity of currency or a premium on gold. They have been attended by the inevitable hoarding process and by a necessary curtailment of credit. As was pointed out by the Senator from Massachusetts [Mr. Weeks] an analysis of the situation discloses a sharp difference in conditions here as compared with The same difference is manifested in France and in England, and it is not too much to say in all the countries having a ceneral bank. When the strain occurs, instead of curtailing credits, by further issues of circulating notes and by husbanding reserves they increase their ability to make loans. These measures can only be effectively managed by a central institution which can raise the rate of discount. This is a recognition of the principle stated by Mr. Bagehot in his work

on Lombard Street-that the way to stay a panic is to lend to those who come, letting the borrowing public understand that at some price money may be had.

In England the joint-stock banks, instead of withdrawing their funds from the Bank of England when a storm is impending, increase their holdings at the central bank so that they may be ready for all emergencies. The same results would obtain in this country if there were a central institution whose strength and resources would be available for all the country and not a part of it.

In the United States during the years 1873, 1893-94, and 1907 the hoarding of gold and currency was conducted on a large scale by banks and banking institutions and was accomplished in the first instance by the withdrawal of reserve deposits from other banks. In those times of distress a certain amount of withdrawals of gold and currency was by individuals, but this was insignificant as compared with the instant withdrawal under stress of reserve money by banking institutions. Fear controls the action of many of the banks, and their disposition has been to save themselves at all hazards, without regard for the welfare of their neighbor, or especially banks in other portions of the country.

With a central bank the inevitable policy is one of coopera-on between it and all other institutions. With a great numtion between it and all other institutions. ber of banks, or even with a dozen, the tendency is for each to save itself at the expense of all the rest. No system of regional banks can prevent competition to obtain gold and currency in time of strain.

The very argument of the Senator from Colorado would lead inevitably to this: He says that if you have a regional bank in a given locality, with directors who are mindful of the interests of that locality, the interests of that community will be served. Suppose there is a panic, suppose there is a demand for more reserves in a particular bank and for more loans by borrowers; is not that the very time when sole regard for that community would be effective and the principle of the "devil take the hindmost" would prevail? Yet that very demand for reserves and loans in one locality would have a tendency to wreck the credit of the whole country by causing apprehension, by showing weakness in certain sections, which gradually would extend

itself to all parts of the country.

The Owen bill carries upon its face a frank admission of the fatal defects of the regional system, because it gives power to a board of central control to effect a readjustment of reserves between regional banks and to require enforced rediscounts. The very act on the part of the Federal board in enforcing such rediscounts would accentuate the rivalry between sections for the accumulation of reserves. It would cause unlimited irritation and friction. No regional bank could make calculations for the care of its customers or the utilization of its resources, because any day it might be called upon to transfer its funds elsewhere. If the country is so vast in territory and its interests so varied as to require regional institutions to meet local conditions, why, then, require that they be linked together through the exercise of arbitrary powers which must be exercised in conflict not only with natural economic conditions but with all the principles of banking?

I want here to emphasize a little further something that I have already said. It is maintained that the regional banks provide for their respective regions. Everyone familiar with banking conditions knows that a manager takes account of his supply of money, his outstanding loans, and the probable demand for accommodation in the future. How unnatural is any system of regional banks-I care not what the number-where those ordinary calculations of the banker must be destroyed by the fact that at any hour of the day or any day of the week he may be called upon to transfer his resources to another regional institution? Why, I can conceive of nothing more destructive

of skillful banking.

Suppose a bank has a reasonable surplus and amount of reserves and a customer comes in and says, "I want a loan of The resources of the bank are ample to make that loan; the banker would like to accommodate his applicant; but he does not know but that by the next mail or by telegram an order will come from the Federal reserve board to lend the funds of his bank to some other regional bank.

Right here in this connection I desire to call attention to another phase of this compulsory lending from one bank to another. Some bank must take care of foreign exchanges, otherwise exports of gold will cause us the most serious embarrassment. How can any bank which is subject to these calls to provide for the domestic needs proceeding from other regional banks take care of foreign exchanges?

Suppose a time comes when gold begins to leave the country and prudence would require that some agency of our commercial republic should stay that export, should buy foreign bills of exchange, should provide in some way to check the outflow. How can this be done when it is not known at what time a demand will be made upon the bank from some other region of the United States to care for domestic needs?

This question is more serious than it appears, because in such times, when there is an unfavorable balance inducing the shipment of gold, there is almost always contemporaneously a degree of stress at home, so that the demands for transfer to other regional banks naturally would be contemporaneous with the time when the bank should provide for foreign bills of exchange or in some way prevent the shipment of gold.

It is said that our country is so vast that the rules which prevail in foreign countries can not be adopted here. ment ignores the vital fact that every country, whatever its area, has its distinct economic life, its own variety of interests and industries, its national spirit of rivalry, whatever may be its size. The Imperial Bank of Russia ministers to an area larger than that of the United States. The Bank of England The Bank of the extends its operations over the whole world. Netherlands, a little country of about 5,000,000 inhabitants, extends its operations into every country and to many islands

In the case of these banks the degree of complication arising from world-wide transactions is equal to that in our own country; and here in the United States, with the telegraph, the telephone, the immediate means of communication, there is the readiest opportunity for a centralization of management.

Our business, our commercial life, is becoming more and more national. Regulation of transportation is lodged in one board. We are demanding of the railroads that they interchange freight. We are demanding that when a bill of lading is received for a piece of freight, and it goes over half a dozen different lines, the responsibility shall center in one road. Every tendency of present-day progress in these United States is to bring us together in closer bonds, to create unity in our commercial and industrial life; and I most emphatically deny the idea that the size of the country—this country which is so capable, by reason of the quality of its population, of working together along these great lines—is an argument against a central bank. But there is a further argument. The very size of this country, and especially its diversity of climate and of productions, renders a central institution especially desirable, because with the different productions, especially those in agriculture, demands for an exceptional amount of credit arise in one section in one season and in other sections in other seasons. The very fact that we have this great diversity of demands, and in different months of the year, increases the desirability—yes, the necessity—of a central reservoir for all reserves and such concentration of the loanable funds of the country that they may be readily transferred from one portion to another under one central control, having in view the safeguarding of credit and the upbuilding of the whole

The very diversity of our interests, which causes a demand for money in one place in August and in another in September, and causes varying demands in different portions of the country in all the various months of the year, makes it all the more desirable that we should have one central institution. would we have under the plan of 8 or 12 regional banks?

Take a regional bank in the cotton district. At certain seasons of the year there will be great demands for money there. The banks will be pressed to the utmost to supply the demands. They will have to go to Chicago and New York or elsewhere and borrow. At another season money will be flush. Their banking relations with other parts of the United States have become well established. I think they have been getting along pretty well. Why? Because they are not separate and apart by themselves, where they have to take care of themselves alone, but they can call upon reservoirs of credit anywhere in this great country to help them out.

What are you proposing to do under this regional plan? Segregate them by themselves; deposit the reserves of that region in a bank there; cut off relations with outside banks except under the compulsion of an official board; make it virtually impossible to deposit reserves in Chicago or St. Louis or any

other great business center, and start them out alone.

Mr. President, I can not believe that any such plan as that is going to be permanently adopted. It is contrary to every economic rule. It is contrary to the custom in this country. Instead of adding to their facilities and to their prosperity, it diminishes their opportunities, and handicaps them in the greatest possible degree.

Fortunately it has been true in our banking system that ours

sections, but one great Union, in which every strong part has helped each weak part, and in which all have cooperated. Now this plan is proposed for making an artificial division, with which, I must say, I can have very little patience.

Mr. NEWLANDS. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Nevada?

Mr. BURTON. Yes.

Mr. NEWLANDS, Would the Senator object to an interrup-

Mr. BURTON. Oh, no.

Mr. NEWLANDS. I should like to ask the Senator whether he does not think the purpose which he seeks, of mobilizing the reserves nationally, could be met by a modification of this bill which would authorize one-third of the reserves deposited in the regional or district banks to be deposited in a central reservoir at Washington, under the control of the national reserve board? Does he not think that under that system we would have, first, two-thirds of the reserves called for by this act mobilized in the different regions and the other third mobilized at Washington in such a way that it could be used in aid of any region that might be in stringency or distress?

Under such a system the regional banks, whether comprising one or many States altogether, would have about \$500,000,000 of reserves if all the banks, National and State, should come in; and of that \$500,000,000 one-third, or \$166,000,000, would be put in a central reservoir at Washington.

That I regard as a Federal system superior to the national system which the Senator desires and superior to the regional system called for by this bill. I will ask the Senator whether that would not serve the purposes which he so aptly describes in his speech?

Mr. BURTON. I should think a plan under which one-third of the reserves would remain in the vaults of the bank, onethird in a regional bank, and one-third in a central reservoir might and probably would be an improvement on this bill; but the objection to that plan is that it is based on no well-defined principle. We should rely either on the central reservoir or on some other kind of a reservoir. If we retain but a third of our funds in a local bank, the amount might fall below the limit of safety. It does not seem to me that a division of the reserves into three portions would be logical or best.

Mr. NEWLANDS. Will the Senator permit me to correct him? The Senator assumes that my proposal is that one-third of the average reserve, we will say of 12 per cent, of the banks, both National and State, is to be held by the member banks.

Mr. BURTON. Yes.

Mr. NEWLANDS. The other third by the regional banks, and the other third by-

Mr. BURTON. By the central reservoir at Washington. Mr. NEWLANDS. Yes. Now, that was not my proposal. Mr. BURTON. Then I beg the Senator's pardon. I understood him.

Mr. NEWLANDS. My proposal was that two-thirds should be kept by the member banks, which they could keep in their own vaults or of which they could deposit, as they are accustomed now to do, a certain proportion in reserve and central reserve cities.

Mr. BURTON. Oh, yes.

Mr. NEWLANDS. And that the other third should be taken from the member banks and deposited, in the first place, in the regional banks, and then that they, as members of the national bank or reserve bank at Washington, should deposit one-third of the third deposited with them in the central reservoir here.

Mr. BURTON. One-third of what-4 per cent?

Mr. NEWLANDS. One-third of the third deposited in the regional banks would be deposited in the national reservoir in Washington. Since the total reserves of all the banks in this country, National and State, aggregate about a billion and a half dollars, that would mean that one-third of that amount would be deposited in the regional banks, namely, \$500,000,000, and that of that \$500,000,000 one-third, namely, \$166,000,000, would be deposited by them in the national reservoir at Washington.

Mr. BURTON. And two-thirds in a regional bank?

Mr. NEWLANDS. Two-thirds of the third.

Mr. BURTON. In the first place, it is rather a violent supposition that there is a billion five hundred millions of reserves.

Mr. NEWLANDS. Under this system on the average all the banks would be compelled to keep, we will say, a reserve of 12 per cent, which would amount to about a billion and a half dollars. Of that billion and a half they would be compelled to turn over only one-third, namely, \$500,000,000, to the regional banks; and then the regional banks would be compelled to turn over one-third of that \$500,000,000 to this national reservoir. has not been regarded as an aggregation of separate States or lover one-third of that \$500,000,000 to this national reservoir at

Washington under the control of the reserve board, which would be organized, if you please, into a national reserve board. Then, in that case, you would have a billion dollars in the member banks

Mr. BURTON. Or their correspondents.

NEWLANDS. And \$333,000,000 in the regional banks and \$166,000,000 in the national reserve bank here at Washington.

Mr. BURTON. I think only experience would demonstrate whether or not that plan would work better than the one here. I regard it as very doubtful. It seems to me you must have one system or the other, and I should question whether that would be a benefit. Perhaps the chances are, there being a central reservoir of reserves of \$166,000,000 available for transfer immediately to any weak spot, that it would be helpful; but, on the other hand, it would diminish the reserves in the localities where money is immediately required, so that I question whether it would be of any benefit.

The Dominion of Canada, which is next to us and which, as the result of experience, has one of the most successful banking systems in the world, one which has withstood many storms during which we must admit we have suffered, does not organize its banking system along regional lines. If there is any country in the world where the regional system would be appropriate it would be in Canada, because they have the older settled regions, with a practical abundance of credit, and also the newer and, I may call them, developing regions. They have also a very large area, with not so ready communication with different portions of the country as we have in our own country.

What do they do? They do not establish regional banks. In fact, there is no other country in the world that has such a plan as that proposed in this bill. Not only is there no such plan in force now, but it never has been tried. I can not believe that such a system ought to be advocated here, when these problems have been considered in every advanced country on the globe, and if any proposition of this kind has been advocated, it has been rejected.

What do they have in Canada? In the evolution which has been manifest, and which affords so excellent a banking system, banks with ample capital are located at Montreal, Toronto, and Halifax, having branches all over the Dominion and even

extending into the United States.

One institution, holding all the reserves, will make every dollar of reserve money the property of every section available to every member, affording protection at all times to all the members, and this is true whether the money be lodged in the vaults in San Francisco, the branch in New York, or the main institution at Washington.

I have already stated that the bill unquestionably recognizes the principle of a central bank, but how is this plan of a reserve board to be worked out? According to both the House bill and the Senate bill, as presented by the chairman and his associates, money must be lent from one regional bank to another.

That was thought by the framers of this bill to be an absolute necessity. They had the fact to begin with that not only would certain regions be predominantly borrowers and others lenders, but that at certain seasons of the year the regional banks in different portions of the United States would be utterly unable to cope with the demands. So this provision for compulsory lending was inserted.

According to the House provision this can only be done when five of the directors are present and on the unanimous vote of all, a single dissenting voice placing a veto on the transaction. There is the further provision that the rate of interest shall not be less than 1 nor more than 3 per cent greater than the rate in the district in which the higher rate of interest prevails. According to the Senate provision there is no such limitation,

As the bill was originally proposed in the House, it contained straight provision for compulsory lending, but the complaint about this was so loud, it was said to be so unnatural and tyrannical to compel one bank, with its organization and its responsibilities, to lend to another, that the House committee inserted the provision that it must be by the unanimous order of a meeting of the Federal reserve board with not less than five members present.

It also contained the provision that the rate of interest should be not less than 1 nor more than 3 per cent higher than the high rate in either region.

Now, just pause and think a minute how that would work out. Only when a bank was in extremis could it afford to submit to such terms as that. Suppose it was generally reported that the central bank in Denver or San Francisco had to borrow money and had to pay not less than 1 nor more than 3 per cent above the prevailing rate in its locality,

The alarm would spread throughout the United States over night. It would be known that a prominent regional bank was so seriously embarrassed.

I think this bill is drawn with a certain amount of disregard of the factor of confidence in business. A great many people would think the psychological mood of the people was the one controlling factor in business prosperity or depression. I do not believe, as one writer has said, that we have depressions because of the periodical destruction of belief and hope in the minds of merchants and bankers. Panics usually follow some adverse circumstance, such as a sudden failure in the business world, a shortage of crops, or recognized overexpansion, but nevertheless the greatest importance attaches to the degree of confidence which exists. Every banking institution must be above suspicion or there is danger of a run upon it and the loss of popular confidence.

So, however thoroughly this House provision may have taken the teeth from that obnoxious provision, I do not think it ought to remain in the bill. It would be unworkable, or, rather, if it were workable, alarm would spread all over the United

States whenever such a condition was submitted to.

This provision for a transfer is particularly obnoxious. throws the door wide open for favoritism. Like the whole plan for regional banks, it is based on the idea of distinct and separate sectional interests. What would naturally occur would be that a bank in one region would be conservatively managed; its directors might foresee a storm, refuse new leans, and decline to renew those outstanding. Customers might be refused accommodation. In another, where a speculative spirit prevailed, loans might be made freely, and as a result undue expansion would follow and money would be scarce as a result of mis-management and lack of caution.

Mr. REED. Mr. President—
The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Missouri?

Mr. BURTON. Yes.

Mr. REED. I ask the Senator to permit me to interrupt him to call his attention to an error in his statement of a few moments ago, which grew out of the fact that the Senator has failed to notice the bill as reported by the Senator from Oklahoma [Mr. Owen]. He spoke of the discounting of the paper of one reserve bank by another reserve bank, and said that a reserve bank's credit would be destroyed if it was compelled to pay a rate of interest not less than 1 nor more than 3 per cent above the higher of the rates prevailing in the districts immediately affected.

The Senator was correct in his analysis, perhaps, but he was dealing with the bill before it had been amended by that branch of the Banking and Currency Committee which is headed by Mr. Owen. I call the Senator's attention to the fact that the language referred to has been stricken out, and that the clause now reads, under the powers given to the Federal reserve board, paragraph b of section 11:

(b) To permit or require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed each week or oftener by the Federal reserve board.

The language the Senator commented upon having been stricken out. I thought it was only fair to the Senator to call his attention to this fact.

Mr. BURTON. I have stated-perhaps the Senator did not understand me—that the bill as originally framed contained no such provision, but it is in the House bill. In referring to this 1 and 3 per cent provision I was referring to the House bill, not to the bill as it is in the Senate. I understand that that has been stricken out.

Mr. REED. Then I beg the Senator's pardon. I did not so understand him.

Mr. BURTON. It is possible that I did not make myself entirely clear, but I was, I think, definitely referring to the House bill.

Suppose in different regions a different spirit prevails, a speculative spirit in one, caution in another. The first bank would be ordered to transfer its carefully guarded resources to the other. With a central bank an even hand would be maintained by the directors everywhere requiring similar policies. In the one case, there would be only remote, and, consequently, ineffective supervision over the operations of different institutions; in the other case, the control would be immediate and

As regards the second object to be obtained-a more elastic currency—the fault of our present system is not so much scarcity as it is rigidity. An examination will fail to convince us of the necessity of any increase in the aggregate volume of money in circulation. With one exception, that of France, the quantity of money per capita in the United States is greater than any prominent commercial nation in the world. According to the report of a year ago the average per inhabitant in this country was \$34.54. The larger amount in circulation in France is principally due to the fact that with them the use of checks as substitutes for currency is much less. This per capita circulation does not include the one hundred and fifty million gold reserve or the Government assets of our National Treasury, which would largely increase the per capita amount.

I want to call attention especially to these facts.

An idea has been prevalent for nearly 50 years that prosperity depended on a very abundant volume of money, and sometimes the question of whether the money be good or bad has been disregarded. Thus I have called attention to the fact that our per capita circulation, with the exception of France, is the largest of any commercially prominent country. Some of the divisions of Australia—perhaps the whole country of Australia—have a larger per capita circulation than we. I think the Argentine Republic has. In a statement a few years ago a singular fact appeared. The country having the largest per capita circulation on the globe and that having the least were set side by side. Colombia had a circulation of \$250 a head and Venezuela had \$1,90. Venezuela had a great deal better system of the two, because its currency was based on metal, and the other had irredeemable paper that had very little value. I will make some comparison of this per capita circulation with other periods. This per capita circulation in the United State is greater by nearly \$15 than in the period of maximum inflation in the Civil War and greater by an almost equal amount than in the very prosperous years of 1880-81; greater also by approximately \$10 than 12 years ago; and this notwithstanding the constantly increasing use of checks and other substitutes for currency.

If we were now to frame an ideal currency system it is probable that five of the seven varieties of money now in circulation would be omitted. I refer to the silver dollars, the silver certificates based upon them, the greenbacks, the national-bank notes, and the Treasury notes of 1890. The use of a very large share of these forms of currency for circulation—and that, too, in bills of small denominations—and the necessity for a certain amount of money under any and all conditions, that is the requisite minimum for circulation, have been the most prominent factor in preventing embarrassment from our present motley and illogical monetary system.

The silver certificates are for the most part in small denominations. The greenbacks are largely in small denominations. They are used for pocket money. I hope to have opportunity to say something about the provision in this bill for denominations of Federal reserve notes as low as \$1. I think that would be a very grave mistake. We have enough of flat or semifiat money now, and the only way by which we can take care of it is in response to the needs for circulation.

For instance, we have \$346,000,000 of greenbacks, against which there is \$150,000,000 reserve. We have in one form or parather of the properties as \$150,000,000 of \$100.000 of \$100.0

For instance, we have \$346,000,000 of greenbacks, against which there is \$150,000,000 reserve. We have in one form or another, either as silver dollars or as silver certificates, \$560,000,000. That \$560,000,000 is semifiat money, while the greenbacks are like bank notes, redeemable in gold, which makes a total of \$900,000,000 and more of money outstanding, depending upon the credit of the Government, and I repeat, that but for the needs of circulation it would be very dangerous. Under present conditions we can take care of it. Greenbacks are redeemable in gold. The silver dollar has a certain intrinsic value, I have forgotten the latest quotations, but perhaps 50 cents of metallic value in the dollar and the other 50 cents depends upon the credit of the Government, and is represented by the motto on the dollar "In God we trust."

Now, if you emit a large number of Federal reserve notes of small denominations you swell the quantity of the circulating medium so as to create a serious embarrassment. I refer to that circulating medium which is required under any and all circumstances.

When the Bank of England renewed its charter in the year 1844, it was decided to put out approximately £14,500,000 of notes on the credit of Government stock, or, say, \$72,000,000. Every other note must be based upon gold in the issue department of the bank. That policy is continued to this day, although now by the abandonment of the circulating privileges of certain banks the quantity resting on Government stock has increased to something over £18,000,000. What was the theory upon which that £14,500,000 was allowed to rest upon Government stock? That it was the minimum amount which would be required for circulation under any and all circumstances, and that they could float it safely without a gold reserve or without it being based on coin in the treasury.

In our own country the fact that in ordinary years provision has been made for the maximum demands, though at such sea-

sons the amount required exceeds by perhaps \$300,000,000 the average requirements, proves that in slack seasons when demands are clearly diminished we have more money in circulation than is needed.

In this connection I want to say that no system which we can devise will be a perfect one unless it provides for the with-drawal or decrease in the quantity of circulating notes as

money as well as for their increase.

Ever since the Civil War there has been a sentiment, the strength of which can not be overrated, in favor of multiplying and increasing issues of paper or any other kind of money. There is a kind of obsession that the prosperity of the country depends on having a very large circulating medium. Prosperity does not depend upon the quantity of money in circulation. It depends upon the resources, the capital that can be utilized. An excess in the quantity tends to higher prices—though sometimes coupled with lower rates of interest—to the exportation of gold, speculation, and to panic; and unless this bill contains a brake that prevents undue inflation it will be dangerous.

I can not in too strong terms commend that provision in the bill, both as it passed the House and as reported here, that when notes come into a bank issued at the instance of another regional bank those notes shall be returned or retired. That illustrates the true nature of a bank note. It is a form of credit. It is not gold; it is a piece of paper, and when it has fulfilled its function it returns to the bank of issue.

Mr. President, it is hard to realize the extent to which the credit resources of this country can be increased by the issuance of bank bills. It is hard to exaggerate how much they are being increased now. We must realize that the \$5 note or the \$10 note that is carried in the pocket of a workingman is a credit which he has against a bank, just the same as if he had deposited the money there. One man has \$100 and takes it to the bank and deposits it. Another man wants money sufficient to pay his bills and have a little by him. He carries around \$5 or \$10 bills in his pocket, and has a credit instrument of the bank of the same nature as a deposit. They both alike are creditors of that bank. The nature of the transaction is not different in the two cases in that in each it is a credit.

Now, when that bank bill has been used and the time for credit has ceased and it goes back, it ought to be immediately withdrawn. It has performed its function just as a check has performed its function when it is presented to a bank and is

paid.

What is required, then, is to establish a currency system which will respond to the varying demands of trade, for the use of money, like the activities of trade and industry, varies in different years and in different seasons of the same year.

Our neighbors across the border, where conditions are in many ways very similar to our own, show how the volume of circulating notes varies when the issue is regulated in accordance with the demands of trade. On an average note circulation for 10 years (1898-1908) of \$59,793,637 there has been an average variation during the different months of each year of \$16,075,500, varying from \$12,000,000 in 1900 to almost \$23,000,000 in 1907, when an unusual quantity of notes was put out to meet crisis demands. The amount of notes outstanding is invariably largest in November and smallest in January.

What should be the basis for the issuance of currency, and what agency should issue it? In the earlier deliberations of the Monetary Commission a majority of the members, including especially the older Senators who remembered the disasters from bank failures prior to 1860, strenuously opposed a currency based upon commercial assets. It is a ground for satisfaction that not only were their views changed but the opinion of the country has changed in this regard, so that it is now practically conceded by all who have given the most considerate attention to this subject that commercial paper—liquid assets—afford the best basis for currency issues and a means which will be best adapted to cause supply to conform to demand.

There are several kinds of securities or bases for the issuance of currency and several theories as to the agency which should issue it. What is the best security or basis? Let us first consider a bond-secured currency. What are the objections to it? I refer in the first instance to bonds other than those of the Government. Among the objections to a bond-secured currency are, first, that conditions may arise in time of panic when a

ready realization upon them can not be secured.

In the year 1907 municipal bonds of excellent quality went begging in the market at 75 per cent. In the years from say 1837 to the beginning of the Civil War it was a policy of many of the States to allow banks to issue notes on municipal, State, and other bonds. The experiment worked very badly. A part of the damage that was done was due to the coming on of the Civil War. Bonds in many cases were either depreciated or

became entirely useless. The banks failed and note holders lost. So there is this potent objection to a bond-secured currency, a lack of certainty in value and more especially a lack of ready availability. A bond may be perfectly good, as were those depreciated in the crisis of 1907, but they were not available.

The next objection is that every bank, if this basis is adopted, must devote a good share of its capital to the purchase of bonds so as to be ready to meet requirements for an enlarged circulation, and if an effort is made to secure them as a means for the enlargement of the supply, the demand is contemporaneous with a scarcity of assets and large demands from their

That is, it is a serious handicap to carry them, and in the next place if there exists a necessity to meet an emergency in which they must be purchased by banks, it is at the very time when there is the greatest strain on their assets.

Again, such a policy would give to the older settled communities, where capital is more abundant, an advantage over the newer communities, where the demands for currency are more

fluctuating and more insistent.

Any provision which looks to the maintenance of the present quantity of currency based on Government bonds (about \$730,000,000) is open to grave objections. The total quantity of national-bank notes, when combined with other forms of money, is undoubtedly greater than is required at all seasons of the year. An artificial rate of interest is made possible by this means for the Government debt, and if this plan is to be continued it also involves the permanency of our national indebt-

The present provision for the withdrawal of bonds, under which the amount is limited to \$9,000,000 per month, is altogether inadequate, and the opportunity for expansion is also limited by the difficulty in obtaining bonds when needed.

The next question is, What agency shall issue currency? By the almost universal consent of the students of the question in all nations, circulating notes should not be the direct obligation of the Government, nor is it desirable that they should be issued at will by individual banks, partly because of the lack of absolute assurance of their validity and partly because there will be an unseemly scramble among a multitude of institutions as to which shall exercise the privilege.

One bank could issue more than its share and another less, and the tendency will be to put out too many of these bills and create serious inflation with all the resulting dangers of business derangement. Still another objection which, as well as the last, applies to the issuance by them or turning over to them of the circulating notes, is that no one bank has that broad horizon, that comprehension of conditions which would enable it to decide intelligently whether bills ought to be issued or not or for what amount.

Thus all the nations having a central bank have come to the conclusion that it was best to intrust this duty to one central association. The arguments are that it is desirable to center responsibility, to prevent confusion, and to have this privilege exercised by one strong, carefully managed institution with

ample credit.

The directors of a central bank may look forth on all portions of the country and intelligently determine the quantity of the circulating medium required. We should never forget that a circulating note is but one form of credit, though differing in many of its incidents. I do not wish to dwell longer upon this subject, to which, if time affords, I will later in my address give more attention, especially as regards the advantages of a central bank.

I was very much interested in the discussion the other evening in which the Senator from Nebraska [Mr. Norris], the Senator from Massachusetts [Mr. Weeks], and the Senator from New York [Mr. O'GORMAN] took part. I have already expressed some views on the subject of the nature of a circulating note, its similarity to a deposit, and the distinctions, and I may, with the kind consideration of the Senate, at a later time express some further views on the subject.

I can not pass from the subject, however, without expressing the opinion that the means proposed in the pending bill for retiring the proposed Federal reserve notes is worthy of the utmost commendation, and that allowing them to be used as

reserves to an equal degree deserves condemnation.

As our foreign trade increases and the world is becoming more and more one great commercial whole, the importance of controlling international exchanges can not be overrated.

The immediate basis for banking credit in every country is the quantity of gold. At present we have no adequate means for husbanding our supply. It seems to be a prevalent opinion that the principal factor in the export and import of gold is the balance of trade in merchandise. To this must be added

the amounts paid for freight and the expenses of American tourists abroad. It should be taken into account also that the balance of gold in a country is affected by transfer of securities and by the making of loans.

In the eager competition which has existed for several years, this question has been emphasized, and nothing is more clear than that it is necessary for one great institution in close touch with foreign trade and possessing foreign connections and abundant capital to provide against the turning of our gold supply to foreign nations, where more effective regulations are in vogue for maintaining their specie reserves.

The method most usually adopted when there is a strain is the raising of the rate of discount, and that is controlled in other countries by one great institution.

Mr. President, how does the raising of the rate of discount affect the situation? In dwelling upon this point I shall concede that the margin of profit in general in this country is larger than in the older communities, so that the regulation of the rates of discount would not have that controlling effect that it might have in another country. In Holland, if a man desired to make a certain investment and could borrow money at  $3\frac{1}{2}$  per cent, he might go ahead and make it; but if the rate were 41 per cent he would refuse to do so, while with our greater opportuni-ties for enterprise and with the larger profits usually realized from investments a difference of 1 per cent would very likely not have the same deterrent effect.

The general effect of raising the rate of discount is perfectly plain. In the first place, enterprise is curtailed and persons who have loans outstanding do not wish to renew them unless

they are compelled to do so.

In the matter of international exchanges there is another very great difference. Suppose the rate of discount both in the United States and in Germany should be 4 per cent on a certain class of paper and each country should have bills of exchange or credits payable in the other. The rate of discount in Germany is raised from 4 to 6 per cent. The investor in the United States having a loan in Germany, instead of calling it home where he can only obtain 4 per cent, leaves it there. would tend to prevent the outflow of gold. When the rate of discount is raised, investments in other countries are recalled, and that often means the importation of gold. We are absolutely without any means for the regulation of this great controlling influence on international exchange, while in foreign countries a system has been built up on which they depend more than on anything else. That is true in Great Britain, France, Germany, and most other countries.

It will be easy to point out that such control would not exist under this proposed regional bank system. I now wish to lay special emphasis on the point that along with the lack of a banking system which mobilizes reserves and which does not provide for elasticity of currency, there is this other most serious defect, that we have no means of controlling foreign exchange. That question becomes more imminent and important year by year as the volume of our foreign trade increases and as investments are becoming more and more international. Investment knows no mountain or river boundaries; it knows no political lines. France, notwithstanding a degree of repulsion toward Germany, has been a very large lender there, and Germany has been so at times in France. Money goes across the Channel almost as readily as a telegram is sent France to England and from England to France; and the exportation and importation of gold is determined more than anything else, at least so far as immediate needs are concerned, by the rate of discount in the respective countries.

We have in a measure supplied this want by the building up of great banking institutions which deal in foreign exchange, but their operations still have a quality that is local and for the benefit of individual firms and corporations. We have gone along in a happy-go-easy sort of a way in the last few years, and possibly an opinion rests with a majority of our citizens and even with some financiers that we may continue to do so and that our gold supply will take care of itself; but just as surely as there are alternations of depression and prosperity, just as surely a part of the \$4,000,000,000 or more of securities held

abroad will be returned to us.

Should there be doubt in the minds of foreign investors as to the soundness of our monetary and banking policies these securities would be thrown back on us in enormous volume. Whenever there is war in which, may God forbid, our country is involved, or one in which other countries are involved, the necessity for controlling this gold supply will be emphasized, and we shall suffer seriously if we do not have some adequate means to meet the situation.

Mr. SHAFROTH. Mr. President-

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). Does the Senator from Ohio yield to the Senator from Colo-

Mr. BURTON. I do.

Mr. SHAFROTH. I recognize that perhaps the Senator from Ohio is better versed on the question of foreign exchange and also on the regulation of the flow of gold than perhaps any other Member of the Senate; and I want to ask him as to a condition which has been bothering me somewhat, as I myself have been studying the question. I find that when one country wants gold it raises the rate of discount; but as quickly as it gets gold, the country that has lost the gold raises its rate of discount, and then the third nation raises its rate of discount in order to get the gold back it lost. It is a regular seesaw operation which seems to be going on until interest gets so high that those desiring to borrow money for legitimate enter-prises will not borrow money; they will say, as the Senator has stated, where a loan at 3½ per cent is good, at 4½ or 5 per cent it is not good. The result has been in the last 12 or 15 years that the rate of interest in the Bank of England, for instance,

has run from 2 and 2½ per cent up to 4½ and 5 per cent.
Mr. BURTON. And even higher than that.
Mr. SHAFROTH. And even higher than that. Of this is all right for the banker, but how is it for the people who have to pay the increased interest? It seems to me that it is getting gold at a tremendous cost. If it involved only the question of the little amount of gold that would be obtained, it might be something of slight moment; but when you consider that the rates of interest for the entire country and the entire world rise upon that increase in the rate of interest fixed, it

seems to me that it is a great burden and that there ought to be some other way devised of getting gold cheaper. In this country we have not exercised that principle, and yet our imports of gold have been \$5,000,000 more a year on the average since 1878. The Government buys gold. In Denver the Government buys from \$12,000,000 to \$20,000,000 of gold every year. We pay for it \$20.67 an ounce. We have never paid a premium of even one-tenth of 1 per cent for it. The man who goes to the mint does not follow his gold and wait until it is coined and delivered to him; but he presents his bullion and he immediately receives a check for the same. Thus the Government is buying gold continually in this country to very large amounts without paying any premium whatever on it, and there has never been a deviation from that practice.

Mr. BURTON. It is virtually just a mere exercise of the

right of coinage

Mr. SHAFROTH. That is right; and that existed to an extent even in the year 1893, with all the depressions and drain on gold that then existed, for I know in our city there was gold purchased by the Government to the amount of more than

\$12,000,000 that year.

I want to ask the Senator from Ohio whether there is not some way of getting gold, even if you have to pay a premium for it, which would be less expensive to the people of this country, less expensive to the masses, than raising the rate of discount or raising the rate of interest to every borrower in the

entire world? Mr. BURTON. Answering first, perhaps, one or two other statements made by the Senator from Colorado, which it might be well to explain, he seemed to lay stress on the fact, or at least I gained the impression from what he said, that if all countries would raise the rate of discount at the same time no result would be obtained. In actual experience this is not the The rates are unequally raised in different countries. Suppose, however, that they should all raise the rate of discount

at the same time.

The tendency of the increase would be to put a brake on expansion. The Senator from Colorado asks is there not some simpler way of recouping our supply of gold than by raising the rate of interest. I do not think so. Different makeshifts have been employed to safeguard the gold supply. For instance, the Bank of France has a reserve, changing so frequently that I am not sure that I can give the proportions accurately, but four or five of gold to one of silver, say four-fifths gold and one-fifth silver. If a person comes in when there is an unusual strain on their gold supply, they will pay over silver instead of gold. Everyone knows that that is a makeshift. Here we would regard that as a refusal to maintain specie payments in the metal which is the coin of the commercial republic. Bank of France also purchases gold. What does it indicate when gold is at a premium; what is the condition that must be met? It might be a condition of overexpansion, certainly of danger from some source. People may have been going ahead too fast, engaging in injudicious enterprises, borrowing too for the banks to follow that practice, because they would like much, and perhaps indulging in extravagance. At such a time to get a high rate of interest, but it works to the injury of the

as that it is not harmful to a people, but rather is beneficial, when those who are in close touch with the situation sound a loud note of warning by raising the rate of discount, thereby putting a check on speculative borrowing and causing a quick

return to normal conditions.

Mr. President, I notice there is a great deal of complaint nowadays about the difficulty of obtaining loans. Seemingly, last April there was a warning of danger ahead, and loaning was somewhat curtailed. While it is always hazardous to venture any prediction upon future financial conditions, I think we are in a position in which in a few months the reserves of the banks will increase, rates of interest may be lower, and loans be more easy to obtain. What has brought that condition about? In divers lines we were going ahead too fast. There was

Mr. ROOT. Mr. President, may I interrupt the Senator from Ohio to say a word or two to the Senator from Colorado in

answer to his question?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from New York?

Mr. BURTON. Certainly.

Mr. ROOT. The Senator from Ohio kindly yields so that I may make a suggestion to the Senator from Colorado in regard to the question he has just put. It is not really an injury to the borrowers in a country which raises the rate of discount, for the reason that when a man goes to the bank and borrows money he gets bank credits or bank notes, or whatever the representative of value in actual use may be. The value of that which he receives depends upon the existence of a due relation between the total amount of currency in the country and the amount of gold which underlies that currency. When gold goes out of a country, it indicates an excess of currency, and so long as the gold remains out there is, in fact, less value to the cur-The currency is worth less, because there is not a due relation between it and the gold which underlies it. The borrower gets less, but when the rate of discount is raised the effect is produced of bringing back gold, and the increased value of the currency or other form of credit the borrower gets is exactly proportionate to the increase in the amount of interest he has to pay. The borrower gets just so much more for his increased rate of interest by reason of having the value of what he receives increased by the reestablishment of the due relation between the underlying stock of gold in the country and the currency of the country.

Mr. SHAFROTH. Mr. President, I have not any doubt that the Senator understands the subject very thoroughly; but the question with me is this: Take the rate of the Bank of England in the latter part of the last century, which was from 2 per cent to 2½ per cent, as compared with the rate now of 5 per cent. That may be all right for some people, but it is not for the borrower. His status by reason of what he gets is not increased in proportion to the difference between 2½ per cent and 5 per cent. On that account it does seem to me-inasmuch as the justification for the raising of these rates is that it is done for the purpose of getting gold—that there ought to be some easier way, some cheaper way. Would it not be better for the Government itself, if necessary, to pay a premium for gold than to have raised the rate of discount on all the people of

the United States or all the people of England?

As to the reserve banks getting gold, it seems to me they could do so at very slight cost at all times. I have never heard of gold selling in this country for the last 20 years for more than a rate of, I think, one tenth of 1 per cent. One of the reserve banks that does a business of a million dollars a day can take that million dollars coming over its counter and add to it one-tenth of 1 per cent and get gold in the market. For a thousand dollars it could get gold for redemption purposes to the amount of a million dollars. Of course, it could not consume that gold. An erroneous idea prevails that it takes a large amount of money to keep a gold reserve, but it does not, because, unless you use the gold in either governmental ex-penditures or consume it in some other way by purchases, it takes only a small amount of money. If you are going to buy gold to start a gold reserve, which a bank is required to have, then, of course, it has got to pay the amount of the gold reserve; but when the gold reserve is established and it is necesto keep it in existence, the receipts of the bank, coupled simply with one-tenth of 1 per cent, will maintain that gold reserve. For that reason, it seems to me, the fear we have that in order to keep this gold it is going to cost us so much and that it is necessary in order to keep it to raise the rate of discount in the nations' bidding for the gold from each other is not well founded. I have felt that it might be an advantage people; and for my part I would rather not see this bidding for gold going on in the present manner, but to let gold be bought in the open market, just as is done in Denver. We have no trouble in getting gold there.

Mr. ROOT. Mr. President, the Senator compares the conditions in England, for example, with interest at 5 per cent, with conditions there years ago when interest was 2 per cent. That

Mr. O'GORMAN. Mr. President, if the Senator will pardon me, the rate was from 2 to 2½ per cent two years ago, while

it is now gone up in excess of 5 per cent.

Mr. SHAFROTH. I think the Senator is mistaken in that. I have a table prepared by a French economist, who states that in the last two years the rate has increased considerably in England. According to the table, from June 30, 1911, to June 30, 1913, the rate in England increased from 3 per cent in 1911 to 4½ per cent in 1913, but since that time it has gone to 5 per cent.

Mr. O'GORMAN. Yes.

Mr. ROOT. Those increases or decreases in the rate of interest, running through a considerable period of time, are brought about by many causes; but the comparison, which is of importance to the question, which the Senator from Colorado puts so clearly, is a comparison between the condition of the country if the rate of interest is left as it is to-day and the condition of the country if the rate of interest is raised tomerrow. It is the comparison of immediate conditions; and I have stated the reason why the increase, changing from the condition to-day to the condition to-morrow, is not really a disadvantage to the borrower.

disadvantage to the borrower.

Mr. BURTON. Mr. President, it must be understood that whenever there is an abundance of gold to redeem notes and as a basis of credit, that is contemporaneous with a condition of trade when it is safe to extend accommodations. When there is a scarcity the contrary is true. As the Senator from New York [Mr. Root] has said, the purchasing power naturally goes up and down according to the quantity. Certainly, the value of a loan as an accommodation goes up and down in accordance with the index afforded by the supply of specie. I now wish to take up another question in this connection.

No system which divides the banking capital among 8 or 12 banks will be able to take care of the situation. Should that number be established, one of two things would happen. The first would be that all the regional banks, by reason of their comparative weakness and inability to tackle this problem, would abandon any effort to secure favorable balances in the shipment of gold. The other would be that one institution, presumably at New York, would stand out above all the rest, taking care of the gold supply, and thus obtaining a power and a prestige for this bank and for that city surpassing that which now exists. The latter result, however, could hardly be expected. Regional banks in localities from which there are exports, such as the one at New Orleans, where cotton is exported, or at Chicago, where meat is sent abroad, or at San Francisco, where there is trade with the Orient, would not have sufficient to cope with the situation. Their whole interest would be to provide sufficient reserves or resources for their own locality. Their action would be strictly sectional, not national.

I may say in this connection that in the collection of foreign bills from the eastern portion of the country there is an inevitable tendency to clear through New York City, largely because that is the greatest importing point in this country.

Without banking facilities, a man, say, in New Orleans, who sold cotton abroad, would have to have the money shipped back to him in payment, and would not have the use of it for many days. Under our present banking system, however, this would not be necessary, because New York institutions would purchase a draft drawn by the exporter of the cotton on the foreign bankers of the party to whom he sold the cotton, and would sell the exchange so made to importers who required it. New York City acts as the clearing house of the United States for foreign items, because it is the principal city of import, and so requires the exchange made by the exporter in order to furnish it to the importer to pay for goods he has purchased abroad. While other cities have some foreign business, yet New York City is our leading center in foreign exchange. No legislation can change it. It is due entirely to conditions of trade.

Foreign exchange bankers either hold time bills purchased by them to maturity or discount them, depending upon their requirements, and a regional system of banks would have to do the same, and often in conflict with each other. A central bank, however, would be able to base its operations upon the requirements of the country, and so would at all times stand between our business interests and those of foreign countries.

Suppose that a regional bank in New York wished to carry a large amount of foreign exchange to guard against adverse balances of gold or any shipment of money it would make taclculations and lay them out perhaps on a large scale. However, the moment a fund is accumulated which naturally would be appropriated for this purpose along comes the Federal reserve board and says, "You must lend that to the South, or the West, or the Northwest, or some other part of the country." It would be utterly unable to make its calculations. It could not cope with the situation.

That is one of the worst features of the regional-bank plan. Right in the very substance of it you recognize that of necessity these banks have to be tied together, because, as I have repeatedly said, some are in creditor and some are in debtor regions, and unequal demands at different seasons of the year require accommodations from one to the other, and by the very introduction of this feature you impose upon the regional banks all the duties that a central bank would have without any means of carrying them out. As a result of that you must say to every regional bank, "You can not go ahead on a large scale; you can not make your calculations in advance, because you must hold yourself in readiness at any time to turn over your resources to some other region to which we will compel you to transfer them."

This condition would be particularly applicable in the case of foreign exchange, because those operations must be on a very large scale. What would be the probable result of this plan? The regional bank in New York never would be able to undertake transactions in foreign exchange in such a manner as would most benefit the country. On the other hand, a great central institution like the Bank of England or the Bank of France, with great resources such as theirs, would take care of the problem easily and readily, and would do so because of its obligations as a public institution.

Let me state right here another disadvantage about the system of regional banks as compared with a central bank. It is assumed that under this plan commercial paper can be made more available than now for investment. A great deal of money in New York goes into loans on the stock exchange. What is the way to cure that situation? By building up a discount market in which there will be a great quantity of bills of a special quality which investors can buy. What is the means of building up that discount market? By establishing regulations under which, when a man discounts a bill, he may know that he can take it to his bank, which in turn can take it to a central institution or to one of these regional banks and rediscount it.

Suppose a bank has a certain amount of money that it does not need for a short time, but does need to have readily available to meet future contingencies. As it is now, in New York it lends it on the stock exchange or on securities; but with a discount market, where there was an institution available to which it could go and make its discounts, it could buy discount bills. The tendency would be to reduce the rates of interest to a point 1 or 1½ per cent lower than they are now.

Suppose you have this system, under which the regional bank is liable to be called on at any time to transfer its resources anywhere; suppose you have the further regulation that is put here, that every week or so the Federal reserve board may change the rate of discount; what is going to happen in that case? In the first place, the bank having the fund to invest will not dare to invest it, because it will not know but that the regional bank to which it would resort may be compelled to make other use of its resources. Also the banker does not know but that the regional bank will be commanded at the next meeting of the Federal reserve board to raise the rate of discount, so that he can not profitably take it there and discount it.

At least so far as a sufficiency of resources is concerned, except on the stock exchange, no such disadvantage as that would appear under the plan of a central institution. There the total amount required for a loan would be but an inappreciable part of the whole reserve. You would be dealing with an institution which would have the power and the capacity to meet such a situation.

I now desire to take up more in detail-

Mr. HITCHCOCK. Mr. President, before the Senator passes to the next topic I should like to ask him whether the evil he complains of and suggests in connection with a large number of regional banks, as proposed in the House bill and as still proposed in the Owen bill, would not be greatly diminished if the number of banks were made four, as provided for in the amendments reported by the section of the committee of which I am a member?

Mr. BURTON. Undoubtedly, because the resources of each bank would be so much larger. I should think, too, that if you had four banks the best way to arrange them would be to avoid having localities of similar demands included in one district, but to have as great diversity as possible. That is, do not make it all a cotton or a corn district, but have just as wide a diversity of interests as possible, with a consequent variation in the demands from month to month.

Unquestionably four banks would be far better, and yet I feel confident that if we started in with four-and I have still more confidence that if we started in with eight or a dozen-the disadvantages of separate action would be so marked

that the people would desire a central institution. It has been said here this morning, "Oh, well, this is about the same as a central bank, anyway." The pending bill is not

based on that principle at all.

The guiding principle and the idea of that bill is that separate sections can get along better if they have separate banks. It does not lead to a unity of action. It points rather toward a severance, the recognition of separate interests, and the idea that the country can be split up into a number of different districts and get along better independently than it can by working together. I think, however, that the disadvantages of such a system would after a time convince the people that they had adopted the wrong rule, and they would then come to the idea of a central institution. But why not do it now? Do not have any halfway imitation of cooperation and unity of action, but have actual cooperation and unity, with all its incidents and with all that is required to control this great problem.

I now desire to take up more in detail a comparison of regional banks with a central institution. In doing so I shall doubtless go over some ground that I have already partially covered, either from my prepared manuscript or, more probably, in

places where I have digressed from it.

In securing an adequate banking system one central bank, with branches, could be used more effectively to bring about currency reform and banking reform than a series of regional banks, 8 or 12 in number. The points of advantage are chiefly along the following lines:

First. Mobilization of reserves.

Second. Equitable, stable, and uniform discount rates. Third. Management, and sectional or partisan differences. Fourth. Uniform note issues.

Fifth. The gold movement.

Sixth. The credit of the Government.

Seventh. Refunding operations.

Eighth. Clearing functions and domestic exchange.

(1) MOBILIZATION OF RESERVES.

"Mobility" means "the quality or state of being movable, with extreme fluidity," and, as applied to banking reserves, it means the ability to loan money in one part of the country that is not needed in some other part of the country, with speed, without friction, and without expense. Mobility of reserves exists in a central bank with branches to a greater degree of perfection than it is possible to conceive in any other system. Reserves that may be held by any and all branches are still the reserves of a central bank. They may be shipped from the largest city to the smallest city, at distant ends of the country, and if held within the control of branches of the central bank they count as reserve for the central bank. It is possible, therefore, to loan money at any branch of a central bank, no matter how small that branch may be or where situated in relation to other branches. The loan would be proportioned from the total reserves of the central bank instead of from a small division of such total, such as would be represented in a regional bank. The percentage of effect in such a transaction, therefore, would be vastly less in the case of a central bank than in the case of regional banks. In the United States we have a number of districts clearly marked in their nature as to the kind of business. All of the banks in certain districts, such as those which grow corn, wheat, and cotton, are obliged to borrow money at approximately the same time of the year. A number of other districts have money to loan during this same period. Under our present system a series of banks in one district, say the cotton district, borrow from a series of banks in another district, say the New York district, involving vast transfers of actual cash. Under a regional banking system some of the demands of the cotton district would be supplied from the regional bank. But that bank would not have sufficient funds to supply all of these demands.

I shall endeavor, before the day is over, to give some figures showing approximately what would happen, what share of the money needed in that region would have to be borrowed outside, and what the reserves there would be.

The regional bank would then be forced to borrow from another regional bank-say that located at New York-in order to supply all of these needs. This is in theory the same course which is pursued under the conditions which prevail in this country to-day, where the banks throughout the country in these periods of crop movement and unusual demand turn to New York and such money centers for the funds necessary to accommodate their customers. This is the same course which would be pursued by the southern banks which did not enter this plan, but which would also turn to their New York correspondents for their additional funds. But the added handicap is presented that these southern members of the regional system would have their present connections in New York broken off by the necessity for them to deposit their money with the regional bank.

There is another feature of this question of reserves to which I wish to call attention. Some persons seem to have overlooked the existing law. Under the present law it is compulsory for a country bank to keep 6 per cent of its liabilities or deposits in its own vaults. It may deposit 9 per cent of the rest in a reserve or central reserve city. That leaves it the option to retain in its own vaults the whole of the 15 per cent reserve At the time of the year when it is probable that there will be large demands it will not send the money to Chicago, to St. Louis, or to New York. Under the law that is proposed here the quantity to be lodged in the regional reserve

bank is absolutely compulsory.

Much has been said here about how the banks refused to pay out reserves, in the panic of 1907. Suppose a country bank had 9 per cent in New York. It was claimed that New York did not pay over that 9 per cent when demanded. If they did not-I do not know whether they did or not-they were virtually repudiating a debt which they were under the most solemn obligation to pay. Very likely they were doing so because of inability to pay. But suppose you pass this bill, and a stress comes on, and you have those same reserves in a regional bank. It is like the boy's savings bank of the old style, built in imitation of a house, where you could put your penny down through a clutch, but could not get it out without destroying the bank. It stays in the regional bank, and the law says, "This is no longer optional, as it was under the old system; it is compul-You must now leave this money with us, without any withdrawal.

Mr. HOLLIS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from New Hampshire?

Mr. BURTON. Yes. Mr. HOLLIS. If the Senator will pardon me a moment, do I understand his criticism to be that the banks must keep with the reserve banks a certain portion of their assets?

Mr. BURTON. Yes. Mr. HOLLIS. I think the Senator has not read the bill cor-If he will refer to page 28, he will find it provides that after the 24-months period has expired the reserve shall be held in the vaults of the member bank, or in the Federal reserve bank, or in both, at its option—that is, at the option of the member bank. That was the intention.

Mr. BURTON. This provision has been changed so many

times that I am frank to say that I am a little doubtful about any statement I have made concerning it, although I have tried

to keep track of it from the start.

Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nebraska?

Mr. BURTON. Yes. Mr. HITCHCOCK. I should like to have the Senator from New Hampshire read that provision. As I have read it, it requires absolutely that a certain per cent shall be kept in a reserve bank, a certain per cent in the vaults of the member bank, and there is a balance of the reserve which is optionalnot all of it, but only a part.

Mr. BURTON. That certainly was the provision of the bill as originally drawn, as I have stated.

Mr. HOLLIS. And that is true now. I inquired of the Senator whether he understood that all of it was fixed.

Mr. BURTON. Oh, no; only a certain proportion. Mr. HOLLIS. One-third of it is optional with the bank.

Mr. BURTON. Yes.

Mr. HOLLIS. That is what the bill says.
Mr. BURTON. The comparison I was making was this: Under the present law the whole 9 per cent is entirely optional, and you can withdraw it. Under this bill-I really am not familiar with the latest print-a certain per cent of the reserve must stay there. Am I not correct in that?

Mr. HOLLIS. Yes; that is true. The idea, if the Senator will permit me, is that as the Federal reserve banks depend upon the reserves that are put there by other banks, and as that is their working deposit, they should not be compelled to relinquish all of it at the call of a bank. That is part of the money they depend on.

Mr. BURTON. Of course that is part of the system. That is the idea of it; but will that work out?

In a central banking system notes that might be issued at its New Orleans, Galveston, Houston, Dallas, Atlanta, and other branches in the South would be based upon all of the reserves of a central bank wherever held and a perfection of mobility would be obtained not possible under our present system and not possible under a regional-bank system. Under a regional system each district bank would have to maintain a reserve against the notes issued to it. The power of the Federal reserve board to force the one regional bank to loan to another would not and could not place the reserves of the former behind the note issues of the latter. There would be, therefore, no greater mobilization of reserves under a regional-bank system than there is to-day, even though the number of banks in one district which borrowed from another would be reduced.

In connection with the mobilization of reserves, and preliminary to its successful operation, we must have concentration of reserves. In a central bank such concentration is again perfect. In a regional system such as has been proposed it not only lacks perfection but it actually extends the separation, for we are proposing to increase our system of 3 central reserve cities, which has been wanting in concentration, to 8 or 12 central reserve cities. The Owen bill is attempting to further centralize

by greater decentralization.

Harmony exists in the minds of practical bankers and economists upon the necessity of an effective assembling of the lawful money reserves of all of the national banks and the creation of an institution or institutions for this purpose which can be made available as a reserve depository for State banking insti-

I have already made reference to Germany, where a certain hoarding process has been noticed at intervals for the past two

There the phenomenon is quite different.

The Reichsbank is able to increase its discount account, meet demands for currency by increased circulation, and protect its store of gold, at least temporarily, by the judicious use of a discount rate which it makes effective in all parts of the Empire. The banks of Germany, which depend upon the Reichsbank in time of strain, are able to discount bills with that institution and have a strong incentive to cooperate with the policy of the bank in protecting their own and its credit and reserve position.

With whom or with what is the regional bank asked to cooperate? Shall it aid another regional bank? No. This plan was launched with the idea of giving each bank a separate existence and having it take care of itself and its area. They are to be absolutely distinct institutions, with no duty to any of the others, but created by a bill which makes it possible for a board to come along and lay its strong hand on any one of the institutions and say, "You must lend to another." There is no provision for cooperation or concentration. The spirit of the whole bill is that whatever concert of action there may be among them is to be forced through the agency of a board that can command them to violate every principle of banking. It takes away the voluntary control of their assets and exercises a function which, in the nature of the case, must be open to sectional differences and rivalries certain to hamper their use-

fulness from the very start.

In this country we can not hope by a stroke of the pen to bring about the character of cooperation with a central bank such as exists in Germany and to a considerable extent in The 20,000 State institutions can not at once be brought into cooperation with such new system as is established. State institutions are, however, so largely dependent to-day upon the national system—the national banks being their chief reserve depositaries—that sound currency legislaupon the national system—the national banks being tion which will strengthen the position of the national banks will in turn enable the national banks to carry the load which is now imposed upon them by the State institutions and which will continue for a long period under whatever system is adopted. No system of regional banks will prevent competition for gold and currency in time of credit strain as effectively as may be done by a central bank. With 8 or 12 regional institutions each section will seek the protection of its own district and the members of that district as distinguished from any other section and its members.

On account of numerous questions and interruptions, and be-

me, I realize that I have already stated what is treated later in the argument which I had prepared. Therefore I trust I will be excused for some degree of repetition.

Had there been eight regional banks in 1907 it is inevitable that an attempt would have been made to exercise the powers of a central board of control in order to effect a readjustment of reserves between the regional banks by enforced rediscounts, and the very act on the part of the Federal board of enforcing such rediscounts would have caused criticism and repulsion and would have accentuated the rivalry between these sections for the accumulation of reserves.

I have here a statement with regard to the compulsory nature of the requirements. Upon that I have already spoken. However, I wish to ask this question: How can requisite credit be afforded by a regional bank in a district where all members may wish to borrow at the same time? That would be the case if you had them divided up into a cotton region, a corn belt, a wheat area, and so on. They would all want to borrow at the same time. For one month, or perhaps for three or four months, the pressure might be very severe, and then it would let up. How much easier it would be if manufacturing districts, exporting districts, different kinds of commercial and mining districts were all joined to the agricultural districts, so that there would be such an alternation of demands as would

enable all to work in harmony!

A very important point in this connection is that our whole financial system has been built up on this idea. The aim of our banking structure has been to adjust to one another the claims and demands of different portions of the country. If Oregon wants a loan it sometimes goes to San Francisco. San Francisco can not supply its needs, it goes to New York. But this bill thrusts a sword into the structure which has grown up under a natural economic law and which is the best development of our whole financial system. It says: "No; you shall not work according to the lines of division which are natural and normal and have grown up through many years. We will appoint an organization committee and will divide up this system into branches."

Mr. President, if this bill passes, while it may confer doubtful benefits, while we may get on very nicely, it seems to me to be so absolutely false in its principles that I can not believe it is going to permanently remain upon the statute books.

In other words, in a large institution, such as a central bank, where the reserves held by every branch counted for all, there would never be any question as to its standing or its ability to meet the requirements of member banks. In other words, it would be far more valuable to member banks to be obliged to keep a portion of their reserve in such central bank. knowing that every other national bank in every part of the country was also required to keep a portion of its reserve in the central bank and was not able to draw it out, because it would have the advantage of being able to borrow against the reserves of every district in the country that were not being used in that district; whereas in a regional-bank system no such condition could exist, even on a compulsory discount basis.

(2) EQUITABLE, STABLE, AND UNIFORM DISCOUNT RATES

When the Reichsbank recently reduced its rate from 6 per cent to 51 per cent, that rate became effective to every one of the 70,000 customers of the bank in every part of the German Empire. The Bank of France has maintained unchanged a discount rate of 3 per cent for as long a period as seven years. The United States has no discount market, 28,000 different rates, as many usury laws as there are States, as many penalties as there are usury laws, and a range of rates extending from a condition where money is unloanable to a maximum of over 100 per cent per annum, notwithstanding the fact that this country has the largest store of gold, the greatest natural resources, the largest power of production, and the largest volume of banking capital of any nation of the world. Our 28,000 banks support the largest credit structure known in history. We are now attempting by the enactment of a bill to so read-just the fundamental conditions upon which this great credit establishment has grown as to bring about uniform rates of interest. It can not be done by the bill proposed, either safely or economically.

Without referring to the shifting and withdrawal of redeposited reserves required by the terms of the Owen bill, and assuming that that prodigious task can be accomplished without convulsion in the period of time allowed, how may it be expected that the surplus funds in the regional bank of the community where there exists a surplus of bank credits may be made available to the regional institution in the district where there is a deficit of banking credits by the natural economic law of supply and demand? So far as the regional institutions cause of frequently departing from the manuscript I have before are concerned, those in sections where there is a continual shortage of credit will always be borrowers; those in sections where there is a surplus of banking credit will always be seeking outlets for the surplus. If it is claimed that by the regional system the national banks of the district where the supply of credit is insufficient will still be able to borrow from their present reserve correspondents, how may this be done without imposing upon the banks of that district the necessity of carrying balances at unprofitable rates with reserve correspondents just as heretofore and thereby impairing their earning power? And, on the other hand, how shall the reserve bank in the district with the plethora of money employ its funds other than by the purchase of bills in the open market, thereby bringing about an undue and uneconomic depression of discount rates? It is difficult to see, under the terms of the Owen bill, how the country bank is benefited by having its reserves at home in a regional institution if it must still maintain a balance with its Chicago or New York correspondent for purposes of discount. Certainly such a condition would not exert an influence toward uniformity or stability of interest rates throughout the different sections of the country.

Mr. SMITH of Michigan. Mr. President—
The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Michigan?

Mr. BURTON. Certainly. Mr. SMITH of Michigan. If it will not interrupt the Senator from Ohio, what he has said about the credit of the Government and the resources of the country prompts me to ask this question of him: How is the value of the national bonds to be maintained under this Owen plan? I do not want to change the current of the Senator's argument, if he is going to come

Mr. BURTON. I shall later treat briefly of that.
Mr. SMITH of Michigan. I have been impressed with this idea: Suppose a large number of national banks fall to avail themselves of the privileges of this bill and retire to the State field, which has about as many attractions for banking as the national field now has, and surrender their bonds and their circulation, who is to buy those bonds and maintain their parity'

Mr. BURTON. I will say to the Senator from Michigan that at another time I want to discuss that question more fully, and with his kind permission I would a little rather postpone it, because it is a topic in itself. I shall, however, treat of it

Mr. SMITH of Michigan. It is a topic in itself, and one that

has given me a great deal of concern.

Mr. BURTON. I see that one member of the Banking and Currency Committee is present. I should like to have explained at some time just how much is meant by this provision allowing the use of United States bonds as a basis for circulation. is not altogether clear to me just what is meant by that. I do not care to bring it up at this time, but on another occasion would like to do so. If the Senator from Michigan will do me the honor to listen, I will touch on it briefly to-day, though at some later time I hope to discuss that subject quite fully.

Mr. SMITH of Michigan. I am very glad, indeed, that it is the intention of the Senato: to do so, because no one has a higher respect for his careful study of this question than my-self. He has been a student of finance for years and is an authority upon it. His judgment upon so important a question would be very valuable to his associates and to the country.

Mr. BURTON. This is a line of argument that I think it

would be valuable to develop. There has been nothing more marked in the history of securities in recent years than the decline of Government bonds the world over. The English consol reached a low record value just a few days ago. French rentes also reached a low record a few days ago. German securities and the French 3 per cents are also at a low figure. Our 2 per cent bonds have been kept up by the artificial stimulus of the circulating privilege. I think it would require a man of unusual prescience to state at just what rate of interest a Government bond of the United States not having the circulating privilege, not available for security for deposits. would fleat at this time. I desire to consider that somewhat further and to later formulate my ideas upon it.

The difference between the lending capacity of the creditor sections of the country and the borrowing needs of the debtor sections will necessarily fall upon the regional banks of the respective districts, and must be adjusted by the exercise of the rediscount function between the regional banks, thereby again introducing an uneconomic operation, likely to cause sectional difference of opinion, abuse of power, and distrust of management. With all the reserves in one institution, the credit of that institution may be directed, through its branches,

toward those sections where credit is needed without the intervention of arbitrary power. It may be claimed that the regional bank of New York, having a surplus, will welcome the opportunity to rediscount bills for the regional bank of New Orleans. How may this process be developed? Who shall fix the rates? Does this bill intend that every time a difference of opinion arises between New Orleans and New York, a hearing in arbitration shall take place in Washington-and who are the men who will hear and arbitrate these differences? May their time not be devoted to arbitration exclusively? And how may uniform rates be brought about by mandate or regulation of a board of control?

If there is anything to which I should think the banks of this country would now demur and which is contrary to all the laws and to every custom from the very foundation of the Government it is that of compulsory loans from one bank to another. Can anybody believe that we are going to establish a system by a board here at Washington that can compel a bank at San Francisco to lend to a bank at Denver without friction

and heartburning?

The Senator from Colorado [Mr. Shafroth] spoke this morning about somebody being provided to look after each particular region. Suppose Colorado demands a loan from California and its regional bank. May not California say, "We are looking after our region now; we are not prepared to take from our funds and put them into Colorado, and that, too, at a rate which is less than we can obtain in our own localities, and with the danger of being without the means of providing for our own cus-

tomers in their present and future demands"?

In contradistinction to the regional plan proposed, how simple would be the problem with a central bank. A rate of discount can be established with due regard to conditions and to the extent to which transfers of reserves, Government deposits, and the general fund is being affected, which will allow discounts to approximate the maximum seasonal fluctuation caused by the harvesting and movement of the crops, which has been estimated at \$300,000,000. The rate charged should be modified or determined by the proportion of its capital and surplus which each bank requires or under some similar rule. A central bank, by establishing a rate after consideration of all these factors, would automatically meet the fluctuation at the season when required, and its base or normal rate through an increase or decrease would control the extent to which all member banks would rediscount.

As the demands increased in any locality or as to any individual member, the rate would automatically increase to the ex-

tent that the demand was met.

I have suggested-and I make the suggestion again-that the best rule in determining discount rates in these regional banks is to extend a certain amount of loans to member banks in proportion to their capital. I am decidedly of the opinion, if we establish a bank having the deposits of the Government, there should be a chance for a member bank in Idaho, if it has a first-class loan, to discount it with such an institution just as cheaply as can a bank in Massachusetts.

At present the rates differ very materially. The difficulty would be to establish a standard by which you may judge and which you may compare. But the best standard is the capitalization of the bank. Twenty per cent is the amount which I

have suggested in the bill I have introduced.

Mr. BORAH. Mr. President—
The PRESIDING OFFICER. Does the Senator from Ohio yleld to the Senator from Idaho?

Mr. BURTON. I would be glad to yield to the Senator from

Mr. BORAH. As I understand the Senator, he is advocating a Government-controlled central bank. Is the Senator going to discuss, before he closes, the note-issuing proposition upon the part of this bank?

Mr. BURTON. Yes; I shall touch on that somewhat. Mr. BORAH. I will wait, then, until the Senator gets to it before I ask the question I have in mind.

Mr. ROBINSON. Will the Senator from Ohio yield to me? Mr. BURTON. Yes.

Mr. ROBINSON. If I understand the Senator's argument correctly as to rediscounts, the rates should be uniform throughout the United States.

Mr. BURTON. For the same class of loans.
Mr. ROBINSON. Does that imply that the rate of loans by
the bank to the borrowers throughout the United States should be fixed and uniform?

Mr. BURTON. For the same class of loans it should be uniform.

Mr. ROBINSON. Then the Senator's thought is that the tendency of the system should be to equalize it.

Mr. BURTON. Decidedly. Mr. ROBINSON. And to make uniform throughout the country the rates of interest, and that without regard to the varying demands of localities for loans?

Mr. BURTON. Both yes and no. A uniform rate for loans amounting to 20 per cent on the capital would have a tendency

in that direction.

Mr. ROBINSON. Just a moment. In some parts of the country, especially in the section from which I come, the rate of interest is very much higher than the rate in other portions of the country, for instance, in the East. I am somewhat infatuated with the suggestion of the Senator from Ohio, because the inevitable result of his proposal would be to reduce the

rate of interest in Arkansas.

Mr. BURTON. If you are going to have a bank of this character to receive on deposit the funds of the Government that are now in the Treasury, we ought to reduce the rates in almost every State in the country. We ought to say to them, if you present a good loan you shall get it at a lower rate of interest than you have been granted in the past. We will not recognize the differences which exist in banking facilities in different portions of the United States. We will treat you all alike provided you give the same security. Now, the best test of security is

Mr. ROBINSON. I take it for granted that any security that should be given to secure a loan through any system the Sen-

ator would approve must be adequate and safe.

Mr. BURTON. Certainly.
Mr. ROBINSON. I can not quite understand why the Senator makes a distinction as to security.

Mr. BURTON. Of course everybody says that loans must be well secured. That is a truism. We begin with that.

Mr. ROBINSON. The Senator is not contemplating that in

any Government-approved system loans shall be made that are

Mr. BURTON. Certainly not. I do not fancy that the Government will encourage that class of speculative loans which would establish high rates of interest. I hope we may later

have time to discuss that matter of rates of interest.

Mr. ROBINSON. Then the result of the Senator's proposal would be to give to the banks in every part of the United States a uniform rate, and at the same time give the member banks in parts of the country where the rates of interest are normally high the opportunity of securing loans at a low rate of interest from other banks throughout the country, and yet impose upon their borrowers the existing normal rates of interest prevailing

locally.

Mr. BURTON. I can not agree with the Senator. I have heard that argument before. If what the Senator has just said is correct, there is nothing under the sun in the law of competition. We might just as well repeal our trust laws and all that type of legislation, and say that the opinion to the effect that trade and prices are regulated by competition is all

a delusion.

Mr. ROBINSON. I do not quite understand the Senator's position in that regard. I will make an illustration: The rate of interest to be fixed for loans to member banks throughout

the United States, we will say is 5 per cent.

A member bank in Arkansas secures a loan at 5 per cent. The normal rate of interest in Arkansas is 8 per cent. Is it the Senator's idea that while giving to the member bank in Arkansas the opportunity of securing a low rate of 5 per cent itself it may still be permitted under the system to charge the existing normal rate of 8 per cent?

Mr. BURTON. As a matter of fact it could not do it.

Mr. ROBINSON. Why?

Mr. BURTON. Suppose you had a hundred banks in Arkan-

Mr. ROBINSON. The banks are there now.

Mr. BURTON. Of course; and if they can obtain funds at lower rates than now, in order to do business and to get customers, they will reduce their rate. The argument of the Senator from Arkansas carried out to its logical conclusion would mean that the Arkansas bankers were absolutely independent of the money rate all over the country. Suppose they have been paying at St. Louis or elsewhere 7 per cent and charging their customers 8 per cent, and under the plan of a central bank they are able to get money at 5 per cent. That becomes known to the public and to the world. The newspapers publish these rates periodically, whenever they are fixed. It becomes known that the bank at Fort Smith, the bank at Little Rock, the bank at this place and that place have been getting

some of that 5 per cent money. In the first place, a popular pressure would be brought to bear to force down interest rates places to approximately that level. You may think that banking business does not always yield to popular opinion, but competition would develop. Customers would come in and say: "I am not willing to pay 8 per cent, but if you have some of that 5 per cent money to give me at 61-6, it may be, or even 7-I will take it." The result would be a lower rate. As I said a few minutes ago, all our laws of trade and competition are a farce if this result would not obtain.

Mr. ROBINSON. Will the Senator yield for just one other

suggestion?

Mr. BURTON.

Mr. BURTON. Certainly. Mr. ROBINSON. I do not want the Senator to get the idea that I am objecting to the suggestion which he makes, because, as I have stated before, I am rather in sympathy with it. But my thought is this: I want to understand from the Senator whether he expects as an automatic result of what is practically the giving of a low rate of interest to banks in my State, which are now paying a high rate of interest, there will also come a low rate of interest to borrowers from those banks.

Mr. BURTON. Oh, no; not universally. That would be impossible. There would be a lower rate of interest to some under the plan I have suggested, and the general tendency would be downward. The general tendency of the whole system would be to bird the different portions of the country together and make the rates of interest lower. This would not, of course, affect rates on risky loans, for the necessity of insurance profit on such loans would hold up the rate to a certain extent.

Mr. ROBINSON. If the final benefit of a low rate of interest is not to accrue to the borrower—

Mr. BURTON. It will to the borrower, but he will not get the whole of it.

Mr. ROBINSON. Then the bank will get a part of it.

Mr. BURTON. The bank will get a part of it.

Mr. ROBINSON. The greater part of it. Mr. BURTON. I do not think so. There is a margin now between the amount that the bank pays and that which it charges to its customers. I do not know how much in the Senator's part of the country it is, but it is, say, 2 per cent. Suppose the rate a banker has to pay goes down 2 per cent; he would inevitably, under general principles and adjustments of changing conditions of price, get a part of that, but I think only the smaller part of it.

Mr. ROBINSON. I will state to the Senator that one of the great needs of the section of the country and State which I represent in part is an increased amount of capital wherewith to develop it. That fact is universally known among the citizens of that State, and I believe it is pretty well recognized among those who are well informed as to conditions throughout the United States. If the result of any system which may be adopted would be to increase the amount of capital which would become available in that section for the development of the country, I should be in sympathy with it. But the demand for capital there is so great that I very much fear the borrowing public would not receive a fair share of the benefits of a reduced rate of interest, which was guaranteed by law to banks themselves and left to the operation of the rule of supply and demand as to the borrowers.

Mr. BURTON. There is the rate of profit and a lot of other facts that must be considered. Suppose you get a certain amount of money into your State at a lower rate of interest. Your banker has been getting a certain rate of profit. The moment he can obtain money at a lower rate of profit, while every man looks out for himself, the people will get the benefit.

I want to say one thing on which it seems to me there is some confusion. I do not say the Senator from Arkansas has fallen into it, but I think some of those who have advocated this bill, not necessarily in the Senate but outside, are laboring under an erroneous impression in that they confuse investment banking and long-time loans with commercial banking, and they have sought to have injected into this bill some ideas that would be very good on investment banking, but do not belong in any bill of this nature.

Mr. JONES. Mr. President-

The PRESIDING OFFICER (Mr. BANKHEAD in the chair). Does the Senator from Ohio yield to the Senator from Washing-

Mr. BURTON. I do.

Mr. JONES. I do not desire to delay the passage of this bill at all, but I think we ought to have more than 12 or 14 Members present while the Senator from Ohio is presenting this argument on the bill. So I suggest the absence of a quorum. The PRESIDING OFFICER. The Senator from Washington suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst Bacon Gallinger Smith, Ga. Smith, Md. Smith, S. C. Martine, N. J. Norris O'Gorman Overman Gore Hitchcock Hollis Hughes Bankhead Borah Brady Bristow Smoot Sterling Sutherland Page Perkins James Johnson Bristow Bryan Burton Chilton Clark, Wyo. Clarke, Ark. Colt Crawford Cummins Swanson Thompson Tillman Walsh Poindexter Reed Robinson Kenyon Shafroth Sheppard Sherman Shields Lane Warren Lea Lewis Williams Cummins Dillingham du Pont Lippitt McLean Shively Martin, Va.

Mr. SHAFROTH. I wish to announce that my colleague [Mr. THOMAS] is unavoidably absent to-day, and shall let this notice stand for the remainder of the day.

Mr. WEEKS. I wish to announce that my colleague [Mr. Lodge] is absent on account of illness, and to have that aunouncement stand for the day.

Mr. BRYAN. I wish to announce that my colleague [Mr.

FLETCHER] is absent on public business.

Mr. SMOOT. I desire to announce that the senior Senator from North Dakota [Mr. McCumber] is unavoidably detained from the Senate, and I will allow this notice to stand for the day.

Mr. ASHURST. I am requested to announce that the junior, Senator from Mississippi [Mr. Vardaman] is absent on public

business.

Mr. JONES. I desire to state that the junior Senator from Michigan [Mr. Townsend] is necessarily detained from the Chamber on important business.

Mr. SMITH of Maryland. I announce that my colleague [Mr. Jackson] is unavoidably absent on important business.

The PRESIDING OFFICER. Sixty-one Senators have an swered to their names. A quorum of the Senate is present. The Senator from Ohio.

Mr. BURTON. Mr. President, when interrupted I was speaking on the subject of equitable, stable, and uniform discount rates.

With no distinguishing mark upon the reserve money in a central bank, no question could arise respecting the extent to which any locality was impairing the reserves of the bank with reference to the needs of any other locality. No group of banks in one city by large borrowings could so affect the rate in that locality as to impose penalties upon a more conservatively managed institution which had been a more moderate borrower, for they would, under the central-bank bill, have to pay a higher rate of interest as they increased the proportion of their loans to capital. No one great institution, overshadowing a number of smaller institutions in one locality, could ever impose penalties in the way of increased discount rates upon its less powerful competitors or neighbors. Furthermore, those institutions whose credit was so high as to be able to borrow in the cheapest market would be able to rediscount paper through natural channels of rediscount in different sections of the country, so long as it was profitable to do so, at rates below the rate fixed by the bank. We can not expect for many years to bring about uniform, stable, or low rates of interest throughout this country. We can, however, establish an institution which, over a long period of years, will effect a gradual redistribution of credit and banking reserves, so that both uniformity and stability of rates may come about by the natural operation of economic law. Such uniformity and sta-bility must be based, first, upon the elimination of competition for bank reserves in times of strain; second, upon a discount market based upon a single reserve reservoir; third, upon the creation of an institution of sufficient power and of such singleness of purpose that it may exercise the same influence over international exchange as is now exercised by the three great central banks of Europe and the central banks of all of the princiindustrial countries of the world.

Mr. President, until we have those advantages which can be given by a central institution, I do not believe the advantages here enumerated and which are so essential can be secured.

A graduated increase in the discount rate on excess discounts over a normal uniform rate upon a minimum volume of discounts will apply a brake upon expansion by the borrower where it will be effective, and assist in bringing about both stability and uniformity, and no such influence can be exercised either by arbitrary power or by the imposition of a tax upon earnings

which go to the Government and in which the respective borrowers will have but a trifling, if any, interest.

(8) MANAGEMENT AND SECTIONAL OR PARTISAN DIFFERENCES.

I approach this subject, Mr. President, with a great deal of hesitancy, because I hope that whatever board may be selected will absolutely ignore all partisan or sectional considerations. It is one of the vices of our politics, municipal, State, and National, that official position has not yet assumed a standing such that those who enjoy official positions ignore considerations of political advantage. When I read of many reforms which have been patterned after the manner in which they do things in Berlin, or in London, or somewhere else, I am forced to think how ineffective are many of the arguments and how often those who advance them ignore the great difference in the conditions here and abroad. The partisan spirit runs very high in this country, and it is very difficult for any official, however exalted the position, to entirely throw into the discard the idea that he must be a Democrat, a Republican, a Progressive, or something else, as well as a member of the Federal reserve board or of some other body. In this respect our machinery of government is defective. There is a great difference in our municipal affairs as compared with those of the governments in

Harmony of management directed toward a single purpose is sential to cope with the vast problems and the readjustment of our currency and monetary laws. May we expect that this is possible of accomplishment with 12 boards of directors, partisan to their districts, who may never meet together for exchange of views, and who will be subject to the exercise of arbitrary powers by a Government board? Another thing: It is not alone political, but there is the sectional feature of it. Anyone who has ever had any experience with appropriations for public buildings or for rivers and harbors, anyone who has been through a campaign and heard the arguments made for B, C, or D, that they get an appropriation for a public building or for dredging out a harbor, will recognize how firmly our people hold to the theory that an official, especially a legislator, is the agent of a particular locality. What is the nature of this bill? Why, its very framework invites sectional considerations; it starts out with the proclamation, "We will not have a great central national system, but we will have 8 or 12 regional systems." We put a section or a part of the country above the whole country; we make regulations that in a Federal reserve board a man shall be chosen, I presume, according to competency, but with the proviso that not more than one shall be chosen from any one district.

The very proclamation of the bill is an encouragement tomaintain that regard for sections. Is not this plan contrary to all human experience in the management of Government or private affairs? How may this system develop in this country of keen political partisanship, where each party grasps every advantage within its reach to secure the dominant position, or maintain it when once secured? Can we expect with confidence that a board of control, upon which sit officers of the Government whose appointments are partisan and political, which is subject in many important respects to the direction or influence of the officers of the Government, to be free from political influence and from discrimination, particularly having regard to the political complexion of the different sections of the country?

The first and essential protection against partisanship must be a long enough term of office to remove appointees from the influences of patronage. Those managing district offices must be responsible to a board of this character, free from political or sectional influences, and not responsible to a local constituency or clientele which may be influenced by political or sectional prejudices, rivalries, or competitions.

With one President having the power to appoint a majority of a board of control during one term of office, and with one or more members of the board members of his official family or subject to their direction, it is never impossible that the powers exercised by that board may be used for political or partisan purposes.

With the mention that I have already given it, I pass by the question of the responsibility of the first incumbent who makes these selections. But I trust that the choice will be made with the utmost care and deliberation. When once appointed, it seems to me that no President should have the power in one term of office to change the personnel of this board. Would such a board resist the pressure for rediscounts from a section of the country which had been guilty of overspeculation if another section had resources available? Can it be expected that the distribution of the funds of the Government throughout 12 regional banks can be effected without discord? Such a system as is proposed instantly inter-

jects sectionalism and partisanship. A board of management responsible directly to Congress, appointed for long terms, themselves appointing their local managers, would necessarily be free from such influences, the moneys of the Government would be assembled in one institution, no questions of sectionalism or partisanship could arise as to their distribution, and the credit operations of the institution would more surely be directed along economic lines.

Mr. BORAH. Mr. President—
The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. BURTON. Certainly. Mr. BORAH. The Senator from Ohio is discussing the probable effect of politics upon this system. It recalls the fact that when the second Bank of the United States was organized we had as President at that time a man who was perhaps as nearly nonpartisan as any man who held the Presidency during its first days; that was Mr. Madison. He was so nearly nonpartisan, at least he was so little aggressive, that he has been criticized by historians as having somewhat duplicitous views upon some subjects. I do not share in that criticism, but that criticism has been made. Yet at the time the second Bank of the United States was organized Mr. Madison had the appointment of 5 directors out of the 25, and the entire 5 he appointed were partisans.

In addition to that, Mr. Dallas, his Secretary of the Treasury, and Mr. Madison took an active part and an effective part in the election of the first president of the second Bank of the United States. It is entirely in accordance with the history of the time to say that the first president of the second bank was a fairly successful politician, but a most egregious failure as a bank president. It was under his presidency, the first presidency, that the bank was debauched, that embezzlement took place, that Baltimore and Philadelphia became the centers of corruption. He himself accepted \$1,800 as a portion of the

profits which were made in a stock deal in the bank.

Mr. President, this only illustrates that it is almost impossible, it does not make any difference who the man is, how high his ideals may be, or the character of statesman he may bebecause in some respects certainly Mr. Madison was as pure a man in private life as ever lived—these things inevitably tend in that direction; you can not, seemingly, prevent it under our

Mr. BURTON. I fully agree, Mr. President, with what the Senator from Idaho [Mr. Borahl] has said. We all deplore such a condition and we devoutly wish it were not so. That is one very strong reason why the modern movements for municipal ownership, and for managing by political agencies undertakings which have been left to private enterprise, call out such stren-

which have been telt to private enterprise, can out such stem-uous opposition in this country—the lower standard of effi-ciency that is furnished by a politically constituted body. Mr. NORRIS. Mr. President, I should like to ask the Sena-tor if it is his belief that it is going to be an impossibility to have the Federal reserve board absolutely disregard partisanship? Does the Senator think that it is going to take any hand in politics? Does he not believe that, even under our system, it is possible for a board to be appointed that shall be absolutely

nonpartisan?

Mr. BURTON. What does the Senator mean by "taking part in politics"?

Mr. NORRIS. Well, I mean to use their offices for the pur-

poses of controlling elections for the defeat of candidates or of parties. Does not the Senator think that, for instance, the Interstate Commerce Commission, although composed of men who belong to different political parties, have in their official capacity been absolutely nonpartisan and never have been influenced by partisan considerations?

Mr. BURTON. Oh, perhaps so. The probability is that this commission is one notable exception, but it should be borne in mind that the duties of the Interstate Commerce Commission in the exercise of discretion do not compare with those vested

in the Federal reserve board.

Mr. NORRIS. I will admit that, perhaps— Mr. BURTON. For instance, the Interstate Commerce Commission when a question arises will refer it to inspectors; they conduct investigations covering a long period; they hold hearings; the country becomes familiar with the facts; while in the case of the reserve board questions must be decided immediately and the questions which are proposed for them to decide are of such a nature that the possibility of abuse is admittedly

Mr. NORRIS. It is undoubtedly true that they have entirely different questions to decide, but the questions they will be called upon to decide are not more closely associated or connected with partisan politics than are the questions the Inter-

state Commerce Commission is called upon to decide. common knowledge that the railroads have controlled political parties and conventions, nominations and elections, and have

Mr. BURTON. That may be true out in Nebraska, but I never knew it to be true in Ohio.

Mr. NORRIS. Then your railroads in Ohio are operated by superior men or your citizenship is superior.

Mr. BURTON. I think it is largely because the electorate

would not allow it.

Mr. NORRIS. That may be; but, as a matter of fact, I think the Senator must have the knowledge that is more or less common, that railroads have in the past not only controlled elections and parties, but appointments that have been made. I do not understand why a board can not be devised and provided for by law that will control banking and currency in a nonpartisan way if we can get one that will control the rail-

nonpartisan way it we can get one that whit control the ranroads in a nonpartisan way.

Mr. BRANDEGEE. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield
to the Senator from Connecticut?

Mr. BURTON. Certainly.

Mr. BRANDEGEE. I desire to suggest to the Senator from

Nebraska that we have one Interstate Commerce Commission regulating railroads in the country, and not 12 regional Interstate Commerce Commissions, one in each section of the country.

Mr. NORRIS. I am not in favor of the 12 regional banks,

I will say to the Senator; but we were not talking about banks; we were talking about the Federal reserve board. The question was not as to whether we should have 12 or 8 or 4 reserve banks or 1 reserve bank, but whether the Federal reserve board could, under our system of Government and under the conditions prevailing, be absolutely nonpartisan.

Mr. BRANDEGEE. But the Senator from Ohio was discussing the whole structure of the bill providing for a Federal reserve board and regional banks, and was preferring a central bank, as I understood, instead of a lot of regional banks.

Mr. BORAH. Mr. President—
The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. BURTON. I yield to the Senator from Idaho.
Mr. BORAH. Whether or not we shall be able in the future to construct a board having to do with the finances of the country which shall be nonpartisan, all our experiences of the past have shown that we have been unable to place the finances of the country in touch in the most remote way with politics without having them enter into politics in its entirety. Take the first bank which was organized during the Revolutionary War; it drifted in the short space of four years into politics. The second Bank of the United States was destroyed because it was made a political issue.

Mr. Calhoun said that it was not because the bank itself entered into politics, but because it refused to enter into politics upon the strong side, that it was destroyed. That may be true or may not be true, but it was not permitted to be indifferent; it was not permitted to stand aside without either one side or the other seeking to exercise its influence upon the bank or seeking the influence of the institution for their purposes; and those banks were as nearly protected from partisan interference, I presume, as any bank could be which was not completely and absolutely under control of the Government and in which all

private interests, so far as control is concerned, are eliminated.

Mr. NORRIS. Mr. President, will the Senator from Ohio

Mr. NORRIS. Mr. President, will the Senator from Onio kindly yield further?

Mr. BURTON. Certainly.

Mr. NORRIS. In the first place, I think, in order to get a board that will be nonpartisan or a system that will be taken out of politics, we must have one controlled by the Government. If we can not devise a system that is going to be outside of politics and that will not become the football of politics, we ought to make no attempt to devise any system. I can conceive of nothing that would be more injurious to the welfare of business, banking, and the prosperity of the country in general than to have a banking system that would be under the control of parti-san influences or politics. I do not claim to be informed as to all the details of the Government banks we have had, but one of the objections to them, as I have always understood—and it was a serious and valid objection—was that they got into politics. It has seemed to me that it is possible for us to constitute a board that shall be out of the domain of partisan politics. Even though our forefathers failed, we ought to do the best we can to secure that end, and if we decide we can not do it, we ought to make no change, because certainly if we put the system into politics in the end it will come home to plague us. I think to a great extent both the bills which have been brought

in have very materially improved the House bill in that direction; but it seems to me it could be improved further. The suggestion made by the Senator from Ohio along that line seems to me to be correct, and that is that no President outside of the first one, of course, who must appoint all of them, ought to be allowed in the regular course of business to appoint during one term of office a majority of this board.

Mr. BURTON. As I recall, according to the House bill, the tenure of the members is longer than under the Owen amend-

ment, is it not?

The House bill makes-

Mr. BURTON. The Owen amendment makes the term six years, does it not?

Mr. SHAFROTH. Six years.

Mr. NORRIS. The House bill makes it a partisan, political thing all the way through, because it provides that three members of the Cabinet shall be members of the board. bills presented to the Senate take out two members of the Cabinet and leave in only the Secretary of the Treasury, but under the Owen bill the members of the board are appointed for a term of six years. So that, taking into consideration the fact that the Secretary of the Treasury is to be a member, every President would be able during his term of office to appoint a majority of the board.

Mr. SHAFROTH. Toward the close of his term.

Mr. NORRIS. Yes; and I will admit that that has removed, in my judgment, much of the objection. I think it has improved it very greatly. It will not be so bad if the President can only make the change toward the close of his term as if he could make it at the beginning. I concede that. It seems to me the bill would be improved wonderfully if the committee had doubled the term of the members of the board, for then they would have put it as clearly beyond partisanship as the Interstate Commerce Commission is now.

Mr. STERLING. Mr. President-

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from South Dakota?

Mr. BURTON. Yes.

Mr. STERLING. As somewhat related to the point now under discussion, I should like to invite the attention of the Senator from Ohio to the provisions of the bill in regard to the discretion lodged in the Federal reserve board as to forfeiting the charter of any national bank. The provisions to which I refer are found on page 6 of the Owen bill.

Mr. BURTON. Mr. President, I intended to make this argu-

ment applicable to one phase of this legislation, namely, as the title of my remarks is "Regional banks against a central institution." At a later time I desire to take up the matter be

suggests.

Mr. STERLING. Very well.
Mr. BURTON. The broad distinction which is given them in regard to the removal of any director or officer. I would pre-fer, however, not to take up that question now. Not alone is the question of political rivalry involved, but sectionalism as which is perhaps the more dangerous of the two. The very introduction of the idea of local ownership and management of regional banks implies sectional rivalry. The introduction of a board of control to regulate the relations between locally owned and managed regional banks admits the weak-ness of the regional plan and throws doubt upon its effective

(4) UNIFORM NOTE ISSUES.

Here again the weakness of the regional-bank system appears upon the face of the bill. A credit instrument to circulate freely among the people must be free from doubt as to its goodness and as to the ability of the obligor to redeem it in gold. Two regional institutions may not necessarily be of equal credit strength. Twelve institutions will certainly vary considerably in their strength and resources. Our national-bank notes have a uniform value by reason of the Government bond security. Notes secured by paper will vary in quality according to the quality of the security and the percentage of gold reserve.

In order that this vulnerable regional-bank scheme may be launched and the impediment of variable credit be removed, the United States Government, for a consideration, is adding its obligation to the notes. This aspect of the Owen bill requires separate discussion. The practical features of the plan as to regional banks may, however, be distinguished from the possibilities under a central-bank plan in a number of important re-The relation between volume of discounts and volume of note issues can not be controlled by a tax upon the notes, which tax is paid out of the earnings of the bank, when those earnings go to the Government or even when they are applied to the earnings of the member banks.

That is, any system whereby you pay a uniform dividend, and which you tax notes and tax them in case their reserves fall below the requirement, is ineffective. It is robbing Peter to pay Paul. It is taking the money away from the bank for a time and giving it to the Government, but the bank receives its dividends nevertheless.

Inasmuch as the volume of the issue of notes by a central bank or regional banks will depend upon the operation of the discount account, it becomes imperative that the board of control shall exercise such a measure of control of the discount rate as will enable it to check undue note expansion in any section. How may that be effected without again exercising arbitrary powers which are an unwarranted interference with economic laws of supply and demand? A graduated rate of discount will begin to apply a check in each locality as the tendency develops. If that becomes ineffective, the normal or base rate—that is, the advertised bank rate—can then be raised, the effect of which will be to direct the interchange of credit between the sections of the country without necessarily affecting the volume of discounts of a central bank. Such a process, which is comparable to that which occurs in Germany, would hardly be possible under the regional bank plan. There are, in fact, possibilities of note inflation in sections of the country where unusual demands for currency arise, which under the proposed plan would annually require to be met by the exercise of objectionable arbitrary

Mr. President, I do not believe in a note-issuing system; certainly not one where the Government is responsible, and where each one of eight banks can issue its money. To my mind, the question of currency is national in scope. If the right is given at all, it should be given to one great central agency which has a large outlook, a sense of responsibility, and, to come to a practical question, capital sufficient to make certain compliance

with its regulations.

(5) THE GOLD MOVEMENT.

Currency legislation is being undertaken in this country at a time when, for economic reasons, the world has witnessed an competition for gold. The German bank has added \$100,000,000 to its holdings the last year, about \$25,000,000 of which has been accumulated by the issuance of notes of smaller denominations than were formerly used.

This has application to the size of the Federal reserve notes. Of course, if you issue smaller ones, they will occupy a certain

place in the circulation that is not now filled.

Mr. SHAFROTH. And relieve the strain on gold to that extent.

Mr. BURTON. I question whether it will do that when you have so many now outstanding. I think the condition would be very different. The main point would be that these small Federal reserve notes would displace small notes now in circulation. The fact of the matter is that, save in certain portions of the country, such as California, we do not have any gold circulation worth mentioning. It is very different from conditions in Europe. The majority of our people dislike the silver dollar. They prefer the silver certificate. In Europe, on the contrary, there is a large circulation of small gold pieces and of silver pieces having a value of \$1 or thereabouts, such as the 5-franc pieces.

If you inject into our system an additional amount of paper money in small denominations, it seems to me it will make it more difficult to carry without embarrassment the silver certificates, which of course represent the silver dollar, and the green-

backs which we now have.

Mr. SHAFROTH. But do not the small denominations of paper money make it almost impossible for any large amount

of redemptions in gold to be made?

Mr. BURTON. They do if you do not have too many of

Mr. SHAFROTH. Banks attempting to accumulate money

Mr. SHARROTH. Banks attempting to accumulate money to present to the Treasury for redemption in gold would not think of trying to get \$1 or \$2 or even \$5 notes for that purpose.

Mr. BURTON. That, however, is due to another cause—the inconvenience of handling. There is a certain amount of circulation of small bills that this country will carry. I suppose the quantity of such circulation required is increasing, though I somewhat doubt that, because persons who formerly did not maintain bank accounts now do so, and pay their bills by means of checks. Nevertheless, concede that there is an increasing demand for more one and two dollar bills and five-dollar bills, you have enough of the silver certificates and greenbacks for that small change at the present time; and when you put in ones and twos and fives in the form of these Federal reserve notes I fear it will cause difficulty.

Mr. SHAFROTH. The Senator understands it is not com-

Mr. BURTON. I know that; but it is better to reform it

altogether—better to leave it out.
Mr. WEEKS. Mr. President, I do not intend to make the point of no quorum, but I can not refrain from congratulating the Senator from Ohio, who is making one of the ablest speeches of this generation on this subject, upon the attention which is being given to his arguments, and the possibility they have of affecting the opinions of those who are supposed to entertain different views from his.

Mr. BURTON. Mr. President, I suppose some of my views are somewhat academic. I can not blame anybody for going out while so long an address is being made.

Mr. SHAFROTH. I will state that the Senator's speech is very interesting to me.

Mr. BURTON. The Senator from Colorado is very kind.

Mr. ROBINSON. I concur in that.

Mr. BURTON. It is very kind of the Senator from Massa-chusetts and others to say that. I now resume the line of argu-

ment I was pursuing.

The French bank has expanded its note issues and limited the amount of its gold payments in order to conserve its gold holdings. The burden of readjustment of the gold supply has largely fallen upon England, where a free gold market is maintained, and our gold supply in this country has only been protected to the degree that it has during the past two years by the prevalence of unusually high rates of interest. The market for gold in this country is absolutely uncontrolled save by economic law. May not the proposed legislation have such an influence upon store of gold as to weaken our position rather than strengthen it, and possibly cause large exportations?

I wish to again touch on that subject in a minute, because I do not know that I made myself altogether clear in regard to

the gold situation in the remarks I made before noon.

One effect of the demands of enterprise, the constant establishment of new concerns, and the very considerable profits that can be derived from business ventures in the United States, has been a predominantly high rate of interest. That has been a factor tending to keep our gold supply at home, because the demand for investment here has been so considerable. Of course in another respect it may seem to work the other way; but, measurably, the high rates charged by our banks have had somewhat the same effect that the control of discount rates has had in Berlin and Paris and London.

Mr. BORAH. Mr. President-

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Idaho?

Mr. BURTON. I do. Mr. BORAH. I should like to ask the Senator from Ohio. presuming that he is as familiar with that feature of the subject as he is with all other features of the currency question, how the Reichsbank of Germany went about to build up its gold reserves after the depletion which took place in 1906 and 1907. They have now built up their gold reserve to a remarkable degree; and I should like to know how, in the judgment of the Senator, they most effectively accomplished that result. They made their notes legal tender after a most thorough and searching inquiry and one of the reasons for doing so was to more adequately protect their gold reserve. Never has their gold reserve been more thoroughly built up.

Mr. BURTON. I do not know that I can answer the question of the Senator from Idaho with the thoroughness of information which I ought to possess. Of course, by a charge of commissions on gold they check imports in a measure. They have brought in about \$25,000,000 of gold coin by issuing paper money—50 and 20 mark notes—smaller than those before issued; and then, in addition, they have resorted to raising rates of discount. I do not know but what they have adopted some other means with which at this moment I am not familiar.

Mr. BORAH. I had hoped the Senator would refer to another

feature of the matter.

Mr. BURTON. Does the Senator refer to the war chest at

Spandau?

Mr. BORAH. The fact is that the managers of the Bank of Germany, the Reichsbank, proceeded to make their bank notes legal tender for the purpose of building up their gold reserve. They stated that that was one of the objects of making the notes legal tender. I should like to know what the Senator thinks as to the effect upon their gold reserve of making those notes legal tender.

Mr. BURTON. I do not think it has any very great effect on the gold reserve. Making them legal tender tides over a condition of stress. But suppose we were to make legal tender |

our notes that are not now legal tender-the national-bank What effect would it have? So far as it had any, it would tend to drive gold out of the country rather than to

bring it in.

Mr. BORAH. Mr. President, that was the precise argument that was made against making legal tender the bank notes of Germany. The insistent argument was that it would have a tendency to lower the financial standing of Germany among the other nations of the earth and would deplete her gold reserve. The president of the Reichsbank said, however, that in his judgment that would not prove to be true, and as a banker and a financier he insisted upon making the notes of the Reichsbank legal tender.

Whether that was what did it or not, as a matter of fact, after the notes were made legal tender, the thing happened which the president of the bank said would happen-the build-

ing up of their gold reserve.

Mr. BURTON. I still think those who argued against it were right and that it was a case of post hoc ergo propter hoc. I do not see how else it can happen. Suppose you have a demand for a certain amount of currency in legal tender, of which a part is geld. Gold has a certain function to perform; and then you give to paper money the quality of legal tender. How under the sun can it happen otherwise than that a part of the gold, under the normal effect of that alone, will go out of the country?

Let me illustrate a little more clearly. Suppose you require a circulation of \$500,000,000 of legal tender and you have \$500,-000,000 of gold, and some day, by act of the legislature or imperial flat, you should say, "We will give to \$100,000,000 of paper the quality of legal tender." You have the same demand to comply with as before, your \$500,000,000. What can be the logical result except that it drives out \$100,000,000 of gold, and

you have only \$400,000,000?

Mr. BORAH. Permit me to put the matter the other way, which is more in accordance with the exact facts. Suppose a country needed \$500,000,000 with which to do the business of the community or the country, and they had only \$300,000,000 of gold and they was charled the country. of gold, and that you should make the representative of goldto wit, the paper which was redeemable in gold-legal tender. There never would be any occasion then for a man who had the paper money, which was legal tender, and performed all the functions of its principal, to go after the gold, so long as there was not, taking the paper and the gold together, an excess of the amount needed to do the business of the country.

Mr. BURTON. That would depend entirely upon another factor-the condition of the exchanges, due to a favorable balance of trade, loans from abroad, or some such cause. It is probable that at the time that \$200,000,000 of paper was made legal tender there was an urgent demand for gold, and the gold was brought in under influences other than making the paper

legal tender.

In this connection I wish to say that you can not compare their position with ours, anyway. We have too much of these motley forms of money already. I have given the figures. We motley forms of money already. I have given the figures. We have \$730,000,000 of national-bank notes, \$560,000,000 of silver dollars, which are half flat money, \$346,000,000 of greenbacks, which are all flat money, with a reserve of \$150,000 000. The greenbacks are legal tender, and the silver is legal tender, all that enormous mass of money-the national-bank notes not being legal tender.

Mr. BORAH. There is not a dollar of the money that is to be issued under this bill that is not flat money. It is all flat money. Ten years ago, when many people were advocating the free coinage of silver, if we had talked about issuing money upon the assets of a bank we would have been regarded as a step further toward lunacy than we were then. This is all flat money. The financial pharisee who has heretofore been denouncing others as believing in flat money will scarcely have the temerity to linger on the subject.

Mr. BURTON. I hope you did advocate it then, because you were no doubt foretelling what was sure to be accepted by the

people as the best policy.

Mr. BORAH. Exactly. We have now reached the point where, instead of taking the silver out of the mine and putting it into circulation, we are simply saying: "You may issue all the money you want to, so long as you can find sufficient amount of indebtedness upon which to issue it."

Mr. BURTON. It is not money in the sense in which the Senator is using the term right now. It is a promissory note. It is a credit instrument. If a bank issues a paper note for \$10, it is not, in its essence, any different from the transaction which would occur if I gave to the Senator from Idaho my promissory note.

Mr. BORAH. Exactly; but here is the Government of the United States issuing its own note, its own obligation, promising to redeem it in gold, and yet the Government refuses to endow it with all the functions of money. It performs all the duties and all the functions of money. Theoretically it is currency; in practice and actual use it is money.

Mr. BURTON. That is, it does as a matter of convenience. Mr. BORAH. And it does not stop in any of the functions of

money until it gets to the debt-paying power. Whenever you arrive at that point, however, you take away its legal-tender quality, and stop the function of money.

I do not look upon this as the paper money about which we have had the difficulty in this country, irredeemable paper money, paper money based upon general credit, with no gold set aside to redeem it and no provision for redeeming it, and so forth—the old flat money in its original acceptance; but here the Government issues this money itself. It agrees to redeem it. It provides for its redemption in gold, and yet it refuses to give to that money all the functions and all the virtues and all the

faculties of money.

Mr. BURTON. Simply for the vital reason that it is not money. It is a credit instrument that can be redeemed in money.

Mr. BORAH. Then, if it is not money, we are placed in the position of loaning the credit of the United States to private corporations to build up their individual credits.

Mr. BURTON. I shall have no difference of opinion with the Senator from Idaho in that regard; and I think it is a most unwarranted lending of its credit to these institutions.

Mr. BORAH. If we had a Government-controlled and Government-owned bank, such as the Senator advocates, the Senator would be in favor, would he not, of that bank being the sole

Mr. BURTON. I would, because it has these Liquid assets.
Mr. BURTON. I would be in favor of its issuing notes and the Government leaving it alone. I would be in favor of its issuing notes, but under very careful provision as to specie reserve and security in the way of commercial paper or other assets which can be very readily realized upon.

Mr. BORAH. I recognize the necessity of a bank in order to measure the demand for currency at a particular time, and so forth; but after all, if the Senator's plan should be adopted, the Government would be in fact itself, through this bank which it owns and controls, issuing the currency.

Mr. BURTON. No; except that it would have created an

institution which it endowed with that faculty.

Mr. BORAH. Truly so; but it is a Government institution just the same as one of the departments here is a Government institution.

Mr. BURTON. Not in the same close connection. The departments here expend money which comes from appropriations by Congress. The revenue collectors gather the money of the people in pursuance of law for the collection of taxes.

Mr. BORAH. Oh, yes. Mr. BURTON. I hope there may be further discussion on this subject at a later time. I certainly wish to express now my entire inability to subscribe to the provisions of this bill with regard to a Government guaranty of these notes. I do not think the Government ought to go into that business. It may not be very threatening or dangerous, but it is wrong in principle.

As I have said, the market for gold in this country is absolutely uncontrolled, save by economic law. May not the proposed legislation have such an influence upon our store of gold as to weaken our position rather than strengthen it, and pos-

sibly to cause large exportations?

This is such an important matter that it must not blindly lead us into a false position. There can be no doubt but that 8 or 12 regional banks can not act as effectively to control our gold supply as a central bank. It would not seem to be a question for argument, it is so apparent. This being true, the next considera-tion is whether a system of regional banks would better our pres-ent position or weaken it. There are many reasons to believe that it might weaken it materially. Any change in the law which makes it necessary for our banking system as a whole to maintain reserves in gold of any smaller percentage than that which now applies to the whole system will necessarily result in lower interest rates, expansion, higher rates of exchange, and gold exports.

I may note in this connection that the price of labor is usually the last to rise, so that, other prices having already gone up, labor does not get benefit of the increase.

It has been variously estimated that foreign investments in our securities amount to from four to six billions of dol-The enforced repurchase of these securities would impose a strain upon our credit system of unparalleled importance. We have just enacted a law reducing the tariff upon imports by nearly 40 per cent. A sharp decline in our balance of trade, brought about by a great enlargement of our imports, would likewise require the export of gold. A considerable reduction in the activity of business throughout the country may release credits and reduce rates to such an extent that the rate of interest will no longer afford protection to our gold reserves.

It is important that the institution or institutions to be created shall be able to exercise an effective influence upon the international movement of gold and to conduct international operations, either through its own agencies or through the agency of its members and correspondents, which will be substantially equal to that exercised by the great central banks of Europe.

Here is an important point that I do not think has been noted:

By the terms of the Owen bill the 8 or 12 regional banks may each establish agencies in any and all foreign countries, and without uniformity of purpose or action. How are you going to get anywhere with 8 or 12 separate regional banks establishing agencies abroad? Suppose we had an increase of trade at Buenos Aires or in South Africa. Suppose our merchants were not able to handle that trade without good banking fa-cilities. What chance is there under this bill, with at least 8 different institutions, to do anything that is effective? only way to accomplish salutary results would be to have 1 central organization to look out for our interests, 1 central bank, instead of 8 or 12, none of which would be sufficient.

Mr. NEWLANDS. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Seniator from Nevada?

Mr. BURTON. Certainly.

Mr. NEWLANDS. May I ask whether the Senator regards it as essential that a central bank should have the power of establishing branches in foreign countries? Does he not think that all the work of international exchange could be fully covered by the old banking organizations of the country; and should not the functions of such a central bank be confined simply to mobilizing the reserves with a view to preventing a local panic or stringency, and also regulating the international

movement of gold so far as this country is concerned?

Mr. BURTON. I think it might be of value to a bank organized in this country to have branches in outside countries. If the central bank does not take care of the foreign exchanges, what agency will do it? Another bank, a private bank, is likely to manage the purchase of bills of exchange solely for profit. The whole idea of these bills is to establish a bank, the profits of which are limited, the functions of which are limited, one that is not expected to pay large dividends, but which is to exist for a public purpose.

Now, international exchanges have assumed such importance in the United States that it is a public purpose, and it seems to me it would be better to have it controlled by branches of a central bank than by others.

Mr. BACON. Will the Senator permit me to ask him a

question?

Mr. BURTON. Certainly. Mr. BACON. The great interest which the Senator speaks of is now taken care of by the great banking houses of New York, generally speaking, in this matter of exchange. asking for information and I want to get the Senator's view. In what way would the new system derange that or prevent it from continuing to take care of it?

Mr. BURTON. The Senator refers to the present houses in

New York?

Mr. BACON. Yes. Mr. BURTON. By this bill you seek to bring your banking under national control. The foreign exchanges are of vital importance and a very essential part of the system, and you must bring them under governmental control. You have varied from the old system in your domestic arrangements. You can not omit varying from the old system in your foreign arrangements as well. The two are closely associated.

Mr. BACON. The Senator may be correct, but I want to get his reasons for his statement. I want to know in what way the new system, when inaugurated, will interfere with the present banking houses

Mr. BURTON. They will go ahead, of course, conducting their business.

Mr. BACON. What will interfere with their taking care of it in the future as they have done in the past? I do not ask the Senator simply for his opinion, because he has already expressed that, but I want him to tell us how it will interfere with

the present banking houses continuing to take care of foreign

exchanges as they are now doing.

Mr. BURTON. Undoubtedly the private institutions will go on issuing letters of credit, buying foreign bills, and having to do with international exchanges; but we have left that matter in the past, as regards our gold supply, which is of the most vital importance, very largely to chance. A fortunate concurrence of circumstances has usually prevented injury to us, though on two occasion—in 1893-94 and in 1907—there was very serious trouble. The foreign-exchange banks do business for their own profit and in accordance with their own requirements exactly as regional banks would be obliged to, but a central bank could purchase foreign exchange from member banks when advisable to do so and build up a balance that could be used to import gold when necessary. In any system which con-templates a Federal board with national control we should take over that foreign business as well as the domestic business, in so far as it is necessary in order to protect our reserves. Otherwise our system would be incomplete.

Mr. BACON. If the Senator will pardon me, he has evidently made a very careful study of this question and I should like to know, for my information, in what way the machinery now to be organized and set in motion would prevent the system which is now in operation from being continued by the banks in New

York.

Mr. BURTON. Undoubtedly, as I have already stated, that would keep on; but there is a provision in every bill that is proposed here for the acquisition of foreign bills of exchange. That provision existed in the plan of the National Monetary Commission.

Mr. BACON. The Senator does not think, then, that this system if inaugurated will interfere with the banks of New York and other banking institutions of the country-of course there are others in neighboring large cities-in continuing effectually to take care of foreign exchanges in the future as they have done in the past; and if the Senator does not think so, I should like to have him point out in what way the present sys-

tem will prevent it.

Mr. BURTON. I have looked at it from rather a different standpoint than that suggested by the Senator from Georgia. I do not think that we have been taking care of it in the most

salutary way under the present system.

Mr. BACON. I did not suggest that it had been perfect, but I simply wished to know in what way it will be interfered with.

Mr. BURTON. These houses of course would still take a

very large part of the foreign transactions, and properly so, but that would not interfere with the protection that a central bank would afford working in conjunction with them.

Mr. WEEKS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. BURTON. Yes, sir. Mr. WEEKS. I should like to add to what the Senator from Ohio has said on that matter by suggesting to the Senator from Georgia that under our present system neither national nor State banks have foreign branches. The national banks can not have branches anywhere, and it is only by the banking houses in New York which in two or three instances have foreign branches, and in some instances have houses abroad that are very closely connected with them, that this foreign-exchange business is carried on. Their only means of controlling the gold supply and exchange is through finance bills or other bills drawn against products which we have sent abroad.

It is proposed in this new system that not only may national banks have branches abroad, under certain conditions, but also the reserve banks may establish branches abroad, and the investments of the reserve banks are so regulated that they will hold large quantities of paper or other securities which will be available to sell abroad. It will have a fixed and stable market, and in that way enable us in some degree at least, and I think

in a very large degree, to control our gold market.

For instance, if money were cheap in this country it would be a proper policy for the reserve banks of the United States to buy large quantities of prime foreign bills; that is, shortpaper, paper which has a market in every European capital. Having those bills on hand, if conditions changed here so that we needed either to prevent our gold supply going out or to bring in gold from abroad, all we would have to do would be to sell those bills abroad. It would have the effect which we desire in either instance.

Furthermore, the Hitchcock plan provides that we shall refund fifty million of 2 per cent bonds in 3 per cent one-year notes, which would be available for the same purpose. So the reserve banks will have at least two classes of securities which are not held by banking houses now engaged in the foreign !

trade and which would at least supplement the foreign business which those banking houses are now doing.

As a matter of fact, the national banks with a few exceptions are not engaged in foreign-exchange business. There may be 15 or 20 all told in the United States which do any considerable amount of foreign-exchange business. The larger part of it is conducted by private banking houses. Now, I want to refer

Mr. BACON. If the Senator will pardon me before he leaves that point, I understand from what he suggests that this proposed system will increase our facilities for taking care of foreign exchange?

Mr. WEEKS. Undoubtedly.

Mr. BACON. And it is a question as to whether the Owen bill will best effect this or what is known as the Hitchcock bill. Of course, there is a difference of opinion on that.

Mr. WEEKS. I will say to the Senator that either one of

them would supplement present conditions.

Mr. BACON. I can understand that, and of course it would be to our advantage, if such is the case, but I wish to ask the Senator the question I asked the Senator from Ohio, whether there is anything in the requirement of this proposed system which would in any wise impair the ability and the opportunity the present banking organizations in taking care of foreign. exchange?

Mr. WEEKS. I think not, except that there will be some competition developed under the provisions which we are making in this bill.

Mr. BACON. In other words, it might make it less profitable

to New York banks than it now is?

Mr. WEEKS. Possibly.

Mr. BACON. The Senator conceives that it will not in any manner be injurious to anyone, but, according to his suggestion, it might be less profitable to the New York banks. speaking of the New York and kindred banks in other cities. While it may lessen their profits, considered as to the interest of the whole country it will in effect increase the ability and facility for taking care of foreign exchange.

Mr. WEEKS. It undoubtedly will.

I will say further to the Senator from Georgia that very frequently in the past we have not had suitable facilities for taking care of foreign exchange, so that when we have been in distance here we have had great difficulty in controlling our

distress here we have had great difficulty in controlling our gold supply. It has been a spasmodic operation. Finance bills after a while do not sell well abroad or anywhere else. Possibly we have products which we have shipped abroad against which we can draw, and those being our only resources, it has been very difficult for us to control the gold supply, either to bring it in or to prevent its going out. We will by this legislation add to our facilities for so doing.

The senior Senator from Idaho [Mr. Boran] referred a little time ago to the fact that some deluded men who had supported free silver years ago had seen the light, and then took up the subfree silver years ago had seen the light, and then took up the subject of the discussion of legal tenders. I hope those deluded people who believe in legal tenders will also see the light before this bill is passed. He did so in asking a question of the Senator from Ohio, which related to the building up of the German gold supply. Germany is a debtor nation like the United States. It is rapidly developing, and for that reason interest rates are higher in Germany than they are in other European countries. That being the case it has been necessary for Germany at times. That being the case, it has been necessary for Germany at times to prevent the gold supply of its own country from going out and to bring in additional supplies to furnish a basis for credit it required in its foreign as well as domestic trade.

The German bank rate, with one or two exceptions, has been higher than the English bank rate for the last 25 years. In several instances it has been higher than the rate commanded by two or three months' paper in New York and in other cities of the United States. In every instance it has been higher than the French bank rate. That has been due entirely, I think, to the relatively greater development of business in Germany than other European countries. They have found it necessary to bring in gold by artificial processes frequently in order to furnish a basis for their circulation and credit which they require. That has compelled them at most times to pay very high rates for money. In the last year at one time to prevent the shipment of gold from Germany they paid as high as 8 or 9 per cent for short-time money in New York. It happened that we had a credit in Germany, on which we could have drawn if necessary to get the gold.

Instead of doing that, the New York banks loaned the money to the German banks at rates ranging from 8 to 9 per cent. That held the gold there, and as soon as the balance of trade was in favor of Germany, instead of lowering their rate sufficiently to enable the shipment of gold from Germany to the

United States, they maintained a higher rate, which brought gold into their country, not only from the United States, but

from other European countries.

Mr. BURTON. Mr. President, I was speaking of the authority under the Owen bill to establish agencies of regional banks in foreign countries. By its terms the 8 or 12 regional banks may each establish agencies in any and all foreign countries and without uniformity of purpose or action. consolidation of their foreign credit operations it is difficult to conceive how the influence required to be exercised could possibly be brought about, and in the case of regional banks of varying financial strength, having different demands from member banks, any method that would result in their consolidation seems beyond comprehension. Those who created the Owen bill evidently recognized this fact, for they have not made the slightest attempt to bring together the foreign operations of the regional banks, but have left them to take care of themselves, so to speak, apparently hoping that by some mysterious means a way might be found out of the difficulty. Is it not better to face this problem before it is too late? Can this country afford to do otherwise? It is not only perfectly clear theoretically that a central bank would serve to protect our gold supply, but actual practice has proved beyond question that it would do so. As I have already stated, it may be that the bank of the region where most of our foreign operations are conducted will be able to exercise a predominating influence in that class of business, but should this be true it would always be handicapped by the operations of the other regional banks, which would often be working against it. May it not also develop that its ability to defer exports of gold will be impaired by demands made upon it by the other 11 institutions which it does not control, or, on the other hand, that in the import of gold under conditions re-cuiring its purchase abroad, the cost of the operation may all be borne by the only institution which is able to effect such purchases?

If that is not the case, the cost of such operations must once more be arbitrarily enforced by the exercise of mandatory powers which are contrary to economic law and which will give rise to distrust and criticism. Are we to create a system where any 1 of 12 reservoirs of gold is free to conduct international exchange operations without cooperation or unity of purpose? If so, let us abandon the idea that this necessary object of monetary legislation is accomplished under the provisions of the Owen bill. One institution, with a branch in one or more or in each of the leading countries of Europe, as necessity develops, conducting its dealings on uniform principles and with a single purpose, carrying its accounts with foreign banks under one control, is necessary for the protection of our country's store of gold. It can not be denied by argument based on theory or practice, and if the Owen bill is passed there is every reason to believe that instead of strengthening our position in the foreign financial markets it will weaken it to the point of The failure or mere rumor of insolvency of any regional bank would blast our credit throughout Europe almost beyond recovery and might result in calling forth exports of gold the like of which we have never known. Credit is the greatest asset of nations, just as it is of individuals. If its credit is good, a country may rise up from the depths of destruction by earthquake or conflagration to greater heights than ever before, but if its credit is lost, neither magnificent cities nor vast resources can prevent suffering and degradation to its

(6) THE CREDIT OF THE GOVERNMENT.

The issue of paper money, bearing the obligation of the Government, must be examined in its historical and economic aspects and, further, with regard to the protection of the credit of the Government itself. Discussing only the latter features of this subject, what are the possibilities under the Owen-Glass bill of difficulty or disaster, as contrasted with the accepted plan common to all the great European nations, of a bank-note issue under Government regulation, but without the Government obligation? Should this country become involved in a foreign war, a great economic disturbance, or, what is more possible, should our credit situation be subjected to the disturbing influences of a great conflict between foreign nations, how may the demand obligations of the Government created by the Owen bill affect the credit of our Government?

Mr. President, I have already called attention to the fact that we have a favorable balance of trade of, say, \$700,000,000. In the examination of certain figures, made with some degree of care about 12 years ago, I came to the conclusion that the actual monetary balance in our favor on exports of merchandise was somewhat greater than that shown by the statistics from the customhouses. On the other hand, there is an adverse balance on a variety of claims, interest on our fluences largely corresponding to those which now arise in this

securities held by foreigners, expenses of tourists abroad, passenger fares of our citizens who sail for the most part on foreign ships, the paying of freight and insurance, and all these combined make a balance very nearly equal to the balance of merchandise in our favor. Indeed, a nation can show a very large adverse balance on imports of merchandise, and yet, notwithstanding this, by reason of commissions or from other causes continue to be prosperous. For instance, in 1899, Mr. Giffen, the English statistician, estimated the annual amount received by Great Britain from interest and profits on investments abroad as £90,000,000, or \$450,000,000; from commissions on trade as £18,000,000, which would be \$90,000,000; and from shipping engaged in international trade, over £70,000,000 annually; in all, approximately, £178,000,000, or about \$890,000,000.

It is quite surprising that in 1898 the excess of imports of merchandise in Great Britain over exports was almost exactly this same amount, or £176,530,000. It is perfectly evident that in some way we are sending money abroad to make up for this merchandise balance in our favor or there would be large imports of gold; but suppose there should be a foreign war or for some other reason this great supply of our securities held in European countries-in France, England, Germany, Holland, and in other places-was simply returned to us for liquidation. The immediate result would be a great drain on our gold sup-Those securities are estimated at from \$4,000,000,000 to \$6,000,000,000 and are in amount altogether out of proportion to the balance of trade. Suppose an unexpected share of that great mass of securities and obligations of ours held abroad should come back for redemption. I mention this to show that in our financial laws we should provide for this possible contingency, which is not by any means a mere conjecture, but might happen at any time in case of foreign war or of a domestic conflict.

The bill provides that the notes shall be redeemable in gold on demand at the Treasury Department of the United States or in gold or lawful money at any Federal reserve bank. bill permits the Federal reserve bank to authorize member banks to use Federal reserve notes or notes of the national banks as reserves. Under these conditions any great economic disturbance in this country, or any world-wide disturbance of credit which might react upon this country's credit establishment, involves a danger to the credit of the Government, so long as the Government's obligation is attached to the notes, to the extent, in fact, that a suspension of the reserve requirements of the regional banks as permitted by the bill might involve a suspension of specie payments by the United States Government. A great European war, necessitating huge expenditures, would raise rates of interest in foreign countries that would react in turn upon our banking system, requiring the exercise of every possible measure, first, to retain our store of gold; second, to the extent that it became impaired to enable the regional banks to pay their notes in lawful money; third, to enable the Government to redeem its lawful paper money in Will a system of regional banks, which is the instrument for issuing untold millions of notes which are an obligation of the Government, be able to protect the Government in such an emergency? And is it not the duty of Congress to see that any legislation now enacted shall afford every means which can be devised to that end? A drain upon the gold of the country in such emergency would be due to the necessary repurchase of foreign investments, to the interruption of our foreign commerce and the disturbance of the balance of international trade, to the floating of foreign loans in this market, to the withdrawal of foreign bank credits now extended to this country, and to the imposition upon our own credit establishment of the burden of financing trade which is now largely carried by England. Gold in this emergency would be withdrawn through the presentation of Federal reserve notes at the regional banks so long as they were able to furnish gold in payment. When unable to furnish gold presumably they would

exercise their right to pay in lawful money.

The demand for gold would thereby be transferred to the United States by the presentation of the lawful money. This process might necessitate the suspension of the reserve requirements as regards the regional banks throughout the country. The ability of the Government to pay gold would be limited to \$150,000,000, now held in its trust-fund reserve, and its ability to obtain gold from the regional banks. By what process might the Government redeem all its notes in gold if the regional banks had suspended their reserve requirements and the Government were forced to rely upon its own ability to purchase gold by the use of its own obligations? The markets of Europe would be closed. Our gold supply at home would be subject to incountry in time of panic. We will have possibly 20,000 State institutions, which, influenced by the strain and shock to the credits of the country, due to conditions described and to the suspension of the reserve requirements of the regional banks, will at once endeavor to strengthen their gold reserves, and to do so by presenting Federal reserve notes to the regional banks and demanding gold for them. Should payment be made in lawful money, the demand would be transferred to the Government.

A good deal of discussion has arisen, Mr. President, in regard to payment in gold or in lawful money. Certainly, any proposition that looks toward making it optional to pay at the Treasury, or, if a central bank were established, at the central bank, in other than lawful money should not be considered for a moment. Probably a provision by which payment can be made in lawful money in any of the branches or regional banks will not cause serious difficulty. I am frank to admit a decided preference for redemption in gold anywhere and everywhere; but I do not believe the option to pay in lawful money in places other than the central place of redemption can cause serious alarm or injury.

As contrasted with this condition, if the notes are the obligation of a central bank, the absolute suspension of reserve requirements could be made without involving the credit of the United States for the redemption of the notes, and the last resert of banking practice could be safely employed before suspension of payment in gold would be forced upon the Government. The United States is already obligated, directly or indirectly, for the redemption on demand in gold of a sum of money greater than the entire funded debt of the Government. Why add to the peril? Why offer gratuitously the credit of the United States when it is not required? Why create a note issue with a redemption fund much less than the amount which experience shows to be required in Europe, and then attempt to cure its defects by the indorsement of the Government?

### (7) REFUNDING OPERATIONS.

The refunding of the Government bonds now collateral to national-bank notes can better be conducted through the agency of one institution controlling the handling of all of the bonds than by 12 institutions which may find themselves in competition with each other in dealing with this difficult problem. Market considerations between the different sections of the country, the ability of one bank to carry its share of the burden without loss as compared with a bank in another section, the necessity which one bank may be under of using short-time Government obligations for the purchase of gold, when those bonds are scattered in the hands of 12 institutions, all suggest a condition of discord rather than of cohesion and an ineffective plan rather than a comprehensive one. A really dangerous situation might easily develop with 12 regional banks attempting to refund hundreds of millions of dollars of operations, amounting to many times the capital of all and many more times the capital of each. None of the regional banks are required to consider the size of their capital in any refunding operation authorized under the law; at least, I so understand the phraseology of the bill. Instead it seems to be an immaturely considered proposition, exactly as is true in the case of the foreign operations, with everybody hoping that it may work out all right. It is conceivable that regional banks with a capital of \$3,000,000 might be attempting to refund bonds amounting to \$100,000,000

Under the terms of this bill that would be possible. The proposition might look feasible to the board of directors under some conditions, if the reserves were unusually high and the demands of member banks seemed to run light for a period, and they might feel a sort of pride in showing that they could do more than their share. Circulating notes that would be put out against such bonds as they might purchase from the national banks in order to retire the national-bank circulation would represent an outstanding liability, against which they are apparently obliged to keep no reserve in the bill, and that might result in a presentation for redemption within a very brief time of an amount many times the capital of the bank. Again, it would seem to be useless and unnecessary to call the attention of anyone to the great difference in safety to the country and in ability to handle such refunding operations as would be necessary in order to retire national-bank circulation through a system of regional banks under the terms of the proposed act, or under any imaginable terms that could be drawn up, and a central bank that would be large enough to handle all such operations with safety and without friction.

(8) CLEARING FUNCTIONS AND DOMESTIC EXCHANGE,

I desire, Mr. President, briefly to touch on clearing functions and domestic exchange. Many of the same reasons which make for the real mobilization of reserves in a central bank as against

entire lack of such mobilization in regional banks apply to clearing functions and domestic exchange. Under the Owen bill Federal reserve banks are authorized to remit other Federal reserve banks' checks of certain described classes that they may receive on demand from member banks. The methods under which the handling of these checks are authorized under the proposed law would carry with them a delay the same or worse than that which exists under our present system. Instead of accomplishing the immediate presentation and collection of items, a roundabout collection would continue to be encouraged. The possibilities of abuse are very great.

Let me point out what could be done. A regional bank in Chicago having authorized items deposited with it that were drawn upon banks members of the New Orleans regional district would unquestionably forward them to New York for collection-that is, if New York exchange were at a premium and New Orleans exchange at a discount. The Chicago regional bank would not feel called upon to stand the loss of exchange involved. Even if it charged its customer such exchange, it might, in order to avoid the loss, forward the items to the New York regional bank. The New York bank might very easily have more of a demand for St. Louis exchange than for New Orleans exchange, which would result in such items then going forward to St. What is there to prevent the St. Louis regional bank from then forwarding the items to Chicago, should it require Chicago exchange; and what is there to prevent this circling of items during the whole period that New Orleans exchange might be at a discount? In the case of a central bank there would not be the slightest temptation to handle the items in any such manner, for it would be to the interest of the central bank to have the checks cashed immediately.

The division of interest that would be represented in the regional banks would not exist in a central bank, for as soon as the Chicago bank obtained credit in New York its loss of interest would cease, and as soon as the New York bank obtained credit in St. Louis its loss of interest would cease, and so on, whereas in the case of a central bank its loss of interest would continue until the items were collected, as every one of its branches would be in the same relation to it as itself.

Again, in the handling of the country's business a central bank would be economical and would reduce the shipping of currency back and forth between districts to a negligible minimum, whereas with a regional system, which must of necessity be based upon districts homogeneous as to their line of business, and which as districts have seasonal trade between each other, shipments of currency almost in as large an amount as those at present would probably occur, while the central bank would count money received in Chicago and paid out in New York as reserve, and could consequently reduce its actual cash in hand in the New York branch to the smallest amount that would handle its natural business before currency might have to be shipped. Yet similar transactions between the Chicago regional bank and the New York regional bank might necessitate shipments of currency back and forth, because money deposited in the Chicago regional bank would not count as reserve for the New York regional bank when called upon to pay it out. There is no comparison between the two systems as to economy and facility, and the regional-bank system will unquestionably put upon the people as a whole a tax that, while unseen, will be many times the cost of clearing items and making the domestic exchanges which would be incurred if these transactions were handled through the branches of a central bank.

Mr. President, I have spoken at this great length, perhaps with considerable repetition, with a view to setting forth the advantages of a central institution over regional banks. Whatever may be the prospect of legislation, my convictions are so strong that I can not forego the opportunity to set forth my views with the utmost earnestness.

From every standpoint the regional banks will prove disadvantageous to this country. It is not that with good management a certain benefit may not be received, but they are far inferior to methods which we can readily adopt. This measure is an attempt to secure the advantages of cooperation and centralization. I very much fear that if this plan is adopted we shall be farther away than we are now from those very desirable results.

This system will cause a serious wrench in a banking system which has been built up with great care, the result of a process of evolution in American business, and which, barring two or three defects, is as nearly perfect as any in the world. I emphatically deny that our banking system is defective in its general provisions; and the development of the country denies it. The great growth of the West itself disproves the idea that we have not had a good banking system. The development of all

classes of industry-agricultural, industrial, and others-shows that in our financial operations we have not lagged behind the rest of the world, because we would have to seek a very remote corner of the globe to find a place in comparison with which

we have grown less rapidly.

From 1907 until now I think there has been but little indication of any serious defect in the banking and currency system of the United States. In the year 1908 I had some part in framing the Aldrich-Vreeland bill. Reference has been made to the fact that it never has been resorted to. Why, it never was intended for anything except an emergency measure, and the emergency for which it was intended to provide has not arisen. If we had been in the condition in which many people said we were likely to find ourselves by reason of failure to pass this banking bill promptly, there would have been recourse to the provisions of the Aldrich-Vreeland Act long ago.

wish to say that I trust this bill will be carefully considered. What the country requires now is not the hasty passage of a banking law, but a good banking law, one carefully matured and considered, not one rushed through under whip and spur under 11-hour sessions, not one which is the dictate of a caucus, but one which we have had opportunity to discuss on the floor of the Senate in order to explain its terms and to

decide what is best for the country, and the whole country.

One thing seems to me rather surprising. The bill came in here some time during June last. I have forgotten the exact date. It was declared to have the support of the administration. How little resemblance there is between that bill and the one we have before us now. A very moderate estimate is that 60 per cent of the original measure has been stricken out and only 40 per cent left.

At what point in this evolution did you on the other side, my Democratic friends, reach perfection in this measure? There has been hardly a week when some vital change has not been made. Must we foreclose opportunity for discussion now? Must we hasten to a vote?

Ah, Mr. President, I repeat, not hasty legislation but sane, carefully prepared legislation on finance is what is required for the business of the United States.

I do not take the view held by many that the consideration of these subjects concerns merely sordid interests nor do I regard them as connected merely with our material growth, important as that may be. Our banking system is just as essential, and it is just as important that it should be discussed as that we should discuss human rights.

In the complex civilization of our modern life every great occupation has its beneficial purpose. The bank so utilizes the capital of a country or a community that commerce and industry may grow in volume without check. It makes the hopes of to-day the realities of to-morrow and bridges the chasm between the unpromising beginnings of enterprise and their final fruition. It is by banking that a man who is bereft of resources and poor in the prizes of life is enabled to reach, through credit, the richest rewards of fortune. The banks provide the means by which the thrifty may save their resources and make provision for old age.

Those engaged in the business of banking are but the agents of the people. In no line should a higher standard of care and integrity be required. These men stand for the thrift, the saving, and the care of all American citizens. We should consider this subject, not as one that we can regard superficially and carelessly, but as being associated with the welfare of the American people as closely as any question, with however much of idealism and however much of glamor it may be attended.

Mr. President, in the further progress of this debate I shall desire to be heard on some other points of this bill. very distant time I should like to propound to the Senator from Oklahoma a long series of questions. Some of them relate to the clearness of the provisions of the bill, some to its consistency, some to the legality of its sections, and some to their desirability. But inasmuch as the Senate has listened to me patiently for a very long time, I do not believe I ought to ask for further attention at this time.

Mr. WARREN. Mr. President, will the Senator yield for a question before he finishes his remarks?

Mr. BURTON. Certainly. Mr. WARREN. Early in the Senator's most able address he enumerated the various political divisions and countries that had central banks. He did not name the countries that are not in line, but it seemed as if he had taken in almost all.

Mr. BURTON. There are not very many left which do not

have a central bank.

Mr. WARREN. I wanted to ask the Senator, first, if the proportion is as large as it seems to be-almost universal-and, second, have these banks been universally successful? Have a

large majority been highly successful, so much so that in the study of the question the failures are too few to weigh at all against the successes?

Mr. BURTON. I think so. There has not been a single failure among them. I do not know that I ought to say exactly that. There are several banks in the south of Europe-I refer to the Bank of Spain and the Bank of Portugal and, at times, the Bank of Italy—which have, in a way, been under some embarrassment. I do not think that is true of any of them at this time. That was due in every case, however, to exorbitant demands of the Government upon the bank.

Mr. WARREN. Then we may consider, first, that the coun-

tries generally have made use of a central bank?

Mr. BURTON. Certainly. Mr. WARREN. And that they have been almost universally successful?

Mr. BURTON. Universally successful. There has been no failure among them, so far as I know-not even in Servia or Turkey or any of those countries.

Mr. WARREN. That surely ought to be the best possible

recommendation.

Mr. BURTON. I think the Bank of Italy to which I refer is not the institution which exists there to-day. I believe it was a prior one that was under some pressure from the Government, largely in the matter of note issue, though I am not absolutely certain which one it was.

Mr. OWEN. I call for the regular order.

The VICE PRESIDENT. 'The Chair does not understand the Senator from Oklahoma.

Mr. OWEN. The regular order is the reading of the House bill, I believe.

The VICE PRESIDENT. The regular order is the amendment offered by the Senator from Oklahoma.

Mr. HITCHCOCK. Mr. President, I understand the ruling of the Chair to be that I may now begin to offer amendments to the House bill with a view to perfecting it; that after those amendments have been disposed of the question will come upon the motion of the Senator from Oklahoma to adopt his amendment, which is in effect a substitute for the House bill; that when that is before the Senate it will be in order to offer any amendments to any part of the amendment of the Senator from Oklahoma; and that in offering those amendments the fact that they, or some of them, have been previously offered to the House bill cuts no figure.

I understand that is the ruling of the Chair, to which the

Senator from Oklahoma assents.

The VICE PRESIDENT. That, in substance, will be the ruling of the Chair. It has not been so announced.

Mr. OWEN. I was only acquiescing, of course, in what I understand to be the parliamentary rule. I do not wish to forecast any ruling the Chair may make.

Mr. HITCHCOCK. Oh, no; I understand that. I thought some doubt had arisen yesterday, and I learned that the purport of the discussion was as I have stated.

Mr. BRISTOW. Mr. President, if the Senator from Nebraska will yield, I should like to make an inquiry.

I understand that the Senator from Nebraska expects to offer section 2 of the Hitchcock bill as a substitute for section 2 of the House bill. In case the Senate should adopt the amendment-that is, should incorporate section 2 of the Hitchcock bill and make it section 2 of the House bill-I wish to inquire whether it would then be in order to offer the same amendment to the substitute and have a vote on that amendment as also an amendment to the substitute, it having been adopted by the House as an amendment to the original bill?

The VICE PRESIDENT. The Chair will try to make plain the views of the Chair upon the question, believing that there is absolutely no doubt about what Rule XVIII of the Senate

means.

The rule reads:

If the question in debate contains several propositions, any Senator may have the same divided, except a motion to strike out and insert, which shall not be divided; but the rejection of a motion to strike out and insert one proposition shall not prevent a motion to strike out and insert a different proposition; nor shall it prevent a motion simply to strike out; nor shall the rejection of a motion to strike out prevent a motion to strike out and insert. But pending a motion to strike out and insert. and insert-

That is this question, because the pending amendment of the Senator from Oklahoma is really a motion to strike out all after the enacting clause and insert substantially a new bill-

the part to be stricken out and the part to be inserted shall each be regarded for the purpose of amendment as a question; and motions to amend the part to be stricken out shall have precedence.

The Chair intended upon yesterday to rule that the original bill has precedence, and that amendments may be offered to the

original bill, adopted or rejected; that after all amendments have been offered to the original bill, and have been either adopted or rejected, the question then will come up on the amendment of the Senator from Oklahoma. As it must be passed upon in its entirety, it will be considered for the purposes of the amendment as a question, and the same identical amendments that were offered to the original bill may be offered to the proposed amendment of the Senator from Oklahoma.

The Chair does not, however, rule that the Senator from Nebraska can now present an amendment to the original bill, and if it be voted down or inserted, either way, that he can immediately follow it by an amendment proposed to the sodenominated Owen amendment; but he may do it later on, in Committee of the Whole. In other words, first perfect as the Senate may choose to perfect the original bill; then perfect as

the Senate may choose to perfect the Owen amendment.

Mr. BRISTOW. There is just one point there to which I wish to refer, because the Senator from Iowa [Mr. Cummins] is not in the Chamber at present, being detained on some work that he has in connection with this bill. The Senator from Iowa desires to offer an amendment to section 2 of the Owen substitute in the event that the Hitchcock section 2 is not in-corporated in the bill. If it is incorporated in the original bill, he desires also to offer an amendment to section 2 of the Owen substitute, believing, so I am advised, that the Owen substitute has a majority of the votes in the Senate and is more likely to be the law than the amended House bill.

We can not hear the Senator on this side.

W. Then it is because there is confusion on the Mr. OWEN.

Mr. BRISTOW. other side, for I think I am speaking loud enough to be heard.

I say the Senator from Iowa desires to amend the Owen

substitute. Now, do I understand that he is precluded from offering any amendments to the Owen substitute until all amendments have been offered to the House bill?

The VICE PRESIDENT. He is not precluded from offering

an amendment to it, but precluded from getting a vote on the question until the original House bill is perfected.

Mr. BRANDEGEE. I wanted to ask what the situation is as to what we call the proposed Owen amendment. In other words, has the Senator from Oklahoma offered his amendment now or has he simply had it printed and given notice that at the proper time he will offer it?

The VICE PRESIDENT. It has been offered and read, and it

is pending until something else is offered.

Mr. BRANDEGEE. Then it is at present the only pending amendment to the bill?

The VICE PRESIDENT. It is the only pending amendment. Mr. BRANDEGEE. I have given the matter no consideration, but if it is the only pending amendment I do not clearly see how other amendments shall be acted upon before action is taken upon the pending amendment.

The VICE PRESIDENT. It is in accordance with Rule XVIII, which provides that motions to amend the part to be stricken

which provides that out shall have precedence.

Out shall have precedence. "Motions to amend the part to be stricken out?"

The VICE PRESIDENT. Proposed to be stricken out.

Mr. BRANDEGEE. Inasmuch as the proposed amendment of the Senator from Oklahoma is to strike out the entire bill after the enacting clause, amendments proposing to perfect the origi-

nal House bill would be first in order.

The VICE PRESIDENT. They have precedence, in accordance with this rule.

Mr. BRANDEGEE. If that be so and the Senator from Iowa should offer an amendment to the proposed Owen amendment, he could not have action upon it until after the bill had been perfected and the Owen amendment would come before the Senate to be voted upon as a substitute?

The VICE PRESIDENT. The Chair has ruled that the right of way at the present time is for amendments proposed to the original bill. After they are disposed of amendments may be proposed to the so-called Owen amendment, and when they have been disposed of the vote is to be finally taken upon the Owen amendment, which is not a divisible question.

Mr. BRISTOW. Mr. President, I desire to say in this connection that what I want is to have a number of sections of the Hitchcock bill adopted by the Senate in lieu of the amendments proposed by the Owen bill.

The VICE PRESIDENT. There will be ample opportunity for that. The Chair desires to say that the difficulty will not be in proposing amendments, but in getting them adopted.

Mr. BRISTOW. The Chair probably is right in that.

The VICE PRESIDENT. The Chair so supposes from what he has observed in the Senate.

Mr. BRISTOW. The Chair probably is right as to that. I think it would be more difficult to amend the Owen substitute than the House bill. While the House bill was a great favorite some three months ago, it has lost its friends, and I think it has none now. Believing that, I am not so much interested in the amendments that are proposed to the House bill. The controversy, as I understand it, is between the amendments which the two sections of the committee have recommended to the House bill, and my desire is to have the Senate express its preference upon these two propositions side by side, in a yea-and-nay vote, because they contain the fundamental difference.

Mr. President-

Mr. BRISTOW. I yield to the Senator from Oklahoma.

Mr. OWEN. If the Senator will permit me, he will have the opportunity, under the ruling of the Chair, first to offer section by section the proposed amendments to the House bill. After that has been done he would have the right to offer those same sections as amendments to the proposed substitute offered by the chairman. When each has been finally perfected. the House measure having been perfected first, the measure presented by the chairman having been perfected second, then the final vote would be on the amendment offered as a substitute by the chairman as perfected by the Senate.

That would be the parliamentary order. So the Senator will have two opportunities—first, in amending the House bill;

second, in amending the substitute proposed by the chairman.

Mr. BRISTOW. I appreciate the situation outlined by the chairman and by the Vice President. I am somewhat disappointed in this respect, however, that we will vote upon section 2 as submitted by the Senator from Nebraska [Mr. Hitchcock] as an amendment to the House bill; that we shall have to go through the entire House bill until we have acted on all the amendments which the Senator from Nebraska desires to offer to it and dispose of them, and then we shall have to go back and start in again with section 2 of the Owen substitute and offer the amendments to that substitute down the whole line. What I wanted was to offer the amendments to each section as we went along, so that when we got-

Mr. OWEN. Mr. President-The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Oklahoma?

Mr. BRISTOW. I do.

Mr. OWEN. I suggest that the difficulty can be easily obviated by having the test made in the Senate only once instead of twice by offering the proposed amendments to the substitute offered by the chairman. That would give one test, and it would be sufficient, I take it. But the other plan, provided in Rule XVIII of the Senate, gives two opportunities to present the same matter. The Senator and those who agree with him have therefore their choice, either the offering of these matters twice or offering them once, just as they please.

Mr. HITCHCOCK. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Nebraska?

Mr. BRISTOW. I do, gladly.

Mr. HITCHCOCK. I rose for the purpose of presenting an amendment, if there is to be no further discussion. I of course yield to the Senator from Kansas, if he desires.

Mr. BRISTOW. I am free to say that I wanted the Senator from Iowa [Mr. Cummins], who is absent at work on certain features of the bill, to have an opportunity to present his views in regard to the parliamentary situation, if he desired to do so. I sent for him as soon as the question came up.

Mr. HITCHCOCK. I think that situation can easily be met, because the Senator from Oklahoma and I have just agreed that a quorum ought at this stage to be present. I therefore, before asking that my amendment be read, suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst Bacon Hollis Hughes Smith, Mich. Owen
Page
Perkins
Pittman
Ransdell
Robinson Smoot Swanson Thompson Thornton Tillman Vardaman Walsh Brady Brandegee Bristow Johnson Jones Kenyon Bryan Burton Kern Lane Lippitt McLean Martin, Va. Martine, N. J. Chilton Clark, Wyo. Crawford Fletcher Saulsbury Shafroth Sheppard Sherman Warren Williams Gallinger Shively Myers Newlands Simmons Smith, Md. Hitchcock

Mr. MARTINE of New Jersey. I was requested to state that the Senator from Tennessee [Mr. Lea] is absent from the Chamber on official business.

The VICE PRESIDENT. Fifty-three Senators have answered to the roll call. There is a quorum present.

Mr. HITCHCOCK. I now offer section 2 as it appears in the

print of the bill, entitled "The Hitchcock amendments," ask that it be read as an amendment proposed to the House bill.

The VICE PRESIDENT. The amendment will be read.
The Secretary. It is proposed to strike out all of section 2, as printed in the House bill, and to insert in lieu the following

The Secretary. It is proposed to strike out all of section 2, as printed in the House bill, and to insert in lieu the following words:

Sec. 2. That the Federal reserve board, hereinafter provided for, shall, as soon as practicable after their appointment and confirmation, designate from among the reserve and central reserve cities now established a number of such cities to be termed Federal reserve cities, and shall divide the continental United States into districts, each district to embrace one of such Federal reserve cities: Provided, That the districts shall be formed with due regard to the convenience and customary course of financial and commercial business in each district, and need not necessarily coincide with State or county boundaries. The districts thus established shall be known as Federal reserve districts, and each of them shall be designated by the name of the Federal reserve city docated therein. The Federal reserve board shall, as soon as practicable after the said districts have been established, proceed to organize, conformable to the provisions of this act, in each Federal reserve cities, conformable to the provisions of this act, in each Federal reserve city designated as aforesaid, a Federal reserve bank, which shall be known by the name of the city in which it is established, as, for example. "Federal Reserve Bank of Chicago." Four Federal reserve cities, and apputenant to them four Federal reserve districts, and on more, shall in the first instance be designated and established as such by the Federal reserve cities, the provided, That after Federal reserve banks have been organized and in operation for a period of two years in said four Federal reserve cities, the provided of the provided and in operation for a period of two years in said four Federal reserve cities, with the requisite Federal reserve districts appurtenant thereto, and for that purpose may after and change the limits and areas of existing Federal reserve board may, in its discretion, from time to time, designate not to power to do business.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Nebraska [Mr. HITCHCOCK].

Mr. GRONNA. Mr. President, I suggested a day or two ago that there should be an amendment made to this paragraph with reference to the amount of stock to be held by any person or corporation. I believe that the word "held" is insufficient, and that we should add to it the words "acquired or owned."

Mr. GALLINGER. At what point does the Senator suggest the amendment?

Mr. GRONNA. On page 6, line 7. I suggest that after the word "held" we add "or owned for the purpose of receiving

Mr. HITCHCOCK. Mr. President, I should be glad to accept any carefully prepared amendment that the Senator from North Dakota [Mr. Gronna] might present on the subject. I suggest, however, that he present his proposed amendment in writing and prepare it carefully. The purpose of the provision, of course, is to compel a wide distribution of the stock among the people and to prevent any considerable part of it from being acquired by any person or corporation. There is no danger of the acquisition of this stock in the hands of a few people for the purpose of control, because the stock has no voting power; but I am strongly in favor of providing for its wide distribution, because of its excellent character as a safe and proper investment for people of small means. I should be very glad to accept before a final vote is taken upon this paragraph any

proper amendment that would strengthen that purpose.

Mr. President, in offering this amendment and in offering the other amendments which I shall propose to the House bill, and later to the amended bill as presented by the Senator from Oklahoma [Mr. Owen], I have chiefly these objects in view;

First. To provide for the public ownership of the stock as distinguished from having the stock monopolized by the banking interests.

Second. To provide for the Government control of each reserve bank as distinguished from the plan in the House bill and in the draft of the Senator from Oklahoma, not permitting the banking interests of reserve districts to control the reserve

Third. To guarantee by specific and unequivocal language the equal treatment of every bank which, either through compulsion or by voluntary act, becomes a member of the system.

Fourth. To secure for the benefit of the thousands of banks throughout the South and West, in agricultural regions, permission to obtain the discount of some of their six months' paper, a thing impossible under the House bill and impossible under the bill presented by the Senator from Oklahoma.

Fifth. To provide for the gradual transfer of the reserves to the new reserve banks, instead of having it suddenly transferred as is provided in the House bill, a thing which possibly more than any other has alarmed the banking interests of the country and has tended to produce the constriction of credits which has already resulted.

Sixth. To provide from the surplus profits of these reserve banks, after paying dividends accumulated thereby, a fund for the insurance and payment of depositors in such member banks as may unfortunately fail.

Seventh. To increase the reserves against currency provided for in the House bill and also in the bill of the Senator from Oklahoma, so that they will be safe beyond any question and conform to the experience we have had with greenbacks and to the practice of European central banks as well.

Eighth. To provide for the unquestioned redemption of this currency immediately on presentation in gold or in gold certificates, so as to leave no doubt or possibility that this currency may be redeemed in other currency or in other promises to pay.

Ninth. To provide a safe and efficient method by which the

gold supply can be regulated by the action of the reserve banks. Those are the amendments which I propose to offer, and to which I invite the attention of the Senate, one at a time.

Mr. President, I want to say here and now that I shall do nothing to delay the passage of this bill, beyond securing fair attention to and consideration of its provisions here. I think there is some urgency that the bill be passed. I think, now that the question has been proposed and the banking interests of the country have been seriously disturbed, we ought to pass it as soon as possible, and I shall be here in this Chamber as many hours as other Senators are for that purpose; but I do deplore the disposition to disregard debate, to ignore discussion, and to assume on both sides of the Chamber that the bill has already been considered and passed.

This is a deliberative body, and we as Senators here have responsibilities. This is the most important piece of legislation that has come before the Congress of the United States in 50 years. No one questions that. The Senator from Oklahoma [Mr. Owen] has so declared it, and I indorse the statement. Shall we take legislation of this sort and have a pretense of discussion? Shall men who have studied this question for years be compelled in the Senate of the United States to talk about its vital provisions to empty chairs?

Mr. President, I do not yet believe, I can not believe, that it is the purpose of the responsible leaders of the Democratic Party to consider and vote upon and decide this question in the dark. It is contrary to all the purposes of the Democratic Party; it is contrary to the teachings of the President of the United States, who is the leader of his party. He has proclaimed time and time again that discussion in public was above all things the most important in legislation. Let me read from his very popular book called The New Freedom a few extracts which apply to the present situation with peculiar force, Mr. President. In an excellent chapter entitled "Let there be light," he says:

The concern of patriotic men is to put our Government again on its right basis by substituting the popular will for the rule of guardians, the processes of common counsel for those of private arrangement. In order to do this a first necessity is to open the doors and let in the light on all the affairs which the people have a right to know about.

Are the doors open in a caucus? Does anyone know how men vote in a caucus or what arguments are used in a caucus or the extent to which men are to be bound against their convictions in a caucus? To attempt to decide the vital questions in this bill behind closed doors, in the secrecy of a party caucus, and possibly by one vote to bind the Democratic Senators against their convictions, is in violation of the teachings of this great man now President of the United States. He says further, on page 113:

What are the right methods of politics? Why, the right methods are those of public discussion.

Mr. President, are we here to have public discussion? Shall we submit to the sneers of those on the Republican side who say we are bound hand and foot and gagged also? I think it is the duty of every Democrat to be here during this full discussion and to take an active part in the great questions which are here presented. The President, in his book, proceeds:

The methods of leadership open-

Mr. GALLINGER. Mr. President—
The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from New Hampshire?

Mr. HITCHCOCK. I do. Mr. GALLINGER. Mr. President, I have on one occasion, and possibly on two occasions, said that I considered the discussion of this bill futile so far as action on the bill was concerned, as I understood it had been agreed upon in a Democratic caucus, and that there will be practically a solid Democratic vote in favor of a certain draft of the bill. Now, I will ask the Senator, who is quoting from the President of the United States, if it is not a historic fact that the President of the United

States approved of a caucus on the tariff bill?

Mr. HITCHCOCK. Mr. President, that is an entirely different question, because for years it has been made a political question; but the President of the United States, through his particular friends and representatives on the floor of the Senate, some time, I think, in the month of September, declared that he did not desire to have the currency bill made a political measure. As I recall, the Senator from Colorado [Mr. Thomas] and other Democratic Senators stood here and spoke for the President in that way; I think that that was in good faith, and I believe the President of the United States, when as author

he made these statements, spoke in good faith.

Mr. GALLINGER. Mr. President, I do not question that, and yet I do not see that the differentiation that the Senator makes as between the tariff bill and the currency bill absolves the President from a change of mind. After he wrote that, he undoubtedly, as I understand, did approve of a Democratic caucus on the tariff bill. I do not know whether all the statements which have been made, coming from various sources, that the President has approved of the caucus on the currency bill, are true or not, but in view of what happened on the tariff bill, I have thought I was justified in concluding that the President

approved of a caucus on the currency bill.

Mr. HITCHCOCK. Well, Mr. President, I doubt it. I shall not believe until I hear the votes cast that Senators on this side, who have assured me they never would be bound by a caucus on a bill of this sort that was not political-I shall never believe that they will be bound, and I shall not believe that my Democratic associates here, who personally to me and to others have declared their convictions on certain features of this bill, are going to stultify themselves and come in here when the time arrives to vote and vote against things that they believe in and in favor of things that they do not believe in. I shall not believe that until I hear it and until I see it.

What are the right methods of politics? Why, the right methods are those of public discussion; the methods of leadership open and aboveboard, not closeted with "boards of guardians" or anybody else, but brought out under the sky, where honest eyes can look upon them and honest eyes can judge of them.

And again:

If there is nothing to conceal, then why conceal it? If it is a public game, why play it in private? If it is a public game, then why not come out into the open and play it in public?

You have got to cure diseased politics as we nowadays cure tuberculosis, by making all the people who suffer from it live out of doors; not only spend their days out of doors and walk around, but sleep out of doors; always remain in the open, where they will be accessible to fresh, nourishing, and revivifying influences.

I, for one, have the conviction that government ought to be all outside and no inside.

If that means anything at all, it means that this great bill will be discussed in public, debated in public, and men will vote according to their convictions after the discussion, and not decide before the discussion is held. They will not go into secret corners and connive with each other to bargain and trade and surrender their convictions, but they will come in here upon the floor of the Senate and, after listening to the debate, give their votes on the merits of the question, in accordance with their convictions.

He goes on:

I, for my part, believe that there ought to be no place where anything can be done that everybody does not know about.

Has this bill already been passed in secret, where nobody

except a certain privileged few were admitted?

I do not believe it. I do not believe Senators of the United States, elected here to represent their States, will put themselves in such a position.

I do not care to weary the Senate nor to take up time unnecessarily, but there are one or two other extracts that I shall read: Legislation, as we newadays conduct it, is not conducted in the open.

That was one of the accusations against the method of legislation which this new administration is to cure.

It is not threshed out in open debate upon the floors of our as-

There is an indictment. Shall we plead guilty to it, and repeat it?

It is, on the contrary, framed, digested, and concluded in committee rooms. It is in committee rooms that legislation not desired by the interests dies. It is in committee rooms that legislation desired by the interests is framed and brought forth. There is not enough debate of it in open house.

If it is bad to do it in committee rooms where both parties and all parties are represented, it would be aggravating the evil to do it in a party caucus, either Republican or Democratic,

where only one side was represented.

Mr. President, I have said this much on this subject and read these extracts because not only do I resent the attitude of some of my Democratic friends here, but I resent the attitude of the Republicans on the other side of the aisle, who are twitting us with the fact that we, as United States Senators, have no option, no freedom to vote as we please and to follow our convictions.

Woodrow Wilson, the writer, goes on:

Take any question you like out to the country—let it be threshed out in public debates—and you will have made these methods impossible. I am not intimating that corruption creeps in; I do not know what

He is not denouncing these private methods of legislation merely because they are corrupt.

I am not intimating that corruption creeps in; I do not know what creeps in. The point is that we not only do not know, but it is intimated, if we get inquisitive, that it is none of our business. My reply is that it is our business and it is the business of every man in the State; we have a right to know all the particulars of that bill's history. There is not any legitimate privacy about matters of government. Government must, if it is to be pure and correct in its processes, be absolutely public in everything that affects it. I can not imagine a public man with a conscience having a secret that he would keep from the people about their own affairs.

And finally, in a sentence, Woodrow Wilson says, on page 132: There is no air so wholesome as the air of utter publicity.

So, Mr. President, at the very outset, in beginning to offer my amendments, I decline to assume that they are beaten in advance. I decline to assume that men on this side of the Chamber are not only shackled, but gagged; and I offer the amendments believing that some heed will be paid to their merits, and that if that occurs, some of them will be adopted.

The amendment I have offered as section 2 embraces a number of changes of the House section. It also embraces practically the same changes as the section proposed by the Senator from Oklahoma [Mr. OWEN]. In the first place, it provides that the Federal reserve board, and not the organization committee. shall do the work of laying out this great new system over this big country.

That is not a very important change, perhaps, compared with some others, and yet it has its importance. It is particularly important if you are going to try to cut up this country into 12 districts, because the puzzle will be one of the most difficult that any man ever attempted. I imagine that any body of men that has considered at all the question of the number of banks has found the most serious difficulty in so dividing up the country as not utterly to disjoint the banking and business processes that are now going on,

Mr. BORAH. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. HITCHCOCK. I do. Mr. BORAH. The Senator has been reading from a book. What is the date of that deliverance?

Mr. HITCHCOCK. I am not able to inform the Senator as to that. It appears to have been published in 1913. I supposed it was last year, but the edition I have was published in 1913.

Another change which this section involves is reducing the number of districts from 12 to 4. This also is not so important a change as some others which the section provides. I am firmly of the opinion that if the bill as it finally passes provides for 12 reserve banks, a number of them never will be organized. I think that is so. If I am wrong and they are organized, I am firmly of the opinion that they will be such weaklings and such failures and such disappointments in the part of the country they are expected to serve that President Wilson will very soon recommend to Congress a reduction in the number.

As we have proposed this section we recognize the fact that we may be mistaken. We recognize the fact that more than four reserve banks may, on experience, be found desirable.

So we have provided that after two years' experience the reserve board may increase the number of reserve banks, and may increase it to a number, I think, equal to 8 or 10. I have forgotten the limit. We give to the reserve board appointed by the President absolute power, if they find that four reserve banks are inadequate or not desirable, to increase the number after two years' experience. We believe this is a wise provision, but we are confident that experience will show not only that four reserve banks are adequate in this country, but that a larger number would be practically a misfortune.

Mr. President, I want now to speak for a moment of the local interest which has come into this matter. I notice that the two Senators from Georgia were particularly solicitous that Atlanta might be made a reserve city; and I have learned that other Senators have favored the idea of a larger number of regional banks upon the theory that a local interest was to be gained by

it, and that a local benefit was to be secured.

Mr. SMITH of Georgia. Mr. President— The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Georgia?

Mr. HITCHCOCK, I do.

Mr. SMITH of Georgia. I desire to say to the Senator that so far as the Senators from Georgia are concerned, the Senator from Nebraska is in a measure mistaken.

The position taken by the Senators from Georgia was that there were a number of southeastern States that had distinctive commercial relations toward the east; and they believed that if the number of banks was to be eight, or in that neighborhood, there should be a regional bank in the southeastern section. If the number was to be less, then they believed that their rela-tions moved them toward the east, and not toward the west.

I disclaim for my colleague and myself any vote with reference to the number of banks that had in view simply location

at any particular place.

Mr. HITCHCOCK. I did not mention the subject by way of criticism, because I am frank to say that when I originally began the consideration of this subject it was my heart's desire that a regional bank might be established at Omaha. I believed Omaha great enough and important enough as a banking center to have such a regional bank. My studies have led me, how-ever, unavoidably and irresistibly, to the conclusion that the welfare of the system demands a small number of banks, and that cities like Omaha or Atlanta or Louisville or Cleveland or Cincinnati or any other cities of that class, and many others larger still, will be much better off if they are associated together in a larger district, and get the benefits of a varied climate and varied industries and great mobilization of reserves. Such sentiment as has existed in favor of a large number of regional banks, however, does spring from local interest.

I have here correspondence which indicates this to be a fact.

I took the trouble, just as we were about to report the bill, or a short time before, to address letters of inquiry to banks in such cities as might be made reserve cities if the number were increased above four. I wrote my letter rather hurriedly, and it was not very well framed; but the idea was to ask the banks in those cities whether they preferred to be associated with a great reserve bank, covering a large area of territory, or whether they would prefer to be associated with a small reserve bank, in case their city should be chosen as the seat of that Almost without exception, every letter which expresses the desire that the city named be made a reserve bank expresses also the opinion that the good of the country and the success of the system will be best subserved either by a central bank or by three or four great reserve banks.

I am going to ask for the reading of some of these letters, in order that they may go in the Record. I shall take first four short letters received from banks in my own city, Omaha. I ask for the reading of those four short letters.

The VICE PRESIDENT. Is there any objection? Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

THE OMAHA NATIONAL BANK, Omaha, Nebr., November 17, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

My Dear Siz: Answering your letter of November 14, with reference to the number of regional banks, beg to say it is the unanimous opinion of the officers of this bank that it would be better for the whole country if the number of regional banks were placed at four rather than more. This would make them stronger institutions and cover a wider territory, and therefore they would be better able to serve the commercial interests of the country.

Except as a matter of convenience for the transaction of business, we do not know that the location of a Federal reserve bank in Omaha would be of especial benefit.

Very truly, yours,

W. H. Bucholz,
Vice President.

W. H. BUCHOLZ, Vice President.

THE MERCHANTS' NATIONAL BANK, Omaha, Nebr., November 18, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

Hon. G. M. HITCHCOCK,

United States Senate, Washington, D. C.

My Dear Senator: I am in receipt of your letter of the 14th instant. It seems to me that all the trained bankers of the country will be united on the question of regional reserve cities. It will be admitted by anyone conversant with the question that the fewer reserve cities we have the more effectively reserves will be mobilized. Four in the United States is certainly a sufficient number. The more reserve cities you have the more the reserves will be scattered and become ineffective. As a banker in Omaha I certainly would be in favor of being attached to a reserve bank in one of the central reserve cities, rather than to have Omaha the headquarters of a smaller reserve bank covering the territory naturally tributary to this city. If the bill should go through as the President wishes and 12 regional banks will be established, some of them will be so small and inadequate as to become ridiculous. This bank is now doing business with the National City Bank, of New York, having a capital and surplus of \$55,000,000, and with the Continental & Commercial National Bank, of Chicago, having over \$30,000,000. Of what practical use can a reserve bank with, say, \$5,000,000 capital be to us? It would be so small that it would have no influence at all.

We again beg to thank you for the position you have taken on the banking and currency question.

Yours, very truly,

L. Deake, President.

THE UNITED STATES NATIONAL BANK OF OMAHA, Omaha, Nebr., November 19, 1913.

THE UNITED STATES NATIONAL BANK OF OMAHA,
Omaha, Nebr., Navember 19, 1913.

Hon. G. M. Hitchcock,
United States Senate, Washington, D. C.
Dear Mr. Hitchcock: We are in receipt of your letter of the 14th instant asking us to express an opinion upon which proposition is more desirable, i. e., four regional banks, located in New York, Chicago, St. Louis, and San Francisco, or eight regional banks, and whether or not Omaha would desire to become the seat of a regional reserve bank. We are unqualifiedly in favor of four regional reserve banks, for the reason that the very theory of the bill should be to effectually mobilize reserves, and the fewer the centers the better the service for the commerce of the country. Only in event of a compromise would we recommend more than four regional banks and that would be five, in order to give the South two and have the other one located at New Orleans. This is a concession based upon policy rather than principle.

In event of four banks being chosen, or five, we would much prefer to be included with Chicago rather than with St. Louis, and trust that you may be instrumental in bringing that about.

We believe that in your position upon the bill in the Committee on Banking and Currency you have rendered great service to the country, and we believe that hereafter the Democratic Party itself will be forced to confess that you have rendered a great public service to them—you certainly have to the Nation.

Congratulating you upon your efforts, and with best wishes for your continued success, we are,
Very truly, yours,

Millton T. Barlow.
Victor B. Caldwell.

MILTON T. BARLOW. VICTOR B. CALDWELL.

FIRST NATIONAL BANK OF OMAHA, Omaha, Nebr., November 21, 1913.

Hon. G. M. Hitchcock, Committee on Banking and Currency, United States Senate, Washington, D. C.

Washington, D. C.

Dear Sir: Replying to your favor of November 14, we are not in favor of the bill for the establishment of Federal reserve banks, but if such banks are to be established, we believe the interests of the country would be best served by the establishment of only one such bank. If, however, more banks than one must be established, we believe it to be to the best interest of the country in general to have not more than four reserve banks established.

We do not see any advantage in the establishment of

We do not see any advantage in the establishment of a smaller reserve bank to cover the territory naturally tributary to our city.

Very respectfully, yours,

C. T. KOUNTZE, President.

Mr. HITCHCOCK. I now send up some letters from the bankers of Denver. In view of the fact that the Senator from Colorado [Mr. Shafroth] has advocated Denver as the city for a regional reserve bank——

Mr. SHAFROTH. Mr. President, that is a mistake. I have not advocated Denver. I have advocated eight banks; but I know very well that the board which determines this matter can locate those banks wherever they please, and there is no influence which the Senator from Colorado could exercise that would change their views with relation to the matter. I do not think I have ever mentioned Denver in connection with these banks.

Mr. HITCHCOCK. I will ask to have the letters read, in view of the Senator's statement.

The VICE PRESIDENT. Without objection, the letters will be read.

The Secretary read as follows:

THE UNITED STATES NATIONAL BANK OF DENVER,
OFFICE OF THE PERSIDENT,
November 19, 1913.

Senator G. M. HITCHCOCK, United States Senate, Washington, D. C.

My Dear Senator HITCHCOCK: Answering your inquiry under date of the 14th instant, beg to say that the officers and directors of this bank are strongly of the opinion that the fewer regional banks that are established the stronger will be the system. While we naturally would feel pride in having Denver headquarters for a regional bank, we can not afford to let that pride overcome our best judgment. So far as the banks throughout this section are concerned, I believe they are a unit in preferring to have Denver attached to a reserve bank in one of the central reserve cities—particularly if we can be attached to Chicago, with a branch in Denver—than to have Denver the headquarters for a smaller reserve bank.

We fear the present danger in distribution of reserves will not be overcome with a considerable number of reserve banks and that the idea of mobilization will be defeated, especially with a larger number than four banks. The fight for reserves and cash in case of stringency and panies would be transferred from the unit banks to the larger institutions. While fewer in number, their efforts would be more gigantic in proportion; and we believe that every additional bank added to the proposed system beyond the minimum number necessary to prevent too great a centralization would be but a step in weakening that system. Four banks would undoubtedly give us a stronger system than eight, and I sincerely trust when the bill is finally presented to the Senate by your committee it will provide for not exceeding four banks. This number, I think, will be the ideal number and cover the territory most admirably, and at the same time be a guaranty against a possible centralization of too much power in any one section of the country.

I have made some study in this direction of European systems and have not been entirely in sympathy with those who advocate one central bank, believing that our country is so large and its interests so diversified that the regional bank idea would give best service to the country at large. For instance, New York fully understands the needs of the far East, Chicago the needs of the West and Northwest, St. Louis the requirements of the South, and San Francisco the necessities of the entire Pacific coast.

I thank you for the opportunity of expressing myself.

In this connection, I beg to say I expect to be in Washington the first week in December, meeting as a member of the American commission with that commission in preparing its final report on our European investigation. Following that meeting, upon my return home, I am scheduled to address the Nebraska Farmers' Congress, in their annual convention in Omaha on December 10, having chosen as my subject, "Can European credit systems be made applicabl

THE FIRST NATIONAL BANK OF DENVER, November 19, 1913.

Hon. G. M. Hitchcock,

United States Senate, Washington, D. C.

Sia: We beg to acknowledge receipt of your letter of the 14th, which has had our careful attention, and in reply would say that our conviction, based upon long experience in the banking business and intensive study of the problems which now confront this country, as well as a perusal of much of the matter which has gone before the Monetary Commission and your own committee, is that the fundamental principle of currency revision should contemplate the creation of one large central bank of discount and issue with branches in the commercial centers of the country, under such intelligent and experienced direction as will enable it to become a help rather than a hindrance to our growing Nation. This we understand the administration to be on record against in its platform, written at Baltimore for political purposes, and are told that under no circumstances is the central plan to be considered at this session.

in its platform, written at Baltimore for political purposes, and are told that under no circumstances is the central plan to be considered at this session.

In view, therefore, of the fact that a central-bank bill is impossible of passage at this time, and in order to bring the new system as near that plan as is possible—it being recognized that the successful practice in other civilized countries is in that direction—we believe there should be as few regional reserve banks as will be accepted by the majority in Congress; and under the belief that no less than four will be countenanced, we approve banks in New York, Chicago, St. Louis, and San Francisco, with branches at the proper locations in the respective territories, which would necessarily establish one in Denver. If, however, the action of Congress creates a greater number of regional reserve banks than 4, say, S to 12, we are in favor of the location of one in this city, for the reason that we are strategically located to serve a large and growing country, and on account of our accessibility in it, should be favored.

The sense of this letter is, therefore, our belief in—First. A central bank.

Second. Four or less regional reserve banks, with a branch located in Denver.

Third. A regional reserve bank in Denver, providing a sufficient number of banks are established to give our claims consideration. These plans are noted in the order of our preference, and our support would gladly be given in the same order.

Respectfully,

C. S. HAUGHWOUT, Cashier.

COLORADO NATIONAL BANK, Denver, Colo., November 19, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

DEAR SIR: Replying to the inquiry contained in your letter of the 14th instant, we beg to say that we favor legislation providing for as few reserve banks as possible, and we believe that a system comprising four reserve banks would be more desirable than one comprising eight reserve banks.

Very truly, yours,

G. B. Berger, President.

THE DENVER NATIONAL BANK, Denver, Colo., November 20, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

DEAN SIR: Replying to your communication of the 14th instant regarding the number of regional banks that should be established, we beg to say that so far as this bank is concerned we would favor four banks, located as noted, rather than eight. We would, however, prefer the establishment of one only, say in Washington, which, with the establishment of necessary branches in various cities, would, we believe,

answer every purpose.

In answer to your question as to the desirability of this city being attached to a reserve bank in one of the central reserve cities or become the headquarters of a smaller reserve bank we beg to say that if the establishment of a reserve bank in this city would result in competition with our already established banks we would prefer to be attached to a reserve bank in one of the central reserve cities.

At your pleasure we would like to receive a little information on the subject of the reserve or branch bank located in this city coming into competition with the other banking institutions in this city or territory tributary thereto.

Respectfully, yours,

E. S. IRISH, Caphier.

FEDERAL NATIONAL BANK, Denver, November 20, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

Dear Senator. Replying to the inquiries contained in your letter of the 14th instant beg to say that if it is possible to have one reserve bank, with the necessary branches throughout the country, we would favor it. However, it is our belief that the four regional banks to be located in New York, Chicago, St. Louis, and San Francisco, with branches in the banking centers of the country, would be better than eight or any larger number.

Should it transpire that eight or more regional reserve banks are finally decided upon we hope Denver will be made the home of one of them.

Yours, very truly, W. T. RAVENSCROFT, President.
Mr. HITCHCOCK. Without reading, I should like to have inserted in the RECORD some short letters from banks in some other States which possibly might become cities of regional reserve banks.

Mr. BRISTOW. Will the Senator state from what cities the letters come

Mr. HITCHCOCK. I am about to give a synopsis of this whole correspondence. I am not printing nor having read let-ters which express a preference for eight or more regional banks. I will, however, give a synopsis of the results of my correspondence.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

THE AMERICAN EXCHANGE NATIONAL BANK, Dallas, Tex., November 22, 1913.

Mr. G. M. HITCHCOCK, United States Senate, Washington, D. C.

Dear Sir: Referring to your letter of the 14th, it is our opinion that a fewer number of regional banks would be for the best interests of the country. At the same time, if eight are organized, we naturally feel that the city of Dallas should be headquarters for one of them, embracing, as it does, a very large financial district.

Very truly, yours,

NATHAN ADAMS, Cashier.

THE UNION NATIONAL BANK, Houston, Tex., November 18, 1913.

Senator G. M. HITCHCOCK, Washington, D. C.

Washington, D. C.

Dear Sir: In reply to your circular letter of November 14. We strongly favor and urge the smaller number of reserve banks as a matter of protection to the member banks and the system. It is the one point in the proposed bill over which we feel the most concern, the most fear—the establishment of too large a number of reserve banks, thereby weakening the chain. The compulsory rediscounting by one regional bank for another will not cure this weakness fully. We want to be a member of a strong group, a group not dependent upon agriculture alone, and that perhaps one crop—cotton in this section—where all the banks of a smaller district would be seeking rediscount accommodation at the same time of the year. We want to be in a large district with diversified interests—both in agriculture and manufactures.

By all means let us have the smaller number of reserve banks—not over four. There is no place for a reserve bank in Houston or in New Orleans—the logical point in a system of 12 regional banks would be at the one city or the other—but branches should be established in these cities.

cities.

We repeat, we fear the weaker system of the larger number of banks very greatly. We would welcome the new system, based on four regional banks with branches where necessary.

Respectfully,

T. C. Dunn, Vice President.

THE HOUSTON NATIONAL EXCHANGE BANK, Houston, Tex., November 24, 1913.

Mr. G. M. Hitchcock,

United States Senate, Washington, D. C.

Dear Sie: Referring to your favor of the 14th instant, beg to say that I am heartily in favor of as few regional reserve banks as possible, preferably three, located in New York, Chicago, and San Francisco.

I believe the more regional banks established the less assistance they can render to the surrounding territory; for instance, a bank located in the South. Each State would require funds at approximately the same time, and such a demand would necessarily cause the interest rate to be large; whereas a bank located in the East would not feel the demands upon it from the South because of the fact it would have funds from banks in that locality who do not need the assistance of reserve banks at a season of the year when those in the South do.

With my best wishes, I am,

Yours, very truly,

Henry S. Fox, Jr., Vice President.

THE FIRST NATIONAL BANK OF HOUSTON, Houston, Tex., November 19, 1913.

Hon. G. M. HITCHCOCK, Washington, D. C.

Sir: Replying to your letter of inquiry of the 14th instant, beg to say that in our opinion a central bank located at Washington, in which the Government would have control, would be the most ideal situation with respect to the actual needs of our financial system. Our present system is good enough as far as it goes, but by reason of the fact that it lacks the further facilities so requisite to care for the legitimate needs of commerce, which a central bank would supply, it becomes the weakest and most dangerous of that of any other nation.

With such an institution in which a large per cent of the idle reserves of the individual banks of the country would be mobilized, which fund serving as a basis for credit expansion through the discounting of commercial obligations, and any part of said credits thus created subject to conversion into circulating notes if desired or required, would more nearly meet the requirements of the day, and there would be less expense in the operation of such an institution than there would be less expense in the operation of such an institution than there would be in several regional reserve banks scattered throughout the country, and which would render no more efficient service if, indeed, they would be capable of even approximating the service that would be rendered through the central institution.

It seems, however, that it is a political impossibility to expect the creation of such an institution at this time or at any time in the near future, therefore it occurs that the regional reserve banks must be accepted and tried out. If this conclusion be true, then the fewer the number of such regional reserve banks the more efficient will be system be. We can see no reason why a city like Houston should not be well cared for, being included in the territory of New York, Chicago, or St. Louis, and from the standpoint of the necessary relief these needs could be as easily met under these conditions as readily as if we had a regional reserve bank located at this point.

Should the number be so generous as that Texas would fall heir to one, then, as a matter of fact, our selfish interest would prefer that such an institution be located in Houston.

Yery respectfully,

J. T. Scorr,

Vice President.

CITY NATIONAL BANK, Galveston, Tex., November 18, 1913.

Hon. G. M. HITCHCOCK, United States Senator, Washington, D. C.

United States Senator, Washington, D. C.

Dear Senator: I have before me your letter of the 14th.
For the past seven years I have been secretary of the Texas Bankers'
Association and have, through this medium, become well acquainted
with the bankers in this State.

In the early part of September we had a special call meeting of the
association for the purpose of discussing the proposed currency measure The consensus of opinion of this meeting was that the number of
regional banks should be reduced to about four. The majority of the
bankers to whom I have talked seem to be of the same opinion. I do
not believe, however, that the bankers, as a rule—and when I refer to
bankers I mean the country bankers—feel that this is of as much
interest as the proposition to break up relations that have existed
between them and their city correspondents, and they are of the opinion
that the division of the reserve should be so made as to permit them to
maintain with their regular established correspondents a sufficient portion of the reserve to enable them to maintain a line of credit as heretofore.

For your information I might say that I am not a city banker myself,
for I have only hear out of the "sticks" a very few years and prac-

tofore.

For your information I might say that I am not a city banker myself, for I have only been out of the "sticks" a very few years and practically all my experience has been in country banks.

I believe that the rank and file of the country banks would much prefer to make their rediscount arrangements through the city correspondent rather than attempt to make it through the regional banks. They have spent years building up their acquaintanceship and credit, and to totally destroy this would, in the belief of many, be a serious mistake.

take.

I am sure that a regional bank in Galveston would not be of any special assistance, and there should be a concentration of the capital and reserves in as few places as possible, according to our belief, in order to give the system real strength and value. I venture to guess that the same feeling would exist among the national banks in the reserve cities in this State, although I do not make this as a positive assertion.

sertion.

In my talks concerning this bill I have, as far as possible, tried to get the idea of the country rather than the city banker. While this is a small matter, perhaps there would be some certain local pride with the bankers over the State should they be called upon to take stock in some rival city near by. This would not have any special weight, but I am sure you will find that this feeling would exist, though perhaps only in a small degree.

In answering the last sentence of your letter I might say that you can put us down as favoring four instead of eight reserve banks.

Respectfully,

Respectfully,

J. W. Hoopes, Vice President and Cashier.

WHITNEY-CENTRAL NATIONAL BANK OF NEW ORLEANS, November 17, 1913.

Hon. Gilbert M. Hitchcock, United States Senate Committee on Banking and Currency, Washington, D. C.

United States Senate Committee on Banking and Currency, Washington, D. C.

Dear Mr. Hitchcock: Your valued letter of the 14th instant has been duly received, and I note therein that your committee is divided as to the advisability of having four or eight regional banks. My position has always been that the samelier the number of regional banks the better it would be. At the same time, I am of the opinion that the distribution of whatever number may finally be agreed upon should be intelligently made, with due regard to both geographical and commercial conditions.

If four regional banks are to be decided upon, they should be located one in New York City, one in Chicago, one in San Francisco, and one in New Orleans. St. Louis is only 300 miles from Chicago, and should properly be embraced in that district. New Orleans is 24 hours from St. Louis, and 27 hours from Chicago, and 40 hours from New York; it commands the trade of Mississippi, Louislana, eastern Texas, western Tennessee, southern Alabama, western Florida, and southern Arkansas; besides, owing to its proximity to Mexico, Central America, and South America, its trade will be enormously increased upon the opening of the Panama Canal, and it should be regarded as of prime importance to locate one of the regional banks in the city of New Orleans.

Furthermore, as the purpose is to decentralize capital and to retain as much as possible of the resources of each section in its particular vicinity, this can best be accomplished by placing in the far South one of the main regional banks. It will be of prime importance in giving to the central control information concerning conditions throughout this section, in which a bank located here would be more competent than one located in St. Louis, a city serving a trade entirely different and handling different commodities than that which exists in the cotton-producing sections of the country.

Under these circumstances, New Orleans feels that it should not be called upon to affiliate with St. Louis, but that St. Louis

affiliate with Chicago, and that the number of four regional banks favored by you should be retained.

I have no objection to this correspondence being made public, as I feel that the position which I have taken in the premises is unassitable to the correspondence of the correspondence

able.

I wish to take this opportunity of congratulating you upon the firm and sound stand which you have taken on currency legislation, and the bankers are depending upon you to counteract the unsound measures proposed by a number of the members of your committee, and any assistance which I can render, I assure you I shall be glad to do at any time, With kind regards, I am,

Yours, very truly,

Sol Wexler, Vice President.

THE COMMERCIAL NATIONAL BANK OF NEW ORLEANS, November 21, 1913.

The Commercial National Bank of New Orleans, November 21, 1913.

The Hon. G. M. Hitchcock.

United States Senate, Washington, D. C.

Dear Sir: Referring to your letter of November 14, we do not think it would be well to have too many regional banks, but at the same time we think New Orleans and its surrounding territory is of sufficient importance to have the headquarters of a reserve bank in this city.

You ask me the question if we favor a system of four reserve banks or eight reserve banks, and in reply to this it seems to me that four would be sufficient if placed to serve the entire country from a geographical standpoint; that is to say, one in the East, one in the West, one in the South, and one in the North-center. With this in view it would seem that the logical points would be New York, San Francisco, New Orleans, and Chicago.

St. Louis, from its commercial and financial importance, would appear to be entitled to one, but they are only a night's run from Chicago.

While not altogether favoring the central bank idea, if it is established I should think that one bank, with branches situated in different sections of the country, would be preferable.

The wrifer still clings to the idea that asset currency issued by the national banks, under proper restrictions would be the most desirable currency for the country.

Yours, respectfully,

J. H. Fulton,

President.

J. H. FULTON, President.

AMERICAN NATIONAL BANK, St. Paul, Minn., November 20, 1913.

Hon. G. M. HITCHCOCK, Washington, D. C.

Sir: Referring to your communication of the 14th instant, we wish to state that in our opinion four regional banks would be more desirable than a larger number. Under that number we would be satisfied to be attached to the district of Chicago.

However, if a larger number is designated and if one of the Twin Cities is to be designated, we would, of course, prefer to have St. Paul become the headquarters for this territory.

Yours, very truly,

H. B. Humason.

H. B. HUMASON, Cashier,

THE FIRST NATIONAL BANK OF ST. PAUL, St. Paul, Minn., November 18, 1913.

Hon. G. M. HITCHCOCK.

Hon. G. M. Hitchcock,

United States Senate, Washington, D. C.

Sir. Acknowledging receipt of your communication under date of the 14th instant, mentioning that the Banking and Currency Committee of the Senate is now split over the number of regional banks that should be established in the pending legislation, one half of the committee favoring four regional banks, to be located in New York, Chicago, St. Louis, and San Francisco, the other half of the committee favoring eight regional banks.

You ask whether a city like St. Paul would desire to become the seat of a regional bank, with the surrounding territory embracing several States and possibly 700 or 800 member banks, or whether it would prefer to be attached to a large area of country, with head-quarters in New York, Chicago, or St. Louis, and with branches in the banking centers of the country, including such cities as ours.

I beg to state we are strongly of the opinion that the number of regional banks should not exceed three or four. We carnestly favor the designation of New York, Chicago, and St. Louis, possibly San Francisco, as the seat of such regional reserve banks.

It seems to us that in the proposed measure now pending the mobilization of reserves to meet trade requirements would be safely and economically accomplished through 3 cr, at the most, 4 regional reserve banks; that the establishment of the larger number, 8 or 12, would be unwise and would prove impracticable. In the event, however, of a larger number of regional banks being established, we respectfully submit that the city of St. Paul, with its prestige, its volume of business, and its commercial status with respect to the territory adjacent and tributary, should be selected as the seat of one of the reserve banks.

I desire to congratulate you, sfr, upon the firm and unequivocal stand you have taken in the deliberations of your committee during the pendency of the measure before them. Your attitude has done of the very objectionable features of the banking and currency measure so st

THE MERCHANTS NATIONAL BANK, St. Paul, November 18, 1913.

Hon. G. M. Hitchcock,

Care of United States Senate, Washington, D. C.

Dear Sir: Replying to your circular letter of November 14, addressed to the National German-American Bank, can advise you that this institution, of which I was cashier, was consolidated some little time ago with the Merchanis National Bank, of which I am now vice president.

I can assure you that we all greatly appreciate the kindly interest you are showing in getting the opinions of bankers on the question of whether there should be four or eight regional reserve banks. It is evident that the cash reserve of these regional banks will be divided into as many ownerships as there are banks, and none will be able to strengthen its own reserves except by reducing the reserve of other regional banks to the same extent,

Since branches are provided for in the present bill and can be made to do the same service as a regional bank, we are earnestly in favor of keeping the reserve banks down to the smallest number, as the funds of the various branches would always be counted as the property of the particular regional reserve bank of which the branch is a part, and thus the ownership of the reserves would be in fewer divisions.

I have followed with interest the discussions on the currency proposition ever since the commission was first appointed, about five years ago, and have yet to find a single valid reason why there should be a multiplication of reserve banks. In order to hold down the regional banks to the smallest number, we would very gladly forego the privilege of having one of these institutions in our midst, if having it would mean that there must be eight. If, however, there is no possibility of reducing the number below eight, we would thank you to use your best efforts to have St. Paul, the capital of the State of Minnesota, designated as one of the points where a regional bank should be established.

Again thanking you for your kindly interest, I am,
Yours, very truly,

H. Von Der Weyers,

H. VON DER WEYER. Vice President.

THE MERCHANTS' NATIONAL BANK, St. Paul, November 17, 1913.

Hon. Gilbert M. Hitchcock, United States Senate, Washington, D. C.

United States Senate, Washington, D. C.

Sir: In acknowledging receipt of your favor of the 14th, I prefer to give you confidentially my views regarding regional banks rather than address a communication to the committee.

I think there is no question but what four regional banks, located in New York, Chicago, St. Louis, and San Francisco, can handle the business of the country much more satisfactorily than a larger number.

Naturally if a bank is to be located in this section of the country, we should like to have it in St. Paul; and if branches are to be located in smaller banking centers, we certainly want one here.

I want to take this opportunity of assuring you that the bankers as well as the business men of the Northwest appreciate more than we can ever tell you the most excellent work that you have done in connection with the currency bill.

If there is any information you want regarding local conditions in this section, do not hesitate in calling on me.

Yours, very truly,

D. S. Culver, President.

THE CAPITAL NATIONAL BANK OF ST. PAUL, St. Paul, Minn., November 17, 1913.

THE CAPITAL NATIONAL BANK OF ST. PAUL, St. Paul, Minn., November 17, 1913.

Hon. Gilbert M. Hitchcock, United States Senate, Washington, D. C.

Dear Senator: Replying to your communication of the 14th instant, I beg to say that we are very much in favor of the establishment of four regional reserve banks in place of eight, believing that the purposes for which the proposed legislation is to be enacted can be much better carried out by the smaller number of reserve banks.

The writer had the pleasure of meeting you at the time Mr. E. D. Hulbert, of Chicago, appeared before the committee, and I have taken great interest in the various recommendations made by the different bankers.

While I am aware of the fact that section 15 was approved at the conference of bankers held in Chicago, I am confident that it was not understood at the time that this section gave the Federal reserve banks the right to purchase commercial paper, etc., in competition with member banks, and for that reason it seems to me that a most important change in the bill, at least from a viewpoint of a banker, would be to restrict all domestic transactions of the Federal reserve banks to transactions with the member banks, excepting the purchase of foreign bills of exchange. In other words, it does not seem to be a fair proposition to give the Federal reserve banks. Your kindness will be greatly appreciated in enlightening me on the question, as to whether any such restriction has been made or is contemplated.

Greatly appreciating the efforts you are making in framing a workable banking and currency bill, I am,

Yours, very truly,

John R. Mitchell, President.

JOHN R. MITCHELL, President.

THE SECURITY NATIONAL BANK, Minneapolis, Minn., November 17, 1913.

Hon. GILBERT M. HITCHCOCK, United States Senate, Washington, D. C.

Dear Sir: Replying to your inquiry of November 14, we beg to say that should Congress finally pass a bill establishing from eight to a dozen regional banks, we would want to see one of them located in Minneapolis. We are strongly opposed, however, to the establishment of so large a number of banks, believing firmly that the results desired can be best achieved through one central bank, or if not one, as few as

Dossible.

We are therefore in favor of the establishment of four such institutions as against any larger number, and in the event of such an arrangement would want to see Minneapolis included in the territory served by the Chicago bank, with a branch in this city.

Yours, very truly,

I.S. BONNEON, Wish Provided.

J. S. POMEROY, Vice President.

THE NORTHWESTERN NATIONAL BANK, Minneapolis, November 17, 1913.

Hon. GILBERT M. HITCHCOCK,

Minneapolis, November II, 1913.

Hon. GILBERT M. HITCHCOCK: Answering yours of the 14th, will say that this bank individually prefers a central bank, and if it is impossible to secure that, then the number nearest one would suit us. Therefore we favor four banks in preference to eight.

I have never heard any banker in Minneapolis or St. Paul express a desire to have S or 12 regional banks simply so that we could have one in one or the other of these cities. We believe the idea of such a large number is economically unsound and unnecessary.

I want to congratulate you personally on the work you have done in the interest of sound banking, for the prosperity of all the people of the country is absolutely dependent upon our banking business being on a sound basis.

With very kind personal regards, believe me,

Very truly, yours,

JOSEPH CHAPMAN, Vice President.

THE SCANDINAVIAN AMERICAN NATIONAL BANK,
Minneapolis, November 18, 1913.

Minneapolis, November 18, 1913.

Mr. G. M. Hitchcock,
United States Senate, Washington, D. C.

Dear Sir: Your letter of the 14th, inquiring as to whether we would prefer, in the new banking bill now before Congress, to have four regional reserve banks rather than eight is at hand.

In reply you are advised that so far as this institution is concerned we would prefer a smaller number, providing branches were established in other financial centers, which would allow the use of the facilities which the reserve bank proposes to give, with the least possible delay and annoyance.

In our independ, one central bank located in Chicago with branches

which the reserve bank proposes to give, with the read and annoyance.

In our judgment, one central bank located in Chicago with branches in various parts of the country, where the business demand warranted, would be better than four. I say in Chicago for the reason that that city is not only a large financial center but the geographical center as well. Minneapolis is the manufacturing, financial, and distributing point for the Northwestern States, and the business interests of the Northwest would best be served by having a branch located in this city in case the bill provides for either one, two, or three regional banks. In case eight were determined on, Minneapolis by all means should have one of the eight.

Respectfully,

Theodore Wold, President.

FIRST NATIONAL BANK, Minneapolis, Minn., November 18, 1913.

Minneapolis, Minn., November 18, 1913.

Hon. G. M. Hitchcock,

United States Senate, Washington. D. C.

Dear Sir: Replying to your favor of the 14th, I would say that we feel as though it would be much better to have as few regional reserve banks as possible, and for this reason would prefer to have four rather than any more. We would be glad if the number could be less than four, believing that the reserves of the country could be controlled to better advantage in this way. In case four are named, we will naturally be attached to the one located in Chicago, on account of our location here.

Very truly, yours,

F. M. Prince. President.

F. M. PRINCE, President.

FIRST NATIONAL BANK OF KANSAS CITY, Mo., November 17, 1913.

Mr. G. M. Hitchcock,

United States Senate, Committee on Banking and Currency,

Washington, D. C.

Dear Sir: We have yours of the 14th instant, and have right along been in favor of a small number of regional banks, feeling that an increase in the number weakens the proposition and diminishes its effectiveness. We would rather see four regional banks, with perhaps a branch of one in Kansas City, than a larger number, with a regional bank here.

This, we believe answers your faculty.

nk here.
This, we believe, answers your inquiry.
Yours, truly,
C. G. HUTCHESON, Cashier.

NEW ENGLAND NATIONAL BANK, Kansas City, Mo., November 17, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

United States Senate, Washington, D. C.

Dear Sir: I have your letter of the 14th instant in regard to the number of regional banks we would favor.

First, we would prefer simply a central bank; not being able to get that, we would wish as few regional banks as possible, and would favor four banks, located in New York, Chicago, San Francisco, and either St. Louis or New Orleans.

If a regional bank were placed in Kansas City, it would not have the strength of a bank established in one of the larger centers. A branch established here would take care of our wants as well as to have a regional bank established in this city. We would therefore be strongly in favor of four reserve banks instead of eight.

Yours, truly,

J. F. Downing, President,

J. F. Downing, President,

THE SECURITY NATIONAL BANK OF KANSAS CITY, Kansas City, Mo., November 17, 1913.

The Security National Bank of Kansas City,
Kansas City, Mo., November II, 1913.

Hon. G. M. Hitchcock,
United States Senate, Washington, D. C.

Dear Sir: Your letter under date of the 14th instant reached us this morning, and in reply beg to say that we are decidedly in favor of four rather than more regional reserve banks. Naturally, we would like one of the four located at Kansas City, but appreciate that the commercial interests of the country would probably be better served by locating them at the four largest commercial centers, including one on the Pacific coast. The law should avoid an expensive, unwieldy organization, and with four regional banks located as suggested, with credit committees located at other large commercial centers throughout the country to pass upon and approve the securities, the commercial interests of the country could and would be as well served by four as would be the case by a greater number. Let the bill be framed along lines looking to the serving of the entire commercial fabric of the country, which will make it practicable for those who have solvent and acceptable securities in times of emergency to realize thereon without favor to one class over another, or without placing a burden on one for the benefit of another. When such a bill is framed and passed the business interests of the country will promptly approve and adopt it, but it would be a grievous mistake to frame and pass a bill the putting into operation of which would of itself create a stringency, which situation, in our opinion, would follow the bill as passed by the House.

Pardon us for having gone beyond the scope of your inquiry in making this reply.

C. S. Jobes,

President.

THE INTER-STATE NATIONAL BANK, Kansas City, Mo., November 18, 1913.

Hon. G. M. HITCHCOCK, Washington, D. C.

Six: Replying to your letter of November 14, in relation to the number of regional banks that should be established in the pending legislation, will say that our judgment is that four regional reserve banks will better serve the entire country than a larger number. In the location of these banks the needs of the whole country should be considered, rather than localities.

We believe that the four banks should be located in New York, Chlcago, New Orleans, and San Francisco.

Our reason for suggesting New Orleans instead of St. Louis is that Chicago and St. Louis practically serve the same section, with Chicago, however, serving the larger territory in the West and Northwest. There is no question but what the South would feel entitled to one regional bank, and, of course, New Orleans would be the point for such a bank if that should be decided on as advisable.

Should there be a larger number of regional banks than four, we, of course, believe Kansas City should have one of such banks, as Kansas City serves the West and Southwest, Chicago serving the Northwest; and with a bank at New Orleans and one at San Francisco, the western section of the country would be well taken care of in this respect.

Leaving out any personal preference, we are sincerely of the opinion that four regional banks, rather than a larger number, are desirable.

Yours, very truly,

Lee Clark,

LEE CLARK, Chairman of the Board.

SOUTHWEST NATIONAL BANK OF COMMERCE, Kansas City, Mo., November 29, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

United States Senate, Washington, D. C.

My Dear Senator: Your favor of the 14th received relative to the number of regional banks which you think would be most advantageous under the new currency bill. I wrote a letter to a member of the committee some weeks ago and gave my views on this question, advocating four, and at most five, banks—the four mentioned by you, with the fifth, if necessary, in Washington, for the convenience of the Government, in addition to which they would be able to have a more practical experience at headquarters if such a bank could be established in Washington.

There is no question, Senator, but that with fewer banks they would be stronger and the burden would be distributed over a wider territory, thus equalizing the business that might flow into either one of these banks. In other words, if we have a bank in Kansas City with a small territory the pressure comes on the reserve bank just the same as it comes on the reserve city banks to-day, and this bank would not be in any better position to take care of the business of the company than we are at the present time. I don't see any advantage to Kansas City becoming one of these regional banks, for, as we now understand it, there will be no particular advantage to be gained other than that of quick service.

While you are not esking Senator for our opinion set I had the

there will be no particular advantage to be gained other than that of quick service.

While you are not asking, Senator, for our opinion, yet I had the pleasure of attending some of the hearings of the committee and want to compliment you for the work that you were doing at that time. Don't allow any bill to pass that will do an injustice to the present national bank holding large amounts of Government bonds.

I want to call your attention to the statement of this bank, herewith inclosed. I am also of the opinion that the joining of this association should be voluntary rather than enforced. No one objects to all the supervision necessary, but we do believe that we have some rights when we are compelled to invest our money, and we further believe that the charter rights that we now have with the Government should be respected.

that the charter rights that the proper con-be respected.

Assuring you that we are all anxiously awaiting the proper con-summation of the work you have in hand and awaiting a further opportunity to be of some service to you, I remain, Yours, very truly,

J. W. Perry, President.

J. W. PERRY, President.

Condensed official statement of the Southwest National Bank of Commerce, Kansas City, Mo.

[Capital, \$3,000,000. Surplus, \$600,000. At the close of business Oct. 21, 1913.] RESOURCES.

Overdafts Real estate (bank premises) United States bonds (par) Bonds and securities Cash and sight exchange	7, 904, 99 400, 000, 00 2, 175, 000, 00 1, 603, 328, 01
Total resources	33, 118, 438, 32
Capital Surplus and undivided profits Reserved for taxes Circulation Deposits	16, 500, 00

33, 118, 438, 32 Total liabilities . (Unexcelled facilities for the handling of your banking business.)

THE SECOND NATIONAL BANK, Baltimore, November 17, 1913.

\$19, 176, 889, 25

Loons and discounts

Hon. Gilbert M. Hitchcock,

Committee on Banking and Currency,

United States Senate, Washington, D. C.

Dear Senator: In reply to your inquiry of the 14th instant, we beg to state that the management of this bank is firmly of the opinion that, through the contemplated currency legislation, but a single reserve bank should be created; hence, if this can not be accomplished, our preference naturally is for as few of such as possible; four, therefore, rather than cight.

preference naturally is for as few of such as possible; four, therefore, rather than eight.

Burying civic pride, which certainly would prompt us to urge Baltimore as one of the cities to be selected for the location of a regional reserve bank, and disregarding the distinction which would come to our city in the event of its selection as such because of our conviction that a single or a very small number of regional reserve banks would best serve the interests of our entire country, it is our opinion that it would be more desirable for our city to be attached to a reserve bank in one of the central reserve cities than to become the headquarters for a smaller reserve bank.

Respectfully,

Chas. C. Homer, President.

FARMERS AND MERCHANTS NATIONAL BANK, Baltimore, November 18, 1913.

Hon. G. M. HITCHCOCK, United States Senate Chamber, Washington, D. C.

DEAR SIR: Replying to your inquiry of November 14, we beg to say that as the writer took part in the Chicago conference of August 21 and 22, and our vice president, Mr. Osburn, participated in the action

of the American Bankers' Association in October at Boston, there can be no doubt as to the attitude of this bank upon the currency bill.

Personally I favor one reserve bank; failing that, as few as possible. I do not think that, in any event, with Baltimore only four hours' ride from New York and 45 minutes from Washington, this city would be the seat of a regional reserve bank if there were as many as 12.

Sincerely, yours,

Chas T. Chave President.

CHAS. T. CRANE, President.

CITIZENS NATIONAL BANK, Baltimore, Md., November 17, 1913.

CITIZENS NATIONAL BANK, Baltimore, Md., November 17, 1913.

United States Senate, Washington, D. C.

Dear Senator: Acknowledging receipt of your esteemed favor of the 14th instant, we beg to say that inasmuch as we favor a central bank it is only natural for us to prefer four reserve banks to eight. As a matter of pride, we would be only too glad to have Baltimore become the seat of a regional reserve bank; but, to be consistent, we could hardly expect this if you decide upon four. Even if you decide upon eight, which we trust you will not do, we could then hardly expect to have a regional reserve bank, as, in all probability we would either come within the New York or Washington division.

In closing we want to commend you for the manner in which you are trying to get at the facts concerning the pending banking and currency bill. We do hope the other members of your committee will not vote for something that will not meet the business needs of this country.

Very truly, yours,

A. D. Graham, Vice President.

A. D. GRAHAM, Vice President.

NATIONAL MARINE BANK, Baltimore, Md., November 17, 1913.

Hon. G. M. Hitchcock,

United States Senate, Washington, D. C.

Dear Sir: We think that four regional banks would cover all requirements, and be better adapted to add strength to the new currency measure. Of course, State and city pride would like to see Baltimore one of the number, but my opinion is that the limit should be four.

J. M. LITTIG, President.

THE OLD TOWN NATIONAL BANK OF BALTIMORE,
Baltimore, Md., November 17, 1913.

G. M. HITCHCOCK, ESq.,

Care of Committee on Banking and Currency,

United States Senate, Washington, D. C.

Dear Sir: We are in receipt of your favor of the 14th instant, making inquiry whether or not the city of Baltimore would prefer to be attached to a regional reserve bank in one of the central reserve cities or become the headquarters for a smaller reserve bank covering territory naturally contributary to it.

In my opinion, I feel that it would be better to have eight regional reserve banks in the United States, provided one of these reserve banks is established in Baltimore. I would not, however, favor the establishment of eight such banks if the seat of one was not in this city.

If the currency bill should provide for four regional banks, I feel that the cities mentioned in your letter would be satisfactory, viz, New York, Chicago, St. Louis, and San Francisco.

Respectfully,

Jacob W. Hook, President.

JACOB W. HOOK, President.

THE NATIONAL BANK OF COMMERCE, OFFICE OF THE PRESIDENT, Baltimore, Md., November 17, 1913.

Hon. GILBERT M. HITCHCOCK, United States Senate, Washington, D. C.

United States Senate, Washington, D. C.

Dear Sir: I beg to acknowledge receipt of yours of the 14th instant, and in reply to the inquiry therein made I hesitate to express a decided opinion one way or the other, especially in view of the fact that your committee, after all these months of careful consideration, appears to be itself quite divided on the subject, thus evidencing that there are, as in so many other cases, two sides to this question.

Viewing the matter from a local standpoint solely, the banking interests of this community very naturally desire that one of the proposed reserve banks should be located here, which, of course, would involve having probably eight, certainly six, reserve banks; but, taking a broader view, I am inclined to think that four, possibly five, reserve banks, in which event the city of New Orleans ought to be included in the cities named by you, would be the wiser decision, on the general principle that the fewer the banks the stronger financially they will be, thus being better able to render the expected service when the emergencies for which these reserve banks are designed arise.

Should, however, the bill as finally passed call for a larger number than six reserve banks, the geographical position of this city, especially in its relations to the rapidly developing South, would fully justify its being named as one of the reserve bank cities.

With much respect, I am,

Very truly, yours,

Eugene Levering,

President.

EUGENE LEVERING, President.

FIRST NATIONAL BANK, Baltimore, Md., November 17, 1913.

Hon. GILBERT M. HITCHCOCK, Washington, D. C.

Sir: We beg to acknowledge receipt of your favor of November 14. As one of the greatest objections to our present banking system is the scattering of reserves, in order to cure this in any new system the ideal would be a complete mobilization in one central bank. This being objectionable to the present administration, we think the fewer the number of regional reserve banks the better will the system operate. With this in mind, we prefer four to eight. If, however, the committee should decide upon eight, we very much desire to have a regional reserve bank located in Baltimore. Our reasons for this, for which we may be forgiven, are almost entirely selfish. Baltimore has been called the Metropolis of the South, and a regional bank here could admirably serve the territory composed of the States of Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, and Alabama. In other words, we prefer four, but would like Baltimore to have a regional bank if the number is to be over five.

Very truly, yours,

H. B. Wilcox, President.

THE NATIONAL EXCHANGE BANK OF BALTIMORE, Baltimore, Md., November 15, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

Dear Sire: Replying to your letter of the 14th instant, I would say that personally I am strongly in favor of a single reserve bank, with such branches as may be found necessary. But if we are to have regional reserve banks I would advocate, speaking academically and unselfishly, as small a number as possible. Recognizing, however, that to have such a bank actually located in the city of Baltimore would be a great advantage to the city, I am tempted to answer your question by voting in favor of eight banks, provided one of them was located here; but that consideration is based upon the advantage to the city and not based upon a belief that eight reserve banks are, in general, better than four.

Very respectfully, yours.

Waldo Newcomer, President.

Very respectfully, yours,

WALDO NEWCOMER, President.

THE AMERICAN NATIONAL BANK, Richmond, Va., November 17, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

Hon. G. M. Hitchcock.

United States Senate, Washington, D. C.

Dear Sir: Replying to your favor of the 14th instant, we have to say that in our opinion four regional reserve banks with branches will serve the country better than a larger number. Some of our reasons for this are that the concentration of reserves and management will be less expensive and less cumbersome, and a reserve agency covering a varied territory will be more able to meet the demands of its members than one covering a smaller territory, where the demands would likely come at the same period and season.

We have talked with many bankers on this subject, and the opinion of those who have considered the subject most carefully agree that one central institution would better serve the business of the country than a number. It seems to us, however, that on account of the wide territory to be covered that the four institutions would be a most excellent compromise.

The practical experience of a great many small banks, which are now carrying their reserves in the largest banks of New York, is that they get better and more satisfactory service in every particular than is given by the small banks in New York. The reasons for this are easily understood, as the organization of the large banks are more complete, and they can better afford to cover the entire territory than the banks with smaller business. We in the South are very anxious that some immediate action be taken in this matter, and sincerely trust that your committee will come to an early agreement which will prove for the best interest of all the people.

Yours, very truly,

OLIVER J. SANDS,

President.

OLIVER J. SANDS, President.

MERCHANTS' NATIONAL BANK OF RICHMOND, Richmond, Va., November 17, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

DEAR SENATOR HITCHCOCK: In response to your letter of November 14, we beg to advise we are very much in favor of limiting the number of reserve banks to the four cities mentioned in your letter.

Very truly, yours,

Thus B McAnana Cashier

THOS. B. MCADAMS, Cashier.

NATIONAL, STATE & CITY BANK, Richmond, Va., November 17, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

Dear Sir: In answer to your inquiry of November 14, we think one central bank more effective than any other number; four more likely to work satisfactorily than eight.

Respectfully,

WM. H. Palmer, WM. H. PALMER, President.

THE FIRST NATIONAL BANK OF RICHMOND, VA., Richmond, Va., November 17, 1913.

Richmond, Va., November 17, 1913.

Hon. G. M. Hitchcock,
United States Senate, Washington, D. C.

Dear Sir: In reply to yours of the 14th, I beg to say that this bank feels that one central bank with branches would be the best, and that if a greater number must be established that four would be preferable to eight.

As to making Richmond a regional-bank location, we think that is immaterial. We prefer the larger territory, that we might have a larger reserve to draw on, than to have a small territory, all of which would have demand for money at the same time.

Yours, very truly,

JNO. B. Purcell, President.

JNO. B. PURCELL, President.

THE FOURTH NATIONAL BANK, Cincinnati, Ohio, November 18, 1913.

Hon. G. M. HITCHCOCK, Washington, D. C.

Washington, D. C.

Dear Sir: I am in receipt of your favor of the 15th instant. We would prefer that there should be as few regional banks as possible, and would favor four rather than eight. I understand your question as simply applying as to whether the city of Cincinnati would desire to become the seat of a regional reserve bank. If there are to be more than four of such banks, we certainly would wish one of the additional to be established here, and believe this city to be logically and geographically entitled to such consideration. We have a strong currency association covering considerable territory in this and neighboring States, we are about the center of population of the United States, and within a given radius surrounding us probably have more reserve cities than any other locality.

Very respectfully,

Charles E. Wilson, President.

THE SECOND NATIONAL BANK OF CINCINNATI,
OFFICE OF THE PRESIDENT,
November 20, 1913.

Senator G. M. HITCHCOCK, Washington, D. C.

DEAR SIR: In reply to your letter of the 15th instant as to whether in our opinion there should be more than four regional banks, I have to say that in my judgment it would be a great deal better to have as

few regional banks as possible, and I think four—located at New York, Chicago, St. Louis, and San Francisco—would be much better than to have eight.

However, if there are to be more than four such banks, we think that one should be established in Cincinnati on account of our geographical location, and the fact that we have a subtreasury and a very strong currency association covering considerable territory in this and adjoining States. We are near the center of population of the United States, and within a given radius, have more reserve centers than any other city.

Yours, very respectfully,

C. F. SMOOTH, President.

THE CENTRAL NATIONAL BANK, Cleveland, Ohio, November 22, 1913.

Hon. G. M. Hitchcock,

United States Senate, Washington, D. C.

My Dear Sir: Replying to yours of the 15th instant, we are strongly in favor of a revision of the currency, as experience has demonstrated the inadequacy of the present system to take care of the large and rapidly growing business of the country. We believe that the best interests of the country, however, would be subserved with three regional banks rather than a greater number, as the result would be stronger institutions. With the mobilization of reserve accounts which would naturally come to them, the agricultural, industrial, and commercial interests of the Nation could and would be cared for to a greater degree than is now possible, or than could be possible, with 12 regional banks, as the bill now pending in Congress originally contemplated.

With our large and rapidly growing city we certainly would ap-

With our large and rapidly growing city we certainly would appreciate the location of a regional bank in Cleveland, but would subordinate our ambition in that respect in the furtherance of a banking measure that would be subservient to the best interests of the entire

Country.
Your attitude toward this great question is approved by not only the banking fraternity of the country but by all men who have kept in touch with the general trend of financial legislation.

Very truly, yours,

THE CENTRAL NATIONAL BANK,

THE CENTRAL NATIONAL BANK, By J. J. SULLIVAN, President.

FIRST NATIONAL BANK, Cleveland, November 17, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

Dear Sir: In answer to your inquiry of the 15th, would give our opinion as being in favor of four rather than of eight reserve banks in the plan now being considered by your Senate committee.

Should the measure be passed providing for the larger number of regional banks, Cleveland will urge its claims for consideration as a proper location for one such bank. Should the smaller number be decided upon, we think Cleveland and the banks of eastern Ohio would prefer being attached to the bank having its headquarterg in the city of New York.

Very truly, yours,

Thos. H. Wilson Vice President.

THOS. H. WILSON Vice President.

THE UNION NATIONAL BANK, Cleveland, Ohio, November 17, 1913.

Hon. G. M. HITCHCOCK, Washington, D. C.

DEAR SIR: We beg to acknowledge receipt of your valued favor of

DEAR SIR: We beg to acknowledge receipt of your the 14th.

We would much prefer a system of only four regional banks, believing a greater benefit will accrue to the subscribing banks by having the reserves concentrated in four places rather than in a greater number. We feel that one regional reserve bank, with a number of branches in the principal centers, would be the best solution of the proposition. If we can not have one, then not more than four. While no doubt it would be an advantage to this city to be selected as the seat of one of the regional reserve banks, yet our geographical location, in my judgment, would prevent our selection, even if there were eight or more regional banks.

E. R. FANCHER,

Respectfully, yours,

THE BANK OF COMMERCE (NATIONAL ASSOCIATION), Cloveland, Ohio, November 17, 1913.

Cleveland, Ohio, November 17, 1913.

Hon. Gilbert M. Hitchcock,
United States Senate, Washington, D. C.

Dear Sir: In reply to your letter of November 15, it is my opinion that the business interests of Cleveland and surrounding territory would be better served by our being attached to a large area of country, with headquarters in New York, Chicago, or St. Louis, and branches in the banking centers of the country, including such cities as Cleveland. In short, I would prefer a system of four reserve banks, and will be glad to see Cleveland included in the four.

Very respectfully, yours,
G. A. Garretson, President.

NATIONAL CITY BANK, Cleveland, Ohio, November 17, 1913.

Hon. G. M. Hitchcock,

Care of Banking and Currency Committee,

United States Senate, Washington, D. C.

Dear Sir: We are in receipt of your letter of the 14th instant in reference to the pending financial legislation and more particularly guarding the number of regional reserve banks.

In our opinion the regional reserve banks should be reduced to the smallest number. We would favor four banks; this would not prevent these banks from having branches in other of the larger cities.

In this connection I wish to express our appreciation of the work you personally are doing to have the proposed bill amended so that it will be more acceptable and more practical.

Very truly, yours,

C. A. Paine, President.

THE NATIONAL COMMERCIAL BANK, Cleveland, Ohio, November 17, 1913.

Hon. G. M. HITCHCOCK,

United States Senate, Washington, D. C.

DEAR SIR: Your letter of the 14th instant at hand, and in reply beg to say, that so far as this bank is concerned, we are heartly in

favor of four regional banks instead of eight, with the principal or central bank located in Washington, and the others in New York, Chicago, and St. Louis. Chicago, and St. Louis. Very truly, yours,

C. L. MURFEY, Vice President.

THE CLEVELAND NATIONAL BANK, Cleveland, Ohio, November 17, 1913.

Cleveland, Ohio, November 17, 1913.

Hon. G. M. Hitchcock,
Senator, Washington, D. C.

Dear Sir: The management of this bank desires to strongly recommend the limiting of regional reserve banks to four.
There is a strong, and we feel conclusive argument in connection with the question of creating not to exceed four regional reserve banks.
The ideal solution of that question would be one central association located in Washington, with branches where in practice they were found necessary.

Very truly, yours,

F. W. Wardwell, President.

F. W. WARDWELL, President.

WESTERN NATIONAL BANK OF PITTSBURGH, November 25, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

United States Senate, Washington, D. C.

My Dear Sir: I have your favor of November 15, questioning me as to certain things in the banking and currency bill.

Answering your first question I would say that I very much more favor one central bank than four regional banks, therefore very much more than eight reserve banks.

In regard to having a reserve bank in a city like Pittsburgh, I would say, in my own opinion, it would not be very much of an advantage to us to have a bank of this character here if we could get emergency currency without undue delay. If we would have to go to New York, for instance, or Philadelphia, to make our deposit of commercial paper, where it would be unknown, I should think it would make considerable delay, because it would take the regional bank in that city several days to look up the standing of the notes we would deposit as collateral for our emergency currency.

Also I should think the fact of having a reserve bank in Pittsburgh would cut down the amount of money deposited here by banks in the

days to look up the standing of the notes we would deposit as collateral for our emergency currency.

Also I should think the fact of having a reserve bank in Pittsburgh would cut down the amount of money deposited here by banks in the surrounding territory.

I don't know that this question has been answered by banks in this vicinity, as we have not had a consultation regarding it. As a usual thing the clearing house committee works as a unit in these things and agrees on a policy, but we have not had a meeting of that committee for some time to consult about the currency bill.

Very truly, yours,

CHARLES MCKNIGHT,

CHARLES McKnight, President.

DIAMOND NATIONAL BANK, Pittsburgh, Pa., November 17, 1913.

Hon. Gilbert N. Hitchcock,

United States Senate, Washington, D. C.

Dear Sir: Answering the inquiry in your letter of the 15th, beg to say that the writer is in favor of four regional reserve banks, but in case your committee should recommend and Congress would pass a bill for a larger number of regional reserve cities, Pittsburgh should be one of these cities. However, the writer's primary preference is for a central reserve bank.

Very truly, yours,

WILLIAM PRICE, President.

COLUMBIA NATIONAL BANK, Pittsburgh, Pa., November 29, 1913.

Hon. G. M. HITCHCOCK.
United States Senate, Washington, D. C.

Dear States senate, Washington, D. C.

Dear Sir: Replying to your esteemed favor of the 15th instant, our preference would be for four regional banks.

If there are eight or more regional banks established we would certainly like to see one established in Pittsburgh, as with the enormous amount of currency handled through our pay rolls it would be of material advantage to have a regional bank in this city.

Very respectfully, yours,

W. C. LOWRIE. Vice President.

W. C. LOWRIE, Vice President.

THE LINCOLN NATIONAL BANK, Pittsburgh, Pa., November 19, 1913.

Hon. GILBERT M. HITCHCOCK, United States Senate, Washington, D. C.

Dear Size Senate, Washington, D. C.

Dear Size: We are in receipt of your letter of November 15 in the matter of Committee on Banking and Currency of the Senate endeavoring to ascertain our opinion as regards pending legislation.

If the plan of having regional banks—and we are not prepared to say that we favor such a plan—is adopted, we think that four such banks would be preferable to eight, three of the banks to be located as now in the central reserve cities, with possibly one in California.

Respectfully, yours.

Respectfully, yours, C. B. McLean, President.

THE PEOPLES NATIONAL BANK OF PITTSBURGH, Pittsburgh, Pa., November 18, 1913.

Pittsburgh, Pa., November 18, 1913.

Hon. G. M. Hitchcock,
Washington, D. C.

Dear Sir: In reply to your favor of the 15th instant, as we are in favor of a central bank we naturally would favor four reserve banks as much better than a larger number. This being the case, we would favor a branch bank for Pittsburgh.

However, if the bill as finally passed provides for eight reserve banks, then we certainly would like to have one in Pittsburgh.

Yours, very truly,

ROBT. WARDROP, President.

ROBT. WARDROP, President.

MELLON NATIONAL BANK OF PITTSBURGH, November 18, 1913.

Hon. G. M. Hitchcock.

Committee on Banking and Currency,
United States Scaate, Washington, D. C.

Dean Sir: I have your letter of the 15th instant, in which you inquire our opinion on the subject of regional banks, and beg to say in reply that our first choice would be for one central institution, that falling, then as few others as may be. We feel that if the scheme is

adopted and we join it that it would be much better for us to be attached to one large bank with great extended influence than to an institution which necessarily would have to be much smaller if located Pittsburgh.

Respectfully, yours,

W. S. MITCHELL, Cashier.

THE KEYSTONE NATIONAL BANK OF PITTSBURG, Pittsburgh, Pa., November 19, 1913.

Hon. G. M. HITCHCOCK, United States Senate, Washington, D. C.

Hon. G. M. HITCHCOCK.

United States Senate, Washington, D. C.

Dear Sir: I beg to acknowledge receipt of your circular letter of November 15, which seems to the writer to contain three distinct questions, the last one of which is perhaps the most important. The writer is of the opinion that one central reserve bank would be the best for all concerned, but believes this impossible to obtain at this time, and he would referred for favor four regional reserve banks instead of eight. From a selfish viewpoint, he would naturally like to see Pittsburgh chosen as one of these regional centers, but for the good of the bill and from a broader viewpoint, he would not deem it advisable to make from a broader viewpoint, he would not deem it advisable to make from a broader viewpoint, he would not deem it advisable to make from a broader viewpoint, he would provide the contract of the own more, it is his belief that Pittsburgh would possibly be entitled to one more, it is his belief that Pittsburgh would possibly be entitled to one more, it is his belief that Pittsburgh would naturally prefer to be a regional center rather than to be attached to some other such center as New York, Chleago, or St. Louis. The writer has often wondered whether the sponsors of this bill know how much the banking business of the country obtained quite a considerable amount for the provide of the provide the country obtained quite a considerable amount of the provide of the provide of the country obtained quite a considerable amount of the provide of the individual concerns. For instance, the banks now extend a line of credit to the merchant or manufacturer, and he in turn sells on an open account for 30 or 60 days' time. To make this bill assuccess this pays and would naturally have to be changed, as the banks of not receive enough commercial paper to make such a bill a success. Turne we would have to say to him, "You must not sell on an open account on time, but sell your goods on 60 days' time, taking a note in payment, and bridge sid note to

A. S. BEYMER, Vice President and Cashier.

Mr. BRADY. Mr. President—
The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Idaho?

Mr. HITCHCOCK. I do.

Mr. BRADY. The amendment proposed by the Senator from Nebraska favors offering the stock of the Federal reserve banks to the public. All the letters that have been read seem to be from bankers. I should like to know from the Senator whether he has had communication with business men, farmers, and men of that class, as well as bankers, relative to their opinions

as to how many banks we should have in the system?

Mr. HITCHCOCK. I will say to the Senator that it is possible and it seems to me probable that I have had more correspondence on this subject than any other Senator. In fact, I have had so much that I have absolutely been unable to read

it all.

I can say, furthermore, that I have had a sort of referendum of this matter out in my State. I went home about two weeks ago and I found, in the first place, the people eager to learn about this legislation. I found, in the second place, that almost without exception they were enthusiastic for the amendment which I have here proposed.

I had the pleasure in Omaha about a week ago of addressing what was said to be a record crowd in the Commercial Club. Ordinarily the club seats at its noon-day luncheon some 300 of the leading business men of Omaha, including bankers. Unexpectedly I was asked to speak at the noon-day luncheon, I think a week ago, Monday. The room was packed; there were very many more present than could participate in the luncheon. After the luncheon I spoke for over an hour, and I am free to say I never had an audience so enthusiastic; I never had an audience so attentive on the subjects which I drove home, which were the public ownership of stock, the governmental control of each bank, the establishment of an insurance fund for depositors; the guaranty that each bank should have an equal privilege and an equal right to discount; the provision that six months' paper, which is essentially Western and Southern paper, should be accepted by the regional banks in a limited amount. There were some other features which I covered, but those are the features which have taken hold on the public opinion of this country, and, if Senators do not know that now, they will know it later in one form or another.

Mr. BRADY. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield further to the Senator from Idaho?

Mr. HITCHCOCK. I do.

Mr. BRADY. I have some friends and some business associates who live in Omaha. I have received communications from them since the Senator from Nebraska returned home, and they unanimously say that the reception tendered to the Senator on his return was one of the most cordial and most enthusiastic that had ever been held in the city of Omaha. believe the words the Senator has just spoken simply convey the facts as they exist relative to his reception.

I also returned to my home in Idaho and discussed this measure with my friends, and I found them almost unanimously in favor of the public subscription of the stock, as suggested by the Senator from Nebraska. I found many bankers in favor of four or six regional reserve banks, but the business men and farmers with whom I talked seemed to feel that eight regional reserve banks would be better for the public than four regional reserve banks. For that reason I was anxious to hear from the Senator what the business men, outside of the bankers, in his State thought relative to the number of regional reserve banks.

I found another very interesting condition in Idaho. believe that if the Owen amendment is adopted and the banks are compelled to pay for stock, the banks undoubtedly should have control of the regional reserve banks by being allowed to elect a majority of the directors; but, on the other hand, if the Hitchcock amendment should be adopted and there should be a public subscription for the stock, they seemed unanimous in that case that the Government should have the control of the majority of the board of directors of the reserve banks and

not the bankers.

am just simply expressing the feeling as I found it in Idaho, and I am glad to have this information from the Senator relative

to the sentiment in his State.

Mr. HITCHCOCK. Mr. President, I thank the Senator for his statement, and I am free to say that I was almost embarrassed by the wealth of my welcome. I think the business interests of this country have been a good deal wrought up by the threat of evil contained in this bill as it came from the other House. I know that in practically every community in this country there has been a great contraction of credits. The banks have been alarmed over the prospect, and the feeling has been growing that this legislation contained a possible disaster to the business world of the United States.

There is something in what the Senator from Idaho [Mr. Brady] says, that at first the disposition is to favor the larger number of regional banks, on the theory that that plan produces greater dissipation of money and avoids the dangers of a concentration, but I have never falled, when I explained to a lay-man unfamiliar with the study of this subject, to win his sup-

port to the idea of the four regional banks.

Here are some of the reasons for them: With 4 regional banks you equalize the rate of interest, while with 8 or 10 regional banks you will have low interest rates in New York, Boston, and Chicago—they being the great centers—and you will inevitably have high interest rates in all the smaller regional You localize them. Explain that to a business man banks. You localize them. Explain that to a business man and he sees the importance of equalizing those rates of interest by reducing the number of regional banks.

Again, all through my section of the country the demand for an insurance of bank depositors is great. Explain to a man who believes in the establishment of an insurance fund for the benefit of depositors of failed banks that that insurance fund

will be a real thing if you have four regional banks, a real fund with real money in it that will pay the depositors, and then explain to him that if you have 8 or 10 or 12 regional banks you will have 5 or 6 of them that may not even pay dividends-yes; you will have some that will not even pay ex-

Mr. POMERENE. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. HITCHCOCK. I do. Mr. POMERENE. The Senator from Nebraska has just stated that he told these people that they would have a real insurance fund if there were four banks, and that if there were eight or more banks there might be several of those banks which would not pay expenses. Was the Senator able to explain to these people the grounds for his assurance that in the one system there would be a sufficient insurance fund, while in the other there would not be?

I myself believe in bank insurance, but I am afraid that under both of these bills the amount of this insurance fund is going to be purely problematical. I favor it because it is a beginning of what I believe will be a completed system, which will give genuine protection to the depositors; but with the information I have had—and I have been giving pretty careful attention to this subject for a number of weeks-I would not be able to guarantee to any man that, under either system, there would be a substantial insurance fund, and I have never heard anyone express himself upon this subject who thus far has been able to give me that satisfactory information. If the Senator from Nebraska is able to give it, I think it would be a very great benefit to the Senate.

Mr. HITCHCOCK. Mr. President, of course we have no precedent, no experience. We look at the central banks of Europe, and we realize that the Bank of England pays, I think, 10 per cent dividends, although it charges a very low rate of discount; the Bank of France pays somewhere about the same, as I recall it, on a larger amount of capital stock; the Reichsbank, of Germany, also pays a handsome dividend and accumulates a handsome surplus; but no one supposes that if those countries were cut up into a number of regional banks instead of having one bank there would be any dividends or any profits. If an insurance fund is possible at all for the depositors in failed banks, it is only possible by keeping the number of reserve banks so low as to make them profitable. A small business man asked me that very question, and I said to him: "Well, we have three department stores here in Omaha, all making money. You could easily find that the surplus profits of those department stores could be depended on for any purpose you wanted; but what would be the case if you cut them up into 12? They might all lose money, and certainly there would be very little fund that might be depended on in that case."

The whole hope of bank insurance rests upon having the number of regional banks so small that the overhead charges will not eat up all the profits. So other arguments might be used. and I have used other arguments with business men, and, without exception, they have realized that the small number of regional banks was necessary to the stability and strength of the system. It is necessary, if we judge by the experience of Europe, and it is necessary because we know that the great evil in the United States to-day is a diffusion and dispersion of our reserves, yet we are likely to fall into the same evil by cut-

ting them up into a number of weak banks.

Mr. President, I had not intended to take so much time on this subject of the number of regional banks; but I have a few figures to which I should like to refer in order to show Senators how weak and sickly many of the reserve banks will be if you go past four or possibly five. We confront a great problem as soon as we pass four. We will all concur that, if we have only three or four regional banks, they must be located in New York, Chicago, St. Louis, and San Francisco, or possibly New Orleans instead of St. Louis. We will all concur in that. Those are the natural locations; but once you pass that what are you going to do? Are you going to include Boston and the Boston territory, which has national banks with a capital and surplus of \$160,000,000? If so, you give Boston a little reserve bank, according to the plan of the Senator from Oklahoma, with about four and a half million dollars paid in capital. Are you going to include Philadelphia, with its \$195,000,000 in bank capital and surplus in that city and immediate territory? If so, you give to that region a little reserve bank with five and a half million dollars paid in capital. Are you going to include Pittsburgh, with its \$157,000,000 of capital and surplus there and in the immediate neighborhood? If so, you would have a little reserve bank of \$4,000,000 paid in capital. Are you going to include the district in Ohio, represented by the Senator from that State [Mr. PCMERENE]? If so, with \$130,000,000 in capital and surplus in the banks of Ohio in the immediate neighborhood, tributary to either Cleveland or Cincinnati, you would have a little reserve bank with \$4,000,000 paid in cash capital, according to the bill of the Senator from Oklahoma. Are you going to include Baltimore, with \$80,000,000 capital and surplus in her banks and those of the surrounding territory? If so, you would have a little sickly reserve bank of two and a half million dollars paid in capital.

Are you going to include Atlanta and New Orleans-and I put them in the same territory—the banks in that territory having something like ninety-five or a hundred million dollars in capital and surplus? If so, you would have a little, sickly reserve bank of \$3,000,000 paid-in capital. I dare say that there are individual banks in Atlanta almost as great as that reserve

bank would be.

You are going to include Chicago, of course. Are you going to include Minneapolis, with, say, \$70,000,000 of capital and surplus in the banks of that city and surrounding territory? If so, you will have a little reserve bank of \$2,000,000 paid-in capital. I might go on with Fort Worth, with \$80,000,000 capital and surplus in the banks in its immediate territory, which would insure a little reserve bank of two and a quarter million dollars of paid-in capital. I might include Denver, Kansas City, and Omaha in one district, in order to lump them, with, say, \$100,000,000 of capital and surplus in the banks and calling for a little reserve bank of but two and a half million dollars paidin capital. I think that practically completes the list. From these cities you will be compelled to select them, and you will have a hard problem. If you permit Boston to remain with New York, you simply aggrandize and magnify New York; if you permit Philadelphia to remain with New York, again you magnify New York; if you permit Pittsburgh to remain with New York, that also magnifies New York and leaves even less for the reserve districts remaining.

Mr. SMITH of Georgia. Mr. President— The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Georgia?

Mr. HITCHCOCK. I do.

Mr. SMITH of Georgia. If you should have only four banks, you would attach the entire southeastern section to New York and you would still aggrandize New York and make the New York reserve bank a good deal larger than the other three re-

serve banks, would you not?

Mr. HITCHCOCK. By comparison it would not be so large. If you should have four reserve banks, the bank in New York would have a capital of about \$50,000,000, which is only as large as the capital and surplus of the largest bank in New York City to-day. Think of that! There is a national bank in New York with a capital and surplus of \$50,000,000; but if you cut up the territory in the way proposed by the Owen bill, you will establish a reserve bank in New York with about thirteen and a half million dollars paid-in cash capital.

Mr. SMITH of Georgia. But would not the New York reserve

bank have not only a capital of \$50,000,000 but an immense surplus consisting of the reserves which would be placed in it?

Mr. HITCHCOCK. Of course it will have the reserves; but I say that New York is practically an irreducible minimum. You can not reduce New York to any certain amount; and if you divide the rest of the country up into 11 parts instead of 3, they will all be more insignificant as compared with New York. Mr. President-Mr. OWEN.

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. HITCHCOCK. I do.

Will the Senator object to my interrupting him? Mr. OWEN.

Mr. HITCHCOCK. Not at all.

I wish to call the attention of the Senator to the only reliable estimate perhaps that was made before the Committee on Banking and Currency of the Senate, and that was made by Mr. Cannon, of New York, the president of one of the great banks there. Mr. Cannon made an estimate of the earnings of the proposed reserve banks, and he estimated, not counting that interest would be paid to the Government, that the bank of New York, with nineteen and a half million dollars of capital-that is something less than one-fifth of the capital of the whole system—would earn five and a half million dollars per annum. The figures will be found on page 2152 of the report of the committee, giving the estimates and the basis Upon the same reasoning, the earnings of of the estimates. this system would be \$25,000,000 a year.

Mr. LANE. Mr. President, I should like to ask the Senator, if he will allow me, who would be paying this profit to them?

Where would they get it?

Mr. OWEN. They would be earning it on a basis of 4 per cent interest, according to the estimate of Mr. Cannon. If that interest were lowered, as it might be very readily lowered, the earnings would still be very large.

Mr. LANE. A profit of \$5,000,000 on an investment of \$19,000,000?

Mr. OWEN. \$19,000,000 capital.

Mr. LANE. And \$5,000,000 profit on that? Mr. OWEN. Not on the capital alone, but on the capital, surplus, and Government deposits, which would amount to about six times the capital.

Mr. POMERENE. And the reserves.

Mr. OWEN. That includes the reserves and Government deposits.

Mr. HITCHCOCK. It is true that Mr. Cannon made such a guess, and it is nothing but a guess; it is true that other bankers came before the committee with other estimates which indicated that there might be no profit at all. We had some testimony to the effect that as the bill came from the House it would require a building larger than any in the city of Chicago to accommodate the employees of the reserve bank there if it were to act as a clearing house for all the thousands of banks belonging to that region. Those are nothing but the merest guesses without any foundation, and one man's guess is opposed to another man's guess. It is very evident, however, that if you split this country up into 12 parts or 10 parts or 8 parts you are going to have a lot of weaklings for reserve banks where you ought to have strength; you are going to have doubt where you ought to have confidence; you are going to fly in the face of the experience of all the countries in the world, and you are going to ask bankers to rely upon reserve banks that have actually less capital than some of the individual banks belonging to the system.

Mr. POMERENE. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. HITCHCOCK.

I do. The Senator from Nebraska has just Mr. POMERENE. characterized the estimate of Mr. Cannon as a guess, and has made the statement that one man's guess is just as good as another. I should like the Senator to state whether the assurance he gave to his people about the efficiency of this insur-

ance fund was a mere guess or was it an estimate?

Mr. HITCHCOCK. Well, Mr. President, I have not guaranteed to my people that an insurance fund would be accumulated, but I felt absolutely safe in telling them that an insurance fund with 4 reserve banks was far more probable than an insurance fund to be paid out of the profits of 8 or 10 or 12

banks doing the business of 4.

Mr. SMITH of Georgia. Mr. President—
The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Georgia?

Mr. HITCHCOCK. I do. Mr. SMITH of Georgia. I wish to ask the Senator if it is not true that the estimated capitalization to which he refers is based solely upon national banks becoming members of the reserve banks?

Mr. HITCHCOCK. It is.
Mr. SMITH of Georgia. Then, if the Senator will permit me,
I desire to add further that I am sure he is incorrect in his statement that a reserve bank covering the territory including the Southeast and my own State and going west far enough to include New Orleans and the territory tributary to New Orleans would only have a capitalization of \$6,000,000.

I have had the calculation made, and a bank located in the southeastern section, not going as far west as Mississippi, would have a capitalization of six millions, considering the national

banks alone.

Mr. NEWLANDS. Mr. President—
The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Nevada?

Mr. HITCHCOCK. I do.

Mr. NEWLANDS. If the Senator will permit me, I should like to state that in my judgment the Senator, as well as the other members of the two sections of the Banking and Currency Committee, has lost sight of the fact that the real capital of these reserve banks is made up of the reserves deposited with them by the member banks. The cash reserves of all the mem-ber banks of the country, both National and State, constitute a part of their capital, and they turn over that part of their capital to the reserve banks. If the cash reserves of all the banks of the country aggregate a billion and a half dollars, it means that under this system \$500,000,000, or one-third of that amount, will be deposited by the member banks with the reserve banks. That constitutes an enormous capitalization.

One reason why I have always opposed the requirement of any capital whatever outside of the reserves of the member banks is that it has always seemed to me insignificant and unimportant as compared with the portion of the capital of the reserve banks that constitute the reserves of the member banks, and I have thought it rather weakened the reserve banks to add this paltry additional call upon the member banks. Besides that, I felt that it would change these organizations from organizations intended for protection and security into organizations for profit, to which I am opposed. I may have to submit to the view of the majority on that subject, but I am opposed to organizing these reserve banks at all for purposes of profit.

Mr. REED. Mr. President-

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Missouri?

Mr. HITCHCOCK. I have been requested by the Senator from Indiana [Mr. KERN] to give way for an executive session. Would the Senator prefer to interrupt me now?

Mr. BACON. I was about to suggest, with the consent of the Senator from Nebraska, if he will now yield the floor temporarily, that there are some important matters that ought to be attended to in executive session.

Mr. HITCHCOCK. I will yield to the Senator from Missouri

immediately after the recess

Mr. REED. What I had to say had special reference to a remark made by the Senator from Nevada [Mr. NEWLANDS]; but it is not of sufficient importance to interfere with the executive session.

#### EXECUTIVE SESSION.

Mr. BACON. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After 10 minutes spent in executive session the doors were reopened.

#### RECESS.

Mr. O'GORMAN. I move that the Senate take a recess until 8 o'clock this evening.

The motion was agreed to; and (at 5 o'clock and 55 minutes p. m.) the Senate took a recess until 8 o'clock p. m.

### EVENING SESSION

The Senate reassembled at 8 o'clock p. m.

# BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. STONE, I desire to give notice that at the earliest opportunity on to-morrow I shall address the Senate on the

pending currency bill.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. CHILTON in the chair). The Senator from Utah suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators an-

swered to their names:

names:
Hitchcock
Hollis
Hughes
James
Johnson
Kenyon
Kern
La Follette
Lane
Leas
Lewis
McLean
Martin, Va.
Myers
HNG OFF Simmons Smith, Ga. Smith, Md. Smith, S. C. Smoot Sterling Ashurst Bacon Borah Nelson Norris O'Gorman Overman Owen Page Pomerene Bradley Brady Brandegee Bristow Stone Thompson Thornton Tillman Variabanan Bryan Burton Chilton Reed Robinson Root Shafroth Colt Dillingham Sheppard Sherman Shively Walsh Fletcher Gronna Weeks

The PRESIDING OFFICER. Fifty-five Senators have answered to their names. There is a quorum present. The question is on the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK], on which he is entitled to the floor.

Mr. HITCHCOCK. Mr. President-

Mr. LEWIS. Will the Senator from Nebraska pardon an interruption for a moment?

Mr. HITCHCOCK. Certainly.

Mr. LEWIS. As I am about to leave the Chamber, I should like to inform the President that before we took a recess there was an understanding that the Senator from Missouri [Mr. vide a rate of interest for Arkansas, for instance, because if it

REED] should conclude an explanation which he had begun, but he yielded in order that we might go into executive session. I should like to ask the Senator from Nebraska if he understood it?

Mr. HITCHCOCK. The Senator from Missouri is here and I

would be glad to yield to him.

Mr. LEWIS. I beg pardon; I did not know that the Senator from Missouri was here. I was a party to making the motion for an executive session this afternoon, and that is why I desired to carry out the contract.

Mr. REED. Mr. President, the remark which I was about to make would have been pertinent at that time, but it is utterly unimportant at this time. I desire that the Senator from

Nebraska shall go on.
Mr. LEWIS. I have discharged my duty.

Mr. HITCHCOCK. Mr. President, I was about to conclude, when the Senate took a recess, some views of the reasons which had led the section of the committee of which I am a member to report in favor of four regional reserve banks instead of a larger number. In brief, I stated that the reasons for the smaller number were that the experience of other countries had taught the need for mobilizing the reserves in a central bank, and that we felt we had stretched to the utmost the possibilities of making proper reserves when we had provided for four reserve banks. We felt some justification for this on account of the great size and area of the country, and on account of the very large number of individual banks as compared with the banking interests of Europe.

We feel that the small number of reserve banks will equalize the rates of interest throughout the country. We feel that with a reserve bank in New York, one in Chicago, one in St. Louis, and possibly one in San Francisco there will really be only four rates of interest in the United States. There is every reason to believe that there will be very little difference between what New York, St. Louis, and Chicago will charge to individual banks in discounting their paper, which means that a bank in one of the Southern States and a bank in one of the Western States will be able to discount its paper at as low a margin of discount as a bank in the city of New York or a bank in

Chicago.

To my mind, that means that the banks in remote States, like Nebraska, my own State, like Arkansas or Kansas or Oklahoma, where capital is comparatively scarce, will, under a system of four reserve banks, be able to discount its paper at as good a rate as though that bank were located on Wall Street in the city of New York, and all the banks in those States being able to do so, the competition between them will lead them to reduce the rate of interest which they will charge the borrowing public, and the result will be not only an equalization of the interest rates throughout the United States but a tendency to lower them toward the level of the interest rates of the old countries.

There is only one rate of interest in France. Away out in the Provinces the discount rate is the same as it is in the city of Paris. There is only one rate of discount in Germany. is only one rate of discount in Great Britain. There is no reason why in this country we should not approximate the same result by including in a single district a great area of country. So the small number of reserve banks argues for a low and a regular and an even rate of interest to the borrowing public.

On the other hand, if you have 8 or 10 or 12 reserve banks

you make each bank subject to the conditions of the territory in which it operates, and being subject to those influences, it will be compelled to charge its member banks a higher rate of discount because of the scarcity of the funds in the territory where it exists. You will have the same condition which exists nowhigh rates of interest in the sparsely settled parts of the counin the South and West, and low rates of interest in the districts of the older and more settled East.

I think that is not desirable. I think that we should have a system by which this can be equalized, by which the surplus funds of the rich East can be utilized in the sparsely settled districts of the poorer West. That is one reason for a smaller number of regional banks in addition to the great benefit that

will come from mobilizing the reserves of the country.

Mr. ROBINSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Arkansas?

Mr. HITCHCOCK. I do.
Mr. ROBINSON. Will not that be controlled not by the number of regional banks but rather by the rate of discount fixed uniform in the law?

Mr. HITCHCOCK. I think not, Mr. President. There are some things that law can not do. Law can not possibly pro-

puts Arkansas into a territory along with other States in the neighborhood of Arkansas, inevitably the rate of interest in that territory must be governed by the conditions there.

Will the Senator yield for another ques-Mr. ROBINSON. tion?

Mr. HITCHCOCK. In a moment. But if it puts Arkansas in a wide area with varied resources and connected with a great reservoir of idle funds, the reserve money of the banks, Arkansas will get the same effect that the densely populated portion

of that district will receive. It will get an equalized rate. Mr. ROBINSON. I desire to ask the Senator from Nebraska if his amendment authorizes the reserve board to fix a rate of

discount uniform throughout the United States?

Mr. HITCHCOCK. No; it does not and it could not. The provision I have proposed goes only to the extent that one rate of interest shall be charged to all for the same service. this amendment a bank in the city of Chicago across the street from the reserve bank will get no better rate of interest than the bank out in Nebraska which has only \$25,000 capital and exists in a city with but 3,000 population.

Mr. ROBINSON. If I understand the Senator's answer correctly, he misunderstands my question. My question was this: Under the Senator's amendment can one rate of interest be charged to one member bank and a different rate of interest be charged to another member bank in a different part of the country, recognizing in that way the varying demands for loans?

Mr. HITCHCOCK. All of the bills provide that the board of directors of the reserve banks shall fix the rate of interest. I will state it differently. Each of the bills-the original House bill, the bill of the Senator from Oklahoma, and the bill which I reported-provides that the rate of interest in the first instance shall be fixed by the board of directors of the reserve banks. We have taken the precaution in our bill to provide that that rate of interest shall be the same for every bank in the district, so that if there are only four districts the remote regions get as low a rate of interest as the great city in which the reserve bank is located.

Mr. ROBINSON. So you do recognize the right to charge one rate of interest in one district and a higher rate of interest

Mr. HITCHCOCK. Yes; all of the bills do that; but with only four districts, as the Senator will see, there can be but very little variation, because Chicago-already a great competitor of New York, already having enormous banking capital and surplus—is able now to give to her business men practically as low a rate of interest as New York can give. The result will be that in one of the remote States situated in the Chicago district, or in one of the remote towns situated in the Chicago district, they will get as low a rate of interest as does any bank in the city of Chicago.

Mr. ROBINSON. If I understand the Senator's argument correctly, it is that one of the purposes of his amendment is to make, or to attempt to make, uniform the rate of interest to be charged member banks borrowing money?

Mr. HITCHCOCK. That is correct.
Mr. ROBINSON. If that be true—if it be desirable to establish a uniform rate of interest and to disregard the varying demands for loans in the various parts of the country-why not fix it by law and provide that the same rate shall be charged to banks borrowing from the reserve banks without regard to locality?

Mr. HITCHCOCK. Such a provision might possibly be made in the bill which I have reported, because I believe, in effect,

that will be the result.

Mr. ROBINSON. But that is not the provision of the Senator's bill. The Senator has just stated, in answer to my former question, that he has provided four districts and that the rate of discount may vary in every one of those four dis-

Mr. HITCHCOCK. Yes.
Mr. ROBINSON. But by reason of the fact that there is a smaller number of districts than are provided for in the Owen bill, the variation will not probably be so great as it would be under the operation of the Owen bill. What I want to know is, if you desire to recognize as a fundamental principle the right of every member bank to secure loans at a uniform rate of interest, why do you not prescribe that in the proposed law?

Mr. HITCHCOCK. Personally I should have no objection to such a provision, and there are some other members of the committee who would favor it, and as applied to the bill which I have had the honor to report it would really make no difference; but there are some arguments against it. The regional bank alone has the right, in the first place, to make the rate. All the bills have provided that after the reserve bank has

made a rate it is subject to review by the Federal reserve board. It may be reviewed, it may be raised, or it may be lowered. So the Federal reserve board ultimately has the power to regulate the matter. In the bill which I reported we have provided that every bank, as a matter of right, shall be entitled to discounts to the amount of its capital stock. We did that because we did not want to leave in the hands of any board of directors the power to utterly refuse a bank a reasonable amount of discounts. So, to guard against discrimination, we also provided that no bank should give discounts in excess of twice its capital That was to provide against favoritism, because we know from the experience of the past that men having great discretionary power may sometimes become guilty of favoritism. Therefore we provided that no individual bank should have discounts in excess of twice the amount of its capital stock without the express consent of the Federal reserve board.

Within those two limits is the only discretion of the board of directors. We have also provided in our bill that the bank which only has discounts to the extent of its capital stock shall have the lowest rate of interest which prevails in the district, and when a bank goes past half that amount of discounts it becomes obligatory upon the reserve bank to place an additional charge for interest-a higher charge for interest-for the purpose of checking excessive discounts. No such provision exists in either of the other bills. I think it is in the interest of equality; I think it is in the interest of safety. favoritism on one hand and discrimination on the other.

Mr. ROBINSON. If the Senator will permit me further, the Senator is aware of the fact that in certain parts of the country, especially in the West and South, the demands for loans at some seasons of the year are greatly in excess of what exists in the East. If this legislation is calculated to produce a uniform rate of interest throughout the country, the inevitable result, in my judgment, will be the attraction of money to those sections where the demand is greatest; and I am inclined to think that some consideration, at least, ought to be given in legislation of this character to local demands and local conditions; yet I recognize the fact that if the law provides that any member bank in any part of the country may secure a loan at the same rate of interest as any other member bank in a different part of the country the inevitable result would be to equalize interest rates throughout the United States. That result would unquestionably tend to develop those sections of the country where there is a demand for an increased amount of money for the purposes of their development.

Mr. HITCHCOCK. That is very true, Mr. President, and I think it is one of the important purposes which should be kept in view in this legislation. This is one country; this is a public utility; and being a public utility we should, as far as possible, aim to have it placed at the disposal of the whole country upon equal terms. We in the West undoubtedly send our mail to greater distances than do people in other parts of the country, but a postage stamp as a public utility costs no more to us than it does to a man sending a letter across the city here in

Mr. BRISTOW. Mr. President-

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Kansas?

Mr. HITCHCOCK. I do.

Mr. BRISTOW. I could not hear all that was said by the Senator from Nebraska and the Senator from Arkansas, and I may be repeating something that the Senator from Nebraska has already stated; but I will say that, under the amendment offered by the Senator from Nebraska, a little bank in a remote region in Arkansas is entitled to its discount up to the amount of its capital stock at the same rate that the largest bank in St. Louis would get from this regional bank that we seek to create. It will be entitled to it under the proposed If that is not a provision in the interest of the people of the United States, I do not know how you can frame one.

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. HITCHCOCK. I do.

Mr. POMERENE. I was going to address myself rather to what the Senator from Kansas has said than to the Senator from Nebraska. Does the Senator from Kansas think that under any and all circumstances each of these banks would get exactly the same amount of accommodation from the regional banks, considering the amount of their capital and surplus?

Mr. BRISTOW. They will get what they ask for up to the amount of their capital, if they want it. If they do not want it, they will not take it. If they need it, they can get an amount up to their capital and surplus at the same rate.

Mr. POMERENE. Is that in no respect to be dependent upon the financial condition of the bank or the moral standing of the

directors of the bank?

Mr. BRISTOW. Mr. President, if the Senator from Nebraska will pardon me further, our bill prescribes that certain prime commercial paper, a part of it running for six months, such as the cattleman's paper and the farmer's paper of the West, and 90-day paper, the merchant's paper of the west, and 90-day paper, the merchant's paper of the village or the city; that is, first-class paper, shall be entitled to rediscount. The bill fixes the status of that paper, and, whether that paper is owned by a bank of \$25,000 capital or a bank of a million dollars capital makes no difference in the value of that paper. That paper is A 1 paper, and whether it is presented by a farmer or a merchant who lives in a remote district in Kansas or Arkansas, or whether it is presented by a merchant who lives in the city of St. Louis or Kansas City, it is good and will be paid when it is due; and when that paper is taken to a regional reserve bank for discount it is entitled to the same consideration, whether the note is for \$500 or for \$5,000.

Mr. POMERENE and Mr. ROBINSON addressed the Chair. The PRESIDING OFFICER. The Chair is unable to tell

who is entitled to the floor.

Mr. BRISTOW. If the Senator from Nebraska-Mr. ROBINSON. The Senator from Nebraska The Senator from Nebraska has the floor. Mr. HITCHCOCK. I have yielded to the Senator from

Mr. ROBINSON. Will the Senator from Kansas yield to me for a question?

Mr. BRISTOW. Certainly.

Mr. ROBINSON. Did I understand the Senator correctly to say that under the Hitchcock amendment one small bank in any part of the United States would be entitled to the same rate of discount that any large bank in another part of the United States would be entitled to?

Mr. BRISTOW. Within the regional district.
Mr. ROBINSON. Oh, within the regional district.
Mr. BRISTOW. I think it ought to be within the United

States. That is the reason I am primarily in favor of a central bank, but our bill provides for equality of treatment within the respective regional districts. I think we ought to have some kind of a provision by which the rate could be fixed the same throughout the United States.

Mr. ROBINSON. Varying rates may be charged within the four districts or eight districts?

Mr. BRISTOW. In the four districts; we do not recognize eight districts. We think it would be a great misfortune to create more than four.

Mr. ROBINSON. But the amendment contemplates the

future possibility of eight districts?

Mr. BRISTOW. It makes it possible, but it never would be undertaken, because two years will demonstrate the utter uselessness of more than four reserve banks.

Mr. ROBINSON. Why do you put a provision in the bill which you yourself regard as utterly useless? If you are satisfied that there is no possibility of any demand ever arising for eight districts, why do you provide that eight may be created?

Mr. BRISTOW. I am expressing my own views. I did not

want provision made for anything else but four, but other

Senators thought it was well-

Mr. ROBINSON. I am discussing the amendment as it is

before the Senate.

Mr. BRISTOW. But others thought it was well to permit this to be done, if experience should demonstrate that our judgment was wrong as to four.

Mr. HITCHCOCK. Mr. President, there is a very—Mr. POMERENE. Mr. President—

HITCHCOCK. If the Senator from Ohio will permit me, there is a very natural and proper answer to the question asked by the Senator from Arkansas. The reason why it was provided in the bill reported by myself that the system should start with four reserve banks was because we felt that four banks were the utmost number that it was safe to create and still secure a mobilization of the reserves and a strong system. At the same time, there were members upon the committee who thought that a larger number should be established; and so, when we came to a vote in the full committee of 12, in a perfectly nonpartisan spirit we voted, 8 to 4, as I recall, in favor of four banks, but conceded to the minority of the committee the proposition that the Federal reserve board should have the power after four years to increase, without any legislation, the number of reserve banks to eight, providing experience should teach that the increase was wise. It was a compromise made in the full committee before the committee split, and our section of the committee retained it, as we retained provision, as far as I am concerned and as far as my vote is

other provisions that had been decided upon before the split occurred.

Mr. ROBINSON, Mr. President-

Mr. POMERENE. As between four banks and a central

The PRESIDING OFFICER. The Chair can not keep track of the proceedings when more than one Senator is talking at

the same time.

Mr. ROBINSON. If the Senator from Nebraska will vield to me, I desire to suggest, both to the Senator from Nebraska and to the Senator from Kansas, that in reporting an amendment recognizing the necessity of providing for four regional reserve banks they have recognized the principle contained in the so-called Owen bill, which recognizes the necessity for regional reserve banks. There is no difference in principle between the establishment of four and eight. If a difference in principle exists, it must exist between the central-bank plan and the regionalbank plan and not in the number of regional banks.

Mr. HITCHCOCK. The Senator is entirely correct.
Mr. ROBINSON. What I want to know is this: Having recognized the principle of the regional reserve banks, and having in that sense admitted that the principle of the central bank is wrong, how is it that you arrive at the conclusion that the number "4" is sacred and the number "8" or "12" is absurd or objectionable from the standpoint of public policy or the interests of the country?

Mr. HITCHCOCK. In answer to that question, I will say to the Senator that the section of the committee of which I am a member, and in fact the whole committee, does not regard any part of this legislation as sacred. There was a disposition when this bill came from the House of Representatives to regard it as a sacred document of which we were not supposed to dot an "i" or cross a "t," but after we had been in session a number of weeks and had heard a few hundred witnesses, our opinions gradually changed, and both wings of the committee united in the conclusion that the bill must be materially amended. The section of the committee headed by the Senator from Oklahoma [Mr. Owen] decided that it must be amended 60 per cent, and they retained 40 per cent of the We agreed with him so far as he went, but we concluded that it should be amended 64 per cent, and we retained 36 per cent of the House bill. I merely cite this to show that the day of sacred documents has passed.

Mr. ROBINSON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ne-

braska yield further to the Senator from Arkansas?

Mr. HITCHCOCK. I do.
Mr. ROBINSON. The Senator from Nebraska attaches more importance to the word "sacred" than I did in making the statement. I will state the question in another way. If you recognize the necessity for regional banks at all and discard the central bank plan, how is it that you arrive at the con-clusion that there should be four regional reserve banks, and no more?

Mr. HITCHCOCK. Very logically, as I believe, I can show the Senator. At the present time there are three central re-serve cities in the United States which have grown up as the result of custom in the banking and commercial world. In those three cities are concentrated the great reserves of the United States, the great reserves of the national banks, and many of the reserves of the State banks. Those three cities naturally would be selected as three of the places in which to locate the reserve banks of the country. Banking business and commercial business would be dislocated to the least possible extent by locating in those three cities, in our opinion, the reserve banks of the country; but under this system it is necessary to take into account in part geographical conditions, because these reserve banks are to perform a function somewhat different from reserve agents in the past, and on account of the great distance to the Pacific coast, although according to the volume of business it was hardly entitled to it and hardly needed it, we felt it would be wise to locate upon the Pacific coast another regional bank, and in that way we logically arrived at the conclusion that four regional banks should be established.

Mr. ROBINSON. But you did not stop there. If I may proceed for just a moment, you provided for the creation at the discretion of the Federal reserve board of eight additional Federal reserve cities, recognizing the possibility, at least, if not the probability, of the necessity of 12 regional banks as the measure is put into operation and develops.

concerned, was put in there for the purpose of equipping the President of the United States and the Federal board which he was to appoint with the power of increasing the number of banks in case, after two years' experience, he thought it desirable. On my part, I am absolutely confident that neither the President of the United States nor the board which he is to appoint would, after two years' experience or one year's experience, do anything of the kind; but I was perfectly willing to give them the power to do so.

Mr. ROBINSON. Mr. President—
The PRESIDING OFFICER. Does the Senator from Nebraska further yield to the Senator from Arkansas?

Mr. HITCHCOCK. I do. Mr. ROBINSON. If I understand the gist of that statement, it is that, while the Senator doubts the wisdom or the necessity for it, he has consented to a provision which will give to the appropriate authorities the power to do two years from now

what they insist upon doing now.

I maintain my first proposition, that in principle there is absolutely no difference between the Owen bill and the Hitchcock bill, except that the Owen bill provides now for 8 regional reserve banks with a possible increase to 12, whereas the Hitchcock amendment provides for 4 regional reserve banks with a possible increase to 12. So there does not appear to me to be a very strong distinction in principle between the two bills as regards the regional reserve banks. Both bills recognize the principle of the regional reserve bank and discard the principle

of a central bank; and you can not get away from it.

Mr. HITCHCOCK. The Senator is entirely correct. There is no dispute there at all. There is no difference in principle. It is simply a difference in mathematics, based upon experience. We have had experience now for many years with having our reserves cut up in the 50 different reserve cities of the country. That is where they are located now. Some of them are central reserve cities and some of them reserve cities, but there are 50 different cities holding the reserves of the banks of the country. It has been thought that the result of that was to scatter the reserves entirely too much, and that the time would come when we would follow the example of Europe and mobilize and centralize our reserves.

There were a number on the committee who felt that we should follow the example of Europe absolutely and have one central reserve bank; but out of deference to the strong sentiment of others who disagreed with them, particularly the sentiment of those who were in a position of power to enforce their beliefs, the concession was made in principle, and we have merely sought to keep the number as small as possible, for the sake of protecting the country and making the system as strong as possible. The Senator is right; there is no difference in

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. HITCHCOCK. I do.

Mr. POMERENE. As I recall the bill to which the Senator's name is attached, as reported from the committee, it provides for four regional banks, with the privilege after two years of organizing 12 additional banks, and also provides for the organization of branch banks without limit.

I wish to call the Senator's attention to a further matter. The Senator seems to be very strong in his conviction that there ought not to be more than four banks, but on April 8, 1913, the Senator introduced in the Senate a bill providing for not less than 20 nor more than 25 regional reserve associations.

If the Senator was of the opinion eight months ago that there should be 20 or 25 of these associations, and now is of the opinion that there should be only one bank, and has agreed to a report that there should be four banks, with the privilege of organizing 12 more, and with innumerable branch banks, it seems to me the section of the committee of which the Senator from Oklahoma is the chairman is about right when it says that there shall be not less than 8 nor more than 12.

I should like to understand what the reason is for this change of view with respect to the number of banks. Certainly it can not be regarded as going to the vitals of the question; otherwise the Senator would not be willing to change from the one

system to the other.

Mr. HITCHCOCK. Mr. President, I am rather surprised that the Senator from Ohio brings up against me the bill which I introduced last April, because I made a frank confession in the committee that after the protracted study we had given the matter and after the many witnesses we had heard I was ashamed of the crude and useless proposition I had made in that bill. It was not a bill which possessed the dangers of the bill as it came from the House of Representatives. It was a bill in which I

endeavored at the time to put my ideas into form, because was strongly in favor of banking and currency reform; but it did not take many months of careful study of this question for me to see that to provide 12 or 20 or 25 reserve banks was to provide a mere paper wall against a flood, and that they would be as useless and helpless to save the banking system of the United States in time of trial as any foolish device which the people might produce.

Mr. BRISTOW. Mr. President-

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Kansas?

Mr. HITCHCOCK. I do.

Mr. BRISTOW. May I inquire if there have been any greater changes in the opinion of the Senator from Nebraska, judging from the bill he introduced, than there have been in the opinion of the Senator from Oklahoma, judging from the bill which he introduced and the bill for which he is now standing?

Mr. HITCHCOCK. Mr. President, I am interested in the merits of this question. I really am not interested in analyzing the changes which have gone on in the minds of men as they have studied this question. I do not think it is discreditable I think it is desirable—that men go with an open mind into the study of a great question. I have no criticism to make upon the Senator from Oklahoma for such changes as he made in the bill of which he was the joint author-at least so reputed.

I think it is to the credit of a man, when he finds that his first staggering effort has been unwise, to make a change. have had no hesitation in calling the attention of the committee to the fact that I had introduced such a bill. upon the floor of the Senate that it was my heart's desire that reserve bank might be established in my home town, which is a considerable banking center, with sixty or seventy-five million dollars of deposits, but I could not candidly urge the establishment of such a reserve bank. Anyone who studies this question candidly will inevitably come to the conclusion that the safety of a banking system consists in so centralizing your reserves as to create great reservoirs for the protection of the banks of the system.

Mr. THOMPSON. Mr. President-

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the junior Senator from Kansas?

Mr. HITCHCOCK. I do. Mr. THOMPSON. The fact is, then, as I understand from what has been stated by the Senator from Nebraska and also by other Senators of his branch of the committee, that all of the Senators who now advocate four regional banks instead of a larger number really believe in the central-bank idea. Am I right?

Mr. HITCHCOCK. As an acamedic proposition, I think they do. As an academic proposition, I think the Senator from Oklahoma does.

Mr. OWEN. He does not.

Mr. THOMPSON. And the other members of the committee

believe in the regional bank system?

Mr. HITCHCOCK. They certainly all believe in the essentials of the central bank. The central bank does not consist of a vault. The central bank does not consist of a mass of money. The central bank does not consist of a single sign. The central bank consists of central control, and that is provided in this bill. The control is central; and when you get your control centralized, you have a central bank.

Mr. STONE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Missouri?

Mr. HITCHCOCK. I do.

Mr. STONE. If it be true that the central control provided for in the bill is in fact a central bank, what is the objection to the proposition submitted by the Democrats of the committee for eight regional banks or any other particular number of banks? If the Federal reserve board is in substance and effect a central bank, as the Senator says, and if a central bank is the supreme idea of the Senator; if that is his ideal after reforming his notions; if after two or three months of diligent study of the subject he has changed his former opinions, as presented in the bill he offered, and he now comes to the idea of a central bank, and thinks that the Federal reserve board is in effect a central bank, what is the objection to having 8 or 10 regional banks?.

I take it that it is now the idea of the Senator from Nebraska to have a central bank—that is to say, a real central bank, one bank-stationed here in Washington, with vaults where all the reserves are to be congregated, and that should exercise plenary control-with one supreme board to exercise absolute control over the whole business of banking. That seems now to be the idea of the Senator, under his revised

plans. That being so, would he not have the regional banks, or, to the same effect, branch banks, scattered throughout the country under the control of this great central bank? A central bank with numerous branches seems to be the Senator's present ideal of a banking system. Now, as I understand him, he says, in substance and effect, that his bill as he reports it, and likewise the Owen bill as reported, would accomplish the very end he desires.

I am puzzled to know just what it is that troubles the men-

tality of the distinguished Senator from Nebraska.

Mr. HITCHCOCK. Possibly if the Senator would spend more time in the Senate Chamber he would be able to get Mr. STONE. I spend far more time in the Senate Chamber

than the Senator from Nebraska—twice as much time.
Mr. HITCHCOCK. The Senator from Nebraska has not stated that this board of control, although it contains the essence of a central bank, will produce the ends of a central bank. I have stated that all bills provided for central control, and that, in its essence, central control was a central bank. The bill reported by the Senator from Oklahoma, however, and I pre-sume supported by the Senator from Missouri, contains such defects as to hamper and cripple the operation of the system.

What does it do? It proposes to divide up the country into 8, 10, or 12 distinct systems. It proposes to give to the banking interests of each division the control over the banks in each

Does the Senator grasp that idea? Mr. STONE. Oh, that is not difficult to grasp.

Mr. HITCHCOCK. I think not, but it is a very important These 8, 10, or 12 regional banks, public utilithing to grasp. ties, devised by Congress to serve a public purpose, are to be placed under the control of the banking interests instead of the Government. Not only that, but it is proposed to divide up the great reserves of the country into 8, 10, or 12 different managements, different controls.

When stringencies come, as come they will, there will be the same scramble between these 8, 10, or 12 regional banks that now exists between the 50 reserve cities of the country. So I say that the system, as reported in the bill advocated by Senator OWEN, hobbles and cripples the central control provided for.

I trust the Senator from Missouri can get that idea straight. Mr. STONE. I get the idea, and suppose I get it straight.

Mr. HITCHCOCK. I think I gave it straight.
Mr. STONE. I do not care further to interrupt the Senator, however. I am interested in having him proceed. Nevertheless,

it seems to me his argument is ill founded.

His objection now is that although we have, in effect, a central bank, represented in the Federal reserve board, we should not have 4, 6, 10 regional banks under a local or regional management; that is, under boards appointed under the provisions of this bill to direct the affairs of those regional establishments. He seems to think that that arrangement would provoke some conflict between the central bank, as he calls it, represented in this central board, and the regional board. But the only difference I can see between the provision as it appears in the bill and the one the Senator outlines would be that the Senator would create a great central bank here at Washington with one board, with all the reserves of the whole Nation concentrated here, and then have branch banks scattered out over the country, how many the Lord only knows, instead of having a central Federal reserve board with 8 or 10 regional banks under supervision and control.

Mr. HITCHCOCK. That is not my proposal, I will say to

the Senator.

Well, then, I do not know just what the Sena-Mr. STONE. tor's proposal is.

Mr. WILLIAMS. Does not the Senator provide for branches for regional banks?

Mr. HITCHCOCK. Both bills provide for that. All these bills provide for that.

Mr. WILLIAMS. Do you limit them in the slightest degree? Mr. HITCHCOCK. Not at all. They can be formed with branches. When the term "branch" is used it should not be considered as a branch bank. I will illustrate it to the Senator: Suppose a regional bank is established in Chicago. The banking business will be done there at Chicago, but the territory of Chicago, in the bill which I had the honor to report, will embrace a number of States through the Northwest and the West and in the Mississippi Valley. For the convenience of the great banking center in that region it is proposed to permit the regional bank, under authority of the Federal board, to establish branches-not branch banks, but branches-a branch to consist simply of an office, with two or three men it it, for the purpose of discounting the paper of the bank. If one is established at Kansas City, as would undoubtedly be the case, then

the banks, naturally, in Kansas City that would desire to discount paper could bring their paper there and discount it, and the members of the branch representing the Chicago reserve bank would take that paper and give to the Kansas City bank, or the bank in the territory of Kansas City, a draft on the Chicago bank for the amount of money that the paper dis-counted amounted to. Then the Kansas City bank, or the other bank, would send that draft to Chicago and get either credit or currency for it, as is proposed. It involves no bank, but simply the branch or office of the big reserve bank at Kansas City. All the bills provide for that, and it is necessary on account of the great area of the country. It involves neither mystery nor anything dubious in its nature.

But the point I desire to make in reply to the question of the Senator from Missouri is that under the bill which I have reported the Federal reserve board appointed by the President retains absolute control of each one of the reserve banks. It names a majority of the directors in each. It holds the reins of control of these reserve banks in its own hands. But under the bill reported by Senator Owen that control is lost. intrusted to the banking interests, the very banking interests that we have heard denounced as being the money devils of the country. It turns over to the banking interests of New York the control of the reserve bank in New York City. It turns over to the banking interests of Chicago the control of the reserve bank in Chicago.

In our opinion, that is not right. We believe in Government control, real and actual, all the time, and we do not believe that the banking interests in any community should be intrusted with that power. We are not necessarily suspicious of them, perhaps not as suspicious as some of the other gentlemen who have been making great speeches against the money devils, but we believe that this is a public utility and that the control of it should be left in the hands of the agents of the Government of

the United States.

It is easy to see that if you place the control of a board of directors in the hands of the banking interests the powerful banks are the ones that are going to dominate it. Through banks are the ones that are going to dominate it. their country correspondents and their great acquaintance they will be the ones who will elect the directors. They have an

interest at stake; they have axes to grind.

In your bill you practically give them unlimited power. have some fine words in it about an equal treatment of all banks, but you know what have been the charges in the past about the discriminations that have been made by the banking interests of New York when they were not in a reserve bank. They were not in a legalized trust; they were not in a legalized organization. They simply had interlocking directors, and they have been able to blacklist paper and blackball borrowers until men have been driven into bankruptcy because of the discrimination of those New York interests.

Yet you propose in your bill to turn over to their control the reserve bank of New York. You propose to turn over to the control of the banking interest the reserve bank of that district. That may be right. I do not think so, and I do not think the people of the United States after all this excitement over the Pujo investigation are going to be satisfied to have Congress put in the hands and under the control of the banking interests the

control of this great public utility.

Why do they want the control? The Senator from Colorado [Mr. Shafroth] said that they will not come into the system until they get control. That may be true of some large banks that have axes to grind, but out in my part of the country the banks have no such prejudice, I assure the Senator from Colorado, and I know what I am talking about. I have had more correspondence with the people of Nebraska—I have come in closer touch with them, I will venture to say—than any other Senator on this floor with the people of his own State. I have had to defend myself, and I have succeeded in doing it; and I know whereof I speak when I say that the people of Nebraska do not want to have the reserve banks controlled by the banking interests, and I know whereof I speak when I say that the people of Nebraska want to have the reserve banks owned by the people and not by the banking interests.

Mr. SHAFROTH. I want to say to the Senator—
The PRESIDING OFFICER. Does the Senator from Ne-

braska yield to the Senator from Colorado?

Mr. HITCHCOCK. I do. Mr. SHAFROTH. I want to say to the Senator from Nebraska that it is nothing but human nature which prompts men to say that when our reserves and our capital are in a bank we want the control of it. I want to say that no matter how many men the Senator consulted, unless there was a fair discussion before the people and they determined to come into a system where \$400,000,000 of their money was to be controlled by appointments which might in the end drift into a political

management, that can not be urged with force.

Of course, the Senator has the best motives in the wide world, and I have no criticism to make of him as to his changing his mind. It is natural that we should do that if we get a new light on a subject. But we can not avoid the conclusion that if the Senator's bill is passed it will mean no bill. That is what it will mean. You might just as well tear this bill up now if you are going to insert in the bill a provision that when men put \$400,000,000 into banks, their own money, they can not control the board of directors who handle that money. That is simply something that will kill the bill. It may be that a single bank has some good points in it, and it may be if you want a competing bank that is all right, but our bill is framed want a competing bank that is all right, but our bill is framed upon the theory that this is a bank of banks for the purpose of preventing runs on banks, for the purpose of preventing failures in times of excitement. The banks, as a matter of fact, want and must have this place of discount in order to get the money.

You will find that there is no man who will trust his money when he has not a voice in the control of the organization that is to handle it. You may say that individuals will say, "All right, I agree to that," but when they come to the point where they are called on to put up the money, the result will be that you will find a failure of the system; and then you will have a law on the statute books that does not operate at all, with many changes as to the circulating medium and many

changes in other respects.

We have attempted to draw this bill upon the theory that it is a bank of banks. We are not providing an investment for the people. The people have hundreds of opportunities to invest. We are not providing in this bill for something that will create a rate of interest for somebody. We are providing for one specific thing, and that is for the mobilization of the reserves in

order to prevent runs upon banks.

One great people's bank might be considered a good institution in a certain line, but when you consider that we have 25,000 people's banks now, what is the use of turning this into another people's bank? Every national bank in the United States is a people's bank. Why? Because any five persons can get together and organize a bank and go into the banking system. If any community in the United States feels that the banks of that community are oppressive, all they have to do is to set up an opposition bank, and they have a perfect right to do it; and that becomes a people's bank. We have not any necessity for more people's banks, but we have a necessity for a bank of banks, for the purpose of giving discounts to banks so that they can prevent runs upon these institutions and thereby be of advantage to the

To say, as a matter of fact, that these banks should be people's banks it seems to me is contrary to the very principles of our bill. It is diametrically opposed to it. It is absolutely a butchery of the bill as it came from the House. want to mix a bank of banks with a people's bank or a bank in which opposition or competition arises as against the other

banks.

If this provision were passed as the Senator says it should be, it would absolutely result in a destruction of the entire bill. We would have no system whatever, because it is necessary for the banks to come into it. You can not force them in. I is said that you can go out of the system. That is true, and if it is to their detriment they can go out and organize under a State law. Consequently they can not be forced into the system; they would say, "No; we will not accept your terms; we will not put our \$400,000,000 into the hands of a board of directors where we have not a majority of the directors. It means that the system would not be subscribed for. It means, as a matter of fact, that it would be a failure. It would mean that the banks would not discount at these banks. It would mean a complete collapse and failure of the entire system, and

that would mean that we would have no system at all.

Mr. HITCHCOCK. I have heard the Senator from Colorado go over that ground a great many times, but he has never mentioned the name of a bank that said it would not come in unless

the banks had control of the board of directors.

Mr. SHAFROTH. Would the Senator put his money into the

hands of anybody he could not control?

Mr. HITCHCOCK. I have done so many times.

Mr. SHAFROTH. No; the Senator would not if it was a

permanent investment.

Mr. HITCHCOCK. I go to a bank and make my deposit, and I have no control over it. I go to an insurance company and buy my insurance and have no control over it. I go to the Post Office Department and make a deposit in the postal savings bank and I have no control over it. The Government runs it.

Mr. SHAFROTH rose.

Mr. HITCHCOCK. If the Senator will permit me, before I conclude, the branch of the committee to which he belongs has itself been compelled to come to the same doctrines, because their bill provides that when the banks fail to subscribe a sufficient capital to maintain a reserve bank, then it shall be offered to the public, and if the public do not subscribe it shall be taken by the Government. So the Senator has been forced to come to the ownership of the stock by the people as a matter of necessity.

Mr. SHAFROTH. No: if the Senator will observe the language that is used, it says that it may be offered to the public. It, however, proposes that the banks shall subscribe for this capital stock, and if they do not subscribe they must go out of the system. There are many people who object to that, it is true, but nevertheless you can not have two sets of national banks, one belonging to the system and another national bank not belonging to it. The Senator has made citations, but that is a public service. Of course, from the Post Office you get a public service, and there are certain things the officers of the Government have to comply with. The men who invest their money in a corporation always believe that the people who have the money there should have the control of that corporation.

Mr. HITCHCOCK. Mr. President, we are not proposing in our bill that the banks shall invest their money. This brings me to the most important part of the amendment which I have offered. It provides that the banks shall underwrite the sale of this stock and shall take it on sale, but that for 60 days the stock shall be offered to the public in small allotments, and that such part of the stock as the public does not take shall be taken by the banks themselves; but that when taken by the banks themselves it is a live asset which they can sell at will and realize on when it becomes necessary to raise money for their depositors or desirable to raise it for their borrowers

Now, Mr. President, there is not a precedent in the world—Mr. WILLIAMS. Right there I should like to ask the Sen-

ator a question.

The PRESIDING OFFICER. Does the Senator from Ne-

braska yield to the Senator from Mississippi?

Mr. HITCHCOCK. I do.

Mr. WILLIAMS. Does not his bill provide that these reserves shall be contributed by the member banks?

Mr. HITCHCOCK. It does.
Mr. WILLIAMS. That is what I thought. How many millions of those reserves which are now the money and property of the member banks will be placed under his bill as reserves in the regional bank?

Mr. HITCHCOCK. That is all a guess, of course. We will say, roughly speaking, \$450,000,000.

Mr. WILLIAMS. That is the point I was arriving at. The regional banks will have \$450,000,000 independently of the question as to who shall subscribe for the stock?

Mr. HITCHCOCK. Those same banks now have those reserves kept in banks over which they have no control. I opine that they will feel just as safe to have their reserves in great reserve banks, having nine directors, five selected by the Government and four selected by themselves. As it is now no bank has any power to select a director in a bank in which it keeps its reserves

Mr. WILLIAMS. No; it has power to select—
Mr. HITCHCOCK. And it has power—
Mr. WILLIAMS. It also has power to select the banks.

Mr. SHAFROTH. Fifty-two banks of the central reserve

The PRESIDING OFFICER. The Chair will have to call the attention of Senators to the rule. The Chair can not keep order unless they address the Chair and get permission to interrupt the Senator who is entitled to the floor. The Senator from Nebraska will proceed.

Mr. HITCHCOCK. I have stated that in my correspondence and in my conversation with bankers in my State I have not found one who objected to having the Government of the United States select a majority of the board of directors in the reserve

Mr. SHAFROTH. Mr. President, the Senator heard what protest was made

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Colorado?

Mr. HITCHCOCK. I do.

Mr. SHAFROTH. The Senator heard what protest was made

by the bankers through their conventions and through the resolutions which were passed at various-

Mr. WILLIAMS. National bank associations, I think. Mr. SHAFROTH. Resolutions which were passed by the various bank associations, one at Chicago particularly, that de-

manded representation upon the Federal reserve board. That board does not deal with the money as does the Federal reserve bank, but they proclaimed that it was tyranny to force them and, but they proclaimed that it was tyrainly to force them into a system where they did not have representation upon the Federal reserve board, though the Federal reserve board exercises only a governmental power, whereas the directors of the Federal reserve banks deal directly with the money, with the making of loans, and in every other transaction as a banker

Mr. HITCHCOCK. Yes; I heard of that protest, but, with other members of the committee, I disregarded it. I did not regard it as of any moment, and experience has shown that the bankers had no idea that their protests would amount to anything or would be considered.

Mr. SHAFROTH. Do you not think—
The PRESIDING OFFICER. Does the Senator from Nebraska vield to the Senator from Colorado?

Mr. HITCHCOCK. I do.
Mr. SHAFROTH. Does the Senator not think that if a banker would protest against not having representation upon the Federal reserve board, which does not deal with money, he would not with ten times the power protest against lack of representation on the board of directors which had his money under their control—\$400,000,000 of it—and he not be able to

Mr. HITCHCOCK. I will say in reply to the Senator that have received literally thousands of letters since this agitation began, and I have not received a single protest from a banker against having Uncle Sam control the board of directors.

If the Senator knows of any, I hope he will name one.

Mr. SHAFROTH. That question was never considered until after the committee got together after the hearing of the evi-

Mr. HITCHCOCK. Well, Mr. President, it has been several weeks since that report was made, and I have been out in touch with my people; I have had in my audiences practically every banker in the city of Omaha and many bankers from outside the city of Omaha, and I think if there had been a very violent protest some of them would have whispered it to me in some

Mr. SHAFROTH. That might be true, but, as a matter of fact, all of the bills, or at least the bill that we had before us, provided for six of the directors being appointed by the banks and three of the directors being appointed by the Government. That was assumed to be settled by those who appeared before the committee; and it does seem to me that, in view of that, the banks have not had a fair opportunity to debate both sides of the question to determine which plan they favored. Viewing it from the standpoint of self-interest, it seems to me that they would naturally say that if they furnished the reserves they

should have a majority of the board of directors.

Mr. HITCHCOCK. Mr. President, I think that we are spending too much time on the point. I want to go now to the other point involved in the amendment, which is that the stock in these banks shall be subscribed for and owned by the people

and not by the banking interests of the country.

In the first place, that is the condition in every country in the world, so far as I know. In Great Britain there are 10,000 stockholders in the Bank of England; in France there are, as I recall it, between 20,000 and 30,000 stockholders in the Bank of France; in Germany I think the number is still larger; and I see no reason why in the reserve banks of the United States we should not have a hundred thousand stockholders-people who would be glad to have a 5 per cent investment, provided it is under Government control; people who would be glad to have a 5 per cent investment for small savings and small amounts of money; a 5 per cent investment free from city, State, or National taxation. I want to say, Mr. President, that, to my mind, the providing of that great investment for that large number of people will be an element of strength to the banking system of the United States.

First, it will bring \$106,000,000 of funds, now either idle or employed at a low rate of interest, into the great banking world. An addition of \$106,000,000 to the banking capital of the United States will of itself be a great element of strength to the

In the next place, you will have an ownership of these banks without a voting power, dependent upon the Government to elect the directors, without an ax to grind, having no selfish interest in the policy of the bank; you will have an ownership shifting from time to time, just as investments shift among the people. On the other hand, if you require the banks to subscribe the capital to this system, you practically compel them to take \$106,000,000 out of the communities where it is employed, not

only profitably but efficiently, for the benefit of the communities, and compel them to part with 6 per cent of their capital and surplus and send it off to a remote regional bank, where it can

surplus and send it off to a remote regional bank, where it can only earn a small rate of interest as compared to what it is doing when actively loaned to the people.

Mr. President, we know already that the banking capital of the United States is inadequate. That is a part of our trouble. It is inadequate compared with the banking capital of the Old World, and it is inadequate for a very natural reason. Each individual bank is trying to do as large an amount of business as possible on as small an amount of capital as possible. That policy, pursued through a long number of years in order to get dividends has resulted in the densits growing faster in prodividends, has resulted in the deposits growing faster in proportion than the capital has grown.

The capital is the margin of safety for depositors; and I think it is an evil that this disparity has gone on increasing between capital and deposits, because the margin of safety to the people has not been kept up. With an already inadequate capital it is now proposed in this bill to take some of what already exists away from the communities. It may be that the big banks in the big cities can do this easily enough, because they can turn their portfolio of securities into money very rapidly by rediscounts and get even; but I want to tell you that away off on the prairies of Nebraska, down on the prairies of Kansas, I will say to the Senator from Kansas [Mr. Thompson], out in Minnesota, in all the Western States, and, I think, in some of the Southern States, when you go into a little town where there are a couple of banks with \$25,000 capital each, it is a different proposition. The farmers, merchants, and other people of substance in the town have gotten together a little capital; they have subscribed two hundred, or three hundred, or four hundred, or a thousand dollars each, and they have gotten together \$25,000 capital. It is a big thing for them. propose to take away \$2,500 out of that community. That is one of the most serious objections to this bill. I found it so in talking to the people in my portion of the country, and I found it so in the communications which I have received.

Mr. OWEN. Mr. President-

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. HITCHCOCK, I do. Mr. OWEN. Would the Senator object to stating in that connection whether an individual bank such as he speaks of which contributes \$2,500, can not, if it so desires, immediately obtain every dollar of that money again as a loan from the bank at probably 3 or 4 per cent?

Mr. HITCHCOCK. Well, Mr. President, if you divide the country up into 8 or 10 or 12 regional bank districts, I say no; they will have to pay a higher rate out there. I will say they will have to pay a higher rate out there. I will say furthermore, that I have not found any of them that wanted to

make the exchange.

I hold in my hand here an analysis of some 150 letters-I do not remember how many I have received-from the national banks of Nebraska to whom I wrote. I addressed a letter to them and I said, "Before you answer this letter I should like to have you call your board of directors together and give me the sentiment of the people of your community." That was after the House bill passed and came to the Senate. One hundred and twenty banks stated that they were opposed to the bill as it came from the House. They were mostly small country banks in Nebraska. We have very few banks of any considerable size there. Sixty-nine of them said they would probably give up their national charters and join the State system. Fifty-five of them stated that they objected to the compulsory investment of capital, and some of them stated it in very strong language as one of the chief objections they had to the bill. Thirty-three of them complained that they had not any paper which came within the definitions of the bill, or had not enough paper of that kind to make it worth while for them to join the For that reason we have reported in our bill in favor of allowing reserve banks to discount a limited amount of sixmonths' paper, which is the paper that the country banks in these remote regions largely deal in.

Mr. OWEN. Would interrupt him further? Would it be agreeable to the Senator if I should

Mr. HITCHCOCK. Certainly.

Mr. OWEN. I wish to ask the Senator if he ascertained the sentiment of the people of Nebraska from addressing these letters to the bankers?

I was seeking to find out by these letters Mr. HITCHCOCK. whether or not the national banks of Nebraska were going to come in or stay out of the system. I regarded it as one of the great dangers of the House bill that it would result in wrecking the national banking system, because more than 3,000 of the 7,500 banks are small banks; and, if my letters from Nebraska are any gauge, it is absolutely true that the vast number of small national banks throughout the country would have denationalized, and some of them are going to do it now.

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. HITCHCOCK. I do. Mr. POMERENE. I will ask the Senator if the answers to his letters were based upon the Glass bill as it came from the House, or upon the Senator's bill, or upon the bill which bears the name of the chairman of the committee?

Mr. HITCHCOCK. They were based upon that "sacred document" as it came from the House, of which, as I have said, we

were forbidden to dot an "i" or to cross a "t."

Mr. OWEN. By whom.

Mr. HITCHCOCK. And which we were commanded to pass without a hearing and without much investigation.

Mr. POMERENE. Mr. President, I have been around these hallowed precincts for some time, and I have not heard that anybody has forbidden anybody else to change his views or to criticize any bill that came from the House, or any bill that Anyone has a right to change his view. originated here. The Senator himself has changed his view a number of times. I say that not to his discredit, but simply for the purpose of showing that he has been a free moral agent all these weeks.

Mr. HITCHCOCK. Mr. President—
Mr. OWEN. The Senator from Nebraska did not tell us by whom he had been ordered not to dot an "i" nor cross a "t," and I would be glad if the Senator would disclose that valuable information, unless it is confidential with the Senator.

Mr. HITCHCOCK. I think I will leave that for the country

I will take my chances on it.

Mr. OWEN. If the Senator is content to leave that as an

insinuation, it is for the Senator to do so.

Mr. HITCHCOCK. I will take that liberty. In order that the Senate may understand the character of letter which I addressed to these bankers, I shall take the liberty of reading it. It was dated September 23, 1913, five days after the bill came to our committee. The letter which I have in my hand is addressed to the First National Bank, Utica, Nebr., and is a sample of the letters which I sent out. It is as follows:

GENTLEMEN: I am addressing this letter to the bank rather than select an officer, in the hope that before answering it the officer who receives the letter may submit the questions to his associates on the

directorate.

Under separate cover I am sending you a copy of the banking and currency bill as it passed the House of Representatives. It is now before the Banking and Currency Committee, of which I am a member, and we are being urged to make an early report upon it to the Senate.

I do not think it is necessary to say how we were being urged. I do not think it is necessary to say how we were being urged.

I would like to know what you think of this bill. Do you think it will help the national banks in Nebraska to serve their customers? If the bill passes as it stands would your bank go into the new system, or would you give up your national charter and become a State institution? If you favor the bill, please state in what particulars, and if you oppose it, please state your chief objections briefly.

A very prompt reply is strongly desired and will be greatly appreciated. The name of your bank and the names of your officers will not be mentioned by me in the committee hearings or elsewhere if you desire to write confidentially.

I received a very general response to that letter; not from all the banks, but from a very large number. I have read an analysis of their answers, and those answers convinced me at that time that the bill as it came from the House was a great menace, and that one of its serious defects was the compulsion put upon the national banks to join the proposed system or go out of the

national banking system.

That led me to consider very closely the idea of having the stock sold to the people. I have said that every central bank in the countries of the Old World, where the banking systems have attained the highest degree of perfection, where runs are unknown and panics are practically unknown, where they have succeeded in improving upon their system generation after generation until they have it nearly perfect-in every one of those countries the people own their central bank; they own their reserve bank, and the stock is scattered, as I have said, between 10,000 owners in England, between 20,000 and 30,000 owners in France, and the same number in Germany. So I say if precedent, experience, and example count for anything, certainly public ownership of the stock is a proper plan to adopt.

Mr. POMERENE. Mr. President

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. HITCHCOCK. I do. Mr. POMERENE. Mr. President, the Senator from Nebraska has just referred to the banks of the Old World, in which the people hold a substantial amount of the stock-

Mr. HITCHCOCK. All of it.

Mr. POMERENE. All of it. It is also true that those are, in very truth, people's banks, in which they discount their paper, make their deposits, and deal with them as we deal with our individual banks in this country, while in the bills which are now before the Senate none of the individual stockholders, in case there should be individual stockholders, would have any right to make any deposits in any of the reserve banks or to enjoy any of the privileges which usually exist between depositors and banks. Is not that correct?

Mr. HITCHCOCK. Yes, that is correct; I do not think it is of any importance, however. The stock of those banks is owned by the people of those countries and not by the banks. The banks are not interested in the board of directors nor permitted to sit upon the board of directors if they buy the Bear that in mind, Senators. The great central banks of the Old World, while they hold the reserves of the other banks, are not controlled by the banks; in fact, their independence is zealously guarded. Yet it is proposed in this country to create a banking trust and forever vest in the banks the possession and control and ownership of these reserve banks.

Mr. OWEN. Mr. President

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Oklahoma?

Mr. HITCHCOCK. I do. Mr. OWEN. Does the Senator wish the Senate to understand that the banks of Europe are required to put their reserves in these so-called public-utility banks?

Mr. HITCHCOCK. I have not said so. I said they do it.

Mr. OWEN. To what extent? Mr. HITCHCOCK. They do it completely. Mr. OWEN. The Senator is mistaken.

Mr. HITCHCOCK. Why, Mr. President, the banks of Europe, in either Germany or France or England, keep practically nothing but till money in their vaults. They deposit their whole reserves in the reserve banks, and they have not a thing to say about the management of the reserve banks.

Mr. WILLIAMS and Mr. BRISTOW addressed the Chair.
The PRESIDING OFFICER. Does the Senator from Ne-

braska yield, and to whom?

Mr. HITCHCOCK. I yield to the Senator from Mississippi. Mr. WILLIAMS. Does not the Senator see the difference between that condition and a condition of things where the law compels the banks to keep up the reserves of the regional banks? There is nothing in the law of France that compels anybody except a branch bank of the Bank of France to put its reserves in the Bank of France. There is nothing in the laws of England that compels the joint-stock company banks to put their reserves in the Bank of England. There is nothing in the laws of Germany that compels any banks outside of the branch banks of the Reichsbank to put their reserves in the vaults of the

or unsafe they can withdraw them. A state of legal compulsion to maintain the reserves of the regional banks themselves, by depositing a part of the reserves of the member banks, must strike the Senator as a totally different thing from the voluntary deposit of one bank in another,

Whenever they feel that the management is bad

Mr. HITCHCOCK. In that respect, however, there is no difference between the bills. All bills require that these reserves shall be kept in these banks. Our reserve system is entirely different from that of Europe. There is no reserve required by law in Europe. A bank in the city of Berlin can keep 2 per cent reserve, or 3 per cent, or 4 or 5 or 20 per cent, just as it pleases. The law puts no compulsion upon it. It simply affords it an opportunity to keep its reserves in a great bank, under Government control, but it does not give it any voice in the control of that bank.

Mr. WILLIAMS. Neither has any other voluntary depositor

any control of the bank.

Mr. HITCHCOCK. But in the bill which I have reported the banks are permitted to elect four out of the nine directors, so that they will have a voice in the policy of the bank; they will have an insight into the management of the bank; but the banks will place their reserves there, not because they control the bank, but because they believe it is under Government control and is a safe place to put their money.

Mr. WILLIAMS. One word further.
The PRESIDING OFFICER. Does the Senator from Nebraska further yield to the Senator from Mississippi? Mr. HITCHCOCK. I do.

Mr. WILLIAMS. If the position which the Senator has been advocating for the last quarter of an hour is correct, then why should be commit the illogicality of putting four representatives of the banks upon the board? If it be a horrible thing to let the bankers have the control of the board, why is it not in time, though not in degree, equally horrible to let them be represented

on the board at all? It is purely a public utility, purely for a public purpose, and the member banks are to have no voice about the management of the regional banks. Why not do as they do in the banks of Europe and make the entire board official or public?

Mr. HITCHCOCK. Mr. President, I have great difficulty in pleasing the Senator from Mississippi. First, he criticizes me for having provided that the banks shall not have control of the board of directors, and now he criticizes me because they are permitted to have a minority in the board of directors. will tell the Senator, possibly, why it is. It is because I am the great compromiser. I was even willing to compromise my-self by sitting with a lot of Republicans in order to stand by my convictions, [Laughter.]

Mr. WILLIAMS. Mr. President, if the Senator will pardon me, I do not criticize the Senator for giving the banks four members; but I criticize his argument, and the logicalness and soundness of it, when, after arguing for a quarter of an hour or more that the banks ought not to have any voice, and that the public ought to control the whole thing, he finally confesses in the course of his argument that he is giving them four members, thereby to that extent confessing that the contention contrary to his own was at least partially sound.

Mr. HITCHCOCK. If the Senator was only criticizing my argument, I shall not answer him, because I will admit that it is a very easy matte: to criticize my argument. I am interested. not in my argument, but in the substance of this bill.

Mr. WILLIAMS. I was criticizing the Senator's argument

in the light of his position, which is his bill.

Mr. HITCHCOCK. I served with the Senator from Mississippi in the House of Representatives, and I presume he often found occasion to criticize my arguments then. I have no expectation of living up to the standard of argument maintained by the Senator from Mississippi. [Laughter.]
Mr. SHAFROTH. Mr. President—
The PRESIDING OFFICER. Does the Senator from Ne-

braska yield to the Senator from Colorado?

Mr. HITCHCOCK. I do. Mr. SHAFROTH. A few moments ago the Senator from Nebraska said that we were creating a bankers' trust, and very severely criticized that idea. I want to remind the Senator that in the bill which he introduced in April he did not permit any-body except a bank to become a stockholder in the reserve banks which he was creating.

I do not mean that for a criticism of the Senator's change of views, because I think it is very proper for him to change them; but I have a right to quote him as an authority and quote from his views at that time as against his views at the present time.

The Senator from Nebraska is a man who has made a study of the banking question for many years. He has visited the banks of Europe. He has found how they operate. He came back here and introduced a bill which did not let a single person on the outside of the banks come in as a stockholder in the banks; yet he says we are creating a bankers' trust because we have done the same thing that he did in the introduction of

Not only that, but the Senator says it is outrageous not to let the Government have a majority of the board of directors. When you turn to this same bill of his, however, you find that he provided that every one of the nine directors of these reserve banks was to be elected by the banks.

The bill that is presented here, both from the House and in the form of the Owen amendment, provides what? It provides that three of them shall be appointed by the Government, and it provides that six shall be appointed by the banks. Three of them, however, shall not be bankers. Three of them shall represent industry and agriculture and manufacture, and they are removable by the Federal reserve board if they do anything that is wrong.

Because we advocated that, and took our lesson from the bill which he introduced, the Senator charges that we are creating a bankers' trust. We have provided for the election of only six out of the nine, with the right on the part of the Government to remove three, and the right to appoint three in the first instance. Only three out of the nine are to be bankers; but in his bill everyone of the nine directors was to be appointed

I have not any doubt that a person can change his view; but he ought not to charge us with creating a bankers' trust, when on the 8th day of April of this year he introduced a bill, after a thorough study of the European banks, and placed those provisions in a bill which would come infinitely nearer creating

a bankers' trust than our bill.

Mr. HITCHCOCK. Mr. President, I thought possibly the statute of limitations had run against that bill. [Laughter.]

Certainly there is no Senator here who can say that I ever asked him to vote for it. It did not take long after I had had it printed for me to see that it was no good. While I will not allow anyone else to change my mind for me-be that understood—I always reserve the right to change my own mind.

Mr. SHAFROTH. Yes; but does not the Senator think he ought to be a little more liberal than to accuse us of creating a bankers' trust, when just seven or eight months ago he was

creating a still worse one, if we are creating one?

I do not object to the Senator changing his views. the very highest motive prompted him in doing so. the slightest doubt that he changed his views honestly and without any ulterior motive whatever, because I know his high character; but it seems to me that when he introduced a bill of this kind, the authority for which we can quote from the Senator himself, it hardly becomes him to say that we have introduced a bill to create a bankers' trust.

Mr. HITCHCOCK. Mr. President, the Senator from Colorado has made such a large portion of my speech that I hardly know where I am in my own speech at the present time; but as the Senator from Oklahoma desires to take the floor I shall

hurry to the close of what I have to say.

I want to call the attention of the Senate to the fact that in France the great reserve bank has a capital of \$36,400,000; the Reichsbank, in Germany, has a capital and surplus of \$58,000,000; the Bank of England has a capital of \$70,000,000, all owned by the people. It is seriously proposed in this country, with nearly three times the population of France, 50 per cent more population than Germany, and more than twice the population of England, to create 12 sickly little reserve banks, with an aggregate paid-in capital of only \$50,000,000 all combined.

Most of these little reserve banks would be smaller than the largest private institutions within their districts. They would be much smaller than the reserve banks in the big cities with which the country banks are already dealing; and to consider seriously that this amount of capital, split up into 8, 10, or 12 reserve banks, would meet the great requirements of the banking system for reserves and for discounts is, to my mind, nothing less than ridiculous.

I believe if France has found it necessary, as she has, by experience to have \$36,000,000 capital massed in one institution, and the Reichsbank \$58,000,000 capital massed in one institution, and the Bank of England \$70,000,000 capital massed in one institution, it will hardly do for this country to undertake to do a banking business along the same lines by entering upon our business with an authorized capital and paying in only \$50,000,000 and counting the liability of the banks as the rest of the capital.

It is the practice for shaky business institutions in this country to start with an authorized capital of \$200,000 and pay in \$60,000 or \$70,000. They print the word "authorized" in small letters and the "\$200,000" in large letters, and imagine that they have some substance; but the only capital is the capital that is paid in in cash.

Mr. POMERENE. Mr. President— Mr. HITCHCOCK. So, in this case, the only capital of these banks worth considering at all is the capital that will be paid in gold, in hard gold, to be used by the banks; and the authorized capital or the subscribed capital, being merely a liability of the subscribers, is not a safe capital with which to begin to

do the great reserve banking business of the United States.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Ohio?

Mr. HITCHCOCK. In just a moment. So I say, Mr. President, that our provision which requires the \$106,000,000 capital to be paid in in gold is the only safe way to begin business. I say it is a great deal better to have that money drawn from the pockets of the people and brought into the banking world fresh, to add to it and to strengthen it, than it is to take it from the banks, where it is now actively employed, and place it in the reserve banks. I say, furthermore, that it will be safer for the people of the United States, safer for the depositors in the banks of the United States, safer for the borrowers who must apply to the banks of the United States, and safer for the banks that must apply to the reserve banks for discounts, not to have the ownership of these reserve banks monopolized by the banking interests.

The Senator from Colorado objects to my statement that this is likely to create a banking trust. To compel the banks in the first instance to take this stock, and prohibit them from selling it, is to mass them together in practically a single organization, for all time, with a common interest. They will become a political power in every election. They will be knocking at the doors of Congress, and will be united in their demands. If they are not a trust for the purpose of doing banking business, they will be a trust for the purpose of controlling the politics of the United States.

The Senator says there are 25,000 banks in the United States. There are, and they have hundreds of thousands of stockholders, and each one of those banks is a center of power and influence. Unite all of them in a legalized banking trust and you do not know what monster you may be creating by law.

You would not allow them to do it without law. The whole theory of our legislation has been that such combinations are a I would rather have that stock ownership divided among the people. I would rather trust the control of those regional banks to the Government of the United States than to trust it to the banking interests, although I personally have a very good opinion of the banking interests of the United States.

Mr. POMERENE. If I may be permitted to interrupt the Senator-

Mr. HITCHCOCK. Certainly.
Mr. POMERENE. The Senator from Nebraska says there is Mr. POMERENE. no analogy between the corporation that has a small amount of paid-in capital stock with an authorized capital stock of a very much larger amount and the capital of the regional banks which would be authorized with \$106,000,000, with \$53,000,000 paid in and the other \$53,000,000 not to be paid in when the member bank or subscribing bank may will it, but to be paid in upon the call of the Federal reserve board at any time the condition of the bank may require it. When it is called in, as it would be if the Federal reserve board was composed of the right kind of men, the banks we propose would have the same capital as the banks which are provided for in the bill for which the Senator stands sponsor.

Mr. HITCHCOCK. Mr. President, if it became necessary in some great emergency, in the opinion of the Federal reserve board, to require the individual banks to pay in \$50,000,000 in gold, the very conditions which made that necessary would make it almost impossible for the banks to do so. It is a great deal better to allow the people to pay it in now voluntarily than to trust to the future power of the Federal reserve board to compel

banks to pay it in to meet an emergency.

I have been surprised, Mr. President, at the unwillingness of my friend, the Senator from Oklahoma [Mr. Owen], to accept this amendment. It is in line with his whole political doctrine. I half believe that he believes in it to-day.

Mr. OWEN. I will tell the Senator when I have a chance. Mr. HITCHCOCK. I will give the Senator a chance very gladly. I will give it to him now. I wish he would tell us why he does believe in it.

Mr. OWEN obtained the floor.

Mr. THOMPSON. Mr. President-

Mr. OWEN. I yield to the Senator from Kansas.

Mr. THOMPSON. Before the Senator from Oklahoma makes his address, I desire to make a short reply to some reference the Senator from Nebraska [Mr. HITCHCOCK] has made to Kansas and to myself.

He urged very strenuously that it' would be extremely advantageous to the people of Kansas to adopt the banking system he proposes in his bill, and he also stated that it is the desire of the people of Kansas to have such a bill passed. I believe that he claims to have learned of this sentiment on his recent visit West.

Mr. President, I wish to say that I also made a recent visit to my own State of Kansas, and I failed to find a single banker or business man who was favorable to the Hitchcock proposition.

Furthermore, as some evidence as to how the bankers in my State stand on this proposition, the executive committee of the Kansas State Bankers' Association, which is composed of some-thing like 930 bankers, met recently and adopted the following resolution:

Resolved, That it is the judgment of the executive committee of the Kansas State Bankers' Association that the interest of the American people will be best served by provision in the currency bill for not less than 12 Federal reserve banks for the especial reason that a stringency would not affect the whole country as now, but would be confined to its particular record.

A member of this association, in submitting this resolution, has written me a letter explaining the views of the bankers on this important question, which I think it would be of some importance at this particular time in the consideration of this question to read, and I desire to read it.

In reference to the inclosed resolution, passed at an executive meeting of the Kansas State Bankers' Association in Kansas City last week, permit me to suggest that you do not allow anyone to befog the real issue in this currency bill. The real issue in this bill is the 12 regional banks.

The opponents of the bill, in my opinion, would surrender to every feature in it if the Government would give in and compromise on one reserve bank with branches. In our opinion, we need the bill just as

At the present time all our reserves are in one place in the East, and each time that place gets into difficulty the entire country is paralyzed. We have had enough of that, I believe.

The new currency bill is like the new ocean liner; it has 12 airtight compartments, any one of which may be punctured and the ship still float in good shape.

I hope you will stick to the new plan of 12 regional banks. All the banks outside of the general reserve cities should be for it, and I believe many of them are, if you could get next to them confidentially, providing they understand the bill.

I have also submitted the substitute proposed by the Saneton

I have also submitted the substitute proposed by the Senator from Oklahoma [Mr. OWEN] to the State banking department of my State, and I have a short letter from Mr. P. E. Laughlin, the assistant commissioner, which I also desire to read:

Have to thank you for remembering me with copy of the new currency bill as agreed upon by the party caucus, and assure you that personally I am highly pleased with the measure.

I hope it will be passed promptly, as I believe it will prove entirely satisfactory to the interests of the entire country.

I have also submitted the bill to various national bankers of my State, and I have yet to learn of a single banker who disapproves of the measure.

I have several letters here, but I will refer to only one this evening, as it expresses the sentiment of all. It is as follows:

I beg to acknowledge receipt of copy of the currency bill as agreed on by the Democratic caucus and thank you very much for same.

I have read the bill through somewhat hastily, but am very favorably impressed with it in its present form, and think it is perhaps as near right as it is possible for us to expect. It is very much improved over the House bill, and I believe it will be a workable bill and one that all bankers will approve, in that they will accept the terms of same.

same.

I feel that it is quite important that a bill would be enacted that would meet with the approval of the national banks, and one that would be so attractive that other banks would come into the system, for it is not only that all banks already in the system should stay by it, but that the inducement would be so strong that new banks could come in and State banks already organized could have the benefit of same, thus making it a strong national proposition.

This, I think, the Senator from Nebraska will find is the sentiment of the people of Kansas on this proposition, and of the bankers in particular.

Mr. OWEN. Mr. President, this great question, which we have been studying in the United States for many years, has had every detail of it subjected to microscopic examination. It has surprised me to see the insistence of the Senator from Nebraska [Mr. HITCHCOCK] upon amendments which would greatly impair the efficiency of the plan proposed by the House of Representatives and which is now presented, with certain amendments, by the Democrats upon the Committee on Banking and Currency.

We have in the United States 25,000 independent, individual banks, each bank having its stockholders, composed of the citizens of the city or town or village where the bank is located, the stock owned by the people, the banks managed by the people, just as much as a grocery store would be managed by a little grocery company that might gather together \$25,000 of capital and conduct a grocery business for its immediate vicinity. These banks have each and every one of them their own reserve required by law, but in time of trouble they have no place to go; they must rely upon themselves, because they have no adequate security except in their own vaults. When a panic sweeps across the country and they call for their reserves deposited as open accounts in the reserve cities or the central reserve cities they are told that there is a panic on and they can not then get their reserves; much less can they get other needed accommodation or available currency with which to meet the demands upon them. Thus the panic conditions are emphasized and made much worse by almost unavoidable competition of banks seeking and hoarding cash as reserves in their own vaults.

In devising this new system of mutual cooperative assistance, if we had 12 Federal reserve banks, we would be concentrating on an average of 2,000 of these banks in each one of the 12 banks, because there are 25.000 of these independent banks. In effect, what we are doing here is providing a plan of mutual cooperation between these banks. We have had the wise and efficient example of self-assistance set to us in the clearing-house associations of the city banks, where they stand back to back in times of a run or of a panic.

When a run is made upon some single bank within the confines of a city like Chicago, for example, all the banks in the clearing house lock arms and stand guard together and furnish the necessary cash or credits to meet the demands made upon any one of their members. They do this voluntarily. They do it out of an instinct of self-preservation. They do it because it is obvious common sense that they join themselves together in self-defense. And now we are arranging a plan by which

an average of 2,000 of the banks may lock arms as members of a Federal reserve bank.

Mr. WILLIAMS. And legally.

Mr. OWEN. And do it by law under the safeguard and the patronage of the United States, under a plan by which their reserves are concentrated in one of these regional reserve banks, under the protection of the Government, whereby they can get obligations of the United States in the form of Federal reserve notes—good currency—against their commercial bills. So there can not arise again in this country at any time a serious stringency or a panic which can not be instantly abated by all the money which is necessary to restore confidence and to put an end to the monetary panic.

Now, in these net less than 8 nor more than 12, regional banks proposed in our measure, it is proposed that these banks which are going to be established under a charter of the United States shall hold a certain part of the legal reserves of the member banks. Altogether the member banks will put into these Federal reserve banks four hundred and odd million dollars of reserves, if all the national banks come in, and over

\$600,000,000 of reserves if all the State banks come in.

We propose that these banks-whose stock is owned by thousands of citizens-shall be the stockholders in these Federal reserve banks established for the mutual protection of the member banks themselves. It is a bankers' bank indeed. It is

established for that purpose.

The Senator from Nebraska [Mr. Hitchcock], instead of contenting himself with maintaining the proposal of the House of Representatives to establish a bankers' bank for the purpose of enabling these banks to protect each other, is undertaking to tear it to pieces by proposing to establish reserve banks upon a totally different policy. He demands a people's bank, the stock owned by the public, and that the banks, asked to contribute from \$400,000,000 to \$600,000,000 of reserves, shall not be in control of these establishments which are intended to protect them, which are built up for the purpose of giving them stability, but that the banks that may be compelled to put in six hundred millions of reserves shall have only a minority representation on the board of directors.

Mr. WILLIAMS. In their own mutual insurance associations?

Mr. OWEN. Yes; a minority representation in their own mutual insurance associations. In Europe there is a totally different state of affairs. We see in Europe great public utility banks, the stock owned by the public, receiving private deposits and extending private discounts; but in Europe they have just a few big, strong, powerful banks like the Credit Lyonnais in Trance, with branches everywhere throughout the country; and the Government of France was compelled in self-defense to establish a bank directly competitive with these big banks that otherwise would have been able to throttle competition and establish a dangerous private monopoly in banking. The Bank of France was not established as a means of protecting an individual competitive banking system such as we have in this country. They have no such bank system in France as we have in America. They do not have individual banks at every crossroads as we have. The Credit Lyonnais, a gigantic establishment, has its branches everywhere, and the Government had to establish a competing bank, which has the stock held by the public, which allows individuals to deposit in the Bank of France, which allows individuals to come to the Bank of France and get discounts and borrow money as low as 5 francs. An individual can borrow \$1 from the Bank of France. It is in direct competition with the big banks of France, and it was necessary in order to provide the French people a reasonable rate of interest by that competitive plan.

The American idea has been quite different. The American plan has been one of competition between 25,000 individual banks which are not permitted to have branches, the Corn Exchange Bank of New York being one of the very few exceptions

which is conducting branches.

Under the American system we have relied upon competitive banking in the United States, and now this bill proposing these 8 to 12 regional reserve banks is intended to enable the individual bank to fulfill its function by providing it with a place where it can always—not sometimes, but always, under every condition and in all circumstances—discount its commercial bills of a qualified class and get currency, where it can always get relief, and, therefore, where its individual freedom is for the first time established in the United States.

We are establishing the individual freedom of the individual bank; we are enabling the individual bank to perform its function without fear or a quivering cowardice that dares not go against the secret word that passes out from New York all

along the line that "there are going to be tight times." We have heard that deadly whisper too many times in this country; that secret, sinister, base, cowardly cry of fire! fire! fire!

The banks of this country when they hear that cry know that a stringency is on; they know that a panic can be created by making the banks of the country feel that deadly fear. They started out to do it just a few months ago, and the Secretary of the Treasury had to announce to the country that there were \$500,000,000 in printed money available to meet the demands. They started it again and he announced that the funds of the Federal Treasury would be freely put out in this country upon proper collateral in order to put an end to that fear which was

being stirred up by a few selfish men.

We propose by this plan to establish freedom in this country; we propose by this plan to establish a freedom of competitive banking in this country, in order that these banks may fulfill their proper functions by competition. We do not propose to have our plans miscarry and torn to pieces by the bad advice of the Senator from Nebraska. The Senator from Nebraska has been a student of this matter; he has studied the question for years, and it does not avail for him to demand leadership in this matter when just a few months ago he proposed all kinds of plans which he now decries. Why should he be followed as the only prophet who can see the truth?

Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. OWEN. I yield to the Senator from Nebraska.

Mr. HITCHCOCK. I should like to ask the Senator from Oklahoma whether or not he has changed his mind during that time on any important feature of this bill?

Mr. OWEN. The Senator from Oklahoma has not changed his mind as to Senate bill 384, which I am now going to read. Mr. HITCHCOCK. I should like to ask the Senator whether he has changed his mind on the subject of the public ownership of the stock?

Mr. OWEN. He has not.

Mr. HITCHCOCK. Will the Senator permit me to read some remarks that the Senator from Oklahoma made on that subject? Mr. OWEN. With pleasure.

Mr. HITCHCOCK. I read as follows:

SUGGESTION.

It is suggested that if the general public were allowed to subscribe to these Federal reserve banks for a limited sum, the capital could easily be obtained for these Federal reserve banks by popular subscription.

The stockholders of the Bank of England, of the Imperial Bank of Germany, and of the Bank of France are private persons, and it is an advantage for the banks of the country to be permitted to take this stock rather than to have it subscribed by private persons.

If the subscription by the banks is made merely permissive, then the stock books should be opened to the public, and I believe this would be a wise adjustment of the objection and would popularize the Federal reserve system.

If private persons are allowed to hold stock in the Federal reserve banks, there would be no reason why a bank withdrawing should not be allowed to sell its stock to anyone who wishes to buy.

It is provided by this section that the capital stock shall not be hypothecated, the reason for which is obvious. If, however, private persons were permitted to acquire stock in these Federal reserve banks, there would be no good reason why such person should not hypothecate or sell such stock.

In case private persons are allowed to take stock in these banks, it would be proper to allow the stock to be sold by the bank at its option. Some of the banks having complained that it is unfair to them to require them to take stock in the Federal reserve banks, the bill might be judiciously modified so as to make the subscription for stock by the banks permissive, but not compulsory, permitting the general public to subscribe for this stock on a 4 per cent guaranteed basis without a double liability, and permitting the Government directors of the Federal reserve banks to act as voting trustees for the stock held by the public.

Permitting the public to subscribe to the stock of the Federal reserve banks and not making the subscription to the stock compulsory on the banks would tend to popularize the banks and obviate the opposition of those banks who think their subscription to the stock should be optional with them.

Mr. President, I think that is splendid doctrine, and the Senator from Oklahoma thought so on the 26th day of June of this year.

Mr. OWEN. I will answer the Senator. I remember the notes very well. The banks at that time were declaring with great vehemence that they would not come in; that they did not feeling willing to enter a system where the United States Government was going to control the Federal reserve board. The alternative was then suggested that, if they were not going to come in, there was a way to get the necessary capital to protect the banking interests of this country and to protect the

stability of the commerce of this country by putting this stock

out to public subscription.

Mr. President, even in the bill which we have finally presented we have provided that if the banks do not accept the conditions imposed by the bill, in that contingency the stock will be offered to the public, because this country is not going to permit its commerce, its industries, its productive energies to be paralyzed by any future financial panic. There is no inconsistency in it. We have in this proposed system not only a plan to protect the banks themselves, but we are in this system also proposing to put a large amount of the United States funds into these banks—probably not less than \$200,000,000 of money.

It is only a reasonable and just thing that when we do that,

we ought to have the security of a list of stockholders who shall put in a substantial amount of money on their own part, and we ought to have a double liability. In the proposal which we have submitted we require the banks to subscribe for \$106,000,000 and to pay in one-half of that, but we also require them to be subject to a double liability on \$106,000,000, or a liability of \$212,-000,000, against the national banks alone, which is about the amount that the Government of the United States will expect to put into the Treasury of the Federal reserve banks as public

Mr. President, the Senator from Nebraska on April 8 insisted in his bill that there should be not less than 20 nor more than 25 Federal reserve banks, and yet in the committee he was disposed to demand one central bank, although the Democratic National Party declared against a central bank. There were others who preferred a central bank. Some thought that, as an economic theory, it was better. I am not finding any fault with that; I am only pointing out that the Senator from Nebraska has not, after his study of years on this matter, been altogether committed against the regional reserve plan.

In April last he agreed to a proposal for 20 or 25 regional reserve banks-not less than 20 nor more than 25-while in the proposal he submits now he says four banks, and then authorizes in two years "not more than eight additional banks," Mr. HITCHCOCK. Oh, no.

Mr. OWEN. Oh, yes; the bill speaks for itself, if the Senator

will read it.

Mr. HITCHCOCK. Oh, no; the Senator is entirely mistaken. I do not propose eight additional banks in two years. cession to the sentiment for eight, we inserted a clause permitting the Federal reserve board, appointed by the President, if they found it desirable after two years' experience, to add them. We did not add them, and we think the board will never add them.

Mr. OWEN. The Senator put in a provision:

That after Federal reserve banks have been organized and in operation for a period of two years in said four Federal reserve cities, the Federal reserve board may, in its discretion, from time to time, designate not to exceed in all eight additional Federal reserve cities, with the requisite Federal reserve districts appurtenant thereto, and for that purpose may alter and change the limits and areas of existing Federal reserve districts.

Showing that he had no feeling of certainty that 12 banks would not be required.

It is comparatively easy after you have established 12 banks to combine those banks and make a lesser number, but after you have once established a smaller number it is extremely difficult to cut them to pieces; it is almost impossible. The Senator himself will not say to the Senate that he believes it possible to cut those four banks up after they have once been established. He does not believe it within the bounds of reason.

Mr. HITCHCOCK. On the contrary, I took the trouble—
The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska?

Mr. OWEN.

Yes; I yield to the Senator. COCK. I took the trouble to draw a provision, Mr. HITCHCOCK. which the Senator will find in the bill, in which a plan is provided by which the Federal reserve board can and may add to the number of reserve banks if it finds it desirable to do so. was so confident, and I am so confident, that experience will vindicate the position that they are not desirable that I am perfeetly willing to trust the board with the power to add them if it finds it necessary or desirable to do so.

Mr. OWEN. But the Senator did not stop there. vided that the notes which were to be issued as bank currency should be redeemed in lawful money only and not in gold. Now the Senator can not permit them to be redeemed in lawful

money, but only in gold.

Mr. HITCHCOCK. Mr. President-

Mr. OWEN. I yield to the Senator. Mr. HITCHCOCK. If the Senator desires to discuss that old bill of mine, which was merely a tentative proposal which I introduced for the purpose of having it printed, he should bear in

mind the fact that those were nothing but bank notes; they were not United States promises to pay

Mr. OWEN. Oh, yes; I understand that.
Mr. HITCHCOCK. And I think it is rather a useless contribution to this debate to discuss a measure which the author himself abandoned about as soon as he devised it.

Mr. OWEN. Oh, I think the Senator was quite right in

abandoning it

Mr. HITCHCOCK. The Senator will recall the fact that I myself called the attention of the committee to the bill which I had introduced, and said that it was an indication of the value of study and the taking of testimony in the matter

Mr. OWEN. The Senator is quite right. I commend him to

further study.

Section 15 of Senate bill 384 provides:

SEC. 15. That each reserve association shall be governed by a board of nine directors, six of whom shall be elected by allowing each bank belonging to the reserve association one vote, and three of whom shall be elected by allowing to each bank one vote for each share of stock held by it. The board of directors shall elect a president, vice president, and cashier, who shall have the usual powers of such officers, but no person who is an officer or director in any bank shall be eligible for president, vice president, or cashier of a reserve association.

In other words, these banks were to be governed absolutely by the banks without the Government having a single director and without the Government having any supervisory whatever over the banks. The fatal defect of this bill intro-duced by the Senator from Nebraska was that it put into private hands the control of the credit system of the United States. That was the very fatal objection found in the central-bank plan proposed by the so-called Aldrich bill, written, I believe, not by Mr. Aldrich, but by a distinguished Senator who adorns this Chamber. The one great thing in common between the proposal of the Senator from Nebraska and the Aldrich bill is that in both cases the control of the credit system

was put in private hands.

The Senator has studied this matter; he has changed his old plan. I do not complain of any man changing his plan as he studies a question; I think that is right; but I call attention to the fact that the advice which is now being given to us so zealously, so insistently, and so persistently by the Senator from Nebraska will result in increasing the 18,000 State banks by probably 7,000 national banks in addition, because he proposes now to take from the national banks over \$400,000,000 of their reserves, and say to them, "We are going to manage your reserves by a governmental bureaucracy, which will name the president of each reserve bank, which will name the cashier of each reserve bank, which will name the teller of each reserve bank, which will name every employee of the reserve bank, which will write its by-laws, which will administer its affairs, and the \$400,000,000 which will be taken from you by law and put into these banks you will be permitted to see administered by four directors, if you choose to elect them, and you may go up there and look on." Will they come in?

Mr. HITCHCOCK. Mr. President—

The PRESIDING OFFICER. Does the Senator from Oklahoma yield to the Senator from Nebraska.

Mr. OWEN. I yield to the Senator from Nebraska.

Mr. HITCHCOCK. I understand the Senator from Oklahoma is a large stockholder and a director in a national bank. I ask him, would his bank stay out of the system if he and his associates were not permitted to select a majority of the directors

in the reserve bank?

Mr. OWEN. I will say to the Senator that I should think that the directors of any national bank would look with great aversion upon a system which took from them their reserves and did not permit them to safeguard those reserves. Under the plan which we propose the banks, although allowed to administer the affairs of the Federal reserve bank by choosing six directors, three of whom must be chosen to represent the public interest, but still acceptable to the banks, still trusted by the banks—those six directors with three Government directors sitting across the table from them, with one of the Government directors being chairman of the board, with the entire board subject to removal by the Federal reserve board for any mis-conduct whatever, are under the safeguard and the protecting care of our great Government; but the banks that put in over \$400,000,000, representing the savings and the money belonging to the stockholders, representing hundreds of thousands of our citizens—the banks, while they conduct the administrative part under the safeguard of the Government, we need not fear that they will administer the affairs of the bank unfaithfully. But we are not willing after having denied the banks any representation whatever upon the Federal reserve board, upon which they have strenuously insisted, upon which they have declared that unless they did have representation they would not enter

the system. The evidence was brought to us by the authorized representatives of the American Banking Association that unless they had representation upon the controlling board they would not come in.

We have tried to give the banks a reasonable right to safe guard their own funds and to administer their own funds under the supervising care of the United States, administered with full power in the Federal reserve board, and with three representatives at the table of every board of directors of each of the Federal reserve banks.

The Senator from Nebraska not only insists upon changing the entire policy proposed in this bill as to the stockholders, but also proposes to reduce the number to four, and he advises us with great zeal that we were instructed not to change a letter of the bill coming over from the House, not to cross a "t" nor to dot an "i," and yet in the same breath he tells you that we

have changed that bill until only 40 per cent of it remains.

What kind of consistency is this? When I challenge him to name the man, "No; he will not." The obvious meaning is that the President of the United States has exercised tyrannical power over the Senate of the United States, and has sent forth an edict that not a letter shall be changed in the House bill, not the crossing of a "t" nor the dotting of an "i." I say to the Senator from Nebraska that I regard it as poor party loyalty to misrepresent the President of the United States.

asked the Senator in the committee room whether or not the President ever had approached him in any indelicate way with regard to this matter, because in the committee room I had frequently to meet this insinuation; and the Senator replied that he had not been approached indelicately by the President

in any way.

Mr. President, it is a strange thing that the Senator from Nebraska is the only Democrat in this body who knows what the Democratic sentiment is in the Senate and in the House and in Nebraska. It was a great reception the Senator got in Omaha. That great chamber of the chamber of commerce, holding 300 citizens, was filled to overflowing. How many Republicans were there, how many bankers were there who did not have any politics one way or the other, is not recorded. But the Senator not only reproaches the President of the United States for a fault which he has not committed, but he goes further and he reproaches his party associates with having held a secret caucus and throttled debate.

I will say that as far as the caucus was concerned, I have preferred an open caucus. I have preferred a stenographer in the caucus; and who ever heard of a real secret caucus? There is no more secrecy in a caucus than there is in executive sessions in the Senate, and that is a standing joke. There is no secrecy.

And let us look at the action of the Democratic Party in caucus, if you please, on this bill. Here this bill, containing principles of government which have been discussed now for five years, came to us after the subject matter had been particularly inquired into by both branches of the Banking and Currency Committee of the House of Representatives, in the Pujo report, and in the Glass hearings, and thousands and thousands of pages of printed matter published upon this question. The matter, debated at length in the Democratic caucus of the House, debated on the floor of the House, finally comes over to us. Month after month we hear witnesses, beginning on the 2d of September, over two months, taking thousands of pages of evidence—3,200 pages—and after it is all over, then debating with our brethren on the Republican side in the committee. The committee will bear witness that we considered the matter as a committee in good temper, without partisanship; but finally we came to a parting of the ways. It became perfectly obvious that the Republican members preferred a central bank. The Democratic members were opposed to a central bank. And after we had discussed it for two weeks in the committee, then we separated quietly, peacefully, by common consent, I take it. The Democratic members perfected the measure according to their conception of what was best. The Republican members, with the Senator from Nebraska, did the same thing. And when that work was concluded the Democratic conference met and considered the report made by the Democratic mem-bers, but they did more. They considered also the report made by the Senator from Nebraska and the five Republican members of the committee, and they adopted a number of things which

There was no partisan hostility. It is a difference of the point of view, and the Democratic Members of this body met together in conference, as they ought to do, because they are charged with the responsibility of government before the country. They can not turn over that responsibility if they would; much less would they turn it over properly to the Senator from Nebraska and the Republicans of this body.

Why should the Senator from Nebraska turn the control of the Senate in this important matter over to the Republicans? They are not responsible to the people under the present circum-

ances. We have party responsibility.

Mr. President, this matter has been debated on this particular section for a number of hours. At this late hour I do not wish to detain the Senate longer. The Senator from Nebraska, with the cross-questioning which consumed much of his time, has given about four hours to discussing this proposed amend-I do not know whether anyone else desires to discuss this matter further, but I think the time has come to dispose of this contention, and I move to lay upon the table the amendment of the Senator from Nebraska.

Mr. GRONNA. Mr. President, may I ask the Senator from Oklahoma a question? Mr. OWEN. Certain

Mr. OWEN. Certainly. Mr. GRONNA. The Senator referred to the fact that under the provisions of his bill the banks would be required to place about \$400,000,000 in the reserve banks, which, of course, is frue.

Mr. GRONNA. Is it not also true, however, that the people would have six dollars in these reserve banks to every dollar placed there by the bankers? Is it not true that the national banks have a capital of about a billion dollars?

Mr. OWEN. Yes; that is true.

Mr. GRONNA. And that the people have deposits in those banks of nearly \$7,000,000,000?

Mr. OWEN. Yes; that is true; and in order to protect the deposits of the people in those banks it is of the highest importance to the people to enable the banks to act together and protect their reserves and to protect each other by having these reserves kept in large reservoirs, where the Government may furnish them also with elastic currency. It protects the depositors and will give the depositors a protection which they never have had in the past, and which will put an end to failure of national banks or member banks except where there is absolute theft of the

I move to lay upon the table the amendment of the Senator from Nebraska

The PRESIDING OFFICER. The question is on the motion of the Senator from Oklahoma to lay on the table the amendment proposed by the Senator from Nebraska.

Mr. BRANDEGEE. On that I demand the year and nays. Mr. WEEKS. Mr. President, I make the point of no quorum. Mr. NEWLANDS. I ask the Senator from Oklahoma not to press the motion at this time. It was my intention to speak this evening, and I yielded what I thought was the preference to

Mr. WEEKS. There are three Senators on this side prepared to speak this evening. If we are going to have that kind of a motion at 10 minutes of 11, I make the point of no quorum.

Mr. OWEN. It is not necessary to make the point of no quorum for that purpose, because I am perfectly willing to withdraw the motion.

Mr. OVERMAN. Mr. President, I rise to a question of order. The suggestion of the absence of a quorum having been made, we can not do anything else but to have the roll called.

Mr. BRANDEGEE. I ask for the regular order.
The PRESIDING OFFICER. The Secretary will call the roll. The Secretary called the roll, and the following Senators an-

swered to their names:

Ashnrst Overman Owen Smith, S. C. Smoot Sterling Bacon Brady Brandegee James Johnson Page Pittman Stone Johnson Kern Lane Lea Lewis Lippitt Martine, N. J. Myers Newlands Bristow Bryan Burton Swanson Thompson Thornton Vardaman Pomerene Ransdell Robinson Root Chilton Shafroth Walsh Crawford Cummins Sheppard Shields Shively Williams Gore Norris O'Gorman nna Simmons Smith, Ga. Hitchcock

Mr. JAMES. My colleague [Mr. BRADLEY] is unavoidably detained from presence here. He has a general pair with the junior Senator from Indiana [Mr. KERN].

The PRESIDING OFFICER. Fifty-three Senators have answered to their names. A quorum of the Senate is present. Senator from Oklahoma has withdrawn his motion to lay the amendment on the table.

Mr. KERN. Mr. President, it being now 2 minutes of 11 o'clock, I move that the Senate adjourn until to-morrow morning at 10 o'clock.

The motion was agreed to; and (at 10 o'clock and 58 minutes p. m.) the Senate adjourned until to-morrow, Friday, December 12, 1913, at 10 o'clock a. m.

#### NOMINATIONS.

Executive nominations received by the Senate December 11, 1913. PROMOTION IN THE REVENUE-CUTTER SERVICE.

Third Lieut, Roy Ackerman Bothwell to be second lieutenant in the Revenue-Cutter Service of the United States, to rank as such from July 19, 1913, in place of Second Lieut. Muller Stuntz Hay, promoted.

#### APPRAISER OF MERCHANDISE.

Thomas Butterworth, of Ohio, to be appraiser of merchandise at Cincinnati, in the district of Ohio, in place of George H. Kolker, superseded,

#### COLLECTORS OF INTERNAL REVENUE.

Frank B. Niles, of Ohio, to be collector of internal revenue for the tenth district of Ohio, in place of William V. McMaken, superseded.

Harry H. Weiss, of Ohio, to be collector of internal revenue for the eighteenth district of Ohio, in place of Alfred N. Rodway, superseded.

#### UNITED STATES ATTORNEYS.

Robert N. Bell, of Alabama, to be United States attorney, northern district of Alabama, vice Oliver D. Street, resigned.

Rogers H. Burnett, of Pennsylvania, to be United States attorney, middle district of Pennsylvania, vice Andrew B. Dunsmore, resigned.

James L. McClear, of Idaho, to be United States attorney, district of Idaho, vice Curg H. Lingenfelter, term expired.

Alexander D. Pitts, of Alabama, to be United States attorney. southern district of Alabama, vice James B. Sloan, appointed

Thomas D. Samford, of Alabama, to be United States attorney, middle district of Alabama, vice Warren S. Reese, resigned.

#### UNITED STATES MARSHAL.

Albert Bollschweiler, of New Jersey, to be United States marshal, district of New Jersey, vice Thomas J. Alcott, resigned.

### RECEIVERS OF PUBLIC MONEYS.

Fred A. King, of Grand Rapids, Minn., to be receiver of public moneys at Cass Lake, Minn., vice Elisha B. Wood, term expired.

Otto R. Meyer, of Dickinson, N. Dak., to be receiver of public moneys at Dickinson, N. Dak., vice William A. McClure, term expired.

### REGISTERS OF LAND OFFICE.

Peter M. Ringdal, of Crookston, Minn., to be register of the land office at Crookston, Minn., vice Arthur P. Toupin, whose term will expire December 15, 1913.

A. G. Swindlehurst, of Wadena, Minn., to be register of the land office at Cass Lake, Minn., vice Lester Bartlett, term

William J. Wood, of Sundance, Wyo., to be register of the land office at Sundance, Wyo., vice Joseph Lytle, removed.

### SUPERVISING STEAMBOAT INSPECTOR.

Eugene E. O'Donnell, of Massachusetts, to be supervising inspector, fifth district, Steamboat-Inspection Service, vice John D. Sloane, resigned.

# PROMOTIONS IN THE ARMY.

# QUARTERMASTER CORPS.

Maj. Herbert M. Lord, Quartermaster Corps, to be lieutenant colonel from March 4, 1913, vice Lieut. Col. Beecher B. Ray, whose recess appointment expired by constitutional limitation March 3, 1913.

## CAVALRY ARM.

Maj. John C. Waterman, Cavalry, unassigned, to be lieutenant colonel from December 2, 1913, vice Lieut. Col. Thomas J. Lewis, Cavalry, unassigned, retired from active service December 1,

### CORPS OF ENGINEERS.

Maj. Charles Keller, Corps of Engineers, to be lieutenant colonel from December 6, 1913, vice Lieut. Col. David Du B. Gaillard, who died December 5, 1913.

## INFANTRY ARM.

Maj. André W. Brewster, Infantry, unassigned, to be lieutenant colonel from December 2, 1913, vice Lieut. Col. George W. McIver, Thirteenth Infantry, detailed as adjutant general on that date.

Capt. John Howard, Nineteenth Infantry, to be major from December 5, 1913, vice Maj. Samuel Seay, Tenth Infantry, who died December 4, 1913.

First Lieut. William H. Patterson, Twelfth Infantry, to be captain from December 5, 1913, vice Capt. John Howard, Nine-

teenth Infantry, promoted.

First Lieut. Leonard J. Mygatt, Infantry, unassigned, to be captain from December 6, 1913, vice Capt. Frederick W. Fuger, unassigned, retired from active service December 5, 1913.

First Lieut. Elliott M. Norton, Twentieth Infantry, to be captain from December 6, 1913, vice Capt. Samuel W. Widdifield, Tenth Infantry, resigned December 5, 1913.

Second Lieut. Bruce B. Buttler, Thirtieth Infantry, to be first lieutenant from December 5, 1913, vice First Lieut. William H. Patterson, Twelfth Infantry, promoted.

Second Lieut. Evan E. Lewis, Twenty-fifth Infantry, to be first lieutenant from December 6, 1913, vice First Lieut. Leonard J.

Mygatt, unassigned, promoted.

Second Lieut. Paul A. Larned, Fifth Infantry, to be first lieutenant from December 6, 1913, vice First Lieut. Elliott M. Norton. Twentieth Infantry, promoted.

### APPOINTMENT IN THE ARMY.

Rev. John E. Rochford, of New York, to be chaplain, with the rank of first lieutenant, with rank from December 3, 1913, vice Chaplain Andrew C. Murphy, Fifth Field Artillery, resigned September 20, 1913.

# PROMOTIONS AND APPOINTMENTS IN THE NAVY.

Lieut. (Junior Grade) John A. Monroe to be a lieutenant in

the Navy from the 1st day of July, 1913.

Lieut. (Junior Grade) William F. Newton to be a lieutenant in the Navy from the 1st day of July, 1913.

Lieut. (Junior Grade) Garrett K. Davis to be a lieutenant in

the Navy from the 1st day of July, 1913.

Asst. Civil Engineer Kirby Smith to be a civil engineer in the Navy from the 8th day of August, 1913.

Asst. Civil Engineer David G. Copeland, with rank of ensign, to be an assistant civil engineer in the Navy, with rank of lieutenant (junior grade), from the 8th day of August, 1913.

Ruskin M. Lhamon, a citizen of Missouri, to be an assistant surgeon in the Medical Reserve Corps of the Navy from the 4th day of December, 1913.

Norman M. McClelland, a citizen of Texas, to be an assistant surgeon in the Medical Reserve Corps of the Navy from the 25th day of November, 1913.

### CONFIRMATION.

Executive nomination confirmed by the Senate December 11, 1913. UNITED STATES MARSHAL.

Albert Bollschweiler to be United States marshal for the district of New Jersey.

## HOUSE OF REPRESENTATIVES.

# THURSDAY, December 11, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the fol-

lowing prayer:

God of life and light, justice and mercy, truth and righteousness, love and liberty, we need the touch of Thy spirit, the counsels of Thy wisdom, the uplift of Thy power and guidance in every new condition and problem which confronts us for thought and action. We thank Thee for the gracious privilege of thinking and living our own thoughts. May we not forget that every question has at least two sides and the door is open for differences of opinion. Help us, therefore, to cheerfully accord to others the same right to think and act that we claim for ourselves; thus may we live in harmony and brotherly love as children of one God and Father of all men.

The Journal of the proceedings of yesterday was read and approved.

# EXTENSION OF REMARKS.

Mr. CURRY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by having published an address delivered by Representative Joseph R. Knowland, of California. before the recent convention of the National Rivers and Harbors Congress on the subject of "Pacific coast terminals."

The SPEAKER. The gentleman from California [Mr. CURRY]

asks unanimous consent to print in the Record an address recently delivered by Representative Joseph R. Knowland, of California. Is there objection? [After a pause.] The Chair hears none.

COST, ETC., OF PUBLIC BUILDINGS.

The SPEAKER. The Clerk will call the roll of committees.

The Clerk proceeded with the call.

Mr. CLARK of Florida (when the Committee on Public Buildings and Grounds was called). Mr. Speaker, I ask unanimous consent that the bill S. 2689, "An act amending an act entitled 'An act to increase the limit of cost of certain public buildings; to authorize the enlargement, extension, remodeling, or improvement of certain public buildings; to authorize the erection and completion of certain public buildings; to authorize the purchase of sites for public buildings; and for other purposes, passed without prejudice. The gentleman from Ohio [Mr. Ash-BROOK] has charge of a bill that was reported a day or two ago. I do not see him here just now, and he would like very much to call it up.

The SPEAKER. The gentleman from Florida [Mr. CLARK] asks unanimous consent that the Committee on Public Buildings

and Grounds be passed without prejudice.

Mr. MANN and Mr. UNDERWOOD rose.
Mr. UNDERWOOD. Mr. Speaker, I see that the gentleman from Illinois [Mr. Mann] has the same idea in mind that I

Mr. MANN. Mr. Speaker, we had a substantial understanding here in the last Congress that we would not pass committees Therefore I object. on call.

Mr. CLARK of Florida. Mr. Speaker, I then call up the bili

S. 2689.

The SPEAKER. The gentleman from Florida [Mr. CLARK], chairman of the Committee on Public Buildings and Grounds-

Mr. MANN. Mr. Speaker, that bill is on the Union Calendar and can not be called up to-day.

The SPEAKER. If it is on the Union Calendar, of course it can not be called up to-day. The Chair was not informed as to which calendar it was on. Is it on the Union Calendar?

Mr. CLARK of Florida. I see that it is, Mr. Speaker.

The SPEAKER. This bill is on the Union Calendar.

#### VOCATIONAL EDUCATION.

Mr. HUGHES of Georgia. Mr. Speaker—
The SPEAKER. The Chair will say to the gentleman from Georgia [Mr. Hughes] that at the end of 60 minutes, or when the call is exhausted, he has a right to move to go into Committee of the Whole House on the state of the Union.

Mr. HUGHES of Georgia. Mr. Speaker, I ask unanimous consent to call up this resolution, as it is unfinished business. I sincelely hope there will be no objection to that.

The SPEAKER. The gentleman from Georgia [Mr. Hughes] asks unanimous consent to proceed with Senate joint resolution No. 5, which was discussed for two days during the extra session.

Is there objection? [After a pause.] The Chair hears none.

Mr. HUGHES of Georgia. Now, Mr. Speaker, I ask unanimous consent to consider this resolution in the House as in the Committee of the Whole House on the state of the Union.

Mr. FOSTER. Mr. Speaker, I object.

The SPEAKER. The gentleman from Georgia [Mr. Hughes] asks unanimous consent to consider this resolution in the House as in the Committee of the Whole House on the state of the Union, and to that request the gentleman from Illinois [Mr. FOSTER] objects.

Mr. HUGHES of Georgia. Therefore, Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the purpose of further

considering this resolution.

The SPEAKER. The gentleman from Georgia [Mr. Hughes] moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the resolution (S. J. Res. 5), of which the Clerk will report the title.

The Clerk rend as follows:

Joint resolution (S. J. Res. 5) providing for the appointment of a commission to consider the need and report a plan for national aid to vocational education.

The SPEAKER. The question is on the motion of the gentleman from Georgia [Mr. HUGHES].

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of Senate joint resolution 5, with Mr. Moon in

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the resolution which the Clerk will report.

The Clerk read the title of the resolution, as follows:

Joint resolution (S. J. Res. 5) providing for the appointment of a commission to consider the need and report a plan for national aid to vocational education.

Mr. HUGHES of Georgia. Mr. Chairman, as this resolution has been previously discussed at some length. I would like very much if there could be some agreement reached as to the time for general debate, at the expiration of which the resolution could be considered under the five-minute rule.

Mr. FOSTER. Mr. Chairman, this is a very important matter, and I do not think the general debate should be limited

Mr. HUGHES of Georgia. Then I will withdraw my sugges-

tion, Mr. Chairman.

Mr. Chairman, this resolution is the result of an agreement between Senator Hoke Smith and Senator Page of Vermont. A bil! known as the Page vocational education bill was introduced in the Senate. That passed, but owing to the magnitude and importance of that great national question, those two Senators came together and agreed that it would be better to introduce and pass this resolution. This resolution is to authorize the President to appoint a commission of nine, whose duty it shall be to report a plan on vocational education.

Now, Mr. Chairman, that plan is not binding, of course, when it is submitted to this House in the event that commission is appointed; no more so than would be a plan submitted by an architect who expects to build a house. There have been several bills of this nature introduced, both in the Senate and in the

House, none of which has been acted upon.

Now, Mr. Chairman, there seems to be a difference of opinion, or rather a confusion, as to the Lever bill and as to the Page bill on vocational education. I wish to present my views so that they can not be misunderstood. The vocational bill, as I comprehend and understand it, is a measure by means of which the youths of this country can be instructed and educated and perfected in any calling in life which they may select. I believe the passage of that bill would reach every home in this broad land. I believe it would reach every town, every city, and every county.

Mr. Chairman, it has been said that "the boy is father of the man," and that is true. Hence it is our duty to equip the youths of this country in order that when they grow to manhood they will be useful and capable in the occupations which

they have selected.

Now, Mr. Chairman, the Lever bill, which passed this House, is really a demonstration bill. I wish to say as a farmer and as a Member of this House that I am in favor of that bill to the utmost. It is an extension, really, of what is known as the Knapp bill for demonstration work, which has done so much work and so much good in the great State of Georgia, which I in part represent. We have within the vaults of our various agricultural colleges scientific information that is now locked up and has long been locked up, and this Lever bill is a key to unlock those vaults and disseminate that information. In other words, it takes that theoretical, scientific information and carries it directly to the man behind the plow.

Mr. TRIBBLE. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman yield to his colleague from Georgia

Mr. HUGHES of Georgia. I do. Mr. TRIBBLE. The gentleman stated that the Lever bill passed the House at the last session. It has been reported again favorably to the House at the present session. Now, the gentleman states that this was a compromise measure between Senator Page and Senator Smith, Senator Page advocating a vocational education bill and Senator SMITH advocating a demonstration bill, which is the same as the Lever bill.

Now, that being true, would not the passage of this resolution and the appointment thereunder of a commission result in deferring the passage of the Lever bill? The commission, according to the resolution, is to report on the 1st of December next. That means December of next year, and not the present month of December. It means December a year from now.

Mr. HUGHES of Georgia. The bill is amended in that

Mr. TRIBBLE. Yes. That means that the commission would report a year from now to the House, and on that account would not the passage of this resolution mean the deferring of the

Lever bill for a year?

Mr. HUGHES of Georgia. Not at all.

Mr. TRIBBLE. Why, then, did Senator SMITH and Senator Page make the statement that this investigation should be had, covering the period of a year, as a compromise between those two bills? I may have misunderstood the gentleman.

Mr. HUGHES of Georgia. I did not intend to convey that idea. I meant to say that both Senator SMITH and Senator Page were in favor of a vocational-education bill, but there was some disagreement between them as to some of the details of that bill. Senator SMITH not only favored with all of his force and power vocational education, but he is a strong advocate of the Lever bill.

Mr. TRIBBLE. Will the gentleman yield further?

Mr. HUGHES of Georgia. Let me say this to the gentleman: There have been some amendments to this bill which have passed unanimously, and which will be recommended to be in-corporated into the resolution before it passes, and the intent is that this commission shall make their report as soon as possible. In the event that this resolution passes, I apprehend that men will be placed on that commission who know the importance of the great questions involved and who will use all their efforts to present their report at the very earliest possible moment. At the same time that will not affect in the least the passage of the Lever bill. I want to say that the gentleman from South Carolina [Mr. Lever] himself is in favor of this resolution, and if he is on the floor of the House I am quite sure that he will be glad to make some remarks concerning it.

Mr. TRIBBLE. One other question. As a matter of fact, the Page bill provides for demonstration work, just as the Lever bill does; and, as a matter of fact, I think you will find upon investigation that this was a conflict between those two Senators as to which one of these bills, the Lever bill-known as the Smith bill in the Senate-or the Page bill should pass that body. Now, these two Senators, one advocating the Lever bill demonstration work and the other-Senator Page-advocating the vocational bill which carries demonstration work have agreed, as I understand, that this measure shall be passed and that this investigation shall be had, which would postpone this matter a year. I am not opposing this resolution unless it retards progress on the Lever bill.

Mr. HUGHES of Georgia. I am glad to hear the gentleman

Mr. TRIBBLE. But I want to understand distinctly before I cast my vote for it that it will not delay the passage of the Lever bill or the demonstration work therein provided.

Mr. HUGHES of Georgia. That is my contention exactly, and I shall urge the position which the gentleman takes,

Mr. MONDELL and Mr. EDWARDS rose.

The CHAIRMAN. To whom does the gentleman yield?
Mr. HUGHES of Georgia. I yield to the gentleman from
Montana, who, I believe, was first on his feet.

Mr. MONDELL. My attention has been called to the fact

that the resolution provides for the appointment of a commission of nine men. Would the gentleman have any objection to an amendment substituting the word "persons"?

Mr. HUGHES of Georgia. The committee have already agreed to an amendment making it "nine."

Mr. MONDELL. That has been proposed, has it?

Mr. HUGHES of Georgia. Yes,

Mr. TOWNER. As I understand it, the amendment does not substitute the word "persons," but strikes out the word "men." Mr. HUGHES of Georgia. It provides for a commission of

Mr. TOWNER. So that it will read "a commission of nine." Mr. MONDELL. That is entirely satisfactory, so that the President may appoint a woman if he sees proper to do so.

Mr. TOWNER. I want to call the attention of the chairman of the committee further to the fact that it is the intention, as I understand, to strike out also the words "December 1 next," so that it will read:

Report a plan as soon as practicable for national aid to vocational education.

While there has been no action of the committee to that effect, as I understand from our conversation, that was the agree-

Mr. HUGHES of Georgia. That is the agreement, yes. Mr. TOWNER. So the gentleman will understand that this provision to report December 1 will not be urged by the committee. It will be the recommendation of the committee that the resolution shall read that this commission shall report as seen as practicable.

Mr. HUGHES of Georgia. Yes.

Mr. EDWARDS. Mr. Chairman, will the gentleman yield?

Mr. HUGHES of Georgia. I yield to my colleague.

Mr. EDWARDS. I heartily agree with my colleague [Mr. TRIBBLE] in favoring this resolution if it does not hinder the passage of the Smith or Lever bill. We regard both propositions as being important for the farmers of the country, and this resolution which you have up now is good not only for the farm-

ers but for everybody, as I understand.

I would like to ask a question concerning the words "December 1 next." As I understand, this language was put in last

September and referred to December 1, 1913.

Mr. HUGHES of Georgia. It would have been December 1, 1913, if the resolution had passed in time.

Mr. EDWARDS. Then, would there be any objection to putting into this resolution the proposition that the commission report by, say, the 1st of April, 1914, or as soon thereafter as practicable?

Mr. HUGHES of Georgia. The committee had that under consideration, and they were unanimously of the opinion that it would be well to use the words "report as soon as practicable." I assure you there is no disposition whatever to defeat the Lever bill, and I would oppose this bill if I thought it meant that.

Mr. TRIBBLE. I know the gentleman would. Mr. HUGHES of Georgia. There is no man in the House

more anxious to have the Lever bill passed than I am.

Mr. TRIBBLE. I will say to the gentleman, if he will permit me, that there is not a man on the floor of this Fouse who advocates the passage of the Lever bill with more force, strength, energy, and vigor than my colleague, Mr. Hughes of Georgia. That is the reason I call his attention to this fact.

Mr. BUCHANAN of Illinois rose.

The CHAIRMAN. Does the gentleman from Georgia yield to the gentleman from Illinois?

Mr. HUGHES of Georgia. I do.

Mr. BUCHANAN of Illinois. What is the need for the commission to investigate this matter if the Lever bill passes? Does not that provide for vocational education?

Mr. HUGHES of Georgia. No; the Lever bill is a demonstration bill. In other words, there is an accumulation of scientific information in the vaults of the sanctum sanctorum of agricultural colleges, and the farmer gets no advantage of it.

Mr. BUCHANAN of Illinois. Does the gentleman think that we have not sufficient information at this time to pass a vocational-education bill?

Mr. HUGHES of Ceorgia. No; and it has been delayed for

five or six years.

Mr. BUCHANAN of Illinois. Sometimes, as the gentleman knows, many worthy matters are delayed in making investigations for information, and that the investigations are really

for the purpose of delay?

Mr. HUGHES of Georgia. Mr. Chairman, I would oppose this measure if I thought there was any suggestion that it was

for the purpose of delay

Mr. BUCHANAN of Illinois. Such commissions as we had in

the tariff matter, in my opinion, were for the purpose of delay.

Mr. HUGHES of Georgia. We think that this will hasten
the passage of the Lever bill. We hope it will hasten the passage of this great measure, and I believe it will, judging from the letters that the committee is receiving daily on the subject. I believe that it will upbuild the country; I believe that it will have a tendency to keep the farmers' boys on the farm; I believe it will have a tendency to make them forget to be bad in these towns and cities, because they will become interested and will become instructed in their great chosen profession.

Mr. TALCOTT of New York. Will the gentleman yield?

Mr. HUGHES of Georgia. Certainly.

Mr. TALCOTT of New York. Would there be any objection to mentioning specifically in this resolution the bills that have

been before the House and the Senate?

Mr. HUGHES of Georgia. I scarcely think that would be necessary, because it will be plain that they are to present a plan for vocational education to the House for its adoption or rejection.

Mr. TALCOTT of New York. Reference is made in this only to the Lever bill and the Smith bill.

Mr. HUGHES of Georgia. The Lever bill is not included in this.

Mr. TALCOTT of New York. It is to be considered by the commission?

Mr. HUGHES of Georgia. Not at all. Now, Mr. Chairman, I have nothing further to say at this time, but I would be glad to answer any question.

Mr. GOULDEN. Will the gentleman yield?

Mr. HUGHES of Georgia. Certainly.

Mr. GOULDEN. Is there any objection to placing a definite

time when this commission shall report?

Mr. HUGHES of Georgia. The committee had that under discussion for a good while and we were convinced that the President would appoint men who knew the necessity of making a speedy report, and that the commission would make it as early as it was possible for them to do. Still, if we could agree on some time which would be ample for them to make the report I see no objection to it.

Mr. GOULDEN. I want to say to the gentleman from Georgia that he knows as well as I do that sometimes commissions are drawn out rather long, and I think it is well to fix a definite period in which they shall report.

Mr. HUGHES of Georgia. If the gentleman will excuse me. I think the time of this commission will be short, because there is

no salary attached to it.

Mr. GOULDEN. That is true; but I have had some experience with commissions, and they have dragged along for two There is a salary for the secretary and there vears sometimes. are other little things that creep in. I hope the committee will fix a definite time—either April, May, June, or July.

Mr. HUGHES of Georgia. Well, we want the best that can

be had, and the whole object is to get a plan as perfect as it is

possible to be.

Mr. FOWLER. Will the gentleman yield?

Mr. HUGHES of Georgia. I will yield to the gentleman from Illinois.

Mr. FOWLER. The gentleman from New York raised an interesting question, and I want a little further information. The gentleman from Georgia answered that it would hasten the report because there is no salary attached to the commission.

Mr. HUGHES of Georgia. I did not give that as the reason

altogether, but that is incidental.

Mr. FOWLER. Does not the gentleman think that if a definite time is set for the report, and also a fair compensation to the commissioners, that we will get a better class of work and probably a higher grade of men?

Mr. HUGHES of Georgia. I can not say that I would object to that feature of the bill. The committee had that under consideration, and they thought that the words "to report as

soon as practicable" would answer all conditions.

Mr. FOWLER. Did your committee discuss the question of compensation, a fair and reasonable compensation to the com-

Mr. HUGHES of Georgia. There is no compensation what-

ever. We did discuss that question.

Mr. FOWLER. And the committee was unanimous in eliminating it

Mr. HUGHES of Georgia. Certainly; the resolution contains

no salary

Mr. FOWLER. Do you not think that a better grade of work could be had by paying the men a fair compensation for

Mr. HUGHES of Georgia. I believe this is such a great national question that you can get the best men in the land to give their time and best services without any compensation.

Mr. FOWLER. Indeed, it is a great national question.

Mr. HUGHES of Georgia. It appeals to the patriotism of the

people of the country.

Mr. FOWLER. And it ought to appeal to our highest patriotism. I agree with the gentleman that every man owes to the country some duty without pay, but in such an undertaking as this, with but little information at hand heretofore compiled upon the subject, we will require the very highest skill in investigating the question in order that we may go into it from a scientific standpoint and bring before the people the very best information that can be had. Does the gentleman think that can be done without paying the commissioners a fair compensation?

Mr. HUGHES of Georgia. I do: and I do not believe that the committee would agree to the proposition of compensation.

Mr. FOWLER. The gentleman does not think that the committee would agree to limit the time, coupled with a fair compensation for the commissioners.

Mr. HUGHES of Georgia. They might agree to limit the time, but I do not believe the committee would agree to a com-

Mr. SMITH of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. HUGHES of Georgia. I do.

Mr. SMITH of Minnesota. Will the chairman of the committee state why the committee can not make this investigation itself by having hearings and perfect its own bill?

Mr. HUGHES of Georgia. Mr. Chairman, it is possible that might be done, but I do not believe, with all respect to that committee, which is one of the best in the House, that it will be able to submit a plan that perhaps would be as perfect as that which would be submitted by a commission, whose only duty would be to use their very best brain and energy to present a bill on this subject.

Mr. POWERS. Mr. Chairman, will the gentleman yield? Mr. HUGHES of Georgia. Certainly.

Mr. POWERS. Mr. Chairmen, I want to state that since there has been some objection made to this resolution on the ground that there is no definite date fixed when this commission shall report, I suggest to the gentleman that we might change the resolution by making them report April 1, 1914, or as soon thereafter as practicable.

Mr. HUGHES of Georgia. I suggest to the gentleman that he do not suggest any such amendment until we have a little further discussion, in order that we may find out the sentiment.

Mr. WILLIS. Mr. Chairman, will the gentleman yield?

Mr. HUGHES of Georgia. Certainly.

Mr. WILLIS. The gentleman will recall that when his bill was under consideration before I spoke against it vigorously upon the ground that I felt it would delay the passage of this legislation. I understood the gentleman from Georgia to say that the gentleman from South Carolina [Mr. Levers] was in favor of this measure and expected to speak in favor of it. Am I correctly informed?

Mr. HUGHES of Georgia. Yes; he is in favor of the resolution, and if it is possible will make a talk upon this subject.

Mr. WILLIS. He does not feel the passage of the resolution would delay the passage of the bill in which he is interested? Mr. HUGHES of Georgia. No; and I would not favor it

myself if I thought so.

Mr. WILLIS. The gentleman is confident that this will not

delay the legislation?

Mr. HUGHES of Georgia. I am confident of that, and I am anxious that the Lever bill be passed through this House at the very earliest possible moment, because it has been revised and has been made more effective and better. It has been introduced in the Senate by Senator Hoke Smith and has been introduced in the House again by Mr. Lever.

Mr. WILLIS. The gentleman will recall that my opposition rested entirely upon the proposition that I felt that this would delay the legislation upon agricultural and vocational education.

Mr. HUGHES of Georgia. Yes.

Mr. WILLIS. If the gentleman gives us his assurance that from his examination it would not delay this necessary and desirable legislation for the encouragement of agricultural and

vocational training, I am not disposed to be critical about it.

Mr. HUGHES of Georgia. I certainly feel it can not and will
not delay it. If I thought it would, I would not be in favor

of it.

Mr. Chairman, will the gentleman yield? Mr. OUIN.

Mr. HUGHES of Georgia. Certainly.
Mr. QUIN. I am in favor of this resolution, but I want this report to be submitted at a certain definite time. I favor both the Page and the Lever bills.
Mr. HUGHES of Georgia. Yes.

Mr. QUIN. Can not the gentleman put it at an early period. so that we may get this enacted into law before next June?

Mr. HUGHES of Georgia. The committee had that under

consideration, and we feel that the President of the United States will appoint men whose only object is to push with intelligence this great question in presenting this plan, and we believe that the commission as appointed will report if they can within 30 days or 60 or 90 days. We feel that the commission will report it at the very earliest possible moment,

Mr. NORTON. Mr. Chairman, will the gentleman yield for a

question?

Mr. HUGHES of Georgia. Certainly.

Mr. NORTON. Is it not a fact that a great many of the leading educators, presidents of State universities, and a great many faculty members of the leading universities and institutions of higher learning of the country desire that an investigation be made such as is contemplated to be made by this commission, before any legislation along the line of the Lever bill is enacted by Congress?

Mr. HUGHES of Georgia. I do not think so.

Mr. NORTON. The gentleman thinks that it is not their desire that this investigation be made by a commission before the Lever bill is passed?

Mr. HUGHES of Georgia. Not at all. We want the Lever

bill passed next week if we can.

Mr. NORTON. Well, who favors this resolution, then, among the educators of the country?

Mr. HUGHES of Georgia. Well, sir, the educators favor it,

the carpenters favor it, the brick masons favor it, the farmers favor it, and I think nearly every person connected with the business of agriculture in this country seems to favor it.

Mr. NORTON. I will state to the gentleman why I asked this question. I have had several letters from leading educators, presidents of universities and agricultural colleges throughout the country, and they inform me that they are in favor of the enactment of this resolution before any vocational education legislation is passed by this Congress. I do not believe the gentleman quite understood my question, when he says the leading educators of the country are opposed to this resolution.

Mr. HUGHES of Georgia. Are opposed to it?

Mr. NORTON. The leading educators of the country.

Mr. HUGHES of Georgia. They are not opposed to it.

Mr. NORTON. They favor it, do they not? Mr. HUGHES of Georgia. Yes; they favor it.

Mr. NORTON. So I have been led to believe. Mr. HUGHES of Georgia. And so do the farmers of the coun-

try and the mechanics of the country—they favor it, too.

Mr. BUCHANAN of Illinois. Mr. Chairman, I would like to ask the gentleman if he understands labor and farmers' unions favor legislation for vocational education or are in favor of this resolution for a vocational commission to secure information? I do not understand the labor unions or the farmers' unions or like organizations have made any expression in favor of a commission to be created for investigating this question, but that they are in favor of the legislation-

Mr. HUGHES of Georgia. That may be. Mr. BUCHANAN of Illinois. They are in favor of legislation on the subject of vocational legislation.

Mr. HUGHES of Georgia. Mr. Chairman, I reserve the bal-

ance of my time.

Mr. MURRAY of Oklahoma. Mr. Chairman-

Mr. TOWNER. Mr. Chairman, I desire to be recognized. The CHAIRMAN. Is the gentleman from Iowa a member

of the committee?

Mr. TOWNER. Yes, sir.

The CHAIRMAN. Is the gentleman from Oklahoma a mem-

Mr. MURRAY, of Oklahoma. No, sir.
The CHAIRMAN. The Chair recognizes the member of the

Mr. TOWNER. Mr. Chairman, I think there will be time Perhaps something ought to be stated enough perhaps for all. further with regard to the origin of this joint resolution. Members will understand that the joint resolution did not originate in the House nor in the Committee on Education. The joint resolution originated in the Senate and was the result of conferences between the Members of the Senate who had vocational educational bills pending and was reported unanimously by the committee and passed unanimously by the Senate. comes to us therefore as a Senate bill and is now pending here as a Senate bill. It will have to be amended. We have agreed on some amendments in the committee and further amendments will perhaps be considered by the House. I suggest to the chairman of the committee and other members of the committee that, in my judgment, it will make very little difference whether we state the time, as is suggested by some Members and as some Members think best, or not. I think that it would be best, perhaps, to mention some particular time. If a time definite is stated, for instance, as suggested, April 1 or as soon thereafter as posssible, it would not compel a report by the commission by April 1 if, in the judgment of the commission, circumstances should not warrant such action. Mr. Chairman, I think a fair consideration of the importance of this measure would lead everyone to agree as to the importance of this resolution. The question of vocational education is by far the greatest question now pending with regard to education not only in this country but all over the world. In England at present Parliament has under consideration a great scheme of education which amounts to an entire revolution of the plan of education in Great Britain. Its chief feature and the impelling cause of this is because they desire to engraft upon their system this vocational system of education which we have now under consideration.

It is, of course, a very serious question as to how far the General Government should go in vocational education and as to what part it should take in it. Largely and almost exclusively our general system of education is a State question, and not a national one. But the question of a vocational attachment, if I may so term it, to our educational system is so largely a question of evolution and development, that whether or not the General Government shall take a large or a very limited part in vocational education should be determined only by conference and perhaps by experiment. I think we all would not desire to embark the National Government into a great scheme of national vocational education at this time. But I think the action now contemplated is certainly advisable in view of the large elements in this case, in view of the men and women who are interested in it. As was suggested here, the labor unions are exceedingly interested in vocational education, and I have no doubt but that all these various interests would agree that if the President shall appoint, as he undoubtedly will, a commission of the best educators and experts that have already considered this question, if they shall have hearings upon the matter, if they shall consider carefully the question that I have suggested with regard to the relations of the National Government to it, with regard to its development as a part of the general system of education in the United | be obtained by it could be gotten without expense?

States, there can be recommendations made that will be of great benefit to Congress in consideration of future legislation.

This resolution provides that the commission shall report That by no means commits Congress to it after it is reported. However, all of the light, all of the learning and knowledge that can be presented, ought to be made available and ought to be considered by this House before legislation is taken. There can be no question whatever but Congress will be compelled to consider this question in definite form. There are bills now pending before us for consideration, and there will be others. Continually this pressure will be augmented. because it is a world-wide movement as well as a Nation-wide movement.

Mr. HARDWICK. Will the gentleman from Iowa yield for

a question?

Mr. TOWNER. Yes; I will be glad to do so.

Mr. HARDWICK. Where does the gentleman find any warrant in either the delegated or implied powers of the Federal Government for the Federal Government to engage in any sort of an educational project?

Mr. TOWNER. Let me answer the gentleman by saying that the general Government has already engaged very largely

in educational projects.

Mr. HARDWICK. I am speaking of the power, not of the

practices there may have been in the past.

Mr. TOWNER. It seems to me that that question is an absolutely theoretical one. Already the National Government has embarked upon the question of aiding education.

Mr. HARDWICK. I am asking the gentleman about the theory. He is advocating this thing, and I want to know what he rests it upon.

Mr. TOWNER. I must confess that I do not care to discuss the theoretical aspect of the question, but let me say to the gentleman that that will be one of the questions that will have to be considered. I have been suggesting to the House that the part which the National Government shall be called to take in this system of vocational education will be one of the great questions that will necessarily have to be considered by this

I want to say in regard to the question as to whether this commission will or ought to be able to do its work without compensation, that I am very sure there are eminent men whose services can be secured for this great national service, without compensation other than their expenses, which are provided for in this bill.

I do not think of anything else that I care to suggest to the committee.
Mr. ASWELL. Will the gentleman yield?

Mr. TOWNER. I will be glad to do so. Mr. ASWELL. There is a National E There is a National Education Association in this country consisting of 60,000 members. you can get all the information on this question that can be

secured by this commission, can you not?

Mr. TOWNER. I think not. You see the particular and very important thing we have to consider has not yet been considered.

Mr. ASWELL. About two years ago we devoted portions of a whole session to vocational education.

Mr. TOWNER. Oh, certainly. For 10 years past the questions of vocational education have been considered.

Mr. ASWELL. It is a fact that everybody in this House and in this country believes in vocational education, but is it wise to spend \$15,000 to do a thing that can be gotten in one or two letters?

Mr. TOWNER. The gentleman is assuming conditions I do not think exist. This commission is appointed to ascertain how the General Government can help in this thing, how far it can go with it, and that has never been passed upon, never has been reported, and never considered by this House.

Mr. ASWELL. Is not the Lever bill the answer to that ques-

tion now as to how far it can go? Mr. TOWNER. The Lever bill?

Yes. Mr. ASWELL.

Mr. TOWNER. The Lever bill is not a vocational bill.

Pursuing that question that the gentleman Mr. ASWELL. just asked, if this House is going to adopt the Lever bill and this commission is appointed, will not the body at the other end of this Capitol wait until the commission has been appointed before it will take action on the Lever bill?

Mr. TOWNER. No; I am sure not. This resolution and the

Lever bill are not necessarily joined in interest.

Mr. ASWELL. Does the gentleman think we should expend \$15,000 for this little effort when the information that would

Mr. TOWNER. If I could answer the gentleman at all, I would say his question implies a state of facts that I can not The information which he says already exists agree to at all. is not now available.

Mr. ASWELL. I am prepared to say that we can get it free-

without any charge whatever.

Mr. TOWNER. I certainly take issue with the gentleman, because it is a fact that while there have been for years discussions in regard to vocational education, yet there has not been considered by any of the committees that he refers to, or discussed in any of the reports that he refers to, the question as to how far and in what way the General Government has the power to aid in vocational education.

Mr. ASWELL. Has the gentleman read the reports on voca-

tional education made two years ago?

Mr. TOWNER. No; but I think I am justified in making

my statement.

Mr. BUCHANAN of Illinois. Mr. Chairman, will the gentle-

man yield?

The CHAIRMAN. Does the gentleman from Iowa yield to the gentleman from Illinois? The gentleman from Georgia [Mr. Hughes] has yielded the floor to the gentleman from Iowa.

Mr. TOWNER. Yes.

Mr. BUCHANAN of Illinois. Does not the gentleman think we have Members of Congress at both ends of the Capitol who are competent to decide the question as to how far the Federal Government can go in a case of this kind, without creating a commission, which, to my mind, will be an unnecessary expense and will result in delaying the passage of the vocationaleducation legislation that we are interested in?

Mr. TOWNER. I do not think so. If I did, of course I would not favor the resolution. This is such a wide-reaching question, a question affecting so many interests, a question affecting the laboring men of the cities and the farmers in the country, a question affecting every branch of activity almost in this country, that it is impossible for any man to compass the general It is peculiarly a matter about which wise legislation is entirely dependent on knowledge of existing conditions. facts can be ascertained, recommendations based thereon made, and wise legislation secured.

Mr. COX. Mr. Chairman, will the gentleman yield?
The CHAIRMAN. Does the gentleman from Iowa yield to the gentleman from Indiana?

Mr. TOWNER. Certainly.
Mr. COX. Does the gentleman know of any law in the State of Iowa that requires the teaching of vocational branches of education in the public schools there?

We have not a law requiring it, but we have Mr. TOWNER. a system under which the various public schools are allowed to do it, and they are doing it very extensively.

Mr. COX. It is not made compulsory in the State of Iowa?

Mr. TOWNER. No.

Mr. COX. I want to say to the gentleman that the State of Indiana has passed a law making it compulsory on the part of the public schools to impart vocational education. Now, here query that occurs to my mind. I do not know whether all the details have been fully and completely worked out in Indiana under the Indiana statute, but I am sure that the men at the head of it are working them out very fast and very rapidly.

Now suppose that this bill becomes a law and a report is made by this commission to this House, in a measure backed by the President of the United States. That report in no wise fits the condition in my State or in any other State which already has a law requiring instruction in vocational education in the public schools, and in such States where the question has been worked out does not the gentleman believe that instead of bringing about a benefit it would do an injury in cases of that kind because of conflicting interests?

Mr. TOWNER. I certainly do not, and I do not think the results which the gentleman apprehends would follow under any conditions or circumstances. It is, of course, barely possible that after the entire investigation of this matter it may be deemed wise for the Nation to go no further with regard to

vocational education.

The passage of this resolution does not commit us, except to the investigation of this great question, the consideration of it. and the reporting of the facts with recommendations. This we do in response to a great nation-wide demand, which I do not think we ought to refuse, and in response to a movement that is world-wide in its character with regard to vocational education. It seems to me that is ample warrant for the action that is asked to be taken by this resolution.

I reserve the balance of my time.

Mr. MURRAY of Oklahoma and Mr. POWERS rose.

The CHAIRMAN. Is the gentleman from Oklahoma a member of the committee?

Mr. MURRAY of Oklahoma. I am not.

The CHAIRMAN. The Chair must first recognize members of the committee, and then will recognize other gentlemen. gentleman from Kentucky [Mr. Powers] is a member of the committee.

Mr. POWERS. When this matter was before the committee some time ago I occupied considerable time. That being true,

I shall not say very much to-day.

There seems to have been some misunderstanding as to just when this commission shall report, and there have been some questions asked as to why the Committee on Education of the House does not solve this problem itself and formulate a bill and bring it before the House for action instead of indorsing a resolution whereby nine members of the commission shall be

appointed to investigate this question.

I want to say for the information of the House that the other branch of Congress at the other end of the Capitol has passed this identical resolution. In other words, that body came to the conclusion that the problem was so big and so intricate and so important that before taking any decided step, or, in other words, before enacting any law on this important question, a commission should be appointed to make a thorough and complete investigation of the entire question. And I want to say, further, that two of the leading Senators intensely interested in this matter, one a Democrat and the other a Republican, came before our committee and enthusiastically indorsed this plan of action. And after our committee had considered it we came to the conclusion that the Senate was right and that this resolution ought to pass. These nine men, to be appointed if this resolution passes, are entitled to no salary for their services. Their work will be merely a work of love. This resolution is not intended to furnish jobs at fat Nothing of that character is contemplated. Upon the other hand, the resolution specifically provides that these men are to get nothing for their services.

As the resolution was originally drawn this commission was to have made its report on or before the first of this month, but the matter went over, and the committee amended its resolution so as to make the report of this commission as early as practicable after the passage of the resolution and after their appointment. Since some objection has been made to the fact that there is no definite time fixed for this commission to report-and I can see the force of that objection-I am going to offer an amendment to this resolution in line 6, to add the

words.

April 1, 1914, or as soon thereafter as practicable.

That is, in order to put an incentive behind this commission, if they need any, and to give them a limited time in which to report, I shall offer this amendment fixing April 1, 1914, or as soon thereafter as practicable, instead of leaving them to report at will, or as soon as they may complete their investigation. It is true if they are not ready to report at that date the clause "as soon thereafter as practicable" will give them more time.

Mr. WILLIS. Will the gentleman yield?

Mr. POWERS. Yes.
Mr. WILLIS. I do not understand the gentleman's amend-

ent. How does he propose to change this?

Mr. POWERS. I propose to change this so as to make this commission report on April 1, 1914, or as soon thereafter as practicable.

Mr. WILLIS. You propose to strike out December 1 next? Mr. POWERS. Yes; and to substitute the words "April 1, 114," so as to have a definite date.

Mr. WILLIS. But you propose to leave the language "or as soon thereafter as practicable," which may mean almost any-

Mr. POWERS. That gives them more latitude.

Mr. WILLIS. A good deal more.

Mr. POWERS. But they have a fixed date mentioned as a time suggested when they shall report.

I yield the remainder of my time, or so much thereof as he may desire, to the gentleman from Oregon [Mr. LAFFERTY].

Mr. MURRAY of Oklahoma. Do any other members of the committee desire to speak?

Mr. MANN. The gentleman from Kentucky has yielded part of his time.

Mr. MURRAY of Oklahoma. How much time?

Mr. POWERS. If the gentleman from Oklahoma wants some

time, I can possibly yield to him some of mine.

Mr. MURRAY of Oklahoma. No; I will get my own time.

Mr. POWERS. I yield to the gentleman from Oregon [Mr.

LAFFERTY] the remainder of my time.

Mr. LAFFERTY. Mr. Chairman, I wish to apologize to the House for the fact that my remarks will not be directly upon this resolution, but they will bear upon the subject of the education of our people. When the House is in Committee of the Whole on the state of the Union it is permissible for Members to discuss any subject that relates to the welfare of the country, and I desire to say a few words on the state of the Union.

My remarks shall be directed to legislation which I deem necessary to the happiness of the people of the United States. It will be my purpose to point out the kind of a fight that must be made to secure this legislation. In doing so I shall endeavor to show that the channels of news at the present time are all controlled by the money power, and that, therefore, if the people are to win there must hereafter be more direct communication between Members of Congress and Senators here in Washington and their constituents at home. A small portion of my remarks may appear to be local in their application, but I doubt not that every Member within the sound of my voice will agree, that conditions with reference to our present news service are much the same all over the United States.

I have heard it said that no man can be nominated and elected to Congress or to any other important public office under present conditions, unless he be supported by a daily newspaper. That statement is not true, in my opinion. If it were true it would be most unfortunate for the public welfare, If it for in that case our Government would be completely dominated by, and our public servants would be entirely subservient to, privately-owned newspaper corporations. Newspapers are special-privilege corporations. All special-privilege corpora-

tions stand together when in common danger.

In my district there are three dailies, all owned by millionaires. H. L. Pittock owns a majority of the stock in the Oregonian and the Telegram, which I treat as one paper; S. Jackson owns a majority of the stock in the Journal, and E. W. Scripps owns a majority of the stock in the Daily News.

It would be as reasonable to expect a camel to go through the eye of a needle as to expect any one of these three newspaper corporations to support me hereafter, or to give publicity to the work I am doing here in Congress to break up private

Among other trusts there is the Newspaper Trust. The Associated Press supplies the Oregonian and the Telegram with news from outside of Portland, without which news neither paper could profitably run for a week; and the United Press supplies the Journal and the Daily News, the Journal receiving the full report and the Daily News the "pony" or abbreviated report, and neither paper could run without such outside news. These press associations now have it in their power to control the policies of the papers they serve, for the reason that they may withdraw their service at any contract-expiring period and give the same to another. Besides, all daily papers are under obligations to the press associations for not furnishing the same service to others who would start competing papers.

Mr. SHERWOOD. Will the gentleman allow an interruption? Mr. LAFFERTY. Certainly.

Mr. SHERWOOD. I will state to the gentleman that I have been elected four times to this House in a district nominally 10,000 Republican, a district which has a population of about 300,000, and I have never had the support of a single daily

paper in any campaign.

Mr. LAFFERTY. I am most delighted to hear the distinguished Member from Ohio, Gen. Sherwood, who is a fearless patriot and was a brigadier general in the Union Army, make that statement. It only coincides with what I said a moment ago—that I do not believe it is necessary that Members of this House have the support of daily papers in order that they may

come back here if they faithfully serve their constituents.

Mr. SHERWOOD. I understood the gentleman to say that no man could be elected without the support of the papers

Mr. LAFFERTY. I said that statement has been made, but

that I do not believe it.

Last April I introduced a bill to make the Associated Press, the United Press, and all other press associations common carriers of news, and to place them under the jurisdiction of the Interstate Commerce Commission. The effect of that bill, if it becomes a law, will be that press associations will have to furnish their news reports to all comers at the same price and upon equal terms, and if that price be deemed exorbitant any newspaper may complain to the Interstate Commerce Commission to have a reasonable rate fixed for the service, just as an application may now be made to the commission to have fixed a reasonable freight rate. Therefore, if my bill becomes a law any man may start a newspaper and be assured that he can buy any press report on the market upon equal terms with any other newspaper. That would break up the newspaper monopoly and

would make local newspapers independent.

About the time I announced my intention of introducing that bill, Mr. Bond P. Geddes, a reporter here in Washington for the House press, a gentleman whom most of the Members know personally and whom I now see in the gallery, came to my office and complained that I had said in a statement which appeared in the Congressional Record that the Associated Press and the United Press were controlled by the money power. Mr. Geddes stated to me that the United Press was owned by E. W. Scripps, the same man who owns the Portland Daily News, and Mr. Geddes, after pointing out that the Daily News had supported me in the last campaign, asked me to print a retraction in the Congressional Record of my statement that the United Press was controlled by the money power. Mr. Geddes stated that in coming to see me he was acting under orders from the Washington, D. C., manager of the United Press, who at this present time is Mr. Perry Arnold, in the Munsey Building. I declined to print any retraction. From that day to this my name has not appeared in the Daily News, except for brief mention when I was recently in Portland. The paper refused, as did the other three papers of Portland, to mention my departure from Portland for Washington on November 26, 1913, to attend the present session of Congress. Personally, I did not care, but I notified the Daily News, the Journal, and the Oregonian of my departure, and it was as little as they could have done to notify their readers, many of whom are in official correspondence with me as their Representative here, of the fact that I had been in Portland for three weeks and of my return on the day mentioned for Washington. The Oregonian and the Telegram refused to either mention my arrival or departure.

Mr. McKENZIE. Will the gentleman yield? Mr. LAFFERTY. I will. Mr. McKENZIE. I would like to ask the

I would like to ask the gentleman if, in his judgment, his fight against the money power, as he calls it, is the reason that the newspapers in his district failed to mention the fact that he had departed for Washington?

Mr. LAFFERTY. I do.
Mr. KEATING. Will the gentleman yield?
Mr. LAFFERTY. I will.
Mr. KEATING. Does the gentleman hold that any newspaper which fails to mention the going and coming of a Congressman is subject to the money power?

Mr. LAFFERTY. I do not

Mr. LAFFERTY. I do not. Mr. KEATING. So these newspapers that the gentleman refers to might have failed to mention his name for other

Mr. LAFFERTY. Certainly; a great many of the best men in the country are engaged in the newspaper business. Most, if not all, the reporters here are gentlemen; but they are hired to do certain work, and they do it.

Mr. McKENZIE. Will the gentleman yield again?

Mr. LAFFERTY. I will.

Mr. McKENZIE. Can the gentleman cite a single instance in this country where any man who is endeavoring to help the people or uplift society or purify the politics of the country

has ever been wrecked by the press of the country?

Mr. LAFFERTY. I can cite the instance of several who have been Members of Congress who have introduced bills to break up monopoly and who have been retired. During the late fight for the direct primary in the State of New York, when impeachment charges were preferred against Gov. Sulzer by Charles Murphy and William Barnes, we found the press of this country in sympathy with the impeachment proceedings.

Mr. KEATING. Will the gentleman yield? Mr. LAFFERTY, Yes, Mr. KEATING. While we are talking about Charles Murphy and Mr. Sulzer and the charge made by the gentleman from Oregon that the press of New York favored Mr. Murphy in these proceedings, is it not a fact that the press of New York,

almost without exception, condemns Mr. Murphy?
Mr. LAFFERTY. No; it is not. I read the editorials in the Washington Star and the Philadelphia papers and all over the country that whatever decision the high court of impeachment might render must be accepted as having been rendered without prejudice, thus preparing the public mind for the disgracing of one of the best men that ever served on the floor of this House. Mr. Sulzer, it is said, accepted campaign contributions. I did not accept a single penny during my last campaign and I never shall accept a cent from any source in the future. Mr. Sulzer did great work in this House; he did splendid work as governor of New York; and the charges were not preferred against him for any high crime or misdemeanor that he had perpetrated, but because he would not serve Charles Murphy.

Mr. KEATING. I understand that the gentleman places himself on the same pedestal as Gov. Sulzer. That is not the question I asked the gentleman. He made the flat statement that the members of the New York press had supported Mr. Murphy and opposed Gov. Sulzer. I ask him to name the papers in New

Mr. LAFFERTY. The New York Times, the New York Sun, and the New York Herald. The Tribune was halfway favorable to Mr. Sulzer, giving him lukewarm support.

Mr. MOSS of West Virginia. Will the gentleman yield? Mr. LAFFERTY. Yes.

Mr. MOSS of West Virginia. Does the gentleman contend that because Mr. Murphy filed charges against Mr. Sulzer that therefore Mr. Sulzer was not guilty? Does not the gentleman believe that whether Murphy or some obscure citizen had filed charges against Mr. Sulzer he was guilty of appropriating money that was contributed to campaign purposes for his own personal use, and that he ought to have been found guilty?

Mr. LAFFERTY. I am not saything that everything Mr. Sulzer did prior to the electon I would have done. I do say his impeachment and removal from office was a travesty on justice, a fraud and a fake, and was not done for the purpose for which they pretended to do it, but because he would not obey

Charles Murphy.

Will the gentleman yield? Mr. PLATT.

Mr. LAFFERTY. Yes.

Mr. PLATT. Does not the gentleman think that Mr. Sulzer had a fair trial?

No; he did not get a fair trial before an Mr. LAFFERTY. No; he did not get a fair trial before an unprejudiced court. That court was as prejudiced as the court that tried Robert Emmett and sent him to the scaffold.

Mr. PLATT. I think if the gentleman had been present at any of those hearings he would believe that that was a fair

Mr. CANTOR. Mr. Chairman, will the gentleman yield? I would like to ask him a question.

Mr. LAFFERTY. I can not yield further. Mr. CANTOR. But I want to deny a statement that the gentleman has made in respect to the court of impeachment. That court was composed of judges of the court of appeals.

Mr. LAFFERTY. Yes; and did not the best judge of that court of appeals—Judge Cullen, the most respected member of that court—refuse to vote for the impeachment of Mr. Sulzer?
Mr. CANTOR. Let me answer that.

Mr. LAFFERTY. But I will not yield further.

Mr. CANTOR. He said the governor

Mr. LAFFERTY. But I will not yield further. Mr. CANTOR. Well, I will answer it just the same.

Mr. LAFFERTY. All right; if the gentleman is going to

answer anyway, let him go ahead.

Mr. CANTOR. I want to say this, that the justice he names declared that the governor was guilty of moral turpitude, and should have been removed, but on the final vote he did not vote.

Mr. LAFFERTY. No; he did not make such declaration. Mr. CANTOR. He made such a declaration. Mr. PAYNE. Oh, yes; he did.

Mr. CANTOR. I am making this statement in justice to the Court of Appeals of the State of New York, in order to deny the statement which the gentleman has made about the court of impeachment. [Applause.]

Mr. DONOVAN. Mr. Chairman—
The CHAIRMAN (Mr. FITZGERALD in the chair). For what

purpose does the gentleman rise?

Mr. LAFFERTY. Mr. Chairman, I decline to yield?

The CHAIRMAN. The gentleman declines to yield.

Mr. DONOVAN. I do not ask the gentleman to yield. Is it

proper to make a parliamentary inquiry?

The CHAIRMAN. The gentleman can not make a parliamen-

tary inquiry while somebody has the floor.
Mr. DONOVAN. Then, I rise to a point of order.

The CHAIRMAN. The gentleman will state the point of

Mr. DONOVAN. The question, I understand, before us is the matter of a school commission.

The CHAIRMAN. The gentleman is not in order. He has of stated a point of order, and he will take his seat. The gennot stated a point of order, and he will take his seat. tleman from Oregon has the floor.

Mr. DONOVAN. Mr. Chairman, I rise to a point of order that the gentleman is not speaking to the matter in question before us.

The CHAIRMAN. The point of order is overruled, and the gentleman from Oregon will continue.

Mr. LAFFERTY. Mr. Chairman, having stood by my bill to break up the Newspaper Trust, and my statement that both the Associated Press and the United Press are controlled by the money power, well knowing that such action on my part would alienate my last vestige of newspaper support, so far as the dailies are concerned, I desire to give other Members of the House and my constituents and the country at large, so far as I can, my reasons for so doing.

Since I became a Member of this honorable body three years ago I have had but a single purpose, and that purpose is to work and vote for the public welfare upon all occasions as against special interests. I appreciate as highly as does any gentleman here the great honor of sitting as a Member of this House. But I did not regard my election to the House as the end but as only a means whereby I could help accomplish an end, to wit, the enactment of laws for the public welfare. few of those who voted for me, or for any Representative within the sound of my voice, had any special interest in our elections, but they were interested in the trust we are to discharge.

want to make it plain that Members of this House can not fully discharge their duties to work for the common people and the general public welfare if they permit their course to be influenced by newspapers printed by private corporations for private gain. There has been entirely too much toadying to private gain. There has been entirely too much toadying to "the press." Mayors of cities postpone important engagements in order to admit to their offices some gentleman representing "the press." Governors do the same thing. Cabinet officers, and even the President himself, scan the papers to see what sort of a "story" was "carried" by the various press associa-tions concerning some of their activities. These press associations and their newspapers soon let it be known what shading of opinion they will "play up strong," as they call it, and what they will ignore. In that way "the press" wields a powerful influence to-day on the actions of many public servants.
"The press" has two ways of killing off a public servant

who proves recalcitrant and insists upon serving the public welfare in season and out of season. One is attack and ridicule and the other is silence. By one means or the other "the press" figures it can bring any public servant to his knees before it. I have defied "the press." I shall continue to do so. In no other way, in my opinion, can a public servant be abso-

lutely independent and serve his employers.

It was as natural that the special interests should have seized upon "the press" as a means of controlling public servants as it is for a thug to grab the first bludgeon within his reach with which to strike you down when he desires your pocketbook. In former years the special interests could control public servants by sending their agents into conventions to nominate men known to be "safe," and by putting up the money to elect such men, but with the coming of the direct primary laws, the direct election of Senators, and the corrupt-practices acts, requiring that it shall be made public by affidavit where campaign contributions come from, all of which laws started with William S. U'Ren, in the State of Oregon, the special interests are, in their extremity, left with but one powerful weapon still under their complete control, and that weapon is "the press

Having now said this much, by way of preliminary, I desire to state a few facts for the benefit of the public, which the people of this country would never get out of the newspapers, as run at present, if they should read every word in them

from childhood to the grave.

In the first place, we have in this country \$125,000,000,000 in wealth, and 50 men own 40 per cent of this wealth. In other words, 50 men own nearly half of the total property of the United States. When any citizen gets this information out of a corporation-owned newspaper I wish he would come and let me know. Moreover, 200,000 men own 70 per cent of the wealth of the United States, leaving only 30 per cent for the remaining 99,800,000 people. The figures here given are taken from the United States census reports. These identical totals were given as correct in a speech upon the floor of this House and appearing to the Compression of August 1991. and appearing in the Congressional Record of August 9, 1912, delivered by the gentleman from Maine, Mr. McGhlicubby, who is one of the ablest and most conservative Members from the most conservative section of our country.

If any citizen believes that it is a healthy condition to have 2 per cent of our population own 70 per cent of our wealth, and to have 50 men own nearly half the colossal wealth of the United States, or that such a condition would have come about under fair laws, I should like to see that citizen. He would be the kind of a citizen who would believe the statement of a

private newspaper corporation, operated for private gain, in preference to that of his own public servant.

The wealth of this country has been concentrated by three methods, to wit, public-service monopolies, left to charge all the traffic would bear; industrial monopolies, allowed to charge for their commodities any price they saw fit to fix; and through usurious interest collected from the public at large by the money

During all this process of wealth concentration Congress has remained inert as though paralyzed. The newspapers have kept the public entertained by general information and by alleged "bitter contests" in Congress over nonessential matters, for example, whether the tariff on woolen manufactures should be 35 per cent or 50 per cent when either rate would be practically prohibitive.

If anyone doubts that the railroad companies, the express companies, the telegraph and telephone companies, the electric light and gas companies, the street railway and other publicservice companies, all of which are natural monopolies, are charging the public exorbitant rates, I will give just a few facts for consideration which do not appear in the newspapers.

Some time ago I wanted to send a telegraph message of 97 words from Portland to Washington. The agent said it would be \$6.50. I said, "I want to send the message at Government The agent looked it up in the rate book and told me the message would cost \$1.10, making a difference of \$5.40 on one little 97-word telegram. The reason the companies do this is that they do not want Government competition. They know if they charged the Government what they charge the public, that the Government would build lines of its own from Washington to Portland and from New York to San Francisco to transact the Government business, and they know that such lines would pay for themselves in one year at the rates they charge the public. And it is safe to say that the telegraph companies are not losing a penny on Government business.

The telegraph rate is only typical of the charges of all other public monopolies. One corporation—the American Telephone & Telegraph Co.—now owns all the Bell telephones of the United States, and also the Western Union Telegraph Co. This fact does not appear in the newspapers. But if any newspaper will prove that my statement is untrue, I will resign from office.

It was recently stated by Senator Cummins, of Iowa, that the railroads of this country are capitalized for \$17,000,000,000, and that no expert competent to judge the matter has ever placed their actual valuation at more than half that amount. For 20 years the people have been deluded into believing that Congress had invested the Interstate Commerce Commission with full power to fix railroad, telegraph, and express rates, but that was not true, for not until one year ago did Congress give the commission power to make a physical valuation of the railroads, and not until it was given that power did the commission have any authority to fix a rate, except when it was alleged that a given rate was unreasonable as compared with some other rate of the same railroad. Now, it will be seen how limited the powers of the Interstate Commerce Commission have been all these years, and still are, for the physical valuation has not yet been completed. The people have not been advised of this sham through their daily newspapers. And, now, that we gave the commission the power a year ago to make the physical valuation as a basis for fixing reasonable rates, we find the Associated Press and the United Press busily engaged in molding "public sentiment" to the belief that rates which the railroads themselves have fixed and under which the concentration of wealth partially took place, are actually too low.

At this precise point in the preparation of this speech, December 8, 1913, noon, I received the Portland Daily News of December 3, 1913, containing the following editorial:

### OUR RISING MR. LAFFERTY.

Out at St. Johns the other night Congressman A. Walter Lafferty took occasion to go out of his way to take a wallop at the News, and remarked, according to published reports, "the Portland News has been muzzled so far as saying anything good about Mr. Lafferty, which the editor had admitted was a fact."

Probably A. Walter was correctly quoted. If he said it, he lied, The editor of the News very frankly informed Mr. Lafferty, on his recent return from Washington, that this paper would not fight his fight as it had done the two previous campaigns. The News believes that Lafferty would never have seen the Halls of Congress without its support; the News believes that at the time it supported him, he was the best candidate in sight; it does not believe he is going to be the best candidate the next campaign.

The only reason the News has had nothing to say about the good things Mr. Lafferty has done has been because he has not done anything.

things Mr. LAFFERTY has done has been because he has not done anything.

For two terms he has resolved, and resoluted, and chattered, and extended his remarks in the Congressional Record, and sent out seeds, but if he has been responsible for a single meritorious act, if he has done anything for his district, if he has gained any standing in Washington, if in two terms of two years each he has climbed an inch to a position where he can be of service to this district, the fact has escaped the eagle eye of the News.

LAFFERTY is a Progressive, but he doesn't get anywhere. As a conversational artist, he is a wonder; he can devise more good reforms that never happen than any candidate we have met up with, and several months ago the News, after digesting his record, decided for itself that it was through with A. WALTER, and it did not disguise the fact from him

several months ago the News, after digesting his record, decided for itself that it was through with A. Walter, and it did not disguise the fact from him.

But the News has not been muzzled, nor is it fighting Lafferty; he is not an undesirable, he is not a crook, he is just a neat conversational artist, a charming dinner companion, and of late imbued with an overweening sense of his own importance without any considerable ground for his belief.

The News elected Lafferty twice and doesn't especially regret it; but Lafferty has had his chance and has not made good; that's enough said as to A. Walter.

But if a word more is needed, the News will remark that had it a year ago known what it now knows about A. Walter it would not then have supported him for Congressman. Also the News does not believe that he could possibly be elected from this district next campaign, even though he had a record of efficiency, which he has not.

The receipt of the Portland News was the first notice I had of such an editorial. But it was not a surprise to me. It had not been my intention to give the details of the flop of the Portland News, so far as its editor, Dana Sleeth, is concerned. But now I shall do so.

I arrived home in Portland Sunday, November 8, 1913. The following morning I went to the office of the Portland News, was greeted most cordially by Mr. Sleeth, and, knowing that he had received his orders, I told him that I did not expect the News to support me hereafter, but that I hoped it would make no difference between ourselves as friends.

Sleeth replied, "Yes; I received a letter about seven months ago about the case." He then told me that Roy W. Howard, of New York, president of the Unite. Press, which is owned by E. W. Scripps, who also owns the Daily News, sent Bond P. Geddes in to see me last April at the time I introduced the bill to put all press associations under the Interstate Commerce Commission. He further said that Howard had sent the notes of the interview made by Geddes, in which I had declined to print a retraction of my statement that the United Press was controlled by the money power, to B. F. Canfield, of Spokane, Wash., who is the northwest manager for all the so-called Scripps papers, of which the Portland News is one. Sleeth said that Canfield had sent the papers to him. That was all Sleeth said, but it was a fact that my name had not appeared in the Portland News from the date he received those "orders" up to November 9, 1913. In my speech at St. Johns I did not say that Sleeth had been muzzled; I merely recited the facts; but I say now that he has been muzzled, and I leave it to any sensible citizen to decide the question.

At the present time I have far more respect for the Oregonian and Telegram than for the Portland News. The Oregonian Publishing Co. does not make any bones of the fact that it is a representative of the money power and vested interests. But how is it with the Portland News? That paper is worse than a suake in the grass, because it has more intelligence. It is owned by E. W. Scripps, a multimillionaire, who has made his millions by hiring reporters at starvation wages and by starting 67 so-called penny newspapers in the United States, by establishing the United Press Association, which he also owns, and by pretending to be a friend to the poor people, Scripps is not now and never was a friend of the poor people of this country. He is a cold-blooded money-making multimillionaire. So long as he can take up the case of some unfortunate, like the poor woman who has recently been convicted of murdering her husband over in Connecticut and sentenced to be hanged, and make money out of it by using it to work upon the emotions of the poor people of the country, he does so. He has a set of reporters and a set of so-called editors trained in his peculiar school. They are to play to the poor people. They prate much about unimportant matters of local concern. But when Mr. Scripps once finds that a public officer is really amounting to anything and really endangering monopolistic graft, of which he is one of the most bounteous beneficiaries, he throws off his cloak and shows the cloven hoof. For every "pitiful" story printed by the 67 Scripps papers, appealing to the heartstrings of the poor and the unfortunate, a stream of pennies from the laboring people of this country, transformed into a stream of gold by the advertisers in Mr. Scripps's papers, pours into his coffers. He is simply cashing the misfortunes of the downtrodden.

But the meanest and most despicable part of the editorial attack upon me in the recent issue of the Portland Daily News is the statement that had it known a year ago what it knows now it would not have supported me. By that statement the writer of the editorial convicts himself and sews himself up from hereafter springing his mysterious information without making himself ridiculous, for earlier in the same editorial the writer says, "LAFFERTY is not an undesirable; he is not a crook." If that be true, the alleged information withheld from

the public can not be of any consequence. The editor realized that he had given no justification whatever to the poor people of Portland, who are my friends and who are his bread and butter, for having turned against me.

The simplest tests of common sense will show that the man who wrote the editorial was not sincere and did not himself believe what he was writing. As an excuse for turning against me, he says that several months ago he "digested" my record and found that I was not accomplishing anything in Congress. Mind you, several months ago was just at the close of my first term. No sane man expects wonders from a Congressman his first term. Yet during that term I had secured the passage of 16 bills, including one whereby the Government land-grant suit has been greatly expedited and the sum of \$1,000,000 turned into the Federal Treasury by compromise with the so-called innocent purchasers of the land that was sold, before the suit was brought to enforce the grant as to the remaining 2,300,000

The fact is that the only "record" the writer of that editorial ever "digested" was the letter sent him by the president of the United Press directing him to fight me or quit his job. He still has his job.

Again, as a pretext to his readers for deserting me, the writer

of the editorial says of me:

If in two terms of two years each he has climbed an inch to a position where he can be of service to this district, the fact has escaped the eagle eye of the News.

Yet when the paper deserted me, "several months ago," after "digesting" my record, I had not been even sworn in as a Member during my second term, and even now I am serving my second week of the first regular session of my second term, and not until March 4, 1915, will I have served two terms of two years each. These facts show that the pretended change of mind of the editor, based upon any just cause, is a pretense, a fake, a fraud, and a sham. This editor has a much poorer opinion of the intelligence of his readers than I have to delude himself into the belief that he could shove down their throats such miserable rot.

The editor takes unto himself full credit for both my elections. That is not nerve, it is pure gall. In 1910 I was nominated without the support of the Daily News, and my nomination was equivalent to an election. In the final campaign that year the Daily News remained neutral between John Manning and myself. So I became a Congressman without the support of the Daily News. The News, in the fall of 1911, when edited by Mr. E. O. Sawyer, did come to my support at a time when I needed it most, and I shall ever remain grateful for that help. And during the campaign of 1912 one or two of the most brilliant editorials ever penned by any man came unsolicited from Mr. Dana Sleeth in my behalf; and they, too, will ever be gratefully remembered. But I may merely mention the fact that during the time the News was supporting me I was supporting it and I made it more subscribers than any other man who ever said a word for the paper in Portland. But all the time I said the paper was owned by Mr. Scripps, a multimillionaire, and that the News might be expected to change front and begin fighting me any day.

Many people who have heard me speak in Portland will remember that statement. I may say, further, that when I had the support of the Daily News its support cut both ways. While it made me some votes it lost me some. Many people felt that might be the same wishy-washy, fly-by-the-night, undependable kind, as the News has now proved itself to be. But I hope these people will now see that I will stay put. Moreover, I may merely suggest to the editor of the News that last year in eastern Multnomah County, where the News did not circulate, I ran farther ahead, both at the primary and at the general

election, than I did down in the city.

"LAFFERTY is a progressive, but he doesn't get anywhere," says Mr. Sleeth. At that I am one ahead of the Daily News. It rails against Mayor Albee and fills its columns with talk of the recall of Tom Word till the public is sick and tired that the development of the public is sick and tired that the development of the public is sick and tired that the development of the public is sick and tired that the public is sick and tired the publ of its repetitions; but it advocates no specific laws, as I do, which would guarantee to every man and woman who toils a comfortable living while they are young, a competence for their old age, and an opportunity to live in happiness, own a home, educate their children, and take an annual vacation as they pass through this life. Just laws, such as the specific measures I have introduced into Congress, will, in my opinion, guarantee this much in return for the industry of every individual, and I believe the people will have these laws within the next five But they will not get these laws if they listen to such hirelings of intrenched special privilege as is the editor of the Daily News, who, for his paltry share of the plunder and pelf

represented by his salary, is willing to drive the dagger of treachery and falsehood into the heart of any public servant who has the courage to stand by the people's interests at all

But to go ahead with my speech where I was interrupted by the diversion to the Portland News. I was saying that both the United Press, owned by Mr. Scripps, and the Associated Press are now busily engaged in creating public sentiment to the effect that railroad rates are too low, and that the Interstate Commerce Commission ought to make an order raising the rates. I have recently read news items to that effect from both press associations, and doubtless every gentleman within the

hearing of my voice has done likewise.

I suppose these press associations would also have the telegraph companies raise their rates. The same men own both the railroad stocks and the telegraph company stocks. And I will give it as my candid opinion that the Western Union Telegraph Co. is now making a profit of 500 per cent per annum based upon its actual cash investment in its plant. This ought to be conclusively shown by the fact that it charges the public \$6.50 for a message for which it charges the Government only \$1.10, and no sane man will think for a moment that it is losing any money on the Government business. By analogy, the rates of the telephone companies, also owned by the same men who own the Western Union Telegraph Co., ought to be immediately cut in half by the proper governmental and State commissions.

I heartfly favor Government ownership of both the telephones and the telegraphs, and have bills pending for that purpose.

For many years all parties have complained bitterly against trusts during campaigns, but after the election little is said. The only way to control a trust is to give some governmental board or commission the power to control it. The trusts can not be controlled by talk or by simpering and hypocritical editorials

in the Scripps 67 varieties of gold mines.

The Portland News says I have no record for efficiency. Let us see about that. I was first sworn in as a Member of Congress April 15, 1911. On April 29 of that year I introduced H. R. 8092, being the first bill ever introduced into either branch of Congress giving the Interstate Commerce Commission power to fix maximum prices of commodities when found to be controlled by an absolute monopoly. It is true that my bill has not passed. But we now have a dozen bills of similar import pending and with a good prospect of such a bill becoming a law, But we now have a dozen bills of similar import pendtogether with the creation of an interstate trade commission to enforce its provisions.

During my first term also, as is shown by the Congressional Record for April 30, 1911, I secured the first vote ever had in the House of Representatives for the creation of a parcel post when I offered the so-called Lewis-Goeke bill as an amendment to the Post Office appropriation bill. That, too, was voted down and the bill went to the Senate without any parcel post. But there Senator Bourne secured the incorporation of a parcel-post amendment, and when it came back to the House it was

agreed to.

Relating to Oregon, during my first two years in Congress I secured the passage of 16 bills and secured larger appropria-tions for the district than it had ever had before. Besides, I put some life into the Oregon & California Railroad land-grant suit, and I may say now that I shall keep after the case till it is won. I now have a bill pending, which I believe will pass, directing the circuit court of appeals at San Francisco, where the case is now pending, to immediately certify the case to the Supreme Court and directing the Supreme Court to advance the case on its docket when received and to dispose of the same at the earliest practicable date. And I have every promise of appropriations during this Congress equally as favorable as those of the last Congress.

It is true that my bill did not pass directing the Secretary of the Interior, in the future expenditure of the reclamation fund, to give a preference to those States which had contributed to the reclamation fund more than they had received, the object being to return to Oregon the \$7,000,000 excess she had contributed to the fund from the sale of her public lands in excess of the amount she had received in reclamation work; but I have kept hammering away on my bill, and reintroduced it this term, and the Secretary of the Interior has recently recognized the equity of Oregon's claim and has ordered the building of the West Umatilla extension, to cost \$4,000,000. Besides, I have several bills pending to liberalize the homestead laws, making 2 acres of clearing and cultivation sufficient in a timbered area and opening up millions of acres of nontimbered lands now included in the withdrawals in Oregon.

From my position last Congress on the Committee on Irrigation of Arid Lands I have, this Congress, been promoted to membership on the Committee on Interstate and Foreign Commerce, one of the most important committees in the House. It meets several times every week. The work of each member of that committee is as arduous, as intricate, and as important as the work performed by any Federal judge. Yet the Portland News, parroting after its contemporaries, says of me:

If he has done anything for his district, if he has gained any standing in Washington, if in two terms of two years each he has climbed an inch to a position where he can be of service to this district the fact has escaped the eagle eye of the News.

It, is true I have introduced many bills which have not passed. But by introducing these bills I have put my promises to the people of my district and to the people of the country into concrete and specific form. The people of this country now know exactly where I stand,

That I shall be reelected, I have not the slightest doubt. I have faith in the intelligence of the average American citizen to stand by a servant who is faithful, and I expect before I leave Congress to see many of my bills, if not all of them, enacted into law. Of course, many of them can not now be passed. It takes a majority of the Members of Congress to pass a bill. But so far as I am concerned, I want the public to know that I stand ready to vote for the reforms I have proposed, and so long as I remain a Member of the House these mensures will be brought to the attention of the House at every session

On April 17, 1913, I introduced a bill in this House (H. R. 2908) to establish a mandatory nation-wide presidential preference primary, the only bill for the purpose offered at this session, except the one introduced by the gentleman from Illinois, Mr. Hinebaugh, and the latter bill left the matter of accepting its terms to the several States. Probably only a few thought my bill, or one like it, would ever become a law. But last Tuesday (a week ago) we found the President of the United States standing in this Chamber advocating just such a law, and that part of his address was vigorously applauded. Following the President's message the reporters went to the Committee on Election of President, Vice President, and House of Representatives, to find what bills had been introduced in the House for that purpose, and they found that mine was the only one. Needless to say, they did not mention it.

only one. Needless to say, they did not mention it.

There is one other bill I have introduced to which I wish to call especial attention. It is a bill providing for rural credits, or agricultural asset currency. I claim that the passage of this bill would lift from the backs of the American people the heaviest burden they now bear. As exorbitant as are the charges of monopolies, both carrier and industrial, which would be controlled and reduced under my pending bill to create an interstate trade commission, the interest charges of the money power annually exacted from the people of the United States are more exorbitant.

The Statistical Abstract of the United States Government shows the following astounding facts, none of which any citizen will ever get from a millionaire-owned newspaper, or from any Congressman who is afraid of a millionaire-owned newspaper. The total stock of money in the United States is only \$3,500,000,000. Yet, the people of the United States have on deposit in the banks of the country \$17,000,000,000. That is the first nut to crack. How is it possible? The only answer is that the banks are loaning credit, and charging 8 per cent interest for it, and are not loaning real money.

Next, the farmers of the United States have borrowed on their farms \$5,000,000,000, while the total stock of money in the United States, as stated, is only \$3,500,000,000. Again, I ask you, how is it possible? The farmers of the United States are paying annually \$500,000,000 in interest, or enough to build and fortify the Panama Canal. This interest charge is \$5 per capita of our population, and, of course, is added by the farmer to the cost of his products and is ultimately paid by the consumer.

If the farmers were paying this enormous interest to men who owned the money and had loaned it to the farmers, I would not complain. But that is not true. The men who have loaned this gigantic amount of "credit" to the farmers do not own either the money or the credit. They are simply loaning to the farmers something they themselves do not have, but which under our present financial laws they claim to have.

The game is worked in this way: A bank secures deposits, for example, of \$10,000,000. It then really owes its depositors \$10,000,000. But instead of holding this money on deposit it loans out what it "owes," except a small percentage, and the men to whom it loans again deposit the same money and it is again reloaned, ad infinitum, until we now have the conditions in the United States which the figures I have just quoted show.

If all the depositors should call for their money at once, they could not get it. For, as stated, the people have "deposited"

\$17,000,000,000, while the entire stock of money in existence in this country is only \$3,500,000,000.

The total stock of gold money in the United States is only \$1,000,000,000, or one-seventeenth of the total money the people are supposed to have on "deposit." So that if all the depositors should call for their money to-morrow and demand payment in gold they could only get 6 cents on the dollar, granting that the banks had in their vaults every dollar of gold in existence in the United States. At the same time the total property wealth of the United States is \$125,000,000,000. Therefore it is clear that we must have asset currency secured by property.

Being confronted with this condition and wishing to continue its business of loaning the credit of the people rather than real money, the money power has called for legal authority to establish a central bank, which bank shall have power to indorse the notes of citizens held by it and deposit same with the Government and secure from the Government a new issue of Treasury notes therefor. That was the Aldrich plan of creating more money. The Glass-Owen bill, which soon will become a law, follows that identical plan, except that it divides up the banking profits into 12 regional reserve districts, thereby distributing the profits of the credit business into the several parts of the country. The Glass-Owen bill is a step in the right direction, but it is a very short step. It leaves in the hands of the money power the authority to collect millions from the public aunually in the way of exorbitant interest, to which it is not entitled. The Government is going to loan to the regional reserve banks-private corporations-our Treasury notes at onehalf of 1 per cent interest, taking as security the notes of various citizens-the banks' customers-when such notes shall be indorsed by the regional reserve banks. That is all right as far as it goes, but while passing this bill we should have provided that the banks should not charge the public more than 3 or 4 per cent for these notes when the banks reloan them to the public.

The Glass-Owen bill is nothing more nor less than a plan for loaning Government Treasury notes to the citizens of the United States upon their notes, through the bankers as brokers, the banks guaranteeing the citizens' notes, and the bankers getting a commission on the transaction equal to the difference between one-half of 1 per cent, which the Government is to charge the bankers, and the 6 per cent or 8 per cent which the bankers will charge the citizens.

The new currency law will relieve the business situation, and to that extent it is good. But it should give the public more of the benefits.

Now, as a trailer to the Glass-Owen bill there is to be an agricultural credit bill, a bill to help the farmers. I introduced such a bill on October 11, 1913, H. R. 8835, by far the most radical one ever introduced into the American Congress, which bill is now pending before the Committee on Banking and Currency, having under consideration the matter of rural credits. I have been invited to appear before that committee soon, but my constituents will never hear of my work through the newspapers. All the other so-called agricultural credit bills merely provide for organizing the farmers locally, so that they may borrow money from the present Money Trust-the money power. It does seem to me that the farmers can do that much without "aid" from Congress; but my bill provides, fol-lowing almost the exact language of the Glass-Owen bill, that the Secretary of the Treasury shall cause to be printed and deposited in the Treasury of the United States an issue of Treasury notes, and shall, under such regulations as he may prescribe, loan such Treasury notes to the farmers of the country, taking as security first mortgages upon their farms, not to exceed 60 per cent of the unimproved value thereof, at 2 per cent interest per annum, and my bill provides that the profits which the Government shall derive, and it will derive a profit even at that low rate of interest, shall go into a special fund for the building of public roads. Mark my words, this bill is identical with the Glass-Owen bill, except that the Glass-Owen bill provides for loaning Treasury notes to the banks for one-half of 1 per cent, upon commercial paper, personal promissory notes, accepted drafts, and so forth, as security, while my bill provides for loaning the same kind of Treasury notes to the farmers upon first mortgages and at interest four times as high, to wit, 2 per cent. No man who is afraid of the money power or the newspapers would have dared introduce the bill I have offered.

Inasmuch as this country has property amounting to \$125,-000,000,000 and its stock of money only amounts to \$3,500,-000,000, the plan of the Government to issue asset currency to the public, based upon good asset security, is all right; and in so far as this asset currency shall be issued upon personal

notes, it is proper that the Government should provide, as in the Glass-Owen bill, that its Treasury notes shall be loaned to the public for individual notes, through the banks, requiring the banks to secure the Government by their indorsement of the notes. But as to that portion of the asset currency to be issued which shall be required by the farmers who have good real estate security to offer there is every reason why the loans should be made direct and not through the banks. The farmers have borrowed \$8,000,000.000, and they pay an annual interest, as heretofore stated, of \$500,000,000. This interest represents as heretofore stated, of \$500,000,000. a sum of money which will go to the banks if the farmers borrow through the banks. It will go to the Government-to the people-if they borrow direct from the Government; and the sum, as stated, represents \$5 per year to each man, woman, and child in the United States. It is a sum which would rebuild all of the telephone and telegraph lines in the United States three times. This is only a portion of the unearned interest the money power is collecting annually from the American people, and it can be saved to the people by the passage of my agricultural asset currency bill.

[At this point Mr. Moon resumed the chair.] Mr. BUCHANAN of Illinois. Will the gentleman yield?

Mr. LAFFERTY. Yes.
Mr. BUCHANAN of Illinois. Does the gentleman know I have introduced a bill which provides for issuing notes to loan to the farmers and workmen on their homes? I understood the gentleman to state that no one else had introduced such a bill.

Mr. LAFFERTY. I am sorry. I do not think I misrepre-sented the gentleman when I said mine was the most radical.

Mr. BUCHANAN of Illinois. I introduced a farmers' loan bill in the Sixty-second Congress.

Mr. LAFFERTY. I am glad to know the gentleman preceded me, and I give full credit to him.

I am in favor of the gold standard; I am in favor of sound

money; but do you know—
Mr. MURRAY of Oklahoma. And the gentleman wants asset

Mr. LAFFERTY. I want it; you bet. We have only \$1,000,000,000 of gold in the United States. The people have on deposit in the banks \$17,000,000,000. If they go to-morrow to the banks and demand their money in gold, the banks, with every penny of gold in existence in the United States, could only pay 6 cents on the dollar. The proper basis for money is to make so many grains of fine gold the standard of value and then to maintain all our other currency at a parity with that amount of gold by securing it with property. We only have a total of three billions five hundred millions of actual money, whereas we have \$125,000,000,000 of assets. It is ridiculous to think about a hundred and sixty-eight billion dollars' worth of business annually, which was the amount of the clearing-house transactions last year, being done on \$3,500,000,000 of actual cash-a little over 1 per cent of the business being cash and the rest credit. The farmers now have borrowed \$8,000,000,000 at 8 per cent iuterest, and there are only \$3,500,000,000 in existence in the United States.

My God, Mr. Chairman, are there any gentlemen here who are so dense that they will not understand that the money power by the control of credit is lending something to the people that it does not own itself? It is physically impossible for it to own that much cash, and it does not own the credit. The Glass-Owen bill, even without my agricultural asset currency bill as a trailer, will provide the best system of currency that any country in the world has. I have visited the other civilized countries of the world, and I know that the other countries are even more under control of the money power than this country will be after the passage of the Glass-Owen bill. But to have complete relief we ought also to have agricultural asset cur-

We are on the dawn of a new era; we are on the dawn of an era when the sovereign voters of the United States are going to come into their own, when they are going to have the benefit of the richest country in the world, when they are going to be able, if they engage in honest employment, to enjoy themselves while they are living and to improve their intellectual and spiritual being at the same time. That is what our forefathers fought for at Valley Forge, that is what all patriots of this country have bared their breasts to the battle for, and for Members of this House to fail to appreciate these facts and without fear or favor discharge their duties is not coming up to the simple requirements of the oath of office we take when we stand up here and are sworn in. I have heard these newspapers ridicule gentlemen of this House who are able men. The most humble Member of this House represents a one four hundred and thirty-sixth of the greatest Nation that has ever grown up under the beneficence of Almighty God. And when a

Congressman does his duty and honestly performs his great responsibilities he is entitled to respect rather than calumny and abuse. When I was just out of school, a few years ago, I was prosecuting attorney in the great State of Missouri, in the district of that great Democrat, CHAMP CLARK, and he can tell you whether or not I am one of the old blue hen's chickens. [Laughter and applause.]

In conclusion, I wish to call attention to just a few of my bills, which I hereby pledge the country to work faithfully for so long as I have the opportunity and a drop of blood left in

my body.

They provide for-

Agricultural asset currency, just explained. Nation-wide presidential primaries. Direct election of Federal judges.

A true label law for all food products and drugs.

An interstate trade commission to control monopolies.

A change of the rules of the House. I now have bills pending for all of these purposes. Under the present rules of the House, which are antiquated, nearly seven months of every regular session of Congress are consumed in passing the supply bills, which, being necessary to run the Government, are privileged and prevent any general legislation from being considered. These rules make the House merely an from being considered. These rules make the House merely an auditing committee. These rules work right into the hands of the standpatters who do not wish any legislation passed. have prepared a complete new draft of the rules, providing for one supply bill under the budget system, for record votes in committees, so that Members may be put on record both in committees and in the House upon all bills introduced, thereby preventing the present pigeonholing process whereby many good bills are killed without the possibility of fixing responsibility. Although I am now and have always been a progressive Replican, my set of rules were indorsed by both the Progressives and progressive Republicans in this Congress, who delegated me to offer them the first day of the extra session as a substitute for the old rules, and upon putting the matter to a vote my set of rules received 26 votes. Next Congress these rules will receive more votes.

I heartily favor the initiative, referendum, and recall, so that the people may pass good laws or kill bad laws when the legislative representatives fail to do so, and so that any representative or public officer may be recalled if he does not fulfill his preelection pledges or becomes corrupt. In no other way can we have a government of the people. Carrying out this idea of government by the consent of the governed, I have introduced a resolution for a constitutional amendment providing for direct election of Federal judges for 12-year terms instead of having them appointed for life. If we had such an amendment judges would not permit cases to drag as, for example, the Ore-California Railroad land-grant case has dragged, nor would they be hasty to hold unconstitutional a law for the benefit of the public.

I have in my possession a telegram from Judge Henry E. Mc-Ginn, of Portland, who is one of the ablest men in Oregon or any other State, approving my resolution for the direct election of Federal judges, which telegram I value as highly as any communication I have received during my three years in office, and during that time, I will say, I have received from Portland over 10,000 letters, and every one of them was answered the day it was received. I had the good fortune to meet Judge McGinn during my first year in Portland, and I have known him intimately ever since. The telegram which he sent me is as follows:

POSTAL TELEGRAPH Co., Portland, Oreg., April 16, 1913.

Hon. A. W. Lapperty,
Washington, D. C.:

Your head and heart are both right. Congratulations on your amendment Federal Constitution providing for election of Federal judges.
They will beat you never.

Hever F. McGiny.

I have a bill pending, H. R. 9832, requiring that all canned vegetables or meats have a statement on the label giving all the contents, with the percentage of each, as well as the year the product was packed. Mine is the only bill of the kind ever intro-duced. The so-called pure-food and drugs act of June 30, 1906, is very incomplete and inefficient, as Dr. H. W. Wiley has There is no reason on earth, except private greed, why such absolute safety should not be guaranteed the health of the country as is provided in my bill. The bill also provides that all packages, bottles, or other containers of food, drugs, or medicines put on the market for the interstate trade shall bear a label giving the true contents thereof, with percentages of

each. The people will never get these things if they fail to stand up for their rights. No great reform was ever wrought without a terrible struggle, a fight to a finish, and many times bloodshed. The fight I have been engaged in the past three years has been grinding. I have withstood it, and am stronger physically and mentally to-day than ever before in my life. I am in the fight to the end. No man can stand the fight that is made on him when he undertakes the battle for the public welfare, into which I have entered, unless he has a good moral character. Otherwise he would not last a month. Therefore I want my old friends to have courage, and those who only know me by reputation to demand facts when the dirty onslaught begins upon me by a united press during the coming fights. Were I guilty of an offense that would even amount to a misdemeanor, the enemy would have had me out of office long before this.

Finally, just a word for those who toil. It is for them that I am fighting hardest. I favor labor unions, and have always favored them. I favor a universal eight-hour day. I have offered a bill, H. R. 8826, making it unlawful for any mill or factory engaged in shipping its products into the interstate trade to employ men, women, or children more than eight hours a day. If this and the other measures I favor become laws, every man who works will be independent, he will be able to take a vacation each year, he will be able to educate his children, he will be able to lay by a little for his old age, and in this life he will be able to call his soul his own. Nothing less than this is justice. I deeply sympathize with all struggling poor people of Portland, of whom I am one, left as we are without newspaper assistance, but, thanks be to God and W. S. U'Ren, we have a State publicity pamphlet through which all candidates may make known to the voters their pledges, independent of the newspapers, and if I have my way about it the same kind of a publicity pamphlet will be provided for Presidential candidates, through a nation-wide direct primary law. and at the coming primary, while I do not agree with all of Mr. U'Ren's single-tax ideas, I shall certainly come home to Portland and cast my vote for him for governor of the State of Oregon if his name shall appear on the ballot.

I also heartily favor the old-age pension and industrial insurance laws recently put through in England by Lloyd-George. The newspapers have not mentioned the old-age pension law because it is opposed by the income-tax-paying higher-ups. But until conditions shall be changed so that a man who labors will be paid enough to enable him to lay by a competence, any man who works away his life for the good of the Commonwealth or the Nation should not be turned into the poorhouse or made dependent upon others when he is old and helpless. I have introduced an old-age-pension bill in Congress and I wish it could be brought to a vote to-morrow. I also wish that Mr. George's industrial insurance law would be adopted in the United States, so that poor laboring men and women, by paying a few cents a week in the way of revenue stamps to be canceled and placed upon a card, could create an insurance fund held by the Government, out of which surviving relatives would receive a reasonable sum for burial expenses and for their future support in case of the death of the insured.

The Portland News says in its editorial that I can devise more good reforms that never happen that any candidate it has met up with. There are 436 Members of Congress. Whenever the people of the United States elect 219 Members—a majority—who favor these reforms they will be passed. It certainly would be a backward step and would be postponing the happy day when these reforms will be realized for the voters to retire from Congress at the very beginning of his efficiency a man who has had the belief, backed by the courage, to advocate these reforms, at the cost that I have in the past and do now advocate them with all my heart.

I do not expect newspaper support for some years to come, but through paid advertisements and through official letters I shall keep the public advised as well as I can. I shall spend every dollar of my salary in the future, as in the past, for public printing, clerical help, halls, and so forth, in order that I may win this fight. No person contributed one cent to my campaign last year. I shall decline to accept a cent from any source in the future. I am not required under any corruptpractice act to include in any campaign-expense account what I pay out for official printing between campaigns or during campaigns, for that matter, when such printing is such as goes with the office I occupy. Congress has wisely given to its Members the postal frank in order that they may officially advise their constituents of their work, and had it not been for that postal frank the special interests would have had me out of office long ago. These same special interests now wish to see the p frank of Congressmen abolished. But it will never be done These same special interests now wish to see the postal

In final conclusion I wish to say that in all future campaigns, as in the past, I shall meet my constituents face to face in every

part of my district, and I shall in some way advertise these meetings. My standing challenge to any and all of the editors assailing me, and to anyone else having any reason to give why I should not have the confidence and esteem of my constituents, is hereby renewed to cover the full period that I shall remain in public life. And I want it noted that no one of them has ever yet accepted the challenge. I want to meet as many of my employers as possible. But I want the thousands of toilers whom I may never have the pleasure of meeting personally to know that I shall remain loyal to them to the end. [Applause.]

Mr. MURRAY of Oklahoma. Mr. Chairman—
The CHAIRMAN. The Chair recognizes the gentleman from Oklahoma [Mr. MURRAY].

Mr. MURRAY of Oklahoma. Mr. Chairman, we have drifted a little bit from the subject.

The object sought is increased production, and the problem to be solved is the discovery of the wisest plan to attain that object, whereby expenses of living may be reduced and future generations may be clothed and fed. This knowledge, sometimes called "vocational education," but more commonly called agricultural and mechanical education, is not a new science. It is the oldest science known to civilized man. We are just now having a revival of that science, lost to the white race during the many centuries of superstition and ignorance known as the Dark Ages. If you will but read the first book of Moses. or the story of Jacob and Laban, you will observe the ethnologic distinction between Jacob and Laban. You will further discover that Laban knew little of stock raising, while Jacob, the scientific stock breeder, knew and actually succeeded, through sexual selection, in demonstrating a principle of Darwinism 2,000 years before Darwin was born, wherein he robbed old man Laban of his herds by producing "a spotted, ringed, streaked, and striped" breed from the old man's herds. Jacob said the Lord had prospered him, and Laban thought it was true. But he was really robbing the old man by a process of science in the name of the Lord. But the story will disclose to you that the old man and his boys ultimately woke up, when it was too late, to the fact that Jacob, through a shrewd contract, had gotten the old man's herds by the process of science, or through his knowledge of stock breeding and feeding.

The resolution before the House looks to the creation of a commission of nine to devise a plan for "vocational education." Of all subjects, the white race, and especially the English-speaking peoples, have the least knowledge of agriculture. When ancient history points to the renown of Egypt and its rich soil, it is found that such was due to the splendid farmers of Egypt. The fertile valley of the Nile yet remains where it fed the inhabitants of the ancient civilization of Egypt; but the Egyptian farmer is gone.

There is no story in history but which brings in bold relief the renown, the wonder, and the grandeur of the Egyptian farmer. Even the Bible, as well as Josephus, speaks of the rich, fertile valley of the Nile. Hence production was ample, and its civilization grew the wonder of ancient times. Out of this civilization was established the great Alexandrian library. Through it the Pyramids were constructed. But after their country was overrun and controlled by a foreign race who could not comprehend that system the great library was destroyed and the civilization of Egypt went down in night never to rise again. But when you understand that the Egyptian farmer made it a rule annually to turn up and break up the soil 10 or 11 inches deep just prior to the overflows, which resettled it, thus giving for a dry season an 11-inch water base and available fertility for plant life, then you will understand the reason for the renowned fertility of the Nile to be due to a complete knowledge of the laws and science of production. In the great Roman civilization the same principle applied. They, too, held to the rule of deep annual breaking of the soil and to scientific, intense cultivation; and notwithstanding the Roman governmental principle militated against individualism the farmers of Rome developed an individualism and independence, giving ample production and feeding, clothing, and making possible that great civilization. But other classes grew jealous of this independence and, just as we have done in the past few decades, stinted the farmer, and in order to break down his independence passed the "Agrarian laws" and placed the title to his estate in the Government of Rome, that they might jerk his farm and home from under him. This so discouraged the Roman farmer that he refused to put forth extra effort to build up the soil year by year until he lost that great art. Production began to fail. High cost of living followed, ushering in a decay of the Roman civilization. I want to say to the business and professional man, and especially to you men of the East-and I measure my words as I say it—that to stint the farmer is but to take the bread from your own mouths. In proportion to governmental care for the direct producer just in that proportion will all other classes prosper, and, conversely, that in proportion to your stinting him will you suffer the consequences. The farmer can stand low production better than you can. Obviously, your wisest plan would be to give him all of the opportunities; to encourage him to remain upon the farm, because it means greater production, less cost of living, and strengthens his ability to feed mankind. For, after all, the farmer must feed the world. I was astonished when I read the first annual report of the Secretary of Agriculture on the farmers' needs. This report is made up of methods of "coordination" for his department, which is but another term for centralized control, but is weak in recommendations for the farmer. I stand appalled at two statements in that report, one in which he says the farmer ought not to ask for rates of interest lower than other people, even after the Secretary advocates a rural credit system from 10 to 60 years, which discloses the superb ignorance of a knowledge of agriculture and its needs of this otherwise learned Secretary of

While it is true that in a "commercial system" of banking, interest rates should be uniform to all, but "commercial bankmeans, primarily, personal security on short-time loans; but the farmer can not pay on 60 years' time such rates as must be charged under a "commercial system" of banking. The Secretary further says that the farmer ought not to organize or cooperate with a view to fixing his prices. This statement is doubtless made upon the assumption that his prices will be too high to other classes, which will prove true under low production, but can never prove true under a scale of ample production, where the number of farmers are proportionate to other vocations—in short, when the farmer remains on the farm. But they will not all remain there if you do not encourage them not only in the knowledge of agriculture but in his credit and banking privileges, in your tariff laws, and in all the other policies and measures of government. The professional or business man is shortsighted indeed if he can not see these fundamental truths, and I warn you now that such narrow policy in Congress and through the Secretary of Agriculture will bring wreck and ruin first upon you and the laboring man living in your midst and serving you at the machine and in the shops. Though you despise the farmer, your own selfish interest ought to dictate the wiser policy of encouraging him and all who would desire to engage in the calling of agriculture. Europe has done this. All nations of Europe have felt these requirements needed, and have made such provision, not that they like the farmer better than we but that they know their own interest better than the American nonproducer.

The lessons to be learned from the experience of Rome and of Egypt are sufficient to prove the sound philosophy of Olin M. Roberts, of Texas, in his wise saying that "civilization begins and ends with the plow." Therefore the knowledge of the plow and its allied uses is the knowledge of first magnitude.

During the Dark Ages the white race lost the science of agriculture. Perhaps the German, the Dane, and the Swede have retained more of this knowledge than any other. The Chinese, by reason of their superior knowledge of agriculture, have been enabled to support one-fourth of the people of the world. For 40 centuries, without mining or manufactures, upon agriculture alone, they have lived in peace, fed, and sustained that dense and congested population. When you understand that the Chinese have in the country precincts 4,800 people to the rater mile, which would compress, at that rate, in one of our average Western States the entire population of this Republic, you will then realize that if we were to double our population without increasing the knowledge of agriculture, our power of production, misery and starvation would confront us-if not social revolution destroy us.

It will not be my purpose to discuss whether Malthusianism is true, but Prof. Malthus once taught that the time would come world when, with universal peace, the world could not feed itself, due to the fact that production increases by arithmetical ratio, while population increases by geometrical ratio. But whether that doctrine be true or not, we are confronted by the stubborn problem of production sufficient to feed our people; and if we were to double now the population of this Republic, revolution would inevitably follow. When I cite you the fact that this Republic and the States have spent for 25 years \$180,-000,000 annually for agriculture and increased production only 3 per cent plus, while population has nearly doubled, then you will realize what the next 25 years will bring to us.

The resolution before the House disclosed from its discussion even the lack of knowledge by these otherwise intelligent gentlemen who compose this House. The Lever bill is an entirely different bill from the proposition submitted in this resolution. adoption of this resolution is meant that this body, with its present information, is not ready to enact a bill now to provide for agricultural education, then I would favor it in order to obtain that information. If it means that after its enactment the committee that would be appointed would be entirely made

of university professors, I would oppose it.

In this statement I would not have you believe that I am opposed to universities. On the contrary, I believe in them. I repeat, again, I believe that it is of equal importance that a few men be educated beyond the great body of citizens as it is to diffuse knowledge among all the citizens, but this knowledge for the many should be confined to those things they can in after life use. Many things are produced by scientists and men of learning of common use among the people, but which few of our citizens would care to learn. Among these is the almanac, which in colonial times was made alone by Ben Franklin and sold to the people; but the knowledge of making almanacs, which few of us would care to learn, is understood by so many they now give them away.

There are two systems of education-the "classical" and the "industrial" schools-the university and the agricultural and mechanical college. Both schools are required if we are to subserve the best interests of American society, but they can not be conducted on the same plan nor united in their faculty or

management.

If for an entire generation all the States in America should appropriate a half million dollars annually for the support of their universities and in that generation produce but one Jefferson, it would be worth that aggregate expenditure. Likewise, it would be worth such expenditure if each State would appropriate for a like period the same amount for an agricultural and mechanical college and in one generation they created one Luther Burbank, who has produced 2,500 new plants-among them the Burbank potato for the dry regions of the West; the navel, or seedless, orange; the white blackberry; the seedless grape; the cross between the apricot and the plum, called the plumcot; the spineless cactus; and others too numerous to mention. His horticultural and agricultural achievements, the pure composite of science, in the interest of man and to feed the world, marks him the greatest benefactor for 20 centuries. For the reason that the classical school and industrial school can not be united under the same faculty or management do I strenuously object to appointing university professors on this commission to frame the plan. Equality of degree and kind of education should not be sought. We should have equality of education should not be sought. We should have equality of opportunity in every science, art, literature, and of all known philosophy of man, and that, too, at the expense of the public, leaving each individual to choose his own course as to whether he desires a higher education and the kind that suits his taste and ambition after he has first been taught the elements of things he can use in after life.

I have had a deal of experience with this question. I have been in two constitutional conventions. In the first one the committee turned down the proposition to teach agriculture in the common schools. I went upon the floor and convinced the convention that to teach agriculture in the common schools would prove wholesome. When the constitution of our State was under consideration, I appointed a committee that I thought would write a provision in that constitution, and to my astonishment they turned me down because they did not understand the subject. They said it was "nonsense." I went upon the floor and put into the Oklahoma constitution a clause existing in no other constitution, making it mandatory to teach the elements of agriculture, horticulture, stock feeding, and domestic arts and sciences in all public schools in that State. Following that the legislature vitalized that provision, and consequently every school in the State teaches agriculture. [Applause.]

The legislature then separated the board of regents, providing one for the university and another elective by the farmers as the regents of all agricultural and mechanical colleges, providing for a system of farmers' county institutes and six district or secondary schools of agriculture, with but a two-year course, the real farmers' school. Then the battle began. The same battle that has characterized every step since the organization of the first board of agriculture in Great Britain. contest which characterized this work in its birthplace in America—the State of Illinois. At about this time Justin Smith Morrill, of Vermont, took the lead in this House and passed the first Morrill Act in 1860, but which was vetoed by President Buchanan. His renewed efforts resulted in the Morrill law of July 2, 1862, by the approval of the wise old "Abe" Lincoln, resulting in the creation of an agricultural and mechanical college in every State in this Republic.

The profound learning of Morrill convinces the student of this

I am partly for this resolution and partly against it. If by the subject that he was 200 years ahead of his generation. The

same battle in Illinois, of which the inquiring mind may convince itself, if it will take up some encyclopedia of agriculture, under the subject of "agricultural education," has all along the line been the same. Our contest in Oklahoma is and has been the same as existed in the State of Illinois. The battalions against us have for its right wing the State university, who know nothing of the economics of agriculture, standing with jealousy and the fear of competition; the left wing consists of a few of those from every calling—some from among them being farmers themselves—who can not comprehend the wisdom and philosophy of the system. This is my reason for saying, as I said before, that I would oppose this resolution if university presidents should control the board, just as it was a mistake to put into the Cabinet as the Secretary of Agriculture a university president who knows nothing of the science of agriculture.

Since Oklahoma's experience the great State of Wisconsin has followed with 6 district or secondary schools of agriculture, Arkansas with 6, Mississippi with 30, and, prior to that, Georgia

and Alabama had wisely entered upon the plan.

Now, remember, gentlemen, the Lever bill is not a vocational educational bill. The Lever bill is essential when you enter upon a vocational system, for the reason that you must keep a campaign going on among the farmers themselves before you can train their sons and daughters. Dr. Harvey said he was never able to convince any man over 40 years old that the blood circulated. Hence, the Lever bill will reach many over 40 years old. The doctrine of an increased knowledge of agriculture is more than an educational question. It is a sociological problem that must come with the growth and development of mankind. You must put it into the school and teach the boys and girls who will compose the generation on to-morrow, but if you do not follow it with the Lever bill, to enable trained men to go forth and battle for the cause, keeping a propaganda before the adult farmer till you have trained their boys, some of them will try to destroy the system. [Applause.]

will try to destroy the system. [Applause.] This brings to mind an incident within my own experience when just such work as the Lever bill contemplates was first introduced in my county. A boys' corn club was organized in my community at Murray schoolhouse. A boy some 12 years old, son of a tenant farmer, a good man, but shiftless, who had been taught and really believed that farming consisted wholly of labor (of work and then more work), joined the club and received his quota of seed corn. The next morning he asked his father for an acre of ground upon which to plant it. After explaining that he "wanted to make a scientific farmer," his father took the corn away from him, fed it to the chickens, gave him a kick, and told him to "hunt the calves." But later, in consequence of this being the only club in the county, it won some \$300 in prizes at the State and county fairs, which they divided equally among the club members. This winning of money was the only thing that convinced this boy's parent, and the next year he was permitted to join. You know we oftentimes have to knock a man down to convince him, and some

times the second time.

This brings to mind another phase of this subject. It aids in a better knowledge of marketing. The crops most difficult to produce or that require the greatest knowledge are invariably marketed more wisely than that class of crops easy of production, for instance, anybody in the South, even a negro, can grow cotton, and it has always been unwisely marketed. It is not marketed at all. It is "dumped" off to the buyer, destroying the market. Notwithstanding it is the most stable crop. It can be thrown in the weather after being baled and does not deteriorate in value. You will observe that the products of the fruit farmer, although perishable, are generally wisely marketed, because it requires more judgment to produce it. No one ever heard of unwise marketing of alfalfa, because it requires more knowledge of the soil and of plant life and of all the elements that make for increased production. Hence scientific agriculture means to the farmer better marketing while it means to the balance of the world increased production and lower cost of living. Moreover, shiftless, ignorant method of agriculture in every country increases landlordism, always a detriment to any country, because a nation is strong or weak in proportion to the number of home owners in proportion to the population and the land. Under intelligent, scientific, intensive cultivation the owner of "broad acres" can not compete under his tenant system with the small farmer. Hence economic necessity forces sale, and consequently small home owning. From this standpoint alone vocational education is worth the money.

I have often observed that fact, and do you know that the worst enemies of agricultural education are some of the farmers themselves? Merchants, feeling that it is a necessity, some-

times think it is "nonsense," and that farmers do not work hard enough. God knows they work hard enough, but too many of them without thought. A farmer must take his "thinker" along with his plow to the field if he would achieve the greatest success.

If work, and only work, were all required to make a good farmer, then the man with the greatest physical strength and the greatest endurance of physical labor would and could be the best farmer, and the negro would be the best farmer of any race in the world. But you know it is not true. As a matter of truth it requires more science and a greater knowledge of elements of science to become a scientific farmer than to fill any

other calling in life.

If a man were a druggist, he would need understand chemistry and a few allied sciences; or a physician, these and but a few others. But if he would be a scientific farmer he must understand physical geography and physiography, and especially these as they disclose the formation of soils and the preservation of fertility, overlooked in the universities. He must understand natural history and zoology to understand animal life—stock breeding and feeding. He must understand botany to know plant life; entomology to enable him to combat insect pests; and besides these he must learn the elements of chemistry and biology and keep tab on the weather. I do not contend that it is necessary for the schoolboy to master these sciences as a student of a university, but he must learn the elements of them and as they relate to his business. The farmer must learn chemistry only as it relates to soils, while the university student masters that science as it relates to minerals, the precious metals, and compounds.

Now, gentlemen, I am for the Lever bill, but the Lever bill is nonsense without following it up with a bill providing for the school for vocational education. The Lever bill can be of service only to the thinking farmer and by keeping up the campaign among the adult farmers, so they will not send their boys off to

"hunt the calves."

When you have had an opportunity to duplicate my experience you will find that some few farmers will refuse your doctrine, even after you have convinced them by your arguments. This reminds me of my personal experience. Some years ago I delivered a lecture on seed corn and how to produce corn, at the Cottonwood schoolhouse, located in the Washita Valley, some 4 miles from my home. Nearly all of the farmers in the entire valley for many miles were present, including some tenants on my farm. I delivered a speech for two and one-half hours on the subject of corn, applying the science to many things I knew within their own experiences and observations, so as to give the reason for each of these experiences, that I might convince them of the truth of all. I explained to them that the key to seed corn was the one word "uniformity"; that only one of a variety should be planted in the same plot; that an early and late corn must not be mixed to secure a heavy yield; and pointed out that the selection must be determined by the soil, the rainfall, and the climate; that they must know that the same seed would be unsuited for Minnesota, where the rivers run up hill and the Irish vote the Republican ticket, and at the same time for a locality like South Carolina, where the rivers run down hill to the sea and the "niggers" positively refuse to vote. The fol-lowing week I rode over my farm to discuss with my tenants the question of seed. I found they all understood my lecture perfectly well and that all of them, with one exception, had first-class seed. This particular one had the worst lot of seed corn I ever saw planted that would germinate. He had red, yellow, white, and blue grains, little and large, short and long, gourd seed and shoe-peg shape: mixed together—a perfect Duke's Mixture of seed corn. I said to him, "You have got a bad lot of seed corn." He said, "I know it." I replied, "Couldn't you do any better?" "Didn't want to do any better," said he, "because this land of yours will produce 45 bushels of any corn and you get one-third rent; 15 bushels, and that's enough rent for any man." Of course that ended the argument. I did not grow impatient because I have long ago learned that it requires considerable patience, and, for a public man, sometimes to exercise a good deal of courage, to battle for the public's interest. I have learned that men will take a cold, a cussing, or a rail off your fence; indeed, anything, except good advice.

The self-conceited scholar, with an eye constant upon astronomy, as great as that science be, who looks down with disdain upon Mother Earth, does but betray his own ignorance. No greater truth was ever uttered than this statement by Gen. Albert Pike, the scholar, poet, archeologist, linguist, philosopher:

There is no legal limit to the possible influence of a good deed or a wise word or a generous effort. Nothing is really small. Whomsoever is open to the deep penetration of nature knows this.

And in this other saying:

Alexander of Macedon has left a saying behind him which has survived his conquests: "Nothing is nobler than work." Work only can keep men and kings respectable. And when a king is a king, indeed, it is an honorable office to give tone to the manners and morals of the nation; to set the example of virtuous conduct. Work and wages will go together in men's minds in the most royal institutions.

I have this further to say about the American farmer. I say it here; I have said it to them at home. The American farmer is the most learned farmer in all the world about politics, general history, banking and coinage, and the science of government. He is the most learned farmer in the world about every man's business except his own. [Laughter.] The German farmer knows his business, although sometimes he knows little else. But he can come to our country and settle on a clay hill, where an American farmer would starve to death, and make the land more valuable, while he is earning a living at the same time.

I repeat again, my friends, consider the law of production and the great increase of population that will be brought to us in another generation, and be convinced of the fact that we can not spend too much money in developing the youth that will bring another generation of farmers that will equal the farmers

of all the world.

I said awhile ago that I would oppose this resolution if university professors alone would constitute the board. Because a university has to do with those peculiar sciences that create a mental aristocracy, of classics, and things of a character that cause the university student to overlook or to look with disdain upon those things that relate purely to life and to the soil, and so naturally, conscientiously, he is opposed to it. University students do not understand its necessity, and that is the reason why you have never seen a success achieved in joining the university with an agricultural and mechanical college. You only combine their number, but you either destroy the university or you destroy the agricultural training as such and agricultural and mechanical educa-We need them both in our great civilization. They both must be taken care of, as I before stated, and it is the duty of government to provide for the education of every youth to the fullest extent of known knowledge of the sciences and of the arts and of literature, and that, too, at the public expense. But we must do it with discretion, in the light of experience, without sacrifice to either.

Now, why does not the agricultural and mechanical college meet the condition of the farm? Because the agricultural and mechanical colleges in the various States must needs have such a large curriculum and such a heavy course that the moment the graduate steps out of school he has a better opportunity in other lines to meet the requirements of science. He therefore

never goes back to the farm.

The consequence is we are educating the boy away from the farm. We need that agricultural and mechanical college continued for the purpose of creating the sort of scientific knowledge that is needed for the tremendous demands of life. But in addition we need a district or secondary agricultural college in every congressional district in the United States. [Applause.] What for? A college that will teach the boy nothing more than a two years' course, and that confined to practical farm needs, and when he leaves he will go back to the farm—this will educate farmers' boys for the farm.

If he wants to go further, he can do so by going to the State agricultural and mechanical college or pursue the other course in the university. And the result will be that he will have that knowledge that will be necessary to make him a farmer and to increase the sum of knowledge in his community, and the

boys will not all be going to some other station.

Why do they go to other stations? Because the record shows that out of 28 States, with 28 universities and 28 agricultural and mechanical colleges, the highest average wages paid to any graduate are paid to the agricultural and mechanical college graduates. And why should they go back to the farm under the conditions the farmers now have to meet, where hardships meet them on every hand, and where in the finances of the country we have overlooked their interests and have not made provision whereby they could bring their resources and get credit at the Therefore wisdom suggests that we encourage the States to put agricultural instruction into the common schools, and that this Congress provide for a secondary agricultural and mechanical college in every congressional district in the United States, under a provision of law whereby there shall be appropriated annually 3 cents per capita, according to the population in every State, on the condition that the State shall put up the balance to sustain the institution, furnish the building and sufficient land for demonstration and experimental farm, the institutions being limited to a two years' course and confined to

questions of soil, farm management, construction of houses and barns, road building and machinery, insect pests and allied sciences, requisite to make of him a farmer but not a scientist, the States being required to meet certain conditions, which should be named in the law, but otherwise, as in the case of our State agricultural and mechanical colleges supported by the Morrill, Hatch, Adams, and other funds, to have complete control over such secondary agricultural and mechanical institutions. Such a system would educate the farmer's boy for the farm rather than from the farm. Provision should be made whereby each State should have its quota according to the population, and in those congressional districts which are wholly confined to the cities special information should be provided to train the boys of mechanics and artisans, whose labors would be in the shop and at the forge and at the machine. A portion of the fund should be supplied to the normal schools of the State. in order to train the teacher in a practical knowledge of these subjects, to the end that teachers may be supplied to the common schools with a knowledge of the subject at hand.

I may be pardoned, Mr. Chairman, to call our attention to our party declaration in favor of this policy, and I may be pardoned the personal reference to state that I drew the first plank and had the honor to submit to, with the privilege of discussing before, the platform committee of our party at Denver in 1908, which was the first declaration on this subject ever adopted by any American political party. In 1912 all three of the leading political parties in general terms announced the same principle.

The Denver platform is in these words:

The Democratic Party favors the extension of agricultural, mechanical, and industrial education. We therefore favor the establishment of district agricultural experiment stations and secondary agricultural and mechanical colleges in the several States.

My friends, this subject is a deep one, too deep for so short a discussion as we are giving it now. If it be the purpose of this resolution to announce that we are not ready for a real vocational educational bill, then the resolution ought to be passed; but if you gentlemen do not intend to pass one of that kind, you ought to defeat the Lever bill, because the Lever bill, without that increased knowledge, would mean a greater power in the hands of the Secretary of Agriculture to "coordinate," as he calls it, but to control and dictate policies to Congressmen in their districts. Unless you amend it in such a way as to take away that authority that will be the effect of it, as it has been recently revised.

The gentleman from Georgia made a suggestion a while ago, in a question, about the authority of this Government to do these things. I would be the last man in the world who would want this Government to assume the authority of the States. I would want this under the control of the States, just as the agricultural and mechanical colleges are operated to-day. Then you are within the Constitution. You are keeping the doctrine of leaving to the States those peculiar things that confront them

and are necessary to their welfare and being.

In passing I want to say, you will find in all this fight those who want to put agricultural education where it does not belong. You will find those who want to confine it to too narrow a course; but in my opinion it ought to be taught in every public institution except the university, not for the purpose of crippling the university but because in the university it will not serve any wholesome purpose. It ought to be in the normal schools so as to train the teachers. In the past the trouble has been that when State after State has adopted a provision for teaching agriculture there have been no teachers who understood the subject, and the regrettable part about it all is that we can not get the people satisfied or interested in the subject until some great pestilence like the boll weevil or the foot-and-mouth disease, amounting almost to a calamity, comes upon them.

My friends, you have heard a good deal about the boll weevil. When that little bug came across the Rio Grande and spread across the Sierra Blanca country, Dr. J. H. Connell, now the president of Oklahoma's agricultural and mechanical college, but then the editor of a great scientific journal at the heaviest salary of any man in the Mississippi Valley, went to the legislature of Texas and said to them, "Appropriate money to pay every farmer in those two counties not to raise any more cotton for two years." The politicians in the legislature, ignorant as they were, said, "Oh, there is no little Mexican bug that can destroy the Texas cetter gron"

destroy the Texas cotton crop."

What was the result? The boll weevil crossed the Sierra Blanca country and year after year spread farther, destroying the cotton crop of the State, bringing poverty and bankruptcy in its path, like Sherman's march to the sea. Finally the legislature had to pass an appropriation offering a reward of \$50,000 for any man who could give them any idea of how to curtail the ravages of that little insect. What was the result? Land

values went down, merchants went bankrupt, bankers went out Disaster and woe were upon every hand. the boll weevil has crossed the Mississippi River; but Texas learned a lesson. She put into her schools a course of instruction in agriculture, and the next generation of farmers will be better than the present one. So with the other Southern States. So after all it was a blessing in disguise. It seems that we never get action until something confronts us, until we meet with

some difficulty which must be conquered.

How true is this philosophy of Morals and Dogma:

What we call accident is but the adamantine chain of indissoluble connection between all created things. The locust, hatched in the Arabian sands, the small worm that destroys the cotton boll, one making famine in the Orient, the other closing the mills and starving the workmen and their children in the Occident with riots and massacres, are as much the ministers of God as the earthquake; and the fate of nations depends more on them than the intellect of its kings and legislators.

I will state to you candidly that I am not uneasy about our soils' feeding the American people, with proper knowledge. As a matter of fact, we have swamp lands enough to add to this Republic in point of productivity nine States, but it would be unwise to drain them now. We can irrigate every foot of be unwise to drain them now. We can irrigate every foot of land east of the Rocky Mountains, and any first-class civil engineer will tell you we can do it. And we can do it as cheaply as the cost of building the Panama Canal. Some day it will be done, but it ought not to be done now. Why? Because the method now used is a wasteful method. The farmers must be taught how to preserve the soil first. We have practiced a system of waste long enough and on too much of our land already. The people must wake up to the necessity of conserving what we now have, and when they learn better methods of preserving the soil that they have wasted in many of our States there will be a great saving of our agricultural resources. instance, in some of the Southern States they import \$10,000,000 worth of guano to fertilize the soil. That amount goes out annually never to return. I am happy to know that my State was not settled until a knowledge of agriculture began to take hold of the people, and we have a soil that will last under intelligent treatment for a thousand years.

When the American farmer understands his subject, and the American business man and professional man understands it as they ought, then we can drain the swamp lands. Then we can irrigate the West, and then we shall be enabled to support with less difficulty than now, by the increased product, a population greater than that of the Chinese Empire.

I am only pleading now for that active support behind this principle that will bring in another generation a production that will keep pace with population. Because, as sure as "the night follows the day," if you do not increase this power, with your doctrine of universal peace-which I hope may come without further wars for the next hundred years—as sure as fate revolution, anarchy, and social death will follow in the wake of our civilization. Many of our troubles are not political troubles. Many of our troubles are social troubles that have to do with inspiring the youth of the land toward a change in thought, toward a change in sentiment, and toward a change in their hab-

its, hopes, and ambitions.

Permit me to recite a little instance in my community. young man by the name of John Golryan, a German, educated in Germany, came to that community and had lived here four years. He was employed by J. L. Neeley, half a mile from my home, to pick cotton. Every morning when the dew was on and he could not pick it he was out gathering butterflies and millers. He was asked what he was going to do with them. He said, "I am going to send them to Germany and sell them to teach the pupils entomology in the public schools." They said, "Why don't they catch them in Germany?" He replied, "Our people know so much how to destroy the insects that they have destroyed them all in Germany." Then he was asked, "Why do you want to teach them further?" He said, "We have got to keep them from coming back." Christmas week he turned the laugh on them when he received from 5 cents to \$4.50 apiece for those little butterflies. Now, imagine the ridicule and sarcasm of an ordinary American at the very idea of catching butterflies to teach the science of "bugology"; and yet the toll of insects in the United States equals 35 per cent of America's annual production. Imagine the laughter and scorn and ridicule that would meet, to them, such a "freak idea"; but the time will come, and shortly, and you will have to meet it, because with everything comes destruction of that thing.

As you increase the farm products you increase the insects that destroy them. You will pretty soon find what my old Latin teacher told me about the meaning of ad infinitum. He said, "As you have learned in your entomology, you will find big bugs have little bugs on their backs to bite 'em, and the little bugs have still smaller bugs ad infinitum." I fail accurately to quote it, but you have the idea.

That is true in politics. The blg bug politician has a little one on his back to bite him. [Laughter.] But the insects from one plant will eat another plant. You can pass all the bird laws you want to, but until you increase the knowledge of bugs-a very easy task-that are beneficial and bugs that are harmful and bugs that are parasites, so that you know those that are harmful from those that are beneficial; until you do that you will have this continual annual toll by insects. cotton-boll worm, the fruit worm, bud, corn, and tomato worm is the same worm, and hence worse than the boll weevil, but much easier to destroy. If all farmers knew this worm, they could destroy it in one season.

My friends, the cotton-boll weevil awakes in the spring, and by the 1st of September the generations coming from one pair will amount to 154,000,000, equal to the population of the Chinese Empire. What a blessing it would have been if a lark had been there to catch that pair in the beginning. [Laughter.] But, my friends, we will have to suffer a bit more with the high cost of living that you ascribe to first one thing and then another. With all the questions that will confront us, you will finally decide that it does not all come from tariff or banking laws or monopoly important political problems, to be sure, but this is metapolitical-but a large part of it comes from a lack of production; and when the American people understand that, then they will comprehend these simple truths.

Furthermore, when they do that they will irrigate the lands in the West; they will drain the swamps; they will do two things at the same time, drain away the malaria and give a richer soil to the Republic. You will find all these conditions

meeting us at the turn of every corner.

The man who understands what bugs are harmful and talks about it in the average community is regarded by his fellow farmer as a crank. If every farmer knew it, instinctively they would destroy most insect pests and protect the birds without need of law. They would discover that the birds work for them free of wages and board themselves to boot. They would plow up the soil in winter and let the freezing kill the bug eggs, as they do in Germany, and at the same time increase the available fertility of the soil for plant life.

The American plan of education in all of the States has proceeded upon the wrong principle, because it has had for its ultimate object the preparation of the pupil for some profession or for running for public office. The child is usually told, as I was told when a boy, that every American had an opportunity to become President; and doubtless many of them believe, as I then believed, that to be true, while to know the utter hopelessness of such an exalted ambition is but to recall that out of the ninety-odd millions of American citizens and many other millions dead and gone we have had up to date but 27 Presidents.

It was natural that America's system should have begun upon this plan. We are only astonished that we have retained so long. When America was settled it was deemed then that only he who desired to engage in one of the learned professions or was preparing for public office should be educated, and therefore that no women need be educated; indeed, none but the "governing class." Then began the fight for popular education at public expense.

I have in my library a book, written 125 years ago by a learned New England divine, arguing against the public school; and you would be astonished at his ingenious argument against it. But popular education finally won, and all the States have long ago made provision therefor by statute. The only mistake made was that while changing from the principle of limiting education to the few that we did not change the substance as well and adopt that learning which would prove useful to the many-useful to those who never intend to pursue a profession or to run for public office. The German system is based upon the principle of training the child in something that he can use in after life; consequently the German, Dane, and Swede farmer may know little of anything else, but he does know more about his own business than the American farmer. Statesmen are not altogether responsible. The people themselves have brought it about, largely due to parsimony in the matter of compensating the schoolmaster. The German pays his schoolmaster the same salary he does his judge, and the teacher with 30 or 40 years' experience becomes the master over the primary grades. The young graduate just entering the profession is put in control of the higher classes. Any great scholar can train the advanced student, but it requires the shrewdest of the profession to start aright the young and plastic mind of a child.

Teachers are therefore constantly reciting their experiences of
the necessity and difficulty of unlearning the pupil or correcting
the mistake in the method and mental habit of the child formed under the tutelage of some mere boy or girl who has neither experience as a teacher nor knowledge of the philosophy of scholarship. Consequently, it may be said that as many scholars have been ruined by faulty systems of education as have been made by them. Hence, we need not wonder that in the substance, too, of education we have traveled so long the wrong road. In part this is all due to our limited statesmanship, but largely because the American people will not have any

All our institutions, political, social, and otherwise whatsoever, are but a reflex of the people themselves. So this great problem is more profound than the problems of education or of political statesmanship. It is a sociological problem. The minds, methods, tastes, social desires, heart throbs, hopes, and ambitions of the American people must needs be changed, and that, too, by an evolution that is impossible of attainment until the end of one or two generations. It is a process of social growth and development—a growth and development under a wise, persistent, constant policy. In a great measure this responsibility rests upon the people themselves to build by Divine guidance another generation wiser than themselves. Increased production and the problem of feeding future generations will tax the abilities of our most learned statesmen and test their courage to maintain a wholesome system, once discovered and inaugurated, against the blind, stubborn opposition of many who will be incapable of comprehending it.

We have but begun the march of progress, and have yet to breast the long slope up the Pikes Peak of our civilization. The burden is upon us to scale these heights or we must needs slide back again through a period of squalid decay, leaving nothing gained for the race and the progress of man during the many strenuous centuries through which he has passed; dare we cow-

ardly decline the strident step?

Upon this point of the people's responsibility and what they will accept again permit me to quote from Gen. Albert Pike, the most learned American. In his Morals and Dogma he

All truths are truths of period and not truths for eternity; whatever great fact has had strength and vitality enough to make itself real, whether of religion, morals, government, or whatever else, and to find place in this world, has been a truth for the time, and as good as men were capable of receiving.

So, too, with great men. The intellect and capacity of a people has a single measure—that of the great men whom Providence gives it and whom it receives. There have always been men too great for their time or their people. Every people makes such men only its idois as it is capable of comprehending. With men who are too ligh intellectually the mass have as little sympathy as they have with the stars. The profoundest doctrines of Christianity and philosophy would be mere jargon and babble to a Pottawatomie Indian. Catholicism was a vital truth in its earliest ages, but it became obsolete, and Protestantism arose, fourished, and deteriorated. The doctrines of Zoroaster were the best which the ancient Perslams were fitted to receive; those of Confucius were fitted for the Chinese; those of Mohammed for the idolatrous Arabs of his age. Each was truth for the time. Each was a gospel, preached by a reformer, and if any men are so little fortunate as to remain content therewith, when others have attained a higher truth, it is their misfortune and not their fault. They are to be pitted for it and not persecuted.

Under our faulty educational system if a well-educated boy is not adapted to a profession he becomes a vagabond. It is a costly, fatal mistake. It is the cost of a life, because he has no training for anything else, and to gain his education he has grown to be a veritable bundle of nerves. With the loss of muscle he is unable to work. He reads fiction exclusively, which excites his emotions and passions. He becomes morose, moody, remorseful, takes to cards to steady his mind, then to drink to drown his troubles. He has bad associates; he is a vagabond—when otherwise, but for his faulty education, he would have been a good, happy, and prosperous citizen. This is hell to been a good, happy, and prosperous citizen.

contemplate.

You may reply that "my boy, I am sure, will become a great lawyer or a great physician," as the case may be; that "our family before us were all successful practitioners, and therefore there can be no doubt of his success." Hence, he does not need this agricultural knowledge; he does not need a knowledge of the earth and air and creation upon it. The best education is that education that gives you a knowledge of the soil, of the atmosphere, of animal life, of nature. If he becomes a lawyer, he will then know better how to question the witness who is a The best practitioner at the bar is the lawyer who can get in as much of his own evidence as possible and keep out that of his adversary. This is best illustrated in the story of a great lawyer of whom I once heard, who, although he was a great scholar and knew the law, was unacquainted with book-keeping. Procuring a case in bankruptcy involving several millions of dollars, the first thing he did was to attend an up-to-date business college until he had mastered all the intricacies of bookkeeping and accounting. When the case was called he was enabled to get every material fact from the witnesses and

the experts who went upon the stand. This he could not have done had he not known as much about bookkeeping as they did. In truth, the lawyer, the great lawyer, like the great statesman, must fill the philosopher's definition of a great scholar; that is, to know something of everything and everything of somethingthe law. Hence, the lawyer needs this training to complete his education for the law.

I do not care if you are a banker-you may follow it where you will-but the man who gets the closest to the soil, along with other intellectual powers, is the greatest man in every

community.

True enough, the man who digs in the ditch all of the time will be as narrow as the ditch. But show me the man who stays behind the counter all the time, and I will show you a man who gets as narrow as the distance between the shelves and his counter. Show me the man, whatsoever the profession or occupation, that goes into the suburbs of a city, builds himself a home with a plat of ground about it, with a garden, a minia-ture farm as it were, who takes an interest in it and occasionally digs in the soil, and I will show you a man in every community who is the oracle of that community, who controls its destiny. Show me the woman who takes a personal interest in her flowers and garden, studies them, and occasionally digs in the dirt, and I will show you a woman that is healthy, happy, a good housewife. Show me a hen that scratches in the dirt, and I will show you the hen that lays the egg. Such is the eternal divine decree. Agriculture? It is not narrowing. If a man wants to be a statesman, how can he legislate on a tariff bill unless he knows those troubles and difficulties that confront the cotton farmer, the wheat farmer, and every other farmer in the Republic? When gazes in the air and never looks down he lives a dream life, that either makes of him a great professional man or, failing in his ambition, a vagabond on society.

As a simple, concrete illustration of the needs of scientific agriculture to add to the knowledge of a statesman we have but to recite that our best Presidents have been those who have possessed the most comprehensive knowledge of all mankind. Intelligence, philosophy, genius; virtue, integrity, patriotism—all these are required to preserve civilization, especially in republics. Statesmen with this scholarship are invariably practical men; too many of the exclusively "classical" school are

dreamy, theoretical, and impractical.

The best lawgiver is he who has the widest range of the knowledge of life-all elements of society-of the mansions of the rich, the hovels, huts, and cabins of the poor; all institutions of learning, the churches of the pious and good, and the slums

and dens of debauchery and prostitution.

The most notable instance of the truth of this philosophy is but to recite the career of the immortal Lincoln, who knew everything from the lowest strata of society to the most profound problems of statesmanship and philosophy. He is the only ruler in all history who could exercise supreme power, as he did upon the suspension of the writ of habeas corpus, without abusing that power. He knew every stratum of society, and this made him to be acquainted with and gave him sympathy for the heart throbs, the difficulties, and problems of every American citizen. This universal knowledge raised his mind above class or local prejudice and made it as broad as the Republic. [Applause.]

Mr. FESS. Mr. Chairman, I think that the Members of this House owe a vote of thanks to the distinguished Member from Oklahoma [Mr. Murray] for having spoken so edifyingly and with such elaboration upon this theme, one of the most eloquent I think that can engage the attention of the American Congress. I do not know that I have heard from this floor or elsewhere a more sane, constructive presentation by a man in public life of what education ought to be and what the country ought to do in regard to the legislation leading to a better education than the address that has just been delivered by the gentleman from Oklahoma [Mr. MURRAY].

I ask the indulgence of the membership of this House for a few moments for further discussion of this theme, not because I have been interested in education all of my life, but rather because I see such a difference of opinion here in the membership, which speaks loudly for the passage of this resolution. One Member opposes this resolution, or rather fears it, on the ground that it does not supply sufficient money to carry it into effect. I call attention to the fact that when it was originally introduced into the Senate, it carried an appropriation of \$25,000, which was reduced by amendment to \$15,000. That seemed to be the will and judgment of the other end of the Capitol, and our committee coincided with that view. Then another Member, just as honestly and with equal equipment of knowledge, speaking from long experience, makes the state-

ment that we do not need this commission because we can get the information from the organization of the National Educational Association of the United States, which, as he properly says, has a department that each year devotes a certain time to the investigation of this particular subject. No one on this floor can speak with greater authority on that subject than he, because, being once the head of the school department of his State, identified and affiliated with the National Educational Association, he speaks from a mind of experience.

These two statements are in contradiction, and they come from men very sincere in their views. Not only on that phase of it, but here arises another man who says that if this commission is to be composed of university men he will oppose it, and another will rise and say that if it is to be composed from the rural sections he will not be in favor of it; and both of these statements are certainly just as sincere each one as the other.

That means that there is no unanimity of opinion and conviction upon this movement here. Another friend to whom I spoke said that he was opposed to the commission idea altogether, and another one is afraid that you are going to take the education out of the States and put it into the hands of the General Government. Another one is afraid that it is a scheme by which you are going to bury some particular bill or some particular plan of education.

My friends, I hope that none of these various opinions will stand in the way of the successful consummation of a movement that is now initiated, which it seems to me is to fulfill a mission, without which the mission will not be fulfilled.

I do not want-because I spoke in extenso once before on this theme-to take undue time to discuss the value of education from a vocational standpoint, but I do ask just time enough to clear up a little of the dust that has arisen, and one item of it is this: Some one said we have already provided for agricultural education in a bill that has passed this House. Another one said there is a provision in the other end of the Capitol which provides for industrial education. That is true; but Members must not confuse the idea of agricultural education with vocational education; neither must we confuse the idea of industrial education with vocational education. Industrial education is vocational education, it is true, but vocational education is more than industrial education. Agricultural education is vocational education; that is true; but vocational education is more than agricultural education.

What this bill means to do is to make possible a suggestion here to combine the agricultural demands on education and the industrial demands on education. In other words, it comprehends the work of the hand on the farm and in the shop and everywhere where the brain directs manual labor of the worker. What seems to me so very important is that with all of these differences of opinion, where one wants this thing and another does not see the need of it, another wants that thing, and still another something else, that here is proposed a rational method by which we can get what we all want. There is no difference, certainly, as to the end to be reached. The difference is in the means by which we are to reach the end. There is not a man on this floor who does not believe that the man who is in the shop will do better work when his hand is directed by a brain that is trained. This holds true on the farm and in every walk of life. There is not a man on this floor who does not also believe that the boy who goes into the shop who can see something ahead of him, due to the fact of vocational training, that that boy will be happier in the shop with training than without it. It seems to me that if we want to educate the boy back to the farm we must make it possible for the boy to see that the farm is not drudgery; that the farm, on the other hand, is an opportunity; that it is a place for achievement. But when the boy is sent to the farm because he can not go anywhere else, when he is there because of the stress of circumstances that have forced him there, when he is there under such conditions he is not happy. But when he goes there with an open mind, secured by vocational education, he sees opportunity unfolded, a chance to accomplish, and therefore he goes to the farm because he seeks it by choice as an opportunity. He does not run away from the farm. And what we want to do is to promote a system of vocational education that sends boys to the farm to remain on the farm because it is a place to employ their minds as well as their hands; a system of education that will send our boys to the shops, who will remain in the shops because they are doing skilled labor from the standpoint of the shop, and not because they can not leave it. What we want is a system of education that will make the man and the woman happy in the work that they are trying to do. That is culture. This is not and should not be simply a workaday world. In other words, it is not an opportunity simply to make a living. It is an opportunity to make a life, and that is better than simply to make a living.

Now, I say to the Members of this House that here is an opportunity, if we want to put something in definite form so we can make certain, that with all we have we shall still retain and add to it the thing we do not have, but that we need, here is an opportunity to do it. And I want it to come in this particular administration when at the head of the Government there is a man interested in education from the kindergarten up to the university. Do not be afraid that in his appointments on this commission that there will be any advantage taken in any sense. It will be representative of the university; it will be representative of the college; it will be representative of the secondary school; it will be representative of our common-school system. I have faith that there will not be any risk to run on this line.

Mr. SHERWOOD. Will the gentleman yield?

Mr. FESS. I will yield to the gentleman.

Mr. SHERWOOD. I am in full sympathy with the purposes of this commission, and I think I learned the most part of what I know in the college over which the gentleman presides

Mr. FESS. A great honor we had. Mr. SHERWOOD. In looking over this Committee on Education I find it is a first-class committee made up of profound scholars and students of sociology. Why can not this committee investigate this question and report to the House without the expense of any commission?

Mr. FESS. The gentleman from Ohio [Mr. Sherwood] asks a very rational question, and it pains me to have to differ from him. I have great respect for him, first, because I have known him for so long, and, secondly, because he is an honored alumnus of the college over which I have the honor now to preside, the one that was opened by Horace Mann in 1853. And so I say it pains me to differ from the General. He asks the question why this Committee on Education can not report a bill with just as much effectiveness as the commission and thus save the expense of the latter. My answer is thisand I speak from the standpoint of a college man, once identified with a great university in Ohio, later with a great university in Illinois, and now at the head of a college in Ohio: I am not now sufficiently acquainted with the demands of this great country, so supremely broad and whose demands are so varied. I am not sufficiently acquainted with the problems, although I have been a student of them, as a member of that committee generally to speak definitely on this particular theme and say that I want this particular plan or I do not want that. But, on the other hand, I can name to you men who have made their life's work a study of vocational educa-tion. I do not want to name them here. That would indicate that the committee wanted to suggest who should be appointed. But I will say to the gentleman from Ohio that I could name men in this country, representing every portion of it, who possess very full knowledge now and without much further investigation could report to us a definite plan upon which to work. They certainly would not ignore the Lever bill nor the Page bill in their recommendation. But to do it they must have official recognition, such as this resolution provides. And for that reason I do not believe that this committee, even with the high conception I have of its ability, is ready to outline I want a commission made up of competent men the plan. educationally, because education has been their chief study, to make a report and submit it to this House and let it be referred to our committee. Then this House will act upon our recommendation. It is a good deal better than for us to undertake it with the little knowledge we have of the subject. As I said before, if it should favor the taking of education out of the States and putting it into the hands of the Federal Government, I would vote against it, as I do not believe in too much Federal control in education. If, on the other hand, it was for the purpose of burying any particular bill, I would vote against it, for I do not believe in subterfuge or introducing a measure in order to cripple some other measure. If I thought it was a wasteful and unnecessary expense, I would vote against it. But, my friends, at divers times we in an hour's consideration vote out of the Treasury millions of money, with little or no comment when it is for certain purposes, not always the most necessary, and then question the wisdom of \$15,000 for this purpose, the purpose of the education of our boys and girls.

Mr. COX. Will the gentleman yield? Mr. FESS. With great pleasure.

Is the gentleman willing to announce that he Mr. COX. would be willing to vote now for any bill recommended by a commission that would be appointed under this proposed resolution?

Mr. FESS. To that I would say I would not want to sur-render my right as a Member of the House and forfeit the privilege of keeping an open mind upon any question. I do not think my good friend from Indiana asked that question for any other purpose than to trap me. Of course, I would not agree to do any such thing as that. I do not think I would be in much danger

Will the gentleman yield again? Mr. COX.

Mr. FESS. Certainly.

Not with a view of trapping the gentleman at all, Mr. COX. for the gentleman was explaining very enthusiastically that he did not believe the committee that now has jurisdiction and control over this legislation and power to report, had the knowledge, but he stated to the gentleman from Ohio [Mr. SHERwood] that he thought he could name nine men representing every section of the country who could frame a bill that would be perfectly satisfactory to this House, and hence I propounded the question as to whether or not the gentleman was now willing to commit himself and say that in the event this resolution was passed and nine men were appointed, who got to work and framed up a bill, he would now commit himself to that kind of legislation?

Mr. FESS. I would not agree to commit myself to that sort of legislation submitted by anybody, no matter how high a regard I might have for the personnel of the commission. did not mean to minimize the influence of the members of the Committee on Education, and I did not mean, either, in any way to reflect upon their ability. I hope that I did not say anything that would lead the gentleman to think so. That was

the furthest from my mind.

Mr. BUCHANAN of Illinois. Mr. Chairman, will the gentle-

man yield?

The CHAIRMAN. Does the gentleman from Ohio yield to the gentleman from Illinois?

With pleasure.

Mr. BUCHANAN of Illinois. I would like to ask the gentle-man if he does not think if this Committee on Education had \$15,000 appropriated to it they could secure experts who would be able to compile all the information necessary to enable the committee to frame a bill that would meet the approval of the gentleman and others interested in the legislation?

Mr. FESS. In answer to that, I would say that probably the committee could do better work with \$15,000 than they could without any money, but I would rather give the money to other persons chosen by the President for the specific purpose, to a commission whose duty is limited to that purpose, rather than to a committee that has a multiform duty. words, I want to get back to the suggestion of my friend from Indiana [Mr. Cox], to say that in any great movement the clarifying judgment of the men who have spent their lives along the line of interest is most valuable.

If it would not be out of order, I should like to say that just a week ago I was in conversation with one of the men whose names have been mentioned frequently in New York in connection with the reform of their school system. This man does not live in New York, but in Ohio. The commission in New York City, headed by John Purroy Mitchel, who has come to more The commission in New York prominence recently than he had attained at that time, asked this Ohio man, who had made a superb record of cooperation between the college work in the institution in which is now the dean and the handwork or manual labor of the student in the shop-a record that has been published all over the country. This commission asked him to make a report, with recommendations, upon the school system of New York, with a view of affiliating the public schools, or secondary work, of New York City with the vocational work. That report has been made and is in my hands. I mention this in connection with my statement that men can be found, not in Congress, who can make a report

Mr. SHERWOOD. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman yield to his colleague? Mr. FESS. In a moment, General. Now, while I would not be so indiscreet as to say that that man should be chosen on the commission, for that would be presumptuous-and I would not want to be so regarded—yet I will say that I think the com-mission to be formed by President Wilson would be made up of talent and character similar to that. Now I will yield to the gentleman.

Mr. SHERWOOD. The gentleman, with whom I have had a long acquaintance, has convinced me by his talks on this floor that he is competent to handle this question without a com-mission. Further, the gentleman said, in replying to the gentle-

man from Indiana [Mr. Cox], that he would not pledge himself to vote for the report of the commission. I will go further than that and say if the Committee on Education will report a bill and the gentleman will indorse it, I will vote for it. [Applause.]

Mr. FESS. The gentleman would be taking great chances.

However, I deeply appreciate the compliment. [Applause.]
Mr. Chairman, I do not care to take undue time. I am so intense and so anxious about the fate of this resolution that really I am afraid I might say something that would lose ground I therefore ask the most careful attention to it and consideration of it from every standpoint, and I sincerely trust that there will not be such serious opposition as will lead to defeat

of this movement. [Applause.]
Mr. WILLIS. Mr. Chairman, will the gentleman yield for a

Mr. FESS. I would be very glad to. The CHAIRMAN. The gentleman had yielded the floor. Mr. WILLIS. I ask unanimous consent, Mr. Chairman, that his time be extended.

Mr. FESS. I will be glad to yield to my colleague.

The CHAIRMAN. Without objection, the gentleman will proceed

Mr. WILLIS. The gentleman knows that recently, when this bill was before the House, I opposed it vigorously. I opposed it, as I stated then, because a bill had already passed the House in the interest of agricultural training and another bill had passed the Senate in the interest of vocational training, and was fearful that this resolution would have the effect of delaying the desired legislation that the gentleman has been so eloquently describing. What is the gentleman's opinion as to whether the passage of this resolution will expedite or delay legislation along these lines?

Mr. FESS. In answer to that question I shall be just as fair and open minded as I always was with this same gentleman from Ohio when he was a student of mine in the university for four years, and I am glad of the product, as shown here upon the floor. [Applause.] If I thought that this resolution was for the purpose of delaying any legislation leading to vocational education, either agricultural or industrial, I would give him my word of honor that I would vote against it.

I feel confident that the commission will be a distinct advantage to all legislative effort looking to a better system for our

people.

It is a beginning of that most-needed system, both State and Federal, that regards that sort of education that looks to the fullest preparation of our youth to do best the work to which they are destined to pursue when the door of the schoolroom clos 3 upon them. It is not to supersede, but to supplement.
Mr. TREADWAY. Mr. Chairman, it is not my purpose to

detain the House with any lengthy remarks on this resolution at this time. Possibly a word may not be out of place on the subject of the previous action or lack of action on the part of

the House, looking to the adoption of this resolution.

A hearing was held by the Committee on Education on July 23, and at that time statements were made by gentlemen in advocacy of the immediate adoption of this resolution on the part of the House, looking to haste rather than delay. question of delay has been brought up here this morning, but the whole object of this resolution was to hasten action and get a prompt report from the commission, if appointed. When the Committee on Education-of which I am a member-was having a hearing, I was disposed to object to the phraseology of the resolution. I refrained from doing so out of my deference and regard for the chairman and other members of the committee, and because they did not altogether agree with me in my line of thought regarding the objection I had to the phrase-

The words to which I object in the resolution are those contained in line 5, and I propose at the proper time to offer an

amendment striking out the words "report a plan."

It seems to me that when we as a body adopt that resolution we assert affirmatively that we believe in Federal aid to industrial education. I am a firm believer in industrial education in every particular. I have advocated it in my own State. am very glad to advocate it here; but I do think that there is a great question involved as to the relationship between the Federal Government and the States in the question of education, and I referred to that attitude of mine when this matter was up for discussion before the House on October 2.

It seems to me that when we single out one particular line of education and say that the Federal Government will assist financially and by direction of methods, and that sort of thing, in that particular line of education we are then going away

beyond what the Federal Government has ever done in relation

to the question of education.

I am very glad to find that some of the Members of the House feel that the Committee on Education are able to shape legislation along this line; but be that as it may, if we authorize the appointment of a commission at all, I do feel, more strongly than I did when the matter was before the committee for discussion, that we ought to ask the commission, before it reports a positive plan for Federal aid, to study the question of the relationship between Federal and State aid for vocational education. In other words, Mr. Chairman, I do not wish to see any method adopted which will in any way detract from voca-

tional and agricultural education in our States. In Massachusetts we are carrying on education along vocational and agricultural lines, and are doing it very successfully. When the Federal Government dips into this question it can not help but be something in the nature of an experiment, and I do not think that we ought to experiment in any way. shape, or manner with the educational interests of our children. Let us not involve here the question whether education shall be conducted by the States or by the Federal Government. But if it is advisable to have Federal aid, let us first know that this commission or some other organized body, such as a committee of this House for instance, approves of Federal aid to industrial education; so that in addition to striking out the words "report a plan," I also intend at the proper time to offer an amendment at the end of section 1 in the resolution to insert the words-

And to study and report upon the relationship between Federal and State aid for vocational education.

That, I think, is the first question we ought to decide before actually bringing up the question of whether or not we approve of Federal aid.

Will the gentleman yield for a question?

Mr. TREADWAY. Yes; certainly.

Mr. FESS. If you strike out the words "report a plan" and also the relationship, what would be left?
Mr. TREADWAY. The clause would then read:

Whose duty it shall be to consider the need for national aid to vocational education and to study and report upon the relationship between Federal and State aid for vocational education.

Mr. FESS. I understood the gentleman to say he was going to move to strike out that last.

Mr. TREADWAY. No; to consider the need and to study and report upon the relationship between Federal and State aid for vocational education.

I reserve the balance of my time, Mr. Chairman. Mr. POWERS. If you strike out the words "report a plan," you do not leave anything for this commission to do except to study the relationship of State and national aid, and to report upon that proposition.

Mr. TREADWAY. I should say in answer to that that we

still allow the commission to consider the need.

I understand, Mr. Chairman, that the phrase "report a plan" binds Congress affirmatively to Federal aid to industrial education, a positive instruction to this commission to bring in a system, some method or scheme which they consider should

become a law. That is what I personally object to.

Mr. POWERS. Is it not true that the report of this com-mission under this resolution does not bind Congress at all? It does not commit Congress to a proposition of Federal aid. The only thing this resolution does is to commit Congress to a proposition that they would like all the information possible on the question, and when we get that information, when this commission makes its report to Congress, Congress can either reject or adopt the report which may seem wise at that time.

Mr. TREADWAY. That is true, and at the same time it does state that such a report, "report such a plan," would

have the weight of the recommendation of that commission,

which I still say I do not believe in.

Mr. MANN. Will the gentleman yield?

Mr. TREADWAY. With pleasure.

Mr. MANN. Under the language of the resolution "to consider the need and report a plan," does not that require the commission to report favorably upon the need of Federal aid to vocational education?

Mr. TREADWAY. Mr. Chairman, that illustrates the exact thought that has been in my mind from the beginning of the discussion of this resolution. I claimed in committee, and still claim, as the question of the gentleman from Illinois indicates, that the principle involved in the resolution, namely, reporting

activity under the resolution for this commission to consider the need. This House does not care about the commission considering the need, it wants the result of the consideration. it not be preferable for your amendment to say "to consider the need and report the result of the investigation"?

Mr. TREADWAY. I should be willing to accept such phraseology, and shall be glad to confer with my colleague when the

time comes for amendment.

Mr. SHARP. Mr. Chairman, I have had great pleasure in listening to the speeches of those who preceded me, and especially to the gentleman from Oklahoma, and the gentleman from my own State of Ohio. In the one case the speaker announced himself as a lifelong educator. The other gentleman from the West, as might naturally be supposed, spoke eloquently and interestingly upon the phase of the measure as it relates to agriculture. I shall take but a short time of the House to speak in the capacity of a business man, one who has devoted a good many years of his life to practical problems that one has to confront in business affairs. I have always taken a great interest in educational matters as they are involved in a business education, because they are fundamental to success

Some time ago a former distinguished President declared for reforms, by which he wished to secure for everybody in this country what he termed "a square deal." I wish to appeal to the House if it is a square deal-whether we consider ourselves responsible or not-to longer permit a condition, if we can possibly bring about a reform, whereby the doors of education beyond the lower grades—the doors of opportunity—which after all is the greatest thing which a self-reliant American ought to ask for, are closed by social and economic conditions, if not by mandate of law, to 8 out of 10 of the youths of this country.

That seems to be a startling statement, and I challenged its accuracy when I first read it in the statistics. But some years ago I had occasion to prepare a bill, whereby the \$2,000,000 that had been appropriated for the erection of a memorial monument to Abraham Lincoln should be devoted instead to building a great educational institution of a vocational character in this country. I did not have the backing and the sentiment I ought to have had, as my bill came on the legislative program rather late in the day. The work had been all practi-cally carried out for the legislation and final consummation of the other plan, and my measure was defeated.

But, nevertheless, in the preparation of that bill I had occasion to go quite deeply into the subject of vocational education.

Indisputable facts prove that a somewhat larger proportion

than 80 per cent of the children in the United States are compelled for one reason or another to quit our public schools before they attain the age of 14 years. In most such instances this means that four out of five of our boys and girls are permitted to go no further in their studies than the grammar grade. If further comparisons were made, the proportion of those who are fortunate enough to graduate from our public high schools would be found to be indeed very small to the whole number who enter them. Is it any wonder that such an unequal dis-tribution of opportunities should result in such a deplorable and unequal distribution of wealth and power and all that these advantages bring? Shall we condemn the ragged little fellows who, reared in some alley between the high walls of frowning buildings in our crowded cities, whose opportunity, as in the case of many such, to learn their letters only comes from seeing them printed on signs, for the criminal careers they too often follow in later years? I must confess that, though I have tried in my service as a Member of this House to be just to all classes of my fellow men, yet I have given the benefit of the doubt to the weak rather than to the strong. When I come to think of the tremendous gap which in future years may separate two boy playmates one of whom from the very opportunities of his environment can unhindered prosecute his studies through the highest institutions of learning, the other one of whom must leave school with only the rudiments of education in order that he may with his feeble strength contribute to the common fund for the support of the family-I do not wonder at the tenseness of some of the sociological problems of the present day. And such instances are not the exception but indeed furnish the warp and woof of our social and economic problems of to-day.

Just now we read in the papers that those close to the confidence of the President are being daily consulted in reference to antitrust legislation; and, as a business man with quite a number of years of experience, one who has been accustomed time and again to sitting around the long tables of the a plan, commits us favorably to Federal aid.

Mr. ROGERS. Will the gentleman yield?

Mr. TREADWAY. I will.

Mr. ROGERS. If you strike out, as your first amendment contemplates, the words "to report a plan," it leaves the sole our great industrial concerns and control our transcontinental railroads; but how may of us ever stop to think that there is another combination that is greater than the dollar, because that combination created the dollar and controls the power that the accumulated millions of dollars exert upon our affairs day by day. I refer to the combination of brains, brains coming from educational advantages. You have read of the remarkable feats of great chess players. We have had a good many of them, and some of them can be blindfolded and play a number of games at the same time. We have marveled at their power. There are men just as expert and just as skilled in the game of finance as those chess players are in their chosen field of operation; and for the ordinary man, indeed, I might say for the extraordinary man, to go up against that kind of game, whether the players were blindfolded or not, would be sheer folly. That is the reason why we have these great kings of finance, handicapped though they are by laws enacted to curtail their power; and yet they can still consummate almost any kind of a financial enterprise that they will.

What are we going to do to regulate them? Enact laws and put them upon our statute books? That will do some good; but I say that if a community of interests can be instituted in a cooperative and common purpose, where everybody is taken in as joint shareholders in our trusts, there can not be very much harm done to anyone. So I say that the opportunities for a useful education should be so universal and so widely disseminated throughout the country that the children of the poorest and humblest can all partake of its advantages. The ancient Greeks placed above their temples the words "Knowledge is power." That is more true to-day than ever before, and That is more true to-day than ever before, and it is largely due to opportunity that these men whom I have mentioned have had in their youth that has brought them the success which they found in later days. We may have laws on our statute books, or in preparation on our calendar here, a multitude of bills for regulating these evils, for providing a panacea for this or that particular wrong, but until we get at the foundation of it all and provide a better means for the under fellow to assert himself, for the submerged eight-tenthsnot one-half-to get a better opportunity, we will never satisfactorily reach the remedy that we seek.

Just one thought before I conclude, because there are others to speak and I do not wish to tire your patience. This question was asked by the gentleman from Oklahoma [Mr. Murray], and it was a very pertinent one. His question affords me an opportunity to give my reasons to account in part at least for the state of affairs that he depicts. He asks pointedly the question that even if we do want instructors in our agricultural colleges, where are we to get them? He might with equally good reason ask if we want expert instructors in this special vocational work, where are we to get them? They are to-day sending abroad for these vocational instructors. Mr. Chairman, I believe that in order to make such a resolution as this fully effective there must be an endowment, national or otherwise, for

the establishment of such institutions,
I respect the constitutional right of the States. I am a State rights man to the proper limit of such doctrine, but if we can not get our remedy in any other way I do not care particularly if we step over the bounds and ask the Nation with its abundant resources to come in and aid our States in this splendid work of giving all possible opportunities to our youth. I think it is necessary, as I have said, as a condition precedent to this, that there should be a great institution founded, either national in its character or of such a character that each one of the States will have a normal school that shall have for its exclusive purpose instruction of instructors to carry on the work that Germany and other European countries have carried on to such a successful completion during the past 50 years. Why do we not get them? The gentleman from Oklahoma asks that question. Let me answer. It is but a plea for the school-teacher, without whom, after all, this new movement must fail. my privilege three or four years ago to speak upon this floor in favor of a more generous recognition of that great number of semipublic officials, if you please, the school-teachers. I want to say that as long as you permit the injustice to continue of paying these worthy employees, more needed and valuable in their good work than any other single class of people in the United States, only a mere pittance, a fraction of what they ought to have, just so long will you have difficulty in getting the best kind of talent for this important work.

You who have children as I, see them go away in the morning at an early hour and remain under the tutelage of the teacher for five or six of the best hours of the day. That teacher, who is the instructor not only of their mental training, but the monitor of their moral conduct, receives only a fraction of what we pay to a popular baseball player in this country and scarcely

more than what we pay the ordinary street laborer in our cities. And then ask the reason why we do not get more and better talent of school-teachers in this country. Let us, as Members of this House, commence to-day to bring about not only the educational reforms contemplated in this bill, but give better recognition to the teachers. If it is only to enact a minimum wage scale, then do that. Let us recognize the high standard and their proper estate in order that the school-teachers, the faithful instructors throughout our country, the joint guardians of our children, may be more generously and justly compensated, and then we have performed a small part, at least, of the work that this resolution contemplates. [Applause.]

Mr. MANN. Mr. Chairman, this resolution provided for the appointment by the President of a commission of men," which I am glad to notice the committee recommends to be changed to "nine," so that it would be possible to appoint nine women or a portion of them men and a portion of them women, and directs that commission to consider the need and report a plan for national aid to vocational education. The resolution is undoubtedly the result of a number of years of study of other matters. For a good many years Congress has been increasing somewhat the appropriations in the agricultural appropriation bill, a portion of which was designed to give practical instructon to farmers at home or close to few years ago a constituent of mine by the name of Howard H. Gross organized a body of men and urged the giving of additional instructions to farmers. In the course of his work he came to me for advice-not the first gentleman who has ever come for parliamentary advice. I advised him if he wanted to get consideration by Congress of a proposition of that sort to talk with the distinguished gentleman from South Carolina [Mr. Lever], then a member of the Committee on Agriculture and now, I am glad to say, the chairman of that very able committee. At least in part as a result of this, though doubtless the effort would have been made if I had never been heard of, the so-called Lever agricultural-extension bill was drawn and introduced. It passed the last House and went to the distinguished body at the other end of the Capitol. Meantime the Senator from Vermont, Senator Page, had introduced into the Senate a bill covering not only the agriculturalextension work but vocational education extension work. The Lever bill designed an expenditure at the limit, when the limit was reached, of about \$3,000,000 a year. The Page bill in the Senate proposed an expenditure when the limit was reached, as I now recall, in the neighborhood of \$20,000,000 a year, and I am not sure it was not larger than that, it took a good deal to figure and find out how much.

The House passed the Lever bill. It went to the Senate, and when the matter came up in the Senate the Senate struck out all after the enacting clause of the House bill and inserted the Page vocational-education bill in the Senate. The House bill, with this Senate amendment, was sent to conference. The conferees were unable to agree, the Senate at that time insisting upon keeping all, or at least a considerable portion, of the Page bill, and the House conferees declining to go to that extent. Now the Lever bill has been again introduced into the House, reported by the Committee on Agriculture. It has been introduced into the Senate by the Senator from Georgia and favorably reported yesterday, I believe, in the Senate. Meanwhile the gentlemen who are interested in this agricultural-extension bill saw looming ahead of them the danger of another conflict with the Page vocational-education bill, and out of this a resolution was introduced into the Senate proposing to study one subject while they passed a bill on the other, not the first time I have seen a frame-up of this kind. In other words, the design of this measure was to placate the gentlemen who are in favor or the larger measure while they passed the other that cost less money, and I have no doubt that that placation was secured. The joint resolution as originally introduced provided for a report by the 1st of December, or the 1st of this month, the expectation undoubtedly being that there might be two bills; possibly one would be passed without a trade, and possibly a trade could be made for the passage of both. Speaking only for myself, I have no doubt whatever of the propriety of passing the Lever agricultural-extension bill.

And I have no doubt whatever that sooner or later we will pass a law providing for national aid to vocational education. I question very much—although I shall not vote against the resolution—the propriety of the resolution in its present form. The original design was to appoint a commission of nine without pay to report in a few months upon a proposition than which there is none bigger before the American people. You can not expect that nine persons without pay will in the course of a few months determine offhand a problem from which the Com-

mittee on Education shrinks and which the Congress of the United States in its two bodies has been unable to solve. If this commission is appointed and it makes a speedy report, all it can report will be the Page bill in the Senate, and we really do not need the services of a commission to have that bill reported to the House, because we have already had it before both Houses of Congress

Mr. SHARP. Will the gentleman yield for a question? I

merely ask it for information.

Mr. MANN. Certainly.

Mr. SHARP. Upon what assumption does the gentleman state that when this commission does make a report it will be merely a report favoring the Page bill? Did I understand the gentle-

Mr. MANN. It would be impossible for a commission of nine, without pay, in the course of a few weeks or a few months to present a plan on this great subject. When a commission of this kind is appointed without pay, the first thing they will do will be to select a secretary with pay, and the secretary will present the report of the commission, or prepare it, at least. If my distinguished friend from Ohio [Mr. Sharp] and myself were appointed on such a commission, we would not know what to do without a great deal of study, and we would not give it that study unless we could devote our time to it and were paid for it.

Mr. TRIBBLE. Will the gentleman yield?

Mr. MANN. Certainly.

Mr. TRIBBLE. Does not the gentleman think that, owing to the fight that is going on in the Senate between Senator SMITH and Senator PAGE, and the other side, even if we go ahead at this end of the Capitol and pass the Lever bill, or some other bill, that that bill will be blocked by the Senate until this

commission reports?

Mr. MANN. I do not. I believe the Lever bill will pass the House before very long. I do not know whether it will pass the House ahead of the Smith bill passing the Senate. They are the same bill. If the Smith bill passes the Senate soon, that will be the bill that will be taken up in the House when the Committee on Agriculture is reached. If the Lever bill passes the House first, I know enough of the author of the Smith bill in the Senate to feel assured that it will not be long before the Lever bill comes to a vote in the Senate, regardless of whether this commission is or is not appointed, although I have no doubt that under the understanding that exists as a matter of good faith to the gentlemen in the Senate who are supporting the Lever bill they will expect the House to pass this resolution, and I have not the slightest doubt but that the House will do so.

Mr. Chairman, the subject of vocational education is so great that I hesitate to express an opinion upon it myself, and I would like to have read in my time a statement made by the first vice president of the Illinois Steel Co. of Chicago, who probably has given as much attention to the subject of vocational educa-

tion as anyone in the country.

The CHAIRMAN. Without objection, the Clerk will read. The Clerk read as follows:

THE NEED OF VOCATIONAL EDUCATION.

(By Theodore W. Robinson, first vice president Illinois Steel Co., Chicago, Ill.)

In the development of civilization the result of all change has been for ultimate progress. The world has grown better, but change has often meant temporary retrogression, in times past even to the destruction of the highest exponents of civilization. We are now in a period of marked transition. History records no other such wonderful development as that of the United States. No people have ever been so well fed, so well housed, nor have enjoyed such high social standards. No other era is comparable to ours in the production of wealth and no country has seen such a rapid accumulation of riches. Yet our institutions and our methods, by which so much has been accomplished, are being questioned and attacked. Public opinion is demanding a new social order. Insistence upon change is deep-seated and extends much farther than mere political expediency. Change, it is true, is the law of human nature, but why the present widespread unrest? What are its manifestations, its causes, its remedy? These are matters of concern that are pressing upon us. We have been rapidly making history of late, and this Nation, whose birth in the family of nations is as of yesterday, is still an experiment in self-government.

SOME CHANGES OF A GENERATION.

Our population to-day is three times what it was 50 years ago, and in that period our wealth has increased ninefold. There has been unprecedented industrial expansion. The cost of the necessities of life has largely increased. The growth of our farms has not kept pace with the growth of our cities. Our standards of life have been wonderfully altered. Our food products of late have relatively and actually decreased in quantity but have enormously increased in value. Aggregation of capital has reached unparalleled proportions; and our labor, with shorter working hours, is receiving higher wages than ever before. These are some of the changes of a generation. But in our public schools, the very basis of our modern civilization, there has been but relatively little change. It would be hackneyed to say that our greatest institution is our public school were it not that ignorance on the one hand and indifference on the other cause that fact to be too often forgotten.

Our most important industry is the dissemination of knowledge to our youth; and whether the intelligence of American manhood and womanhood is to be high or low, whether efficiency on the farm and in the factory is to be increased or decreased, depend directly upon the strength of our educational system. The character of a nation is the composite character of the individuals making up that nation, just as the wealth of a nation is the aggregate of the wealth of its individual inhabitants. Anything, therefore, that makes for the moral and mental elevation and the increased efficiency of our people makes for the moral and industrial superiority of our country. Only by combining a high type of citizenship with material welfare may we hope to command the contentment that makes for orderly progress, and only by proper education may we expect to insure these essentials. What, then, is our educational system, what is its strength, wherein lies its weakness?

OUR SYSTEM OF EDUCATION.

The school system of the United States consists essentially of a

cational system, what is its strength, wherein lies its weakness?

OUR SYSTEM OF EDUCATION.

The school system of the United States consists essentially of a kindergarten period, usually of two years, eight grades of elementary school with a period of eight years, a high-school period of four years, and a college or professional school period of four years, Graduation from the high school admits to the academic colleges and to most of the schools of law, medicine, engineering, agriculture, architecture, dentistry, and pharmacy, whether in State-supported universities or in privately endowed institutions, such as Harvard and Yale. Under most of our State laws education is compulsory from the age of 6 to 14 years, inclusive. Nevertheless, of our population of 10 years of age or over there were, according to our last census, five and a half millions who were illiterate. The number of pupils enrolled in our public and private schools and colleges in 1910, not including special educational institutions, aggregated over 20,000,000, or 21.3 per cent of our total population. Our public schools represent an investment of one and a quarter billion dollars, and it costs \$450,000,000 a year to operate them.

For the promotion of intellectual culture and for professional training our educational system is unexcelled. Our grade schools and our high schools afford a satisfactory preparation for higher education, but higher education is for the few. Of all persons under process of education in 1910, 92.30 per cent were in our universities, colleges, and professional schools. This terrific educational mortality is emphasized by the fact that 80 per cent were in our universities, colleges, and professional schools. This terrific educational mortality is emphasized by the fact that 80 per cent were in our universities, colleges, and professional schools. This terrific educational mortality is emphasized by the fact that 80 per cent were in our universities. Colleges, and professional schools. This terrific educational mortality i

THE NEED OF VOCATIONAL SCHOOLS.

A generation ago our schools were much better adapted to meet the requirements of the community than they are at the present day. While then, as now, the grammar school led to the college or professional career through the high school or academy and elementary training was largely based on the cultural needs of those destined for higher education, the conditions and the environment were nevertheless quite different. Life was then comparatively a rural existence. Specialization of labor and the modern demands of industry were largely unknown. The apprenticeship system, now largely obsolete, afforded a satisfactory opening to an industrial career, and the office was an efficient threshold to a commercial future. The demands of industry were early responsible for the establishment of the scientific school, and such institutions at the Massachusetts Institute of Technology, Van Rensselaer, Stevens, and others of a similar type are institutions of higher education. Later the manual training school was inaugurated, and while much was anticipated from the innovation it has proved of little value beyond its cultural worth.

the manual training school was inaugurated, and while much was anticipated from the innovation it has proved of little value beyond its cultural worth.

As the importance of readjusting our educational methods became more apparent, the necessity of a vocational training that should provide practical instruction in agriculture, commerce, industry, and the art of home making became better appreciated. The National Society for the Promotion of Industrial Education has conducted an active and effective propaganda. The American Federation of Labor and the National Society of Manufacturers have investigated and indorsed the movement. There is legislation pending before Congress providing for national grants of money to States which shall establish vocational schools. Legislation has been enacted in Massachusetts, Wisconsin, Indiana, and several other States. Some work has been done by private initiative, and E. G. Cooley's report on vocational education in Europe, compiled and published under the auspices of the Commercial Club of Chicago, is one of the most valued contributions on the subject.

The general plan of vocational education is to add schools to our public-school system which shall be designed with a special view of meeting the occupational needs of the community in which they may be located. As is the case with the high school, they should be supplementary to the present grade schools. They should be open to both sexes and should provide instruction both to those who could devote their time to continuous study and to those who, while at work, could devote a few hours a week to special courses. Part-time attendance should be compulsory for all children under 16 or 18 years of age who are not in other forms of school.

WHAT GERMANY IS DOING.

should be compulsory for all children under 16 or 18 years of age who are not in other forms of school.

WHAT GERMANY IS DOING.

There is perhaps no greater object lesson of the possibilities of vocational training than the phenomenal industrial advance of Germany during the last generation. With but 7 per cent of our land area, and with a population 30 per cent smaller than our own, Germany's imports and exports of merchandise in 1910 not only exceeded those of the United States but surpassed those of all the other nations of the world excepting only the United Kingdom. This has been accomplished primarily because 40 years ago German statesmen were sufficiently farsighted and progressive to inaugurate the comprehensive system of vocational education by which the German youth acquire a better training for their life's work than the youth of any other nation. In Germany to-day education is a public duty, in which both statesmen and men of affairs actively concern themselves. But interest in vocational education is by no means confined to Germany. England, Scotland, France, Austria, Switzerland, Norway, Sweden, and Denmark have all made rapid strides toward remodeling their educational methods and, facilities. Perhaps Scotland and Switzerland, after Germany, have done the most effective work in this regard, and in England a great impetus has been given to the movement by the personal interest evinced by Lord Haldane, lord chancellor of Great Britain.

THE UNITED STATES BACKWARD IN VOCATIONAL EDUCATION.

The United States, of all great nations, is the most deficient in caring for the vections of the states of the processing of the provise of the provise of the contraction of the provise of

The United States, of all great nations, is the most deficient in caring for the vocational education of its people. Our great educational problem is how to extend the education of the 90 per cent of the children

who are in the grade schools and how best to provide for them a training for civic and industrial intelligence. This is a fundamental question deeply involving our national life.

Fifty years ago we were torn by a struggle of sectional differences. We now have entered a struggle of factional differences which the ballot must decide. The problems that followed our Civil War were preeminently economic problems directly or indirectly dealing with the development of our natural resources. The development of our agricultural and mineral lands, the opening of waterways, the building of railroads, the replacement of manual by machine labor, the extension of the factory system, were all developments of farm, transportation, and manufacture involved in the production of wealth. Our important problems to-day, however, are largely questions of supervision and regulation, and the division of industrial reward rather than the promotion of industry itself. They are still economic questions, but they deal with the distribution of wealth rather than with the production of wealth. People are discontented not so much because there is a lack of opportunity for individual effort as because the natural tendency to question the division of the product of industry is being aggravated by the increased cost of living. Example is a force that goes far toward inducing poverty to vie with opulence. Because no people of any land have ever enjoyed such prosperity as we enjoy minimizes but little the contrast between those of modest circumstance and those of superlative fortune.

Fortunately we have no such vested rights as exist in some of the older countries to help temper public sentiment by traditional class distinction. We have our classes of society—and there always will be classes with lines of demarcation more or less indefinite—but we have no class into which any one of our citizens may not enter provided he possess the necessary intelligence and economic qualifications. From dependence to self-support, from poverty to riches, are s

Mr. MANN. Mr. Chairman, I ask unanimous consent that the balance of the article may be printed in the RECORD as a part of my remarks. How much time have I remaining?

Mr. STAFFORD. Mr. Chairman, reserving the right to object I thought the reading of the article may be reserved.

ject, I thought the reading of the article was reaching that part that was becoming illuminating as to vocational education, and that the part that had been read was merely preliminary.

Mr. MANN. I hope the gentleman will do me the honor to read it in the RECORD.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to print the balance of the article is the Present

mous consent to print the balance of the article in the RECORD as a part of his remarks. Is there objection?

There was no objection.

The following is the balance of the article:

IMMIGRATION.

A grave and increasing responsibility is placed upon our educational system by the large immigration that we are receiving from foreign countries. An analysis of our population shows that it is approximately made up of 89 per cent of the white and 11 per cent of the negro races, and that only 54 per cent of our whole population is of native parentage. During the last 10 years there has been an average yearly influx of nearly a million allens. These people represent a most valuable asset in our material growth, but in their proper amalgamation lies that great question of citizenship upon which the future of this country so largely depends. These embryonic citizens are not, as formerly, representatives of the hardy Anglo-Saxon races of the North. It is the Poles, the Slavs, and the Latin people with whom we now have to deal. While they are capable of high character and efficiency, the problem of education and amalgamation in their case is fraught with greater difficulty than if they were racially more closely allied to our ancestry.

ancestry.

The sentiment of a people is more or less reflected by their political affiliations and activities. For a generation we have had two dominant political parties in this country. Overnight, as it were, a third party sprang into existence, and over 4,000,000 of our citizens followed its standard. It is not pertinent to discuss here what may or may not have caused such an unusual political departure, or whether the principles enunciated by the new party are new or old, desirable or undesirable. The fact is given as evidence that there is an extensive desire for change, which neither the influence of personal magnetism nor the possible dereliction of party duty can explain. Further evidence is found in the rapid growth of socialism.

SOCIALISM.

In 1912 the Socialist Party polled in this country more than twice as many votes as it did in 1908. Twenty years ago the Socialist Party cast 21,000 votes. Last year they polled nearly 900,000 votes. The growth and purpose of socialism abroad is largely due to conditions peculiar to the Old World. The purpose of socialism in this country is recorded in their late party platform, which ends as follows: "Such measures of relief as we may be able to force from capitalism are but a preparation of the workers to setze the whole power of government, in order that they may thereby lay hold of the whole system of socialized industry and thus come to their rightful inheritance."

The menace of socialism can be minimized by a vocational training, which will increase the intelligence and future earning power of our children. It is not difficult to inculcate the fundamental principles of industrial economics in an elementary way, and it does not require a mature mind to comprehend that the source of all wealth is the soil, that wealth can only be produced by the joint effort of capital and labor, that there always will be differences in individual character and ability, and that no social plan can be maintained which goes contrary to these basic truths.

SOCIAL AND INDUSTRIAL CHANGES.

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SOCIAL AND INDUSTRIAL CHANGES.

If public opinion is to be directed through constructive channels, it must be in part by promoting a wider knowledge of the economic and industrial changes that have been taking place and by commanding a better appreciation of their influence upon society. In the last few years there has been a striking change in our rural and urban population. From 1900 to 1910 the population of the United States increased 21 per cent. During this period the rural communities gained 11.2 per cent and the urban 34.8 per cent. As an economic and social necessity it behoves us to increase wherever possible the interest of our people in our farms. How much we have relatively fallen behind in our agricultural life is partially shown by the fact that we

should now have two and a half millions more people engaged in farming had the number that were so engaged 30 years ago been proportionately maintained. While from 1900 to 1910 our population increased 21 per cent, during the same period the number of our farms increased but 10.9 per cent, our total farm acreage increased 4.8 per cent, and the increase of our crop production was in volume only 10 per cent. In the last five years the number of sheep in this country has actually decreased more than 3,000,000, and the number of cattle has decreased more than 15,000,000. As a natural sequence, the value of our food products and the value of our farm lands have greatly increased.

Much of the soil of Europe, which has been under cultivation for centuries, is producing by methods of intensive farming, more than double the amount that our comparatively virgin soil is producing. For the period of 1903 to 1912 the average yield of wheat per acre in the United States was 14.1 bushels as compared with 30.1 bushels in Germany and 31.7 bushels in the United Kingdom.

These facts have an important bearing upon the necessity of providing vocational schools in the agricultural districts which shall be supplemental to the present country schools and which shall be equipped for practical instruction in such elements of sclentific farming as fertilization, rotation of crops, drainage, and breeding. If we are to extend our rapidity appreaching limit of agricultural home maintenance, we must dignify agricultural labor and make it more productive.

OUR FOREIGN COMMERCE.

OUR FOREIGN COMMERCE.

The social character of a community in all ages has been profoundly influenced by the degree of its material prosperity. The prosperity of this country is bound to be influenced to an accelerated degree by the extent of its foreign commerce. The share which manufactures form in our exports and which manufactured materials form in our imports has largely increased during recent years. The total value of our exported manufactures increased in round figures from \$122,000,000 in 1880 to \$1,022,000,000 in 1912. On the other hand, the total value of foodstuffs exported in 1912, amounting to \$419,000,000, was actually \$41,000,000 less than the value of foodstuffs exported in 1880. Perhaps more impressive are the figures showing the change in percentage which foodstuffs and manufactures, respectively, hear to our total exports. From 1880 to 1912 our foodstuffs fell from 55.77 per cent of our total exports to 19.29 per cent. In the same period our manufactures increased from 14.78 per cent of our total exports to 47.02 per cent.

our total exports to 19.29 per cent. In the same period our manufactures increased from 14.78 per cent of our total exports to 47.02 per cent.

This great change in the character of our export trade reflects our rapidly changing industrial conditions. If we are to continue to successfully compete in the markets of the world and still maintain the American standard of wages in the face of the low wages of foreign countries, we shall not only need a comprehensive system of industrial education, but shall also require the economics which are possible only through the concentration of business. How much the latter has already influenced our foreign trade is partially exemplified by the increase in our exports of iron and steel. In 1890 the value of our iron and steel exports was \$25,000,000; in 1912 their value was over a quarter of a billion dollars.

But concentration of business is being attacked as monopolistic. Those who fear the danger of monopoly should remember that business concentration is an important factor in modern industrial development, and that monopoly is but a preventable perversion of its great power for social progress. Between the evils of monopoly on one hand and the waste of unrestricted competition on the other, there is a zone for concentration and cooperation that should be within the law. Concentration of business through large corporations, with its resulting increase in efficiency and the elimination of waste, is an economic necessity which can no more be successfully replaced by small units of activity than can the power loom of the factory be successfully replaced by the hand loom of the home.

If we are to properly build up our commerce, we must better develop our latent haustrial possibilities. There are to-day hundreds of thousands of children between 14 and 16 years of age who, for want of proper educational incentive and opportunity, are either idle or without fixed employment. A system of education which would provide for these children in our commercial and industrial centers

HIGH COST OF LIVING.

The method of living of our so-called plain people is on a much higher plane than has existed in any other nation or in this country at any other time. We properly have been concerned of late with the rapid increase in the cost of living. The movement is world-wide, but perhaps its influence upon existing social conditions is nowhere so strongly emphasized as in this country. Although the results of our high cost of living are largely social in their effect, the causes are principally economic in their character.

That the high cost of living is due to the cost of high living is an aphorism that represents but a partial truth. Our people, it is true, live on a much more extravagant scale than ever before; but it is also true that food, raiment, and habitation cost much more than heretofore. Any intelligent discussion, therefore, of the reasons leading to the increased cost of our manner of living must take into consideration two factors—first, the increased cost of necessities; second, the increased cost of luxuries. It is obvious that the causes leading to the increased cost of our necessities are many and complex. There are, however, two basic causes for their increased cost:

First, The decrease in the number of men engaged in producing our necessities from the soil in proportion to our total inhabitants.

Second. The cumulative effect of increased wages throughout the country.

Second. The cumulative effect of increased wages throughout the country.

With equal efficiency, no standard of living made possible by the wealth produced by 10 hours of labor in the factory or on the farm could be maintained with fewer hours, unless wages or the value of the product be increased. As a Nation we are proportionately working fewer hours than ever before, and we have a greater number of the inefficient and the idle in our midst. Between 1900 and 1910 the average price of land increased from \$15.57 per acre to \$34.40 per acre. The result of proportionately fewer men working shorter hours with more valuable land has been an increased cost for which labor-saving devices have not compensated. These are the underlying economic conditions which through the natural law of supply and demand are responsible for the increased cost of the necessities of life.

The other and perhaps more influential factor in our high cost of living is the increased cost of luxury. The demand for luxury is a manifestation of prosperity and is bred from an innate desire for comfort, power, and prestige. It is both material and psychological in its

character, and is an ever-expanding force in our modern civilization with which the sociologist and the economist must frankly deal. It has put a strain upon our whole social and industrial fabric that would have been deemed impossible a generation ago. Can anyone rightfully question the vital bearing that education has on these matters or doubt the necessity of obtaining greater agricultural and industrial power through a comprehensive system of vocational training?

The Nation's welfare can be maintained only by increasing the productiveness of its labor and by judiciously directing it in reproductive channels. Labor expended in the fields or in the manufacture, transportation, or distribution of the necessities of life is reproductive. But labor expended in the production of luxuries is principally lost in an economic sense.

acconomic sense.

Our latest large industry, the manufacture of the automobile, is more or less illustrative of this point. According to an investigation made by the Automobile Magazine, there were in this country at the beginning of 1913 over 1,000,000 or egistered machines, less than 55,000 of which were commercial cars. Last year we produced 378,261 cars, with a sale value of \$542,500,000. On the basis of the average value of last year's output, the value of all the cars registered in this country would be approximately \$1,500,000,000. If we assume that \$500 per car per year approximately represents the cost for maintenance and operation, it appears that it costs \$500,000,000 annually to operate these machines. This is more money than is spent each year in operating the entire public-school system of the United States. These figures are startling, especially when we learn that only 6 per cent of all these cars is for industrial use, and 94 per cent is essentially devoted to purposes of recreation.

is for industrial use, and 94 per cent is essentially devoted to purpose of recreation.

In the development of the commercial car, however, the automobile industry is destined to be the source of great reproductive activity, and hence an important agent in the future production of wealth, although its result thus far is largely represented by the opportunity it affords for luxurious recreation. Reasonable recreation and reasonable luxury are essential for the best ethical development, but the price has to be paid, and the bill is found in our high cost of living.

SUMMARY.

It is evident that we are passing through momentous changes. The decline of agriculture and the growth of industrialism, the increased cost of living and the change in our methods of living, are some of the causes that have produced the present widespread demand for a new social order. We are facing many serious economic and industrial problems, the proper solution of which is important to the capitalist and vital to the wage earner. If we are to have orderly progress, we must command a high standard of national character and intelligence, and this means a better and more universal education.

The educational problem that faces this country to-day is not primarily a school-teacher's problem. Rather does it demand the initiative and cooperation of the earnest, intelligent layman. If our schools are to be truly democratic, if the needs of our modern life are to be properly reflected in the education of our boys and girls, our men of business and our men of labor must more thoroughly recognize their educational obligations.

Vocational education is not a passing social expedient, but one of our most far-reaching national questions. It means not only greater industrial efficiency, but also increased economic truth, morality, and civic duty. It is not a question for coming generations alone. Every year more than a million of our youths attain their majority, and the children of 14 years, with whom we are especially concerned, will within seven years come into their political rights. Our Nation is one of political freedom, and very rapidly our people are coming to better appreciate the extent of their sovereign power. Let us remember that what our laws and institutions shall be must depend upon the will of the people, and this will depend largely upon the character of their education.

You, gentlemen of the Iron and Steel Institute, are essentially interested in the industrial questions of this country; but back of our industrial entering the control of the people are continued to the restriction of the control of th

the people, and this will depend largely upon the character of their education.

You, gentlemen of the Iron and Steel Institute, are essentially interested in the industrial questions of this country; but back of our industrial questions lie our political, ethical, and social questions, and underlying all—and greater than all—are our educational questions. If you believe that we are in the midst of a far-reaching change, if you believe that this transition is fraught with grave importance to you, your children, and your institutions, if you believe that only by sane thinking, sober judgment, and trained intelligence can the dangers of ignorance, intemperate speech, and class legislation be avoided, then it behooves you to use your influence toward providing better educational facilities for the people. While every true American must have faith in the ultimate satisfactory adjustment of our difficulties, the situation demands more than optimistic indifference or laisser-faire consideration. Once let the business men of this country properly awaken to the needs and possibilities of a school reformation and contribute a portion of the time and money now spent in trying to forestall socialism and victous legislation, and there will be much less socialism and victous legislation to fight. In the best interests of both labor and capital, and as a matter of patriotism, civic duty, and business sagacity, it should be a privilege for every intelligent man, whether he be rich or poor, to take an active part in improving America's greatest institution—the public school.

Mr. MANN. Mr. Chairman, how much time have I remain-

Mr. MANN. Mr. Chairman, how much time have I remain-

ing?
The CHAIRMAN. The gentleman has 40 minutes. Mr. MANN. Mr. Chairman, I yield the balance of my time to the gentleman from Alabama [Mr. Hosson]. [Applause.]

Mr. HOBSON. Mr. Chairman, how much time have I-40 minutes?

Mr. MANN. Forty minutes. The CHAIRMAN. The gentleman from Alabama has 40 minutes

Mr. HOBSON. Mr. Chairman, I desire to express my appreciation, and I believe the appreciation of many others, for the kindness and thoughtfulness of the gentleman from Illinois [Mr. Mann] in granting me this time. I shall take advantage of this opportunity, Mr. Chairman, to bring to the attention of the House an event that occurred in this city yesterday, the 10th of December, an instance of the exercise by the people of the right of petition granted by the Constitution of the United States. The right of petition is a right that is part of the heritage of Anglo-Saxon people a right that we part of the heritage of Anglo-Saxon people, a right that was part of | finality in such matters as this.

the Magna Charta and part of the Bill of Rights. the first amendment to the Constitution of the United States, establishes "the right of the people peaceably to assemble and to petition the Government for a redress of grievances.'

This right, Mr. Chairman, was exercised by a committee of 1,000 men, expanded to 2,000 by the action of local bodies; a committee authorized by a convention of the National Anti-Saloon League held in the city of Columbus, Ohio, in the second week of November. At the same time the National Woman's Christian Temperance Union exercised the same right. At the same time the commission of the Federated Churches, the Temperance Commission of the Federated Churches of America, exercised the same right. At the same time members representing some 97 national uplift organizations exercised the same These organizations held a convention the day after the Anti-Saloon League convention in Columbus, Ohio, and they took action similar to the action that was taken by the Anti-Saloon League convention.

I shall not take time now to read the names of all the organizations that were participants in this convention, but will add a partial list at the end of my remarks. I will remark, how-ever, that in addition to these 97 there are coming now from ever, that in addition to these 97 there are coming how from all quarters, the result of special action by uplift bodies, official bodies—National, State, and by counties—indorsements and pe-titions of a similar nature. Among national organizations I may mention the following:

The General Conference of the Methodist Episcopal Church, the General Assembly of the Presbyterian Church, the National Council of Congregational Churches, the General Synod of the Lutheran Church, the United Societies of Christian Endeavor, the International Order of Good Templars, the Baptist Association, the Methodist Church South, the Southern Presbyterian Church, the Disciples of Christ, the United Brethren, the Epworth League, the National Council of One Hundred.

The ones that I referred to before were national bodies. due course an enumeration of all these organizations will be properly filed with the Government under my authority to print:

Altogether there now reside in prohibition territory, made prohibition by the vote of the people, 47,000,000 of American citizens. Approximately 55 per cent of all the American people now live in territory made prohibition by their own votes.

Mr. BARTHOLDT. Mr. Chairman, will the gentleman yield

for a question?

Mr. HOBSON. Pardon me. After I have finished my consecutive statement, if the gentleman will get me additional time I shall be glad to answer his question.

Mr. BARTHOLDT. This refers to the gentleman's statement. The CHAIRMAN. The gentleman declines to yield. Mr. HOBSON. The gentleman can refer back to it; and since I have declined to yield, Mr. Chairman, I ask that you kindly cut that interruption out of my time.

The CHAIRMAN. The gentleman declines to yield.

Mr. HOBSON. I will say to any gentleman that after I am through making my statement I shall be delighted to answer any questions, and I assume that the gentleman from Missouri [Mr. Bartholdt] will then be glad to ask for an extension of my time by unanimous consent.

Over 55 per cent of the American people now live under prohibition, brought about by their own votes, and between 71 and 72 per cent of all the area of continental United States is now what is called "dry," prohibition territory, made so by the vote of the people. Therefore, Mr. Chairman, this petition,

through representatives, practically represents a petition on the part of a majority of the American people.

Permit me to add, Mr. Chairman, that perhaps never before has there been such a large petition, proportionately to the population, in the history of this Government. Permit me also to add that there is no question in the world that this majority in large measure, perhaps larger than in any similar case before, represents the conscience of this Nation. Think of it, Mr. Chairman. The conscience of the American Nation, and the actual petition of a majority of the citizens that live under the

This for the petitioners.

What of the petition, Mr. Chairman? The petition is for a redress of grievances through the passage of House joint resolution 138. Before discussing the question of the grievances themselves I desire to submit this principle o the Members here who may disagree with me on the merits of the joint recolution.

While it is not an absolutely accurate proposition that vox populi, vox Dei, the American Government is founded upon the principle that with the mass of men resides wisdom, and not only wisdom but right. The Almighty made this earth not for a few, but for all His children; and where a majority come to a deliberate conclusion, that conclusion has the moral right of To state it otherwise, Mr. Chairman, irrespective of the merits of these grievances, a majority of the people of the United States have asked for a referendum, through the constitutional

means provided for referendums.

I wish to submit the proposition, plain and simple now at this stage, to the Members of this House who may disagree with some of us as to the merits of the resolution, that we are not asking you to pass upon the merits of the grievances. The American people demand of us the right to settle those merits themselves. [Applause.]

But, Mr. Chairman, I venture this statement, that never in the history of the right of petition, since it was first developed at Runnymede, have there ever been greater grievances for

which redress is respectfully asked.

There is a great unity of law in all life upon our planet. The central law of all life is its development, its evolution. There is nothing in a type or species, plant or animal, that inherently tends to its decay. On the contrary, there is the universal impulsion for betterment and improvement if environment and conditions are favorable. You can produce and do produce a thoroughbred race of corn, a thoroughbred race of horses, a thoroughbred race of dogs, of animals and plants; and yet in over 3.000 years of history of an intelligent race we have never appoximated toward the development of a thoroughbred race of men. If you will take any aggregate built on social groups amongst animals and plants, with a favoring environment that aggregate will go on forever, speaking in human terms.

And yet every historian of the world has been compelled to record that a nation is only born to die, that creatures the highest in development, in the image of their Maker, when taken in the aggregate in the form of a great nation, can only rise to fall; and any student of human history must close the pages with a feeling of sadness when he looks down the vista and sees the favoring environment; yes, and the favoring heredity both in operation, but ending in the wreckage and ashes of empires and civilizations, so that humanity in social groups, in the aggregate, has to start all over again, and would have been exterminated but for the fact that undegenerate fragments were always able to break away from the degenerating empires and go out into the forest and there put in operation the great laws

of evolution and build a new empire.

Mr. Chairman, humanity has unquestionably by its own hands brought into its life a great destroying principle such as does not exist in any living organism. Science has definitely established that destructive principle as alcohol. In hearings that will be conducted in systematic form before the committee having H. J. Res. 168 under consideration evidence will be introduced showing beyond any peradventure of doubt that science has established simple, elemental facts about alcohol as completely as it established the law of gravity; facts vital to the survival of humanity, facts which unfortunately even men of highest education do not know, and facts that are cut off substantially from the popular means of education, but facts that are true. And I venture this proposition: Man has one place where he can stand, and that place is on the truth; and when the truth is established, no decree of a judge, no edict of deadly interests like the liquor interests, no stifling of the avenues of education, no human agency in the hands of man can suppress and destroy that eternal truth, because it has the Almighty beneath it. [Applause.]

We who propose to champion the cause of the American people in this, which we believe to be their just demand for the right of referendum, will invite those who differ with us in opinion to appear before the same committee and bring in reputable scientific research to offset, if they can, these findings of science—not theories any more, but findings of science which have been established. One is that alcohol is the toxin, the excretion of a form of life, and therefore comes under the universal law that the toxin of one form of life will poison the life that produced it and will poison all more highly organized life.

So that alcohol stands out on the start as a protoplasmic toxic poison. The form of life that produces this is the yeast germ, the lowest form of life with which we are acquainted, so that all forms of life with which we are familiar are higher. This is the reason why you can put any organic matter into alcohol and nothing living can get into it. We can then say that alcohol is a poison to everything that has protoplasmic prin-

ciple of life

The second fact established will be this, that alcohol, as a low oxide derivative of a hydrocarbon, partakes of the characteristics of similar derivation—strychnine for instance. These low oxide derivation not only are general poisons, but they have peculiarities. Each one has an affinity for certain particular tissue upon which it has a deadly attack. Strychnia, for instance, has an

affinity for the spinal cord. That is the reason why it throws the victim into convulsions and he dies in spasme. Alcohol has an affinity for the cells of any living creature that are the latest in that creature's evolution.

Every type of every species has a certain building evolution, not in all lines, but one particular line. Man attained his physical evolution ages ago. The individual finishes his physical growth in two decades. Man is evolving in the building up of the upper part of the brain, the part of the brain in which is seated the moral sense, the location of the knowledge of right and wrong, the conscience of God, of duty. Nature is not trying to produce a race of physical giants, but nature is struggling against these terrific odds, to which I will refer, to produce noble men, noble women. I will venture here in illustration that there is not a colleague of mine present who does not unconsciously, through his whole being, have the impulse and the feeling of trying to have his children better than he is and conditions for their development better than his. A man may drink himself, but if he is a good man he does not want his boy to drink. A man may be wet in his politics, but if he is a good citizen he would love to see the youth grow up sober.

Now, you can take a color of a plant that has been produced by evolution and apply alcohol internally to it and the color will at once stop developing. You can even have the color begin to fade; you can put the color back to the state where it was when it grew wild. The same holds with the animals. Take the dog, who has been domesticated for many thousands of years, and under the administration of alcohol he will develop many of the qualities of the wolf. Take the red man and put him under the effect of this toxic poison and he will revert to the characteristics of the savage. You can take the black man

and you can make a cannibal out of him.

Let me ask you in passing to note how the question of criminality is thus absolutely bound up in this matter of alcoholic degeneracy. You can take a white man in the highest forefront of evolution and apply these processes to him and it will be absolutely scientific in the results. You can watch it, you can measure it. If you keep up the process he will revert to the qualities of the semicivilized and go down to the semisavage. He will, indeed, descend below the brute.

There are about 3,000 murders in this country during the year where women are murdered by their own husbands. There are 2,500 cases where men kill their own children and 16,000 cases where they desert their helpless children. There is not a brute of the field who stands so low. The man who is so fallen started out in his lofty position in creation the highest form of life in this part of the universe, a creature so high above all the rest of creation that he can master even the instinct of self-preservation.

I will apply that to say, in my judgment, in political life a man is not fully prepared to go into political life and do his best unless he is not afraid of defeat, unless he would stand for the right and fight for the right, even if he knew he was going to go down with the right, rather than stand by the wrong if he knew it would take him to victory. [Applause.] I will say, further, that I do not believe a man has truly learned to live until he has found things for which, if need be, he would be willing to die.

Take a man in the dignity of his manhood and he is just a little lower than the angels. The spark of the Almighty is there. There he is on that lofty pedestal, and he takes a fall—down, down, down through the evolutionary processes of 10,000 years; nature's slow, patient laws building up throughout the generations to have the result torn down, down, down, until there is the creature in the image of his Maker, below the brute.

Mr. Chairman, I shall not discuss this further. These matters of scientific proof will be laid before our committee in extenso. Here is how the matter under consideration is so vital. Nature is not going to be mocked. In every living thing nature is trying to build up, and every living thing in plant, animal, man, will prosper, on the whole, just in proportion as he or it takes his or its legitimate and fullest part in

cooperating with nature in this building process.

If you want to be blessed in this world, join with nature to help bring about nobler men and women in the world; but if you wish to be damned, reverse nature's processes by tearing down, by degenerating. When the process of degeneracy sets in nature signs a death warrant and proceeds to exterminate. It will be shown fully in the hearings just how nature proceeds. I may mention here that she does it, first, by shortening the life of the individual, and, second, by blighting that individual's offspring, and both in direct proportion to the degree of degeneracy. The shortening of life is absolutely mathematical. I

can take 50,000 young men of the age of 20 and I can tell you within two weeks the average age at which they will die if you tell me how much alcohol they consume on the average. If total abstainers, they will live to the average age of 65 years; if moderate drinkers, they will die at the average age of 51; if heavy drinkers, they will die at the average age of 35. For the young man to be a moderate drinker will cost him 14 years of his life; to be a heavy drinker will cost him 30 years of his

Mr. Chairman, the question of life is the most important question for the consideration of government. The American people are now consuming alcoholic beverages at the rate of

25 gallons per capita every year. As a consequence Americans are dying at the rate of 1,000 to every 61,000 of the population every year. Records show that where total abstainers are involved the mortality is only at the rate of 560 per 61,000. I recognize the limitations of the statistics thus far as bearing chiefly on adult males, but further investigation shows that the shortening of life of the adult male entails stupendous mortality in the offspring, far greater than the shortening of life in the male, so that these figures are under instead of over, meaning that 44 per cent of the deaths in America are premature, cut short by alcohol. It means that alcohol kills between 600,000 and 700,000 citizens every year, about 2,000 every day that the sun rises. There is no question that deals as vitally as this with the preservation of human life. [Applause.]

That is but one method of extermination. The second is more terrific, the blighting of the drinkers' offspring. Simply for both parents to be moderate drinkers will increase the mortality of their children under the age of 1 year, infant mortality, nearly 80 per cent. It will go up from 13 per cent to 23 per cent, and the dangers in maternity, the disturbances in the processes of reproduction, the chances of accident, go up four hundred-odd per cent. If both parents are alcoholics, one child out of every seven will be born deformed and will be incurable, one child in every five of those that survive will become insane, one child in every three will become epileptic or hysteric, and only one child in six will be normal. Whereas, if both parents are total abstainers, there will be no dangers in maternity, none whatever, not any more than amongst animals, and 9 out of 10 of their offspring will be absolutely normal. When children are normally born—and every child has this right to be well born. When children are without the evils of degeneracy in their veins, they will have a normal development-and given a fair decent environment, they will rise in the end to one degree higher and nobler than the average of their parents, following the species' evolution.

There is only one thing that is more organic, more vital, from the standpoint of nature than the life of a nation to-day and its citizens, and that is the future of that nation. Nature gives more importance to the evolution of the species than she even does to the living generation. Here is a thing that more than war, pestilence, and famine, more than all other causes combined, tends not only to blight the life of the living, but to interfere with evolution of the unborn generation, blighting the very purposes of the Almighty for the future development of the [Applause.] I will not now dwell upon the lowering by alcohol of the character of the citizens and then the undermining of the foundations of our liberties and free institutions; I will not dwell upon the staggering economic loss imposed by the liquor traffic, nor upon the appalling production of crime, pauperism, and insanity. These will be set forth in the hear-

Now, the question is this: A majority of the American people, acting through their representatives here, petitioned for a redress of these grievances. What is the nature of the redress? As seen, the disease goes down deep into the springs of national life, the deepest, most organic disease known to the body politic and the body social. Therefore the treatment of such a disease must be organic. Well, who are the organs, the tissues? The people themselves. The cure therefore must deal with the people themselves

Mr. MANN. Mr. Chairman, will the gentleman yield?

Mr. HOBSON. Certainly, I will.

Mr. MANN. Mr. Chairman, I ask unanimous consent that the time of the gentleman be extended for 30 minutes.

The CHAIRMAN. The time of the gentleman from Alabama

has not expired yet.

Mr. MANN. I understand.

Mr. HOBSON. The gentleman is very generous, and I want

to say to my colleagues—
The CHAIRMAN. The Chair will entertain the motion when

the time of the gentleman has expired.

Mr. MANN. But the Chair can entertain the motion to extend the time before the time of the gentleman expires.

Mr. HOBSON. I want to say to my colleague from Missouri [Mr. BARTHOLDT] and my colleague from Connecticut [Mr. Donovan] and others

The CHAIRMAN. Does the gentleman from Alabama desire to yield in order that the motion of the gentleman from Illinois

Mr. HOBSON. Yes; in a moment. I want to say to them, if they desire time now or at any other time. I would be glad to extend the courtesy. I know that we are going to fight, but there are the courtesies that precede hostilities that civilized warfare entails, and this is one of them. [Applause.]

Mr. BARTHOLDT. Will the gentleman yield? The CHAIRMAN. The gentleman from Illinois asks unanimous consent that at the expiration of the time of the gentleman from Alabama he may be given 30 minutes additional.

Mr. BARTHOLDT. I shall not interrupt the gentleman. The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BARTHOLDT. I decline to accept time from the gen-

The CHAIRMAN. The gentleman from Alabama will be recognized for 30 minutes after the expiration of the time which he now has.

Mr. BARTHOLDT. I propose to take the floor in my own

right after the gentleman finishes his statement.

Mr. HOBSON. Mr. Chairman, we are dealing with an organic disease, and to properly treat it we must apply organic Organic treatment is a treatment that goes down to the organs and tissues themselves, to the people. Now, there are two parts to that organic treatment. One part is to get whatever cure you have down to the tissues. That is the That is the main part.

The truth is the foundation cure. The truth must reach the people, and the people must be allowed to act on it. For years the great organizations to which I have referred have been conveying the truth to the people, and they have unanimously agreed that they will proceed harmoniously with redoubled energies to take the truth about alcohol yet more effectively to the American people. You might as well make up your minds, men in public life, you are going to face a condition where the average American citizen soon will know the truth about alcohol.

The second part of the treatment is this, to give the tissues a chance to exercise their health principles to throw off the morbid disease, and that is all this joint resolution does. To this resolution I invite your careful attention.

I desire to point out to my colleagues that the section of House joint resolution 168, that embraces the principle of prohibition, only touches the channels of trade. I will read it. It is very brief:

Section 1. The sale, manufacture for sale, transportation for sale, importation for sale, and exportation for sale of intoxicating liquors for beverage purposes in the United States and in all territory subject to the jurisdiction thereof are forever prohibited.

I want my colleagues to understand from the start and, as far as we can have them—the American people—that there is no desire, no intent on the part of this resolution to invade either the individual right or inherent liberties of a citizen, or to climb over the wall that civilization, particularly the Anglo-Saxon civilization, has built around the home. There is no pretext that its enemies can make that this could infringe individual liberty.

It is only when this principle of death and degeneracy leaves the domain of the individual and of the home and appears in the circulation, to go out to other individuals, other homes, does the law fall; but in the domain of the State the law's sweep is complete, as it should be. The eternal principle is that a just government exists for the purpose of promoting the highest welfare of its people, which consists, first, of life, and, second, of development—the development of character in the individual and the passing on of an undegenerated heredity to the children. Since the government exists for the purpose of promoting those two things, the distribution by sale of the deadly agency that strikes at life and offspring must be com-pletely prohibited by a just government. This resolution is so drawn that if it is incorporated into the Constitution of the United States the strong arm of the Nation will absolutely cut off its sale.

There is a second clause in this resolution that deals with incidental matters, namely, in regard to the use of intoxicating liquors for sacramental, medicinal, mechanical, pharmaceutical, and scientific purposes, and in the arts. As a rule, those forms are not in the forms of the usual beverages, and so it is only an incidental matter.

Gentlemen, we have the proposition before us of whether we are going to give the American people a chance to save life, their own lives; to save homes, the foundation of the State; to save their children, the hope of the future; are going to give them a chance to perpetuate our Government and perpetuate our civilization or not.

I know that there have been efforts made to inject this question into politics, and we ought to face that proposition squarely. The fundamental principle, in my judgment, is this: That all parties exist rightfully to promote or carry out all the purposes of government, which are to cooperate with nature and fulfill the will of God in the world, promote the highest welfare, the development of noble men and noble women.

I know that it has been thought by some that the liquor question is dangerous in politics, and, my friends, it is dangerous. If there is a man on this floor who is afraid of danger he had better run to cover in the next few years. [Applause.] Yes; and I know just about how dangerous it is myself. will not intrude my experience in my own district and in my own State upon the attention of this House further than to say that the hand of the vast interests now wrapped up in this trade is deep in our political life, it is deep in our social life, it is deep in our business life—simply another illustration of the fact that it is organic, and the hand of the interests is raised to destroy me because I have dared defy them in the interests of the people.

Yes; and I know that there are shrewd men, wise men, that direct in harmony and according to great plans and policies the political and other activities of these great interests. I know how vast are their resources and how unhesitatingly they use these resources. I know they regard not the law of man or the law of God. I know that historically these interests have come down the ages, struggling with the life principles and health principles of other social groups that finally went down in destruction and degeneracy, and in that way they have inherited fighting knowledge and fighting power. Do not forget this. I for one do not underestimate the power of this enemy

But, my friends, I wish here to lay down a principle. Do not let any party believe that its permanent interests are bound up with the liquor traffic. I am a Democrat, and fundamentally so, brought up that way. I do not imply any depreciatory inference to others brought up in a different atmosphere. probably believe the same things about other parties. have been brought up to believe that the Democratic Party is founded on the principle that the world is made for all the people and not a few [applause], and that great party policies should be so shaped as to give them all equal opportunity and promote their welfare. I know the Democratic Party was never intended to join hands with the liquor interests in the debauchery of our citizens. [Applause.]

Being the good Democrat that I am, I do not hesitate to make the statement that neither has any other party been founded for any such purpose. [Applause on the Republican side.]

In great vital matters, as herein involved, all parties should

join for the common good.

I know that there are men in my party who differ with me, and I think our party should consider this question now carefully at this, the opening stage. We have great leaders who have taken different views; a Democratic leader, a great Alabamian, has recently announced at Dothan, Ala., in effect, that if prohibition continues to be injected into Democratic politics, either prohibition will be ground into dust or else the Democratic Party will die. If I misquote the gentleman, he is present, I hope he will correct me. The report of the speech practically announces that, and I refer to it here, because the gentleman referred to being the floor leader of the majority of this House in a sense became the spokesman of the Democratic Party.

My friends, I do not take second place to any man in love of his party; certainly not to any man who thinks that his party's life lies in the hands of the liquor interests. But let me tell you-for we might as well draw the line-if the Democratic Party can only live by joining the liquor interests, to debauch the American people, then in God's name let it die. [Applause.]

Mr. UNDERWOOD. Mr. Chairman [applause]—
The CHAIRMAN. The gentleman from Alabama.

Mr. UNDERWOOD. I wish to say to the gentleman from Alabama [Mr. Hobson] that I regret that he, in presenting the petition of his people in this Congress in the splendid oration that he is delivering, should have drawn into his speech a partial statement of mine that misinterprets what I did say. some other time, and at some other place, I shall properly interpret my own remarks. The gentleman does not do so at this

[Applause.]
HOBSON. Mr. Chairman, the reasons for my bringing

newspaper favorable to my opponent. The principle, as I interpreted it, was in the report of a speech on an occasion when he was introduced as the greatest man in the world, and where he appeared and was set forth as the leader of the Democracy. But I will say this, since I have seen fit to bring it up: That I felt justified for the sake of the cause. I will ask unanimous consent that he be given all the time he wishes in which to tell us what he did say, and I feel that he ought to take this occasion to tell us.

Mr. UNDERWOOD. Mr. Chairman, I wish to say to the

gentleman from Alabama-

Mr. HOBSON. After I have concluded, I shall ask unanimous consent

Mr. UNDERWOOD. I am not going to detain the House now with an interpretation of my views. I stated to the gentleman that he made a partial quotation of my speech. I do not know

where he got it from.

Mr. HOBSON. I got it from the Montgomery Advertiser.

Mr. UNDERWOOD. I do not believe that the floor of the House, with the public business before us, is the proper place for the gentleman or myself to drag our personal issues. plause.] I will ask for an extension of the gentleman's time, if he needs more, because I do not wish to take up his time. But I wish to say to the gentleman now that I occupy the position on the floor of this house as the leader of his party. I can not, occupying that position, engage in a controversy with the gentleman from Alabama about our personal matters that may work an injury to my own party; and more than that, I think that when the gentleman attempts to inject a personal issue be-tween himself and myself on the floor of this House he injures his own cause in the estimation of many of his own followers, [Applause.]

I hope the gentleman from Alabama, for the balance of the time during which there is a political controversy between us, will allow it to be settled on the fields of Alabama, and let us on the floor of this House address ourselves to the great questions of the day that we believe in, without attempting to inject our own personalities into them. [Cries of "Good!" and pro-

longed applause.]

Mr. HOBSON. Mr. Chairman, the gentleman refers to the time of the House for use for public business. As far as that is concerned, other public business for the day is done. But I want to ask my colleague-and especially you who would applaud my opponent taking refuge behind the mark of the question being personal—I want to ask you if there is any question you can name that is of greater public moment than the question whether our people are to be forever debauched or not? [Applause in the galleries.] I will say to my opponent—I use this word, for he has brought that in—I called him a colleague, and I was dealing with principles and not with men; I was dealing with him as the leader of the party in the House and not as my opponent—I will say to my opponent that there can be no more fitting time and place than here and now to deal with the principle involved, when we are starting out upon the consideration, nonpartisan, I trust, of this great questionmy friend must realize that papers all over this country are quoting his statements in Alabama. The country will not allow the differences between us and the issues between us to be personal. On the contrary, the liquor interests on one side and the temperance, prohibition, and moral forces on the other have made it a national question, and he can not escape this [Applause in the galleries.]

Mr. UNDERWOOD. Mr. Chairman.—
Mr. MANN. Mr. Chairman, I rise to a question of order.
Mr. UNDERWOOD. Mr. Chairman, if the gentleman will

allow me just a minute.

Mr. MANN. No: I am not-

Mr. UNDERWOOD. I do not like to be misquoted. Mr. MANN. I am not on that subject at all. The long-continued practice of the House forbids applause in the galleries, and I hope that the Chair will remind the present occupants of the galleries that as good citizens they ought to observe that

The CHAIRMAN. The Chair has been reluctant to make that suggestion to the galleries; but the point of order is well taken. Mr. HOBSON. Mr. Chairman, may I ask this before we proceed-

Mr. UNDERWOOD. The gentleman made a statement that I want to contradict.

It is about the applause. When Members on Mr. HOBSON. the floor apparently indulge in partisan applause, can we not extend the rules to the galleries this one time?

Mr. HOBSON. Mr. Chairman, the reasons for my bringing that question up here are legitimate and logical, as I stated. I will not take the article and read it. It was reported by a

reluctant to enforce that rule, and did not do so until the gentleman from Illinois suggested that it ought to be enforced.

Mr. UNDERWOOD. Mr. Chairman, I hate to inject myself into the remarks of the gentleman from Alabama, but I can not sit in silence and allow him to assert that I am the candidate of any interest without challenging the truthfulness of that statement. I am not the candidate of any liquor interest; I never have been the candidate of any liquor interest; I have not received a dollar from any liquor interest; I do not intend to receive a dollar from any liquor interest; and I have asked the people of my State to elect me on other issues. The gentleman from Alabama states that this is one of the issues of the campaign. He has the right to state that. He says it is the main issue. He has the right to make that statement. But I challenge his statement when he says that I am the candidate of that interest, because it is not true.

Mr. HOBSON. Mr. Chairman, I do not care to go back into a discussion that would become personal as between us, but my opponent insists on making the matter personal. I laid the question of my opponent's affiliation with sinister interests before Congress in due order. What I said about the gentleman then and what I say about him now is absolutely true. My opponent voted for liquor in the election in his home county, and every straight liquor man in Alabama and every straight liquor paper in Alabama to-day is lined up like a solid wall

behind him.

The temperance people and the prohibition people and the moral elements of the State at large can not be deceived by any such explanation as has been made by my opponent. He said the same thing about Wall Street; and his management denied that Wall Street had ever given them a dollar, just as he is denying this to-day. Whereas Wall Street, as shown by some testimony, had financed his campaign, he said he did not know anything about this financing then, and, naturally, I do not ex-

pect him to know anything about the financing now.

I am not impugning the gentleman's character, and my colleagues here were premature on that first day when they imagined that I had done so then. I will say it to my colleague now: I would resent it if any man anywhere reflected on his character, and I denounce the reporter that reported me as doing so. I know that the gentleman is of the highest type of character and that he lives on a high moral plane himself; but that only makes him the more dangerous and makes it the more pitiful that we should find such interests as Wall Street trying to capture our party and such interests as the deadly liquor interests trying to capture the State of Alabama behind such a high-class reactionary leader as is my opponent.

I will take this occasion under my leave to print to insert the

record of resolutions adopted by the great national temperance organizations, showing that they fully realize that the senatorial fight in Alabama is the first battle of this great war as inst the liquor interests, showing that they know that the liquor interests are behind Mr. Underwood. The World's Woman's Christian Temperance Union, in convention at New York, and the National Woman's Christian Temperance Union, in convention at Asbury Park, N. J., in October, both adopted unani-mously resolutions described in their official organ, the Union

Signal, of December 4, as follows:

[From the Union Signal, Evanston, Ill., Dec. 4, 1913.]

CONGRESSMAN HOBSON'S CAMPAIGN.

On October 25, 1913, the World's Woman's Christian Temperance Union, in convention assembled, in the Academy of Music, Brooklyn, N. Y., with delegates from 34 nations, unanimously and enthusiastically resolved to send to Hon. RICHMOND PEARSON HOBSON a message of highest appreciation of his heroic work for national constitutional prohibition, and all good cheer in his senatorial campaign, with earnest

highest appreciation of his heroic work for national constitutional prohibition, and all good cheer in his senatorial campaign, with earnest wishes for his success.

The convention heartily indorsed the proclamation of Mrs. Lillian M. N. Stevens, president of the National Woman's Christian Temperance Union, for national and world-wide prohibition.

The National Woman's Christian Temperance Union convention, at Asbury Park, indorsed the senatorial candidacy of Congressman Hobson, of Alabama, and voted to send him financial assistance. His name was frequently mentioned in the convention and was always heartly applauded. It was voted to widely circulate in every community, as far as possible, Congressman Hobson's resolution for national constitutional prohibition introduced into Congress, and to support it in every possible way.

The national convention of the Anti-Saloon League at Columbus, Ohio, November 13, unanimously adopted a similar resolu-tion indorsing my candidacy, described in their official organ, the Alabama Citizen, of November 22, 1913, as follows:

CAPT. HOBSON INDORSED. A feature of the closing hours of the convention was the great ovation given Congressman Hobson, and the adoption by the thousands of delegates of a resolution indorsing Mr. Hobson's candidacy for the United States Lenate. This was introduced by Senator Don C. McMulen, of Tampa, Fla., who said, preparatory to reading his resolution: "My sympathies in this contest are with Capt, Hobson, for the reason that I am for prohibition, and I know no way to obtain it

except by electing to office those who are in sympathy with the movement. Mr. Underwood may be all right on the tariff question, but I have no doubt Capt. Hobson's attitude on this question is fully as acceptable to the people of his State as Mr. Underwood's.

"What I do know is that in 1912, when a large element of the voters of the State of Florida were in favor of Woodrow Wilson for President, that Mr. Underwood's henchmen, or somebody else in Mr. Underwood's name, invaded our State with a large campaign fund, and by the political trick of appealing to our voters to support Mr. Underwood's cause was a southern man and our neighbor carried the State for him in the preferential primary. This movement was led and Mr. Underwood's campaign in our State managed by the leader of the whisky forces in Florida, and his able first lleutenant in the work was the man who led the fight for the race-track gamblers in Florida when we drove them out. I know not what Mr. Underwood's attitudes at home are, but in his effort to secure the delegation from Florida against President Wilson he allied himself with the element who are conspicuous chiefly for their opposition to every movement that has a semblance of moral reform connected with it. Probably he was like Lorimer, of Illinois—knew nothing of it."

"Whereas the twentieth convention of the Anti-Saloon League of

was like Lorimer, of Illinois—knew nothing of it."

"Whereas the twentieth convention of the Anti-Saloon League of America has launched a nation-wide campaign looking to an amendment to the Constitution of the United States prohibiting the manufacture, sale, importation, and exportation of intoxicants; and

"Whereas the issue will be made by the liquor interests in the election of Congressmen and United States Senators in every State in the Union, and, having already been made an issue in Alabama, where the liquor interests are combined to compass the defeat of that sterling and aggressive champion of prohibition, RICHMOND PEARSON HOBSON:

"Beselved That we give our processed laborated That the laborated That we give our processed laborated That the laborated

Hobson:

"Resolved, That we give our unreserved indorsement and moral support to Congressman Hobson in his campaign for election to the United States Senate and call upon the Christian and moral citizenship of America, and Alabama in particular, for their prayers and cooperation to secure victory for the principle of prohibition, which is involved in the election of Congressman Hobson."

Ex-Gov. Handley, of Indiana, made a brief seconding speech, after which the resolution was adopted by the immense delegation standing amidst tumultuous applause. Capt. Hobson was called to the stand and thanked the convention for the manifestation of interest in his race. He was given another great ovation of several minutes duration. His speech was the chief feature of the closing session of the convention.

It was the greatest antisalon convention in the history of America.

It was the greatest antisaloon convention in the history of America. It was an epochal convention in that the final steps for the destruction of the liquor traffic in all America has been taken. "On to Washington" is now the battle cry of America's temperance hosts, and the warfare will not cease until this enemy of the human race has been destroyed.

But, Mr. Chairman, I did not intend to go into the personal part of this matter. I only dealt with a principle, but my opponent tried to get away from that principle and refused to take you frankly into his confidence by pretending that the question was personal. If I did not correctly express what he said or tell correctly his position, why does not he tell us himself? Why does not he correct me? I want to say to him here and now that the time is at hand when men in all parties have got to come into the open. [Applause.] We are not going to have candidates in any party become the means of the enemies of the people carrying out their deadly purposes or having the people misled by any such deceit and by representations simply dealing with high personal integrity. It is general with such mastering leaders as my opponent to live on a different plane in public life from which they live on in private life.

Mr. Chairman, I did not intend to speak so long and to bring such matters into my remarks to-day, but since the question of the strife has come, let me tell you, Mr. Chairman, the Halls of Congress have reverberated in times gone by with action taken by this body under the mandate from the American people to declaring war. I here give notice to my colleagues around me that the right of petition exercised yesterday by the representatives of the conscience and the conviction and the physical ma-jority of the American Nation is a mandate for this body to declare war upon a deadlier enemy than all the other enemies combined.

Yes; there have been many very grave, far-reaching consequences hinging upon the declarations of war made by Congress in the past, but there never has been a declaration of war upon which hinged so much of the life, the hope, the joy, the fear, the anguish, the disease and suffering, torture and death of untold millions in the perspective of history. This war is the final, supreme declaration of war on the part of an intelligent being, human kind, acting under the providence of God, which will bring to bear the inherent life principles that in all other living organisms have saved life from extermination. The eternal truth is established. God has not created man in vain. There can be but one outcome. The great destroyer himself is going to be destroyed.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. MANN. How much more time does the gentleman want? Mr. HOBSON. I do not ask any more time. My friend from Missouri wants to speak, and I beg his pardon for having kept the House so long. I will use the privilege to print to insert the official resolution, addresses, and proceedings touching the petitions of the people, additional insertions, not now on hand, to follow at future dates.

Resolved, That we the World's Woman's Christian Temperance Union, in triennial convention assembled in Brooklyn, N. Y., October 23-28, 1913, representing 45 nations, will use our utmost infinence on behalf of the resolution introduced in the United States Congress by Hon. Richmond Pearson Hobson, of Alabama, providing for an amendment to the National Constitution, as follows:

"Section 1. The sale, manufacture for sale, and importation for sale of beverages or foods containing alcohol is forever prohibited in the United States and in all territory under their jurisdiction."

LILLIAN M. N. STEVENS, Acting President.

Anna A. Gordon, Secretary,

At the annual meeting of the National Woman's Christian Temperance Union, held in New Jersey October 30 to November 5, 1913, plans were made for a campaign for national constitutional prohibition and the convention unanimously

\*Resolved\*\*, That the National Woman's Christian Temperance Union use its extensive equipment and its utmost influence in the effort to secure an amendment to the National Constitution in accordance with the resolution introduced in Congress by Hon. RICHMOND PEARSON HORSON, of Alabama, prohibiting the sale, the manufacture for sale, the exportation for sale, the transportation for sale, the importation for sale of beverages or foods containing alcohol.

LILIAIAN M. N. STEVENS,

\*\*President.\*\*

ELIZABETH P. ANDERSON,

\*\*Secretary\*\*.

### A DECLARATION OF PRINCIPLES.

The Anti-Saloon League of America in national convention assembled submits the following declaration of its purposes and the reasons that underlie and impel them:

The preservation of the general welfare is the highest purpose of government. The general welfare rests upon the intelligence and morality of our people. By the general concurrence of opinion of every civilized, uncivilized, and Christian community the liquor traffic is an acknowledged source of crime and misery to society and an organized agency for the corruption and debauchery of government.

No right of property or of personal liberty can prevail against the right of the people to protect public morals and promote the general welfare.

right of the people to protect public morals and promote the general welfare.

This Nation can not endure if it continues to exchange public morals for public money. The morals of the Nation are more valuable than any revenue this traffic can yield.

It is wrong for the Government to accept revenue from the liquor traffic or to issue liquor dealers' tax receipts in dry territory.

In order that Federal legislation relating to the interstate shipment of intoxicating liquors may be made effective, we urse upon the legislatures of the various States the passage of laws prohibiting common carriers from transporting and delivering such intoxicating liquors into prohibition territory.

tures of the various States the passage of laws prohibiting common carriers from transporting and delivering such intoxicating liquors into prohibition territory.

We urge Congress to enact a law forbidding the use of the mails to the liquor traffic for advertising or soliciting the purchase of intoxicating liquors in such territory.

The executive officer who refuses to enforce the law for the preservation of public morals is as grave a public enemy as the lawbreaker himself; and laws should be passed in all the States providing for the speedy and summary removal of every executive officer guilty of nonfeasance in office.

We declare it to be the sense of the league that when officials of the National Government interfere in an election in a State the people have a right to expect them to take care that the candidates for whose election they intercede upon national issues shall not be out of harmony with the convictions of the people upon moral issues in that State.

The Anti-Saloon League has always been both nonsectarian and omnipartisan. The league never opposes a party, a candidate, or an official who faithfully attempts to preserve public morals by the enactment or enforcement of laws intended for their preservation; but whenever a political party or politician or executive official prefers the liquor traffic above the public morals we come to a stand. On that issue we fight. Nice and cunning distinctions will no longer do. Of cavil and evasion we have had enough. We want the decision and the action of the statesman. Henceforth we know this cause only, and for it, whenever necessary, men shall be set aside and parties abandoned.

We declare our settled conviction that license and regulation are inadequate to exterminate the liquor traffic. The license system, instead of eliminating the evils of the traffic, has become its last and strongest fortress.

The liquor traffic is national in its organization, character, and influ-

adequate to exterminate the liquor traffic. The license system, instead of eliminating the evils of the traffic, has become its last and strongest fortress.

The liquor traffic is national in its organization, character, and influence. It overflows the boundaries of States and refuses to be regulated or controlled. It is a Federal evil; a national menace, too powerful for State authority, requiring national jurisdiction and treatment. It beggars the individual, burdens the State, and impoverishes the Nation. It commercializes vice and capitalizes human weakness. It impairs the public health, breaks the public peace, and debauches the public morals. It intimidates and makes cowards of public men. It dominates parties and conventions. It cajoles, bribes, or badgers the makers, interpreters, and administrators of law, and suborns the public press.

It claims for itself a special right and privilege asserted by no other interest in all the land, however great or powerful; a right and privilege to infract municipal ordinances at will, to violate and break legislative resolves and enactments, and to set aside the constitutional provisions of sovereign States, however solemn and sacred. Refusing all domestic regulation and control, it leaves the American people but two alternatives—the abject surrender of their inherent right of self-government or its national annihilation. Between such a choice free men can not hesitate. We therefore declare for its national annihilation by an amendment to the Federal Constitution which shall forever prohibit throughout the territory of the United States the manufacture and sale, and the importation, exportation, and transportation of intoxicating liquors to be used as a beverage. To the consummation of this high purpose we hereby pledge, as pledged our patriot fathers 137 years ago for the Nation's independence, "our lives, our fortunes, and our sacred honor."

Trusting in Almighty God, we call upon all patriotic citizens to give their support theero.

PROCLAMATION FOR NATIONAL CONSTITUTIONAL PROHIBITION [Lillian M. N. Stevens, president National Woman's Christian Temper-ance Union, Portland, Me., Sept. 10, 1911.]

[Lillian M. N. Stevens, president National Woman's Christian Temperance Union, Portland, Me., Sept. 10, 1911.]

Whereas modern science has definitely established for all time that alcohol is a toxin, the worst product of the ferment germ; a poison to every living tissue, destructive and degenerating to the human organism, striking at the health, character, and life of the individual, blasting the lives of children unborn, and undermining the integrity of the family;

Whereas "wine is a mocker," and the maintenance of alcoholic beverages in the channels of trade always causes their widespread use among the people, entailing incalculable economic loss in productiveness and heavy burden of taxation; turning out multitudes of slaves and solons of drink; lowering in an appaling degree the average standard of character of citizenship, upon which the Nation's institutions and liberties must rest; bringing about the untimely death of many thousands of citizens, exceeding in numbers all those destroyed by war, pestilence, fire, flood, and famine combined;

Whereas this terrible disease has been running for long centuries and is now gnawing at the vitals of the nations and civilizations of to-day, gripping the Governments of the world, and is interwoven into the political, commercial, and social life of the peoples, constituting thus the deepest seated, most chronic organic disease known to the body politic and body social;

Whereas such a disease for a permanent cure requires of necessity deep, continued organic treatment for the whole body, for which partial superficial devices like legalization and local regulation have always proved and from their own nature must always prove utterly inadequate;

Therefore, in the name of the World's and National Woman's Christian Temperance Union, we hereby make this proclamation for a great crusade to carry the vital truth to the peoples themselves in all lands, and through them to place prohibition in the organic law of all nations and ultimately in the organic law of the world, a

Address of Mr. Ernest H. Cherrington delivered at Washington, D. C., before Congress and the people on December 10, 1913, on behalf of the committee on 1,000 presenting to Members of Congress the proposed joint resolution calling for an amendment to the Federal Constitution prohibiting the manufacture, transportation, and sale of intoxicating liquors.

This committee of 1,000 men, coming as they do from every State of the Union, represents a vast multitude of men and women in every walk of life.

As American citizens they appear at the doors of the Capitol of this great Republic, in harmony with the spirit of Article I of the amendments to the Federal Constitution, which guarantees "the right of the people peaceably to assemble and petition the Government for a redress of grievances."

#### PURPOSE OF THE COMMITTEE OF 1,000.

The gentlemen composing this committee are here in no spirit of bombast or parade, but on serious business. They are not fanatics who have narrowed their thought and vision to a single propaganda, but thoughtful, patriotic men. who realize that there is more than one question before the public and more than one problem for society to solve.

They are a part of the incorporate body politic which you represent. They are stockholders in the great institutions of American society, whose legal destinies, for the time being, rest in your hands.

They do not expect or desire the representatives of the people in this great Federal legislative body to be alone concerned with the particular needs of the temperance reform. They recognize and are intensely interested in the questions of the hour, with which their representatives in Congress must grapple—the tariff, the currency question, the vital issues of war and peace, the imminent industrial problems, the problems of taxation and revenue, and other important issues.

Because they are thus seriously interested in these vital questions which touch the very heart of the Nation by touching the well-being of American men and women, in the home, in the shop, in the business enterprise, and in the moral and religious institutions, they are, therefore, all the more intensely interested in the varied and important issues involved in the proposed legislation which is hereby committed to your care.

### WHERE PROHIBITION HAS BEEN ADOPTED.

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The absolute prohibition of the sale of intoxicating liquors for beverage purposes has been adopted by nine States—Maine, Kansas, North Dakota, Georgia, North Carolina, Oklahoma, Mississippi, Tennessee, and West Virginia—having an aggregate population of 14,685,961.

The legislatures of 31 other States (Alabama, Arizona, California, Colorado, Connecticut, Delaware, Florida, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Montena, Nebraska. New Hampshire, New York, Ohio, Oregon, Rhode Island, South Carolina, Texas, Utah, Vermont, Virginia, Washington, and Wisconsin) have by law prohibited the sale of intoxicating liquors in certain classes of political subdivisions, prohibition becoming operative whenever a majority of the electors in a regular or special election indicate by vote that they wish the provisions of the law to apply. Under the operation of the laws in these States 26,446,810 people are living under prohibition by legislative enactment.

In three other States (Arkansas, Iowa, and South Dakota) the electors indicate that they do not wish the provision of such law to apply. In these three States there are 3,693,201 people living in prohibition territory.

In the States of Wyoming and New Mexico the legislatures have pare-

tory.

In the States of Wyoming and New Mexico the legislatures have prohibited the sale of liquors in all sections except certain classes of incorporated municipalities. In still other States the legislatures have arbitrarily placed certain areas under prohibition legislation, thus adding to the aggregate population in prohibition territory.

PROHIBITION POLICY OF THE FEDERAL GOVERNMENT.

PROHIBITION POLICY OF THE FEDERAL GOVERNMENT.

The United States Government, moreover, has prohibited the traffic in Indian countries, in certain portions of the Territories, in military forts and reservations, in the United States Navy, in the National Capitol Building, in national and State soldiers' homes, and in other specified areas under Federal control.

As a result of the operation of these several provisions, at the present time more than 47,000,000 of the population of the United States live under prohibition, and more than 71 per cent of the area of the Nation is, by Federal, State, or local decree, prohibition territory.

NO INTERFERENCE WITH INDIVIDUAL RIGHTS.

No Interference with individual rights.

In seeking this proposed change in the supreme law of the land the temperance forces of this Nation are not seeking in any way to interfere or encroach upon the rights of any American citizen of any class of American citizens. The voice of the Supreme Court of the United States has for all time clarified the atmosphere as to the question of individual rights in the retail-liquor business. The decision handed down by that great tribunal in the Christensen case 23 years ago, reads in part as follows: "There is no inherent right in a citizen to sell intoxicating liquors by retail. It is not a privilege of a citizen of the State or of a citizen of the United States."

We believe that just as the time came when the problem of human slavery compelled recognition at the hands of the Federal Government, so has the time arrived when the American liquor problem can be dealt with adequately only by the Nation as a whole.

In this connection it is most significant that at no time during all the long agitation against human slavery did any Federal authority, much less the Supreme Court of the United States, so strip the institution of human slavery of all rights to exist as that supreme authority has already repeatedly done in the case of the institution of the liquor traffic.

WHAT PROHIBITION AMENDMENT MEANS.

This proposed amendment to the Constitution should, we believe, be submitted by Congress to the States, and should be ratified by the States because of what such action will mean to the general moral, political, social, and economic well-being of the people of this Nation.

In urging upon Congress the importance of this proposed legislation the temperance forces of this country, whom we have the honor to represent, are not requesting Congress to try an experiment. The results of the many experiments by States and subdivisions of States covering long periods of years furnish abundant evidence of the social, economic, political, and moral effect of a prohibition policy.

In the proportion of population under prohibition the 48 States and the District of Columbia naturally divide themselves into four classes: First, the prohibition States; second, the near-prohibition States; third, the partially license States; and, fourth, the license States.

The first class, or the prohibition States, represents a population of 14,685,961, and consists of 9 States, each of which has adopted prohibition for the entire State. The second class, or the near-prohibition States, represents a population of 26,573,611, and consists of 17 States, in each of which between 50 per cent and 90 per cent of the population lives in prohibition territory. The third class, or the partially license class, represents a population of 28,418,784, and consists of 13 States, in each of which between 25 per cent and 50 per cent of the population lives in prohibition territory. The fourth class, or the license States, represents a population of 22,293,910, and consists of 9 States and the District of Columbia, in each of which less than 25 per cent of the population lives in prohibition territory.

EFFECT OF PROHIBITION ON CRIME, PAUPERISM, AND INSANITY

EFFECT OF PROHIBITION ON CRIME, PAUPERISM, AND INSANITY.

The Supreme Court of the United States is authority for the declaration that "the statistics of every State show a greater amount of crime and misery attributable to the use of ardent spirits obtained at these retail-liquor saloons than to any other source."

No State of the Union has given prohibition so fair a trial as has the State of Kansas. To-day that State presents the unparalleled record of almost two-thirds of the counties of the State without a single prisoner serving sentence for crime, while in some of the counties a jury to try a criminal case has not been called in 10 years.

The Federal census reports for 1910 show that the number of paupers in almshouses per 100,000 population, in the prohibition States (8 of which were under prohibition in 1910) is 46; in the 17 near-prohibition States, 54: in the 13 partially license States, 123, and in the 9 license States, 129.

The relation of the liquor traffic to the alarming growth of insanity among our people is engaging the interest and attention of the world's best scientists. The United States census reports for 1910 show the number of insane in hospitals per 100,000 population in the 9 prohibition States to be 119; in the 17 near-prohibition States, 150; in the 13 partially license States, 242; and in the 9 license States, 276.

PUBLIC EDUCATION ENCOURAGED BY PROHIBITION.

PUBLIC EDUCATION ENCOURAGED BY PROHIBITION.

The relation of the prohibition policy to public education in the United States also presents an interesting study. The census reports do not give what should be considered a fair comparison in this connection, because of the fact that most of the prohibition States are Southern States with large percentages of negro population, which, in the very nature of the case, tends to make a poorer proportionate showing for the public schools than in States not having such a large negro population

the public schools than in States not having such a large negro population.

In spite of this fact, however, the census reports for 1911 show the number of children enrolled in the public graded and high schools of the nine prohibition States to be 76 per cent of the total number of children of school age, while in the nine extreme license States the proportion is only 69 per cent.

Similar contrasts are shown in the Federal census reports in the number of persons to every family in the several States, the number of families owning their own homes, the criminal statistics for State penal institutions, and other data touching either directly or indirectly upon the liquor problem.

The voice of the courts, the reports of the statistical departments of the several States and of the United States Census Bureau, the record of every community, county, city, or State, where both the prohibition and license policies have been given fair trials, all bear unimpeachable testimony to the fact that the prohibition of the liquor traffic reduces crime, pauperism, and insanity, increases legitimate business, tends to clean politics, elevates public morality, and promotes the general welfare.

NATIONAL PROHIBITION ONLY HOPE FOR CITIES.

This amendment to the Federal Constitution, moreover, should be adopted because it presents the only hope for the speedy solution of the growing liquor problem in our great centers of population.

We have reached a stage in the progress of the movement for prohibition when the activities of the liquor traffic are centered in the cities of the Nation. The urban population in the 9 prohibition States is only 20 per cent; in the 17 near-prohibition States it is 28 per cent; in the 13 partially license States it is 58 per cent; and in the 9 license States it is 71 per cent. The Gibraltar of the American liquor traffic, therefore, is the American city.

One-half of all the people now living in license territory in the United States live in four States—New York, Pennsylvania, Illinois, and New Jersey. One-fourth of all the people in this Nation who live in saloon territory live in six cities—New York, Chicago, Philadelphia, St. Louis, Boston, and Cleveland. One-half of all the saloons in the United States are located in 14 cities. There are fewer saloons south of Mason and Dixon's line than there are in the city of Chicago. Thirty-six States of this Union have fewer saloons in the aggregate than the city of New York. These significant facts, together with the well-known fact that the vices of the Nation center in our cities, thus adding complications to complications, make the great moral and social problems of the city practically unsolvable so far as the city alone is concerned.

IMMIGRATION COMPLICATES CITY LIQUOR PROBLEM,

IMMIGRATION COMPLICATES CITY LIQUOR PROBLEM,

The rapidly increasing immigration, especially from the countries of southern Europe, presents a condition in this connection which tends to make the city liquor problem even more complex. The millions which are being added to our population each decade are for the most part being poured into the license cities and States of the Nation. The foreign-born population of the 9 prohibition States is 4 per cent; that of the 13 partially license States is 18 per cent; while that of the 9 license States is 22 per cent.

license States is 18 per cent; while that of the 9 license States is 22 per cent.

A very large portion of those who come to our shores come from countries where the per capita consumption of intoxicating liquors is almost three times as large as it is in the United States of America. Taking into account this one item alone, and taking it for granted that the immigrant represents an average in the country whence he comes, it would be necessary to convert to total abstinence upon the average more than 2,000,000 average Americans per year in order to offset the natural increase in the per capita consumption of intoxicating liquors because of immigration.

BURAL STATES MUST HELP CIVIES

RURAL STATES MUST HELP CITIES.

It is not difficult, therefore, to see that the forces struggling for sobriety in these vast centers of population must have the assistance of the rural communities and the rural States in order to extricate themselves from the entangling meshes woven by the liquor traffic in the cities. It is not only proper and right that the rural States of a Republic like ours should have a voice in the nation-wide problems which center in the cities, but from the standpoint of the welfare of the cities themselves such a course is imperative.

In all questions which touch the moral and civic well-being of all the people in a State the sovereign will of the people of that State as a whole must be superior to the will of a single city. It is likewise equitable and just that on like questions the sovereign will of the people in all the 48 States of this Union should be supreme.

CONGRESS SIMPLY ASKED TO REFER OUESTION TO STATES.

in all the 48 States of this Union should be supreme.

CONGRESS SIMPLY ASKED TO REFER QUESTION TO STATES.

If time was when this Nation could not exist half slave and half free, certainly time is soon to be when, according to all signs, this Nation can not exist half license and half prohibition.

While we confidentially believe that the only solution of this problem lies in national prohibition, we do not ask by the proposed legislation that the Members of Congress adopt this same belief; what we do respectfully request, and all that is asked by this proposed bill, is that this question be put to the legislatures of our several States. The passage of this bill of itself by Congress would not mean prohibition. It would simply mean that Congress had given to the States the opportunity to decide the question, in harmony with the will of all the people.

PROHIBITION NOW OF NATIONAL POLITICAL IMPORTANCE.

PROHIBITION NOW OF NATIONAL POLITICAL IMPORTANCE.

PROHIBITION NOW OF NATIONAL POLITICAL IMPORTANCE.

When more than 47,000,000 of our population live in territory from which the saloon has been banished by the sovereign will of the people, and when a very large percentage of the population in the remaining license territory of the Nation is earnestly and actively favorable to prohibition legislation, it is certainly not presumptuous to assume that the time has come when this question should be considered of national political importance. Rather it would seem presumptuous to insist that such an issue of such vital concern to the public peace, the public health, the public morals, and the public welfare, and which has assumed such enlarged proportions during recent years, should be considered to be outside the realm of national political thought and action. PREAMBLE TO CONSTITUTION AN ARGUMENT FOR PROHIBITION.

Resting our cause, therefore, on the enduring and eternal principles of justice and righteousness, we respectfully and earnestly submit to you this proposed legislation, confident in the belief that its enactment into law will in no small degree conserve and promote the interests of the Nation in which we live.

In full harmony with the avowed and declared objects of free government, so forcibly and fittingly set forth in the language of the preamble to the Constitution of the United States we present to you this proposed amendment to that sacred document "in order to form a more perfect Union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity."

SOME NATIONAL ORGANIZATIONS THAT HAVE DECLARED OFFICIALLY FOR CONSTITUTIONAL NATIONAL PROHIBITION,

CONSTITUTIONAL NATIONAL PROHIBITION.

Woman's Christian Temperance Union.
Prohibition Party.
Antisaloon League.
National Temperance Union.
Sons of Temperance Union.
Sons of Temperance Union.
Sons of Temperance.
Denmark Woman's Christian Temperance Union.
Methodist Church Temperance Society.
Catholic Total Absticence Union.
Asian Armenian Dry Forces.
National Good Citizenship Movement.
City of Auburn Temperance Association.
Woman's Temperance League of America.
Intercollegiate Prohibition Association.
American Temperance Board of the Christian Church.
Temperance Society of all Churches of Utah.
Lincoln Chautauqua.
Voters' Information Bureau.

American Christian Convention.
Friends' Church Temperance Society.
Frive County No License Leagues of Southern Pennsylvania,
Ten Million Welfare League.
Civic Federation of Iowa.
Good Templars.
Twentieth Century Pledge Signing Association.
National Prohibition Committee.
Presbyterian Temperance Board.
Friends' Church Temperance Association.
Temperance and Purity Department of the Kentucky Sunday School ssociation.
Lincoln-Lee Legion.
Catholic Woman's Auxiliary.
Kansas State Temperance Union.
North Dakota Law Enforcement League.
Scientific Temperance Federation.
Ohio Senior Loyal Temperance Legion.
Woman's Christian Union.
Polish Catholic Total Abstinence Union.
Civic League of Indiana.
International Reform Bureau.
National Reform Association.
West Virginia Ratification Temperance Association.
Evangelical Lutheran Temperance Committee.
National Temperance Bureau.
Internation Temperance Federation.
Dominion Temperance Alliance.
Church.
Catholic Church. Dominion Teach Church, Catholie Church, Methodist Episcopal, Methodist Episcopal Church South, Presbyterian, Disciples. United Presbyterian. Friends. Brethren. Baptist. Congregational.
Church of Jesus Christ of Latter Day Saints (Mormon).
Lutheran.
Evangelical Lutheran.
Salvation Army.
Universalist.
Evangelical Association.
United Evangelical Church.
Reformed.
Moravian.
Methodist Protestant 20 churches Morayian.
Methodist Protestant, 20 churches.
International Sunday School Association and representatives from many Sunday schools.
Bible Class Department of the Methodist Episcopal Church South.
Young Men's Baraca Movement.
Catch My Pal Movement.
Ohio Sunday School Association.
Presbyterian Brotherhood.
German Temperance Society of Mennonite Church.
YOUNG PROPER'S SOCIETIES. YOUNG PEOPLE'S SOCIETIES.

YOUNG PEOPLE'S SOCIETIES.

Christian Endeavor.
Epworth League.
Young People's Christian Union of the United Presbyterian Church.
Young People's Alliance of the Evangelical Church.
International Young Men's Christian Association,
Railroad Young Men's Christian Association.
Methodist Home Missionary Society.
Young People's Civic League.
Union Club of Greater Cincinnati.
Gideons.
Keystone League of Christian Endeavor.
PAPERS. PAPERS.

Clean Politics.
American Advance.
Pittsburgh Christian Advocate.
The American Patriot.
The Continent.
Youth's Instructor.
The American Issue.
The New Republic.
Express Advertiser. Portland, Me.
Christian Union Herald.
United States House of Representatives.
Republican Party (in official) (omitted).
The Friends of Abraham Lincoln and Henry W. Grady.
Christian Instructor, Pittsburgh.
Ohio State Federation of Colored Women's Clubs.
All Humanity (omitted).
Also God, Home, and Native Land.
United Society of Christian Endeavor.

THE GREAT TEMPERANCE COMMITTEE CALLED BY THE COUNCIL OF ONE HUNDRED—NINETY-SEVEN NATIONAL ORGANIZATIONS UNITE IN A COMMON EDUCATIONAL PROGRAM AGAINST THE LIQUOR TRAFFIC.

MON EDUCATIONAL PROGRAM AGAINST THE LIQUOR TRAFFIC.

The national convention of the united temperance forces of the North American Continent, which convened in Columbus on the 14th of November, immediately following the great gathering of the National Anti-Saloon League, was successful beyond the highest hopes of its most sanguine promoters.

Five hundred and fifty-two official delegates from 97 national organizations, with more than 700 visitors, crowded the auditoriam of the First Congregational Church. Without a dissenting vote a complete educational program was adopted, and the plans of The Council of One Hundred made effective by intrusting this educational program to a permanent executive committee.

The Council of One Hundred convened at 9 o'clock in the morning. Here the report of the promoting committee of seven, which had charge of the preliminary plans leading up to the convention, was received. At 11 o'clock the council made its report to the general convention. The remainder of the morning session and the entire afternoon session were devoted to the discussion of plans and policies for making the work of the gathering effective throughout the Nation.

Repeatedly the eloquence of the convention speakers swept the delegates to their feet. Not a discordant note was sounded. The spirit of the entire meeting is expressed in the works of the closing paragraph of

the call of The Cownell of One Hundred: "Emphasizing, therefore, the points upon which all temperance organizations of the Nation are in agreement, and convinced that the time has arrived when without prejudice to or interference with the fundamental principles and policies of any particular organization, all temperance organizations should unite in a comprehensive, nation-wide program of education of the perment of the meeting of the permanent executive containts of the general convention 17 subcommittees were authorized and the chairmen of the majority of these committees appointed. On the 9th of December the committee will again meet in Washington, D. C. At this later meeting the complete plans for the greatest temperance educational movement in the history of the country will be finally adopted and anounced. The subcommittees appointed and to be appointed will make possible the covering of the whole temperance education field in a most thorough manner.

The Council of One Hundred is not to be a new organization in the sense that it will occupy the field and do the work of any temperance society pushing a definite campaign. Rather it is to be a clearing house for plans and methods and a fountainhead of information and inspiration, from which every organization on the continent can draw.

There were many inspiring instances that emphasized the spirit of unity which pervaded the entire gathering. While The Council of One Hundred was in session Dr. Howard H. Russell, founder of the Anti-Saloon League, and the Hon. Charles Reading Jones, formerly national gathering that awaited the report of the committee.

The address of Temporary Chairman Dr. Ira Landrith, of Nashville, Tenn., was masterful and in exact harmony with the great idea of the gathering. Among those called to be his vice chairmen was Hon. Joshua Levering, a former candidate of the Prohibition Party for President. Mr. Levering presided briefly during the afternoon.

Unparalleled in the history of the great temperance reform was the realising of the u

local antialcohol congresses, especially in the great centers of population."

We make the following specific recommendations:

"(1) The compilation from time to time by the permanent committee of reliable statistics on the varied phases of the drink habit and liquor traffic, these statistics to be recommended for the use of all temperance forces, to the end that in statements involving statistics there may be no inaccuracles.

"(2) We recommend that all school officers, teachers, parents, guardians of children, and clergymen unite to secure in all public schools the instruction concerning alcoholic drinks and other narcotics prescribed by the laws of every State.

"(3) We urge that normal schools, teachers, institutes, conventions, and summer schools provide thorough and adequate preparation for teaching the laws of health, including the facts about alcoholic drinks.

"(4) We recommend that special emphasis be laid upon the relation of abstinence to business and industrial efficiency and safety.

"(5) The use of posters and the indorsement of health officers and other officials, as in Great Britain and France, be attached wherever possible.

"(6) That antialcohol exhibits be used in store windows, and in connection with fairs, conventions, health, industrial, and other general exhibits.

"(7) That in each community some person or persons be charged with the duty of securing due publicity for temperance news in the public press.

"(8) That all public health campaigns shall include full recognition.

eral exhibits.

"(7) That in each community some person or persons be charged with the duty of securing due publicity for temperance news in the public press.

"(8) That all public health campaigns shall include full recognition of the part alcohol plays as an active agent in producing disease, degeneracy, and death.

"(9) That for the training of leaders in the nation-wide antialcohol movement we recommend a general temperance educational plan similar in methods to the missionary educational movement.

"Finally, to this educational campaign we summon all educational forces of the Nation, including the public press, Sabbath schools, churches, and public and private schools, colleges, universities, brotherhoods, women's clubs, philanthropic organizations, employers' insurance companies, boards of health, and all moral and social uplift organizations."

The temporary officers of the convention were: Dr. Ira Landrith, president; Joshua Levering, vice president; and Mrs. Frances Beauchamp, secretary.

The promoting committee of seven, which made public the call of The Council of One Hundred and had charge of preliminary plans for the national convention, was composed as follows: Daniel A. Poling, Columbus, Ohio, National Christian Endeavor, temperance and citizenship superintendent; Ernest H. Cherrington, Westerville, Ohio, editor of the American Issue; Dr. Ira Landrith, Nashville, Tenn., president International Young Men's Christian Association; George F. Cotterill, Seattle, Wash, national grand chief templar, Independent Order of Good Templars: Cora Frances Stoddard, Boston, Mass., executive secretary Scientific Temperance Federation: Lillian Burt, Columbus, Ohio, superintendent voters' information bureau, Ohio Women's Christian Temperance Union; Harry S. Warner, Chicago, Ill., secretary Intercollegiate Prohibition Association.

The permanent officers of The Council of One Hundred as elected by the convention are: President, Daniel A. Poling; vice presidents, Dr. P. A. Baker, Hon. Virgil G. Hinshaw, Mrs. Florence

Cherrington, Westerville; secretary, Cora Frances Stoddard, Boston; Daniel A. Poling, Columbus, Ohio; Charles L. Huston, Coatesville, Pa.; W. F. Cochran, Baltimore, Md.; Harry S. Warner, Chicago, Ill.; Rev. Father J. J. Curran, Wilkes Barre, Pa.; W. A. Rankin, Tarkio, Mo.; Rev. Clarence True Wilson, D. D., Topeka, Kans.; Hon. Richmond P. Hobson, Washington, D. C.; Edwin C. Dinwiddle, Washington, D. C.; Oliver W. Stewart, New York City; Mrs. Ella A. Boole, Brooklyn, N. Y.; Wilbur F. Crafts, Ph. D., Washington, D. C.; Mrs. Zillah Foster Stevens, Alton, Ill.; Booker T. Washington, Tuskegee, Ala.; Willard O. Wylle, Chicago, Ill.; Prof. Charles Scanlon, Pittsburgh, Pa.; Rev. A. J. Barton, D. D., Waco, Tex.; Mrs. Suessa B. Blaine, Washington, D. C.; Howard H. Russell, Westerville, Ohio; John F. Cunneen, Chicago, Ill.; Ben H. Spence, Toronto; Charles Stelzle, New York City; Dan B. Brummitt, Chicago, Ill.; Wm. P. Hall, New York City; Dan B. Brummitt, Chicago, Ill.; Wm. P. Hall, New York City; T. D. Crothers, M. D., Hartford, Conn.; W. D. Upshaw, Atlanta, Ga.; Mrs. Lillian Burt, Columbus, Ohio; Charles D. Bulla, Nashville, Tenn.; Wm. G. Calderwood, Minneapolis, Minn.; W. W. Buchanan, Winnipeg. Mr. BARTHOLDT. Mr. Chairman, I greatly regret that this

Mr. BARTHOLDT. Mr. Chairman, I greatly regret that this discussion in its last stages has taken a political turn, because I intended seriously and sincerely, as best I could, and without any preparation, to answer some of the arguments made by the gentleman from Alabama [Mr. Hobson], and to answer them, not in behalf of the liquor traffic, but in behalf of American

I can not hope to equal, or even approach, the grandiloquence of the gentleman from Alabama, whose speech and oration we have heard on this floor before, and who has delivered the same address on the Chautauqua platform a dozen or a hundred times. Nor can I hope to receive the applause of the galleries, because I know what element constitutes the multitude who are occupying that part of the House just at this time.

Speaking of the influence of the galleries, I am reminded that at one time in French history it became necessary, to transfer the capital of France from Paris to Versailles, a small town about 25 or 30 miles distant from Paris. Why was that done? It was done for the purpose of protecting the legisla-

tors against attempts at intimidation.

Oh, these gentlemen in the gallery who are laughing have not read history, but I have. [Laughter.] Every man who is now shouting for prohibition in the streets of Washington can be duplicated by two men who are shouting for the maintenance of the liberties the fathers of the Republic have given you.

I call attention to the danger that threatens this Republic if this example is to be repeated very frequently. If you bring the temperance forces to Washington for the purpose of intimidating Members, you can bring the millions of the Federation of Labor and you can also bring for the purpose of intimidation the 2,000,000 members of the German-American Alliance who are again determined, as that element was before in our history, to defend the true genius of American institutions. I do not think it is healthy for the country, Mr. Chairman, to allow this thing to go on. [Laughter in the galleries.] Never mind, you may intimidate village councils and members of State legislatures, and even some Congressmen, but you can not cow or

intimidate me. [Applause.]

The gentleman from Alabama [Mr. Hobson] started out with the statement that 47,000,000 people were now living under prohibition. That is a very adroit statement to make, namely, that the territory which is now prohibition, or dry, is inhabited by a population of 47,000,000 people. He very wisely conceals the fact that in the States which have gone dry the majorities in favor of prohibition have in most cases been very, very small, and that in most of the counties that went dry it was simply by a majority of, say, the 51 over the 49. Consequently, when you deduct the minorities that have voted against prohibition from the 47,000,000, I do not think the gentleman will continue insisting that half of the American people are for prohibition.

Mr. HOBSON. How many temperance people are there in the

others that are wet?

Mr. BARTHOLDT. The gentleman is adroit in other respects. He uses the arguments which can properly be made in favor of temperance and sobriety and against the injurious use of strong liquor, and in which every sane man believes, in favor of prohibition.

I want to tell the gentleman that sobriety and temperance are not identical with prohibition, because prohibition is an attempt to make a man sober by law, a thing which you can not do. You can not make a man sober by law any more than you can make him honest by law, and prohibition leaves out of consideration the question of manhood entirely. If a man is honest simply because he has had no opportunity to steal, we do not take much stock in his honesty. If a man remains sober because he has never had an opportunity to indulge, we do not take much stock in his sobriety. But we do rightly give credit to a man who remains honest in spite of opportunities to steal, and we do believe in a man who is sober in spite of all chances to drink. That is the kind of manly citizenship I believe in rearing; it is the philosophy to which I subscribe, and in which over 10,000,000 German-American citizens in this country believe. They do not stand up for the liquor traffic, They stand up for the inherent right of the American citizen to so shape his conduct that he will be regarded by everyone

as a decent and respectable member of society.

Why is it that that great Empire of Germany across the ocean has solved that question without any prohibition laws? Will the gentleman from Alabama [Mr. Hobson] state here before the assembled multitudes of his adherents that Americans are unable to control themselves, are less able to control themselves than are the Germans on the other side of the ocean? As an adopted citizen I deny it, because I have more respect for American manhood than he has. [Applause.] Why is it that the Germans are the most sober nation on earth? [Laughter in the galleries.] They are—they are, in spite of your laughter, and the results show it. Compare the Germans with the Turks. The Turks are a prohibition people. Prohibition is not only a part of their laws but a part of their religion. They are not allowed to drink. Compare the Turks with the Germans, and there you have the difference between a nation that is prohibition by religion and a nation which is free.

Do you remember what that great English bishop said when that same question was up for consideration and when the liberty of England was threatened just as is the liberty of America to-day? He said he would rather see England free than sober. That is historical, and you know what he meant by that. He would rather endure the excesses that might be committed by the one out of a hundred-and that is all the percentage you can show-than to deprive the other ninety-nine of their liber-You wish to deprive 99 people of their liberty for the purpose of keeping one sober.

The gentleman has spoken upon the effect of alcohol. I am not going to enter into any discussion of that; but if I were to call for testimony on that question I would call for experts, for medical men, for gentlemen who have made a scientific investigation of that question. I would not take the word of the gentleman from Alabama.

You say that you have got to remove temptation. That is your stock argument. This idea is based on the assumption that we Americans are children, that we are not men, that we are not imbued by the Creator with manhood and determination to do right, to live morally and decently on our own account. No, we are children and must be controlled by and lead in the strings of law. That is the assumption and, therefore, you say you have got to remove temptation. Why, the best remedy for the great evil you complain of would simply be for men not to If you can imbue the coming generation of children with the correctness of your idea, if you can show them that liquor is as injurious as you think it is, even if moderately consumed, then the drink question is solved. The people simply would not patronize those places and you do not need any laws, you do not have to go to the State legislatures, and you do not have to come to the Congress to invoke the power of the National Government in a question of this kind. You say we ought to remove temptation. Let me say to my friend from Alabama that temptation has been in this world ever since the first human being was born.

The Creator himself put temptation into the Garden of Eden. [Laughter and applause.] But I suppose that was a mistake. If the logic of our prohibition friends is correct, then the Creator made a mistake in that, and the Saviour also made a mistake at the wedding at Cana when he turned water into wine. I suppose if Carry Nation had lived at the time of the Para-dise and had heard the logic of my friend from Alabama she would have proceeded straightway to the Garden of Eden and chopped down that fateful tree with her little hatchet. remove temptation! Why, if you want to remove everything that might tempt man you will have in the first place to abolish all money, because there is no question but what money has been the cause of a great many sins and crimes in this world. You would have to abolish every gun on your naval vessels [applause], because you might be tempted to touch the trigger and kill somebody. [Laughter and applause.] Oh, you would have to abolish women [laughter and applause], because there is no question but what women are a temptation to some [laughter and applause]; and when you would get through, Mr. Chairman, removing temptation, why, there would be nothing left but the stones to cry to heaven, bewailing the idiocy of men, who were made in the image of their Creator. That is as far as you will get when you proceed to remove temptations. What should be done, gentlemen, is not to attempt the impossible task of removing temptation, but to strengthen man's resistance against it. [Applause.]

Now, I want to say to my friend that those of us who still uphold the principle of personal liberty and still believe that the genius of our institutions permits a man to regulate his own conduct in matters of eating and drinking, that those who still have in their hearts the true American spirit, agree with him that the proper way to approach this question is by moral suasion and to tell our boys and our girls how injurious it is to drink and to eat to excess. If the gentleman will accompany me on that road I will go with him, and he will go with me, I think, but you can not accomplish it by legislation, and that is the reason that this prohibition amendment will not become a law in a thousand years to come. [Applause.]

There is another feature of this question, Mr. Chairman, which is neither moral nor philosophical, but very practical, and to which every statesman who feels the responsibility of his position will give his serious attention. It is its financial Where will you go, and what will you do, to replace the \$250,000,000 which national prohibition will keep out of the Treasury? We are taxed more now than we ought to be. Will you tell me that you will raise this tremendous amount by direct taxation on top of the income tax just now imposed for the first time? Our prohibition friends in their fanatical zeal will, of course, answer this question in the affirmative, but let me tell you confidentially that the party which would undertake such a thing, and I do not care which one it is, would never see daylight again. It is one thing to pin the white ribbon to your coat and march to the Capitol, but to go down deep into your pockets and pay for the "moral uplift" is a horse of another

color. I know human nature, believe me. It may be exhilarating sport to reform the other fellow, but wait until you ask our farmer friends to foot the bill.

I predict that not one of you who vote for it will ever come back to tell the tale. And this reminds me of the wonderful spirit of statesmanship with which the eloquent advocate of this fad is imbued. He declared the other day in favor of the immediate establishment of a naval equilibrium in the Atlantic and Pacific Oceans, by which he meant a Navy equal to that of Japan in the one and equal to that of Germany in the other That means the immediate construction of 24 new dreadnaughts, at an expense of about \$300,000,000. In other words, he wants \$300,000,000 for the immediate needs of the Navy in addition to the regular appropriations, and at the same time he endeavors to cut down our income by \$250,000,000, a total of \$550,000,000, or half our total annual expenditures. My friends, I say frankly that such statesmanship is beyond my comprehension, and I doubt whether there is a single man on this floor who understands it. In all seriousness, no man who is responsible either to himself or anybody else will ever dare to make two such propositions in the same breath. [Applause.]

I notice that the constitutional amendment offered by the gentleman from Alabama [Mr. Hobson] prohibits "the sale and the manufacture for sale" of intoxicating liquors. This means that every man can manufacture for his own use as much as he pleases, and what would be the result? That every house in the country would or could be turned into a distillery. Therefore the proposition should really be styled "A bill to promote home drunkenness." It will make a barroom out of every private house, and, what is worse, instead of the milder beverages, strong drink of the worst kind would be consumed, because the milder drinks, such as beer, which contains only half as much alcohol as even the average grape juice, can not

be made by the fireside.

In considering this question you must always remember that while you may change the laws on this subject you can not change human nature, and the spirit of temperance which is not born of conviction will never result in voluntary abstention nor does it in reality exist. It surely can not be legislated into the human mind or heart by congressional enactments.

With a great flourish of trumpets our friends proclaim that half of the territory of the Union is dry. If it were really dry, then the consumption of liquor should have been decreased by just 50 per cent, providing the prohibition laws were actually prohibitive. But what are the facts, Mr. Chairman? Why, the consumption of whisky, according to the figures of the Internal-Revenue Department, has enormously increased; in fact, in the last 10 years, during the time the Prohibitionists had their greatest successes, it has almost doubled. Prohibition, consequently, means an increase of the strong drinks at the expense of the milder ones, and it has therefore had the effect of increasing drunkenness instead of diminishing it. And with these few rambling remarks, which I hope will give the gentlemen on the floor as well as those in the gallery something to think about, because many of the latter have never heard but one side

of the question, I will leave the subject for the present with the promise that the real arguments, backed by facts and figures, will be made later on. [Applause.]

Mr. HUGHES of Georgia. Mr. Chairman, I make the request for unanimous consent that general debate now close.

Mr. MANN. Mr. Chairman, reserving the right to object, which I shall not do, is it the intention of the gentleman, then,

to move that the committee rise?

Mr. HUGHES of Georgia. Yes, sir. Mr. MANN. Would it be practical if no one objected after we went back into the House to get unanimous consent to make this resolution subject to be taken up to-morrow after the disposition of bills on the Private Calendar?

Mr. HUGHES of Georgia. I hope so.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. UNDERWOOD. Mr. Chairman, as I understand it the gentleman can not close general debate in committee. I suggest that the Clerk read the first paragraph in the bill.

Mr. MANN. He could by unanimous consent. Mr. UNDERWOOD. Not in committee.

Mr. MANN. He can close it by unanimous consent.

Mr. UNDERWOOD. Not general debate.

The CHAIRMAN. No one else desiring to participate in general debate, the Clerk will read the bill for amendment. The Clerk read as follows:

Resolved, etc., That the President of the United States is hereby authorized to appoint a commission consisting of nine men whose duty it shall be to consider the need and report a plan not later than December 1 next for national aid to vocational education.

Mr. HUGHES of Georgia. Mr. Chairman, I move that the

committee do now rise and report the bill.

Mr. STAFFORD. Mr. Chairman, I understood the gentleman from Georgia to say that he moved to report the bill. To that I object.

Mr. HUGHES of Georgia. I did not mean to report the bill.

Mr. MURRAY of Oklahoma. Mr. Chairman-

The CHAIRMAN. The question is on the motion of the gentleman from Georgia [Mr. Hughes] that the committee do now rise. The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Moon, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration Senate joint resolution (S. J. Res. 5) providing for the appointment of a commission to consider the need and report a plan for national aid to vocational education, and had come to no resolution thereon.

Mr. HUGHES of Georgia. Mr. Speaker, I ask unanimous consent that this be made the special order to-morrow at the conclusion of consideration of bills on the Private Calendar.

The SPEAKER. The gentleman from Georgia [Mr. Hughes] asks unanimous consent that this resolution be made the special order for to-morrow after the Private Calendar is disposed of. Is there objection? [After a pause.] The Chair hears none.

SITTING OF COMMITTEE DURING SESSIONS AND RECESSES.

Mr. BURNETT. Mr. Speaker-

The SPEAKER. The gentleman from Alabama [Mr. Bur-NETT] is recognized.

Mr. BURNETT. Mr. Speaker, I desire to offer a resolution which I send to the Clerk's desk.

The SPEAKER. Is the resolution privileged?
Mr. BURNETT. Yes, sir. It is that the committee may be permitted to sit during the session.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolved, That the Committee on Immigration and Naturalization be, and it is hereby, authorized to sit during the sessions of the House of Representatives and during the recesses of said House.

The SPEAKER. Is there objection?

Mr. GOLDFOGLE. Mr. Speaker-

The SPEAKER. For what purpose does the gentleman from New York [Mr. Goldfogle] rise?

Mr. GOLDFOGLE. Mr. Speaker, reserving the right to object, I desire to ask the gentleman from Alabama what occasion there is to sit during the recess of the House.

Mr. BURNETT. Well, I do not think there will be any. recesses will embrace the Christmas recess, and I did not know but the committee might desire to sit at that time. But I will not insist on that feature of it if the gentleman objects.

Mr. GOLDFOGLE. I object.

Mr. BURNETT. I desire to eliminate that feature, then.
The SPEAKER. Does the gentleman from New York [Mr. Goldfogle] object to the whole resolution, or just that part

Mr. GOLDFOGLE. I understand the gentleman from Alabama is willing to modify his resolution.

The Chair desires to ask the gentleman a The SPEAKER. simple question. Does he object to the whole resolution, or only that part of it?

Mr. GOLDFOGLE. Only to that part of it. The SPEAKER. To strike out what words?
Mr. GOLDFOGLE. "During the recesses of the House."

Mr. MANN. Let us have the resolution reported as modified. The SPEAKER. The Clerk will report the resolution as

The Clerk read as follows:

House resolution 345.

Resolved, That the Committee on Immigration and Naturalization be, and it is hereby, authorized to sit during the sessions of the House of Representatives.

The SPEAKER. Is there objection?

Mr. SABATH. Mr. Speaker, reserving the right to object, I desire to ask the chairman whether there will be any need to sit in the afternoons?

Mr. BURNETT. I think so, sir, in order to conclude the consideration of the bill. We sat this afternoon for hearings, but I do not know whether we had a right to do that or not.

Mr. SABATH. That was only for hearings, but I believe the duties will be finished, and, therefore, I do not think it will be

Mr. BURNETT. It is necessary, Mr. Speaker, I think, that we have that right. I hope the gentleman will not object.

Mr. SABATH. At the present time I object.

BURNETT. Mr. Speaker, I move the passage of the

The SPEAKER. The gentleman can not get it considered. That is disposed of.

Mr. MANN. I did not understand that my colleague objected?

Mr. BURNETT. He did object.

#### EXTENSION OF REMARKS.

Mr. HOBSON. Mr. Speaker, I ask unanimous consent to insert in my remarks, as I intended to ask at the time, the list of the parties and official resolutions in connection therewith.

Mr. MANN. That is in connection with the petitions that

were presented?

Mr. HOBSON. With the petitions; yes.
The SPEAKER. The gentleman from Alabama [Mr. Hobson] asks unanimous consent to insert in his speech, when it is printed in the RECORD, certain documents that he named.

Mr. MANN. No; not documents.

Mr. HOBSON. No, Mr. Speaker; let me make it clear. Simply instead of reading the names of those bodies that took part in the presentation of the petition I want to print them. I indicated the idea at the time. I also desire to print the resolutions instead of taking the time to read them. I wish simply to print the official resolutions and the enumeration of those bodies that passed them.

The SPEAKER. Is there objection?

Mr. BARTHOLDT. I reserve the right to object, Mr. Speaker.
Mr. DONOVAN. Reserving the right to object—
The SPEAKER. The gentleman from Connecticut [Mr. Dono-

VAN] and the gentleman from Missouri [Mr. BARTHOLDT] reserve the right to object.

Mr. DONOVAN. I do. The gentleman from Alabama is so seldom here that I can not appreciate the courtesy of giving him extra privileges. He has been here at this session a little over two hours, outside of to-day. He has no more important business to pay any attention to or to give any of his time to.

He has drawn his salary the same as any other Member, and— Mr. FITZGERALD. Mr. Speaker, I make the point of order that that is not in order. The gentleman can not do that under the guise of reserving a point of order.

Mr. HOBSON. Mr. Speaker, I ask unanimous consent that the gentleman be allowed to continue.

Mr. FITZGERALD. I object to the abuse of such privilege. The SPEAKER. It is an abuse of the privilege of reserving the right to object.

Mr. DONOVAN. Does the Chair so decide?
The SPEAKER. The Chair so decides.
Mr. MANN. I ask, Mr. Speaker, that the Chair put the request.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. Hobson]? [After a pause.] The Chair hears none, and it is so ordered.

Mr. BARTHOLDT. Mr. Speaker, I would like to ask the

Mr. Speaker, I would like to ask the same privilege of extending my remarks in the RECORD.

The SPEAKER. The gentleman from Missouri [Mr. BAR-THOLDT] asks unanimous consent to extend his remarks in the Is there objection? [After a pause.] The Chair RECORD. hears none, and it is so ordered.

### SITTING OF COMMITTEE DURING SESSIONS.

Mr. BURNETT. Mr. Speaker, the gentleman from Illinois [Mr. Sabath], as I understand, withdraws his objection to the resolution (H. Res. 345) that I offered a few minutes ago.

The SPEAKER. The gentleman from Alabama [Mr. Bur-NETT] asks unanimous consent for the present consideration of

the resolution that has been read.

Mr. MANN. Mr. Speaker, reserving the right to object, I simply want to say this in connection with that: I shall not object to the request, but I would like to have gentlemen understand that I expect to ask that a quorum of the House shall be in the House most of the time to attend to public business here. I think committees ought to aim to meet at other times.

The SPEAKER. Is there objection? Mr. DONOVAN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.
Mr. DONOVAN. Will the Chair state what the reservation of a right to object constitutes? Is not a Member entitled to

make an explanation of the reason why he objects? The SPEAKER. The gentleman from New York [Mr. Fitz-

GERALD] raised the point of order. The Chair was not going to raise the point of order himself, but whether Capt. Horson had been here every minute or never had been here has nothing to do with his request to extend his remarks in the Record.

Mr. DONOVAN. Of course the Chair knows he is very seldom

here. [Laughter.]

The SPEAKER. The Chair knows a good many things that he is not bound to tell. [Laughter.]

Mr. UNDERWOOD. Mr. Speaker, I ask that the Chair put

the request.

The SPEAKER. Is there objection to the request of the gentleman from Alabama [Mr. BURNETT]? [After a pause.] The Chair hears none. The question is on agreeing to the resolution. The resolution was agreed to.

#### WITHDRAWAL OF PAPERS.

Mr. HAWLEY, by unanimous consent, was granted leave to withdraw from the files of the House, without leaving copies, the papers in the case of Almira M. Brayton, H. R. 8928, Sixtysecond Congress, no adverse report having been made thereon.

#### CHANGE OF REFERENCE.

The SPEAKER laid before the House the following request for unanimous consent:

That the Committee on the Public Lands be discharged from further consideration of H. R. 9828, a bill for the cession to the State of New York of certain lands in the bed of the Harlem Ship Canal, heretofore ceded to the United States, now to be abandoned for the more direct channel, and that the same be referred to the Committee on Rivers and Harbors.

Mr. MANN. I reserve the right to object to that last request. I do not know how long the practice has been in vogue that gentlemen go to the Speaker's desk and submit a request for the change of reference of a public bill, but it is not a very

good practice.

The SPEAKER. The Chair agrees with the gentleman.

Mr. MANN. The House ought to know whether the chairmen of the two committees are agreeable to such a request when it is submitted, because any Member may go and get a request submitted in this way through the Chair, and the bill may be transferred without anybody on the committee knowing it.

The SPEAKER. The request in this case was made by the chairman of the Committee on Rivers and Harbors.

Mr. MANN. I did not know that; but he wants the bill transferred to his committee. I do not know what the position of the gentleman from Oklahoma [Mr. FERRIS], chairman of the Committee on the Public Lands, may be.

Mr. UNDERWOOD. Mr. Speaker, I think the gentleman is right, and that the matter had better go over.

### DEMOCRATIC CAUCUS.

The SPEAKER. The chairman of the Democratic caucus requests the Speaker to announce that immediately after adjournment a Democratic caucus will be held in this Hall.

# ADJOURNMENT.

Mr. UNDERWOOD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 20 minutes p. m.) the House adjourned until to-morrow, Friday. December 12, 1913, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Treasury, submitting a supplemental estimate of appropriation for the fiscal year ending June 30, 1915, in the sum of \$2,500, for buildings and grounds, Military Academy (H. Doc. No. 465); to the Committee on Military Affairs and ordered to be printed.

2. A letter from the Secretary of War, transmitting report of the National Forest Reservation Commission for the fiscal year ended June 30, 1913 (S. Doc. No. 307); to the Committee

on Agriculture and ordered to be printed.

3. A letter from the Secretary of the Treasury, transmitting communication from the executive officer, Grant Memorial Commission, submitting an estimate of appropriation in the sum of \$5,000, for unveiling and dedicating the memorial to Gen. Ulysses S. Grant (H. Doc. No. 466); to the Committee on Appropriations and ordered to be printed.

4. A letter from the Secretary of War, transmitting detailed statement of all expenses incurred from June 30 to December 1, 1913, for attendance of officers and employees at meetings of societies and associations; to the Committee on Expenditures

in the War Department and ordered to be printed.

5. A letter from the Secretary of Commerce, transmitting letters from the Acting Commissioner of Navigation concerning items appearing in the estimates of the Bureau of Navigation for the coming fiscal year (H. Doc. No. 467); to the Committee on Appropriations and ordered to be printed.

### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. FITZHENRY, from the Committee on the Judiciary, to which was referred the bill (H. R. 2504) to amend section 2 of an act entitled "An act to incorporate the National Society of the Daughters of the American Revolution," reported the same with amendment, accompanied by a report (No. 128), which said bill and report were referred to the House Calendar.

Mr. GEORGE, from the Committee on the District of Columbia, to which was referred the bill (H. R. 9842) to require the recital of the real consideration in deeds to property in the District of Columbia, reported the same with amendment, accompanied by a report (No. 129), which said bill and report

were referred to the House Calendar.

Mr. MOON, from the Committee on the Post Office and Post Roads, to which was referred the bill (H. R. 7967) to amend the act approved June 25, 1910, authorizing a postal savings system, reported the same without amendment, accompanied by a report (No. 127), which said bill and report were referred to the Committee of the Whole House on the State of the Union.

Mr. PROUTY, from the Committee on the District of Columbia, to which was referred the bill (H. R. 10234) to provide for the cost of street paving in the District of Columbia, reported the same with amendment, accompanied by a report (No. 130), which said bill and report were referred to the

House Calendar.

Mr. FLOYD of Arkansas, from the Committee on the Judiary, to which was referred the bill (H. R. 8673) providing for the compensation of clerks in United States district courts, and for other purposes, reported the same without amendment, accompanied by a report (No. 131), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

### PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials

were introduced and severally referred as follows:
By Mr. EVANS: A bill (H. R. 10302) to accept the cession by the State of Montana of exclusive jurisdiction over the lands embraced within the Glacier National Park, and for other purposes; to the Committee on the Public Lands.

By Mr. CONNELLY of Kansas: A bill (H. R. 10303) to pro-

vide for the erection of a public building at Lincoln, Kans.; to the Committee on Public Buildings and Grounds.

By Mr. PARK: A bill (H. R. 10304) to provide for the survey of the Flint River, Ga., from the mouth of said river to Montezuma, Ga.; to the Committee on Rivers and Harbors.

By Mr. MOON: A bill (H. R. 10305) to detach the county of Polk, in the State of Tennessee, from the southern division By Mr. DONOHOE: A bill (H. R. 10327) for the relief of of the eastern district of Tennessee and attach the same to the Morris Dietrich; to the Committee on Claims.

northern division of the eastern district of Tennessee, and for other purposes; to the Committee on the Judiciary

By Mr. ESCH: A bill (H. R. 10306) to establish an agricultural plant, shrub, fruit, and ornamental tree, berry, and vegetable experimental station at or near the city of Mauston, Juneau County, in the State of Wisconsin, on reclaimed swamp

land, to the Committee on Agriculture.

By Mr. DONOHOE: A bill (H. R. 10307) to regulate the compensation of adult male unskilled laborers in United States

arsenals; to the Committee on Military Affairs.

By Mr. IGOE: A bill (H. R. 10308) to provide for the improvement, construction, and repair of sidewalks in the District of Columbia, and for the assessment and payment of the cost thereof; to the Committee on the District of Columbia.

By Mr. BORLAND: A bill (H. R. 10309) to amend an act to regulate commerce by forbidding common carriers from limiting the time for filing claims; to the Committee on Interstate and

Foreign Commerce.

By Mr. BULKLEY: A bill (H. R. 10310) to amend an act approved September 18, 1913, entitled "An act providing for the free importation of articles intended for foreign buildings and exhibits at the Panama-Pacific International Exposition, and for the protection of foreign exhibitors"; to the Committee on Patents.

By Mr. JOHNSON of Washington: A bill (H. R. 10311) providing for the homestead entry of certain lands in the State of Washington, and for other purposes; to the Committee on the

Public Lands.

By Mr. BYRNS of Tennessee: A bill (H. R. 10312) to provide that the United States shall in certain cases aid the States and the civil subdivisions thereof in the construction and maintenance of rural post roads; to the Committee on Roads.

By Mr. JOHNSON of Kentucky: A bill (H. R. 10313) to amend an act entitled "An act making appropriations to provide for the expenses of the Government of the District of Columbia for the fiscal year ending June 30, 1914, and for other purposes," approved March 4, 1913, and for other purposes; to the Committee on the District of Columbia.

By Mr. DEITRICK: A bill (H. R. 10314) to provide for the survey of the Mystic River, Mass.; to the Committee on Rivers

and Harbors

By Mr. BORLAND: A bill (H. R. 10315) to amend an act entitled "An act to codify, revise, and amend the laws relating to the Judiciary," approved March 3, 1911; to the Committee on the Judiciary

By Mr. LLOYD: Resolution (H. Res. 343) limiting expenditures for telegrams sent or received by Representatives, Delegates, and Resident Commissioners; to the Committee on Ac-

By Mr. CRAMTON: Resolution (H. Res. 344) authorizing a survey of St. Clair River, Mich.; to the Committee on Rivers and Harbors.

### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 10316) granting a pension to Augusta J. Houser; to the Committee on Invalid Pensions.

By Mr. AVIS: A bill (H. R. 10317) for the relief of heirs or estate of Mary A. Rock, deceased; to the Committee on War

Also, a bill (H. R. 10318) granting an increase of pension to John A. McDermott; to the Committee on Invalid Pensions.

By Mr. BOWDLE: A bill (H. R. 10319) granting a pension to Ella Bloom; to the Committee on Pensions.

Also, a bill (H. R. 10320) granting an increase of pension to Sidney Van Bibber; to the Committee on Invalid Pensions. By Mr. BUTLER: A bill (H. R. 10321) granting an increase

of pension to Charles B. Marshman; to the Committee on Invalid Pensions.

By Mr. CANTRILL: A bill (H. R. 10322) granting a pension to Robert C. Baker; to the Committee on Pensions.

Also, a bill (H. R. 10323) granting an increase of pension to Maggie Morris; to the Committee on Invalid Pensions.

By Mr. CRAMTON: A bill (H. R. 10324) for the relief of Spencer D. Gleason; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10325) granting a pension to James E. Embury; to the Committee on Pensions.

By Mr. DIES: A bill (H. R. 10326) for the relief of T. J. Ball;

to the Committee on Claims.

Also, a bill (H. R. 10328) for relief of Francis A. Grennen: to the Committee on Claims.

Also, a bill (H. R. 10329) to correct the military record of Samuel J. Lee; to the Committee on Military Affairs.

By Mr. DONOVAN: A bill (H. R. 10330) for the relief of

William J. Casey; to the Committee on Claims.

Br. Mr. EAGLE: A bill (H. R. 10331) for the relief of heirs of William Rupley; to the Committee on War Claims.

By Mr. EVANS: A bill (H. R. 10332) for the relief of Minor Berry; to the Committee on Military Affairs.

By Mr. FERRIS: A bill (H. R. 10333) for the relief of William Redder; to the Committee on Claims.

Also, a bill (H. R. 10334) for the relief of Ivy L. Merrill: to the Committee on Indian Affairs.

By Mr. FIELDS: A bill (H. R. 10335) granting a pension to Samantha Thompson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10336) granting a pension to Pauline Sanders; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10337) granting an increase of pension to James Davis; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10338) granting a pension to Hattie Sylvia; to the Committee on Invalid Pensions.

By Mr. FOWLER: A bill (H. R. 10339) for the relief of Alvin F. Keen; to the Committee on Claims.

By Mr. GARRETT of Tennessee: A bill (H. R. 10340) granting an increase of pension to John L. Edmundson; to the Committee on Invalid Pensions.

By Mr. KEY of Ohio: A bill (H. R. 10341) granting a pension to Charlotte Long; to the Committee on Invalid Pensions.

By Mr. KIESS of Pennsylvania: A bill (H. R. 10342) for the relief of Paul G. Morgan; to the Committee on Claims.

By Mr. J. R. KNOWLAND: A bill (H. R. 10343) granting a pension to Louis Hoffman; to the Committee on Invalid Pen-

Also, a bill (H. R. 10344) for the relief of the beneficiaries under the will of John G. Winter, deceased; to the Committee on War Claims

By Mr. OGLESBY: A bill (H. R. 10345) for the relief of

C. M. Hammond; to the Committee on Claims. By Mr. POST: A bill (H. R. 10346) granting an increase of

pension to John Nier; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10347) to remove the charge of desertion from the record of John P. Stockstill; to the Committee on Military Affairs.

By Mr. RAINEY: A bill (H. R. 10348) granting a pension to Berdie Surratt; to the Committee on Pensions.

Also, a bill (H. R. 10349) granting an increase of pension to William L. Herron, alias William Herron; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10350) granting an increase of pension to John Reynolds; to the Committee on Pensions.

By Mr. ROUSE: A bill (H. R. 10351) granting a pension to

James J. Gardner; to the Committee on Pensions.

Also, a bill (H. R. 10352) granting an increase of pension to D. B. Finnell; to the Committee on Pensions.

By Mr. RUBEY: A bill (H. R. 10353) granting a pension to Martha Shearer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10354) granting an increase of pension to Jabez Goodman; to the Committee on Invalid Persions.

Also, a bill (H. R. 10355) granting an increase of pension to James Dodson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10356) for the relief of James S. Risher; to

the Committee on Military Affairs.

By Mr. RUSSELL: A bill (H. R. 10357) granting a pension to

John Hodges; to the Committee on Pensions.

Also, a bill (H. R. 10358) granting a pension to Thomas P.

Pope; to the Committee on Pensions.

Also, a bill (H. R. 10359) granting a pension to Louisa Sha-

han; to the Committee on Invalid Pensions. Also, a bill (H. R. 10360) granting an increase of pension to

William L. Smith; to the Committee on Invalid Pensions.
Also, a bill (H. R. 10361) granting an increase of pension to

Ada Cummins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10362) granting an increase of pension to Sarah B. Wilson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10363) granting an increase of pension to Robert B. Martin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10364) granting an increase of pension to Joseph Stall; to the Committee on Invalid Pensions.

By Mr. SCULLY: A bill (H. R. 10365) granting an increase of pension to James H. Sickles; to the Committee on Invalid

By Mr. SPARKMAN: A bill (H. R. 10366) granting an increase of pension to Kizzle Gill; to the Committee on Pensions, Invalid Pensions,

Also, a bill (H. R. 10367) granting a pension to Inez H. Ross: to the Committee on Pensions,

By Mr. SHERWOOD: A bill (H. R. 10368) granting an increase of pension to Sylvester Brown; to the Committee on Invalid Pensions.

By Mr. SMITH of Maryland; A bill (H. R. 10369) granting a pension to Martha A. Gee; to the Committee on Pensions.

Also, a bill (H. R. 10370) granting a pension to Herman Rehn; to the Committee on Pensions.

Also, a bill (H. R. 10371) for the relief of James Lyons; to the Committee on Military Affairs.

Also, a bill (H. R. 10372) for the relief of B. W. Gladden; to the Committee on Claims.

Also, a bill (H. R. 10373) for the relief of John T. Jefferson; to the Committee on Naval Affairs.

By Mr. SMITH of Minnesota: A bill (H. R. 10374) granting an increase of pension to Winchester E. Moore; to the Committee on Invalid Pensions.

By Mr. J. M. C. SMITH: A bill (H. R. 10375) granting a pension to Melissa M. Drake; to the Committee on Pensions.

Also, a bill (H. R. 10376) granting an increase of pension to Jay B. Foote; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10377) granting an increase of pension to Simeon Olmstead; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10378) granting an increase of pension to Frank Hartwell; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Colorado: A bill (H. R. 10379) granting pension to Louisa Eckwall; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10380) granting a pension to Julia De Rigne; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10381) granting an increase of pension to George Sylvester; to the Committee on Pensions.

By Mr. TAYLOR of New York: A bill (H. R. 10382) for the relief of James K. Fuller; to the Committee on Military Affairs. Also, a bill (H. R. 10383) for the relief of Aaron Reynolds;

to the Committee on Military Affairs.

By Mr. TRIBBLE: A bill (H. R. 10384) granting a pension to Isaac B. Almand; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10385) for the relief of the heirs at law of J. R. Welch; to the Committee on War Claims.

By Mr. WALLIN: A bill (H. R. 10386) granting an increase of pension to Frederick Brunick; to the Committee on Invalid Pensions.

By Mr. WATKINS: A bill (H. R. 10387) for the relief of heirs of Robert F. Moore; to the Committee on War Claims

By Mr. WILLIS: A bill (H. R. 10388) to correct the military record of John Newman; to the Committee on Military Affairs. Also, a bill (H. R. 10389) granting an increase of pension to John Hendershott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10390) granting a pension to Catherine Alspach; to the Committee on Invalid Pensions.

By Mr. WINSLOW: A bill (H. R. 10391) granting an increase of pension to William Stalker; to the Committee on Invalid Pensions.

### PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:
By Mr. ASHBROOK: Petition of G. H. Klein and three other

merchants of Tuscarawas, Ohlo, favoring a change in the interstate-commerce laws relative to mail-order houses; to the Committee on Ways and Means.

By Mr. BARTHOLDT: Papers giving expenses incurred in the O'Connor v. Bartholdt contested-election case; to the Com-

mittee on Elections No. 2.

By Mr. CALDER: Petition of the American Flint Glass Workers' Union, Local No. 68, of Brooklyn, N. Y., favoring the passage of bills H. R. 1873 and S. 927; to the Committee on the Judiciary.

By Mr. DALE: Petition of the New York State Association Opposed to Woman Suffrage, of New York City, N. Y., protesting against granting suffrage to women; to the Committee on the Judiciary.

Also, petition of the Twentieth Century Club of Detroit, of Detroit, Mich., favoring the passage of Senate bill 2739, known as the Newlands river-regulation and flood-prevention bill; to the Committee on Rivers and Harbors.

By Mr. EAGLE: Papers to accompany bill for the relief of the estate of William Rupley, of Victoria County, Tex.; to the Committee on War Claims.

By Mr. ESCH: Papers to accompany H. R. 10268, granting an increase of pension to Henry Sickels; to the Committee on

Also, petition of the National Wholesale Druggists' Association of New York, N. Y., favoring an appropriation by Congress to be used in legalizing reasonable trade agreements; to the Com-

mittee on Appropriations.

Also, memorial of the directors of the Racine Retail Merchants' Association and the directors of the Junction Advancement Association, protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries

By Mr. FRANCIS: Memorial of the Chamber of Commerce of Steubenville, Ohio, favoring the passage of Senate bill 3063, for an increased force for the United States Supervising Architect's office; to the Committee on Public Buildings and Grounds.

By Mr. GARRETT of Tennessee; Papers to accompany bill granting an increase of pension to John L. Edmondson; to the

Committee on Invalid Pensions.

By Mr. LOBECK: Petition of citizens of Omaha and Flor-ence, Nebr., asking for the construction of a bridge across the Missouri River at Florence, Nebr.; to the Committee on Inter-

state and Foreign Commerce.

Also, memorial of the executive committee of Wahoo Commercial Club, of Wahoo, Nebr., favoring the passage of Senate bill 3063, relative to employment of more people in the office of the Supervising Architect of the Treasury Department; to the Committee on Public Buildings and Grounds.

By Mr. LONERGAN: Petition of Cotton Belt Lodge, No. 204, Brotherhood of Locomotive Firemen and Engineers, of Jonesboro, Ark., favoring the passage of House bill 103, relative to engine headlights; to the Committee on Interstate and Foreign

Commerce.

By Mr. MAHER: Petition of Local Union No. 68, American Flint Glass Workers' Union, of Brooklyn, N. Y., favoring the passage of the Bartlett-Bacon bills, H. R. 1873 and S. 927; to

the Committee on Labor.

By Mr. MOON: Petition of the bar of Polk County, favoring an act of Congress detaching the county of Polk from the southern division and attach the same to the northern division of the eastern district of Tennessee; to the Committee on the Judi-

Also, papers to accompany bill (H. R. 6661) for the relief of Mary E. Pearce; to the Committee on Invalid Pensions.

By Mr. MOTT: Petition of women of the Oswego (N. Y.) Baptist Association, opposing recognition of the Mormon Church at the Panama Exposition; to the Committee on Industrial Arts and Expositions.

Also, memorial of the Twentieth Century Club, of Detroit, Mich., protesting against the abolishment of the Forestry Serv-

ice; to the Committee on Appropriations.

Also, memorial of Cotton Belt Lodge, No. 207, Brotherhood of Locomotive Firemen and Engineers, favoring the passage of bill (H. R. 103) relative to lights on engines; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Chamber of Commerce of Oswego, N. Y., favoring an increase in the mobile Army; to the Committee on

Military Affairs.

Also, memorial of the Twentieth Century Club, of Detroit, Mich., favoring the passage of the Newlands flood-prevention bill

(S. 2739); to the Committee on Rivers and Harbors.

By Mr. RAKER: Petition of citizens of Sacramento, Cal., favoring the passage of bill (H. R. 5892) relative to pensions for the United States Military Telegraph Corps for service rendered during the Civil War; to the Committee on Invalid Pensions.

By Mr. SAMUEL W. SMITH: Petition of the Women's Christian Temperance Union, Birmingham, Mich., opposing recognition of the Morman Church at the Panama Exposition; to the Committee on Industrial Arts and Expositions.

By Mr. J. M. C. SMITH: Petition of Elmer L. Losey and 25 other citizens of Waldron, Mich., protesting against bill (H. R. 8814) relative to Columbus Day; to the Committee on the

Judiciary.

Also, petitions of 4 citizens of Marshall, 1 of Woodbury, 15 of Vicksburg, 15 of Grand Ledger, 4 of Schoolcraft, 47 of Kalamazoo, and 1 of Sherwood, all favoring the passage of the bill (H. R. 5308) relative to mail-order houses; to the Committee on Ways and Means,

Also, petitions of the Alpena Chamber of Commerce; citizens of Marine City; Detroit & Cleveland Navigation Co.; the Shipmasters' Association, of Detroit; the board of directors of the Detroit Board of Commerce, Detroit, Mich.; South Haven Board of Trade; and A. G. Butler, of Buffalo, all protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

Also, evidence accompanying bill granting a pension to Melissa M. Drake; to the Committee on Invalid Pensions.

Also, memorial of Grand Rapids (Mich.) Credit Men's Association, favoring legislation by Congress for the better control of floods; to the Committee on Rivers and Harbors.

Also, petition of Central Branch, Boston Socialist Party Club, asking investigation of copper miners' strike in Michigan; to

the Committee on Labor.

Also, petition of Lewis T. Oppenlander and 5 other citizens of Dimondale, Mich., and George S. Surplice, of Kalamazoo, Mich., all favoring favorable passage of the Dillingham impigration bill; to the Committee on Immigration and Naturaliza-

Also, memorial of Detroit Federation of Women's Clubs and Woman's Historical Club, of Detroit, protesting against any bill granting the Hetch Hetchy Valley to San Francisco as a source

of water supply; to the Committee on the Public Lands.

By Mr. TEMPLE: Papers to accompany bill (H. R. 10062)
granting a pension to Catherine Mackenzie; to the Committee
on Invalid Pensions.

By Mr. WALLIN: Papers to accompany bill granting an increase of pension to Frederick Brunick; to the Committee on Invalid Pensions.

By Mr. WILLIS: Papers to accompany bill (H. R. 10301) granting an increase of pension to Jonathan Lydick; to the Committee on Invalid Pensions.

## SENATE.

# FRIDAY, December 12, 1913.

The Senate met at 10 o'clock a. m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D. George T. Oliver, a Senator from the State of Pennsylvania, appeared in his seat to-day.

Mr. SMOOT. Mr. President, I suggest the absence of a

quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Gronna	Overman	Smith, Mich.
Bacon	Hollis	Owen	Smith, S. C.
Bankhead	Hughes	Page	Smoot
Borah	Johnson	Perkins	Sterling
Brady	Jones	Pomerene	Stone
Brandegee	Kenyon	Ransdell	Sutherland
Bristow	Kern	Reed	Swanson
Bryan	Lane	Robinson	Thompson
Burleigh	Lea	Saulsbury	Thornton
Burton	Martin, Va.	Shafroth	Townsend
Clark, Wyo.	Martine, N. J.	Sheppard	Vardaman
Colt	Myers	Sherman	Walsh
Crawford	Newlands	Shively	Warren
Dillingham	Norris	Simmons	Weeks
Gallinger	O'Gorman	Smith, Ga.	Works

Mr. SHAFROTH. I wish to announce that my colleague [Mr. THOMAS] is confined to his room on account of a slight illness. He will not be here to-day.

Mr. BRYAN. I desire to state that my colleague [Mr. FLETCHER] is detained from the Senate on important public

Mr. WEEKS. I wish to state that my colleague [Mr. Lodge] is absent on account of illness. I desire to have this statement stand for the day.

The VICE PRESIDENT. Sixty Senators have answered to the roll call. There is a quorum present. The Secretary will read the Journal of the proceedings of the preceding session.

The Journal of yesterday's proceedings was read and approved.

# FINDINGS OF COURT OF CLAIMS.

Mr. BRYAN. Mr. President, I desire to state that an examination was made of the claims reported by the clerk of the Court of Claims to the Senate, and that the reference by the Chair to the Committee on Claims was a proper one, for the reason that in none of them is there a judgment, but they are simply reports of findings of fact and statements of conclusions.

### PETITIONS AND MEMORIALS.

Mr. THOMPSON presented petitions of Horace L. Hall, of Topeka, J. D. Bowersock, of Lawrence, and T. N. Erwig, of Goodland, all in the State of Kansas, praying for the early passage of the pending banking and currency bill, which were ordered to lie on the table.

Mr. WEEKS presented a memorial of the Council of Jewish Women of Boston, Mass., remonstrating against the segregation of races in the departments of the Government, which was referred to the Committee on Civil Service and Retrenchment.

Mr. BORAH presented a petition of sundry citizens of Boise, Idaho, praying for the enactment of legislation granting relief to the members of the United States Military Telegraph Corps who served in the Civil War, which was referred to the Com-

mittee on Pensions.

Mr. SMITH of Michigan presented petitions of the Trades and Labor Council of Lansing; of Local Union No. 184, Cigar-makers' International Union of America, of Bay City; of the Pattern Makers' Association of Detroit, and of Local Union No. 217, United Garment Workers of America, of Kalamazoo, all in the State of Michigan, praying for the enactment of legislation to make lawful certain agreements between employers and laborers, and persons engaged in agriculture or horticulture, and to limit the issuing of injunctions in certain cases, and for other purposes, which were referred to the Committee on the Judiciary.

He also presented a memorial of sundry citizens of Baldwin, Mich., remonstrating against the enactment of legislation compelling the observance of Sunday as a day of rest in the District of Columbia, which was referred to the Committee on the

District of Columbia.

He also presented memorials of the Chamber of Commerce of Muskegon, of the Board of Commerce of Detroit, and of the Mendelssohn Club of Detroit, all in the State of Michigan, remonstrating against the adoption of certain provisions contained in the so-called La Follette seamen's bill, which were ordered to lie on the table.

He also presented a petition of the Board of Commerce of Detroit, Mich., praying for the enactment of legislation providing for the prevention of floods along the Ohio and lower Mississippi Rivers, which was referred to the Committee on

He also presented a petition of the Federation of Labor of Detroit, Mich., praying for the enactment of legislation granting to the city of San Francisco the use of the waters of the Hetch Hetchy Valley, which was ordered to lie on the table.

Mr. OLIVER presented a petition of sundry citizens of Unity-ville, Pa., and a petition of Carrick Court, No. 84, Guardians of Liberty, of Pittsburgh, Pa., praying for the enactment of legislation to further restrict immigration, which were referred to the Committee on Immigration.

He also presented a petition of the Board of Trade of Philadelphia, Pa., praying for the enactment of legislation providing for the collection of the income tax at its source, which was

referred to the Committee on Finance.

He also presented a petition of sundry citizens of Pittsburgh, Pa., praying for the enactment of legislation granting relief to members of the United States Military Telegraph Corps who served in the Civil War, which was referred to the Committee

He also presented a petition of the Commercial Exchange of Philadelphia, Pa., praying for the enactment of legislation granting protection to the lower Mississippi River and the reclamation of its alluvial lands, which was referred to the

Committee on Commerce.

He also presented a petition of the Produce Exchange of Philadelphia, Pa., praying for the establishment of a regional reserve bank in that city, which was referred to the Committee on Banking and Currency

He also presented a petition of the Manufacturers' Association of York, Pa., praying that an appropriation be made for the purchase of homes for American ambassadors in foreign countries, which was referred to the Committee on Foreign Relations. He also presented a memorial of the Philadelphia Board of

Trade, of Philadelphia, the Chamber of Commerce of Philadelphia, the Philadelphia Commercial Exchange, and the Philadelphia Bourse, all in the State of Pennsylvania, remonstratdelpina Bourse, an in the State of Pennsylvania, remonstrating against the enactment of certain provisions contained in the so-called Glass-Owen banking and currency bill, which was referred to the Committee on Banking and Currency.

Mr. TOWNSEND presented a memorial of the Detroit Hotel

Association of Michigan, remonstrating against the passage of certain provisions contained in the so-called La Follette sea-

men's bill; which was ordered to lie on the table.

Mr. ROOT presented a petition of sundry citizens of Syracuse. N. Y., praying for the enactment of legislation granting relief to persons who served in the United States Military Telegraph Corps during the Civil War; which was referred to the Com-

mittee on Pensions.

Mr. NELSON presented a petition of the Commercial Club of Fairmont, Minn., praying for the enactment of legislation authorizing the Secretary of the Treasury to employ necessary competent consulting architects outside the classified service; which was referred to the Committee on Public Buildings and Grounds.

COMMANDANT OF MARINE CORPS.

Mr. THORNTON. From the Committee on Naval Affairs I report back favorably without amendment the bill (H. R. 10081) to make the tenure of the office of the major general com-mandant of the Marine Corps for a term of four years. I ask unanimous consent for the present consideration of the bill. The department very earnestly desires to have it passed as soon as possible. I will state that every member of the committee has agreed to this report with the exception of two, who are out of the city

Mr. SMOOT. Let the bill be read.
Mr. THORNTON. I will state that there is a communication from the department embodied in the House committee report which I will ask to have read for the information of the Senate, and also a communication from the Secretary of the Navy to the chairman of the Senate committee, which I ask may be read.

Mr. GALLINGER. Let the bill first be read.
Mr. THORNTON. Yes; after the bill has been read.
The VICE PRESIDENT. The bill will be read.
The Secretary read the bill, as follows:

The Secretary read the bill, as follows:

Be it cnacted, etc. That hereafter when a vacancy shall exist in the position of commandant of the Marine Corps the President may appoint to such position, by and with the advice and consent of the Senate, an officer of the Marine Corps on the active list not below the grade of field officer, who shall hold office as such commandant for a term of four years, unless sooner relieved, and who, while so serving, shall have the rank, pay, and allowances of a major general in the Army; and any officer appointed under the provisions of this act who shall be retired from the position of commandant of the Marine Corps, in accordance with the provisions of sections 1251, 1622, and 1623, Revised Statutes of the United States, or by reason of age or length of service, shall have the rank and retired pay of a major general; if retired for any other reason he shall be placed on the retired list of officers of the grade to which he belonged at the time of his retirement: Provided, That an officer serving as commandant shall be carried as an additional number in his grade while so serving, and after his return to duty in his grade until said grade is reduced to the number authorized by law: Provided further, That nothing herein contained shall operate to increase or reduce the total number of officers in the Marine Corps now provided by law.

Mr. THORNTON. I ask that the report and the letter from

Mr. THORNTON. I ask that the report and the letter from

the department may be read.

The VICE PRESIDENT. The Secretary will read as requested.

The Secretary read as follows:

The Secretary read as follows:

Mr. Padgett, from the Committee on Naval Affairs, submitted the following report to accompany H. R. 10081.

The Committee on Naval Affairs, to whom was referred the bill (H. R. 10081) to make the tenure of office of the major general commandant of the Marine Corps for a term of four years, having had the same under consideration, report the same favorably without amendment and recommend that the bill do pass.

Under existing law, the commandant of the Marine Corps has no definite term of office, but serves until his retirement. Provision of the bill under consideration restricts the term of office to four years, giving to the commandant of the Marine Corps the same status as regards the term of office as the chiefs of the bureaus in the Navy Department and as the Chief of Staff of the Army.

The bill meets the favorable recommendation of the Navy Department, as set forth in the following letter from the Secretary of the Navy to the chairman of the committee:

NAVY DEPARTMENT, Washington, December 6, 1913.

JOSEPHUS DANIELS.

CHAIRMAN NAVAL COMMITTEE, House of Representatives, Washington, D. C.

CHAIRMAN NAVAL COMMITTEE,

House of Representatives, Washington, D. C.

Dear Mr. Padoett: There is submitted herewith a draft of a bill limiting the tenure of office of the major general commandant of the Marine Corps to four years, which would place that officer on the same status as chiefs of bureaus in the Navy Department and as the Chief of Staff of the Army in so far as tenure of office is concerned.

I strongly recommend consideration of this bill and its enactment into law at as early a date as possible, inasmuch as it is desired that the successor to Gen. Biddle, who is soon to be retired, should be appointed for a four years' tenure instead of for life, as would be the case under existing law.

It is believed to be conducive to efficiency as well as to the best interests of the service that there be rotation in office for the commandant of the Marine Corps, as well as for chiefs of bureaus, for the reason that it would permit of the headquarters of the corps being kept in closer touch and sympathy with existing conditions throughout the service, insuring a wiser and more efficient administration of the affairs of the corps.

The evils which might possibly result from a life tenure of office are too apparent to require special mention.

It will be noted that the bill, if passed, would not prevent the President from reappointing an incumbent of the office at the expiration of the four years' term, but would permit him to make a change in case the same should be deemed advisable, which, in the opinion of this department, is a sine qua non of executive authority in the administration of the Government for its best interest and efficiency.

The bill, in so far as it refers to retirement, places the commandant of the Marine Corps in the same status in that respect as chiefs of the staff bureaus.

The provision in the bill for the commandant, after the expiration

Staff bureaus.

The provision in the bill for the commandant, after the expiration of his term of office, to return to a position on the list of officers of the Marine Corps to which his seniority entitles him, as an extra number until such time as the numbers in the grade shall have been reduced to that required by law, is necessary to prevent overfilling a grade.

The early consideration of this bill is respectfully requested.

Sincerely, yours,

NAVY DEPARTMENT, Washington, December 10, 1913.

Hon. B. R. TILLMAN,

Chairman Senate Naval Committee, Washington, D. C.

My Dear Senator: A few days ago I submitted to the chairman of the House Naval Committee a bill limiting the tenure of office of the major general commandant of the Marine Corps to four years, which would place that officer on the same status as chiefs of bureaus in the Navy Department, and as the Chief of Staff of the Army, in so far as tenure of office is concerned.

This bill (H. R. 10081) was introduced by Mr. Padgert on the 8th instant, and I am informed this afternoon that it has passed the House, I strongly recommend its consideration by the Senate Naval Committee and its enactment into law at as early a date as possible. It is desired that the successor to Gen. Biddle, who is soon to be retired, should be appointed for a four-year tenure instead of for life, as would be the case under existing law.

It is believed to be conductive to efficiency as well as to the best interests of the service that there be rotation in office for the commandant of the Marine Corps, as well as for chiefs of bureaus, for the reason that it would permit of the headquarters of the corps being kept in closer touch and sympathy with existing conditions throughout the service, insuring a wiser and more efficient administration of the affairs of the corps.

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The bill, in so far as it refers to retirement, places the commandant of the Marine Corps in the same status in that respect as chiefs of the Marine Corps, to which his seniority entitles him, as an extra number until such time as the numbers in the grades shall have b

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered as in

Committee of the Whole.

Mr. WARREN. I wish to ask a question of the Senator reporting the bill. As I heard the reading, a statement made in the letter suggests that this officer would have the same rank and term as the Chief of Staff of the Army. The Chief of Staff of the Army may be not always a major general; he may be a general officer, but not necessarily a major general, and his term is limited by law to four years, and before reappointment he must have served at least two years in the field. Has that angle of the subject been considered by the Committee on Naval Affairs?

Mr. THORNTON. I do not understand that it has. What the Committee on Naval Affairs has considered is the recommendation that the position of commandant of the Marine Corps be changed from a life tenure, as it is under existing law, to a four years' tenure, with the privilege of reappointment if it is desired to reappoint him.

Mr. WARREN. It leaves it practically in the same position

as now, if it is sought to make reappointments.

Mr. THORNTON. Not as it is now. If the Senator please, under existing law it is a life tenure, and now it is sought to make it a four years' tenure, just as a chief of bureau.

Mr. WARREN. Yet it might be made so by reappointment

from time to time,

Mr. THORNTON. That is possible.
Mr. WARREN. So that it is not the plan of those supporting the bill to prevent such a tenure. It is a matter to be left to the pleasure of the head of the department whether a man shall be reappointed.

Mr. THORNTON. Yes, sir. In accordance with their ideas of his efficiency. The term is for four years to start with, and then at the end of four years, if it is considered that it would be best for the good of the service to reappoint him, the privilege is given to reappoint him.

Mr. WARREN. Mr. President, of course it is not possible to compare it exactly with the corresponding officer of the Army, because in the Army there are regular grades-major generals, brigadier generals, and so forth-but the peculiar situation in the Marine Corps is that we have a major general but no brigadier generals, so that the next grade to major general is colonel of the line. I do not know that I object to the bill, but I wanted to know whether that has been considered, because while it is part of the Navy the Marine Corps is really Army Infantry and should be, perhaps, part of the Army, the only difference being that the Marine Corps is sometimes upon ships and the Infantry usually on land. Could the Senator tell me when Gen. Biddle's time expires, or has he reached the age at which he could be retired?

Mr. THORNTON. I think that time is very nearly at hand, although I am not sure about it.

Mr. STONE. I think Gen. Biddle has resigned on account of ill health.

Mr. WARREN. He has not resigned, but wishes to be retired perhans

Mr. STONE. Well, he wishes to be retired. At all events, the action about to be taken is urgent. I think he would have some two years or more to serve before he reached the age of retire-

Mr. WARREN. He looks like too young a man to be retired for age.

Mr. THORNTON. I will say that the appointment is to be made at once, but it is desired that it should not be made until the law is passed.

Mr. WEEKS. Gen. Biddle has applied for retirement under the law, although his term has not expired. He is appointed for life, and I think he is not within four or five years of the retiring age-that is, 64 years-but having served sufficiently long to comply with the law, he has applied for retirement. is the purpose of the department, as I understand, to grant his application.

The question of limiting the term of the commandant of the Marine Corps is one which has been considered and discussed for a long time. All other bureau heads of the Navy Department are appointed for a four-years' term, but the commandant of the Marine Corps, I repeat, has always been appointed for It is the general opinion of the officers of the service as well as of the department that it would be better to limit this term to four years, so that the commandant may be in more intimate touch with the actual service which he is to command. I think there is no objection to the bill either on the part of officers in the service or anyone else. I hope it will be passed.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

#### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. GALLINGER:

A bill (S. 3637) for the relief of the legal representatives of George W. Soule; to the Committee on Claims. By Mr. LEA:

A bill (S. 3638) to provide that the United States shall in certain cases aid the States and the civil subdivisions thereof in the construction and maintenance of rural post roads; to the Committee on Post Offices and Post Roads.

By Mr. BORAH: A bill (S. 3639) for the relief of Mary E. Nicolson; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 3640) to provide for the purchase of a site and the erection of a public building thereon at Canadian, State of Texas; to the Committee on Public Buildings and Grounds.

By Mr. JONES:

A bill (S. 3641) making an appropriation for the construction of a dry dock at the Puget Sound Navy Yard; to the Committee on Naval Affairs.

By Mr. SMOOT:

A bill (S. 3642) granting an increase of pension to John D. Beasley (with accompanying papers); to the Committee on

By Mr. WEEKS (for Mr. Lodge):

A bill (S. 3643) granting a pension to Jane M. Brown; to the Committee on Pensions.

By Mr. CRAWFORD:

A bill (S. 3644) granting a pension to John Koehler (with accompanying papers); to the Committee on Pensions.

By Mr. OLIVER:

A bill (8. 3645) granting a pension to Mary M. Lose (with accompanying papers); to the Committee on Pensions.

By Mr. STONE:

A bill (8. 3646) for the relief of James W. Fitzmorris; and A bill (S. 3647) for the relief of the estate of Susan H. Montgomery; to the Committee on Claims.

A bill (S. 3648) granting an increase of pension to Perry C.

A bill (S. 3649) granting an increase of pension to Thomas

W. Gardner;
A bill (S. 3650) granting an increase of pension to James A.

A bill (S. 3651) granting an increase of pension to James Enloe;

A bill (S. 3652) granting an increase of pension to Catherine R. Rice;

A bill (S. 3653) granting a pension to Berry Weese

A bill (S. 3654) granting a pension to Irvin M. Smith; A bill (S. 3655) granting an increase of pension to T. C. Lyon:

A bill (S. 3656) granting an increase of pension to Frealing Walker

A bill (S. 3657) granting an increase of pension to John W. Webb:

A bill (S. 3658) granting an increase of pension to James W. Porter; and

A bill (S. 3659) granting an increase of pension to John McCool; to the Committee on Pensions.

A bill (S. 3660) to extend the penal laws of the United States respecting bribery or attempts to bribe officials so as to embrace officers and representatives of any Indian tribe; to the Committee on the Judiciary.

By Mr. OWEN:

A bill (S. 3661) granting a pension to Phebe M. Nichols; to the Committee on Pensions,

By Mr. O'GORMAN:

A bill (S. 3662) to promote the erection of a memorial in conjunction with the celebration of the centenary of the Battle of Plattsburg during the year 1914, in commemoration of the one hundredth anniversary of Macdonough's victory in the naval battle fought in the war of 1812, the last naval engagement between English-speaking peoples; to the Committee on the Library.

By Mr. KERN:

A bill (S. 3663) for the relief of Reezes Hammond; and

A bill (S. 3664) for the relief of John W. Washburn (with accompanying papers); to the Committee on Military Affairs. A bill (S. 3665) granting an increase of pension to Abraham

Smith (with accompanying papers); and

A bill (S. 3666) granting an increase of pension to Joseph H. McCain (with accompanying papers); to the Committee on Pensions.

By Mr. POINDEXTER:

A bill (S. 3667) for the establishment of a bureau of postal highways and the extension of Federal aid in the construction and maintenance of good roads in the several States and Territories and the civil subdivisions thereof; to the Committee on Post Offices and Post Roads.

By Mr. NELSON:

A bill (S. 3668) to increase the efficiency of the Porto Rico Regiment of Infantry; to the Committee on Military Affairs.

A bill (S. 3669) for the relief of Charles J. Allen, United

States Army, retired; to the Committee on Claims.

A bill (S. 3670) granting a pension to Gertrude Phares; and A bill (S. 3671) granting a pension to Sarah Beardsley (with accompanying paper); to the Committee on Pensions.

OMNIBUS CLAIMS BILL.

Mr. TOWNSEND submitted an amendment intended to be proposed by him to the omnibus claims bill, which was referred to the Committee on Claims and ordered to be printed.

PROSECUTIONS UNDER WHITE-SLAVE ACT.

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a preceding day, which will be read. The Secretary read the resolution (S. Res. 235) submitted by Mr. Jones on yesterday, as follows:

Resolved, That the Attorney General of the United States be, and he is hereby, directed to advise the Senate what instructions, if any, have been sent to the United States district attorneys for the various districts in the State of Washington relating to the enforcement of the act of Congress, commonly known as the Mann white-slave act, and whether or not instructions have been given to the United States attorneys for said districts not to prosecute any cases under said act, except those of an international character.

The VICE PRESIDENT. The question is on agreeing to the resolution

Mr. WARREN. Does the Senator from Washington wish to give any reason or explanation for the passage of the resolution?

Mr. JONES. I think the resolution explains itself-it simply asks for information. I will say to the Senator that I have received a letter from a very reliable attorney in Tacoma, stating that he had been given information that instructions had been sent out such as those recited in the resolution. I can not believe that such instructions have been sent out, and I simply want an authoritative statement with reference to the matter—simply to get authoritative information as to whether such instructions have been sent to district attorneys in the State of Washington. That is all the explanation I have to make of the

matter,
Mr. WARREN. Mr. President, I desire to record my opinion

to say that, so far as the State which I have the honor in part to represent is concerned, there seems to have been on the part of the Department of Justice in Washington vigorous prosecution of not only those who came from foreign countries, but those passing from one State to another. In Wyoming there have been some half dozen indictments, and in each case conviction has followed indictment. It happened very recently that trial was held of an important citizen in the sense of his being a strong partisan—and for that matter, of the same party as is the Attorney General. He was a man of wealth and was prosecuted because of alleged participation in white-slave traffic, crossing the State lines and commercializing vice. It happened that in the court room when instructions from the Attorney General to the district attorney were examined they proved to be most vigorous and forceful. In few words the district attorney was directed to prosecute without delay, to the finish, on the law and the facts and merits of the case. It was said that the prosecuting attorney had previously been admonished that political bias should have no place in such proceedings. The case went forward, and the man was convicted on two of six counts and sentenced for a period of, I think, two and a half years. The case is now, as I read from the newspapers, pending on notice of appeal to the circuit court of appeals. I thought I ought to say this much, for I have believed, and I think the Senator from Washington, when he receives the answer to his resolution, will find that the Department of Justice has been vigorously following and carrying out the provisions of the white-slave law.

Mr. JONES. I desire to say that I have not any doubt that that will be the case. I do not expect any other report from the department, except that no such instructions have been sent out.

Mr. WARREN. I so understood the Senator.

Mr. JONES. I simply introduced the resolution because it has been stated in my State that such instructions have been sent out, and I thought that we would simply get an authoritative statement from the department that would no doubt refute any such suggestion, because I have not any doubt that the department is enforcing this law most vigorously. It was really in justice to the department that I introduced the resolution, so as to give them an opportunity to present to the Senate an authoritative statement to refute the rumors that have been circulated in the State. That was the sole purpose of the resolution.

Mr. KENYON. Mr. President, I simply want to ask the Senator if any prosecutions are being conducted in his State at this time under this act?

Mr. JONES. I do not know of any, although there may be

Mr. KENYON. There have been, of course, various opinions as to the extent and scope of this act by different Federal judges.

Mr. JONES. No doubt. I will say that this resolution relates to rumors that such instructions have been sent out.

Mr. ROBINSON. Mr. President, in view of the Senator's statement that he places no confidence in the rumor himself and that he recognizes it, to paraphrase his language, as a slanderous charge against the Department of Justice, I think he ought to acquaint the Senate sufficiently with the source of his information and the character of the rumors so as to enable the Senate to determine whether we desire to take notice of rumors of that sort. To dignify them by passing a resolution, rumors of that sort. to say the least, whatever may have been in the mind of the Senator from Washington when he introduced it, is an implied suggestion that there is a foundation for the charge.

Mr. President, I said a moment ago-

Mr. ROBINSON. Just a moment. I suppose it is a wellknown fact that for some time there has been activity on the part of the Department of Justice in various parts of the United States in attempting to enforce this law, and I again suggest to the Senator that, if he recognizes the rumors as unfounded and believes them to be untrue, and knows in advance the character of the report that must come in as a result of this resolution, he ought not to dignify such rumors by asking the Senate of the United States to pass a resolution, which is an implied insinuation, in one sense at least, against the Department of Justice.

Mr. JONES. Mr. President, I did not state that I knew in advance what the report of the department would be. know what it will be. I simply said that I could hardly be-lieve that it would be otherwise than I have indicated; but I will say that the letter I have received came from a very rematter.

Mr. WARREN. Mr. President, I desire to record my opinion that no such instructions have been generally sent out. I wish from very reliable sources; in fact, almost, he claims, from the agents of the Government; that, as a matter of fact, such instructions have been sent out. It is possibly more than a rumor; but, as I have said, it seems to me that the department would not send out such instructions as that. Whether it has or not, however, I do not know, and the purpose of the resolution is simply to find out whether, as a matter of fact, such instructions have been sent out. If they have not been sent out, then, of course, this gives an opportunity for the department to inform the Senate to that effect. If they have been sent out, then it seems to me that we ought to know it and to know the character of the instructions. If instructions have been sent out, they may be entirely proper; I do not know.

Mr. ROBINSON. Will the Senator acquaint the Senate with

the name of the attorney who makes the charges?

Mr. JONES. I have no hesitation about doing that. He is Mr. Roland, of Tacoma, a man whom I have known for a great

Mr. ROBINSON. I understood the Senator in his first statement upon this matter, in reply to what was said by the Senator from Wyoming [Mr. WARREN], to say that he anticipated that no other report could or would be made than that no such instructions had been given. I repeat, if the Senator believes that there is a foundation for this charge, whatever may be the sources of his information, then he is justified, in my judgment, in presenting and pressing this resolution; but if he recognizes it as a mere rumor, as I understood him to state in his first statement, and if he realizes that the only effect of it will be to hamper and restrain and discredit a great department of this Government in an honest and earnest attempt to discharge its duty and enforce this law, then I suggest to the

Senator that this resolution ought not to be pressed.

Mr. JONES. Mr. President, the purpose of this resolution is just exactly the opposite. The reason I made the statement I did was because I have the utmost confidence in the sincerity of purpose and the activity of the Attorney General's office in this matter. I have not any doubt that the department is trying to enforce the law honestly and faithfully; and that was probably the reason why I suggested that I anticipated what the report would be, because I can hardly conceive that the department, acting as I believe the department is acting, would send out such instructions. It probably is more of a rumor, as I have said, but the attorney to whom I have referred has stated personally as to what he has heard and almost to the effect that it comes from an agent of the Government, so that it seemed to me an injustice to the administration not to give them an opportunity to present the facts in the matter. is no party proposition in this at all, because I have just as much confidence in the Attorney General's office as it is being administered now as I would have if it were being administered by a Republican. So far as that is concerned, there is absolutely no partisanship in this matter, yet it seems to me that it is being dignified with more importance in that respect than it is entitled to, because I am simply asking for the information which I hope, and which I will frankly state I have believed, would refute the statements that have been made. I may be mistaken; it may be that such instructions have been sent out.

Mr. ROBINSON. Will the Senator yield for just one more

statement? The VICE PRESIDENT. Does the Senator from Washing-

ton yield to the Senator from Arkansas?

Mr. JONES. Certainly.

Mr. ROBINSON. When the Senator says that any question as to the propriety of passing this resolution is dignifying it with more importance than it should receive he makes a very grave To ask a question of this character of the Department of Justice implies a well-founded belief in the mind of the Senator introducing the resolution that the implied charge is true, and it could not have any other effect than to discredit

the Department of Justice.

I repeat, Mr. President, if the Senator has information upon which he believes that this state of facts exists it is right and proper that the entire country should know it. If the Department of Justice has given instructions to its representatives not to enforce any criminal statute, it ought to be exposed, for it is ground not only for the severest condemnation but for the gravest action upon the part of Congress. The Senator can not be unmindful of the fact that when he asks a question of that sort and asks the Senate to dignify the question with its solemn indorsement it is indicating, at least that there is in the mind of the Senator, ground for such a suspicion.

Mr. KERN. Mr. President-

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Indiana?

Mr. JONES. In just a moment I will. I want to say that I do not think the fact that I introduced this resolution bears out the suggestion of the Senator from Arkansas that I believe these rumors are true, but I will say that my information was so reliable that I thought I was justified in offering the resolution. That is the sole purpose of it. As I said a moment ago, I hope and believe that the statements are unfounded, and yet they come from such a reliable source that I thought the resolution ought to be introduced and we ought

Mr. KERN. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Indiana?

Mr. JONES. Certainly.
Mr. KERN. Mr. President, I think I can explain this matter in a moment. I have not had any communication with the Attorney General at all, but I have before me a letter from him, through his private secretary, on this very subject. In view of the resolution, I think it would be fair that I should lay it before the Senate.

The letter is as follows:

DEPARTMENT OF JUSTICE, OFFICE OF THE ATTORNEY GENERAL, Washington, D. C., December 11, 1913.

Hon. John W. Kern,

United States Senate, Washington, D. C.

Dear Senator: For your information and for such use as you may desire to make of it, I am inclosing herein a statement of the attitude of the present Attorney General in the matter of the enforcement of the so-called white-slave law. The statement is made by Assistant Attorney General Wallace, who has immediate charge of the enforcement of the law. Very truly, yours,

J. T. SUTER, Private Secretary.

He incloses this memorandum:

MEMORANDUM.

No order to stop white-slave prosecutions in cases not involving commercialism has been issued and no new regulations as to the enforcement of the act have been made since the incumbency of the present Attorney General. On the contrary, the Department of Justice has adhered to the practice adopted immediately after the passage of the law and followed during the previous administration.

I believe that statement ought to answer the inquiry suggested by the resolution.

Mr. JONES. I hardly know whether it does or not. I will say that the gist of this matter is really in the last clause of the resolution. It is stated positively that instructions have been sent not to prosecute any of these cases except international cases. There is the statement from a gentleman in my State, and I do not know whether the memorandum goes directly to it or not.

Mr. KERN. This statement is very clearly to the effect that the same policy is being pursued that always has been pursued.

Mr. JONES. I can not see any harm that would come from the passage of the resolution, and a response to it from the Attorney General's office. I hope it will be passed.

Mr. KERN. I move the reference of the resolution— Mr. SUTHERLAND. Mr. President— The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Utah?

Mr. JONES. I yield the floor, Mr. President. Mr. OWEN. I call for the regular order.

Mr. SUTHERLAND. Mr. President, I have no doubt the Senator from Washington has introduced this resolution in good faith, but it seems to me it is a resolution that ought not to be passed by the Senate upon the information that is laid before the Senate.

I think nobody for one moment believes that the Attorney General has issued any such instructions as have been stated in the letter which the Senator from Washington has received. I suggest to him that upon information contained in a letter from a citizen of his State, there being nothing more about it, he ought not to ask to have passed a resolution the very passage of which does reflect upon the office of the Attorney General.

It seems to me it would answer the purpose of the Senator sufficiently if he were to refer to the Attorney General the letter he has received from his correspondent, and no doubt he would get a reply from the Attorney General. I do not think, however, that the Senate of the United States ought to pass a resolution of this kind upon Cat information alone.

Mr. ROBINSON. Mr. President, if the Senator from Washington insists upon pressing the matter, I suggest that the

resolution go to the appropriate committee.

Mr. JONES. Mr. President, I will say to the Senator that I rose for the purpose of asking that the resolution might go to the committee, and then I may possibly follow the suggestion of the Senator from Utah. If, however, I do not think it best to do that, if my letter may be referred to the committee, the committee can take such action as it sees fit in view of the memorandum read by the Senator from Indiana.

Mr. ROBINSON. If the resolution goes to the committee, the committee can ascertain whether or not there is any foundation for this implied charge, which goes directly to the integrity of the Department of Justice.

Mr. JONES. I want simply to repeat what I said a moment

Mr. OVERMAN. Mr. President, if the resolution goes to the committee, we will have to consider it, of course; and I think the Senator can accomplish what he wants by referring the letter to the Attorney General. He will give him a respectful answer

The Senator has here a letter from the Attorney General denying these assertions. I think the Senator should send the letter received by him to the Attorney General, and he will receive a respectful reply. Then, if the reply is not satisfac-tory, the Senator can introduce a resolution on the subject.

Mr. JONES. The Senator thinks it would be better, then, to

allow this resolution to lie on the table?

Mr. OVERMAN. I think if the Senator will reconsider the matter he will withdraw the resolution temporarily. Then, if he does not get a respectful reply, or is not satisfied with the

reply he gets, he can introduce a resolution.

Mr. JONES. I have no objection to that course, I am sure, because, as I said a moment ago, there is no Senator on the other side of the Chamber who has any more confidence in the administration of the Department of Justice than I have; and no Senator on that side is any more desirous of not reflecting on the department than I am, because I have every confidence in it. I offered this resolution simply because of the reliable source from which the facts came to me, and it occurred to me that a report upon such instructions as have been issued would settle the matter clearly.

In view of the suggestion made by the Senator, however, I ask leave to withdraw the resolution, and will follow the

course suggested by the Senator from Utah.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the resolution is withdrawn.

# ELECTION OF SENATORS.

Mr. WALSH. I ask unanimous consent to resume consideration of Senate bill 2860, providing a temporary method of conducting the nomination and election of United States Senators. The bill had the attention of the Senate some days since, and I express the hope that we may be able to reach a vote on it this morning.

Mr. NEWLANDS. Mr. President, is the regular order the

banking and currency bill?

The VICE PRESIDENT. The banking and currency bill is the unfinished business, which will come up at 12 o'clock today, unless, by order of the Senate, it is laid before the Senate prior thereto.

Mr. NEWLANDS. I had arranged to address the Senate on the banking and currency bill at this time. It would be very much more convenient for me to go on with the discussion of the matter now. I move, therefore, that the banking and currency bill be taken up.

Mr. WALSH. Let me say to the Senator that I am sure this matter will be very speedily disposed of. I recognize that he is entitled to the floor just as soon as the banking and currency bill comes up. This matter was temporarily laid aside a few

Mr. GALLINGER. Mr. President, not a word that is being said can be heard on this side of the Chamber. These matters are of interest to us all.

Mr. ROBINSON. I may assure the Senator from Montana that this matter can not be disposed of in a very short time. I am informed that there are a number of Senators present who wish to speak on it. One Senator on the other side of the Chamber whom I have in mind expects to discuss the subject very fully. I think I shall ask leave to say something concerning it myself. I suggest to the Senator from Montana that he take a time when there will be a better opportunity for a fair discussion of the matter.

Mr. WALSH. Mr. President, I do not think this matter ought to be longer delayed. Everybody recognizes that it is a matter of urgency and that the necessity for an act of this kind may arise at any moment. Some complications have already arises by reason of the fact that we have no provision with respect to the matter in a great many of the States. I

The currency bill will be properly before the Senate for consideration at 12 o'clock.

I trust there will be no objection to the present consideration of this measure.

The VICE PRESIDENT. Is there any objection? Mr. NEWLANDS. Mr. President, I shall object.

Mr. WALSH. Then, Mr. President, while I do not like to differ with the Senator-

Mr. BACON. I wish to make a suggestion to the Senator from Montana, with his permission. After the currency bill has passed the Senate we will be waiting on the conference committee for several days, and there will be ample opportunity then to take up and dispose of this bill before taking a recess for the Christmas holidays.

Mr. ROBINSON. That is exactly the way it seems to me. Mr. WALSH. Let me say to the Senator from Georgia that my own judgment about the matter is that as soon as the currency bill is passed the Christmas holidays will in fact ensue,

and there will be, in fact, no quorum here.

Mr. BACON. I think the Senator will find himself mistaken about that. I think there will be a quorum here until the conference report is adopted, or until, by joint resolution or concurrent resolution, a recess of the Senate is taken for the holidays. I do not think Senators are going to leave the city before that time. I think the Senator may absolutely rely upon that fact.

Mr. CLARK of Wyoming. Mr. President, with the permission of the Senator from Montana, I suggest to the Senator from Georgia that we have another special order following immediately upon that of the unfinished business.

Mr. BACON. That is a special order for a special hour-2 o'clock. It will be in order on the first day when this is not in

order, but it is not in order until 2 o'clock.

Mr. CLARK of Wyoming. Not unless it is moved to take it up before that time, the same as in the case of this bill. This is not in order until after the morning business

Mr. BACON. Under the ruling of the Chair, the Alaskan matter is a special order at 2 o'clock, and not at the close of the morning hour.

Mr. CLARK of Wyoming. I do not understand that to be the case, except as to the first day of the Alaska bill.

Mr. BACON. It is a special order for a special hour. Mr. CLARK of Wyoming. Does the Senator mean to say that the Alaska bill, during its entire consideration, can not be taken up until 2 o'clock?

Mr. BACON. I mean to say that as a special order it will first come up at 2 o'clock.

Mr. CLARK of Wyoming. That is what I understand, too. Mr. BACON. Very well.

Mr. CLARK of Wyoming. That, then, gives from the close of morning business up to 2 o'clock on the first day, during which time the bill of the Senator from Montana can be considered.

Mr. BACON. That is exactly what I intended to express. I do not know that I was fortunate in doing so.

Mr. CLARK of Wyoming. There is not much more time than

there is this morning, then.

Mr. SUTHERLAND. Mr. President, the Alaska bill is upon the Calendar of Special Orders. As I understand, it will come up whenever the calendar is in order, immediately upon the conclusion of the routine morning business. That, as I understand, is what the rule provides. If the election bill goes over until the currency bill is out of the way, we shall be immediately confronted with the special order, which it is going to take considerable time to dispose of.

This election bill has been before the Senate in one form or another for three months. It has been upon the calendar for some fime. It is an urgent matter, as the Senator from Montana has said. Complications have already arisen because the Senate has delayed passing the measure, and other complications are likely to arise at any time. If we can not dispose of the matter this morning, let us at least begin its consideration. We have practically two hours every morning before the currency bill is in order, and if we can not dispose of the election bill this morning, it will only take another morning, at the outside, to dispose of it.

I very much hope the Senator from Montana will move to proceed with the consideration of the bill, notwithstanding the ob-

Mr. SMITH of Georgia. Mr. President, I wish to ask the Senator from Montana if, in his opinion, the bill reported from the committee will reach the case of vacancies that occur in the Senate? Does it not rather apply to the regular elections, and is it not necessary for it to be amended still further to reach do not know why it should give way now to any other measure. I cases of vacancies and the pressing cases that are before us?

Mr. WALSH. I will answer the Senator from Georgia by saying that the bill as originally presented to the Senate covered only the case of a general election. The substitute reported by the committee was framed for the express purpose of meeting the case of a vacancy, and it is believed that it does meet that

As I am speaking upon the matter, I desire to say that about a week ago I gave notice that upon the conclusion of the routine morning business on Monday, as I recollect, I would ask consideration of this measure. I did so because I knew it was a matter of considerable consequence and that Senators probably desired to study the bill. When it came up it was agreed that it should go over in order that further study might be given to it. We then had it up for consideration the other day, and at the suggestion of the distinguished junior Senator from Georgia I have twice allowed the matter to go over from one day to another. I do not see why there should be any further postponement, and I feel that I have been reasonably considerate and deferential to my associates with respect to the measure, which really has already received some consideration from the Senate.

With all due deference to my very much esteemed friend from Nevada, I see no reason why he can not address the Senate at 12 o'clock as well as now, and I trust he will not insist upon

his attitude.

Mr. NEWLANDS. Mr. President, so far as I am personally concerned, I had arranged last night for time to address the Senate this morning upon the currency bill. My arrangements were so made for to-day that it will be impossible, I think, for

me to speak at all unless I speak now.

Regarding the comparative importance of the measures them-selves, I have to say that I regard it of the highest importance that the banking and currency bill should proceed in a regular and orderly way to a final and speedy adjustment. The Senator from Nebraska [Mr. Hitchcock] last night opened up a very interesting field of discussion, and there are several who wish to speak with reference to the subject matter upon which he spoke. This seems the opportune time for consecutive discussion.

I doubt whether we will have time to consider the very important measure which the Senator from Montana is presenting to us. So far as I am concerned, it is simply a matter of comparative urgency. I should like to insist upon my contention that the banking and currency bill should be taken up; and if the Senator has made a motion to take up the election bill I would move as a substitute that the banking and currency bill be taken up.

Mr. WALSH. I have not yet made any motion. I was ask-

ing unanimous consent. I desire to say to the Senator from Nevada that the situation is simply this—I can be heard at this time, or not heard at all. He can be heard at this time, or

heard an hour later.

Mr. NEWLANDS. I am pretty sure the bill for which the Senator wishes to secure consideration will take more than an hour; so I move, Mr. President, that the banking and currency bill be taken up.

Mr. WALSH. I move, as a substitute for that, that the Sente proceed to the consideration of Senate bill 2860.

The VICE PRESIDENT. The Senator from Nevada [Mr. Newlands] moves that House bill 7837 be laid before the Senate. The Senator from Montana [Mr. Walshi] moves to amend by laying before the Senate Senate bill 2860. The question is by laying before the Senate Senate bill 2800. The question is on the motion to amend proposed by the Senator from Montana. [Putting the question.] The ayes seem to have it.

Mr. NEWLANDS. I ask for a division.

Mr. JAMES. I ask for the yeas and nays.

Mr. SUTHERLAND. Let us have the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded

to call the roll.

Mr. CHILTON (when his name was called). eral pair with the junior Senator from Maryland [Mr. JACKSON]. In his absence I withhold my vote, unless it may be necessary to make a quorum.

Mr. SHEPPARD (when Mr. Culberson's name was called) My colleague [Mr. Culberson] is unavoidably absent, and is paired with the Senator from Delaware [Mr. DU PONT]. This

announcement may stand for the day.

Mr. OLIVER (when his name was called). I am paired with the senior Senator from Oregon [Mr. CHAMBERLAIN]. I transfer that pair to the Senator from Maine [Mr. Burleigh] and

Mr. OWEN (when his name was called). While I regret very much to do so, I feel obliged to be recorded "nay this question.

Mr. THORNTON (when Mr. RANSDELL's name was called). I desire to announce that my colleague [Mr. Ranspell] has been called from the Chamber by departmental business. If he were present, he would vote "nay."

Mr. SMOOT (when Mr. Root's name was called). to announce that the senior Senator from New York [Mr. Root]

is unavoidably detained this morning from the Senate.

Mr. SIMMONS (when his name was called). I have a general pair with the junior Senator from Minnesota [Mr. CLAPP]. Under the arrangement I have with him in respect to the currency bill, I feel at liberty to vote. I vote "nay."

Mr. ASHURST (when the name of Mr. SMITH of Arizona was called). My colleague [Mr. SMITH of Arizona] is un-

avoidably detained from the Senate. He is paired with the Senator from New Mexico [Mr. Fall].

Mr. SMITH of Georgia (when his name was called). I have a general pair with the senior Senator from Massachusetts [Mr. LODGE]. I transfer that pair to the junior Senator from Nevada [Mr. Pittman] and vote "nay."

Mr. WARREN (when his name was called). I am paired with the senior Senator from Florida [Mr. FLETCHER]. I do not see him in the Chamber, and I do not know how he would vote on this question. I therefore withhold my vote.

Mr. WILLIAMS (when his name was called). I wish to transfer my pair with the senior Senator from Pennsylvania [Mr. Penrose] to the junior Senator from Louisiana [Mr. Ransdell] and vote. I vote "nay."

The roll call was concluded.

Mr. BRANDEGEE. Has the Senator from Tennessee [Mr. SHIELDS] voted?

The VICE PRESIDENT. He has not.
Mr. BRANDEGEE. I am paired with that Senator for several hours this morning. Therefore I withhold my vote. If I were at liberty to vote, I would vote "yea."
Mr. McLEAN. I have a pair with the senior Senator from

Montana [Mr. Myers]. I transfer that pair to the Senator from New Mexico [Mr. Carron] and vote "yea."

Mr. WARREN. I have already announced my pair with the Senator from Florida [Mr. Fletcher]. I transfer that pair so that the Senator from Florida will stand paired with the Senator from North Dakota [Mr. McCumber]. I vote "yea."

Mr. DILLINGHAM (after having voted in the affirmative). When I voted I overlooked the fact that I have a pair for this morning with the senior Senator from Maryland [Mr. SMITH]. I will transfer that pair to the Senator from Minnesota [Mr. CLAPP] and let my vote stand.

Mr. CHILTON. I transfer my pair with the Senator from Maryland [Mr. Jackson] to the senior Senator from South Carolina [Mr. Tillman] and vote "nay."

Mr. GALLINGER. I was requested to announce a pair between the senior Senator from New York [Mr. Root] and the senior Senator from Colorado [Mr. THOMAS].

Mr. SMOOT. I desire to announce the unavoidable absence of the senior Senator from North Dakota [Mr. McCumber]. I will let this announcement stand for the day.

The result was announced-yeas 31, nays 34, as follows: YEAS 31

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TO THE REAL PROPERTY.	NA	YS-34.	
Ashurst Bacon Bankhead Borah Bradley Bryan Chilton Cummins Gore	Hughes James Kenyon Kern Lane Lea Lewis Martine, N. J. Nelson	Newlands Norris Overman Owen Pomerene Robinson Shafroth Sheppard Simmons	Smith, Ga. Smith, S. C. Swanson Thompson Thornton Vardaman Williams
The same west to	NOT V	OTING-30.	
Brandegee Burleigh Catron Chamberlain Clapp Clarke, Ark. Colt Culberson	du Pont Fall Fletcher Jackson Johnson La Follette Lodge McCumber	Martin, Va. Myers O'Gorman Penrosc Pittman Ransdell Root Shields	Shively Smith, Ariz. Smith, Md. Sterling Thomas Tillman

So Mr. Walsh's motion was rejected.

BANKING AND CURRENCY.

The VICE PRESIDENT. The question recurs on the motion of the Senator from Nevada [Mr. Newlands] that the Senate proceed to the consideration of House bill 7837.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. H. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of

banking in the United States, and for other purposes.

Mr. NEWLANDS. Mr. President, we were all greatly interested in the remarks of the Senator from Nebraska [Mr. HITCHCOCK]. I am sure we all admire his firmness and tenacity of purpose. I am sure that we are all sympathetic with his animadversions upon the tyranny of the caucus system. But at the same time we all realize that the Democratic Party is responsible for this Government, and the question before us is how we can make the will of that party efficient in government with a due recognition of the rights of the minority as well as the majority for free discussion and debate before a conclusion of the subject is reached. I think we will all agree with the Senator from Nebraska, I think the President himself will agree with the Senator from Nebraska, that to decide finally upon a party measure before the minority is heard in debate is not a fair expression of popular government.

DISCUSSION OF THE CAUCUS SYSTEM.

I must confess, Mr. President, that this question has much embarrassed me. I have always stood for the maintenance of the rights of the minority to free discussion and full debate. I have always stood against secret and executive decision of important questions. But at the same time the difficulty always recurs as to how the party will can be made efficient in government without some form of counsel between the representatives of the dominant party and some form of decision that will reconcile varying views.

Now, Mr. President, what has been done in this case, and what ought to be done? In this country we have no responsible ministry, whose function it is to present in the legislative body a government measure. The initiative here is with the individual Senator or the individual Representative. It is apparent that that is a very feeble and ineffective method of pre-

senting a party proposal called for by a party platform.

Obviously the only way to do is to do as has been done in this case. The President takes the initiative, through the power of recommendation given to him by the Constitution. With a view to shaping his recommendation he calls in counsel with him the chairmen of the committees of the Senate and House having jurisdiction of the subject matter, and then gradually enlarges the counsel in such a way as to embrace many, perhaps all, of the Members of the dominant party upon these committees and others who in experience and debate have acquired familiarity with the subject. Thus a so-called administration measure is framed as the result of mutual counsel, which, I submit, is a much better method than the presentation of a bill by an individual Member as his individual act.

Thus far, however, the measure is, of course, purely tentative. It goes to the committee of the House and there is considered in full, is amended, and added to, and then, after being perfected, is presented to the House. Thus far the entire party in the House is not brought into counsel, and the question is at what time the entire party membership should be brought into

counsel.

FULL DISCUSSION OF BILLS IMPORTANT.

My judgment is that the best method to pursue in such a case is, first, to exhaust debate in the House, to give the minority and the majority Members of that House a full opportunity of discussion, and then, after the debate is practically closed, or in the closing hours of the debate, to call the party in conference regarding the measure. I care not whether it is called a conference or a caucus, the action will not, of course, bind the conscience of any Member or the convictions of any Member, and will be persuasive only with him. His responsibility rests ultimately with his constituency. If an action of independence is sustained by his constituency, he is acquitted. If it is not. he stands condemned by the party judgment of his constituency.

Now, Mr. President, when that bill comes to the Senate it is still purely tentative. The matter is referred to the Senate committee, and there every Senator, whether of the minority or the majority party, has not only the right but is expected to express He is not to surrender his judgment to the judgment of others, whether expressed in the presidential chair or in the House of Representatives, but he is to exercise his individual judgment in the shaping of the measure. been done by the Senate committee of this body, and the utmost independence of view has been maintained. The result has been two reports, one prepared entirely by members of the dominant party and the other prepared by one member of that party in union with members of the minority party. I believe that those two reports have been of great service and will be of still profit from the able discussion of the Senator from Nebraska

further service in this discussion; but the very fact that the members of the majority party differed as to the details of the measure made it necessary to call the members of that party into conference. They held a conference, attended for the most part by a bare majority of the majority of the Senate.

The bill was further considered, was amended and altered in some particulars, and then reported as the tentative judgment of the majority party in the Senate. Obviously if that judgment were regarded as binding upon the majority Members of the Senate, a great wrong would be done to representative government and to free and deliberate consideration and debate. Obviously as yet the minority in the Senate have not been heard; obviously it is violative of every principle of free government to come to a final conclusion without hearing the minority.

FREEDOM OF ACTION AS TO AMENDMENTS.

So far as I am concerned, I shall regard myself free to vote according to my judgment and my convictions upon all the processes that relate to the perfection of this bill; but if in the debate and in the votes such a contrarity of views upon the part of the majority members is expressed as to indicate a failure to ascertain and give effect to the will of the party as such, I shall expect that in the closing hours of the debate, after full hearing of the minority and after hearing all the varying views in reference to this measure, a party conference will be held, and in the interest of party solidarity I will support the conclusion reached by it unless it so violates my conscience and my judgment as to warrant me to go back to my constituents and insist upon it that I was right and the was wrong.

Mr. HITCHCOCK. Mr. President—
The VICE PRESIDENT, Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. NEWLANDS. I do.
Mr. HITCHCOCK. I want to say that the Senator from Nevada has admirably stated the only possible excuse for a conference; that is, that after a full and open debate in the Senate before all the country, upon which both sides of the case may be heard, then for the purpose of harmonizing minor differences, for the purpose, if possible, of getting the solidarity that may be desired to make a homogeneous bill, there may be some reason for holding a conference; but to first hold a conference and to attempt, as has been attempted, to bind Members before debate is one of the most illogical, one of the most damaging, processes that can be undertaken in legislation. I commend the Senator for the fairness with which he has stated the proposition.

Mr. NEWLANDS. But, Mr. President, I think the Senator from Nebraska, the Senator from Nebraska having been absent endeavor by this conference to bind the votes of the majority

Mr. LEWIS. May I interrupt the Senator from Nevada to ask a question of him, so that he may enlighten the able Senator from Nebraska, the Senator from Nebraska having been absent from the conference?

Mr. NEWLANDS. Certainly.

Mr. LEWIS. Is it not true that in the conference there was full debate, contest, dispute, and exchange of views by those engaged in the conference before there was any conclusion in the form of a vote or direction by the conference?

PROTECTION OF RIGHTS OF MINORITY.

Mr. NEWLANDS. There was, so far as the majority Mem-

bers of the Senate were concerned.

Mr. HITCHCOCK. Mr. President—

Mr. NEWLANDS. But I claim that that, of course, does not exhaust consideration or debate. The minority party had not yet been heard, and it is our duty to hear them; and not only to hear them, but to thoroughly consider their views and their arguments before coming to a final conclusion. I regard that as just as essential to free government as I regard the conference as essential in the process of gradually solidifying a party judgment.

Mr. President, this is my interpretation of what that conference meant: The party, as such, was still in the tentative process of formation, taking up by one step after another the various forms of consideration within the party that were necessary to reconcile differences among themselves, but still reserving to the minority the sacred right of the expression of their views, and insisting upon the duty of the majority to listen and not to turn a deaf ear to argument or persuasion. With this process believe the President of the United States is sympathetic, and that process can be entirely reconciled with his utterances and his expressions in the past, both in speeches and in writings, and I believe that the Democratic Party in the Senate will derive [Mr. HITCHCOCK]; will derive profit from the able discussion of the Senator from Ohio [Mr. Burron]; and from the various speeches which have been made opposed to the general outline

and policy of this bill.

Toward the close of this debate, if by that time by a general process of getting together we have not reached in the majority such a harmonious conclusion as to enable us to act without a conference, I shall expect, then, a conference to be held as the highest duty of the majority to the party which they represent, that party being to-day the only efficient instrumentality of government, and requiring firmness of will, firmness of purpose, and firmness of execution in order to accomplish its real duty as the servant of the people.

Now, Mr. President, pursuing the line of independence which

I think I have the right to pursue-Mr. SHERMAN. Mr. President-

The VICE PRESIDENT, Does the Senator from Nevada yield to the Senator from Illineis?

Mr. NEWLANDS. Certainly.

Mr. SHERMAN. As a casual inspection of the Chamber is sufficient to raise the doubt of the presence of a constitutional number. I therefore suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst Hollis Hughes Stephenson Sutherland Overman Bankhead Brady Brandegee Owen Page Perkins Poindexter Pomerene Reed Thompson Thornton Tillman Townsend Vardaman James Johnson Jones Kenyon Brandegee Bristow Bryan Chilton Clark, Wyo. Clarke, Ark. Crawford Cummins Kern La Follette Walsh Warren Robinson Lane Lewis Martine, N. J. Shafroth Sheppard Weeks Williams Sherman Smith, Ga. Smith, Mich. Smith, S. C. Smoot Cummins Dillingham Nelson Works Newlands Norris O'Gorman Gallinger Hitchcock

Mr. THORNTON. I desire to announce the absence of my colleague [Mr. RANSDELL] on departmental business.

The VICE PRESIDENT. Fifty-seven Senators have answered to the roll call. There is a quorum present.

NO INCREASE OF BANKING CAPITAL NECESSARY.

Mr. NEWLANDS. Mr. President, what is the condition with reference to which we are legislating? It relates to the banking and currency system. Where does the difficulty lie? Have we a deficiency of banking capital in this country? No. We have \$4,000,000,000 of capital and surplus in the national and State banks-a larger banking capital, proportionately, than that possessed by any other country in the world.

Mr. SHAFROTH. Forty per cent of the world's banking

Mr. NEWLANDS. As the Senator from Colorado suggests, it is 40 per cent of the entire banking capital of the world. Is it necessary, therefore, to increase that banking capital? No. Is there a deficiency in the credit facilities of the country in the shape of loans and bank credits? Our bank credits issued by the State and national banks, outside of our savings banks, amount to nearly \$15,000,000,000, a greater amount, proportionately, than that of any other country in the world. Is there a deficiency of bank deposits? No. The bank deposits are equal to the bank loans, aggregating about \$15,000,000,000.

Credits issued by the banks are being turned into deposits. and every depositor is issuing money when he signs a check which closes a transaction in trade, and these deposits are proportionately larger than those of any other country in the

Is there a deficiency in cash, in money? No. The basic money of the country has doubled within 15 years. We have in the banks alone a billion and a half of cash reserves, proportionately larger than the cash reserves of any other country in the world.

What, then, is the difficulty? There is no deficiency of capital, no deficiency of bank credits, no deficiency of bank deposits, no deficiency of cash reserves. Where is the difficulty?

The only difficulty we have is when the money does not run current in the arteries of commerce. Every little while we have a paralysis in the local exchanges of the country, which gradually creeps through and involves the entire country. At that very time, recollect, the banking capital is the same as before; the bank credits are the same as before; the bank deposits are the same as before; the cash reserves are the same as before. Why the change?

Why the change?

The answer is, simply because credits remain stationary instead of being paid and transferred to others, and the cash that, while possibly that is true as a general statement, the

remains stationary instead of running along in the channels of commerce

We may liken our entire commercial banking system to our transportation system. We have to-day the most perfect system of railway transportation in the world—more mileage, more cars, more facilities for carrying freight and passengers and yet that entire machinery would be paralyzed to-morrow if at 12 o'clock the cars should stop, paralyzed at the various stations at which they stood, and chaos would ensue in the business of the country. You would have a transportation system perfect in all its details, perfect in all its equipment; yet if the cars do not move, the transportation system ceases to be an efficient instrumentality of commerce.

So, it is important that we should keep the money moving; that we should keep the bank credits changing; that we should keep the bank deposits changing according to the requirements of business, the creditor of to-day becoming the debtor of tomorrow, and the debtor of to-day becoming the creditor of

to-morrow.

A SYSTEM OF INDIVIDUALIZED BANKS.

We have a splendid system of individualized banks. Jackson's time we turned against the centralized system which had been pursued abroad, and we destroyed the great central bank then existing. Ever since then we have pursued the policy of individualized banks, numerous banks. The States took them up first and made a sad business of it, each bank running as an individualized bank, issuing its own bank notes and attending to its own business with no union between the banks, and we passed through all the spasms of a wildcat and a red-dog cur-Then we organized a national-bank system, and, true to the instinct of individualized banks, provided for a free system of banking throughout the country, under which 7,500 banks have been created, offsetting, though fewer in number, in banking capital, and in resources, 18,000 State banks also thoroughly individualized. Whenever alarm seizes a community, instead of having the machinery enabling them to get together for union of purpose with a view to mobilizing their cash at the point of attack and overcoming the enemy, we find each individualized bank selfishly fighting for its own existence, holding on to its cash as the basis of the entire organization, refusing credits, and the whole machinery of commerce in that town paralyzed.

It is obvious, therefore, that there must be a union of the banks if we maintain this system of free and independent banks and decide not to go to the centralized form of banking with its branches. We must unionize the independent banks.

The question is, How shall it be done?

Obviously the process of evolution which has been going on for years marks the way. The organization of clearing houses in the various vicinities for the purpose of mutual protection and support marks the way. If, after accomplishing these local unions, each one thoroughly individualized as to its locality, we can federate all the local unions themselves into a national union organization at Washington, we then shall have the perfection of organization for mutual protection and support.

The only question is, How can we accomplish the federation of these great banking interests without submitting ourselves to the control of a money monopoly which in the future may prove as great a burden as the system, for the present, may be ful? It is obvious that we must guard it by governmental supervision and control in such a way as to make this federation, this union of banks, both local and national, effective for beneficial purposes, and prevent it from being used for oppression or extortion.

ANY ONE OF PROPOSED BILLS BETTER THAN PRESENT SYSTEM.

Mr. President, we have before us for our consideration three forms of organization-one sabmitted to us by the House, one presented by the Democratic section of the Senate committee, and the other presented by the Hitchcock section. All three of these forms are before us for consideration. All of them have excellent features. Any one of them is an improvement upon existing conditions; yet I assert that neither of them is as efficient as it might be; neither of them is as simple as it might be; neither of them is as persuasive as it might be; neither of them can be put into as quick and as efficient operation as it

All the bills provide for additional banking capital. tional banking capital is required in the United States. We already have a superabundance of banking capital.

Mr. WEEKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Massachusetts?

large borrowings which come from some parts of the country at certain seasons of the year, and come from banks, would indicate that there is not enough capital in those sections to care for their business when it is in an unusual condition or at those

seasons when an unusual amount of capital is needed?

For instance, as I stated the other day, the Continental-Commercial Bank of Chicago is now loaning \$26,000,000 to banks located very largely in the Southern States, on account of the movement of the cotton crop; and I think the witnesses before the Banking and Currency Committee from the Southern States generally agreed that there was insufficient banking capital in

that part of the country.

Mr. NEWLANDS. Mr. President, there may be a deficiency of banking capital in certain localities, but I insist that there is a superabundance of banking capital in the entire country; and the scheme which we should frame should be one that would enable the utilization of the surplus of one region to meet the deficiency of another, and that is all. No additional banking capital is required. We already have a superabund-

What would be thought of a transportation system which, having thousands of railway cars, and a superabundance of railway cars in the New England States with a deficiency of cars in Texas, would immediately commence to construct new cars, when it could call upon New England for its excess of cars and transfer them to Texas?

Mr. HITCHCOCK. Mr. President—
The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. NEWLANDS. I do. Mr. HITCHCOCK. In stating that there is an adequate banking capital in the country, has the Senator taken into account the vast difference between the deposits of European countries and the deposits of the United States?

Mr. NEWLANDS. Does the Senator mean that they are less there?

Mr. HITCHCOCK. I do.
Mr. NEWLANDS. I have. I have taken the whole thing into consideration. Our banking capital is \$4,000,000,000. That certainly is a sufficient margin of security for fifteen billions of deposits. It is over 25 per cent margin. The moneys of the depositors being invested in current notes, and so forth, that ought amply to satisfy the amount of the deposits, and we have therefore a margin of safety of 25 per cent.

I was asking what would be thought of the perfection of a railway system which, having a superabundance of cars in New England and a deficiency of cars in Texas, would enter upon the construction of new cars to meet the deficiency in Texas. That is what we are doing with reference to banking

capital.

METHOD OF SUPPLYING BANKING CAPITAL.

But you say, "How can you have a reserve bank without banking capital?" Why, you supply it with banking capital in this bill in the cash reserves of the member banks which are transferred to the reserve banks. The cash reserves of the member banks, aggregating a billion and a half dollars in this country, are a part of the capital of the banks. When they turn over to the reserve banks one-third of those reserves in the aggregate-\$500,000,000-they are turning over to the reserve banks \$500,000,000 of capital; and, above that, it is practically dead capital in one sense and very live capital in another. It is dead capital in the sense that the member banks can not loan it out, but they are compelled to keep it within their vaults to meet the current checks of their depositors. is very live capital in the sense that for every dollar of cash in the vaults of a bank it can issue, under this new system, \$8 in bank credits, which are turned into bank deposits and which constitute the real currency of the country.

A bank having \$100,000 capital, starting with \$100,000 in cash, immediately loans out and establishes credits to its customers to the extent of eight times that amount, or \$800,000, and has written upon its books \$800,000 of bank credits, upon which it receives an interest of 5 or 6 or 7 per cent. Those bank credits are turned into bank deposits, and the depositors check against them. So every dollar of cash has an expansive

quality of eight to one under this system.

What we propose to do is to take and impound one-third of the cash reserves of all the banks, such third amounting to \$500,000,000 in the reserve banks. Why? Do we put them there for profit? No; the banks are making a profit. They are making a profit on the capital represented in part by the cash reserve in the shape of interest upon the credits written on their books to the extent of eight times the quantity of their cash. They are making this profit, and the cash is held simply to meet the ordinary checks of the depositors. They turn over a portion of that cash to the reserve bank, not for profit but for safety. How for safety? The reserve bank constitutes a union of the member banks, which enables them to mobilize their reserves. For the first time numerous individual banks, members of the reserve bank, are unionized for protection, and they are unionized through the reserve bank. That union is made possible by the presence in the reserve bank, in the aggregate, under this system of over \$500,000,000, provided all the State banks and national banks come in under the system.

Now, what is that reserve bank to do? Enter into a general competition with its member banks in the making of money? No; that is not its purpose. Its purpose is safety, insurance, and protection, nothing more and nothing less, and it should make no profit. It should make nothing whatever except sufficient to pay its operating expenses. Anything that it makes above that is a burden upon the commerce of the country instead of an aid to the commerce of the country, and profit-making puts the union of banks practically in competition with the

member banks throughout the country.

It will be the best test of the efficiency of this system if the reserve bank is never called upon to act at all, for it will then be evident that the money of the country is running through the arteries of commerce without obstruction or congestion, and that the exchanges are made without the occasional stringency and paralysis and obstructions which have thus far marked our commercial career. So, instead of entering these banks into a career of profit making I say that their highest purpose will be realized if they do nothing. The very fact that the banks are unionized, and the very fact that their forces are mobilized to meet any attack, will be an assurance of commercial peace just as the existence of an army is the guaranty of local peace and security.

#### A PROCESS OF NATURAL EVOLUTION.

Mr. President, what is the natural process of evolution? The natural process of evolution; the natural process of evolution; the natural process of evolution is to unionize all the banks, both State and National, within a State. Every form of organization in this country demonstrates that. There is no form of organization of any kind in this country—professional, commercial, benevolent, charitable, or financial—that does not first embrace the State and then embrace the Nation through the federation of the State organizations. That is true of har asfederation of the State organizations. That is true of bar associations, medical associations, engineering societies, art societies, boards of trade, commercial bodies. You have first the State organizations and then a national organization. Thus in economics and in professional, commercial, and artistic life, following the line of our political organization, we have the State as the basic unit and the union of States accomplishing the federation. as the basic unit and the union of States accomplishing the federation of these basic units for national and Federal purposes.

But it is said that if you organize all the banks in a State into a State federation or union or a reserve bank that many of them will be small in capital. That is true. But relatively the organization in the smallest State of the Union will be as strong as the organization in the most populous, for although the cash of the member banks in a small State may be inconsiderable in quantity, and one-third of that cash turned over to the reserve board may be small in quantity, yet the obligations of the banks are also small, the deposits of the banks are also small. The relation of that cash to the deposits in the smallest State in the Union is just as great as the relation of the cashto the deposits in the proudest and wealthiest and most powerful State. New York may have larger cash reserves, and as a result of that the reserve bank organized in New York will have, of course, a much larger amount of capital, but when you think of the relation of the cash reserves of New York to the deposit obligations of the banks there, you find that that relation is no greater and no less than the relation which exists between cash and deposits in the State of Nevada.

Mr. HITCHCOCK. Mr. President—
The VICE PRESIDENT. Does the Senator from Nevada

yield to the Senator from Nebraska?

Mr. NEWLANDS. I do.

Mr. HITCHCOCK. The statement made by the Senator from Nevada is undoubtedly correct; that is to say, in a remote region where the banks are few, the capital limited, the deposits low, the reserve bank established in that district would probably have a strength proportional to the needs of the district, just as a great bank in the city of New York would have in New York. But I want to put this question to the Senator: Is it not true that if you confine the operations of a reserve bank to a limited area and confine the membership of the bank to those in the same territory, you subject them all to the same influence?

Take, for instance, a bank in the corn country. At certain seasons of the year, when the corn crop is to be moved, there arises a great demand for money. All the member banks feel the demand at the same time. They all draw upon the reserve bank, and the reserve bank, as a consequence, in a short time finds its funds depleted because of the fact that the territory is limited and all the member banks are subject to the same influ-

On the contrary, if you could unite into one great district a number of regions, so that the cotton and the corn and the wheat belts could be in one region, when a demand for money arose in one part of the district it would be supplied with funds drawn from another part of the district, where a demand had The result would be, if you cover a great area of various climates and various industries, when a particular part of that region calls for funds they would be supplied from the common reservoir, from funds drawn from the other parts where they were not in use, and the result of that would be a comparatively small demand or need for emergency currency. But if you have your regions small and your reserve banks small there will be an almost instant exhaustion of reserves and an immediate demand for currency, which would not be necessary if the regions were large.

The result of this will inevitably be an inflation of the currency unnecessarily. The result will be a higher rate of interest to the borrowing public. The result will be the issue of currency for one part of the country when there is a surplus of ready money in another part of the country. All this can be cured by dividing the country into a small number of reserve districts, so that each will have within its borders a varied climate, a varied industry, and varied interests, and one will support the other without calling for the issue of asset cur-

I ask the Senator from Nevada if there is not force in that argument?

UNIONIZING THE STATE RESERVE ASSOCIATIONS.

Mr. NEWLANDS. I will state to the Senator from Nebraska that there is, of course, great force in his argument, that if the district system or regional system is to be followed the districts should be sufficiently large to include varying climate, varying production, and varying seasonal demands, in order that the surplus of one part of that district may be used to supply the deficiency of another part of the district.

I quite admit the force of that argument if the district sys-

tem is to be pursued. But the system which I suggest I have not as yet fully developed. It is true that the State reserve association would not cover an area so varying in climate and varying in production and in demand as a large district, enabling thus one region to supply from its abundance the deficiency of another. Under the system which I propose you will find that the State reserve association will take care of nine-tenths of the difficulties that may arise and nip them in

But there are conditions such as the Senator described, of seasonal demands in one part of the country, which must be met by the abundance of other parts. Those I would provide for by unionizing the State reserve associations, federating them after the manner of our Federal Government by the organization of a national reserve bank at Washington. To that bank I would turn over one-third of the reserve moneys turned over by the member banks to the State reserve banks. That money then would be in a central reservoir which could be applied anywhere throughout the country in aid of any State reserve bank, where the seasonal demand or the exceptional demand was excessive.

Mr. HITCHCOCK rose.

Mr. NEWLANDS. I will yield to the Senator in a moment. I want to follow that out. Let us see where that carries us. If all the State banks and the national banks come into this system, as they will all come in quickly, if you make no capital requirement of them beyond the turning in of one-third of their reserves, they will turn over to the reserve banks \$500,000,000, making one-third of the total cash reserves in the country today, which are one billion and a half. Under the system which I suggest these State reserve banks will turn over to the national reserve bank at Washington one-third, \$166,000,000. you will have in the local State reservoirs \$333,000,000, distributed, of course, according to the relation that their reserves bear to each other; and you will have in this central reservoir at Washington \$166,000,000 with a pipe leading to every one of the reservoirs in the States. You will have this Federal national reserve association at Washington, able to use not only that \$166,000,000 and to pour it into the reservoir of any individual

State or States, but you will have a capacity to pour in two or three hundred million dollars of Government funds which will be in its possession, and in addition an unlimited amount of Federal reserve notes to meet the condition of emergency

You will thus pattern our economic system after our political system, having in each State an efficient economic organization capable of meeting all the normal demands of the State, yet with a power, whenever there is a seasonal or an exceptional demand or a demand caused by a panic or stringency, to pour from this central reservoir the needed supplies.

That is the necessity of a central reservoir. Practically in your system you have avoided it by a clumsy method. You have pipes connecting the various reserve reservoirs with each other, and you empower your reserve board at Washington to command the directors of one reservoir to supply another when

NECESSITY FOR A CENTRAL RESERVOIR.

I claim that that is not sufficient. Under the method I suggest the Federal reserve board, which will be in control of the national reserve bank at Washington, will be in control of a central reservoir. So it will not have to direct a single regional bank to turn its reserves into some other reservoir, but it can turn them on directly itself as the occasion arises.

Thus the system I propose has the advantages of the centralbank system, which the gentleman logically supports, though he has been compelled by the exigencies of the moment to abandon it in this bill, and at the same time all the advantages

of the regional-bank system.

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. NEWLANDS. I do.

Mr. HITCHCOCK. I think there is much force in what the Senator from Nevada says, that there should be one central reservoir not only for the purpose of uniting and harmonizing the reservoirs which he proposes to locate in each State and which this bill proposes to locate in the reserve banks without regard to State lines, but I want to say to the Senator from Nevada I advocated in the committee, and some other members of the committee advocated, the plan of having here in Washington a reserve bank which shall act as a clearing house for the others, and unite the others, in which each reserve bank should keep a part of its reserves. They would be just as available here for reserves of the reserve banks as they would be in their own vaults, and being here the reserve bank in Washington would act as a clearing house for the other reserve banks to settle differences which might arise between them. That fund also would be a fund that the Federal board here in-Washington could use for the benefit of any one of the four reserve banks which the section of the committee which I belonged to reported.

So I want to say to the Senator from Nevada I admit the validity of his argument, that if we have the regional reserve banks there should be a central reservoir to connect them and to which they could apply, which would act as a clearing house for them all, and to that extent I think his argument is unan-

swerable.

Mr. POMERENE. Mr. President-

Mr. NEWLANDS. Just allow me a moment. I will yield in a moment. I will simply supplement what the Senator has said by the statement that this central reservoir at Washington would fit into the system that I advocate of a State reserve bank in each State, or the system which the Senator from Ohio [Mr. POMERENE] advocates of from 8 to 12 regional banks, or the system which the Senator from Nebraska advocates of four regional banks. It would fit into all of them, and I hope before we get through we will establish it. Now I will yield to the Senator from Ohio.

Mr. POMERENE. Mr. President, I rose a moment ago to make a suggestion with reference to the fear expressed by the Senator from Nebraska [Mr. HITCHCOCK] as to the effect that the regional system we have provided for in the Owen bill might have. He stated that if in any one region there was a deficiency of currency and in another region a surplus there might be a temptation to issue new currency in the region where there was a deficiency, thereby unduly expanding the currency of the

I wish to call attention to the fact that if a member bank has occasion to go to the regional bank for the purpose of discounting commercial paper there are two methods of getting it if it is not in the vaults of the regional bank. One is that the regional bank board may go to the reserve agent, make the necessary hypothecations of commercial bills, provide the necessary gold reserve, and have reserve notes issued. That is one way to do it. But there is a further way under the Owen bill. If there is a surplus in one regional bank and a deficiency in another, it can take its bills to the bank where there is a surplus and have them rediscounted, and in that way there would be no

necessity of issuing new notes.

More than that, it must be borne in mind that over this entire scheme there presides a Federal reserve board, clothed with supervisory power over every act of the regional reserve board. I take it, if under certain circumstances the regional reserve board would be tempted to have new notes issued for a bank and that course did not meet the approval of the Federal reserve board, it would suggest to that bank there is a surplus of funds in another bank, and it could take its commercial bills there and have them rediscounted.

I think that whatever system is adopted here we must assume that both the board of directors of the regional banks and the Federal reserve board are going to exercise that sound business discretion which would be in keeping with the responsibility of

their respective positions.

A FEDERAL SYSTEM AS OPPOSED TO A REGIONAL ONE.

Mr. NEWLANDS. Mr. President, I realize the force of what the Senator says. I believe that the full powers exercised by the Federal board under the system which he advocates will do much toward compensating us for the lack of a central reservoir. But I believe that the Federal system which I suggest, which is neither the central nor the regional system, meets the requirements of the situation much more efficiently, for under it the Federal reserve board will not only have the same control over the State reserve banks that the Senator gives them over the regional banks, but it also would have the advantage of having directly within its own control a reservoir containing \$166,000,000. I think that the possession of that reservoir, the control of that reservoir, the control of that amount of money which can be used instantaneously for the relief of any State

reserve bank, would vastly increase the efficiency of the system. I think we are greatly indebted to both sections of this committee for the very thorough presentation which they have given us of all the problems that relate to the banking question. would not assume for a moment to arrogate to myself the information which they possess upon this subject. I am simply insisting that a modification such as I suggest of either one of these systems would advance the purpose which the advo-cates of those systems have in view. It is not in contradiction of those systems or antagonistic to them. It simply supple-ments them in such way as to make them more efficient.

I believe that this Federal reserve board, which, of course, would be in control of the Federal reservoir of Washington, should have the same power over the reserve banks that the pending bill gives them over the regional banks, and it should enable them to compel one reserve bank to come to the support of another where the one had an abundance and the other a deficiency. I would not take away that power. I would not substitute the control of the central reservoir for it. It is an additional power that would be of service.

I may say that this bill seems to me to have been worked out with great skill and with great scientific accuracy, and I have nothing but commendation for the work that was performed in

the presentation of all three of these measures.

Now with reference to the proposal that is before us-that is, the proposal to table the amendment offered by the Senator from Nebraska-as I understand the Senator from Nebraska, he proposes to amend the second section of the bill as it came from the House by substituting the second section of the bill which he proposes. I shall vote for the motion to lay that on the table, and I shall do it for the reason I shall state. As to section 2 I prefer the provision of the House bill to either the Owen or the Hitchcock amendment. I favor it for this reason: That whilst it does not provide for a reserve bank in each State, it does provide for at least 12 reserve banks, and does not prevent the organization of other reserve banks, nor does it prevent the board from having regard to State lines in the organization of reserve banks, for, though the bill provides that the districts provided by the House bill shall not necessarily coincide with the area of such State or States as may be wholly or in part included in any district, it does not prevent the organization of those districts with reference to State lines, and I would expect and hope that when this organization committee comes to the discharge of its duty, if it organizes 12, it will organize them in such a way as not to include in any manner a section of it in a State; for instance, that it will organize the New England States into one district, that it will organize the Pacific Coast States into one district, and that it will not cut up a State into two, three, or four sections according to what it may regard as the currents of commerce.

STATE RESERVE ASSOCIATION RATHER THAN REGIONAL ONES.

The currents of commerce have nothing whatever to do with the purposes that this bill has in view. There is no reason why

we should give this board the power to create economic sections regardless of State lines. No reason can be pointed out why they should do so. Make these zigzag lines, which are supthey should do so. Make these zigzag lines, which are supposed to embrace a particular region every part of which has an economic relation, a banking relation to every other part, and you will be confused by the character of the lines; the people will not carry them in their minds. The people now think by States and they think nationally, and you only confuse the public mind when you introduce these varying economic lines, varying always with the judgment of the particular reserve board that is in power. This bill has no relation to the currents of trade or to the currents of commerce; it has no relation to particular banking areas of influence and spheres of influence; its purpose is to have a reservoir in each State, and I trust a reservoir at Washington, in order to put out a fire wherever it occurs. When a stringency occurs in any particular region in any particular State-and it must be in a State or in one or more States or sections-it can always, through its State reserve bank, meet the difficulty.

We should encourage in the State a robust individuality that will make it the master not only of its own government, but, as far as practicable, of its own economic conditions. There is a State commerce and there is an interstate commerce. The Union of States has jurisdiction over interstate commerce and each State has jurisdiction over purely State commerce. We do not adjust that jurisdiction according to economic lines and the fancies or the imagination or the reasons of any board which may be created by law to fix arbitrarily. Every State should be complete of itself, with its own system of government, its own financial system, its own system of commerce, its own financial center—everything that relates to its industrial and productive upbuilding as well as to its government. It should be a complete unit, federated with other units in the Union of States, and not be confused in its operation by the creation of new regions or districts unknown to our Government and un-

known to our scheme of Constitution and law.

Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER (Mr. Robinson in the chair). Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. NEWLANDS. I do. Mr. HITCHCOCK. I am surprised to hear the Senator from Nevada say that the currents of business and the currents of banking operations have nothing to do with the formation of this new system and that the only thing to be done is to find a method by which reserves can be impounded to be used in case

of necessity.

As the situation stands to-day, all of the banks of the country keep a part of their reserves in the reserve centers. use those reserves, or will use their balances, actively, and when a customer comes to a bank, as hundreds of them come every day, to get New York exchange or Chicago or St. Louis exchange for the purpose of paying bills or to meet obligations as they come due, the bank sells him that exchange by drawing a draft upon the reserve agent where it keeps its balance. want to ask the Senator whether he does not realize that in compelling the banks to shift their reserves to these reserve banks, to take them out of the banks which have heretofore acted as reserve agents, and put them into the reserve banks, we must not also necessarily provide that the reserves so placed in the reserve banks shall be available for the uses of business? When business men and merchants go to their bank and ask for exchange the bank must be able to draw a check or a draft upon the reserve bank, whether it be a bank in their own State or a bank covering a large area in a district. If that is true, and of course it is true, because these bills all provide that the reserve banks shall do an active business in carrying on these exchanges, that they shall re-ceive checks from all member banks and from all parts of the country, that they shall credit those checks when they are received and shall collect them, how will it be possible to disregard banking habits and banking customs? How would a reserve bank, for instance, in Nevada serve a bank in Nevada which found itself obliged to furnish New York exchange to one of its customers? Suppose a merchant in Reno, for instance, should go to a bank in Reno and ask for a draft in order that it might meet an obligation in New York, would a draft drawn by the bank in Reno upon the reserve bank in Nevada answer the purpose? I ask the Senator from Nevada that question.

PRESENT BANKING MACHINERY SHOULD BE UTILIZED.

Mr. NEWLANDS. My view, Mr. President, is that we can safely intrust the transaction of the banking business of the country to member banks; that the less we encumber the Federal reserve banks with transacting the business which is now done, and which ought to be done, by the member banks, the

more simple and efficient we shall make our entire administra-The banks of the country have already established their relations with each other; they are the growth of a gradual process of evolution; they each have their correspondent banks; they each have a portion of their cash deposited in correspondent banks, where their convenience will best be met. The only difficulty against which we are now legislating is a congestion of currency at any one point or a deficiency in the currency at any one point-a congestion caused by a panic, a deficiency caused by a panic or an excessive seasonable demand. It seems to me that all you have to do where this condition exists is to let the local reserve bank meet that condition by rediscounting the paper of any member bank that needs money instead of commercial paper, and then supplementing that by adding to the strength of the local reserve banks the strength of this great Federal reserve bank at Washington. That is all you need to meet the emergency outside of our foreign commerce; and I shall say a word with reference to foreign commerce in a moment.

I do not believe in this cumbrous system that is suggested of the reserve banks acting as a general clearing house and everything of that kind. The banks now have their machinery in the way of clearing houses, and so forth. If any State is suffering from a deficiency of money and has more commercial paper than it has money for its current demands, then it is the duty of the reserve bank to rediscount those notes and to substitute cash for them. It does not seem to me that it is any part of its duty to engage in the general functions of the banking business.

Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Nebraska?

Mr. NEWLANDS. Certainly. Mr. HITCHCOCK. Mr. President, I should be disposed in theory to agree with what the Senator from Nevada says, that this legislation might better be more conservative, might better not go so far as to upset all banking conditions and to destroy the present methods of exchange, but we are not confronted by a theory, we are confronted by a condition. The administration has firmly determined to have these reserve banks perform those functions; and taking it as a necessary proposition, both wings of this committee have reported bills along that line, following in that way the bill as it came from That being the condition, it the House of Representatives. being practically settled, as I take it, whether we like it or not, that the reserve banks are to act as the great exchange buyers and sellers for their member banks, does the Senator from Nevada not see that it becomes absolutely necessary to recognize the existing channels of exchange which have grown up in the course of years in the country, and that if you make a region very small, if you confine the regional bank to a State, you dislocate that exchange, and you will have drafts on regional banks which will be, like checks upon individual banks, at a discount in another part of the country. Is not that an absolute conclusion?

Mr. NEWLANDS. I am not prepared to say that it is. I

do not believe

Mr. LIPPITT. Mr. President-

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Rhode Island?

Mr. NEWLANDS. I do.

Mr. LIPPITT. I see there are less than 20 Senators in the Chamber, and so I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Rhode Island suggests the absence of a quorum. The Secretary will

The Secretary called the roll, and the following Senators answered to their names:

Bacon Borah Brady	Hughes Jackson James	Oliver Overman Owen	Smith, Md. Smith, S. C. Smoot
Bristow	Jones	Page	Stephenson
Bryan Chilton	Kenyon Kern	Perkins Pittman	Sterling Stone
Clark, Wyo.	La Follette	Pomerene	Sutherland
Colt	Lane	Ransdell	Thompson
Cummins	Lewis	Reed	Thornton
du Pont	Lippitt	Robinson	Tillman
Gallinger	McLean	Shafroth	Townsend
Goff	Martine, N. J.	Sheppard	Vardaman
Gore	Myers	Sherman	Walsh
Gronna	Nelson	Shively	Warren
Hitchcock	Newlands	Simmons	Weeks
Hollis	Norris	Smith, Ga.	Williams

The PRESIDING OFFICER. Sixty-four Senators have an-

swered to their names. A quorum is present.

Mr. NEWLANDS. Mr. President, I was stating that I would vote for the motion of the Senator from Oklahoma [Mr. Owen] to lay the amendment of the Senator from Nebraska [Mr. Hirchcock] on the table. I shall then, if I have the oppor-

tunity, vote against the amendment proposed by the committee to section 2, for the reason that I believe that section 2 as it comes from the House is preferable to any of the amendments to the section which have been framed.

Mr. CHILTON. Mr. President-

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from West Virginia?

Mr. NEWLANDS. I shall only occupy a few moments more. Mr. CHILTON. I merely want to correct a misapprehension. The Senator spoke of the motion of the Senator from Oklahoma to lay the amendment of the Senafor from Nebraska on That motion was withdrawn, but the Record does not show it. It was announced by the Chair last night that that motion was withdrawn.

Mr. NEWLANDS. It will come up again-

Mr. CHILTON. I ask that the RECORD be corrected in that particular.

The PRESIDING OFFICER. The RECORD will be corrected as indicated.

JUDGMENT OF PARTY TO CONTROL FINAL VOTE.

Mr. NEWLANDS. Now, Mr. President, I stand for the provision as it left the House, and if the opportunity occurs I shall seek to amend that in the way I shall indicate. At present it reads:

Provided, That the districts shall be apportioned with due regard to the convenience and customary ccurse of business of the community and shall not necessarily coincide with the area of such State or States as may be wholly or in part included in any given district.

I should like to amend the latter portion of that so as to read as follows:

And shall as far as practicable coincide with the area of such State or States as are included in any district.

My purpose being to accomplish the organization of a reserve bank in each State, and I regard the House provision as a step in that direction. I shall also, if I have the opportunity, vote against any capital requirement above and beyond the actual deposit in the reserve banks of one-third of the reserves of the member banks, for I consider that a sufficient contribution of capital. I believe that the exaction of anything beyond that will delay the State banks and the National banks in coming into the system, and I regard it as of the highest impor-

tance that the entire system should be quickly organized.

I shall also, if the opportunity offers, vote for the transfer of one-third of the reserves held by the reserve banks to a Federal reserve organization at Washington, the deposits of which would aggregate in that way about \$166,000,000, thus adding to the reservoirs provided by these bills a Federal reservoir at Washington, from which assistance can be easily given to any one of the member reserve banks. In that way we will have the Nation acting through the Federal reservoir and the States acting through their local reservoirs, and the State reservoirs will be supplemented, according to the need of the hour, by supplies provided from the Federal reservoir.

I wish to state that I hope that this bill will be perfected by a free and full discussion regardless of party, and I believe that in the end it may be so perfected as to meet the views of both parties. If, however, there should be such a radical difference in the contending views as to require party judgment upon the matter, I will cheerfully yield to the decision of a party conference called for that purpose, but I do not believe that the majority party should come to any final conclusion regarding this bill, which as yet I regard as purely tentative, until the minority have had an opportunity to be heard and until debate upon the various subjects has been exhausted.

Mr. BORAH. Mr. President, before this amendment is disposed of, as it presents one of the controlling features of the bill, I desire to express briefly my views upon the amendment and the clause of the bill which the amendment seeks to change.

If I could bring myself to believe that the temporary benefits to be derived from the establishment of a central bank, owned and, in my judgment, controlled by the banks, would overcome the permanent evils to flow from such an act, I should not hesitate to vote for the administration bill. This is, in fact, a central bank. It is true that it does not take that name formally; but if it should prove to be efficient and workable it will be by reason of the fact that in its operations it will become more and more a central bank. If it proves a success as a banking proposition, it will come to be in all essential and vital particulars a bank-owned central bank with its several branches.

The board of Federal control and the several Federal reserve banks must ultimately come to work in harmony, and one in subordination to the other, if the plan is to work at all; and when that time shall arrive you will have, in practical operation, a central bank. In my opinion, you will not only have a central bank, but you will have a central bank dominated and directed in the matter of banking by the banks.

I have listened to the discussion of this bill on the part of its advocates, particularly by the Senator from Missouri [Mr. Reed], the Senator from New York [Mr. O'GORMAN], and the Senator from Colorado [Mr. Shafroth]. After listening to their arguments, to their explanations of the bill, its probable workings and its ultimate effect, we can come to no conclusion other than that it is regarded by its advocates as a central

bank owned by the banks of the country.

I think the argument presented by the Senator from Missouri a few days ago disclosed that in a most conclusive way and what ultimately must be the result of this law in the way of establishing a central bank. That was plainly the view also expressed by the Senator from New York upon yesterday.

I find last evening, in the discussion of the Senator from Colored IV.

Colorado [Mr. Shafroth], even a more explicit statement as to Colorado [Mr. SHAFROTH], even a more expirit statement as to that feature of the bill, when the question was squarely presented whether it was the design of the advocates of the bill to create anything other than a central bank owned by the banks of the country. The amendment which was presented by the Senator from Nebraska [Mr. HITCHCOCK] made the issue so clear and distinct that it was necessary to meet the proposition, which the Senator from Colorado did in this language:

I want to say to the Senator from Nebraska that it is nothing but human nature which prompts men to say that when our reserves and our capital are in a bank we want the control of it. I want to say that no matter how many men the Senator consulted, unless there was a fair discussion before the people and they determined to come into a system where \$400,000,000 of their money was to be controlled by appointments which might in the end drift into a political management, that can not be urged with force. \* \* \*

You might just as well tear this bill up now if you are going to insert in the bill a provision that when men put \$400,000,000 into banks, their own money, they can not control the board of directors who handle that money.

We have attempted to draw this bill upon the theory that it is a

We have attempted to draw this bill upon the theory that it is a bank of banks. We are not providing an investment for the people. The people have hundreds of opportunities to invest. We are not providing in this bill for something that will create a rate of interest for somebody.

Again, upon the following page, he says:

We have not any necessity for more people's banks, but we have a necessity for a bank of banks, for the purpose of giving discounts to banks so that they can prevent runs upon these institutions and thereby be of advantage to the people.

To say, as a matter of fact, that these banks should be people's banks it seems to me is contrary to the very principles of our bill. It is diametrically opposed to it. It is absolutely a butchery of the bill as it came from the House. You do not want to mix a bank of banks with a people's bank or a bank in which opposition or competition arises as against the other banks.

We would need no argument to show that this is a bank of banks, a central bank, owned and, in my judgment, controlled by the banks of the country other than the argument presented by the Senator from Missouri, the Senator from New York, and the Senator from Colorado; but I call attention also to a statement made by Mr. Hepburn, of New York, a noted banker of that city, in which he says:

The measure recognizes and adopts the principles of a central bank. Indeed, if it works out as the sponsors of the law hope, it will make all incorporated banks together joint owners of a central dominating

The New York Sun in an editorial upon October 29, 1913,

The \* \* \* bill really establishes a central bank system, in fact, although not in form.

I might quote other views upon this matter, but I take it that it is practically admitted-not only admitted, but one of the arguments in favor of it-that this is a central bank, a bank of banks, controlled by the banks, and that it is designed and intended to accomplish what a central bank would accomplish. can readily understand why it has taken a different form and a different name; but as a practical banking proposition, in its practical operations, in its final effect, and in its final results, if it is workable at all, it will prove to be a bank owned and bank controlled central bank.

When we come to examine the terms of the bill, we find these views fully sustained by the language of the bill itself. Take, for instance, the election of the directors. The directorship of the Federal reserve banks consists of nine members, three of whom are to be elected by the banks, and may be elected out of their own membership, as I understand. Three others are to be elected by the banks, but must be elected from certain avocaelected by the banks, but must be elected from certain avocations or certain lines of business; but they are elected by the same electorate, in the same way, and by the same power as the other three, which gives to the banks the positive and absolute control of the directorship of the bank. Indeed, it has been said here on the floor that it was one of the demands of the banks that they should have control of the directorship, and that is one of the arguments made by the Senator from Colorado

in favor of the proposition. I need not stop to argue what a tremendous advantage this gives in the matter of control, notwithstanding the power of removal. I venture to say that the power of removal will have practically no effect in the shaping of the business course, the business policies, of the banks. It can never be used effectively except for flagrant derelictions of duty-in the subtle building up of a system it will not be effectual.

Again, the stock of the Federal reserve banks can be owned only by the member banks. No one other than a bank is permitted to purchase the stock, and no one else is permitted to be an assignce of the stock. So we have, to begin with, the directorship under the complete control of the banks, and we have the stock ownership completely under the control of the banks, which places the Federal reserve banks, so far as the machinery and the management is concerned, completely and absolutely within the control of the member banks. We shall find that the real power of the entire system, the vital force which will move the entire machinery, rests at last upon and is organized around the Federal reserve banks. If we are correct, therefore-if, indeed, the friends of the measure are correct in saying this is a central bank-then we are correct in the conclusion that it is a privately owned and controlled central bank.

Mr. President, after we have disposed of the directorship and the stock ownership, an important question arises, and that is, Who is to issue this currency or to have the initiative with reference to its issuance?

It has been said that this is, in a measure, taking over the control of the currency of the country into the hands of the Government, but when we understand that the Federal reserve banks are in complete control as to directorships and as to stock ownership of the banks we have gone only a part of the way in determining their power and their influence over the entire currency of the country, because upon the initiative of these banks alone can this currency be put into circulation. The Government technically attaches its signature to the currency and technically issues the currency, but it has no initiative with reference to its issuance nor power, in my opinion, as a practical proposition, to prevent its contraction. the move of these Federal reserve banks, the stock of which is owned exclusively by the banks who have a majority of the directorship, is this currency to be put into circulation. True, the Government can negative, but it can not initiate or do anything affirmatively. It must wait until the banks see fit to put up the collateral, and when the banks cease to put up collateral it must stand by powerless and witness contraction.

I do not profess to be a financier; I do not profess to speak at all as an expert upon these subjects; but one who will study this bill from a lawyer's standpoint and undertake to locate the power and initiative of those who must act, either jointly or separately, with reference to the issuance of cur-rency, will have no trouble, in my judgment, in arriving at the conclusion that this bill will enable the banks of the country to inflate or contract the currency at will.

Speaking for myself, I do not believe that is a power which should be delegated to corporations or to private institutions. It is the business of the Government to provide a sound and sufficient volume of currency and money upon which to do the business of the country. It is a governmental power. It is one of the functions of sovereignty. The Government should exercise that power itself and not depend upon the initiative of private institutions.

I shall be glad to be told, if I am in error, by those who understand the subject of finance and currency from an expert or a banking standpoint; I shall be glad to be informed how and wherein the Government in this instance can exercise any power, except in one respect, and that is a negative power.

No money can be issued, no currency can be provided, unless the banks of the country say that they desire it. If \$300,000,000 of currency is put up, it is within the power of the banks to cease to put up their collateral, and then you must commence to collect the money with which to pay for the collateral that is up. Contraction immediately begins, and it is not within the power of the Government to prevent it.

This, sir, seems to me a tremendous power. When we con-template how such power fattens by what it feeds upon, it seems to me a fearful power. It congregates and assembles the whole money power of this country, the power which is to direct and control the currency and the credits of the country, and thereby the business and the wage of the country, and when assembled it turns it over in all substantial things to private interests. It delegates or delivers over to private corporations and to private interests thus assembled and combined the most potential instrumentality of commerce. It takes from the people a sovereign right and parcels it out to those whose prime interest must be that of gain, and, not satisfied with giving over to private interest the sole use and monopoly of currency and credits, it gives them the astounding privilege to say how much we shall have or how much we shall not have. When you consider how rapidly small things of this kind, small beginnings in the way of special privilege, grow into dominating forces, this seems to me a step that we must inevitably and sorely regret.

Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER (Mr. Robinson in the chair). Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. BORAH.

Mr. BORAH. I do. Mr. HITCHCOCK. Is the Senator referring to both drafts of the bill as presented here by the Banking and Currency Committee?

Mr. BORAH. I am referring to what is called the Owen

bill, the administration bill, at present.

There has been a great deal said of late years as to the conduct of the banks in the business world. I am not one who believes in attacking indiscriminately and without sufficient foundation a large class of people, many of whom are among our best people and best citizens. We all know, however—we can not shut our eyes to the fact—that there are large banking institutions in this country which do not confine themselves to banking; in other words, they do not follow a legitimate line of banking. They enter into all kinds of speculation and promotion, the direction and control of business matters, and through their influence in the banking world direct matters upon the outside, wholly disconnected from banking.

I read here a statement which was published over the signature of the senior Senator from Wisconsin [Mr. LA FOLLETTE],

in his periodical, in which he says:

On the 13th of December, 1911, speaking at a bankers' banquet in Chicago—

Mentioning a prominent banker—this banker said:

"I believe the money power now lies in the hands of a dozen men. I plead guilty to being one, in the last analysis, of those men."

The same distinguished citizen, so influential and prominent in the banking world and a man of acknowledged great ability, speaking of this Federal directorship, said:

Speaking of this Federal directorship, said:

It is provided that each of these Federal reserve banks shall have nine directors, three of whom shall be elected by the member banks from bankers in the district, and three by the member banks from among the business men of the district who are not bankers, and who shall fairly represent the agricultural, commercial, and industrial interests of that section. Three additional are to be selected by the Federal reserve board at Washington, one of whom shall be designated by that board as Federal reserve agent and who shall have an office in the premises of the Federal reserve bank and be the chairman of its board of directors. The board thus constituted shall have the right to elect its own officers and manage its own business, subject to such supervision and control of the Federal reserve board as has been provided. So far as I can see, this is satisfactory, except that I think the Federal reserve agent, who it is provided will represent the Government on the board, should not be its chairman, even though, as I understand from the authors of the bill, this is meant to be only an honorary position, and it is not intended he should have anything to do with managing the business than his influence as one director would give him.

Mr. President, I would not lead any attack upon the bankers as such. They are just as good and no better, just as bad and no worse than the common run of mankind. They are a capable, vigilant, and most worthy class of people as a whole. I am not able, however, to bring myself to believe that it is a wise thing to establish in this country a power to control our currency and turn that power over to any class of men. Such a power should not be delegated, and especially it should not be delegated to so small and so powerful a class as has just been described by this able and farseeing financier. I do not care how high their standing or their character may be, such power is not to be delegated by a sovereign government to private corporations or to individuals. We have wandered far from the teachings of our fathers—that the duty of providing the currency of the country and regulating and controlling it belongs to the Government, and not to private individuals or to corporations.

In the investigation which was being carried forward a few days in the city of St. Louis with reference to the affairs of the 'Frisco road, it is said—this is taken from the testimony:

"Have the Frisco and the Chicago & Eastern Illinois not suffered by their relations with bankers?" asked Mr. Brown.

"Well, the bankers paid all they could afford to for the securities," said Mr. Yoakum.

said Mr. Yoakum.

"Could you have obtained higher prices from other bankers?"

"I don't know. We were not in a position to go to cutside bankers."

"Why not?"

"The system of banking looks to the directing influence of the railroads in making investments, and it is customary for a railroad corporation to stay as near the bankers interested as possible."

That was a polite and a courteous way of admitting a very far-reaching truth.

Mr. President, this bill, as it comes to the Senate, bearing the name of the distinguished Senator from Oklahoma, and the amendment which is proposed, present clearly and fairly to this body the question whether we are in favor of giving over to the Government the directorship of the Federal bank or leaving it in the hands of those whose prime interest must be that of personal gain. The issue is clearly presented. We can not dodge it. We can not evade it. We must meet it in this amenddodge it. We can not evade it. We must meet it in this amendment. To my way of thinking there can be no sound reason against Government control of the directorship, whatever may which reaches into a differbe said as to the stock ownership, which reaches into a different field of finance.

The question of control of the directorship, standing by itself, ought to be resolved in favor of the Government. There may be arguments as to the stock ownership which do not apply to this; but as to the control of these fountain sources of power under this great measure, it should be in the Government of the

United States alone

If, in this country, we have reached the time when the banks may say to us, "You must have this system or have none," almost time that the Senate of the United States shall say, "We will not conform to the business demands of the country, but the business demands of the country shall conform to the best interests of the Government." I shall show in a few moments by a brief reference to the German system that a government control may be in perfect accord with sound finance and safe banking.

Mr. BRISTOW. Mr. President-

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Kansas?

Mr. BORAH. I do.
Mr. BRISTOW. I was interested in the quotation which the Senator read. If I remember rightly, that was a declaration by the president of the largest bank in Chicago; and he stated that 12 men, of whom he was one, controlled or could control the

finances of the country.

Mr. BORAH. Yes; I read that.

Mr. BRISTOW. He also stated that the method of selecting the directors of the regional national banks as provided in the Owen bill was entirely satisfactory to him.

Mr. BORAH. Yes; I read that, also.

Mr. BRISTOW. Does not the Senator think that is conclusive evidence that the position taken last night by the Senator from Colorado [Mr. SHAFROTH] and the Senator from Oklahoma [Mr. Owen] is in exact accord with that of the great financiers who say they now control the finances of the United

Mr. BORAH. Mr. President, as I said a moment ago, the Senator from Colorado, who is always frank and perfectly candid, stated without hesitation that this was designed to be a bank-controlled directorship; that the banks required that as a prerequisite of coming into the system; and as I understand, the distinguished Senator, having taken that position, goes further and says that in order to make the system a workable one it is necessary to satisfy the banks upon this matter and give them this power and this control.

Mr. SHAFROTH. Subject to the checks which we have upon it in the Federal reserve board, and the power to remove the three directors named by the banks who represent industry,

agriculture, and commerce. Mr. BORAH. Precisely.

Mr. SHAFROTH. My position was further to the effect that we would have no system at all otherwise, because the banks would not come into it if they did not have a majority of the directorate of the Federal reserve bank.

Mr. BORAH. That was the position I understood the Senator from Colorado to take.

I want to read, in this connection, a declaration by Mr. Webster, made in 1840. I shall have occasion in connection with another feature of the bill to quote more fully from Mr. Webster; but I wish now to read from his speech in Wall Street in 1840 upon this particular subject. He says:

In the next place, I hold that the regulation of the currency, whether metallic or paper—that a just and safe supervision over that which virtually performs the office of money and constitutes the medium of exchange, whatever it may be—necessarily pertains to government; that it is one of the necessary and indispensable prerogatives of government.

I ought not to have very much trouble in impressing that upon the mind of the majority members of this body. That question would be expected to meet with more opposition upon my side of the Chamber than upon theirs. But at the present time, under the tremendous influence and the immeasurable momentum with which we are moving along certain lines in these affairs, both parties in this Chamber are yielding to the proposition of the private control of that which belongs alone

to the sovereign power of the Government. We are giving over to private corporations powers which the Government alone should exercise

Again, Mr. Webster said in the same speech:

Again, Mr. Webster said in the same speech:

Hence it is true that, in the absence of all Government control and supervision, the wisdom and discretion regulating the amount of money, afloat at any time in the community are but the aggregate of the wisdom and discretion of all the banks collectively considered, each individual bank acting from the promptings of its own interest without concert with others and not from any sense of public duty. In my judgment such a regulator or such a mode of regulating the currency and of deciding what shall be the amount of money at any time existing in the community is unsafe and untrustworthy and is one to which we never can look to guard us against those excessive expansions and contractions which have produced such injurious consequences. Hence arises my view of the duty of the Government to take the care and control of the issues of these local institutions, and thereby to guard the community against the evils of an excessive circulation.

Mr SHIVELY Mr Prosident

Mr SHIVELY. Mr. President—
The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Indiana?

Mr. BORAH. I do. Mr. SHIVELY. The last excerpt which the Senator read was also from Mr. Webster?

Mr. BORAH. Yes, sir.
Mr. SHIVELY. And delivered in 1840?
Mr. BORAH. Yes, sir.
Mr. SHIVELY. I think Mr. Webster at that time occupied a position in favor of the old national bank as against the State banks; and was he not directing himself to a defense of a

central national bank?

Mr. BORAH. Mr. Webster, as it is known, had in previous years prior to 1840 advocated the extension of the charter of the Second Bank of the United States. Mr. Webster was undoubtedly a believer in the extension of that charter. But no one can come to any other conclusion, after a full examination of Mr. Webster's views upon this subject, than that he believed that the real vice of the Second Bank of the United States was that it was not sufficiently under public control; that while it was the best that that emergency would permit them to enjoyin other words, while he was not in favor of its destruction—in all his arguments in favor of the bank he urged more and more the complete regulation and control not only of our metallic money but of our paper money by the Government. Nowhere does he state that the vice of the Second Bank of the United States was that of too much of private control, but all in all his logic would lead to complete Government control. I can come to no other conclusion, after examining the speeches and in the light of the debate, that if Mr. Webster had lived at this time the logic of his position would drive him to a bank completely controlled by the Government, not only with reference to metallic money, but he would go further and he would make paper money issued by the bank equal in all respects as to money power to the metallic money which is its redeemer.

Mr. SHIVELY. Mr. President—
The PRESIDING OFFICER. Does the Senator from Idaho

yield further to the Senator from Indiana?

Mr. BORAH. I yield. Mr. SHIVELY. Was there ever any serious question at that or any other time about its being the exclusive function of the Federal Government to control in the matter of metallic money? Was not the issue on a paper-money question?

Very largely so. Mr. BORAH.

Mr. SHIVELY. I do not recall any instances in which a public man argued seriously against the Government having full and complete control of the coinage and regulation of the metallic money. As I recall that long dispute, it was a contrometallic money. As I recall that long dispute, it was a controversy between those who believed in a national bank with cersupervisory power exercised by the Federal Government and those who were opposed to any such an institution.

Mr. BORAH. In what the Senator has said, is it presented

as a question or as a distinct statement?

Mr. SHIVELY. I presented the question whether, in the Senator's opinion, Mr. Webster's position had anything to do with the control of the metallic-money supply? While the question of metallic money was incidentally mentioned by him in his speech, I do not think there was any point of controversy on the question.

Mr. BORAH. I think the Senator is largely correct, which, to my mind, makes this provision here all the more conclusive along the line which I am seeking to direct the attention of the

Senate, because Mr. Webster was careful to say:

In the next place, I hold that the regulation of the currency, whether metallic or paper-

That is, whether coin or whether it is mere currency redeem-

may be, necessarily pertains to government; that it is one of the necessary and indispensable prerogatives of government.

It will be seen how far-reaching and how specific this statement is when analyzed. He goes so far as to say that the regulation and control of that which performs the office of money is an indispensable prerogative of government-an indispensable prerogative.

A stronger statement. This speech was made in Wall Street by Mr. Webster, was made under very extraordinary circumstances, and was perhaps the most explicit and advanced statement of his views on currency that he ever made. It is well worth the perusal of those who have become the devotees of

corporation issued and controlled currency.

Mr. SHIVELY. Did Mr. Webster go so far as to insist on a Government owned and controlled bank or simply a Government-

controlled bank?

Mr. BORAH. He did not in specific terms, as I remember, refer to a Government-owned bank, but what he was undertaking to show was the necessity of the Government in its way, whatever that might be, controlling the volume of the currency of the country

Mr. SHIVELY. I understand that to have been his position

in that speech.

Mr. BORAH. And depriving the private institutions of the power to inflate or to contract the currency. In other words, he looked upon banking and currency as separate and distinct affairs and belonging to separate and distinct fields of activity; that so far as building up individual credit was concerned it was the business of the individual or bank. He believed it the duty of the Government to furnish a sound volume of money and currency with which to do the business of the country, and then it was the business of the individual or the private corporation to build up his or its own credit. That was the view of Mr. Webster. I say this notwithstanding he argued for the extension of the charter of the second Bank of the United States. But his views went far beyond the provision of that charter in the matter of Government control.

So in this instance we are doing one of two things; we are either issuing this currency, and if so we should have the sole and absolute control of it, or else we are loaning the credit of the Government to private individuals and to private corpora-

tions to enable them to build up their credit.

Mr. SHIVELY. Mr. Webster's contention centered around the idea that the issue function is a distinctly governmental function as distinguished from a banking function.

Mr. BORAH. That was Mr. Webster's view?
Mr. SHIVELY. Yes.
Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Nebraska?

Mr. BORAH. I yield.

Mr. HITCHCOCK. I understand the Senator from Idaho takes the position that under the bill reported by the Senator from Oklahoma [Mr. Owen] the regional reserve bank will be controlled by the banking interests and that so controlled it will practically have the power, under the terms of the Owen bill, to restrict or expand at will the currency provided for in the

Now, that vice does not belong to the bill which I had the honor to report. The Senator from Idaho is correct when he states that the Democratic Party is committed against the doctrine of permitting a bank or any other organization controlled by banks or private individuals to have the power to control the volume of the currency.

The Democratic platform of 1908 contained this clause:

We believe that in so far as the needs of commerce require an emergency currency, such currency should be issued and controlled by the Federal Government, and loaned on adequate security to National and State banks.

Under the terms of the Owen bill it will be issued by the Government, but it will be controlled by the five out of the nine members of the regional board of directors.

Mr. SHAFROTH. Mr. President, will the Senator from Idaho yield to me to make an observation?

Mr. BORAH. I yield.

Mr. SHAFROTH. The Owen bill does not give the power to bankers to contract the currency. It gives the power to bankers, subject to the control of the Federal reserve board, to expand the currency. But the bill of the Senator from Nebraska provides for an absolute retirement of the national-bank notes without providing any permanent currency in their place. Not only that, but the bill of the Senator from Nebraska gives no discretion in either the issuing of notes or the discounting of paper, whereas it is left to the Federal reserve board under the that a just and safe supervision over that which virtually performs the paper, whereas it is left to the Federal reserve board under the office of money and constitutes the medium of exchange, whatever it owen bill. So, if you take the question of expansion or contraction, the theory of the Senator's own bill is that bank after bank can come up, no matter what it is, and have its paper discounted and, within limits, of course, withdraw it. According to the Owen bill they can not contract the present amount of currency, but under the Hitchcock bill they can contract it.

Mr. HITCHCOCK. Mr. President-

The PRESIDING OFFICER. Does the Senator from Idaho yield further to the Senator from Nebraska?

Mr. BORAH.

Mr. BORAH. I yield. Mr. HITCHCOCK. The Senator from Colorado is mistaken; and he is also mistaken when he assumes that the Democratic Party is in favor of maintaining the present national-bank currency. The Democratic platform of the year 1900 contained this provision:

A permanent national-bank currency, secured by Government bonds, must have a permanent debt to rest upon; and if the bank currency is to increase, the debt must also increase. The Republican currency scheme is therefore a scheme for fastening upon the taxpayers a perpetual and growing debt.

The policy of the Democratic Party has been against this national-bank currency, and in providing for its retirement the section of the committee which I represent has not only conformed to good financial teaching but it has conformed to the teaching of the Democratic Party as expressed in its

Now, the Senator from Colorado is not correct when he states that no provision is made in this bill for supplying the currency needed to take the place of this other currency, because the bill specifically provides that every one of the thousands of banks joining this system shall have the privilege, as a matter of right, to secure rediscounts for its paper at the regional reserve bank, and no option is left in the board of directors to grant those discounts. Furthermore, no option is left in the board of control at Washington to grant the currency which the regional reserve bank may call for in order to meet the demands of the regional reserve bank.

Furthermore, it is especially provided in the bill that when the reserve banks buy the 2 per cent bonds now belonging to the national banks, serving as a basis for currency, they can use those bonds as the basis for securing currency from the Treasury or they can present them at the Treasury and secure 3 per cent gold notes, and they can use those gold notes as a

basis for securing currency.

Mr. SHAFROTH. Oh, yes; but that is all discretionary. Our bill provides that whenever you retire national-bank notes you shall reissue a note in its place. While it may be that your currency will fill the vacuum that would exist by retiring circulation, yet, as a matter of fact, we do not know whether this 30, 60, 90, and 100 day paper will maintain a currency sufficient to keep that. For that reason it seems to me our plan is safer.

Now, I will say that I am not in love with the national-bank currency, but I prefer the national-bank currency to no currency at all. It is infinitely better than none.

Mr. HITCHCOCK. The Senator is entirely mistaken in saying that it is discretionary. There is no discretion in the directors of the reserve board as to meeting the demands of the thousands of banks who serve the public. They must be met; the paper must be discounted; and if the reserve bank lacks the cash with which to discount it, it must apply to the Federal board, and the Federal board must issue the currency. is no discretion

Mr. SHAFROTH. I was referring to the one-year 3 per cent note as the basis of circulation. That is entirely discretionary. There is no doubt about that. As to the other point, my contention has been, and it is in accord with the testimony of a number of witnesses who appeared before us, that there would not be a sufficient quantity of this 30, 60, and 90 day paper to take the place of national-bank notes. It seems to me from the statement made by the Senator from Massachusetts-and it was a provision which he boasted of—that there would be a re-tirement of \$50,000,000 every year of the national-bank notes.

Mr. HITCHCOCK. The Senator states that there may not be enough 30, 60, and 90 day paper. Why has he put in his bill a provision that six months paper should be used? He knows that in a large part of the country the banks deal in little else than six months paper. He has made no provision whatever for them to get this currency or secure any of these discounts. He knows that the agricultural processes of the West and South make it necessary for borrowers to borrow on six months paper. He knows that when they borrow for six months the paper which they give is just as commercial, just as legitimate and liquidates itself automatically just as securely as the 60 or 90 day paper in the manufacturing or mercantile regions of the

East. Yet the bill makes no provision whatever for that great mass of paper in those thousands of banks.

Mr. SHAFROTH. Mr. President—
The PRESIDING OFFICER. Does the Senator from Idaho yield further to the Senator from Colorado?

Mr. BORAH. I yield.

Mr. SHAFROTH. The length of the date of the paper that can be discounted involves an entirely different question. The one thing that the banks have recognized is that they must have short-time paper. The Bank of England does not take any paper in excess of 28 days. The Aldrich bill provided for not exceeding 28 days. Every one of the banks of Europe provides for short-time paper. Such a thing as 180-day paper, except in relation to foreign drafts, is unknown in the banks of the world with relation to discount. It is not on the ground that it is not safe. Mortgages are perfectly safe. It is upon the ground that a bank must stand ready to cash drafts, to rediscount paper; that it must have the money ready and must come in readily and exactly on time.

There is not any question but that the paper of Woodward & Lothrop down here, if they gave a promissory note for 30 or 60 days, is as good paper as you could get in the world. Yet you could not discount that paper under this bill, and the reason why you could not is that this must represent a transaction in commerce. It means that if Woodward & Lothrop buy goods and give a draft in payment, that becomes a subject of discount, but if they give a note simply for adding to their already large building it can not be discounted. The experience of the banks of Europe has demonstrated that the one paper which never fails is the paper representing a transaction in commerce and

which is limited to a short period of time.

Mr. BORAH. Mr. President, I do not desire to lead the Senate back into ancient history for any considerable length of time, and I shall not; but I remind my colleagues and associates that we have tried in this country several times this bankers' bank, a central bank privately owned, privately controlled. Every time that we have tried it the bank itself, as a business proposition, as a banking proposition, has been efficient and successful, but the people of the United States, notwithstanding that these institutions have been efficient and successful of themselves as banking institutions, have invariably torn them down and cast them aside, because they were in contravention of what they believed to be fundamental principles of our Government; that it gave a concentration of power or a centralization of power which was calculated to intrude and always did intrude upon the real powers and functions of the Government, and ultimately seeking to control the Government both politically and financially.

The Bank of North America which was organized in 1781 as the result of the advice of Mr. Morris, the patriot financier of the Revolution. It was in many respects a most eminent success. At the time that the charter was granted we were practically bankrupt. We were unable to feed and clothe our soldiers; the soldiers were in mutiny; our lotteries and our loans had been exhausted; and it was a serious question whether we could maintain the victories which our soldiers were winning upon the field by reason of our breakdown in

a financial and business way.

This bank was organized. It gave us a stable and uniform currency. It enabled us practically to maintain that which our soldiers had won. Mr. Wilson, afterwards Associate Justice of the Supreme Court of the United States, said that it was the source and parent of our credit; that as such it was hated by

the enemies of America and loved by her friends.

Yet, Mr. President, notwithstanding the patriotic environments which surrounded the organization of that bank and the great service which it performed for the American people, within the short period of four years it was challenged by reason of its activity in politics, because it had a tendency to establish classes in this country, because it was monarchical in its nature, and such a war of pamphlets and such a debate ensued that within four years after the bank was organized its charter was repealed by the Congress of the United States. Why? It certainly was not by reason of its failure as a financial institution. It was not, certainly, by reason of its having failed to do that which its authors claimed it would do; but the people were opposed to that form of banking which enabled the banks of the country or the moneyed interest to control the money and the currency of the country.

The first Bank of the United States, as we all know, was organized as the result of the advice of the most remarkable genius, in my judgment, who ever dealt with the science of government, and that was Mr. Hamilton. It was a success from the hour it was organized. It paid 9 per cent of dividends from the day of its organization. Six hundred and seventy-one

thousand dollars was distributed to the Government alone as a result of the increase of value upon the Government's stock. Mr. Gallatin, Mr. Jefferson's Secretary of the Treasury, earnestly recommended the extension of its charter. It was in every sense a success as a banking institution. But so strong became the public sentiment against that institution, and its very success fed the opposition, that even such men as Mr. Clay and that class of men denounced it as inimical and unfriendly to republican institutions. It was refused its charter, not because it was a failure as a business and banking proposition, not because it had failed both to establish a uniform currency and bring us out of the quagmire of repudiation, but because the people looked upon it as unfriendly to our system of government, and it had to go.

As a result of its going we again suffered financial distress, almost universal bankruptcy, until the second Bank of the United States was established. The second Bank of the United States, when it was established, was provided with a board of directors of 25 men. The Government appointed 5; the stockholders, if I remember correctly, appointed 20. The Government had an interest in that bank. The first president of the bank, a Mr. Jones, was elected as the result of the activities of Mr. Madison and his Secretary of the Treasury, Mr. Dallas. From the hour, Mr. President, that that bank was organized it went into politics. It could not stay out of politics. They would not permit it to stay out of politics. It was a political institution from the hour it was organized until its demise.

It is a notorious fact, however, that as a business proposi-tion it was a success. It established a uniform currency. It did that which the Government could not do, it succeeded in restoring specie payments. In all the reports made by it in the later years of its life the business feature of it was a conceded proposition. Nevertheless, it was drawn so close to the Government that it became a question whether the Government would control the bank or the bank control the Government, and the impartial investigator of history will have to conclude that the bank got considerably the best of it. It advanced the salaries of Congressmen. Mr. Jones himself, the president, accepted \$1,800 as part of the profits on the speculation of the stock. Baltimore and Philadelphia became centers of corruption, both politically and financially, because of the conduct of the bank. Editors were purchased or large loans made to their papers, and they changed their views on politics as soon as the loan was made. More than one newspaper, when the investigation came, was found to have large overdrafts or mortgages with the banks. It was found that their views with reference to the extension of the charter and such things changed about the time the loan was made. In more ways than one the bank became active in politics.

I think the destruction of the second Bank of the United States, judged alone by the rules of business and economics, might be set down as a mistake. Business disaster, almost universal bankruptcy, suicide, and crime followed in the wake of its ruin. But judged in the light of the larger question of the ultimate interests and final success of free government, it was a wise and patriotic thing to do. There must always be in this country something more important than the mere question of business success. Whatever question there may be as to the method of its taking off, its taking off was necessary. The time was fast approaching when its great power, ramifying with its branches the whole country, was to dominate the affairs of the Republic, political as well as financial. Its impudent exertion of power was no less effective because subtle and silent and accompanied by delly discayonels.

silent and accompanied by daily disavowals. The commanding figure of this bank war, as we all know, was Andrew Jackson. Men still dispute his claim to statesmanship, but no one has ever doubted his patriotism. On the roll of those into whose every fiber, moral and intellectual, has entered that passion for country, which passes all other ties and obligations, his name by common consent is placed among the foremost. He was also democratic. He professed the faith, which is a common thing; he lived up to the faith, which is an uncommon thing. With an intuition amounting almost to inspiration he divined the forces which were at war with democratic institutions, and with a courage equal to the courage which he placed against the aggressions of a foreign foe he gave them battle. It never occurred to him to measure the injury to the passing hour any more than it occurred to him as he stood with his untrained frontiersmen waiting for the approach of the regulars to estimate the dead and wounded which might be found after the fight. He was convinced, intuitively convinced, that this miscegenation of government and monopoly was fostering a condition at enmity with the true interests of the Republic, and he counted not the cost which his countrymen might have to pay to be rid of it. Others might have pro-

ceeded with more wisdom as to methods, but none there was whose judgment was so accurate and reliable as to the necessity of action. And to this day, distressing as were the conditions which followed, universal as was the suffering which ensued, the people still range themselves on the side of Jackson and declare he was right—that the suffering was but an incident to a great contest for a great principle and a right theory of government. We will do well to consider this feeling so prevalent among our people, and justly so, in formulating a credit and currency system in the midst of these tremendous tendencies toward centralization and monopoly.

If the banks of the United States are able to say, "You shall have no system unless it is such a system as we will dictate," it is time for us to say, as Jackson said, "We will not estimate the cost which is necessary to establish a proper system." Give the Government control. Whatever else we do, let us not trifle with semipublic control; we should make it as complete as possible.

Mr. President, I shall vote for the Hitchcock amendment because it is a step substantially in the direction of absolute Government control. I should very much prefer to vote for a proposition which would establish a Government bank, under the absolute control of the Government. If I had my way about it, all currency would be issued through a Government bank. The private banks, under proper regulation, might establish their credit system, but they should not provide or put into existence the currency of the country. I would treat the currency question wholly apart from the banking question. In my judgment, the giving of this board of directors over to the Government is a substantial step in the direction of complete Government control.

Mr. President, I shall detain the Senate only a few moments longer; but I wish to briefly outline what I understand to be the German system of banking and currency. Germany had very much the same question to deal with which we have; she had the same diversified interests, the different banks—31 issuing banks—different States, with their different currency systems; and it took Germany five years to draw them into one uniform system, over which presides the great Reichsbank of Germany.

When the German Empire was formed its greatest problem was the establishing of a Federal banking and currency system—she had proceeded far in her commercial union, but her monetary affairs were different and most embarrassing.

She had a different coinage system in at least seven of her different States—also all the German States save one were on a silver standard. She had on hand a vast amount of paper money, both Government and bank notes. The State banks, which were private concerns mostly, were issuing notes. Before the foundation of the Empire there were 31 banks of issue.

The North German Confederation of July, 1867, and later the constitution of the German Empire of 1871 gave the confederation, and afterwards the Empire, the regulation of coinage, weights, and measures and the emission of funded and unfunded paper money, also the general regulation of banking.

Immediately after the peace with France the Imperial Government took up in earnest the money question and the subject of the mint in 1871. The coinage or mint act was not finally signed until July 9, 1873. This law established the gold standard.

In July, 1873, the Reichstag passed a law providing that paper money issued by the various Federal States should be withdrawn by not later than January 1, 1876, and replaced by imperial paper money.

April 30, 1874, the act concerning the imperial paper money was passed. It replaced all State paper and provided for a uniform imperial paper money.

As the individual banks of issue had all been private institutions, the subject of vested interests became the important question. The conviction finally gained ground that there had to be a central power, a central bank which would exercise a dominant influence over the diversified monetary institutions. They had in Prussia already a central bank which had exercised this directing influence to some extent, so they set about to transform the Prussian bank into a Reichsbank to act for all Germany.

In 1874 a bill was laid before the Bundesrath which abandoned for the time being the establishment of a Reichsbank and was content with simply formulating the general principles for the regulation of existing banks of issue. When the bill went to the Reichstag it was determined to consider first a central bank. On certain terms Prussia finally ceded to the Empire the Prussian bank. The act creating the Reichsbank was published March 4, 1875. The fundamental principles of the bank (a) the right of issuing notes through imperial law; (b) notes now

legal tender-a subject which I propose to discuss later; (c) circulation of foreign bank notes based on the standard of the Empire prohibited; (d) bank notes to be issued in denominations of 20, 50, 100, 200, 500, 1,000, and multiples of 1,000 marks; (e) bank pledged to redeem notes at all times full value; (f) issuing banks not allowed to accept bills; (g) must publish assets and liabilities four times a month; (h) limit of issue in excess of 5 per cent taxed; (1) reserve must be German coin, imperial treasury notes, notes of other German banks, gold bullion, or foreign coin; (j) Empire did not invest in the stock; stock owned by private individuals; (k) the officers of the bank can not own any shares in the bank; (l) the accounts are audited by a board of accountants of the Empire; (m) shareholders have little to do with the management except in the way of expert advice; they exercise their authority through a general meeting or selected committee; (n) the Reichsbank can not establish branches; (o) the Government shares a certain por-tion of the profits of the business; (p) bank limited to the kinds of business it may do.

At the head of the bank stands the chancellor of the Empire, who directs the whole management under and in accordance with the bank act. The directorate, according to law, must obey his orders. He is president of the curatorium, which supervises the Reichsbank on behalf of the Empire.

The directorium is the managing and executive body. Its members are official representatives of the bank. It is the central managing body of the bank, although it may check up higher offices. The directorium is a board with a president and vice president and six other members. President and members appointed for life, appointed by the Emperor after nomination by the Bundesrath. The bank has power to establish branches and has what is called main branches and subordinate branches. These branches are ultimately wholly under the supervision and control of the Reichsbank. The main branches are established only in the main places or cities. The Reichsbank may establish branches of its own motion or it may be ordered to do so by the Bundesrath.

The economic importance of the Reichsbank depends on its right to issue notes. This right enables the bank to adapt within certain limits the monetary circulation to fluctuating de-mands for money. It constitutes the bank of final resource of money in the Empire. Notes of the bank were made legal tender by act of June 1, 1909. The bank must have for onethird of the notes issued gold imperial treasury notes, bullion, or foreign coin in its vault. If the bank issues notes above a stated amount, it pays 5 per cent to the imperial treasury from the notes overissued. The note circulation in excess of cash reserves must be covered by discounted bills maturing in at least three months, upon which there are two or three parties liable. Every bank is bound to accept its own notes for payment at full face value at head office or branches. Notes were first issued for amounts of 100, 200, 500, or 1,000 or a multiple of 1,000 marks, but by the act of February 20, 1906, denominations of 20 and 50 marks are now allowed. The notes of the bank have increased rapidly—1876, 684,900,000; 1899, 1,141,800,000 marks.

As I have said, notes were first issued for certain amounts, but the law has been since changed, allowing larger denomina-

tions.

At least one-third of the notes issued must be covered by coin, imperial treasury notes or bullion, and if the limit of issue in excess of cash holdings is exhausted a 5 per cent tax is levied to the benefit of the national treasury.

The regulation that metal and imperial treasury notes equal at least one-third of the notes in circulation is absolute.

The Reichsbank must publish its current rate of discount, The central committee must be consulted regarding the discount rate to be fixed by the Reichsbank directorate.

Bills purchased must have at least two unconditional guar-

antors who do not belong to the same business.

The bank endeavors to require that a bill in the moment of its formation starts from a completed transfer of property be-tween the parties liable on it and when paid will balance the transfer.

A high discount rate is calculated to attract gold from abroad and to prevent a flow of gold to other countries, because it offers a favorable opportunity for investment of international capital.

The Imperial Bank is owned wholly by private shareholders, but is under the exclusive control of the Government.

The bank is allowed to fix the amount of uncovered notes. For all above that sum it must have in its reserves an equal amount of cash; but this is not inflexible, for the bank upon paying 5 per cent tax may issue uncovered notes in excess of the prescribed limits, but its reserves must never fall at any time to less than one-third of its outstanding circulation.

Mr. President, we see from this plan how Germany solved her financial problem, which was as difficult, certainly. as the one with which we have to deal. She has done so by establishing a Government-controlled bank, in which the stock is owned by her private citizens, the success of which, prehend, will not be questioned by anyone familiar with the financial history of that country for the last 20 years. If, as I said a moment ago, I could have my way, I should be glad to vote for a Government bank which would be completely controlled by the Government and the stock thereof owned by private individuals. I am not likely to have that opportunity and shall therefore vote for such amendments as lead in that direction. I believe the time is near at hand, however, when we will establish a bank controlled by the Government and owned by the people. Such a plan would not destroy our free banking system, but it would enable the Government to perform its functions in the matter of currency and banking.

Mr. STONE. Mr. President, I hold in my hand a clipping from the New York World of date December 7, which I wish

The VICE PRESIDENT. Is there any objection? The Chair hears none, and the Secretary will read as requested.

The Secretary read as follows:

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The Secretary read as follows:

WASHINGTON, December 7, 1913.

The fight which the National City Bank of New York has been waging on the Treasury Department and the administration since President Wilson entered the White House on March 4 reached a climax to-day when Secretary of the Treasury McAdoo served notice on Militon E. Alles, the Washington representative of the Wall Street bankers, that he and his employers must change their tactics in some respects or there will be an accounting.

The Immediate cause of the situation arose from the culmination of the skirmish between the local financial interests which resulted in the absorption of the United States Trust Co. by the Munsey Trust Co. last week. But a long series of circumstances which have been occurring with remarkable regularity since last March is behind the situation. The administration has had circumstantial evidence tending to support the bellef that the National City Bank has inspired much of the criticism against the Treasury Department for the purpose of discrediting its activities. The reasons given for the attitude of the New Yorkers have been twofold—first, a well-defined determination to defeat the passage of the banking and currency bill, and, secondly, resentment at having had an end put to the preferential treatment which it has reveited at the Treasury Department during the last 16 years.

Just as soon as Mr. McAdoo came to Washington a woman whom the National City Bank had instabled in the Treasury Department to get advance information on the conditions of banks and other matters of interest to the big Wall Street group was removed. Immediately the Secretary and Assistant Secretary, John Skelton Williams. It is alleged that many of these rumors have been traced to the doors of the Riggs Bank or the American Seurity & Trust Co., one of the local affiliates.

Several years ago Eldridge E. Jordan, a young Texan, scarcely out of the twentles, injected himself into the local financial s

conditions of the bank. He could not agree to terms with the majority owners.

Immediately thereafter money became scarce, loans were called on the United States Co.'s stock. A bank examiner was called in, and he announced that the stock had been impaired. A midnight meeting of the local Clearing House Association was called, and Secretary McAdoo was asked for help at 2 a. m. He responded that he would place with the local national banks enough money to save the situation and protect the depositors in the event that some plan could be worked out whereby the concern could be liquidated.

The local Clearing House Association refused to take a hand or to guarantee the depositors.

While the negotiations were under way the loans were called on the stock, the price was hammered down, and finally a run was started. Jordan went to New York and sought to get enough capital to make good the impairment.

He entered into negotiations with Frank A. Munsey, who owns a local trust company, established about six months. It has no close connection with any of the older banks.

R. Lancaster Williams, a brother of John Skelton Williams, is a director of the Munsey Co.

On the day of the run Munsey took the property over and announced that he would guarantee all the depositors. One of his agents promised to bring \$500,000 in cash the next day if it were needed.

The Treasury Department had deposited \$1,000,000 with the United States Trust Co., based upon collateral furnished by the other banks, which in turn was guaranteed to them by everything the trust company owned.

The \$500,000 promised by the Munsey agent did not arrive, and it was not needed, as shown by the subsequent restoration of confidence.

owned.

The \$500,000 promised by the Munsey agent did not arrive, and it was not needed, as shown by the subsequent restoration of confidence.

When the local banking ring awakened the next morning they found that Jordan was disposed of, but that in his place a greater competitor had been created. The fact that the new competitor had been established in part through their fear of runs on all the local banks, as evidenced by their \$1,000,000 loan, caused general resentment among the Riggs directors.

Finally Secretary McAdoo was advised that all the stories that tended to reflect upon his administration emanated from the Riggs National Bank. Yesterday Mr. McAdoo put Charles C. Glover, president of the bank, on the "mat," but he insisted that he was not guilty of inspiring the statements.

Then Mr. Alles was called to the Treasury Department and the interview satisfied Mr. McAdoo that the representative of the National City Bank had furnished some of the charges. Mr. McAdoo then told Ailes that he was extremely weary of the campaign which the National City has been connected with and that he was determined to put a stop to it.

Mr. STONE. Mr. President, I have had that put into the RECORD because I believe it is in the main a statement of facts; and if that be so, then it discloses a most regrettable situation and one that ought to meet with general condemnation. I do not intend to make that article in any special sense the text of the brief speech it is my purpose to make, although it is quite apropos. I have read it because it is not only pertinent, but

because it strikingly illustrates a situation.

Mr. President, I have no intention of indulging in any general, much less any harsh, criticism of the banking fraternity, although what I have to say will be addressed chiefly to bankers. In Missouri I have the pleasure of a personal acquaintance with many-I think I may say with most-of the bankers of that State. Among these gentlemen I have numerous warm personal friends, whom I hold in high esteem. I also have the pleasure of knowing many successful bankers outside my own State, and among those there is a considerable number whom I esteem as personal friends. I know bankers just as I know other people. They are engaged in a legitimate and honorable business, and are entitled to the same consideration here and elsewhere to which other people engaged in other lines of legitimate and honorable business are entitled to; neither more nor less. Taken as a whole, I believe that bankers are as honorable, as patriotic, and as devoted to good citizenship as the average run of men; no more, no less. rule, I am sure that bankers want to be right and to do right. Nevertheless, I believe that they are more sensitive than most men to extraneous influences, or perhaps I should say to influences within the circle wherein they move and have their being, than any other class of business men. They hold in their keeping the accumulations of other men; they sustain a trust relation to their several clienteles; they accept in trust deposits made with them, which they are bound to keep and return whenever the return thereof is legitimately demanded; they use these trust funds in numerous ways in the course of their business; they loan them or invest them for profit to themselves or their institutions; but over the banker always hangs the responsibility of accounting for the funds he receives when they are demanded. Naturally, the banker is sensitive about his good name and credit, for credit is the very soul of the bank. This situation and this sensitiveness make the banker, great or small, susceptible to influences that come down to him from sources to which he has been accustomed to look, and with which he has been more or less intimately allied. If words of caution or warning are sent down the line from the great financial centers, the bankers along that line take alarm. If words of advice are sent down the line from New York, Chicago, St. Louis, the general run of bankers may be surprised and fail to comprehend the meaning of the oracular cautions handed down to them; nevertheless, they take heed. If they are told that there is financial and industrial trouble brewing and that they had better begin to put their houses in order; that they had better curtail credits; that they had better call in their resources, the general run of bankers, like the general run of other people, may be mystified, themselves seeing no cloud on the horizon. But the insinuating voice of the oracle puts fear in the heart, and the banker, sensitive about his credit, begins forthwith to follow the admonition conveyed to him. He may, in fact, suspect that the alarm sounded is a false alarm, and that back of it is some sinister purpose, but he is afraid to take chances, and so he often unwittingly and even against his own judgment contributes to further a purpose vicious in itself and inimical to the public welfare. All this is largely the result of a rotten banking system that has grown up in this country, under the operation of which a few great banks in the financial centers have been able to dominate the policy of banks and bankers almost universally, and thus to further their own projects.

Mr. President, I believe there are bankers in this country who are the enemies of the public welfare, at least indifferent to it, and who would sacrifice the industrial interests of the country if they deemed it necessary to promote their own selfish ends.

I have no kind of doubt that in the past a few great banks have fomented policies and projects that have paralyzed the industrial energies of the country in the belief and expectation that in the end they would accomplish results that would sustain and perpetuate their tremendous power over the financial and business industries of the country. I believe there is a combination, well established and long continued, between a number of the great central banks which, under our present monetary system, have in their hands and under their control a sufficient volume of the available money of the country to enable them with too great success to sit as arbiters on the financial policies of the Government and on the industrial enterprises of the people. What is the use of men here or elsewhere denying this patent truth or to offer explanations or apologies about it?

I am asked why I do not read the statements made before the Banking and Currency Committee and before other committees, made by a number of these great bankers, and be disarmed of all suspicion by their soothing assurances. What would I expect these men to say? What would any man who has not been inoculated by some palliating and seductive virus expect them

to say?

I have myself known of more than one occasion when bankers refused credit to men who opposed their political views and purposes. I have been told by men of high character and large business connections that they have asked credit of banks and were told that their credit could not be extended, no matter how ample the security, as long as they advocated certain political policies and sought to advance the success of a certain political party. Why, Mr. President, this is an old story, going, anyhow, as far back as 1896.

Take the Aldrich bill, for example. Most of the big banks of the country were for that bill; they were for one great central bank, and for it because, with good reason, they believed they would be able to control it. When Senator Aldrich and others were going over the country exploiting this scheme, the big banks of New York and Chicago were engaged in raising a munificent fund to aid in bolstering up the Aldrich propaganda. Like the Tarifa brigands, who levied tribute on passing ships, these banks levied tribute on other banks throughout the coun-I have been told by bankers of my State, and bankers of real importance, that contributions to this exploitation fund had been demanded of them, and that, although they were not in sympathy with the propaganda, they had contributed nevertheless, because they were afraid of being blacklisted or boy-They were coerced by a species of terrorism.

How can any sane man doubt that we have had a sort of bank oligarchy in this country, composed of the great central banks, and that the great bulk of our banks, widely scattered, have in a sense sustained the pitiful relation of vassals to the reigning lords. Then, again, does not everyone know that the Treasury of the United States has for years been a sort of nurture house for the production of men who would go forth to serve these great financial institutions? Did these men serve their masters when they were holding positions of public confidence and trust?

The great banks have for years sought to have and control

agents in the Treasury to serve their purposes.

Let me quote from the World article I have just had read:

Just as soon as Mr. McAdoo came to Washington a woman whom the National City (Bank) had installed in the Treasury Department to get advance information on the conditions of banks and other mat-ters of interest to the big Wall Street group was removed. Immediately the Secretary and Assistant Secretary, John Skelton Williams, were criticized severely by the agents of the Wall Street group.

I know nothing about this charming woman, this Wall Street Delilah, installed in the Treasury of the United States to shear the Samsons of that department beyond what is here stated in this article I have presented. It would be curious to know the exact facts about this woman, but I have not sought any information on the subject, because I did not care to be involved in any controversy involving a dame of such dangerous potentiality. Modestly and with due regard to prudence, I shrink from an encounter of that kind. But there are some things I do know, and all of us know, about which I have no occasion to be either modest or prudent. Any Senator here can give a long list of notable men, now trumpeted as financial authorities, who have graduated from the Treasury into the control of great banks in the great cities. I would not cumber the time of the Senate by recounting the list of these delectable worthies, but I will refer to two or three who have been somewhat obstreperous in recent performances.

The Hon. Alonzo Barton Hepburn was some years ago the Comptroller of the Currency. He was a somewhat advanced student when he entered the Treasury school. In a comparatively short time he graduated into the presidency of the Third National Bank of New York, was afterwards president of the National City Bank of New York, and later still was made the president of the Chase National Bank, of New York, and he is now, so I am informed, chairman of the board of directors of the Chase National Bank. He is director not only of the Chase National Bank, but he is a director of the Bankers' Trust Co.; the Columbia Trust Co.; the Fidelity Trust Co., of Newark; the Maryland Trust Co., of Baltimore; the New York Life Insurance Co.; the First National Bank; First Securities Co.; American Agricultural & Chemical Co.; American Car & Foundry Co.; American Cotton Oil Co.; Safety Car Heating & Lighting Co.; Union Typewriter Co.; United Cigar Manufacturers' Co.; Sears-Roebuck Co., Chicago; Studebaker Co.; and the Lord knows what else. Yes; there is something else—he is the president of the New York Clearing House Association and of the National Currency Association. In the compsociation and of the National Currency Association. In the comptroller's office, where, presumably, the public interests alone are to be safeguarded, this man graduated into a lynx-eyed, hard-fisted, and rotund financial Pooh-Bah. In reciting his various official stations I omitted to say, what I now make haste to amend, that he is the director general appointed to guide, in the best possible way, looking to successful results, Republican politics among the bankers of the country.

Some weeks ago somebody or somebodies were smart enough to assemble a convention of American bankers at The honorable Alonzo was there-not only there, but ubiquitous and very smart, as usual. We are all familiar with the resolutions adopted by that august assembly. With more or less gusto they have been exploited even here in the Senate. Returning from this convocation, several Missouri bankers stopped at Washington en route, and did me the honor of calling. These gentlemen told me that everything done at Boston seemed to have been prearranged, cut and dried, and that the honorable Alonzo was the predominating guide, philosopher, and

friend.

Not long before that a like performance occurred at Chicago, acting under the inspiration and guidance of influences equally devoted to the public interests as those which controlled at Boston. I refer to what is known as the committee of the bankers' conference assembled at Chicago, representing the American Bankers' Association. Among those present were the honorable Alonzo B. Hepburn, chairman of the board and representing the Chase National Bank, New York, and the honorable George M. Reynolds, president of the Continental & Commercial National Bank, of Chicago, and the honorable James B. Forgan, president of the First National Bank, of Chicago, and other equally eminent bankers and adroit financial politicians. I desire to read what was said by one or two country bankers who attended that famous and widely adver-I am about to read will suffice. First, I will read an extract from the testimony given or statement made to the Banking and Currency Committee by Mr. H. A. Moehlenpah, president of the Wisconsin Bankers' Association, residing at Clinton, Wis. He said, among other things:

That leads me to say, Senator-

Addressing himself to the junior Senator from New York, who had asked a question-

who had asked a question—
at this conference, the committee meeting in Chicago, when we were
closing that conference, I turned to Mr. Forgan and Mr. Reynolds,
when they were preparing the conference report to take it into the
larger conference, and said, "Does this report stop me from taking
part or getting my friends to take part on the floor of this conference?" They said it did. I said, "That does not seem fair." I told
them that that did not seem fair, that I did not understand the workings fully of such a conference, and they said that they desired to make
a unanimous front; "It is necessary that we do it." He said, "You
can bring in a minority report." I thought what that meant, and I
said, "I have not the time or the ability to go into that conference
and make a minority report if I wished to." They said, "You had
better keep quiet, then, and we will make a unanimous report, and if
you have anything to say, you can say it some place else." I presume
he meant such a place as this—

The committee room—

The committee room-

although I never thought I would have such an opportunity.

We went into that conference; that report was made. This gentleman here from Arkansas—

Referring to Mr. Rogers-

expressed my feeling when Mr. Hepburn, with the gavel in his hand, said, "There is no further objection to this section? It stands approved. Section No. 2." This gentleman got up, after they had reached the third or fourth section in the proceedings—he stood up, but I do not think they paid any attention to him, and he says, "God, this steam roller is working fine." approved.

1 wish now to read a statement made before the Banking and Currency Committee by Mr. George W. Rogers, cashier of the Bank of Commerce, of Little Rock. My friend the senior Senator from Arkansas put into the Record a day or two ago a

telegram from Mr. Rogers, from which I gather that Mr. Rogers is not entirely pleased with all the provisions of the pending bill. He wants some amendments made to it. Maybe he is right. Maybe he is wrong. The only thing I have in mind is that he is the same Rogers from whom I am about to quote, and he is not enamored of all the provisions of the scheme or plan that is being formulated here; so, therefore, he is an impartial witness.

Here is what he says, among other things, speaking of this Chicago conference, which he attended as representing the bank-

ers of Arkansas.

That committee was stacked; that was the coldest deal I ever went against in my life.

Then there is "Laughter" here. He even moved the sedate and, in some respect, unsympathetic Banking and Currency Committee to mirth.

We were invited there simply and solely to set the stage, to have a crowd, to carry a spear and sing a song and dance around, so that the stage would be full while the bigwigs could have the spot lights played on them. The plot laid out was that they should make their speeches, that the talks would be made, that the chairman appoint a committee on resolutions, and then they took us out and fed us, and the committee were to bring in their resolutions in the afternoon, have them adopted, and they would give us a banquet at night and send us all home drunk and happy. [Laughter.]

And I talked to them like my friend says his Democratic friends did. I put on a front, and I never did let them know how weak we were. I told them if they did not give us a reasonable opportunity to be heard we would go and have a convention of our own; that if they wanted to throw down the gauntiet for a fight between the 300 large reserve city banks and the 26,700 country banks we were there. I told them also that some of them were accused of being great men and great financiers, but that for five hours they could employ a lawyer to plead not guilty for them. [Laughter.]

So much for that as disclosing the value that should be attached to those Boston and Chicago assemblages.

enough to be said on that subject.

Now, Mr. President, with some trepidation I venture to personalize another of these Napoleons of finance. I refer to the Hon. Frank A. Vanderlip. He, too, is a graduate from the Treasury Department, having been an Assistant Secretary. For some reason the New York City Bank, which is the Rockefeller bank, seemed to feel under such profound obligation to this honorable and distinguished public servant that it transferred him, possibly to the public good, certainly to his financial advantage, from his official position in the Treasury to the presidency of the bank I have named. He has since blossomed into a great financier. He seems to lay the flattering unction to his soul that he knows as much or more than any other man about what is good for the banks of the country and the people of the country. Like a noted character in fiction he is "devilish sly," so he thinks. He came to Washington to tell the Banking and Currency Committee what kind of a bill that committee should write. Of course, what he wanted was a central bank à la Aldrich, or something else as near to it as the circumstances of the environment would make possible. He laid one, two, possibly three plans before the committee, and certain newspapers, in fact a number of newpapers, made a great ado about it. They exploited Vanderlip as a new Daniel come to judgment. He was accompanied to Washington by Mr. Henry P. Davison, one of the leading men of the J. Pierpont Morgan syndicate, and, I think, by one other of these marvelous financiers of the same type. After these gentlemen had expounded their patriotic views to the committee, delivered wholly in the public interest, I am told they sought an interview with the President, assuring him of their intense and most affectionate desire to cooperate with him and the Congress in formulating a measure wholly for the general good. I am told that the President rather curtly informed these gentlemen that he did not care for any conference with them. Of course, this must have jarred these financial Goliaths to the tips of their toes. It was something wholly new to them, and therefore wholly unexpected. It had been the habit of former Presidents not only to receive them with deference but to summon them for confidential and intimate council; but here they fronted a President who was a sure-enough President of the people, and who did not intend, so far as he was concerned, that this important legislation should be constructed by men devoted to what is ordinarily and correctly described as "the interests of Wall Aside from shattering their ambitious hope of wield-Street." ing a guiding hand in the framing of this legislation, they naturally felt a deep resentment that men of their toploftical import should be treated so cavallerly. It is easy to understand how they felt, and easy to understand how anxious they are to get

these Treasury graduates. I refer to the Hon. Milton E. Ailes. He served in various confidential positions in the Treasury. Under some benign influence he was promoted with exceptional rapidity, finally being exalted to the responsible station of Assistant Secretary of the Treasury. In this position he served several years, resigning to accept a lucrative position in the Riggs National Bank in Washington. The Riggs Bank is perhaps the leading financial institution of Washington, and it is a matter of current knowledge that it is allied with big New York concerns, such as those to which I have made reference, and that those concerns in a large measure operate in Washington through this local institution. Mr. Ailes is now said to be the Washington representative of the Wall Street bankers. He is in close touch with Vanderlip and men of that ilk. derlip, Ailes, et id genus omne, stirred by sinister motives and thirsting to satisfy their resentment, have been striving to discredit the administration of the Treasury and the President. According to the World article, which I have had read, the Secretary of the Treasury, justly indignant at the malicious attacks made upon him, has sharply called Mr. Glover, president of the Riggs Bank, and Mr. Ailes to account. The World

Mr. Alles was called to the Treasury Department, and the interview satisfied Mr. McAdoo that the representative of the National City Bank had furnished some of the charges. Mr. McAdoo then told Alles that he was extremely weary of the campaign which the National City has been connected with and that he was determined to put a stop to it.

Mr. President, I have said enough on this head and will not pursue it further, although like evidences might be multiplied to show that there is a scheme, a covert scheme, sinister and selfish, to defent a wise measure of legislation the country needs and demands.

Mr. President, I pause for a moment to call the attention of the Committee on Banking and Currency to a matter that I conceive to be of great importance. When the Democratic conference was considering this bill it was determined, as I understood at the time, that no Secretary of the Treasury, Assistant Secretary of the Treasury, or Comptroller should, within two years following his separation from the Treasury Department, accept or be permitted to accept, a position in a national bank. We'might not be able by legislation to say what a Secretary of the Treasury or a comptroller might do, or what position he might accept, but in the public interest I hold that the Congress can enact a law making it an offense for a national bank or a member bank under this system to employ one of these men.

My friend the chairman of the Banking and Currency Committee has reported an amendment which it is his purpose to offer to the effect that no member of the Federal reserve board, which, of course, includes the Secretary of the Treasury, shall be eligible to appointment to a position in a national bank or a member bank under this system. I do not think that the amendment covers fully the action of the conference.

Mr. OWEN. Mr. President-

The PRESIDING OFFICER (Mr. Hollis in the chair). Does the Senator from Misseuri yield to the Senator from Oklahoma?

Mr. STONE. Surely.

Mr. OWEN. I will advise the Senator that the Senator who made the proposal in the first case drew the amendment as it stands here. I think the Senator from Missouri is right—that it was intended to be broader—and as far as the chairman is

concerned he will favor making it broader.

Mr. STONE. I am glad to hear the chairman say that. In fact, he had stated it to me in a conversation I had with him on the subject two or three days ago. I believe that the amendment should be broadened, and I hope the honorable committee will consent to broaden it so that no Secretary of the Treasury, Assistant Secretary of the Treasury, or Comptroller of the Currency shall be employed in one of these banks for a fixed period following his severance with the Treasury Department, and in that way I would hope to minimize, if not to prevent, the evil of which I am complaining. Having a Secretary of the Treasury, an Assistant Secretary of the Treasury, or a Comptroller of the Currency, to whom have been committed the responsible duty and the high trust of guarding the public interest in that in many respects greatest of all our departments, resigning his office to take lucrative employment in the great banks of New York, Chicago, and other cities is to my mind a scandal that ought not to be permitted. I hope that this amendment will be broadened in the way I have indicated.

Mr. President, I come now to ask this question: Why should the banks of the country longer stand in dread of the mailed hand in New York or in any other great central reserve city? Has not the time come for a declaration of bank independence? Why can not the banks agree to mobilize their reserves at convenient points throughout the country where they can be util-

ized under a wise, safe, well-regulated banking system? Whenever the people need money, not only to move crops, but for any legitimate business enterprise, and whenever ample security can be offered, why should there be a halt? After all, aside from our gold, which has universal value, the credit and business of the country must rest upon the wealth of the It takes many hundreds of millions of dollars in excess of our visible and available gold to do the business of the country. Why can not the unquestioned solvent commercial assets of the country, within guarded limits and regulations, be utilized to supply the currency that men need to carry on their enterprises? It is done in other countries; why not in this land of ours? For years it has been almost universally agreed that our existing banking system is inadequate, and by most people it is believed to be extremely bad, if not vicious. For years past there has been a constant striving for a radical reform in this direction. As to the method of procedure and the nature of the reform, there have been sharp conflicts of opinion. I am not going to weary the Senate by going into a discussion of these differences at this time. Senators are necessarily more or less familiar with this subject, or ought to be. Moreover, this field has been so fully covered in all its phases by hearings, reports, and speeches in both Houses of Congress that there is no reasonable occasion for any further exploitation of the subject in this behalf, for no man could do more than step into tracks ahead of him or repeat with his own embellishments the arguments already made. We have a bill before us, which has passed the House of Representatives. This bill has been carefully considered by the Senate Committee on Banking and Currency. And right here, perhaps, as well as any other time, I wish to say that I think that many, perhaps most, of the criticisms made here and there of the members of the Banking and Currency Committee have been premature and ill-advised. I confess that I myself felt some impatience that the committee did not sooner take definite action on the bill in hand, but I have not doubted the sincerity or patriotism of the members of that committee, nor doubted the loyalty of the Democrats on the committee to the Democratic Party responsible for this important legislation. My own colleague, a distinguished member of that committee, has been made the subject now and then of criticism.

Mr. President, I wish to say that I have known Senator REED for 25 years. A braver, truer, or more knightly gentleman ever lived. He is utterly incapable of being unfaithful to any trust or indifferent to any duty. He is a man who thinks for himself, and whenever the burden of a great responsibility is upon him he has the courage, no matter what the environment or pressure, to devote his best thought to the serious work of trying to find out just what he should do, and then he has the courage to do it without regard to personal consequences. duty calls him he responds, and in the discharge of his duty as he sees it he goes resolutely forward without asking favor and without fear. He has performed his duty as he saw it, and in many respects confessedly rendered most valuable service. He unsuccessfully advocated some provisions which he thought should be incorporated in the bill, and advised against some provisions that have been embodied in the measure; that sort of thing was inevitable, but he was instrumental in adding various important and salutary amendments. All he could do was to express his own best thought, and to do that was his bounden duty; but in the end Senator REED came, as all of us having the immediate responsibility of this great work had to come, to an agreement with his colleagues, at least in the main, and that meant some concession, some yielding here and there. That is the course my colleague has pursued, and the tremendous strain of work he has undergone and his honest desire to do the right thing, and his unquestioned fidelity to the public interest should make those who have criticized him not only revise their judgments but do justice to a faithful public servant. Nor is that all I wish to say on this line. I can not but believe that all of the members of the committee have been influenced by high and honorable considerations of public duty. Whatever criticism I have felt in my heart, I withdraw. I wish now to pass all that by and forget it. We have two bills before us—one the bill reported by the Democrats of the Banking and Currency Committee, and one reported by the Republicans of that committee. As I have said, I am not going to discuss the differences be-tween these two propositions. That has been done already so thoroughly that any speech made hereafter on that subject will not be for the enlightenment of the Senate, but for reasons peculiarly personal to the orator. I do not care to glean in a field from which every head of grain has been taken, or to delve into a mine from which practically every nugget of value has been extracted. All I have to say is this, that the two bills are substantially the same on all essential principles involved.

The differences relate almost wholly to matters of detail. For example, the Republican proposition favors the establishment of only four Federal reserve banks, while the Democratic proposition favors not less than 8 nor more than 12. The reasons for the one and for the other have been given to us and to the country. Both plans favor this general form of a banking system; both favor the establishment of regional banks.

The difference relates to the number of banks. The views of both sides of this question have been fully stated by able advocates, and I do not feel that I could add anything worth while to the arguments already made. It is a matter of detail. Again, there has been a difference of opinion as to the number and personnel of the Federal reserve board. That is another detail which has been fully discussed. I do not see that I could add anything to that. And so on down the line we find that the differences relate chiefly to matters of detail rather than to fundamental or essential questions of organization. In all fundamental and essential points I believe the plan proposed, while not perfect-perfection could not be expected-is still sound and good. In substance it embodies whatever there is of virtue in a central bank—that is, in the concentration of power and control—while, at the same time, it avoids or minimizes the vices and dangers of such a bank. The plan will centralize all power necessary for supervision and control without the hazard of a nation-wide financial, industrial, and political despotism. We should not forget that conditions in the United States are not to be compared to conditions in European countries. What might be wise in England or France, countries of small area, with crowded populations and congested industries, might be wholly unsuited to a continental country like ours. It may be that there would be strength in centralization, but would there be equal opportunity, equal consideration to all sections, and at all times a due regard for the public safety and welfare? To my thinking the decentralization of our reserves, as proposed in this bill, will not weaken the banking system we are about to launch, but will make it more responsive and useful to the people without impairing

Mr. President, it is gratifying to note that Republicans as well as Democrats approve the general plan and policy of this legislation. I have listened to the speeches made here by the Senator from Massachusetts [Mr. Weeks], the Senator from Minnesota [Mr. Nelson], and other Republican members of the committee, and, generally speaking, I have been delighted at the broadgauged and liberal spirit with which they have discussed this important subject. They have stated their views frankly; they have expressed a preference for the plan they proposed; but they have said that the plan proposed by the Democratic members of the committee, although differing from their plan in numerous details, is nevertheless a good, workable bill, infinitely superior to the existing banking system with which this country is cursed. All this should be most gratifying to every Senator and to the country, and moreover it ought to be an assurance that should give confidence to the

business men of the country.

Mr. President, I have said about all I wish to say. clude with this thought: We have the greatest country in the world. Our people are a busy people, a producing people. America is a great hive of industry. No mortal man can give a sound reason why the business of the country should not at any time and at all times go on in a normal way. Our vast fertile fields are here, as ever, ready to produce whatever our people need and more than our people need; our flocks and herds are here, browsing and growing; our mines are here, with mineral wealth incalculable, awaiting development and devotion to useful ends; our factories are here, and the artisan is ready to work and the country and the world ready to take and consume. Mr. President, any halting in the industries of this country, particularly at this time, must be artificial and the outcome of some preconcert of sinister influences. As I view the situation, the one thing the people need is to get money to carry on their business enterprises, supplemented by confi-If there be a lack of confidence, why should there be? dence. If there be a lack of confidence, will,
I have already said that a comparatively few great bankers

and a contract credits. Pass the word down the line and alarm the banking world with the notion of some impending crisis, no matter how vague or improbable, and, even though business may be like a hound straining at the leash and eager for the chase, business is sure to halt, if credit halts. Let the bankers begin to talk pessimism and to surcharge the air with doubts, and forthwith men who were ready to venture into business enterprises take their cue and stand

hesitant, waiting, Micawber-like, to see what may turn up.

Mr. President, let us pass this bill as speedily as possible, establish this new and, I believe, sound system of national

finance. Let the banks of the country enjoy greater opportunities and a wider liberty; let the chains that have shackled them be shaken off; let business men appreciate that at last they can go forward with greater security and confidence, feeling assured that as long as they are solvent and have prime commercial assets they will have nothing to fear. When the full light of this happy day shall come, the dawn of which is already breaking, the country will spring forward like a giant refreshed, and all the disasters of needless panics will remain with us only as a memory—a memory which will excite in the minds of the next generation surprise and wonder at the amazing stupidity of their progenitors.

Mr. SMOOT. Mr. President, I have listened with a great deal of interest to the remarks made by the Senator from Missouri [Mr. Stone], and I would not refer to them at this time if it were not for one impression which the Senator has endeavored to create in the minds of Senators and upon the country. I do not propose to speak of any of the political questions referred to by him, but to the one thing, it seems to me, the Senator had in his mind to impress upon the Senate and the country, and that is that any halting of enterprise to-day must be by some concerted movement, to alarm the banking interests of this country, and as a result the bankers of the country are curtailing credit.

We have heard that charge made during the discussion of We have heard that charge made during the discussion of this bill a number of times. I have examined all the bank reports that I could find, the quarterly reports called for by the Secretary of the Treasury, to see if there was a curtailing of credits, as compared with one year ago, based upon the amount of deposits; and, Mr. President, I can not find that such has been the case. I call the attention of the Senate now to the statement of the National City Bank, of New York, which seems to be the chief offender, in the opinion of the Senator from Missouri, to see what the loans of that bank were on the 6th of December, 1912, as compared with the loans on November 25, 1913. From this statement I expect that every Senator will admit that instead of curtailing credits, particularly to merchants and manufacturers of this country, that institution has extended them, and they amount to millions and millions of dollars more than they did a year

The amount of loans to merchants and manufacturers and secured by collateral on December 6, 1912, was \$39,140,549.18. On November 25, 1913, that had increased to \$59,240,371.02, an increase of over \$20,000,000 to merchants and manufacturers by

this one institution alone.

The amount of loans to depositors and others not members of the stock exchange on collateral December 6, 1912, was \$44,-156,658.50. On the 25th of November, 1913, it was \$41,166,743.

The amount of demand loans to members of the stock exchange on stock-exchange collateral was \$27,681,320.01 on December 6, 1912. On November 25, 1913, it was \$28,591,000.

The amount of time loans to members of the stock exchange on stock-exchange collateral December 6, 1912, \$1,475,000. On November 25, 1913, it was only \$735,000.

The amount of loans and rediscounts to inferior banks and trust companies on collateral—that, of course, would be mostly bills payable—on December 6, 1912, was \$7,869,000. On November 25, 1913, \$14,180,106.25.

amount of loans on merchandise on December 6, 1912,

\$798,866. On November 25 of this year it was \$965,777.95.

The total net deposits in the National City Bank of New York on the 6th day of December, 1912, was \$150,789,555. The total deposits on November 25, 1913, was \$175,843,367.

So that as far as the percentage of deposits is concerned they are loaned to a greater extent now than they were on the 6th day of December, 1912, nearly \$30,000,000 more loaned to the business interests of this country than a year ago by this one

I do not believe it is going to do the Democratic Party any good, I do not believe it is going to do the business of the country any good for Senators to try to make it appear that the banks of this country are restricting credits for the purpose of crippling business when in reality they are extending them; nor do I believe it is going to help to bring about confidence in this country. As all Senators know, without confidence in the business world there is bound to come stagnation of business, and I hope and trust that speeches made in the Senate or elsewhere intended to make the people of this country lose confidence in the business integrity of its business men will cease.

If Senators want a panic, speeches made with the intention of impressing upon the people the idea that those who are controlling the banks of this country are restricting credits for that purpose is a splendid way to bring it about. I wish to say that it is an easy thing to bring it about. As far as I am concerned,

however, I would rather see the Democratic Party continue in power for years to come than to see a panic brought about in

this country with its wreckage and suffering.

Of course we do not expect all men to agree upon the details of a bill. We all admit that our present banking system is not a perfect one. I want to say, however, that it is not a rotten one, as stated by the Senator from Missouri. If we had an elastic emergency currency I believe we would have as good a system as there is in all the world.

Senators have referred to the fact that no bank in this country has availed itself of the emergency currency provided by the Vreeland-Aldrich bill of 1908. The bill was never passed for the purpose of having bankers avail themselves of that currency unless as a last recourse in times of stress, and such a condition has not occurred. It was an emergency measure pure and simple, and the penalties attached to the use of the currency in that bill are so severe that no banker in this country could afford to use it in ordinary times, and if they did every other banker in this country as well as the business men of the United States would conclude his business was in distress.

I believe in the creation of a great central bank—the Bank of America, with a capital greater than that of any other bank in all the world. I should like to have seen it located away from a political center. Divorced from any political control or influence, if possible. I should like to have seen a central bank of \$100,000,000 capital. I should like to have seen the stock of that bank owned by the American people and controlled by the Government, with capital, deposits, and reserves sufficient to assist in case of need any section of this country at any time of the year to any amount needed, whether for the moving of cotton or grain, or increasing and enlarging of business enterprises. If we had a central bank of this kind, there would be no question that our currency system would be solved for the next 100

I do not believe it will be finally solved by the passage of this bill. I believe that the great majority of the Senators in this body believe that the best currency system would be a great central bank. It is unfortunate indeed that the Democratic platform declared against it. I believe if it had not so declared we could have agreed upon a great central bank; and what a blessing it would have been to this country, to the business man, and to every man, woman, and child in the countryfor I want to say to you that any bill that may be passed cre-

ating a currency system of this country affects every soul in it.

Mr. President, I do not at this time desire to extend my remarks upon the currency bill, but, if necessary, at some future time I may make some extended remarks. I am not going to do so to delay the passage of the bill. I know it is almost needless for me to go over the ground that has been already covered by others. I know the bill is going to pass the way the Democratic caucus decide it shall pass. It seems to me it is almost cratic caucus decide it shall pass. It seems to me it is almost useless for me to take the time of the Senate in discussing the provisions of a galvanized caucus bill. I have made these few remarks for one purpose, and one only, and that was to impress upon the people of this country and upon the Senators that the oft-repeated charge that the banking interests of this country are curtailing credits can not be substantiated by the facts. The facts are what we ought to deal in, and nothing else.

Mr. STERLING. Mr. President, all the banks in the State

which I have the honor in part to represent belong to the class of banks known in the pending bill and in our legislation as country banks. These country banks have their views in regard to the feature of the bill relating to the time of maturity of the notes offered for discount at a Federal reserve bank. I think, perhaps, I should be derelict in my duty if, at some time during the course of this discussion, I did not give expression here to the views of the banks of my State,

I refer for that expression as it is found in certain letters written to me.

After the passage of the House bill I wrote to many bankers in South Dakota, sending them copies of the bill and inviting an expression of opinion from them in regard to its various features. While for the most part they have written at length, giving expression to their opinions on different phases of the bill, I desire simply to call attention to one feature, namely, that relating to the time of maturity of the notes offered for discount.

In one letter there is this statement:

Another feature I do not believe would work out satisfactorily to banks in our locality is limiting the rate of interest which they are allowed on the stock invested in by them to 5 per cent, limiting the time on which discount paper can be drawn to so short a time, as little paper is drawn out here for less than six months, and limiting the time of a farm loan to nine months, which feature is practically of no value to South Dakota.

From the president of the First National Bank, of Canton, S. Dak., I read as follows:

As to (b) on page 18, I am not clear, but every Federal reserve bank should have the right to rediscount paper for any of the banks or members of their respective zone, and instead of 45-day paper they should have the privilege of rediscount, running six months or even one year, as it would not be of any direct benefit to the banks in the agricultural districts, where papers as a rule have to be taken for that length of time. I feel that this provision has been injected by big business, who desire that their country correspondents come to them when in need, as is now customary.

Of course we admit that in conference and in committee the bill has been improved, and that such paper now may run for a period of 90 days instead of 45 days. Still, the improvement is not yet sufficient to meet the needs of the people and the bankers of South Dakota.

From the Wessington Springs State Bank I have a letter from which I read as follows:

In the first place it will reduce the loaning power of the money of the United States at least 20 per cent. Further, it only allows redis-counts or loans to run 60 days, when in this part of the country we want them for 6 months and a year would be better. Real estate loans can only be made for 9 months, when the average loan is made for 5

From the First National Bank of Millbank, S. Dak., I have a letter from which I read as follows:

The borrowing of money only on commercial paper running for 45 days' time would be of absolutely no benefit to us, as practically all our loans are farmer's notes, due either on demand or in the fall of the year.

From a letter received from the First National Bank, at Wessington Springs, S. Dak., I read the following.

After discussing other propositions involved in the bill, the

writer says:

Seventh, qualification of the notes which a stockholder bank may use with a reserve bank should be enlarged to include such notes as we take in agricultural sections. The notes most used by us are those secured by live stock, consisting of cattle, horses, sheep, and hogs. These notes, which are given in the spring, do not mature until fall, which makes a maturity of some six to eight months, and notes taken in October and November generally run until about March or April.

From the Bank of Wakonda I have a letter, from which I read the following:

The provisions in the bill for allowing State banks to come under its provisions will be of no value to the small country bank—

This will as well pertain to the national banks of South Dakota as to the State banks-

as its "bills receivable" are not and can not be of a nature that will admit of rediscount unless there should be a change in the bill as to the character of collateral to be offered.

The First National Bank of Madison, S. Dak., simply refers to real estate loans, the statement being that-

The real estate loan features offered would be of doubtful value to a member bank; as these loans are required for five years usually, they would be handled by State banks and trust companies who are permitted to carry this class of loans.

From Brown Bros.' State Bank & Trust Co., of Aberdeen, S. Dak., I have the following:

Agriculturists in this whole western region, as you know, and largely in the Southern States need from six months' to a year's credit when they borrow. They would have very little means of paying sooner, While we hope to become less and less a one-crop country, farm products generally mature in the fall. Therefore, the short time paper provision would not suit this region.

From the Merchants Bank of Bryant, S. Dak., I have a letter from which I read, as follows:

As I understand the provisions relating to rediscounts, the only class of paper that would be considered acceptable would be paper due in not to exceed 45 days, while most paper carried by the smaller banks is usually drawn for from six months to one year, which makes it appear that the larger banks would be the ones to profit by it, as their paper runs for shorter periods.

Mr. President, I think the Hitchcock bill is a great improvement over the Owen bill in this respect. This is the provision in the Hitchcock bill:

Notes and bills admitted to discount under the terms of this para-aph must have a maturity at the time of discount of not more than graph ... 180 days.

This time being allowed, there would scarcely be need of the renewal of the paper ordinarily taken in my State. It would run for a period for which personal loans are com-

monly made, or a period for which they could be readily made.

I think that the provision allowing 180-day paper to be discounted at the Federal reserve bank is sufficiently guarded by the further provision of this same section, for it is provided—

That not more than 50 per cent of the paper discounted for any member bank shall have a maturity exceeding 90 days, and in no case shall any member bank have more than \$200,000 of rediscounts having a maturity longer than 90 days.

The adoption of this provision giving the opportunity to discount paper running for 180 days would accommodate the people of my region and of my State, and our situation is similar

to that of many others.

A word or two further, Mr. President, in regard to the section we were considering last evening, section 2, of the bill. That section proposes to create four Federal reserve districts. In creating these Federal reserve districts we are striking out into a new and great field, and we may say, too, that it is a new and an untried field. We ignore in either of these bills the lessons of history. We ignore precedent. We ignore, in establishing four or eight Federal reserve districts, the example of France, of Germany, of England, and of all the civilized nations

I grant you, Mr. President, that there is a sentiment against a central reserve association or bank, and that, too, although it be Government owned and controlled. Whether that sentiment is just or unjust, it is not for me to say; whether it is a passing and a temporary sentiment or whether it is a fixed and abiding sentiment, I need not say; but I think we must acknowledge that the sentiment exists whether it be permanent or not and

whatever its source or its origin.

Now, what do we propose to do in either of these bills? We are to decentralize, if I may use that term. The process proposed by the bill is one of decentralization. We have no lamp of experience to guide our steps in this particular way. What would reason, then, seem to indicate? That we simply try the plan of decentralization first, with four reserve districts, with four Federal reserve banks. With this limited number we will recognize and apply the principle. If we err in establishing more than one central reserve bank but not exceeding four, as provided in the Hitchcock amendment, we make a mistake on the side of prudence and of caution. It would be a mistake easily cured and corrected hereafter; whereas if we err by way of excess and in the establishment of a greater number of districts, as provided in the Owen bill, the defect will not be so easily cured. If 4 are too few, we can easily expand; if 8 or 12 are too many, much disturbance and financial loss or wreck may result before there can be a readjustment. It would seem to me that since here we can so well apply and test this principle of centralization with only four banks, reason and common sense would dictate that we limit the experiment in the first instance to that number.

Mr. President, one or two things further in regard to this measure. Objection has been made to the appointment of five of the directors of the Federal reserve bank by the Federal reserve board, the contention being made on the other side that since the Federal reserve board is a bank for banks, therefore they should have a majority of the Federal reserve board. Along the same line and grounded on the same reason exactly is the objection to the stock subscription by the public in the Fed-

eral reserve bank.

Mr. President, is there anything really in the iteration and reiteration that it is a bank for banks, and therefore the bankers must have a majority of directors and the member banks must be the first to subscribe for the stock? I think not. We should endeavor to popularize this experiment; we should gain the confidence of the people in it. I can not help but think that every institution in this country, financial or otherwise, must have as its basis the confidence and esteem of the people. How sooner shall we get it for this new system than to have them feel that they have an interest in an institution so closely associated with the trade and finances of the country? Their loyalty and their support will be inspired by their self-interest in it.

Again, Mr. President, why should the bankers wish to control the Federal reserve board? The limitations upon the Federal reserve board, the limitations upon the Federal reserve board, upon their powers, upon their functions, upon their rights, are of such a nature that there is no need for the control of the directorate of the Federal reserve board by the banks. These rights, functions, and powers are all described and defined. The object in creating these banks is not primarily that they may make money, but to afford facilities for the member banks in the rediscounting of their commercial paper. There is little to invite individual enterprise or individual initiative on the part of the Federal reserve board di-rectors, and hence there is not, as in the ordinary banking business carried on for profit, need for individual or special control upon the part of the banks.

Mr. WEEKS. Mr. President—
The VICE PRESIDENT. Does the Senator from South Dakota yield to the Senator from Massachusetts?

Mr. STERLING. I yield.
Mr. WEEKS. The Senator from South Dakota has stated very clearly a difference which, I think, has not been referred to during this debate relating to the possibility of increasing or decreasing the number of reserve banks. It has been con-

tended that if we establish 8 or 10 or 12, and it is found that they are not necessary, then the number can be reduced. The Senator from South Dakota has stated—and, I think, very cor-rectly—that if we establish four and it is found that more would add to the efficiency of the system, it will be much easier to increase the number than to decrease the number which were established in the first place.

In justification of the statement which the Senator has made, I wish to call his attention to almost the impossibility of abolishing any Government institution or organization which has been established. For instance, there are in the Western country posts which were useful and necessary at one time. Now, the time comes when they are not necessary. Yet local sentiment and other interests are such that it is almost impossible to abandon those posts. The same thing applies to navy yards and other governmental institutions. So if experience is to be our guide, there is every reason why we should establish the smaller number, increasing later when experience demonstrates that more banks are necessary, rather than establish the larger number, hoping to reduce the number when experience demonstrates that we have too many.

Mr. STERLING. I thank the Senator from Massachusetts, and I appreciate the illustrations he gives, because it comes home to me, we having had some practical experience in regard

to these matters in our State.

Mr. President, it seems to me here is a great opportunity for Congress to test the principle of decentralization and to do it safely and wisely by the establishment, in the first instance, of only four Federal reserve districts, provided for in the Hitchcock amendment, and through public subscription to the

stock to make popular this great experiment.

There is just one further consideration, and I am reminded of it by remembering the statement made by the Senator from Nebraska [Mr. HITCHCOCK] last night. If we have but four regional banks the rate of discount will be more uniform, taking the country over and as a whole, than it would be if we had the greater number of banks with the power on the part of the Federal reserve board to make a different rate for the several districts.

Mr. CUMMINS obtained the floor.

Mr. NELSON. Will the Senator yield to me? Mr. CUMMINS. I yield to the Senator from Minnesota. Mr. NELSON. As I look around the Chamber I find 8 Senators on the other side and about 9 or 10 on this side. I therefore suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll, The Secretary called the roll, and the following Senators an-

swered to their names:

Smith, Ga. Smith, Md. Smith, Mich. Smith, S. C. Smoot Sterling Stone Hollis Hughes James Johnson Nelson Bacon Borah Brady Norris O'Gorman Oliver Bristow Overman Page Pittman Poindexter Bryan Burton Chilton Jones Kenyon Kenyon
Kern
La Follette
Lane
Lea
Lewis
McCumber
McLean
Martin, Va.
Martine, N. J.
Myers Swanson Thompson Thornton Clapp Clark, Wyo. Clarke, Ark. Poindexter Pomerene Reed Root Saulsbury Shafroth Sheppard Shively Simmons Townsend Vardaman Walsh Colt Cummins Dillingham Gallinger Warren Works Gore Hitchcock Simmons

The VICE PRESIDENT. Sixty-three Senators have answered to the roll call. There is a quorum present.

Mr. CUMMINS. Mr. President, before I begin the discussion of the question before the Senate, I beg to submit a parliamentary inquiry. It is quite possible that the question I am about to ask has already been answered in the rulings of the Chair, but I have not been present at all times, and therefore I wish to be certain with regard to it. I have an amendment which I desire to offer to what is known as the Owen substitute. My observations will relate directly to that amendment, although it concerns the same subject which has been debated and, in a general way, the same question that arises upon the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK] to the bill as it passed the other House. Is the amendment in order at the present time?
The VICE PRESIDENT. The Chair has ruled that amend-

ments could be submitted, but that amendments to the original bill take precedence in the way of voting thereon. Amendments may be offered to either the original bill or to the amendment to strike out and insert at any time it is desired to do so.

Mr. CUMMINS. I do not at all question the propriety of the ruling just made by the Chair, and I should defer what I have to say with regard to the matter until the amendment which I shall propose is in order were it not that we apparently are

about to determine whether the new banks that are to be created shall be owned by the banks and controlled by the banks instead of being owned by the people and controlled by the Government. I ask unanimous consent, simply as a matter of information, that the amendment which I shall propose when it is in order may be read at the desk.

The VICE PRESIDENT. The Secretary will read the amendment intended to be proposed by the Senator from Iowa.

The Secretary. It is proposed to amend House bill 7837 as follows:

On page 5, in line 16, strike out the words "shall be required."
On page 8, in line 2, insert, immediately after the word "for," the
word "stock-holding."

On page 16, in line 5, strike out the word "three" and insert the word "two."
On page 16, in line 7, strike out the word "three" and insert the word "two."

On page 16, in line 12, strike out the word "three" and insert the word "five."

word "fre."

On page 16, in line 20, insert, immediately before the word "member." the word "stock-holding."

On page 16, in line 23, immediately before the word "member," insert the word "stock-holding."

On page 17, in line 5, immediately before the word "member," insert the word "stock-holding."

On page 22, in line 20, immediately before the word "member," insert the word "stock-holding."

On page 23, in line 20, immediately before the word "member," insert the word "stock-holding."

On page 23, in line 20, immediately before the word "member," insert the word "stock-holding."

On page 21 add, at the end of line 7, the following: "If there are no stock-holding member banks, or in the event of their failure to select directors as aforesaid, the Federal reserve board shall appoint the directors whose selections by stock-holding member banks is herein provided for."

On page 22, in line 18, immediately after the word "members." insert

vided for."

On page 22, in line 18, immediately after the word "members," insert the following: "but said capital stock shall not at any time exceed an amount equal to 6 per cent of the capital and surplus of the national banks and the stock-holding banks of the district wherein the Federal reserve bank is situated."

Mr. CUMMINS. Mr. President, I have preferred to offer the amendment, or will prefer to propose it at the proper time, to the bill presented by the Senator from Oklahoma [Mr. Owen], because I know, and every other Senator knows, that it is this bill in general form which will finally be adopted by the Senate; and it seems to me wise, therefore, to suggest as few changes as possible, the changes being sufficient to accomplish the purpose and to meet the issue, which is really between the bill proposed by the Senator from Nebraska [Mr. Hitchcock] and the bill brought forward by the Senator from Oklahoma [Mr. OWEN 1.

The changes thus proposed in the bill offered as a substitute by the Senator from Oklahoma constitute a single amendment and, if they are made, they will have the following effect:

First, the subscription of national banks to the capital stock of the Federal reserve banks is made voluntary and op-tional, instead of being compulsory and mandatory, as the bill now before us provides, and the stock not taken by the banks would be open for subscription by the public generally.

Second, the member banks would appoint four directors of each Federal reserve bank instead of six, as the bill now provides, and the Federal reserve board would appoint five directors of each reserve bank instead of three, as the bill now provides.

Or, to state the effect of the proposed changes in another form, they would convert the capital stock of the Federal reserve banks from a coerced capital into a voluntary capital with the national banks holding the first chance to contribute, but with the hope that the people at large would furnish the greater part and transform these new banks from instrumentalities of the banking institutions of the country into instrumentalities of the Government. They would substitute public control for private control.

Mr. President, I would not be entirely candid if I were not to say at this point that I am far from being satisfied with either of the bills now before the Senate. I prefer the bill as reported by the Senator from Oklahoma when compared with the House bill; I prefer the bill as reported by the Senator from Nebraska when compared with the bill reported by the Senator from Oklahoma; but, as I shall possibly suggest before I have finished, it seems to me that there is a vastly easier and simpler way to accomplish the purpose which we all have in view, to meet and overcome the acknowledged defects of our present system, than is found in either one of the several proposals which have taken the form, first, of the House bill; second, of the Owen substitute; and third, of the Hitchcock substitute.

Mr. President, the merits of the two proposals respecting the control of the new banking function that we are endeavoring to establish has been discussed at great length, and I shall be brief respecting this phase of the subject. I shall do little more than to record in the most emphatic terms that I am capable of using that to continue with the bankers the power of determin-

ing how and where bank reserves shall be invested is to acknowledge substantially that the ordinary selfish interests of business should be the potent influence instead of an unselfish, disinterested regard for the public welfare. The moment we decided, as we have decided, that the use of the reserves ought to be lifted above the stress and storm of conflicting financial and commercial demands, it ought to follow that their distribution and use should be given to a body of men who have no end to serve except the general good. In order to obtain a clear view of this matter, let us return to a simple statement of the complaint against the system that we already have.

It is said that the existing banking and currency system is, in its practical operation, defective in three chief respects:

First. That the volume of the currency used as money is incapable of that seasonal expansion and contraction so highly desirable in the ordinary transaction of business.

Second. That in times of fear or panic, when neither banks nor men are conducting themselves in a normal way, there ought to be a method of enlarging the volume of the currency through the conversion of certain private notes and bills held by the banks into additional money, or into paper that will be taken and used by the people as money

Third. That the reserves which banks are required to maintain as a margin of safety, in order that they may always be in condition to satisfy their depositors, and which are now held either in their own possession or by corresponding banks in the reserve or central reserve cities, do not perform their proper function in this, that the money constituting these reserves is not always at command of those parts of the country where it is most needed.

I do not concur with those critics who unsparingly denounce our banking and currency system. The history of our industrial, commercial, and financial development during the last half century is a complete answer to the assertion that it is fundamentally wrong. It has been a vital and effective instrumentality in the most marvelous growth the world has ever seen, and it is more than folly—it is unpatriotic—to condemn it in the terms so often used by those who are seeking to overthrow it.

On the other hand, like all other human institutions, it is unquestionably capable of improvement. I am upon this, as upon every subject with which the Government must deal, a progressive, and there is no doubt that our experience has demonstrated that there are certain demands now made by the industry and commerce of the country that are not fully and adequately met by existing law.

I believe that in the three particulars I have already mentioned our system can be made more efficient, and, moreover, I am inclined to the opinion that there is at least one other thing which the Government ought to do which has not received the attention of either section of the Committee on Banking and Currency, and which is quite as important as any of the reforms sought to be accomplished in the bills before us. I shall, however, bring forward that suggestion at a later period in the

I omit for the present all reference to the complaint in so far as the desirability of adding from time to time to the volume of our currency is concerned and confine myself to the apparently universal insistence that the bankers do not handle the money we have to the best advantage. I pause here to say that I must not be understood as disparaging the honesty or patriotism of the bankers. They do business just as everybody does business, are led by the same motives as the farmer or the manufacturer, and are governed by the same self-interest that controls every man engaged in trade or commerce.

We have discovered, so it is said—and it is reasonably well established—that in the warfare which grows out of the disposition of reserves when bankers have the sole use of them the people sometimes suffer. We are now trying to create a new power to control the use of these reserves, and we are told by our Democratic friends that, although the bankers are unable to use the power they have wisely, they shall be given still more power, in the hope that they will conduct a monopoly with better results to the people than they have exercised the limited authority which they have hitherto abused.

To me this proposal seems so wholly indefensible that they will be driven from it the moment the great body of American citizens fairly appreciate what it is. If we want the banking reserves and such other money as may be drawn into the new banks used for the general welfare, regardless of any private or special interest, there is but one power to invoke; that is the power of the Government, which represents, or ought to represent, nothing but the public weal. I grant you that the Government may not always serve the people well, but whether it serves them well or ill, it is the only organization that has been created or can be created to execute a trust in which every man, woman, and child of the Republic is a beneficiary

For instance, I believe that if the law regarding national banks were amended so as to prohibit any national bank from paying any interest whatever upon any demand deposit, the great objection to the use of the reserves would disappear. I think they would then perform the function for which they were intended much more effectually than they now perform it. If there were added to that amendment of our banking law a prohibition against loaning any money upon what are ordinarily known as speculative gambling transactions upon boards of trade, upon stock exchanges, produce exchanges, and the like, we then would have a great system of reserves accessible to the legitimate, safe banking investments that are offered in a country like ours.

Furthermore, I recognize that what I have just suggested would not wholly meet the one defect of inelasticity of currency, although I never have been persuaded that we have less money in this country than we really need in the transaction of our business. If the whole volume of our circulating medium could be persistently at work, we have enough gold and silver and token money to transact the business of the country. It is only because through selfishness, through greed, through misapplication, through fear, a certain part of our money falls at times to circulate properly that the country suffers a at times to circulate properly that the country suffers a scarcity in our monetary medium. Once that fear were re-moved, and once that cupidity and greed were regulated and prevented from having its full operation, our currency would expand and contract within its present limits so as fairly to meet all our commercial necessities.

However, I yield my opinion upon that point to those who have studied the subject more profoundly, and I am willing to accept what seems to be the general opinion in this Chamber-that there are times, or will be times, when we need more money, or currency that passes as money, than we now have. When those times come, it ought to be in the power of some department of the Government of the United States-I care not whether you call it a central bank or not; I call it a central bank, but it might just as well be called a department of the Treasury of the United States-to loan additional United States notes to the institutions and communities whose necessities seem to demand the exercise of this extraordinary power. ought to be able to loan these additional notes upon adequate security, with adequate reserves, for a definite time, at which payment would be expected from the banks which obtained the additional currency from their Government. In that way there could be no permanent expansion of the currency. Whenever the notes of the banks were paid, the currency they represented would be retired and the volume of our paper money would resume its normal proportions.

Moreover, I would have the Government of the United States guarantee payment in some form to every depositor in the national banks of the United States. I believe this public, unquestioned assurance from the Government of the States to the depositors in these banks would do more than anything else that could be done to prevent an abnormal, unusual, extraordinary demand upon the resources of the banks. At the end of each year I would levy a tax upon the national banks to reimburse the Government for the sums paid out during the year. In other words, I would create a compulsory insurance department in the Treasury of the United States, or in the Bank of the United States, or in whatever part of our great machinery this work might be carried on.

In this way, as I look at it, we would hardly touch, and certainly we would not disturb, the intricate, delicate relations which have been established in the commercial intercourse of

the people of this country.

I recognize that what I have said is not only meager in its suggestion of a plan, but entirely abstract and academic as I have made these observations simply that there may be placed upon the records of the Senate my reluctance to reach the conclusion that this great system which is about to be imposed upon us is necessary for the welfare of the country.

Mr. HITCHCOCK. Mr. President-

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. CUMMINS. I do. Mr. HITCHCOCK. It happens that at the present time there is a run in progress on a national bank in Omaha, one of the smaller national banks of the city, caused by the reckless statement of a drunken depositor. It is a run said to be without any justification upon a bank which has the reputation of being entirely solvent—a bank having something like \$3,000,000 of deposits and \$600,000 of capital and surplus. I am informed in a

telegram that the spectacle is presented of crowds of depositors withdrawing their money from that particular national bank, crossing the street, and going about a block up another street to deposit their money in a State bank—a smaller institution, with comparatively small resources, but which has back of it the Nebraska guaranty of deposits law.

It is rather a strange spectacle, so I am told in this telegram, to see this crowd in a national bank withdrawing their deposits and going up the street to this comparatively small State institution, where they are putting in the cash they have withdrawn from the national bank. Of course, I am not here to say that they are wise in doing so; but it shows the weakness of human nature, which ought to be taken into account, I think, in framing legislation.

I do not approve the plan suggested by the Senator from Iowa for taxing these banks in order to provide a guaranty fund for the depositors of those that fail. I say I do not approve it; I mean by that I do not advocate it, because it does not seem to be necessary. The pending legislation affords an opportunity to accomplish the same purpose without imposing any tax. It affords the opportunity because the reserve banks which we propose to create undoubtedly will be operated at a profit, if their number is reasonably limited, that probably will be sufficient to pay reasonable dividends and to leave a net profit over and above the dividends and the surplus. That excess fund can be fairly used, a part of it to be paid to the United States Government as compensation for the deposit of Government funds, the other part of it to create an insurance fund to pay to depositors of those member banks which, unfortunately, may fail through

mismanagement or dishonesty.

It seems to me the Senator from Iowa is entirely right in taking the position that it is the proper duty of Congress to give such definite assurance to the depositors in national banks, by all proper provisions of law, that bank runs will cease to be. This is desirable, not only for the depositors themselves, but it is desirable for the banks as well and for the business interests of all the communities which depend on the banks. If it can be done-and I believe it can be done-by a provision in this bill, without levying any tax upon carefully managed banks, simply by using an excess of the profits that are legitimately secured by the operation of these reserve banks, it seems to me that is a purpose which ought to commend itself to everyone.

Mr. CUMMINS. Mr. President, not many years ago I suppose there was no man in the United States who felt more disinclined than I to adopt the proposal, which was then somewhat new, that the Government, in some form or other, should insure the safety of the deposits in the banks created and organized under its laws. Like the Senator from Nebraska, I have changed my mind with respect to it. I was reminded when the attack was made upon the Senator from Nebraska last night, and when he was reproached with having shifted to some extent his position upon this very intricate subject, of a line of Emerson. I may not quote it correctly, but it has lingered in my memory in this form for a great many years. As I remember it, he said, "Consistency is the hobgoblin of small men and mean minds." There is no virtue in consistency; there is danger in frequent vacillation; but the whole history of our country is simply an exemplification of the change which the minds of men experience as new conditions confront them and as new light illuminates the subjects in which they are interested.

Therefore, I frankly say that I have reached a conclusion with regard to the guaranty of bank deposits different from the one I so firmly held a few years ago. I believe it is a legitimate field for insurance. I believe that we could confer no greater benefit upon the people of this country than by devising a plan which will make sure every man who trusts a bank operating under the laws of the Government, a bank in a large sense certified by the Government as entitled to confidence, will be protected. I believe that if we were to give in some effective form this assurance there would never be a run upon a national bank. The money withdrawn from any such institution for purposes of legitimate business follows a general rule, and it will never exceed the amount of money which the bank retains in its possession in order to meet these demand obliga-

It is only when a fear, either reasonable or unreasonable, and the character of the fear is not material, enters the minds of the depositors that there is danger that they will not be able to withdraw the money which they have deposited, that a bank is unable to respond to depositors who ask for their money.

I know that the plan I have suggested has one objection. recognize its force. There is a sense in which it is a premium upon the indifferent and the reckless and the incapable and a burden upon the prudent and the thrifty and the competent; but we are distributing the burdens of government in that fashion in every field of public activity. While I recognize the abstract injustice of requiring the sound bank to pay something on account of the bad management of the unsound bank, the advantages of the proposal far outweigh the disadvantages.

The objection that I have to the scheme proposed in the bill offered by the Senator from Nebraska and the scheme in the bill presented by the Senator from Oklahoma is that it lacks that clear, definite assurance necessary to accomplish the pur-Who knows whether the profits of a Federal reserve bank will be sufficient after paying dividends upon stock, after paying all the expenses of operating the institution, after putting aside another proportion for the creation of a surplus? Who knows whether there will be in the fund enough to satisfy the depositors of a failed bank?

Suppose we had the system started now. Would the depositors who are now crowding the streets of Omaha in the attempt to withdraw their money from a national bank upon which suspicion has fallen be satisfied with the reflection that we will have Federal reserve banks, and that they may at some time earn a sufficient profit to create a fund out of which they may be indemnified? I fear that the promise held out in these bills is too vague to do what I assume the authors of the bills intended to do.

Mr. HITCHCOCK. Will the Senator from Iowa yield to me? I yield to the Senator from Nebraska.

Mr. HITCHCOCK. It is true that the provision in these two bills is not as specific and certain and does not provide such an immediate fund as that which would be provided by a tax. am not taking a position against the plan to provide a tax, but the Senator from Iowa has stated that there is some objection in certain quarters to taxing the thrifty, well-managed, and successful banks for the others. It seemed to my mind to be an entering wedge-at least, to make a start-in the direction of protecting these depositors.

I call to the attention of the Senator the fact that in the bill which I had the honor to report on behalf of one-half of the committee there is far more reason to expect that an adequate fund will be at once provided. In the first place, there are only 4 reserve banks, instead of 8, 10, or 12, which makes it much more probable that they will be profitably operated. If you divide the business of the country up into 12 parts, with the overhead charges that go with the 12 parts, there is much less likelihood that they will be operated profitably than if you divide the

country into 4 parts.

Then, in the second place, the bill reported by the Senator from Oklahoma provides that the dividends to the stockholders be 6 per cent, whereas the bill which we have reported provides the dividends shall be 5 per cent. Thus there is a margin of one-fifth in favor of our bill in that particular.

I do not criticize the Senator from Oklahoma for providing 6 per cent, because he has been practically driven to do so when he compels the bankers to take the stock in the regional reserve banks; but I cite the fact that the difference between the 5 per cent which we provide for dividends and the 6 per cent which he provides for dividends is of itself almost a practical guaranty of an insurance fund sufficient to pay the depositors in

If the Senator will permit me, before I sit down I want to call his attention to the fact that we have in European experience some guide as to the profits. As I recall it, the Bank of England pays to its stockholders about 10 per cent upon their stock. I think the Bank of France may pay even a little more, and the Bank of Germany nearly as much. If those experiences are of any value, it would indicate that our four regional reserve banks in this country ought to be very certain of earning an equal amount.

I will not interrupt the Senator further.

Mr. CUMMINS. I hope the Senator from Nebraska will not understand me as criticizing the bill that he has brought forward. I think the provision of his bill is better than the corresponding provision of the bill brought forward by the Senator from Oklahoma, because it is more certain to create the funds to which depositors may resort.

I was only saying that if I could write a bill upon this subject for the people of the United States, although I hope the Senator will understand I do not believe that any one man ought to write any bill for the people of the United States, I would make the assurance of payment to the depositors more definite and

certain than it is in either of the bills

There is one further thought in this connection that I wish to present. If the Government became responsible for the default of a national bank to its depositors, the inspection and the examination made by the officers of the Government would be far more effective, far more thorough, than they are now.

The Government would not permit a bank to continue in busiwhen it was apparent, or when it was reasonably clear, that the depositors might suffer and the Government be called upon to make good the obligations of the bank to its depositors.

Mr. NELSON. Mr. President-

Mr. CUMMINS. I yield to the Senator from Minnesota. Mr. NELSON. I have for many years been in favor of protecting depositors, not so much out of sympathy for them as for the purpose of preventing bank runs and panics.

In 1908, following the panic of 1907, it became evident to me that if we had had some system of protecting depositors which could have reached those institutions in New York, where the panic broke out, we could have avoided that panic. We had in that instance an illustration of what is done when a run starts in institutions that are not regarded as first-class banks or firstclass moneyed institutions, such as the Heinze bank and some of the loan and trust companies that were not regarded by experts as being safe and sound. When the panic broke out in those institutions the stronger and better banks, that claimed they were running their business in a proper and conservative manner, as good bankers ought to do, felt the necessity of doing something to stop the panic. How did they stop it? pending and resorting to clearing-house certificates. If at that juncture the depositors in those institutions had been assured that their deposits, either in the Heinze bank or in those loan and trust companies, would be safe, there would have been no runs and the banks of New York would not have been obliged in a body to violate our banking law by suspending.

In 1898, when the so-called Aldrich-Vreeland bill was under consideration in the two Houses of Congress, I made an effort to secure an amendment of that bill; and I will state the plan I worked upon. National banks are obliged to pay a circulation tax of 1 per cent upon circulation issued on other than 2 per cent bonds. On circulation issued upon 2 per cent bonds they pay a tax of one-half per cent. My proposition was not to make the banks pay any more, but to set aside half of that tax on the 2 per cent bonds as an insurance fund to protect the depositors; but my plan found no favor. I offered the amendment

and I got a few votes for it.

Now, I want to say to the Senator from Iowa that while there may be some doubt-clearly there is a doubt-if you make 12 regional banks, whether they will earn enough over and above the dividends to protect the depositors, yet there is one thing I am glad of, and that is that the world has moved since 1908, until to-day on both sides of the Chamber the great majority of Senators are willing to recognize the principle that depositors ought to be protected and taken care of. extent, while there may be something in the doubt which the Senator from Iowa suggests that there may not be sufficient funds to protect the depositors, yet after all we have recognized the principle. If this legislation goes through, whether in the form proposed by the Senator from Nebraska [Mr. HITCHCOCK] in his substitute or in that proposed by the Senator from Oklahoma [Mr. OWEN], we have recognized the principle, we have established it, and after we have once made a beginning we can easily fortify it. Therefore I think we have made the most gratifying progress in this direction.

While I am on my feet, with the permission of the Senator from Iowa, I should like to say there is another thing which is highly gratifying to me in this matter, Mr. President. I am advancing in years, getting old and gray, but for the last 14 years I have labored in season and out of season to get authority conferred on our national banks to loan money to the farmers on real estate mortgages. I met with great opposi-tion; at first I was laughed at and ridiculed. I introduced my amendment, and it came before the Finance Committee. They smiled at me, and, to use a slang expression, they laughed me out of court. I am glad to see what progress has been scored even in that respect. Both of these bills contain provisions for loans to farmers on farm mortgages, a class of paper and a class of security that our smaller country banks in the interior

have always regarded as the best security

Why, Mr. President, our First National Bank, at Alexandria, my home town, had a curious experience years ago. I may say that I live in a rural community. The great trouble with our bankers there is that while the farmers are well supplied and they fill up our little banks with money, our banks have no opportunity to loan that money out at home, but they must seek investments elsewhere. So our banks, in order to invest their surplus money, would go down to the Twin Cities and invest the money of their depositors in what we call "mill paper" and "wheat paper," and they would get, according to the season, from 4 to 4½ and 5 per cent. It finally happened that one of those big milling concerns went into bankruptcy, and our banks got caught pretty badly. They were paying their depositors 3

and 4 per cent, and they were getting, as I have said, only from 4 to  $4\frac{1}{2}$  and 5 per cent for the mill and wheat paper.

What have they done since that time? Our banks have sent their money out into North Dakota and loaned it on farm mortgages in that State at a cheaper rate than the little banks on the frontier could afford to do. This has been a great blessing to those people in North Dakota, and our local banks have been enabled to earn larger dividends than they ever before earned.

I remember that in 1894, while I was governor of Minnesota—

there was a panic then, as Senators will remember—several bankers from the southern part of Minnesota, which is the older and the richer part of the State, where money was plentiful, called on me and told me they had had little runs on their

They said the farmers who had made their deposits with them would come in a little nervous and a little fidgetty and want their money. The bankers would sit down with them and say, "Here, my good friend, you left your money with me and I am paying you 3 per cent interest on it; you can not expect me to keep that money idle and pay that interest. I have loaned your money out to John Jones, and taken as security a mortgage on his farm. I have not got your money here, but I have got that mortgage, and you can have that mortgage." So, those little banks in the southern part of the State stopped the runs by tendering those mortgages to the men who sought to get their deposits.

Almost the same thing happened in the case of the only mutual savings bank we had in Minnesota. One day Mr. Moulton—I think his name was—the president of the bank, a good strong bank, called on me, as though I could do him any good. He brought down a great pile of farm mortgages. He said, "I fear a run on the bank; it has not yet been made, but I am expecting it. Can you suggest anything?" I laughed at him, and said, "Why do you not do as those little banks down in Fillmore County, in southern Minnesota, have done? When your depositors come and want their money, pass them up your farm mortgages." He said that was a new idea, and he would try the experiment. Whether he tried it or not I do not know, but, fortunately, there was never a run made on the bank.

So, Mr. President, to sum up what I have said, this is the most gratifying moment of my legislative experience when I see these two reforms, for which I have labored and agitated so many years, to wit, allowing loans to be made on farm mortgages and making provision for the protection of depositors, are about to become a reality. There is a God in Israel. He sometimes moves slowly, but he has moved both the Democratic Party and the Republican Party to the accomplishment of these great reforms. [Laughter.]
Mr. CUMMINS. Mr. President, I have been delighted to hear

the experience of the Senator from Minnesota [Mr. Nelson] and delighted to be a witness at the moment of his victory, but I am only sorry that he was not able to introduce into one or the other of these bills a provision for the safety of depositors

still more effectual than the one which is found.

Mr. President, I had no thought when I began of being led into a discussion of my individual views in regard to the remedy for the conceded defects in our financial system. I intended to hold myself firmly to the question in hand. I recognize, of course, as I have said before, that the bill proposed by the Senator from Oklahoma will pass, and I intend to direct whatever I have to say from now on anyway to that bill and to bring forward amendments to it, hoping that some of them may command the approval of my distinguished friends on the other side. I. however, do not expect that they will. I am much in the frame of mind of the old lady whose son came home from school and said, "Mother, my teacher has asked me to define, if I can, the difference between hope and expect." The mother thought a moment, and said, "My boy, that is not difficult; there is your old father lying on the sofa overcome with drink; we both love him; I hope to meet him in heaven, but I do not expect to." [Laughter.] It is just that state of mind in which I use the words "hope" and "expect." I hope that the amendment which I have had read at the desk and which I will propose at the proper time will be adopted; I really do not expect it will. It would be adopted if the bill were really under discussion in the Senate; if the minds of Senators were really open to argument it would be adopted; but they are not open.

Without violating any confidence, I may be permitted to say that a few days ago I had a talk with a very distinguished Say that a rew days ago I had a talk with a very distinguished Member of the Senate who sits upon the other side of the Chamber. I will not name him, of course. I was complaining of the caucus. He said to me, "There is nothing wrong in the caucus; this whole subject is open." I said, "I hardly understand that, when it is generally given out that every Member of the Democratic majority, save two, has in one way or

another indicated his agreement, implied or express, to vote for the bill that was adopted in the caucus." He said, "That is so; but if you will convince enough of the Members on the Democratic side to bring about a reference of the question to the caucus, then the caucus will, with an open mind, reconsider the proposal." A half loaf is better than no bread, and I would rather undertake to convince enough to secure a reference of this amendment to the caucus than to have no opportunity at all to debate the great subject we now have before us.

Mr. President-

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from New York?

Mr. CUMMINS. I yield.

Mr. ROOT. May I ask the Senator from Iowa how he expects to accomplish that if a majority of the members of the caucus neither hear nor read his speech?

Mr. CUMMINS. Oh, Mr. President, that does not dismay me at all. I am a progressive in more things than politics. am quite willing to give an absent treatment. [Laughter].
Mr. WILLIAMS. Mr. President, and when, added to that,

there is the fact that a majority of the minority is also absent, it must be discouraging.

Mr. NELSON. They will probably catch what the Senator from Iowa says by the wireless telegraph. [Laughter.]

Mr. CUMMINS. Mr. President, I do not always concur in the sentiments expressed by the very distinguished and eloquent Senator from Mississippi [Mr. WILLIAMS], but he said something the other day that so completely commanded my assent that I am bound, now that he is here, to render him the tribute of approval and concurrence. He said that when Senators wanted to listen to an argument they would be here, and that no command of the Senate could coerce their presence. lieve in that; I do not want any man to sit here simply because it is his duty to fill a chair in this Chamber; I do not want him to be present unless he has a desire to listen to what I have to say; and I, for one, have never indulged in the practice of suggesting the absence of a quorum simply to secure an audience, and I never will.

But, replying further to the Senator from New York [Mr. Root], the atmosphere of the Senate Chamber is alive with intellectuality; its atmosphere has an element that is as elusive and evasive as that ether which conveys the wireless message from one continent to another through the air; and I am bound to say to the Senator that, somehow or other, whenever a Senator says anything here that really deserves to be remembered or that is really worthy of being heard, it gradually finds its way into the minds of the entire membership of the Senate. Therefore, I am not discouraged by the few vacant seats which I observe about me, although I must in candor say that there are more Senators in the Chamber at this moment than I have seen here before to-day. That is a high compliment to me, and I can only account for it by the hypothesis that some of them must have believed that an encounter was about to take place. Laughter.] As I said to my dear friend, the Senator from Missouri [Mr. Stone] to-day, there is only one thing that can fill the Chamber, and that is the expectation that one Senator will call another a liar or something-

Mr. WILLIAMS. Something interesting. [Laughter.]

Mr. CUMMINS. I mean in parliamentary language. savages, all of us; we like to see the blood run; and whenever any Senator here has a lance that is sharp enough to open a vein and the crimson fluid begins to flow these seats fill with the rapidity with which a crowd rushes into a country circus. I will disappoint anyone who has come in with any such expectation, for, having the completest confidence in the patriotism and integrity of every Senator, and having a great affection for most of them, my argument must be very peaceful.

With these general observations, I turn to the consideration

of that part of the Owen substitute to which my amendment re-I regret that there are some Senators here who do not know what my amendment is, but that is a misfortune which I must suffer. I propose to consider it, first, as to its justice

and fairness, and I must pause to state its effect.

My amendment to the Owen substitute, if adopted, would so change it that the subscription by the national banks will become optional instead of mandatory, and so that the member banks, those which enter the system, whether they are stockholding banks or not, will select four of the directors of each Federal reserve bank instead of six, as the bill now provides; that is, my amendment, by the change of a very few words, converts the Owen bill into a bill that will create Federal reserve banks the stock of which is owned by the people and the affairs of which are controlled and managed absolutely by the Government of the United States.

I need not say more with regard to its import.

I propose to consider the Owen substitute, first, as to its justice and fairness and, second, as to our constitutional authority to do what is proposed. It takes from the capital and surplus of every national bank 6 per cent and invests it in the capital stock of a Federal reserve bank. Having thus coerced the capital for the Federal reserve bank and required the national banks of the district to become the owners of the stock of the reserve bank it gives to the stockholding banks the control and management of the reserve bank.

I quite agree with my Democratic friends in one assertion which they constantly make. They say-and it can not be fairly disputed-that if the national banks of a regional district are compelled to furnish the capital of the reserve bank of that

district they ought to control and manage it.

I can not see how there can be reasonable difference of opinion with regard to that proposition. If the Government of the United States enters each national bank and forcibly takes 6 per cent of its capital and surplus and invests it in the uncertain security of the stock of another banking institution, the man who would propose that after the contribution of capital had been compelled in that way the Government should undertake to manage or control the institution is deficient in a sense of natural justice and fairness

It is, of course, because I believe that the regional banks or reserve banks ought to be controlled absolutely and completely by the Government of the country-that is, by all the people of the country-that I resist the proposal to compel the national banks to furnish the capital with which the reserve banks are

to be conducted.

Mr. REED. Mr. President-

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Missouri?

Mr. CUMMINS. Certainly. Mr. REED. I understand the Senator's argument to amount to this: That if the banks contribute the capital of the regional banks it would be a great wrong and an imposition upon the banks if the Government were to name a majority of the

Mr. CUMMINS. The Senator from Missouri does not state my position with entire accuracy. My statement was that if the Government compelled the national banks to invest a part of their capital in the stock of the Federal reserve banks then the stock-holding banks should select a majority of the directors of the reserve banks.

Mr. REED. Yes. Now, does the Senator think that if the public bought this stock it would then be proper for the Gov-

ernment to name the majority of the directors?

Mr. CUMMINS. Entirely; because if the people, after the institution of this system, desire to contribute their money toward the capital of the Federal reserve banks, knowing that under the law the Government will appoint a majority of the directors, it is wholly fair and just.

Mr. REED. The Senator means, does he not, just to the

stockholders and also just to the banks?

Mr. CUMMINS. I meant wholly just and fair to the stock-

Mr. REED. Would the Senator favor a governmental con-trol in the directorate of the regional banks if the public purchased the stock and the banks were not compelled to take it?

Mr. CUMMINS. I would.

Mr. REED. The Senator would?

Mr. CUMMINS. I would. I do not believe any institution over which the Government has not any control ought to be created for the better distribution of the reserves of the banks.

Mr. REED. Now, if it be a wrong, a wicked, and an oppressive thing for the Government to require banks to contribute of their capital, their own money, to a regional bank, why is it not equally wrong and oppressive to require the banks to put their reserves in a regional bank which the Government controls?

I will add to my question-for I want to get the Senator's view fairly-does not the argument which denies the right to governmental control when the banks contribute the capital stock and the reserves, which are the real capital of the re-gional banks, also prohibit governmental control when the banks contribute only the reserves?

Mr. CUMMINS. No, Mr. President; I think not. I am about to enter upon the discussion of that subject.

Mr. REED. May I ask one further question? Is it because in one case the bank contributes its own capital and in the other case it contributes trust funds that have been placed with it to be sacredly held and guarded?

Mr. CUMMINS. The Senator from Missouri can not put me in the position of becoming an advocate of either of these bills. I have a choice as between them; but, as I said before the

Senator came into the Chamber, if I could prepare an amendment to our banking law it would be very unlike either of these measures. I am sure, however, that one or the other of them will become the law of the country; and I am proposing only such amendments as I think can be fairly adopted within the principle which one or the other of the sections of the committee has seemed to affirm in bringing forward these bills.

Mr. REED. I understand the position of the Senator to be. then, not that he "could be happy with either were the other dear charmer away," but that he could be happy with something else if neither of the bills were present? [Laughter.]

Mr. CUMMINS. That is rather accurate, too. I think I am exactly like the Senator from Missouri with respect to that. I have some reason to think that if he were writing a bill to cure the defects whose existence we all acknowledge, the bill would not take the form of either of these proposals.

That is not strange, with independent men looking upon a great subject of this sort. It is not remarkable that in trying to devise some cure for an ill that seems to be prevalent they would write different statutes. I think it is well that it is so.

The proposition I am now beginning to prove, if I can prove it, is, first, that the Government ought not to compel the national banks to contribute the capital of the Federal reserve banks. I will come to the question of reserves later. I may say, in a preliminary way, however, that there is a vast difference between the propriety of exacting a part of the capital of a national bank and the propriety of compelling the deposit of a reserve which the national bank is required by law to keep for the security of deposits.

I must repeat a sentence or two in order to make the connec-

tion with what I said before the first interruption.

They say-that is, the Democrats-and it can not be fairly disputed-that if the national banks of a regional district are compelled to furnish the capital of the reserve bank of that district, they ought to control and manage it. This is so obviously true that I have accepted it instantly, and I assume that if the Democratic majority come to believe that the banks of the district should not be permitted to control and manage the new function, namely, the Federal reserve bank, they will at once assent to the equally obvious truth that the banks should not be coerced into furnishing the capital for the new function.

It will be helpful at this point to segregate from the voluminous substitute the language which deals with this subject and which imposes upon the national banks the requirement to take a part of their capital and surplus and transfer it to the Federal

reserve banks.

I quote from pages 5, 6, and 7 the portion material to the

inquiry I am now pursuing.

Mr. President, I have said to my friend from New Hampshire [Mr. Hollis] that at 8 o'clock I would be glad to suspend the address I am now making in order to permit him to carry out the notice he has already given, and which I understand to be that he will address the Senate at 8 o'clock. That being true, and inasmuch as I have now reached a point at which I can very well quit before reading the quotation I have in mind, I shall be very glad if the Senate will take a recess until 8 o'clock.

# RECESS.

The VICE PRESIDENT. The Senate stands in recess until 8 o'clock p. m.

The Senate thereupon (at 6 o'clock p. m.) took a recess until 8 o'clock p. m.

# EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.

#### BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United

States, and for other purposes.

Mr. HOLLIS. Mr. President, I invite the attention of the Senate to a brief statement of the defects of our banking system, and to the specific remedies which are proposed by the Glass-Owen bill. I shall begin with a few definitions.

## DEFINITIONS.

Banking is the business of a bank.

A bank, strictly speaking, is an establishment for the custody, loan, and exchange of money and other funds, for the issue of currency, and for facilitating the transmission of funds by drafts, checks, and bills of exchange.

Currency is that which passes from hand to hand as a medium of exchange, including coin, Government notes, and bank notes.

#### A BANK IS A TOOL.

It is readily seen that a bank produces nothing directly, not even money; it may issue currency in the form of bank notes, but these notes are nothing but promises to pay lawful money.

A bank, therefore, industrially speaking, is a utility, or tool,

which makes human effort more efficient.

# CURRENCY IS A TOOL.

Currency is also a utility, or tool, for the same purpose.

It is, accordingly, the object of the pending banking and currency bill to make two important economic tools more serviceable to commerce and industry. More specifically, we purpose to make our coin, or real money, more efficient, and our banking business more efficient and more secure. We shall thus increase the sum total of things which satisfy human needs as surely as if we should perfect an electric storage battery or develop a spineless cactus.

#### COMMERCIAL BANKS ARE INVOLVED.

In this connection we are concerned principally with the commercial bank of the ordinary type—one which receives funds on deposit subject to check, makes loans on good security, and sells drafts or exchange on large commercial centers. We aim to make deposits and loans safer, to regulate borrowing, and to facilitate exchange

I desire to call the attention of Senators to the fact that there has been nothing in the proposition of the Democratic administration at this time looking toward furnishing to private persons credit or to private persons an opportunity for safe and remunerative investment. We aim solely, as I have said, to make deposits and loans safer, to regulate borrowing, and to facilitate exchange.

From the standpoint of the stockholder a bank is a moneyearning institution, and its success is measured by the size of its dividends.

#### BANKS AIM TO MAKE PROFITS AND NO LOSSES.

The officers represent the stockholders, and it is their duty to earn as much profit as is consistent with the safety of their own particular bank. They aim to make no losses and to keep all available funds profitably employed.

#### MOST PROFITS ACCRUH FROM BUSINESS LOANS.

Most bank profits accrue from interest on loans and invest-ents. Outside of New England, substantial sums accrue in the United States from cashing checks, and all over the country there are earnings from exchange accommodations. But the average commercial bank depends principally on its earnings from business loans.

After banking rooms and facilities are provided, a portion of the bank's capital is available for loans, but no bank would be successful if its loans were limited to its capital. Many times its capital is available from so-called deposits.

# LOANS ARE MADE FROM DEPOSITS.

Deposits are of two kinds, real and fictitious. Real deposits come in through the window of the receiving teller in the form of cash and checks from business men, farmers, lawyers, and the like, from people who sell goods or services to the community, and gather in rills of currency and turn them into the bank in a steady stream. Deposits of this character are usually larger than the capital of the bank, and they are deposited with a full understanding that they are to be loaned to borrowers for the profit of the bank. It is further understood that these deposits are to be paid to the depositors on demand in cash, unless there is a special contract for what is called "time." Banks frequently induce the inflow of deposits by paying a low rate of interest.

# FICTITIOUS DEPOSITS.

Fictitious deposits are created as follows: A customer desires to "borrow money," as the phrase goes. He gets a friend to sign a note with him, and he appears at the bank with a piece of "two-name paper," a well-recognized instrument of redit. The signers are responsible and the bank decides to extend the accommodation." credit.

If, now, the bank should hand to the borrower cash for the amount, say \$10,000, it would be clear that the loan was made out of funds on hand, part of the capital, part of the profits, or part of the deposits made by customers. Such is sometimes the

But more often no cash passes. The clerks make entries on the books of the bank, showing that the borrower has made a "deposit" of the amount, and that the bank holds the note among its assets. The borrower then has credit to the amount of his note, \$10,000, less the discount, or interest at the cur-

rent rate for the time the note is to run. This interest is

usually deducted, or discounted, in advance.

Loans may be procured in this way on collateral security, or on other notes payable to the borrower and indorsed by him to the bank, or discounted. Loans are frequently made in large cities on notes signed by a single merchant of undoubted credit.

But the point is that the borrower who does not receive cash, or a draft on another bank, has a "deposit" just as much as if he had paid \$10,000 in gold eagles to the receiving teller. He may proceed at once to draw checks against his deposit just like a real depositor. A substantial part of the loan frequently remains on deposit in this way for days and

#### LOANS AND DISCOUNTS.

When a bank makes a statement, the principal item among the resources is loans and discounts, which includes the notes which have been discounted. Among the liabilities the principal item is deposits, which includes real deposits and deposits created as the result of loans. The two items, loans and discounts, and deposits, usually offset each other, or nearly so, in normal times.

If loans were not made in this way, it is evident that the loaning capacity of a bank would be limited by the amount of its capital and surplus and the money actually deposited. When it can secure no more deposits, it must stop making loans. And it is the understanding of people in general, I firmly believe, that a bank loans no more than it receives in capital and actual deposits.

# FICTITIOUS DEPOSITS ARE LOANS OF CREDIT.

What, then, does the bank loan when it creates these fictitious deposits against which borrowers may check? Nothing more or less than the credit of the bank, by making entries upon its books.

Loans bear no fixed relation to actual capital and actual deposits, nor to surplus and undivided profits. The law and custom make no limit in that respect, and the bank could go on loaning its credit in the manner described to the amount of billions, making fictitious deposits and piling up interest indefinitely, if it were not for a legal restraint in the shape of reserves."

# RESERVES.

A reserve is a certain amount of cash, in specie or "lawful money," which a bank is required to keep in its vaults, or readily available, in case of emergency.

While the great bulk of a bank's business is carried on by check and draft and book entry, a certain amount of cash is necessary. Its customers require pocket money; traders need cash for many purchases; pay rolls must be met in currency. But in normal times a very small percentage of a bank's daily receipts and payments are in cash. When business conditions are shaky, more cash is demanded by those who are cautious and wish to remain on the safe side.

Experience teaches that comparaint hards checkly have

Experience teaches that commercial banks should have on hand for emergencies under present conditions a cash fund varying from 15 per cent to 25 per cent. This is substantially what every commercial bank keeps on hand for emergencies, whether it is a National bank or a State bank, whether the law requires it or not.

It is clear that every time a bank accepts a real deposit, or creates a fictitious one, it increases its liabilities, or, in other words, it increases the liability that a larger amount of cash may be called for. The Federal law recognizes this situation and imposes certain conditions respecting "reserves."

# RESERVE CITIES.

New York, Chicago, and St. Louis have been made central reserve cities; other large cities have been made reserve cities. National banks in the first group are central reserve banks; in the second group they are reserve banks. All other national banks are country banks.

Central reserve banks must keep in their vaults in cash 25 per cent of their liabilities. Liabilities, as we have seen, appear principally in the shape of "deposits." If the central reserve bank has only a half million in cash in its vaults and has loaned over two millions, it can not loan any more, or pay any dividends until it gets more cash. Cash for reserve purposes means gold, gold certificates, silver, silver certificates, and United States notes (greenbacks). National-bank notes are not available for reserves in national banks.

Reserve banks must keep 25 per cent of their liabilities in the form of cash reserves, but 12½ per cent may be kept on deposit with central reserve banks.

A country bank must keep a reserve of 15 per cent, two-fifths of which must be in its own vaults, while three-fifths may be deposited with reserve banks or central reserve banks.

LOANS ARE LIMITED BY RESERVES.

It is thus seen that the amount of loans a bank may make is limited by the amount of cash reserve it can command, and the total loans of all national banks are limited by the total cash reserve existing in all their vaults.

There are many more State banks than national banks, but their total resources are approximately the same as the national banks. Some States impose reserve limits similar to the Federal provisions, and, as a matter of prudent banking, all commercial banks approximate the Federal conditions. Experience teaches the need of caution. Moreover, if a bank's statement shows a weak reserve compared to national banks, it will forfeit the confidence of depositors and lose business. State banks have large amounts of reserves on deposit with national banks. They are usually permitted to count national bank notes as part of their reserves.

It follows from the system of counting deposits with reserve and central reserve banks as a part of the reserve that there is a reduplication of reserves based on the same actual cash.

LITTLE CASH ACTUALLY ON HAND.

The country bank, for example, may have liabilities of \$100,000. It must keep 6 per cent, or \$6,000, in its own safe. The rest of its reserve, 9 per cent, or \$9,000, may be deposited with a reserve bank. Of this \$9,000 the reserve bank must hold 25 per cent in reserve, 12½ per cent, or \$1,125, in its own safe, while the other 12½ per cent may be deposited in a central reserve bank. Of this \$1,125 the central reserve bank may loan 75 per cent, keeping only 25 per cent, or \$281.25, in cash in its own vault.

It thus appears that the actual amount of cash on hand in the various banks as a reserve for the \$100,000 liabilities of the country bank is the sum of \$6,000 (in its own safe), \$1,125 (with the reserve bank), and \$281.25 (with the central reserve bank). This totals \$7,406.25, or 7½ per cent of the \$100,000.

This amount is small, but in ordinary times it is sufficient. Ordinarily, if an unusual amount of cash is required by any solvent bank, it will have no trouble in securing extra cash from some other bank, usually some regular banking connection in the same or a neighboring city.

RUNS ON BANKS.

Occasionally a bank loses the confidence of its depositors. These are the "real" depositors as a rule. There has been a defalcation, or a heavy loss through the failure of one or more borrowers. The depositors thereupon demand their money, all at once, and there is a run on the bank.

No bank keeps money enough on hand to pay all its depositors at once. If it did, it could not earn dividends. When a run begins, if it is insolvent, it ought to go into liquidation at once, and let its depositors share ratably in its assets. But if it is solvent, it appeals to other banks for help in the shape of cash. These banks (usually in the same community) examine its books and securities, and if they are satisfied it is solvent, they supply it with cash, taking its notes and securities as collateral for their advances. When the depositors find that they can get their money, they generally do not want it, and the run soon stops. Millions in cash are sometimes paid out in this way before a run ceases.

RUNS ARE NIGHTMARES TO BANKERS.

The fear of a run is the nightmare of the banker. He knows that he has not cash enough on hand to pay his depositors in cash if they demand their money all at once. He knows that every other bank is in the same condition. He knows that there are bank deposits in the country to the amount of seventeen billion dollars, while the total amount of currency in circulation is less than three and one-half billions.

EFFORTS TO COMMAND CASH.

Bankers understand these things altogether too well. As soon as there are signs of a business depression they begin to reduce loans (and therefore deposits) and to reach out for cash. Feeling the pressure of others for cash, they increase their efforts. There are about 25,000 banks in the country, and when they begin to store cash for the impending emergency, they hasten its approach. Country banks demand their reserves of the reserve banks; reserve banks demand their reserves of the central reserve banks.

There is no law forbidding a reserve bank, or a central reserve bank, to pay to its depositors the sums deposited with it. It may pay off depositors (including depositing banks) even out of its reserves, but when it becomes evident to the banks in the large cities that they can not satisfy the demand for cash, they prefer to stop cash payments in order to give all depositors an even chance, rather than pay the importunate at the risk of robbing the more forbearing.

PANIC OF 1907.

The panic of 1907 was brought about in this way. There had been a period of pronounced and feverish speculation, and when some of the unsound projects began to fail, certain banks lost money. It was evident to the far-sighted that trouble was impending, and prudent bankers prepared for the crash by calling loans, refusing credit, and absorbing cash. These precautions made it more and more difficult to secure credit, and other failures followed. A bad situation was thus intensified. Every bank in the country prepared for the crash, and currency went to a premium, or, more accurately, bank credits were depreciated, because they could not be drawn in cash. In October, 1907, the New York banks notified their correspondents that they would pay out no more cash. Cash payments thereupon practically ceased throughout the country. Industries could not get cash for their pay rolls, nor credit for their necessary business. A severe depression ensued.

PANIC AGGRAVATED BY LACK OF CURRENCY.

It should be remembered that the business depression which followed the panic of 1907 was not caused by lack of currency. It seems inevitable that business should run its course through successive stages of prosperity, speculation, inflation, panic, depression, liquidation, and then slow recovery back to prosperity. But the suspension of cash payments in 1907 greatly intensified the shock to credit and confidence, and caused many failures which would otherwise have been avoided. Such suspension weakens our credit abroad. It is altogether humiliating, disastrous, and unnecessary.

astrous, and unnecessary.

Our national banking system consists of about 7,500 banks, independent of each other and in times of crisis bidding against each other for cash. They are active competitors, as a rule, and the community gets the benefit of competition among them, but they are so independent that they are of little mutual help in times of crisis, for their resources are scattered in 7,500 different places.

CASH RESERVES ARE SCATTERED.

It is as if the water supply of a great city were divided among the different houses, a few gallons in each place. In case of a conflagration at any one point the small supply of water locally available would be useless, and the whole city might be destroyed.

It is one purpose of the pending bill to gather the scattered reserves into large central reservoirs (Federal reserve banks), so that they may be rushed to the point of danger and applied to the flames before they gather headway. The Federal reserve board will perform the function of fire commissioners for this purpose, acting through Federal reserve agents.

It might as well be expected of the fire commissioners in a large city that they should actually handle the scaling ladder and point the hose nozzle as that the reserve banks themselves should furnish credit to individual borrowers or that the Government itself should go to put out these fires. The two functions are entirely distinct, and our bill does not undertake to care for individual depositors or to have the Government enter the banking business in this manner.

CONCENTRATION AND MOBILIZATION OF RESERVES.

This process of handling reserves may be described as the concentration and subsequent mobilization or liquefaction of reserves, so that they may flow freely, like water, to the point of danger, instead of remaining immobile, rigid, and frozen. It may be said that under the existing law the chill of apprehension freezes our scattered reserves and renders them useless.

The provisions of the Glass-Owen bill are intended to gather these reserves into 8 or 10 great reserve banks, so that they may be available for real and efficient service whenever and wherever financial troubles may arise. These great Federal reservoirs are piped together, so that money may be shifted from one to the other if the level sinks to the point of danger or inefficiency in any one.

ELASTIC CURRENCY.

But the Glass-Owen bill does not stop here. It aims to make more cash available in times of stress than can now be obtained. Opinions differ as to the adequacy of the currency volume now in circulation. Some experts say there is none too much. Others say that there is more than is needed by two or three hundred millions in the spring and early summer. But all agree that there is too little in the fall and winter, when crops are to be moved. All agree that our currency is inelastic, rigid, and inflexible, when it should be elastic and capable of expansion and contraction with the needs of commerce.

PRESENT CURRENCY NOT ELASTIC.

We have in the United States in circulation about six hundred and thirty millions in gold; about one thousand millions in

gold certificates; about seventy-five million silver dollars; about five hundred millions of silver certificates; about one hundred and fifty millions of subsidiary coin; about three hundred and forty millions of United States notes, or greenbacks; and about seven hundred and twenty millions of national-bank notes, a total of nearly three and a half billions. This makes a circula-tion of about \$35 for each person in the United States, nearly double the per capita circulation in 1896. To be strictly accurate, the per capita circulation in 1896 was \$22.

The gold coin, gold certificates, and subsidiary coins increase stendily with little regard to the conditions of commerce. The silver dollars, silver certificates, and United States notes do not increase at all. The national-bank notes increase slowly. They are based on Government bonds as security, and they are profitable (and therefore availed of) in proportion to the price the banks pay for the bonds. But they can never exceed the

capital of the issuing banks.

It is apparent that our present currency is hopelessly rigid, so that there can be no substantial increase in times of emergency. It is the recognition of this fact which leads banks, at the first sign of trouble, to hoard cash for their individual needs, thereby intesifying the evils of the situation. Cash disappears into the bank vaults until counters are bare and tills are empty.

Currency is scarce every fall when cash is needed to move ne crops. When panic conditions approach, currency disap-Some safe and practicable way should be devised for obtaining cash on good security when urgent need arises. Currency should expand in response to the demands and exigencies of business. It is equally important that it should contract when it is no longer needed. A serviceable currency should be neither scarce nor redundant.

CURRENCY, CAPITAL, AND CREDIT.

A careful distinction should be made between currency, capi-

tal, and credit.

Capital, as we all know, is a stock of accumulated wealth. Some one has worked and produced it and has then saved it

Fixed capital is in the form of buildings, machinery, railroads, steamboats, water powers and the like, where it is practically immobile. It forms the plant for industry.

Circulating capital is free for application at any place where it is most needed. It consists mainly of materials of various kinds, such as wool, cotton, dyes, ore and logs for mills and factories; of supplies of various kinds, such as iron, copper, lumber, and lime for construction purposes; and, most important of all, of wheat, beef, corn, oats, hay, and the like for the sub-sistence of man and beast engaged in the various industries.

# BUSINESS LIMITED BY AVAILABLE CAPITAL.

It is clear that the amount of business which may be prosecuted at any one time is strictly limited by the amount of raw material, supplies, and subsistence available for industrial use. and it follows that the amount of new loans that may properly be made for legitimate business is limited by the amount of these commodities available for such use. Until the supply of raw material and subsistence is unlimited, the supply of loans on good collateral must be limited. Prof. Taussig, of Harvard University, a native of Missouri, I believe, makes this relation of capital and howevering years relation in the resource. of capital and borrowing very plain in his recent work on Principles of Economics, chapter 5.

# CURRENCY RENDERS CAPITAL AVAILABLE.

Now, currency, as we have seen, is the medium of exchange which facilitates the transfer of materials and subsistence from one person to another. If currency is plentiful and may be easily borrowed, promoters obtain it and put it into new enter-The easier it is to obtain currency, the easier it is for certain captains of industry to obtain material and subsistence for their particular enterprises. Too great ease of borrowing leads to overdevelopment in certain industries, failure of profits, contraction of credits, and financial disaster. Money invested in the plant of the new industry is fixed so that it can not be withdrawn; and not producing a profit, it must remain idle and cause a dead loss.

Credit is trust given or received. A man desiring credit at a bank makes a contract to pay what he borrows at some future time. If he contracts to pay on demand, his loan is "on call." If he contracts to pay at a certain time, his loan is "on time." The credit extended to him is the trust or confidence of the bank that he will keep his promise. The bank's credit to the borrower will be large or small in proportion to its confidence that he will keep his promise.

We have seen that the amount of credit extended to borrowers bears no strict relation to the amount of money actually deposited with the bank by its patrons. But the amount loaned bears a definite fixed relation to the amount of cash in the bank's reserves. Inasmuch as the amount of business undertakings depends on the amount of loans business men may obtain, and the amount of loans depends on the amount of reserve money in the banks, the connection between the amount of industry in a nation and the amount of reserve money in the banks is readily traced. If there is too much cash for the amount of material and subsistence available, business will be overstimulated; if cash is too hard to obtain, business will be starved.

CREDIT PERFORMS FUNCTIONS OF CURRENCY.

Credit extended in the form of fictitious deposits against which checks may be drawn performs all the functions of currency. In normal times it is actually a most useful addition to currency, constituting the largest part of current funds. As long as confidence exists in the business world, bank credits and bank checks answer every requirement. But when confidence is chilled, cash becomes the only currency acceptable to creditors. It is at such times we need cash of undoubted security, backed by the Government stamp.

It is a chief purpose of the Glass-Owen bill, therefore, to supply for the legitimate needs of business, and to tide over periods of emergency, a safe and elastic currency, not safe and elastic loans. Let us first consider the safety of the currency

proposed.

SPECIE AND NOTES.

Currency is, broadly speaking, of two kinds, specie and notes. Specie is coin, or hard money; it circulates at approximately its market value. It has intrinsic worth, and is valuable for use in the arts.

Notes are promises to pay specie on demand. They have no value except as promises. They are instruments of credit, and have no intrinsic value. They are valuable in proportion to the

soundness of the institution which emits them.

Coining hard money takes time, and the amount of bullion available for a sudden increase in the currency is comparatively. small. Moreover, it is not easy to retire specie when contraction is desired. We are obliged, therefore, to rely on notes for our flexible currency.

Everyone knows that paper currency will not serve its purpose unless it is received throughout the country at its face value with complete confidence. Unless it passes freely from hand to hand, it is not good currency. Its soundness must be

above suspicion.

ELASTIC CURRENCY MUST BE GOVERNMENT PAPER.

We find it desirable, therefore, to have our elastic currency consist solely of United States Government notes, payable at the Treasury of the United States in gold. Such notes will be received everywhere with absolute confidence. Moreover, it is sound Democratic doctrine that the Government should issue all the currency of the Nation.

BANKS MUST FURNISH THE GOLD RESERVE.

But it has not seemed wise to burden the Government with the details of a bank of issue or with the responsibility of furnishing the gold for redeeming the reserve notes. National banks are the fiscal agents of the Government, and currency reform will increase the safety and profit of their business. A plan must be adopted, therefore, which will shift these burdens from the Government to the banks.

#### FEDERAL RESERVE BANKS.

The Glass-Owen plan purposes to organize Federal reserve banks, not less than 8 nor more than 12, fairly distributed in financial centers throughout the country. Every national bank is required to contribute to the reserve bank of its district 3 per cent of its capital and surplus, which will give the reserve banks an aggregate capital of fifty-three millions at the outset, A like sum of 3 per cent may be called at any time it is required.

The banks which contribute the capital choose six of the nine directors of each reserve bank. The Federal reserve board, representing the Government, chooses the other three directors. FEDERAL RESERVE BOARD.

The Federal reserve board consists of the Secretary of the Treasury and six other members appointed by the President for terms of six years each. The board has in each reserve district a Federal reserve agent to represent it and the Government in its dealings with the reserve bank.

CAPITAL AND DEPOSITS.

Banks subscribing to the capital of the reserve banks are called member banks. They hold stock to the amount of their cash subscriptions, on which they draw 6 per cent dividends. Earnings above 6 per cent go to the Government. They are required to transfer their reserves gradually to the reserve banks until all their reserves are so transferred at the end of two years, except about one-third of each class, which they are The Government will also required to keep in their vaults. deposit its funds in the reserve banks. The Government funds will approximate two hundred millions and the reserves four hundred millions, so the reserve banks will have actual deposits of about six hundred millions in addition to their capital.

Reserve banks may loan only to member banks and on good security. They may rediscount for member banks promissory notes, based on genuine commercial paper, which are payable in 90 days. It is not necessary that the paper should be on 90 days' time originally. If it has been drawn for six months, and half that period has expired, it is available for rediscount.

Loans and rediscounts for member banks will ordinarily be made from the funds deposited as reserves and by the Government, but if funds are getting low any reserve bank may apply to the reserve agent for the district for reserve notes. It will offer for collateral security for such notes commercial paper due in 90 days or less. It will also provide and set aside for redemption purposes 33\frac{1}{3} per cent of gold in its own vaults or with the United States Treasury.

#### FEDERAL RESERVE NOTES.

The Federal reserve board will pass upon the application for reserve notes and, if it approves the application, the reserve agent will deliver to the reserve bank United States reserve notes to the face of the commercial paper put up with him as collateral.

The transaction will then stand as follows:

A member bank has obtained currency from its reserve bank by rediscounting commercial paper. There is a fair adjustment of the interest on this paper. If it bears 6 per cent interest the member bank may receive 2 per cent, or 4, and the

reserve bank 4 per cent, or 2, as the case may be.

The reserve bank has replenished its funds by putting up with the reserve agent, say, \$100,000 in amount of commercial paper, and has received \$100,000 in United States reserve notes. These reserve notes are loaned to it by the Government, and it may hold them, loan them, or invest them. In this way the currency is expanded, but no faster than the needs of business require, as shown by the amount of commercial paper offered for rediscount.

# EXPANSION AND CONTRACTION.

The commercial paper put up with the reserve agent as collateral for the reserve notes will become due from time to time, and the payers will transmit the funds through the member banks and the reserve bank in gold, reserve notes, or lawful money to the reserve agent. He will take the cash, surrender the particular piece of collateral, and lock the proceeds up for future transactions.

The expansion of the currency takes place when the reserve notes are delivered to the reserve bank by the reserve agent. The contraction occurs when the reserve bank pays to the reserve agent the amount of the maturing paper, and he locks the cash so received in his vault. The next time the reserve bank wishes to obtain funds it will receive a part or all of the accommodation from the currency in the reserve agent's safe.

With the approval of the Federal reserve board, the reserve

agent may permit the reserve bank to increase its collateral and receive more currency or to substitute other paper for that which has matured. The volume of currency is thus controlled by the reserve board, and undue inflation or contraction is avoided.

#### REDEMPTION.

If a reserve note is presented to a reserve bank, it must be redeemed in gold or lawful money (greenbacks). If it is redeemed by the bank, it goes into its till to be used again.

If a note is redeemed at the United States Treasury, it is redeemed from a stock of gold kept in the Treasury by the

reserve bank. It is then sent to the reserve bank to go into its till and used as before.

Ordinarily these reserve notes may not be used as reserve money—that is, as reserves for deposits; but the reserve board may permit their use by member banks to a limited extent if such use appears necessary.

As a rule, however, reserve notes, not being available for reserves, will be turned in when collateral is taken from the hands of the reserve agent. The tendency will thus be to retire the reserve notes and keep gold and greenbacks in circulaSECURITY BEHIND RESERVE NOTES.

A reserve note will have back of it, as security for the Government's obligation to pay it to bearer:

First. Promissory notes maturing in 90 days, based on actual commercial transactions and the credit of the maker.

Second. The credit of the payee or indorser. Third. The indorsement of the member bank. Fourth. The double liability of the stockholders of the member bank.

Fifth. Thirty-three and one-third per cent of gold reserve. Sixth. A first lien on the assets of the Federal reserve bank. Seventh. The stock of the indorsing member bank in the reserve bank

Eighth. The reserve balance of the indorsing member bank in the reserve bank.

Ninth. The double liability of all the member banks of the reserve bank.

Tenth. The double liability of the stockholders of all the member banks of the reserve bank.

Eleventh. The surplus of the reserve bank.

Twelfth. The earning power of the reserve bank.

SAFETY OF NOTES UNIMPEACHABLE.

It is inconceivable that any notes so safeguarded should not be secure. They are so amply guaranteed that the first requisite of a paper currency, to wit, safety, is fully provided for. No one disputes this.

#### FEDERAL RESERVE BOARD COMMANDS CONFIDENCE.

The Federal reserve board will have general supervision and control over the entire system. It will direct the policy of the reserve banks. Its members will be able men, attracted by the honor and dignity of the position as much as by the liberal salary provided. They will have great responsibilities. Their work will be carried on with full publicity. They will have no financial interest or connection with any bank.

Unless we are to lose all faith in human nature, unless we are to confess that our Government is a failure and its citizens are unfit for the administration of its affairs, we must put full faith in such a board as this.

To it we confide such discretion as must lie outside the field of fixed and automatic regulation. To it we confide the duty of controlling the volume of reserve notes in circulation at any time, the discount rate of reserve banks, the suspension of reserve requirements if need be, the permissive use of reserve notes as reserves against deposits, the compulsory discount of paper by one reserve bank for another, the suspension or removal of directors of reserve banks. To this board we may safely intrust the duty of seeing that the new paper currency is sufficiently elastic.

## EXPANSION LIMITED BY GOLD SUPPLY.

But the expansion of the new currency is limited not only by the amount of 90-day commercial paper offered for rediscount, and by the judgment of the reserve board; it is also limited by the amount of gold available for reserve in the proportion of

1 of gold to 3 of reserve notes. We may conclude, therefore, that the reserve notes fulfill every function demanded of a safe and elastic currency, and the main purposes of the pending measure are insured.

# EARNINGS OF RESERVE BANKS.

I have said that the earnings of the reserve banks above 6 per cent dividends to the stockholders go to the Government. But before the Government participates in the earnings, a surplus of 40 per cent must be accumulated and maintained, and a portion must then be set apart for an insurance fund for depositors.

There are other admirable features which time forbids me to describe in detail. The success of the system is assured by a provision that if sufficient stock is not taken by the banks, public subscriptions may be invited, and finally the Government shall take any portion left unsubscribed.

State banks and trust companies may become member banks upon compliance with reasonable regulations.

Bank reserves are substantially reduced, leaving more money free for commercial purposes.

There is a Federal advisory council, selected by the reserve banks to advise and confer with the Federal reserve board, thus keeping the board in touch with practical bankers.

Provision is also made for branch banks at home and abroad and the facilitation of foreign exchange.

#### COMMITTEE DIFFERENCES NOT VITAL.

Considering the vast field of banking and the wide divergence of expert views, it is remarkable that the two wings of the Banking and Currency Committee have found so little upon which they can honestly differ. While the verbal changes in the Glass bill as it passed the House are many, and while some important changes have been made in vital features, the original plan has been preserved in all its symmetry and strength, a lasting monument to the learning, research, and genius of the men who framed the measure. To them I wish to pay my sincere tribute. I wish to add, further, that these vital features of the original Glass-Owen bill are preserved in both the amended bills which are presented by the two parts of the com-

OWNERSHIP OF STOCK AND RESERVE-BANK CONTROL.

The differences between the two wings of the committee are not great in most instances. Only two seem to me of particular importance, and they are closely related. I refer to the ownership of the stock and the control of the reserve banks. The Owen substitute compels the national banks to subscribe the stock of the reserve banks and leaves the control of the boards of directors with the member banks. The Hitchcock bill provides for a heterogeneous ownership of stock and the appointment of a majority of directors by the Federal reserve board. EXPERIENCE WITH OTHER PUBLIC UTILITIES.

We may learn a lesson in the management of these great public utility banks from the experience of other public utilities. Experience shows that private corporations are conducted with more keenness and industry than Government departments. Go into any Government office in Washington, and you will find a listless, indifferent attitude that is entirely lacking in a bank or shop or factory.

The best combination is private ownership, with private in-

centive and strong governmental control.

COOPERATION OF NATIONAL BANKS.

If our new banking system is to be a success, we must compel the national banks to take a pecuniary interest in the enterprise. The location of their hearts and their treasures will be

close enough to support the scriptural reference.

We must enlist their cooperation; we must avail ourselves of their knowledge, experience and discretion in the responsibility of borrowers, the soundness of enterprises and the strength of investments. The private character of banking for profit should dominate our new system as far as the management of the reserve banks. No one but active bankers can do such work to the best advantage.

BANKING INITIATIVE AND PUBLIC CONTROL.

Upon the directorates of the reserve banks the banking interests should first come in touch with the controlling forces of the Government. Here is an interlocking and dovetailing that The bankers should still control the matter of discounts and other details of the actual banking business and all these details should be subject to the general oversight and policy of the Government board.

But the Federal reserve board should represent the Govern-They should control broad questions of policy concerning which individual interests might tend to favoritism and abuse. No one would now advocate a representative of the railroads on the Interstate Commerce Commission. No one would advocate a Government representative on the directorate of a railroad corporation. To suggest that a majority of a railroad board should be appointed by the Government would be absurd.

SECURITY OF GOVERNMENT FUNDS.

If people in general are permitted to take all the stock, there will be no responsible ownership upon which an efficient double liability may be based. Since the Government deposits are to be intrusted to the reserve banks, this responsibility should be compelled. The money of the Government has been guarded with twofold security up to this time, a policy which should

not be lightly abandoned.

The argument for a "bank of the people" sounds most attractive, but every national bank is that already. Any five people with \$25,000 to invest may start a national bank.

PENDING BILL COVERS ESSENTIAL DETAILS.

The time may come when we may wish to incorporate a great Federal bank, with stock owned by people in general, dealing directly with the people, and competing with our present banks. But at present we are not addressing ourselves to that problem. We are attempting to provide institutions in which existing banks may place their reserves with safety, and yet have the use of them to a reasonable extent, institutions at which commercial paper may be discounted for cash in times of emergency, institutions which shall serve to unite the banks and the Government in a common cause, institutions whose details shall be managed by the banks, whose stock shall be owned by the banks, in which the banks and the Government shall unite their reserves in a common fund for the

good of all, and over which the Federal Government shall exercise a judicious and wholesome control. Such institutions as these, such control as this, will cure the principal defects in our present banking and currency system. Our plan will concentrate and mobilize bank reserves, insure us a safe and elastic currency, afford means of rediscounting commercial paper, establish a more effective supervision of banking, encourage enterprise, and alleviate the distresses which follow business disaster. To attempt more than this in a single measure would be

the part of boundless conceit and self-sufficiency.

Mr. CUMMINS. Mr. President, I have listened with a great deal of interest to the address that has just been concluded. Its descriptive part has been admirable, but I am not able to concur in some of the conclusions announced by the Senator from New Hampshire toward the close of his observations.

I think there are some things the Government can do better than any private corporation. I believe a municipality should own and operate its waterworks. I infer, however, from the statement just made, that my friend from New Hampshire believes that a private corporation should own the waterworks of a city and that it should be efficiently regulated by the Government.

Mr. HOLLIS. Mr. President— The PRESIDING OFFICER (Mr. Lea in the chair). Does the Senator from Iowa yield to the Senator from New Hampshire?

Mr. CUMMINS. I yield. Mr. HOLLIS. I wish to agree with the Senator from Iowa wherever I can. Fortunately, there are many points on which we can agree.

I believe thoroughly in the public ownership of waterworks where the mechanical detail is small and about all there is to be done is to construct the plant, let the water run, and collect the water tax. I also believe that in some parts of the country electric-lighting plants, though more complicated, can be run to advantage by the cities, and in some instances I know that street railways may be run to advantage. When, however, it comes to a complicated business like banking, where judgment has to be passed upon commercial paper and the solvency of borrowers, and where keenness is such a large part of the business, and where a man must be alert at all times, I disagree with the Senator from Iowa. That is a pure question of judgment and opinion and not of principle.

Mr. CUMMINS. I am very glad to know that the Senator from New Hampshire is not dissatisfied with the tendency of the times, which is toward a larger municipal ownership. I do not know just where the line should be drawn between private ownership and public ownership; but I know that there are a great many instances of activity which we can well give to the public, rather than to the private corporation.

Personally, in the case of municipalities, I believe in the public ownership of waterworks, and of gas works, and of electric-

light works, and of street railways as well. We now have before us a bill fathered by the Democratic majority—and I compliment my Democratic friends upon it-for the building of a railroad in Alaska. I am in favor of building a railroad in Alaska, and I am in favor of having it built by the Government of the United States.

Mr. HOLLIS. Mr. President—
The PRESIDING OFFICER. Does the Senator from Iowa further yield to the Senator from New Hampshire?

Mr. CUMMINS. I do.

Mr. HOLLIS. If the Senator will pardon one more suggestion. I agree thoroughly with what the Senator has last said. I believe the Government should build the railroad in Alaska; but the chief distinction between the two sorts of enterprises is this: The water plant, the electric-light plant, the street railroad, the telephone, the telegraph, the steam railroad are all natural monopolies where we can not have effective competition; where there can be but one or else a very expensive reduplication. In that respect that sort of an enterprise differs tremendously from a banking proposition, where banks must be in competition in order to satisfy the needs of the community at fair rates. When you get to the function of issuing the currency there again you reach the monopoly field, where the Government must be the monopoly, and the only one. That is the distinction.

Mr. CUMMINS. I can understand that there may be an honest difference of opinion with regard to the propriety of Government control, absolute control, of the Federal reserve bank, but I am not able to perceive the distinction which is suggested by the Senator from New Hampshire. It is not intended that there should be any competition. It is not intended that the Federal reserve bank shall compete with the national banks or

with the State banks. The function the Federal reserve bank is to discharge is one that is indissolubly attached to monopoly. It is a monopoly. The redistribution of the reserves of the country is to be dictated by the highest motive for the public welfare, the general good, and not to advance the profit of any man or

any local body of men.

Therefore, it seems to me that the considerations which have now been so well stated by the Senator from New Hampshire, which sustain the public ownership of these utilities, in which all the people of the community affected are vitally interested, apply with increasing force to the functions of Federal reserve banks. If they are not to take the work that has hitherto been done by the banking interests of the country and not well done or not done for the benefit of all the people; if they are not to take that work and do it with an eye single to the welfare of all the people, then they ought not to be organized at all. That is the only defense for the imposition upon our existing system of this great series of corporations, with their attending expanse and complication. I, however, did not intend to enter that particular phase of the matter, but I could not resist the tempta-tion to draw the parallel between the Federal reserve banks and the public utilities which the Senator from New Hampshire so well says ought to be owned and operated by all the people.

When I suspended my address before the recess I was attempting to show the injustice of compelling the national banks to take one-sixth of their capital and surplus and invest in the capital stock of a Federal reserve tank. I desire, however, to be understood clearly with regard to that proposition. I am not asserting its injustice as against the banks, but I am asserting its injustice against the people of the communities which are

served by the banks as they now exist.

I was about to call special attention to the language of the Owen substitute with respect to this matter, and I intend to read it. I want those who are here to bear this language in their minds, for I shall hope later on to analyze that language with some particularity in dealing with the legal aspect of the subject. I quote:

When a Federal reserve bank shall have been organized, every national banking association within that district shall be required and every eligible bank may be permitted to subscribe to the capital stock thereof in a sum equal to 6 per cent of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Federal reserve board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal reserve board, said payments to be in gold or gold certificates.

Now, mark, after omitting two paragraphs:

Should any national banking association in the United States or trust company engaged in commercial banking in the District of Columbia now organized fail within one year after the passage of this act to become a member bank under the provisions hereinbefore stated—

And I may pause to say that under the provision in order to become a member bank the subscription to the capital stock must take place-

or fail to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank act or under the provisions of this act shall—

Now, mark, because this is peculiarly applicable to an observation made a night or two ago by the senior Senator from Mississippi [Mr. WILLIAMS]-

within the discretion of the Federal reserve board, be thereby forfeited.

I emphasize it because I want every lawyer here to remember that upon a failure or refusal of a national bank to subscribe to the capital stock of the Federal reserve bank its charter or franchises are not ipso facto forfeited, but the Government of the United States, through the Federal reserve board, may exercise the option to either declare a forfeiture, to be enforced in the courts, of course, or permit the banking association to continue.

Any noncompliance with or violation of this act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the District or Territory in which such bank is located, under direction of the Federal reserve board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the failure to become a member bank under the provisions of this act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

Remember that I am not now inquiring with respect to our constitutional right to exact a part of the capital of national banks for the benefit of reserve banks. I defer that a few moments until I consider the justice of the requirement, the in-herent wisdom of the requirement. I am asking, in other words, whether it is a fair and just thing to do. I am not protesting for the national banks themselves as organizations so much as I am protesting in behalf of the communities which depend upon the national banks.

If in the transfer there was involved nothing more than the difference between the 6 per cent dividend which this bill allows and the dividend which national-bank capital ordinarily pays, I would not feel inclined to raise my voice against it. speaking for the multitude of men whose enterprises are sustained in part by loans from this capital.

If I may be permitted a local reference, it seems to me nothing less than monstrous for the Government of the United States to forcibly take 6 per cent of the national banking capital of Iowa and remove it to Chicago, there to be dealt with accord-

ing to the pleasure of a Federal reserve bank.

Here may I be allowed to say just what that would do for y State? The State of Iowa is not an opulent Commonwealth my State? in the ordinary sense of that word. Its people are the most prosperous, I believe, in the world. There is no want, no hunger, within its borders. We have a happy and fairly contented population. But, nevertheless, the banking capital we have is as necessary to us as the immensely larger banking capital of New York is to that metropolis.

There are in Iowa 341 national banks. Indeed, we have in that State 1,700 banks, National and State. There are more banks in the State of Iowa absolutely than there are in any other State in the Union, even though our population and the volume of our business and the amount of our wealth are vastly less than in some of the States. But we have so adjusted our affairs that there are in our State 1,700 banks which support its

I confine myself now to the national banks. As I said, there are 341 of them. They have a paid-up capital of \$23,195,000; they have a surplus of \$9,517,000; and they have undivided profits, which are in the nature of surplus and would, I fancy, be reckoned as surplus, of \$4,129,650; or, in all, capital and surplus, \$36,842,097. Six per cent of that is \$2,210,525. That is the amount under this bill, and the Hitchcock bill too, unless under the provisions of the latter measure the banks are able to dispose of the stock among the people that must be contributed to the reserve bank. This is the sum which the measure now before us, and which is to pass this body, unless amended in the way I have suggested, will take from Iowa of its banking capital and transfer it to Chicago. It is, as it seems to me, not only a severe

but an unnecessary blow to inflict upon our business.

Mr. POMERENE. Mr. President—

Mr. CUMMINS. Tell me why it is desired to lift bodily more than \$2,000,000 from our community and take it to Chicago, or to St. Louis, or wherever the reserve bank may be situated, in order to be distributed according to the pleasure of the directors of that bank?

I yield to the Senator from Ohio.

Mr. POMERENE. Does the Senator from Iowa understand that this money which he speaks of as bank capital is a part of the stock or surplus of the banks?

Mr. CUMMINS. I beg pardon; I am not able to hear the Senator.

Mr. POMERENE. I ask whether the Senator from Iowa is of the opinion that the contributions to the Federal reserve bank, to which he refers, is a part of the capital and surplus of the Iowa banks? I beg to say that this money which is contributed to the regional banks, whether as stock or surplus,

is, of course, paid out of deposits of the bank.

Mr. CUMMINS. I am not now speaking of reserves. I am

speaking of capital.

Mr. POMERENE. Very well, then—
Mr. CUMMINS. The amount that I have indicated here is Mr. CUMMINS. The amount that I have indicated here is the amount of capital and surplus, and it is that capital or a portion of it which the bill proposes to take from our people, from our enterprises, and transfer it to the reserve bank, which is to be situated either in Chicago or St. Louis.

Mr. POMERENE. But the point to which I wish to call the Senator's attention is that the stock which is subscribed for by the member bank is paid for by the bank not out of its capital, not out of its surplus, but out of the deposits in the

bank.

Mr. CUMMINS. That is a mere-I will not call it a subterfuge, because the Senator from Ohio did not so intend it; he intended it to be perfectly sincere, but it is not substantial. course, the bankers in Iowa have loaned out this capital. Every penny of it is already at work in our State. When this bill passes they must call in that proportion of their loans and convert them into money, and use the money for the purpose of buying the stock of the Federal reserve bank.

Mr. POMERENE. Mr. President, if I may be permitted to

interrupt the Senator-

Mr. CUMMINS. Certainly; I would be glad to yield to the

Mr. POMERENE. I wish to call attention particularly to this fact: The Senator complains of the taking of this amount of the people's money from his State and placing it in the regional reserve bank in the payment of the stock which is subscribed. Now, the deposits in those banks are the people's deposits, and the money must come out of the State of Iowa whether it is subscribed for by the banks or subscribed for directly by the people. In any event, it is paid for by the people of the State of Iowa.

Mr. CUMMINS. Mr. President, I am not prepared to admit what the Senator from Ohio has just said. Of course, if the people of Iowa were to subscribe in their individual capacity for the \$2,000,000 and more of the stock of the Federal reserve banks, they must pay for it, but those subscriptions would be paid from funds accumulated by the people of lesser commercial activity and wealth, and this aggregate would not

be drawn from the banking capital of our State.

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. CUMMINS. I yield. Mr. POMERENE. If the money that is used to pay for this stock is taken out of the bank, certainly it is going to reduce

their deposits by that much.

Mr. CUMMINS. That does not follow, Mr. President.

Mr. POMERENE. Is the Senator from Iowa able to give us any information as to the portion which would be taken out of the banks and the portion which might be taken out of the

pockets of the people, or from hiding places?

Mr. CUMMINS. The Senator from Ohio has been studying this question for months, and I ask him whether he can do

Mr. POMERENE. Mr. President, I can not give such information; I do not think it is available.

Mr. CUMMINS. If it is not available, why did the Senator

from Ohio ask me to give it?

Mr. POMERENE. It was not available so far as I was concerned, but I recognized the greater diligence of the Senator

from Iowa and his superior knowledge of the subject.

Mr. CUMMINS. I acknowledge the compliment, but I am very frank to confess that where the Senator from Ohio has reaped I would be very slow to glean. However, I renew my statement; and I want it not to be forgotten that the banking capital in the State of Iowa is now loaned out, and the banks, in order to respond to the obligation here created, must recall that amount of their loans in order to make the payment so required. But I proceed.

If banking capital bore any resemblance to bank reserves

Mr. SHERMAN. Mr. President-

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Illinois?

Mr. SHERMAN. I will not interrupt the Senator if it is not

agreeable to him.

Mr. CUMMINS. I am very glad to yield to the Senator from

Illinois.

Mr. SHERMAN. Before the Senator leaves the last subject I wish to ask him a question. A large part of the money taken for capital stock will be transferred, presumably, to the regional bank organized to serve that part of the Mississippi Valley. Would there be any prospect of the people or the banks of Iowa recovering anything like the sum they would contribute, so that it would be available to come back and fill the gulf that might be created by the withdrawal?

Mr. CUMMINS.

I do not know.
Of course, that is conjectural. Mr. SHERMAN.

Mr. CUMMINS. Well, the operation of the Federal reserve bank is somewhat of a mystery to me. How quickly, if at all, this capital would be returned or to whom it would be returned I do not know. I intend to show presently, if I do not overlook it, that the only possible purpose—and I challenge my Democratic friends to point out any other purpose—for exacting from the national banks a portion of their banking capital is that the Federal reserve bank may take it from one bank and loan it to another. There is no other reason for taking a part of the

capital of one institution.

Mr. SHERMAN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa yield further to the Senator from Illinois?

Mr. CUMMINS. I do.

Mr. SHERMAN. If I may follow that question with a further inquiry, this \$2,000,000 that is taken from Iowa at present is accessible to the people of Iowa in the several communities

served by the bank, but if taken to Chicago it diminishes your chances by that much, since it thereby becomes subject to a larger area of distribution. When, however, the further power is given of loaning money under order of the board situated here at Washington to any bank in the United States, what does the

Senator think is the prospect of getting it back into Iowa?

Mr. CUMMINS. I have not attempted to estimate those remote possibilities. They are beyond my mathematical capacity.

As I was proceeding to say, if banking capital bore any resemblance to bank reserves there might be some reason for the transfer, and I hope the Senator from Ohio [Mr. POMERENE] will indulge me especially with his attention on this point, for it marks the difference between reserves and capital; but they are so radically different that the very argument which proves the wisdom of concentrating reserves establishes the rank injusthe wisdom of concentrating reserves establishes the rains injus-tice of a compulsory consolidation of banking capital. The re-serve in the vaults of a bank is idle money, and the purpose of the present law in allowing a part of it to be deposited else-where, and the purpose of the proposed law in requiring a water, and the purpose of the proposed law in requiring a part of it to be deposited in the Federal reserve bank, is to make it useful; that is, to make it work. It is not so with banking capital. The capital and surplus of every national bank in the United States is loaned every minute of the year, and every penny of it is doing everything that money can do to stimulate and maintain the business of the country. It is not claimed that the national banks have not loaned it safely and wisely.

I pause to see whether that statement is challenged. claimed that the reserves of the banks are not used in the way to bring the greatest advantage to the people or to bring the greatest support to the business enterprises of the land and, therefore, it is sought to consolidate them or a part of them-I am not now speaking of the propriety of such consolidation-it is proposed to concentrate them in order that money which is otherwise idle or which is devoted to some use that does not in the highest degree serve the public welfare may be invested in a community and under conditions that will most effectually and most efficiently serve the purposes of money; but tell me now, if you can, whether it is claimed that any part of the banking capital of the United States is not used as efficiently as it should be used; tell me whether the banking capital of my State is not doing all that capital can do. It is invested in our factories or loaned to those who manage our factories; it is invested in our stores or loaned to those who own and conduct these establishments. Every penny of it is invested to support our industrial and agricultural fabric, and I confess that I become a little indignant as I view the proposal to enter our Commonwealth with the strong arm of the Federal Government and forcibly take more than \$2,000,000 of the capital that we have thus employed, and are thus employing, possibly to shatter and destroy or to weaken the people of my State in order that a Federal reserve bank 300 miles away or 500 miles away may in its good time conclude to loan that money to some bank in Mississippi or in Arkansas, in Ohio or in Minnesota. If there be a man here who can defend a proposal of that sort, he has yet to come to his feet in defense of the measure.

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. CUMMINS. I yield.

Mr. POMERENE. Mr. President, the Senator from Iowa is very indulgent this evening, and I do not propose to take his time now to fully state my position on the proposition which he has laid down; but I want to suggest this in passing: The reserve banks are for the benefit, primarily, of the bankers. The public are benefited only secondarily through the banks. The entire amount of the capital stock of the proposed regional reserve banks, together with the proposed reserves, will be very materially less than the total reserves which are now required under the present law; so that, if we look at it purely from the standpoint of dollars and cents, the banks will be benefited by this system over and above what they are benefited by the present system. To go further, the reserves of the country banks are now 15 per cent. They are reduced in the proposed bill to 12 per cent. The reserves of the reserve city banks under the present law are 25 per cent. They are reduced to 15 per cent. The reserves of the central reserve banks, which are now 25 per cent, are reduced to 18 per cent.

Let me also suggest this thought: These banks owe their very existence to the Government. When these banks were organized it was with one of the accompanying conditions that they should keep separate and apart a certain amount as reserves.

They are not complaining of that fact now.

Mr. CUMMINS. Nor am I discussing it.

Mr. POMERENE. I recognize the fact that the Senator attempts to distinguish between the capital and the reserves of the banks.

Does not the Senator recognize a difference? Mr. CUMMINS. Mr. POMERENE. I recognize the fact that a dollar is a dollar, whether it is capital or reserve.

Mr. CUMMINS. Or whether it belongs to you or to me; that

is about the distinction.

Mr. POMERENE. No; I think that the distinction, if there be a distinction, is one without a difference. The capital of which the Senator speaks is all invested under the present system. The capital which will be turned over to the regional reserve banks can also be invested when the occasion requires; and, though we have the two separate accounts, a capital account and a reserve account, it is one and the same thing in the end.

Mr. CUMMINS. I do not so understand, Mr. President. Of course, just at this moment, I have no desire to prolong the discussion of that issue as to whether there is any difference between banking capital and a reserve, but I have thought there was a very great difference. There is a very marked distinction between the relation of our people to the banking capital and the relation of our people to an idle reserve in the

vaults of the banks.

The Senator from Ohio has just said-and he said very truly—that this bill is primarily for the benefit of the banks. I know it, and therefore I protest. We ought not to legislate primarily for the benefit of the banks. I am not unwilling that the banks shall be benefited, but I hope that a measure will pass that is primarily for the benefit of the people of the United States and all the people of the United States. In so far as the interests of the people and of the banks are identical, then whatever we do in behalf of one will be done for the other; but it seems to me that we must think first and longest and last of its effect upon the people of the country. Our people are dependent upon this capital; our banks are not dependent upon it.

I suppose that they care little whether they get 6 per cent from the Federal reserve banks or whether they get a trifle more in the course of business to which they have been accustomed. They care little; but the men who are carrying on our affairs, who have been in the habit of relying upon the credit which they have established at these banks in order to sustain the various kinds of business in which they are engaged, are the men whom you are crippling, if not destroying, by withdrawing a portion of the banking capital. I have yet to hear a word in defense of that proposal. If you can show me that the money in the hands of the Federal reserve bank can be put to a better use, can be made to do more efficient work for the business of the country, then there would be presented a consideration upon which we ought to reflect; but I have heard no such suggestion.

Mr. O'GORMAN. Mr. President-

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from New York?

Mr. CUMMINS. I do. Mr. O'GORMAN. I understand the Senator from Iowa to complain that under the provisions of the pending bill upward of two millions of money will be taken out of the State of Iowa, and to that extent-

Mr. CUMMINS. Oh, I know the Senator intends to state it accurately. There will be very much more than that taken, but there will be taken \$2,200,000 of the banking capital.

Mr. O'GORMAN. Correct; and to that extent, as the Sena-tor stated, the business enterprises of the State will be affected.

I think if the Senator makes a calculation based upon the total deposits in the banks in Iowa, he will find that the amount of deposits that may be used for purposes of loans has been so increased that the two millions which the Senator says will be taken out from the capital and deposited in the regional bank will be more than compensated for by the reduction in the reserves.

At the present time, as has been suggested by the Senator from Iowa, the so-called country banks, all the banks outside of the reserve cities and the central reserve cities, are required to segregate 15 per cent of their deposits. With that exception, the capital of a local bank and 85 per cent of its deposits may be employed to promote and extend trade and commerce, but not more than that. Fifteen per cent, as I have stated, must be set apart and segregated, excepting the portion of it which, under existing law, may be sent to a reserve city. Now, the pending bill reduces that percentage from 15 to 12 per cent. So, in other words, instead of the bankers of Iowa and other States being confined to the use of 85 per cent of the deposits for the purpose of making loans and discount- That is the objection I have to the proposal of this bill.

ing notes and paper, they may now use 88 per cent. I venture to assert that the additional 3 per cent will aggregate an amount in excess of the two millions which, according to the Senator from Iowa, will be the contribution of Iowa to the capital of the regional bank in whose territory that State may be located. I simply wanted to know whether the Senator had given his attention to that phase of the proposed legislation.

Mr. CUMMINS. I have, Mr. President; and if the trade is of such great advantage to the people of our State, unquestionably, under the amendment I have proposed, the banks would be eager to subscribe for the capital stock. All I am asking is that this property shall not be taken from our people, who are now using it, against their will. But the Senator from New York has not

stated quite all the facts with regard to the reserves

Under the present law it is quite true that country banks-and nearly all the banks in my State are country banks-are required to keep a reserve of 15 per cent. They are required to keep 6 per cent in their own vaults, and they send 9 per cent elsewhere to be loaned at interest. Under the present proposal the banks are required to keep 7 per cent in their own vaults, 1 per cent more than they are required to keep there under the present law, and they will be denied the right of using that 1 per cent of their demand liabilities. They are required to send 5 per cent to the Federal bank, upon which they are to receive no interest whatever.

I am not denying, and I do not want to be understood as denying, that there is an opportunity for great advantage to the banks upon some occasions from this bill. I am not opposing the consolidation of reserves, or a portion of the reserves. I have favored that because it is necessary to consolidate them in order that their money may do its most effective work. As I said a moment ago, however, the very reason for consolidating the reserves, in order that our money may be constantly employed in enterprise, is a conclusive reason against compelling the banks to surrender any portion of their capital which is already doing all that a circulating medium or money can do.

Mr. POMERENE. Mr. President—
The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Ohio?

Mr. CUMMINS. I yield to the Senator from Ohio. Mr. POMERENE. The Senator from Iowa has just stated that under the present bill there would be 7 per cent in the bank's vaults, and 5 per cent in the reserve bank.

Mr. CUMMINS. Either 7 per cent in the vaults of the bank or in the Federal reserve bank.

Mr. POMERENE. It may be in the one place or in the

Mr. CUMMINS. I am speaking now of the country banks. Mr. POMERENE. Yes; I am speaking of them also. I wish to call the Senator's attention to the fact that at the present time 9 per cent of the country bank's reserves must be in a reserve bank, upon which it gets 2 per cent interest. per cent is released entirely, and that can be loaned at the prevailing rates within the State. In addition to that, whether there be 5 per cent of the 12 per cent in the reserve bank's vaults, or 6, or 7, or more, the country bank, under this system, will have the right to present its paper for rediscount at this bank and get from the bank 65 per cent of the reserves which it has deposited, in addition to the capital which it may have invested. This sum of money can be loaned out, I take it, perhaps, at 1 or 2 or possibly 3 per cent in excess of what the discount rate would be.

It seems to me that when we are considering the advantages or disadvantages of the one system or the other, we should bear

those facts in mind.

Mr. CUMMINS. I do not forget those facts, although the Senator from Ohio probably has not stated all of them with regard to the phase of the matter he has just suggested. The banks secure many advantages in the deposit of their reserves the 9 per cent which they may now deposit—in reserve cities or central reserve cities in addition to the 2 per cent interest which they may also receive.

I will not, however, be drawn into a discussion of the benefits of consolidating the reserves. I am in favor of consolidating I believe there are great advantages growing the reserves. out of it. But because you can take in a Federal reserve bank the reserves of our banks in Iowa, because you can take our money which has accumulated in the reserve fund and use it profitably and to better advantage than we can, therefore you you must take also the banking capital from our State which you can not use at all. That is, you can not use it comparably in effect with the way in which we are using it.

Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. CUMMINS. I do.

Mr. HITCHCOCK. I wish to call the attention of the Senator from Iowa to an important distinction between taking \$2,000,000 of the banking capital of Iowa by force and taking the same amount of money voluntarily from small investors.

If the \$2,000,000 is taken by force from the banking interests of Iowa, it is taken out of a field where it is at the present of 16wa, it is taken out of a field where it is at the process time earning 10, 12, or possibly 15 per cent by active work in the banking world. Iowa loses that. If, however, the stock is thrown open to popular subscription and the people of Iowa voluntarily subscribe \$2,000,000 to the capital stock of the new system, earning 5 per cent dividends, they do it because their money at the present time is not netting them 5 per cent. So while in each case Iowa would make the same contribution to the capital of the system, in one case, where it does it involuntarily and by compulsion, it is taken out of active capital where it is efficiently employed; and in the other case, where it is done voluntarily by subscription of the people, it comes from small funds where it is now earning less than 5 per cent, or it would not be subscribed. would not be subscribed.

In conclusion, if the Senator from Iowa will permit me, I should like to draw his attention to one further fact. The Senator from Ohio seems to take the position that only in the Owen bill is provision made for those benefits which come to the banks by reason of a release of their reserves. All those benefits can be attained without levying forcibly upon the capital of those banks, and they are provided for in the draft of the bill which I had the honor to report on behalf of one-half

the committee

Mr. CUMMINS. I am very much obliged to the Senator from Nebraska for stating the additional reason against taking the capital from the banks. It is not necessary. You can not help anybody by doing it. There is not a man in America who will be aided in the slightest degree by this forcible taking of the banking capital from various States. It seems to me to be an arbitrary exercise of power, for unless you can give some better reason than you have yet given for invading our State and denuding it of its banking capital, I can not believe that the people of the country will sustain the proposal in that regard.

I say this in a friendly spirit, because in the bill brought forward by the Senator from Ohio there is very much that I think What I have said is will be helpful to the people of the country. not said in any spirit of hostility to the general plan which has been adopted, namely, the plan for the concentration of reserves and the plan for the issuance of additional paper money. Although I prefer the bill brought forward by the Senator from Nebraska-I think it is better, I think it does less injustice, and I think it is more beneficial to the people than the one that bears the name of the Senator from Oklahoma-yet I want to be able when the time comes to give my vote for the bill known as the Owen substitute.

Mr. SHERMAN. Mr. President, may I ask the Senator from Iowa a question?

Mr. CUMMINS. Certainly.

Mr. SHERMAN. Excluding the reserve cities in the State of Iowa of Cedar Rapids, Des Moines, Dubuque, and Sioux City, the remainder of the banks would constitute the country

Mr. CUMMINS. Certainly. Mr. SHERMAN. From a report of the Comptroller of the Currency dated November 20, 1913, I find that the 6 per cent subscription required from the country banks alone-I have segregated them in such a way as to give them—would be \$1,587,600 in round numbers. The paragraph of the bill in question requires the payment of this involuntary subscription of \$1,587,000 from the Iowa country banks to be made in gold coin or gold certificates. In the opinion of the Senator from Iowa, what would that probably do for these country banks in the way of impounding gold certificates or gold coin as soon as they see the emergency arising, and thereby creating some disturbance in the parity of our different forms of coin and currency at present?

Mr. CUMMINS. The question of the Senator from Illinois is so clear that it suggests its own answer, and I am very much obliged to him for putting that phase of it before the Senate.

The proposal of the bill, proceeding along the line of my argument, in this respect is utterly without excuse or justification, and I hope the lawyers of the Senate will bear that in mind when I come to discuss the legal phases of the matter, because very much of the ultimate outcome of this legislation will depend upon whether you are doing a fair thing in extracting this

capital from the various banks and compelling it to leave the places in which it is now in service in order to be deposited with the Federal reserve bank.

It is a flagrant piracy, in my judgment, for the General Government to seize upon this capital and deprive those whose property it is, and who are using it lawfully and efficiently, of its

ownership and control.

When the bill in this respect is analyzed it will be seen that the only result of the operation is to take the capital of national banks and give it to the reserve bank in order that the latter may loan to other national or member banks. I should like to know whether that proposition is denied. When you come to defend an assault against the provision which takes 6 per cent of the capital and surplus of the national banks you will be asked to say why you did it. You can not say that you did it in order that it might be loaned out. It is already loaned out.

Mr. POMERENE. Mr. President-

Mr. CUMMINS. I will yield in just a moment. It is not idle money, as the reserve is. You will be compelled to say that you took it in order that you might loan it to some other bank than the one which contributed it. If it is not to be employed in that way, it can not be employed at all. I now yield to the Senator from Ohio.

Mr. POMERENE. If I understood the Senator correctly, he makes the charge that we are taking 6 per cent of the capital and surplus of the banks. Did I understand him correctly?

Mr. CUMMINS. The Senator from Ohio did understand me

Mr. POMERENE. Then permit me to say that we take no part whatever of the capital and surplus. We provide that they shall subscribe for an amount of stock which shall be equal to 6 per cent of the capital and surplus.

Mr. CUMMINS. No; but—

Mr. POMERENE. And that is not the bank's money; it is

paid out of the people's deposits.

Mr. CUMMINS. It is not paid out of the people's deposits. It can not be paid out of the people's deposits. The banks have no right to invest their depositors' money in stock in the Federal reserve bank. It is paid out and must be paid out of the capital of the bank.

I hope that the Senator from Ohio will not be so technical with regard to the matter. He knows perfectly well that the bank must respond to its depositors. It must pay them upon demand every dollar that they may deposit. The funds are trust funds in the highest sense of the word. It is to my mind a contradiction in terms, it is hardly candid, to suggest that the payment for the capital stock of the Federal reserve bank which becomes a part of the capital of the national bank is to be paid for out of the money of the depositors.

Mr. POMERENE. Mr. President—
The VICE PRESIDENT. Does the Senator from Iowa yield

further to the Senator from Obio?

Mr. CUMMINS. I yield.

Mr. POMERENE. I will not proceed if the Senator has any objection

Mr. CUMMINS. I have none at all. I want to make my apology to the Senator now. I never resist interruptions. That is not my habit. But I beg Senators to remember when they come to think of the time I am consuming to remember that a very large part of it has been taken, and well taken, by other Senators. I am glad to yield to the Senator from Ohio.

Mr. POMERENE. The Senator has been very gracious. simply wanted to remark that, of course, we do not now have any authority to take 6 per cent from the deposits or capital of these banks. We only expect to get that by virtue of this legislation.

Now, the Senator suggests the impropriety of taking the

depositors' money to pay for this stock. Let me suggest—
Mr. CUMMINS. Oh, it is manifestly improper. It is just as improper to take the depositors' money to pay for the stock in these Federal reserve banks as it would be to take the depositors' money and build a bank structure with it.

Mr. POMERENE. Mr. President, I very much regret that I

can not agree with the Senator on that proposition.

Mr. CUMMINS. Let me ask the Senator from Ohio a question. Suppose a depositor wanted his money, how would the national bank get it out of the stock of the Federal reserve bank?

Mr. POMERENE. If the company went into liquidation-

Mr. CUMMINS. Suppose it did not go into liquidation? Mr. POMERENE. If it is to continue as a going concern, there certainly will be plenty of opportunities for every de-positor to get his money. Let me make this suggestion. Every dollar of the depositors' money which does not remain in cash in the vaults of the bank or as reserve is invested in one way or another, either in discounting paper, in mortgage securities, in bond securities, or something akin to that. Here there would be a given amount invested in the stock of this bank, which under our plan earns 6 per cent cumulative dividend.

Mr. CUMMINS. May I—
Mr. POMERENE. Pardon me just a moment. Under the plan of the Senator from Nebraska it would earn 5 per cent. The Senator from Nebraska referred to the fact that the bankers in Iowa earn 10, 12, perhaps 15 per cent. that if the Senator will refer to the comptroller's report he will find that the national banks of the country earn only on an average 270 per cent net on the entire deposits.

Mr. CUMMINS. Of course. The Senator from Ohio is constantly talking about deposits and reserves. I am not talking

about either.

Mr. CRAWFORD. Mr. President-

Mr. CUMMINS. I will yield in just a moment. I should like to know whether in composing the bill which we are now considering the stock of the Federal reserve bank can be deposited with the bank itself as a part of its reserve.

Mr. POMERENE. The stock is not deposited as a part of the

If it is, it is not so good; and if the national bank itself is at perfect liberty to take the money of depositors and use it for the purchase of capital stock, why does not the Federal reserve bank accept it as a part of the reserve?

Mr. POMERENE. There is no provision under this bill whereby it can be done, and for a very wise reason, as it occurs to me. It is the purpose of the bill to keep these reserves mobile, and if you are to deposit stocks or bonds or long-time mortgages, you destroy the very purpose for which your reserve bank is created.

Mr. CUMMINS. Why does not the Senator from Ohio admit that the only reason why this bill requires the national banks to subscribe to the capital stock of a Federal reserve bank is to give to the national banks the control and the management

of the Federal reserve banks?

Mr. POMERENE. Mr. President, the Senator has, of course, read this bill very carefully, as he always does measures which are up for consideration. This stock has nothing whatsoever to do with the control of the banks.

Mr. CUMMINS. I am amazed to hear the Senator from Ohio state that, when every member bank has a vote to elect six

directors in the Federal reserve bank.

Mr. POMERENE. The banks as a unit have the vote, but not in proportion to the stock they own.

Mr. CUMMINS. Precisely; but it has the vote and it has

the capital there-

Mr. POMERENE. There is no doubt of that.
Mr. CUMMINS. Because it has taken the stock. I yield to

the Senator from South Dakota.

Mr. CRAWFORD. As to where this contribution of the banks is to come from, I simply wish to say that I have asked that question of a dozen or more country banks in my State, and, as I remember, it was asked repeatedly of the representatives of country banks who appeared before our committee. None of them made a direct answer that it would be taken from their stock and surplus, but all did say that it would be obtained by reducing their loans. I wish to call attention to that fact, said that it would be taken by a reduction of their loans, which certainly means that while under this bill it is taken by coercion from the bank it is then taken by the bank, through coercion,

from the borrower.

Mr. CUMMINS. The statement of the Senator from South Dakota is manifestly true. There is no other place from which

to take it.

Mr. BRISTOW. Mr. President-

Mr. CRAWFORD. If I may have just one word in this connection, I wish to emphasize this point which, it seems to me, is so material: Under the subscription for which the Senator contends the contribution is voluntary, and under this, clear to its final analysis, the contribution is coerced.

Mr. CUMMINS. Precisely.

Mr. CRAWFORD. The American people certainly draw a wide distinction between money taken from them with their consent and money taken from them without their consent,

Mr. CUMMINS. It is all the difference between free govern-

ment and a tyranny. ... ment and a tyranny. ... Mr. BRISTOW. Will the Senator yield to me for just a

Mr. CUMMINS. I yield to the Senator from Kansas. Mr. BRISTOW. I should like to submit a simple illustration which I think will bring out the point which the Senator has so elaborately and clearly presented already.

I have just made a calculation. The capital and surplus and undivided profits of the national banks at Wichita, Kans., aggregate \$11,710,000, in round numbers.

Now, they will be required to subscribe for \$70,260 of stock in a Federal reserve bank. It is conceded by everyone, I think, who has made any study of the question, except the Senator from Ohio [Mr. POMERENE], that that money comes from their capital and surplus. The Senator from Ohio is the only one I have ever heard intimate that it did not have to come from the surplus and capital or the undivided profits of these banks. That money is being loaned now, as the Senator from Iowa said, every cent of it, to the people in Wichita, I should say \$11,710,000. Six per cent of that is \$70,200. That \$70,260 will be taken from the people who now are using it in Wichita-from the merchants, the business men, and the farmers-and sent to St. Louis, where it can not be loaned to an individual at all. The individual will not have the use of that money and can not have it. He can not get it because it will be loaned to a bank somewhere.

Mr. CUMMINS. Following that illustration a little further, if it be said the Federal reserve bank in St. Louis will send it right back by way of discounting paper to the bank in Wichita, where it may be again loaned out to these same people who have it now, tell me what defense there is for that circumlocution in using money that is already fully and completely at work, and at work in just the place in which it ought to work?

Mr. OWEN. Mr. President-

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Oklahoma?

Mr. CUMMINS. I do.

Mr. OWEN. The observation of the Senator from Iowa that this money in Wichita is now at work under the reserve system now in vogue happens to be without foundation. Those reserves

can not be used now under the present law.

Mr. CUMMINS. Mr. President, the Senator from Oklahoma, I think, has just honored me with his presence. I am not discussing reserves. I agree with the proposition that the reserves should be consolidated in order to be put to work. I am disputing the wisdom or the justice of consolidating bank capital that is already at work in the communities in which it has been invested. I am not objecting to taking a portion of the reserves from the banks of my State and concentrating them in a Federal reserve bank. I am protesting against taking \$2,200,000 of the capital and surplus of banks already loaned out, already doing all that money can do, and transferring that sum to Chicago or to St. Louis in order to be loaned by a Federal reserve bank to some other national institution or some other member bank. The Senator from Oklahoma and myself have no controversy with regard to the reserves. I agree that they are idle in many places and ought not to be idle. I agree that they ought to be put to work. I agree that they ought to be moved at times by a single will.

Mr. OWEN. Then the Senator, I understand, concedes the propriety as to reserves, but denies the wisdom of placing this capital stock in the Federal reserve banks because it is abstracted from the banks which now are using that capital. Is

that stated correctly?

Mr. CUMMINS. I agree to the general proposition for a concentration of reserves. I think it is wise ...nd salutary and the Senator has correctly stated that; but I object to the coercion of 6 per cent of the banking capital and surplus of my State, which is now outstanding in loans, every penny of it.

Mr. OWEN. Does the Senator agree with the Senator from

Mr. Owella. Does the Schator agree with the Schator from Nevada [Mr. Newlands] that no capital is necessary?

Mr. CUMMINS. I do not want to be drawn into a controversy with the Schator from Nevada. I would hesitate to affirm that proposition, but I want to answer further, I want to be entirely candid, I am in favor of voluntary capital instead of involuntary capital.

Mr. OWEN. With reference to the observation made by the Senator from Iowa that this fund used for capital stock would be withdrawn from the banks under the proposal of the measure now before the Senate, offered by the section of the committee with which I was associated, I want to call his attention to this particular feature: Whether capital be abstracted from individual citizens by a voluntary subscription or by compulsory requirement from these member banks, it would in either contingency be taken out of the deposits of the citizens in the 25,000 banks of this country.
Mr. CUMMINS. Mr. President, I do not agree with that

statement, but I may say to the Senator from Oklahoma that it has already been discussed here this evening at such great length-I mean discussed in response to certain statements I have made in the course of my argument-that I do not feel at liberty to repeat what I have already said in that regard and

what has been said by the Senator from Nebraska [Mr. HITCHcock] and what has been said by other Senators when that particular phase of the subject was under discussion.

Mr. LIPPITT. Mr. President, will the Senator from Iowa yield to me for a moment to ask the Senator from Oklahoma a question in regard to a statement he has just made?

The VICE PRESIDENT. Does the Senator from Iowa yield

to the Senator from Rhode Island?

Mr. CUMMINS. I yield to the Senator from Rhode Island to

Mr. LIPPITT. I should like to ask the Senator from Oklahoma [Mr. Owen], who says that in any case a voluntary subscription to the stock of the reserve bank must necessarily come out of the banks of Iowa, what would happen in case a citizen of Iowa who at present has perhaps an investment in the stock of the Union Pacific Railroad should choose to sell that stock and to reinvest his money in the capital of the reserve bank? Certainly in such a case as that it would have no effect at all upon the banking capital or the bank deposits of the State of Iowa, but it would come from an entirely different source, would it not?

Mr. OWEN. It would in either contingency. If the Union Pacific stock were sold, it would be paid for in nine hundred and ninety-nine cases out of a thousand by a check on some bank, and that would come out of the resources of that bank.

Mr. LIPPITT. It might come out of the resources of some State that had a surplus of resources. The Senator from Iowa is talking of his State as one that has rather a lack of banking capital and of banking deposits, but there are other States in the Union where there is notably a surplus of money so used. Most of the States on the Atlantic seaboard have a surplus of banking capital and a surplus of bank resources of all kinds. In such a case as that the money would not necessarily come out of the bank resources of the State of Iowa, but it might come from many other sources. If, however, under the Senator's bill that bank in Iowa is obliged to take out a certain amount of its capital, of course that necessarily reduces the bank's resources to a certain extent.

The proposal submitted by the members of the committee associated with myself would distribute that stock pro rata according to capital and surplus uniformly and harmoniously throughout the Nation, without taking the funds from one particular section and placing them in another sec-Therefore it would be more harmonious and just. More than that, in so far as the capital stock of Iowa is concerned, if it did put \$2,000,000 in the Federal reserve bank, it could immediately receive back every dollar of that at a low rate of interest and use the same fund without any let or hindrance.

Mr. LIPPITT. I am not asking that question at all. I simply wanted to enter a denial of the Senator's statement that if the subscription was popular it would necessarily come out of the resources of the Iowa banks.

Mr. OWEN. The observation was not made with regard to that feature.

Mr. CUMMINS. I have gone all over that feature of the subject in the absence of the Senator from Oklahoma, and it would be an offense, I think, against the Senate to attempt to review it.

Mr. OWEN. I do not wish to interrupt the Senator.

Mr. CUMMINS. However, I beg the attention of the Senator from Oklahoma now to what I regard as a very grave matter, and it ought to fill him with a sense of responsibility as we proceed with this legislation. If it be said that the reserve bank discounts the paper of a national bank to an amount equal to the capital taken, I reply that, then, the proceeding is worse than useless; it is absurd. It is absurd, for the reason that the bank from which it is taken already has its full capital loaned to business in its community. Why, then, interfere with the conditions as they are?

Moreover-and this is the subject to which I invite the reflection of the Senator from Oklahoma, who is responsible for this bill, and I want him to note that I am not speaking in any hos-tile spirit, for I would rather have his bill than the existing law if the objections from a legal standpoint which I shall now

make can be fairly met.

It is repugnant to our deepest sense of justice for a Government to take the property of one man and give it to another even if we had no Constitution. The proposal would violate our highest conception of the justice which must be done among men if organized society is to be peaceful and permanent.

All these considerations in one form or another have already been laid before the Senate with an amplitude of learning, full-ness of illustration, and cogency of argument that I can not hope to equal, and I submit that phase of the subject without further comment and turn to an inquiry which has up to this

time received but incidental attention. I question the constitutionality of that part of the Owen substitute requiring the national banks to subscribe and pay for the capital stock of the Federal reserve banks. I have not been industrious in the effort to find constitutional obstacles in the way of this legislation nor am I a narrow or illiberal interpreter of our organic law. The doubt in my mind is a persistent one, and I can not dismiss it until, at least, I have laid it before my fellow Senators, most of whom are trained in the profession of the law, and all of whom are students in that domain of learning.

I frankly confess my hope that during the progress of the debate the conclusion toward which I am so firmly tending may appear to be unsound, for I have no hesitation in saying that have honestly sought for reasons that would overcome it. Notwithstanding, however, my desire to believe that this bill is within our lawful authority, I have been impelled more and more to the opinion that in the respect I have mentioned, and in other respects as well, it is in violation of the Constitution

and contrary to natural right.

When our Constitution was submitted to the Colonies for ratification the instant cry was that there had been omitted a series of principles which the English race had found to be essential to the protection of life, liberty, and property, and it is well known that its ratification depended upon the assurance that those principles should be embodied in the Constitution at the earliest possible moment. They were so embodied, and among the amendments proposed by the First Congress, in September, 1789, there was none upon which the people were more intent than that article which became the fifth amendment. I beg to quote it:

No person shall be held to answer for a capital or otherwise infamous crime unless on a presentment or indictment of a grand jury, except in cases arising in the land or naval forces or in the militia, when in actual service, in time of war or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself; nor shall be deprived of life, liberty, or property without due process of law; nor shall private property be taken for public use without just compensation.

I ask your grave and deliberate reflection upon the questions, Does this bill deprive the national banking associations of their property without due process of law; and, Does it take private property for public use without just compensation?

Mr. SHAFORTH. Will the Senator yield to me right there

for a moment?

Mr. CUMMINS. I will, but not to argue the matter, because I want to present my argument, and at the end of it I will be glad to yield for any question with respect to it, for I am

Mr. SHAFROTH. Our theory is that this whole system is necessary to the safety of the national banks themselves— Mr. CUMMINS. Yes.

Mr. SHAFROTH. And that under the national banking system we have evidently the right to prescribe what will make We have the right to require an increase of their reserves if we want to do so, and the banks must comply with the requirement. It is not a taking of private property when it is done for the very purpose of making the institutions

Mr. CUMMINS. I understand perfectly that view of it. I have been attempting to show here for an hour or more, without any response upon the other side, that there is no necessity for taking the banking capital from the national banks; that such an exaction can not serve any useful purpose; that the money is as effectually and efficiently employed for the welfare of all the people as the money can possibly be employed by the Federal reserve banks. But will the Senator from Colorado withhold his question until I have submitted some observations that will enable him at least to know my standpoint? Mr. SHAFROTH. Very well.

AS TO THE RETIREMENT THAT NATIONAL BANKING ASSOCIATIONS SHALL SUBSCRIBE AND PAY FOR CAPITAL STOCK IN THE FEDERAL RESERVE

Mr. CUMMINS. It is important that we have clearly in mind from the very beginning of the discussion just what the bill before us requires of the national banks respecting subscriptions to and payment for the capital stock of the new corporations known as Federal reserve banks. I have already quoted that part of the bill which attempts to impose the objectionable obligation, but in order that its terms may not be forgotten I quote again the essential portions:

When the Federal reserve bank shall have been organized every national banking association within that district shall be required and every eligible bank may be permitted to subscribe to the capital stock thereof in a sum equal to 6 per cent of the paid-up capital stock and surplus of such bank.

Then again :

Should any national banking association in the United States or trust company engaged in commercial banking in the District of Columbia now organized fall within one year after the passage of this act to become a member bank under the provisions hereinbefore stated, or fail to comply with any of the provisions of this act applicable thereto, all the rights, privileges, and franchises of such association granted to it under the national bank act, or under the provisions of this act, shall—

Now, mark the words that have been inserted by the committee of the Senate, which, as I remember, do not appear in the House bill

within the discretion of the Federal reserve board, be thereby forfeited.

While it may not be, legally speaking, material to the question I am discussing it may be helpful to state that the stock which the national banks are required to take bears a maximum divi-dend of 6 per cent if earned, and that it can be neither sold nor pledged by the banks which are to own it.

AS TO THE LEGAL CHARACTER OF NATIONAL BANKING ASSOCIATIONS AND OF FEDERAL RESERVE BANKS.

National banks are public corporations in that they are created by Congress and are instruments for the accomplishment of a national or public purpose. They are private corporations in the sense that their stock is owned and their affairs managed and controlled by private individuals, and they are conducted for private profit. It is unnecessary to refer to the deducted for private profit. It is unnecessary to refer to the decisions of the Supreme Court upon this subject, because there will be no controversy about it. They occupy the same relation to the Government as railway corporations, and, indeed, all common-carrier corporations, water companies, electric-light companies, and such public-utility instrumentalities. They do not constitute a department of the Government. The property of a national bank is private property subject to public regulation, but protected by the provisions of the Constitution relating to property. It has at times been doubted whether in all the acts under which they exist Congress has reserved the right to alter, amend, or repeal, but I do not intend to rest my conclusion upon any such inquiry. I shall pursue it upon the hypothesis that Congress has reserved this right fully and completely, and that we may now exercise all the authority over the national banks that the acknowledged power of a government over such a business, and the most comprehensive reservation as to alteration, amendment, and repeal can confer upon us. After these admissions are made, however, it still remains true, and it is improbable that there will be controversy about it, that the property of a national bank is private property in the sense of the Constitution, and that the bank can not be deprived of it without due process of law, and that it can not be taken for public use without just compensation. Its property is of the same character as that of all other corporations engaged in a business over which the public can exercise the right of regulation, and it is shielded by the same constitutional immunities which protect the property of public-utility corporations from legislative attack.

The Federal reserve banks which are to be organized under the terms of the Owen substitute, in legal aspect are substantially like the national banks. They will perform some public functions, and therefore they will be subject not only to the regulations which are imposed in the law creating them but such other regulations as Congress may from time to time pre-scribe, but the property of these new corporations will be pri-

vate property.

I want that to sink into the minds of the lawyers who are here, so that it will not be forgotten as I proceed. The property of these new corporations, these Federal reserve banks, will be private property. If the bill becomes a law their affairs will be controlled and managed by private interests. They will be controlled and managed by private interests. private corporations whose property will be affected by a public

THE LEGAL RELATION WHICH IS TO BE CREATED BETWEEN THESE CORPORATIONS.

Having now secured a clear view of the terms of the bill and of the character of the corporations involved in the system to be created, it will be helpful to put in words, so that they can stand out before our eyes, unincumbered by unnecessary legislative phraseology, just what it is proposed to do. Remember that I am not now speaking of reserves, but am confining myself for this occasion to capital.

Each national bank is required to take a portion of its private property, namely, money in its vaults, and exchange it for another kind of property, namely, shares of capital stock issued by another corporation. If it refuses to make the change—that is, refuses to part with its property for a consideration which Con-gress has fixed, or, in other words, refuses to make the trade—it then becomes a violator of the law and the ordinary well-known consequences of a refusal to obey the law will ensue. Assuming for a moment that the law is valid, what are these ensuing consequences?

May I digress for a moment in order to refer to an observation made the other day by the senior Senator from Mississippi in reply to an expression of doubt on my part as to the constitutionality of the provision? In his agreeable way he announced that, of course, this suggestion of invalidity was absurd, and proceeded to say to the Senate that the obvious and conclusive answer to the suggestion was that the national banks were not required to part with their property; that they were simply given an opportunity to part with it, an opportunity which if not embraced meant no more than that the banks could no longer be parts of the national system of banks. If I may be allowed to substitute my cruder and less elegant phraseology for his easy flowing sentences, he declares in substance that if the banks do not want to comply with the requirement that they should take a part of their capital and invest it in the business of another corporation that they could quit, wind up their affairs, and surrender their corporate franchise; that this process could not be construed to be a taking of property without due process of law, because in the event of their refusal they would cease to be banks, and their property would be dis-tributed among their creditors and stockholders according to the customary plan. If it were true that the only consequence following a failure to obey the law on the part of the banks is to be immediate dissolution, the position taken by the Senator from Mississippi is not only untenable in principle but unsupported by any authority known to the judicial world. This assertion I will demonstrate, as I proceed, beyond any doubt whatsoever, but I frankly say that the mere demonstration of the rank error of the Senator from Mississippi will not in and of itself establish the unconstitutionality of the provision I am considering. It is worth while, however, to inquire whether it is true that the Owen substitute imposes upon the national banks nothing but the two alternatives, namely, either to give up their capital or be dissolved for a refusal to conform with the law. I repeat, then, What are the consequences which may

follow the disobedience of this particular provision?

I assert that if the Owen substitute becomes an act of Congress, and if the part of it which I am discussing is valid, that upon the refusal of a national bank to take a part of its capital and invest it in the stock of the Federal reserve bank, the Government of the United States has two remedies, either of which it may invoke: First, it may bring a suit in mandamus against the offending bank to compel it to take its proportionate part of the stock of the reserve bank and to pay for it. Second, it may exercise the sovereign right of forfeiture of the corporate franchise and in a proper judicial proceeding secure a decree of dissolution. That the Government has this option is perfectly clear from language which I have already quoted, but which I

again bring to the attention of the Senate:

Should any national banking association in the United States or trust company engaged in commercial banking in the District of Columbia now organized fail within one year after the passage of this act to become a member bank under the provisions hereinbefore stated, or fail to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank act or under the provisions of this act shall, within the discretion of the Federal reserve board, be thereby forfeited.

Suppose the Federal reserve board, acting for the Government, as a part of the Government, determines not to forfeit the charter of the offending or refusing national bank, what then? anybody question that in a proper suit, brought by the Federal reserve bank or by the Government, the recalcitrant national bank can be compelled by the judgment of a court to take the stock and to pay for it as required by the law

I do not believe there is a lawyer in this Chamber who will question the soundness of the proposition I have just announced. Therefore, it is no answer to the inquiry I am pursuing or the question I propounded a night or more ago to say that if the national bank does not desire to take the stock, but would prefer dissolution, therefore and thereby it may escape the obligation.

I am not inquiring under what circumstances a national bank. by the action of its stockholders or directors, can voluntarily dissolve, but I shall have occasion at some time, if it is ever doubted, to show that a national bank can not dissolve at its own pleasure, any more than a railway company can dissolve at its own will.

Suppose to-night the stockholders or directors of the Pennsylvania Railroad were to meet and determine that that company should cease to operate its system and that the property of the corporation should be dismembered and destroyed or converted into whatsoever form the stockholders thought best for their own interest. Is there a lawyer here who will suggest that the Government, which created the Pennsylvania Railroad Co., could not take the property which hitherto has been used in the public service and continue that use?

It is not for a public-utility corporation to resign its duties whenever it sees fit to do so. It has assumed certain obligations to the public which it must perform.

I shall not, however, continue this part of the discussion, because I doubt whether the correctness of my proposition will be

The national reserve board is, of course, for the purpose of determining the forfeiture, the Government of the United States. It need not, unless it so desires, proceed to forfeiture, and it may, if it so wills, proceed to enforce the command of the stat-It has been so often held by the Supreme Court of the United States that a writ of mandamus may issue to compel the performance on the part of a corporation of its duty under the law of its incorporation that I assume there will be no controversy about it. There has been much dispute concerning the right of the private relator to invoke the writ, but comparatively little respecting its use for the purpose of requiring a quasipublic corporation to do those things which are lawfully commanded by the statute which created it. I do not look upon the double remedy as very material to the point I am making, but inasmuch as it seems to have been the opinion of some Senators-I must believe an opinion reached without examination or reflection—that the only thing that can possibly happen to the banks which refuse to give up their property will be dissolution, it may be of value to bear in mind the suggestions I have just

As I have already once said, I do not question the authority of Congress to alter, amend, or repeal the law under which national banks are organized. I do not doubt that Congress at any moment can repeal the entire act and all of its amendments, and that thereupon national banks as corporate organizations

would cease to exist.

On that question, however, while it may not be material to the discussion, I beg to say that I do question the authority of Congress to repeal the so-called charter of any particular bank. It can repeal the law. It has reserved the right to do so. It can amend the law. It has reserved the right to do so. It can not, however, destroy by legislative act the corporate franchise of any particular national bank. To do so would not be an exercise of the reserved power to repeal the law, and, moreover,

it would be a usurpation of judicial power.

It is unnecessary to dwell upon this phase of the subject, because there is no attempt to repeal the law. It is not claimed that we are about to repeal the law. On the other hand, we are about to amend the law, and the only question is whether an amendment which commands the national banks which have amendment which commands the national banks which have been organized under the law to take a part of their capital which has been acquired by virtue of the law and give it to the Federal reserve banks in exchange for the capital stock of the latter banks is such an amendment as can be validly made in cases wherein the right to amend is expressly reserved and the corporation itself is carrying on a business the character of which affects its property with a public use.

I am not so dogmatic upon the subject as some of my fellow Senators. I do not so that it is impossible for the Senators.

Senators. I do not say that it is impossible for the Supreme Court to hold this provision to be constitutional, but I do say that when it is adopted it will subject the business of this character to the uncertainty which always inheres in any legislation which the courts may review and overturn if found to be unreasonable, unjust, and inconsistent with the view and scope of the original act of incorporation. If we pass it, we will consign the commercial and financial world to the same doubtful region that we would enter if we were to attempt to fix the freight rates upon the railways by an act of Congress. The power to amend, whether it arises from a reservation or from the character of the business in which the corporation is engaged, is not absolute. It must be exercised in subordination to the provisions of the Constitution which declare that Congress shall not deprive any person of his property without due process of law, and that it shall not take private property for

process of law, and that it shall not take private property for public use without just compensation.

I regret that in developing the thought I had in mind so much time has been consumed. I am deeply anxious that the act we are about to pass shall bring stability and strength to our financial system and not introduce unrest, confusion, and finally chaos into the most vital parts of our industrial and commercial life, and, although it may be wearisome, I intend now to review with such brevity as is possible some of the judicial authorities which illuminate the subject I have so im-

perfectly outlined.

Mr. OWEN. Mr. President, I thought perhaps we might arrive at a unanimous agreement to take a vote to-morrow night. If there is no objection on the other side, I would ask that we may vote on the bill to-morrow night.
Mr. BRISTOW. Vote on this bill?

Mr. OWEN. Yes; to-morrow night.
Mr. BRISTOW. I will say to the Senator that it will be impossible to vote on this bill to-morrow night, and he knows it.

Mr. OWEN. I know it now, from the Senator from Kansas. Mr. CUMMINS. I have not said that a vote may not be

Mr. Committee. I have not said that a vote hay not be taken to morrow night.

Mr. BRISTOW. But the Senator from Kansas did.

Mr. CUMMINS. I know that; but I did not want the impression to go out that I would continue my address until to-morrow.

Mr. OWEN. Is there any objection to the vote being taken on Monday?

Mr. BRISTOW. There is. Mr. OWEN. On Tuesday? Mr. BRISTOW. There is. Mr. OWEN. On Wednesday? Mr. BRISTOW. There is.

Mr. OWEN. On Thursday? Mr. BRISTOW. There is. Mr. OWEN. I shall not pursue the inquiry.

Mr. POMERENE. Mr. President, I desire to give notice that to-morrow, at the conclusion of the remarks of the Senator from New York [Mr. Root], I shall address the Senate on the pending currency bill.
The VICE PRESIDENT. The hour of 11 o'clock having ar-

rived, the Senate stands adjourned until 10 a. m. to-morrow.

The Senate thereupon (at 11 o'clock p. m.) adjourned until to-morrow, Saturday, December 13, 1913, at 10 o'clock a. m.

# HOUSE OF REPRESENTATIVES.

# FRIDAY, December 12, 1913.

The House met at 12 o'clock noon. The Chaplain, Rev. Henry N. Couden, D. D., offered the fol-

lowing prayer:

God of the ages, Father of all souls, we rejoice with exceeding great joy that we are permitted to live in this intelligent, broad-minded, warm-hearted age of progress; when patriotism is larger than any party, larger than all parties in peace as in war; when religion towers above creeds and dogmas and truth makes for authority, not authority for truth; when the thought fatherhood, brotherhood is spreading its wings over all the earth; when the question, Am I my brother's keeper? is answered in a thousand charitable and philanthropic movements to ameliorate the suffering of mankind, right the wrongs, abolish sin, and establish righteousness; when character is placed above the price of rubies and love is reckoned the greatest thing on earth. May we thus continue in the onward march of progress until Thy kingdom shall come and Thy will be done on earth as it is in heaven. Amen.

The Journal of the proceedings of yesterday was read and ap-

proved.

# PAN AMERICAN INTERNATIONAL CONGRESS.

Mr. ROGERS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD with reference to a resolution I introduced earlier in the week on the Pan American Interna-

The SPEAKER. The gentleman from Massachusetts asks unanimous consent to extend his remarks in the Record on a resolution introduced by him on the Pan American Congress. Is there objection? [After a pause.] The Chair hears none.

## RESIGNATION FROM COMMITTEES.

The SPEAKER laid before the House the following communication:

The Clerk read as follows:

Hon. CHAMP CLARK, Speaker House of Representatives:

I hereby tender my resignation as member of the Committees on Labor and the Merchant Marine and Fisheries. FINLY H. GRAY.

## MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Tulley, one of its clerks, announced that the Senate had passed without amendment bill of the following title:

H. R. 10081. An act to make the tenure of the office of the major general commandant of the Marine Corps for a term of four years.

The message also announced that the President of the United States had approved and signed bill of the following title: On December 6, 1913:

S. 2318. An act authorizing the appointment of envoys extraordinary and ministers plenipotentiary to each Paraguay and Uruguay.

## HEALTH DEPARTMENT, DISTRICT OF COLUMBIA.

Mr. CARY. Mr. Speaker, I rise to a question of personal privilege. On December 8 I introduced a resolution (H. Res. 334) to investigate the health department of the District of Columbia. The health officer saw fit to give out a statement to the press of this city which is misleading, and therefore I ask permission to insert the resolution in the RECORD with my answer to his statement.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent to extend his remarks in the RECORD.

Mr. MANN. Reserving the right to object, I would like to ask the gentleman if this includes the statement of the health commissioner?

Mr. CARY. It does

Mr. BARNHART. Mr. Speaker, reserving the right to object, we have not been able to hear what the statement consists of.

The SPEAKER. The gentleman from Wisconsin introduced a resolution to investigate the health department of the District of Columbia. He states that Dr. Woodward gave out a statement to the newspapers which the gentleman from Wisconsin does not like and which he says is misleading. He says that he has made answer to this communication and wants to print the resolution, with Dr. Woodward's newspaper article and his miswer, in the Congressional Record.

Mr. BARNHART. I object.

Mr. CARY. Mr. Speaker, I thought that this was a question of privilege

The SPEAKER. But the gentleman from Wisconsin has not

stated any question of privilege.

Mr. CARY, That is what I got up for.

The SPEAKER. But the gentleman sat down before he stated any question of privilege. If the gentleman from Wisconsin has a question of privilege he will state it.

Mr. CARY. I introduced a resolution on the 8th of De-

Mr. MANN. Mr. Speaker, I ask the gentleman from Indiana to withdraw his objection, as this is a matter relating to a

Member of the House.

Mr. FITZGERALD. Mr. Speaker, I do not think the gentleman should print the reply that he considers offensive. The House in a short time will be in Committee of the Whole House on the state of the Union, and the gentleman can get the floor and make his statement and put the other things in. There may be some statements that he wishes to make that some Member on the floor may think it proper to call attention to. In a short time the gentleman from Wisconsin will have an opportunity to take the floor in his own right, and then he can put in the Record what he wishes.

The SPEAKER. If the gentleman from Wisconsin has a question of privilege, he will state the facts on which he bases it.

Mr. CARY. The facts upon which I base it are that the commissioner claims that what I stated in the resolution is not true, and that he himself makes a statement which is also misleading. I thought it would be only proper for Members to read it in the RECORD to-morrow.

The SPEAKER. Will the gentleman from Wisconsin read the part of the document that he claims gives him the right to

the floor under the question of privilege?

Mr. CARY. Mr. Speaker, on the suggestion of the gentleman from New York [Mr. FITZGERALD] I will wait until I can get the floor later in the day.

## ELECTION TO COMMITTEES.

Mr. UNDERWOOD. Mr. Speaker, I desire to move the election of the gentlemen of the House to standing committees of the House that are named in the list that I send to the Clerk's desk.

The SPEAKER. The Clerk will report the list,

The Clerk read as follows:

The Clerk read as follows:

Jacob A. Cantor, twentieth district, New York, to the Committee on the Public Lands and the Committee on Election of President, Vice President, and Representatives in Congress.

Charles P. Coady, third district, Maryland, to the Committee on the District of Columbia.

George W. Loft, thirteenth district, New York, to the Committee on Accounts and the Committee on the Merchant Marine and Fisheries.

M. Neely, first district, West Virginia, to the Committee on the Public Lands and the Committee on Election of President, Vice President, and Representatives in Congress.

Frank Park, second district, Georgia, to the Committee on Accounts and the Committee on Public Buildings and Grounds.

Henry M. Goldfoole, twelfth district, New York, to the Committee on Hules.

Finly H. Gray, sixth district, Indiana, to the Committee on Naval Affairs.

The SPEAKER. The gentleman from Alabama [Mr. Underwood] moves the election to these various committees named. The question was taken, and the motion was agreed to.

#### ORDER OF BUSINESS.

Mr. UNDERWOOD. Mr. Speaker, I think that the day will probably be taken up with the Private Calendar. The gentleman from Georgia [Mr. Hughes] got an order to take up the vocational resolution (S. J. Res. 5) to-day after the completion of the Private Calendar, which I think will run quite late. I would like to suggest to him, if it is agreeable to him, that that ought to be changed to Monday, after the Unanimous Consent Calendar is disposed of. Now, I wish to say this: I do not know of any suspensions and unanimous consents that would take its place.

The SPEAKER. The Chair will state to the gentleman from Alabama that he has one application for suspension of the rules.

Mr. UNDERWOOD. Then I withdraw the request.

Mr. MANN. If the gentleman will make it in order on Monday subject to any motion to suspend the rules.

Mr. UNDERWOOD. Then, Mr. Speaker, I suggest to the gentleman that, subject to the Unanimous Consent Calendar and motions to suspend the rules, that it shall be in order.

Mr. HUGHES of Georgia. Mr. Speaker, I will be very glad

to take that course.

The SPEAKER. The gentleman from Georgia [Mr. Hughes] asks unanimous consent that the order made yesterday touching the vocational education bill be changed so as to make it come in next Monday after the Unanimous Consent Calendar and suspension of the rules are disposed of. Is there objection? [After a pause.] The Chair hears none.

#### ADJOURNMENT UNTIL MONDAY NEXT.

Mr. UNDERWOOD. Now, Mr. Speaker, I desire to ask unanimous consent that when the House adjourns to-day it adjourn to meet on Monday next.

The SPEAKER. The gentleman from Alabama asks unanimous consent that when the House adjourns to-day it adjourn to meet on Monday next. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

#### BILLS ON THE PRIVATE CALENDAR.

Mr. SHERWOOD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House for the consideration of bills on the Private Calendar, and pending that I ask unanimous consent that general debate on the bill H. R. 10138 be limited to 30 minutes.

The SPEAKER. The gentleman from Ohio [Mr. Sherwood] moves that the House resolve itself into the Committee of the Whole House to consider bills on the Private Calendar, and pending that he asks that general debate on the omnibus pension bill be restricted to 30 minutes.

Mr. MANN. How is it to be divided?

The SPEAKER. Half by the gentleman from Ohio [Mr. Sherwood] and half by the ranking Republican on the com-

mittee. Is there objection?

Mr. AUSTIN. Mr. Speaker, reserving the right to object, I would like to ask the chairman of the committee if we can not have a little more time for general discussion?

Mr. SHERWOOD. How much more time does the gentleman desire?

Mr. AUSTIN. We want at least 30 minutes on this side. Mr. SHERWOOD. I only asked for that amount of time in

order to facilitate the business of the House.

Mr. AUSTIN. There is practically nothing else for the

House to consider to-day except this pension bill.

Mr. SHERWOOD. How much time does the gentleman want? Mr. AUSTIN. I want about 15 minutes-make it an hour. Mr. SHERWOOD. I will amend my request and make it

30 minutes on a side.

The SPEAKER. The gentleman from Ohio amends his request for unanimous consent by making it 30 minutes on a side, one half to be controlled by himself and the other half by the gentleman from Pennsylvania [Mr. Langham]. Is there objection? [After a pause.] The Chair hears none. The question is on the motion of the gentleman to go into the Committee of the Whole House for the consideration of bills on the Private Calendar.

The question was taken and the motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House for the consideration of bills on the Private Calendar, with Mr. ADAMSON in the chair.

The CHAIRMAN. The House is in Committee of the Whole House for the purpose of considering bills on the Private Calendar. The Clerk will report the first bill.

The Clerk read as follows:

A bill (H. R. 10138) granting pensions and increase of pensions to certain soldiers and sallors of the Civil War and certain widows and dependent children of soldiers and sallors of said war.

Mr. SHERWOOD. Mr. Chairman, I ask unanimous consent

that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent that the first reading of the bill be dispensed with. Is there objection? [After a pause.] The Chair hears none, and

it is so ordered.

Mr. SHERWOOD. Mr. Chairman, this bill contains 157 names. I have here a detailed statement of the present pension of every claimant and the increase of the same. The last bill that was reported to this House was on the 14th of February, 1913. Ten months have elapsed since we have had a private pension bill. The aggregate increase of this bill, all told, is about \$1,869 per month. The total increase for the entire year is \$22,354. The bill which was reported one year ago carried 664 names, if I remember, and an aggregate of over \$80,000, so that this bill carries about one-third of the cost of the bill of last year. There is in the unexpended balance appropriated for pensions last year \$5.348.215. The private pension bills since 1905, commencing with the Fifty-ninth Congress, from 1905 to 1907, carried 6,030 private pensions. From 1907 to 1909 the aggregate was 6,600 pensions. In the Sixty-first Congress, from 1909 to 1911, the aggregate of private pensions was 9,649. In the Sixty-second Congress, from 1911 to 1913, the aggregate of private pensions was 6,350. The total number of private pension bills introduced in the Sixty-second Congress—the last one—was 15,240. The number of bills passed in this House out of the 15,240 was 3,090.

Now, I want to call the attention of this House and every individual Member of it to the debate that took place on this floor on the 10th of May, 1912, when it was stated by the opponents of this bill and carried by the Associated Press and by the United Press and proclaimed by every leading journal in New York, Boston, Philadelphia, Baltimore, and Washington that this bill would carry \$75,000,000. I have here the documents to press beyond all contradiction, the forms and washington that the press beyond all contradictions that the process of the contradictions that the press of the contradictions that the contradictions that the contradictions that the contradictions the contradiction that the contradictions the contradictions that the contradictions the contradictions that the contradiction ments to prove beyond all contradiction that that was a \$54,000,000 lie, the biggest lie that was ever told in this great Capitol. I have here in my possession the report of the Commissioner of Pensions for 1913 and the report of the Commissioner of Pensions for 1912, and if there is any gentleman on this floor who doubts these figures I call his attention to these reports.

The whole amount of money appropriated for the soldiers of the Civil War in 1912 was \$99,021,390. The whole amount of money paid out for the current year ending on the 1st of July, 1913, with all these cases under what is called the Sherwood pension bill settled, except 7,000 disputed cases, was an aggregate of \$119.872,973. What is the increase as shown by the official report? The increase is \$20,851,583. And on the 10th of May, 1912, as the Congressional Record will show, I The increase is \$20,851,583. And on the 10th stated on the floor of this House, and I call it to the attention of every individual Member who was present on that occasion, that this bill would not carry in the aggregate over \$21,000,000. And here are the official figures, namely, \$20,851,583.

Mr. STAFFORD. The gentleman has given the number of pensioners under private bills by respective years for the last eight years. Can he give the annual rate of expenditure to

private persioners by private acts for those respective years?

Mr. SHERWOOD. I will do that later. I do not want to occupy too much time, because I want to give away some of it.

here are two official reports, and there is no escape from that conclusion. Here I have a scrapbook which contains the comments of the leading newspapers and magazines endeavoring to convince the country that I had introduced a bill and passed it through the House carrying \$75,000,000. attention to a public hearing I had before the Pension Committee of the Senate on this question. I said on that occasion, in the presence of the officials of the Pension Office who made the outrageous statement that the bill would carry \$75,000,000, as follows:

The estimate of \$75,000,000 as the cost of this bill furnished by the Commissioner of Pensions is based on a table of estimates that have no value or reliability whatever. On page 18 of the report of the Commissioner of Pensions for June, 1911, is a table that is absolutely absurd. It is so absurd that while I have always been rated as a considerate and prudent man, I hardly have the patience to comment on it in good humor.

Here is what a leading magazine, the Review of Reviews for June, 1912, a month after the bill passed, said, and we have a right to expect that the magazines of the country will not print any reckless statements. Here is what it said, and they refer to President Taft here. I quote:

He has been preaching economy and working for it, and yet he consents to sign away \$75,000,000 a year in needless gratuities. No one has a clearer understanding than he of the principle at stake—

And so forth. And here is what McClure's Magazine said: Bill No. 1, championed by Gen. ISAAC R. SHERWOOD, of Ohio, a veteran of 45 battles of the Civi War, has raised the Republican offer, according to an expert, of thirty million a year to a total amount of

seventy-five million. Overwhelmingly the House, Republicans and Democrats, voted the seventy-five million pension increase for the Civil War veterans

That \$54,000,000 lie has traveled from Cape Cod to San Francisco Bay, and from Put-in-Bay, in Lake Erie, to Gulfport, on the great Gulf, for over a year, and this is the first opportunity I have had to contradict it and to show by the official record of the Pension Office that the bill has carried less than \$21,000,000, verifying within about \$185,000 the estimate that the Committee on Pensions made at the time the bill was

Mr. GOULDEN. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman yield? Mr. GOULDEN. Will my friend from Ohio permit a statement right here?

Mr. SHERWOOD. Certainly.

Mr. GOULDEN. As one deeply interested in this matter and as one who has kept in touch with it all the time, I desire to extend to the gentleman my hearty congratulations on the very able and intelligent manner in which he, as the chairman of the Committee on Invalid Pensions, has discharged his duty and on the very able estimate which he made of this matter more than a year ago. [Applause.]
Mr. SHERWOOD. Mr. Chairman, I thank the gentleman for

his compliment, but I am not entitled to all that credit. We spent days and nights—my distinguished friend on my right, the gentleman from Missouri [Mr. Russell], and my distinguished friend from Indiana [Mr. Adair]—in making these figures as to the cost of the bill, and I want to say to this House that no matter how much I am interested in any bill, I will not deliberately deceive this House as to the cost of any bill I may support to the extent of a single dollar.

I want to call attention to the fact that although gentlemen have said here that we are running wild on pensions, the estimates for the coming year will probably be \$16,000,000 less than the expenditures of the present year.

Now, take this bill and consider why it is that we now need

private pension bills. I have stated on the floor of this House time and time again that I was in favor of a service pension, and not of an age pension; that I would make the pension roll a roll of honor. But when the bill went over to the other end of the Capitol there was a champion there of age pensions, and finally the committee sustained me in my position for four months—to get the best possible pension bill and the most equitable adjustment possible.

What is the trouble with this present law? Under this law a soldier who is 69 years old, who served two years, perhaps in the Atlanta campaign—the most trying, the most severe, and the bloodiest campaign of all history, of 110 days—that soldier under the law to-day will get only \$17 a month, whereas a man who enlisted in 1864, who is now 75 years old, will under this

law draw \$21 per month.

President Lincoln called out a million men in 1864. call was for 200,000, another was for 300,000, and another was for 500,000; and out of that number about 883,000 were enlisted in the Army. How many of them served at the front? It is hard to tell. And yet one of these men, who never went to the front, who is now 75 years old, will draw \$21 per month, or \$4 per month more than the soldier of two years' service.

I have heretofore referred to this on the floor, and I said further that if you would pass my service pension bill you would do away practically with all of these private bills. What is the case here? Who are these men who are pensioned in this bill? These are the boys who went into the Army at the age of 15, 16, and 17. These are the old boys now who are in the worst crippled condition of any living soldiers to-day. I went These are the old boys now who are in the into the Army at the age of 26, when I was fully matured.

If I had gone into the Army when I was 16 and had passed through what I was compelled to pass through in that four years' war, I would have been in the cemetery 10 years ago, because those young boys who went into the Army had not the physical endurance of mature men. They had not the maturity of manhood to enable them to endure the terrible trials and privations and horrors of an army life at the front. It is to equalize the difference in the pensions that this bill was pre-

pared, and it does largely remedy that inequality.

I do not care to further occupy the time of the House, but this committee propose to do all in its power to take care of To show that the general law which was all meritorious cases. recently passed by Congress is taking care of a large number of desperate cases, it is only necessary to say that while we had over 15,000 private bills introduced last year we have this year less than 4,000, and out of that 4,000 one Member has introduced 700. Every one of these cases, before it goes to our committee, is passed upon by an expert, a lawyer who has been in the Pension Office for 15 years, and a very capable man. is familiar with all the pension laws, and he makes an official report to our committee. We have five subcommittees, and every bill, after it has been referred and passed upon by the pension examiner, is passed upon by a subcommittee, and that subcommittee reports the bill to the full committee, so that every case is carefully scrutinized, and no soldier is pensioned in this bill except for service, for merit, or destitution, and the highest limit is \$50 a month.

Now, this committee proposes-at least I propose, and I think I have the full sympathy of every member of this committeeto pension every deserving case. As these old soldiers are passing away at the rate of 36,000 a year, and soon they will all be gone, we propose, so far as possible, to render their last days

on earth comfortable and pleasant. [Applause.]

I reserve the balance of my time.

Mr. RUSSELL. How much time has the gentleman left? The CHAIRMAN. Ten minutes. Mr. LANGHAM. I yield 10 minutes to the gentleman from Tennessee [Mr. Austin].

Mr. AUSTIN. Mr. Chairman, I hardly think it necessary for the chairman of this committee [Mr. Sherwood] to defend himself against charges made in any muckraking magazine or publication. [Applause.] What he did in the House of Representatives as the head of the Committee on Invalid Pensions met with the approval of the great majority of the American people who love the flag and who thoroughly and fully appreciate the sacrifices and services made by the defenders of the Union. Gen. Sherwood will live in the grateful memory of every true American soldier, and I wish for him many years of prosperity and happiness. [Applause.] And though I am a Republican, I trust that his constituents will send him to this House as long as he may live or as long as he may wish to come. [Applause.]

Mr. Chairman, this bill of 27 pages covers a pension for a soldier's widow who is 94 years old and a pension for a Pennsylvania soldier who has reached the age of 90. There are any number of instances where the soldiers are more than 80

years of age.

Then there is a splendid departure in this bill, in that it recognizes the justice of pensioning the widows of Federal soldiers who married since 1890. On that particular point I wish to say a few words.

Twenty-three years ago Congress passed a bill providing that from that time on any women who married a Union soldier would not be entitled upon his death to receive a pension. I think a more disreputable and discreditable piece of legislation was never enacted into law. In that connection I wish to read from the National Tribune of this city an excellent editorial published in a recent issue which covers the case fully:

## INJUSTICE TO WIDOWS.

INJUSTICE TO WIDOWS.

Why should the widow who married her husband June 26, 1890, receive different treatment from the United States Government than one who married her husband June 28, 1890? Both have done their duty by their husbands lovingly, faithfully, laboriously, tenderly, and sorrowfully. They have been happy, joyous wives during their husbands physical prime; they have taken care of their children by their former wives, given them all of a mother's care in the way of an education, home discipline, precept and example, reared them to manhood and womanhood, seen them launched with their husbands and wives upon the sea of matrimony, counseled and aided them in every way, and cared for their children when they arrived. As the strength of their husbands declined they have supplemented it with their own, watched over them and nursed them when sickness came, worn themselves out in whatever relief they could administer, and at last watched with the same heart-welling tears of sorrow when they heard the clods rattle upon their coffins. Why should one of these women, both to-day old and infirm, be put upon the pension roll and the other excluded from it?

This discrimination in marriages is not only unworthy of the great Government of the United States on the ground of justice, but it is positively immoral, as it places the Government in the position of officially decreeing that there can be more than one kind of a marriage. This is taking a steep back to barbarism. A marriage is a marriage. It is the most sacred thing in the world, and there can be to one form of it. We do not want any semblance of it introduced into the laws of our country any more than we want the left-handed marriages which are common among the European nobility. To do so is to trifle with and belittle the sacred institution. It is a worse evil than the easy divorce, because it makes an entrance to the idea that one marriage can not convey all the rights and duties that another can. It is something that the Government has never done before i

I hope that this Invalid Pensions Committee, which has done so much in the line of justice and patriotism for the survivors of the Civil War, will, before this Congress adjourns, report a bill which will do justice to the widows of Union soldiers who have married since 1800.

This committee ought also to report a bill in favor of monthly payment of pensions, as proposed in the measure introduced in this House by the Representative from Ohio [Mr. ANSBERRY], and also the bill by myself-legislation which has been commended by the present Commissioner of Pensions.

Then, while we are on the subject of pension legislation, we ought to reenact the bill that we sent to the Senate last winter, which provides pensions for the widows of Spanish-American soldiers, whether the soldier died from an injury or disease incurred in the line of duty. It has been 15 years since the close of the Spanish-American War, and that is the only piece of pension legislation the Spanish-American veterans have appealed to Congress to enact into law. I hope that we may repeat our action in that matter, and send to the Senate at the earliest possible date a pension bill for the relief of the widows of Spanish-American soldiers. [Applause.]

Mr. SHERWOOD. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. Russell].

Mr. RUSSELL. Mr. Chairman, I am very glad'that the gentleman from Ohio, Gen. Sherwood, has corrected an impression in this House that was made by misrepresentations here two years ago when his bill was under consideration. sistently stated then by the opponents of the bill that the bill would carry \$75,000,000 in excess of the pensions paid under the law as it then existed. I know men on this side of the House, and probably there were men on the other side, who stated that they would vote for a bill that would carry \$40,-000,000 increase, but that they could not afford to vote for a bill that would carry \$75,000,000 increase.

As stated by the gentleman from Ohio, he and other members of the committee, after diligent investigation of the facts, stated to the House that in their opinion it would not carry as much as \$30,000,000 additional. The gentleman from Ohio, Gen. Sherwood, stated that in his opinion it would be about \$21,000,000. The fact is established to-day beyond any question that it did not carry as much as \$21,000.000 additional.

Mr. BYRNS of Tennessee. Will the gentleman yield?

Mr. RUSSELL. Certainly. Mr. BYRNS of Tennessee. I want to ask the gentleman, for information purely, whether or not the Commissioner of the Bureau of Pensions has completed his adjudication of all the applications?

Mr. RUSSELL. There are, as I understand, about 6,000 applications that have been filed under the Sherwood bill that

have not been adjudicated.

Mr. BYRNS of Tennessee. Are those included in your state-

ment?

Mr. RUSSELL. I have not included those that have not been adjudicated, but the gentleman from Ohio says that he has investigated that, and that those 6,000 applications have all been rejected.

Mr. SHERWOOD. Those are cases filed after they received pensions under the general provisions of the bill. They filed claims under the disability clause, which provides that a soldier wounded in the service or disabled in the service, and who can trace that back to the war, can get \$30 regardless of the length of service, and those claims have been rejected, so that it is practically settled, and this aggregate also includes the private pension claims passed besides. There is no escape from it.

Mr. RUSSELL. Mr. Chairman, I thank my friend from Ohio, who has stated it more clearly than my information would enable me to do. Another thing, during the last Congress Members on this floor will remember that it was sometimes urged by men, in good faith, that we were becoming very extravagant and running away in liberality in pension legislation. facts are that the Sixty-first Congress passed 9,649 special bills. The Sixty-second Congress, the last one, passed 6,350 special bills, or 3,299 less than had been passed by the preceding Congress, so that the Sixty-second Congress was not extravagant. We have only tried to do that which we believed was justice to the old soldiers and to their widows who could not obtain what they were justly entitled to under the general law.

Mr. CALLAWAY. Will the gentleman yield? Mr. RUSSELL. I will.

Mr. CALLAWAY. When the Sherwood pension bill was before the House you were arguing that it would do away with the necessity of private pension bills. Now you are arguing that 6,000 private pension bills, during the same Congress that you passed the Sherwood bill, was economy as compared with the Republican Congress that passed 9,000 private bills. I think that if you really want to show economy in this matter you should show the actual increase in pension expenditure in the Sixtysecond Congress over the expenditure in the Sixty-first Congress. My judgment is, if you take the two and compare them, you will find that the Republicans were the real economists compared with us on the pension proposition.

Mr. RUSSELL. In answer to what my friend from Texas says, I will call attention to this fact, and here are the official items of expenditures of the Government in pensions: In 1912 we expended for pensions \$155,000,000. We expended last year \$176,000,000, about \$21,000,000 in excess of the previous year, I admit, but it was not \$75,000,000, as my friend from Texas stated that it would be.

The CHAIRMAN. The time of the gentleman from Missouri

has expired.

Mr. LANGHAM. I will yield the gentleman five minutes

more.

Mr. BYRNS of Tennessee. The gentleman from Missouri does not take into consideration the fact that many of the old soldiers have died, and that if this bill had not been passed the pensions paid by the Government would have been much

Mr. RUSSELL. The gentleman from Tennessee is absolutely correct about that. Pensions would have been reduced, as believe from the investigations I have made, about \$5,000,000 if there had been no other general legislation enacted. But when we made the statement on the floor that it would carry \$20,000,000 or \$21,000,000 more money, that fact was considered in the estimate and in the statement that we made. When these gentlemen said that it would cost \$75,000,000 more I understand they also considered that fact in their estimate.

Mr. SWITZER. Will the gentleman yield?

Mr. RUSSELL. Yes. Mr. SWITZER. I want to ask the gentleman what is the purpose of the committee as to eliminating the requirement in the act of 1890 that the widow must have married the soldier prior to June 27, 1890—whether they intend to eliminate it entirely or bring it down to 1910?

Mr. RUSSELL. Mr. Chairman, I can not answer for the committee. There are bills of that sort pending before the committee, and we will take them up in due course of business and use our best judgment in acting upon them. In answer to what my friend from Texas said, we admit there has been an increase by reason of the Sherwood bill, but it is a fact that increase has been less than \$21,000,000, as shown by the records, and the estimates made for the next year will show that it is only \$11,000,000 more than was expended in 1912, before that bill was passed. I want to say that these increases that have been made by our committee is not the cause of the increase of the expenditures of the Government, but it was the general bill called the Sherwood bill, that was passed by Congress two years ago. Now, I want to say that I believe that the special bills which are reported to this House by this committee and passed by the House are the fairest, the most just, and the most necessary to the people of this country of any pension bills that can be passed, because they are reported, considered, and passed purely upon the merits of each individual case. I want to read you the headlines and a few lines of the text of an article in the St. Louis Globe Democrat that I saw a few days ago. It reads

VETERAN'S BODY MAY BE INTERRED IN POTTER'S FIELD OR SENT TO MEDI-CAL SCHOOL—DIED, PENSION PENDING—BROTHER AND SISTER-IN-LAW OF HENRY THOMAS UNABLE TO PAY FOR FUNERAL.

The body of Henry Thomas, 73, a veteran of the Civil War, who fought two years under the Union flag and "never missed a roli call," will be buried in the potter's field or sent to a medical school for dissection unless \$35, the cost of burial, is raised.

This article states that this old soldier entered the service in the Civil War under an assumed name at 16 years of age: He did not want his parents to know he had gone to the war, and, therefore, entered under an assumed name, and because of that there has been a delay in granting the pension. This article states that he never missed a roll call in two years of service to his country, and yet it says that he must be buried in the potter's field and his body turned over to the medical students for dissection unless his friends raise money for his burial. It is a disgrace to this Nation for one who fought two years for the preservation of this Republic to be buried in the potter's field or his body sent to the medical students for dis-section. I am in favor of these special bills in all proper cases. We only report bills to the House where the proof shows they are just and necessary. The Sherwood bill probably goes far enough where a man is able to work and to take care of himself, but when you find a soldier who is blind, as many of them are, or bedridden, as many are, or so helpless as to need a nurse, he must have an increase or he must go to the poorhouse.

The CHAIRMAN. The time of the gentleman has again

expired.

Can I get two minutes more? Mr. RUSSELL.

Mr. SHERWOOD. I yield two minutes more to the gentle-

Mr. RUSSELL. Now, Mr. Chairman, this committee, presided over by this old distinguished veteran from the State of Ohio, does not want to be extravagant. It was not extravagant in the last Congress, and it does not propose to be extravagant in this Congress. We promise you there will be no excesses so far

as our committee is concerned, but we do want to do justice and simply justice to the old soldiers who fought to preserve our country and for their widows and their orphans who are help-I believe that this House will hereafter, finding that we have been misrepresented in the estimates that were made upon the probable cost of the Sherwood bill and the misrepresentations which were freely made about special bills that we re-ported to this House, will certainly have more confidence in the opinion, the conservatism, and the desire of the committee to do simply justice to the deserving and helpless old soldiers, their widows and orphans. [Applause.]

Mr. SHERWOOD. Mr. Chairman, how much time have I

The CHAIRMAN. The gentleman from Ohio has three minutes remaining.

Mr. LANGHAM. Mr. Chairman, I yield 10 minutes to the

gentleman from Wisconsin [Mr. CARY].

Mr. CARY. Mr. Chairman, I wish to send to the Clerk's desk y answer to Dr. Woodward, the health officer of the District of Columbia, in regard to a resolution which I introduced on the 8th of the month, and ask to have the Clerk read the same. The CHAIRMAN. The Clerk will read the article in the time

of the gentleman from Wisconsin.

The Clerk read as follows:

The health officer of the District of Columbia having given to the public press a statement in reply to a resolution offered by me on the floor of the House of Representatives which is calculated to deceive the public, as well as to reflect upon me as a Representative in Congress, I deem it proper, in justice to myself and for the benefit of the public, to call attention to the following facts:

The resolution offered by me on the 8th day of December, 1913, calling for an investigation of the health department of the District, was as follows:

House resolution 334.

House resolution 334.

Whereas the health officer of the District of Columbia is not now, nor has he ever been, excepting for a period of a few months after his graduation, a practicing physician, which was necessarily limited in its scope; and

Whereas it is of primary importance that a health officer should be equipped with a wide and varied experience in the practice of medicine, in order to acquire such judgment as is necessary in order to perform the duties of this office; and

Whereas the Congress has repeatedly refused the request of the Commissioners of the District of Columbia to place the employees of that District under civil-service regulations, yet, notwithstanding, it appears that the health officer of said District has, without warrant or authority of law, established a civil-service procedure of his own designing with certain discriminatory restrictions and provisions unknown to the general civil-service law, and has, without warrant and authority of law and without appropriation therefor, made use of the gratuitous services of the United States Civil Service Commission in conflict with prohibitions of existing law; and

and

"Whereas charges of favoritism have been made in open court against the responsible head of the health department which should be duly investigated; and

"Whereas charges and countercharges have recently been made by officials of the health department reflecting upon the management of the same; and

"Whereas the so-called civil-service rules established by the present health officer are without warrant of law and their operation does not consistently reach all the positions of the said department, the more important positions being filled upon recommendation of said health officer, which nullifies the spirit of the said so-called civil-service procedure in the District of Columbia: Therefore be ft

"Resulted That the House of Representatives authorize and direct

"Resolved, That the House of Representatives authorize and direct the District Committee of the House, by subcommittee or otherwise, to investigate the health department of the District of Columbia and report its findings."

The health officer, Dr. W. C. Woodward, is credited by the press with having made the following statements touching this resolution, among

The health officer, Dr. W. C. Woodward, is credited by the press with having made the following statements touching this resolution, among others:

"That he was graduated from the Georgetown University Medical School in 1889, and was appointed physician to the poor three years later: that in 1892, he was appointed superintendent and resident physician at Emergency Hospital and the following year become corner; that he was appointed health officer in 1894, at which time he received the recommendations of local medical associations and many prominent physicians; that he was reappointed in 1897 and in 1900; that on the second appointment the three-year limit for the existence of the appointment was removed by Commissioner Henry B. F. MacFarland, and he now holds office under indefinite tenure subject to removal by the commissioners."

This statement is misleading in that it conveys the idea that the health officer, at the time of his appointment as physician to the poor in 1892, had been a practicing physician from the time of his graduation in 1889. That such was not the fact is shown by the following:

Boyd's Directory of the City of Washington for the year 1880 records William Creighten Woodward as a clerk in the city post office; according to the same directory for the year 1890, the same Mr. Woodward was still a clerk in the city post office; the same directory, for the year 1891, gives merely the name of the present health officer, crediting him with no profession or occupation.

The records of the city post office disclose the following:

That on January 26, 1886, Mr. W. C. Woodward was appointed clerk; that on July 1, 1880, he was appointed finance clerk, and that on July 1, 1891, according to the records, Mr. W. C. Woodward resigned his position in the post office.

In 1892, according to the city directory for that year, the present health officer was an assistant physician at the Central Dispensary, and was a physician, having an office at 77 H Street NW., his office hours being 10 a. m., 1 to 2 and 5 to

According to the City Directory for 1893, Dr. W. C. Woodward was at the central dispensary in some unstated capacity. The same directory shows that at that time George B. Heinecke, M. D., was resident physician of the central dispensary. The City Directory for 1894 records William C. Woodward as coroner for the District and as being connected in some way with Emergency Hospital. According to this directory, Dr. Walter L. Pyle was the resident physician of Emergency Hospital at that time.

The foregoing will enable the thinking public to pass judgment upon the accuracy of the statement given out by the health officer as well as its official impropriety.

The resolution offered by me in the House does not call for an investigation of the health department in the press, but calls for an investigation of the health department in the press, but calls for an investigation by the Committee of the District of Columbia of the House, and when such an investigation is made the real truth of the statements embodied in the resolution will be fully ascertained, as well as of other matters in regard to which my resolution is silent.

matters in regard to which my resolution is silent.

Mr. CARY. Mr. Chairman, in conclusion I will say that I have nothing further to say at this time, and that if I have any time left I will yield it back to the gentleman from Pennsylvania [Mr. LANGHAM].

The CHAIRMAN. The gentleman has three minutes remaining, which he yields back to the gentleman from Pennsylvania.

Mr. LANGHAM. Mr. Chairman, I have no further requests for time on this side.

The CHAIRMAN. The gentleman from Pennsylvania has 11 minutes remaining.

Mr. LANGHAM. I have no further requests.

Will the gentleman from Pennsylvania Mr. RUSSELL. [Mr. Langham] yield three minutes to the gentleman from Missouri [Mr. Hamlin]?

Mr. LANGHAM. I will.

The CHAIRMAN. The gentleman from Missouri [Mr. HAM-LIN] is recognized for six minutes, three minutes from each side

Mr. HAMLIN. Mr. Chairman, I do not think I shall use much time, but I desire to say something in reference to one matter affecting the reporting of these special bills. First, I want to compliment the Committee on Invalid Pensions on the work they have been doing. I felt all the time that they were not entitled to all the criticism that has been heaped upon them from some sources, because I know they have been very courageous and fair and just in their disposition of these matters. I can appreciate somewhat a criticism that has come to the committee, and especially to the distinguished chairman of the committee, from some sources. I recall that I was a victim in relation to the Sherwood bill of a certain publication, an extract of which was read this morning by the gentleman from Tennessee [Mr. Austin]. I recall a week before election two years ago, the National Tribune, which circulates among the old soldiers, made the announcement, without any condition in it at all, that I voted against the Sherwood bill, leaving no opportunity for me to dispute that absolutely false statement. But that was not what I got up to say. I wanted to ask some information from the committee as to their policy.

I do not believe they can be criticized for being too liberal. If they have erred at all, it is in the other direction. I received this morning a notice from the examiner of the committee, asking some additional evidence in a claim which I have pending, and I went to talk to him about this matter. I am not criticizing now, and I want that understood, because I have no feeling of that kind; but I want to understand, if I can, the policy of I had a statement from the examiner this morning in relation to a bill I had before that committee to pension a widow. There was wanted and required an affidavit from a physician, showing her physical condition and showing

that she was helpless

I do not understand it is the policy of the committee or the policy of Congress to require, in order to pension the widow of a soldier, an affidavit showing that she is not only penniless but that she is sick and physically unable to earn a livelihood over the washtub, by plowing, or scrubbing the floor, or anything My understanding is that the fact that she is the widow of a man who went out in the defense of his country and that she suffered with him during that terrible conflict entitles her to the modicum of \$12 a month, whether she is sick and unable to support herself by her own physical efforts or not.

Mr. ADAIR. Will the gentleman yield?

Mr. HAMLIN. I will.

Mr. ADAIR. I might say to the gentleman that such a widow as he describes, having been the wife of a soldier at the time he went out to render service to his country, does not have to prove anything of that kind. She is now entitled to a pension under the law, whether she is disabled or not.

Mr. MANN. And without having a private bill introduced.
Mr. ADAIR. And without having a private bill introduced. She has simply to prove that she is the widow of a soldier of the Civil War and was his wife at the time of the service.

Mr. HAMLIN. That is true; but in this particular case, I may say, to be entirely fair, she remarried after her husband had died, and afterwards she was divorced from her second husband. Now, then, the requirement is-and that is what surprised me—the requirement is that the testimony of a physician is necessary, showing claimant's physical condition and whether helpless. Second, they want a copy of the decree of divorce from the second husband. This latter requirement, of course, they deserve and ought to have, and, of course, must have complied with if they pass upon this bill.

Mr. SHERWOOD. I think I can explain that to the gentle-

The CHAIRMAN. Does the gentleman yield?

Mr. HAMLIN. Yes.

Mr. SHERWOOD. The rule of the Interior Department has been-and it has been the rule, I understand, for about 15 -that where a widow remarries, as in this case, and the second husband dies, before she can go on the roll again she must prove that her first husband died of disease or wounds contracted in the service. That is a rule of the department.

Mr. HAMLIN. That is true; that is the law; and of course she can not get a pension through the bureau under the gen-I understand that the purpose of this committee is to meet meritorious cases that can not be met where you have to hew to the line, as they must do over in the Bureau of Pensions, and decide cases by the strict letter of the law. Here there is no question about the merits of this case. They want, and properly want, us to show that she has been legally separated from her second husband. But they go further, and want also evidence of her physical condition—evidence to show that she is absolutely helpless. That I do not believe ought to be required of the widow of an old soldier.

Mr. RUSSELL. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman yield?

Mr. HAMLIN. I do. Mr. RUSSELL. As I understand the facts, this notice that the widow has received was apparently signed, I believe, by the chairman of the committee. That is true; but that notice was in fact sent out by the examiner detailed by the Pension Bureau to examine these bills and make a report upon them. This committee has never passed upon that bill, and I suggest to the gentleman from Missouri [Mr. HAMLIN] that that is simply a report from an examiner detailed by the Pension Bureau to pass upon it. I know that the gentleman is not criticizing the committee, and I do not want him to do so until after he has presented his case to the committee.

Mr. MANN. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Missouri yield to the gentleman from Illinois?

Mr. HAMLIN. If I have the time, I will; but there are one

or two other things more I want to say.

Mr. MANN. I want to ask, Does not the gentleman think it is quite proper evidence to lay before the committee in the consideration of the bill, whatever their attitude may be, showing whether the woman is helpless or not?

Mr. HAMLIN. I do not think it is a requirement of the law,

and it ought not to be a requirement.

Mr. MANN. It ought to be proper evidence. Mr. HAMLIN. I happen to know this lady, and I do not believe she is helpless physically, and I do not think she could meet that requirement. I do not think that is a proper requirement, yet I believe she ought to have her claim allowed. She ought not to be told that she, at 70 years of age, must go out and work to earn her living.

Mr. MANN. If the gentleman will permit, there is no requirement about it. The committee asked for information, al-

though it is not necessary.

Mr. HAMLIN. They say it is necessary. Mr. MANN. They simply ask that she furnish information as to whether she is helpless or not.

Mr. HAMLIN. I do not believe that it is necessary

Mr. MANN. If I were on the committee I would want to know whether she was helpless or not.

Mr. HAMLIN. I do not believe it is necessary to know whether she is helpless or not.

Mr. CRAMTON. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman from Missouri yield? Mr. HAMLIN. I will yield when I have finished this state-ent. There is just a little statement that I want to make.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. LANGHAM. Mr. Chairman, I yield three minutes more to the gentleman.

The CHAIRMAN. The gentleman from Missouri [Mr. HAM-LIN] is recognized for three minutes.

Mr. HAMLIN. I thank the gentleman from Pennsylvania [Mr. LANGHAM] very much for his kindness. Of course, I had no knowledge of the fact that this case has not yet been passed upon by the committee, but I will say-because it is no secretthat I really made this statement this morning with the consent and really on the suggestion of this examiner who has been referred to.

Mr. RUSSELL. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman yield?

Mr. HAMLIN. In just a minute. The examiner tells me that this is the requirement made of him by the committee, and he thought we ought to have some kind of an understanding as to whether this is to be the rule in these cases or whether it is not to be the rule. I made the remark to him, "I think I will bring it before the committee of the House," and he said, 'I hope you will, and I hope you will get an expression of opinion on the matter, one way or the other."

Mr. RUSSELL. That is what I wanted to say. The gentle-

man says he was not before the committee?

Mr. HAMLIN. I was not.
Mr. ADAIR. But I wish to say to the gentleman that that
information is valuable and necessary in order to determine the amount we would give in a case of that kind.

Mr. HAMLIN. There is before the committee now in this case an abundance of evidence showing the financial condition of this lady, and showing that she has absolutely no income on earth excepting the interest on \$1,000.

Mr. ADAIR. But the gentleman would not think a widow who is absolutely helpless and confined to her bed and requires a nurse really needs no more help than one who is not in that condition, and the committee desired that information in regard to the condition of the woman in order to act intelligently.

Mr. HAMLIN. Then you do not give more than \$12 a month

in these cases?

Mr. ADAIR. Oh, yes; we do. Sometimes we give \$20. We ought to have this information so as to determine whether the

rate should be \$12 a month or \$20 a month.

Then I am glad I have brought the matter up for another reason, if that is the view the committee takes I understand that the committee now will not report favorably a bill for an old soldier unless the evidence shows that he is helpless and dependent, unable to perform manual labor; but surely that rule will not be applied to the widows of old soldiers. This is my complaint. But the examiner seemed to understand that that same rule applied to both the soldiers and the widows. That is the part I am complaining about. I do not believe that ought to be required of the widow of a soldier. If she proves that she is his widow, then she ought to be entitled to a pension. Of course, if the committee now takes the view suggested by the gentleman from Indiana [Mr. Adair], all right, and we will be very glad to furnish all the evidence that the committee may wish in relation to that matter, but I do not concede that the committee has a right to make it a condition precedent in order for a widow of a soldier to get a pension to show that she is helpless and unable to perform manual labor.

Mr. LANGHAM. Mr. Chairman, if there are no further re-

quests for time, I ask the Clerk to read the bill for amendment.

The CHAIRMAN. The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws—

The name of Ephriam Clark, late of Company B, Forty-fourth Regiment Missouri Volunteer Infantry, and pay him a pension at the rate of \$40 per month in lieu of that he is now receiving.

Mr. DIES. Mr. Chairman, I did not take part in the general discussion of this bill, but in view of what has been said I feel that those of us who are opposed to what is known as private pension bills may properly drop a suggestion of the reason for our opposition.

The CHAIRMAN. Has the gentleman a motion to submit?

Mr. DIES. I move to strike out the last word. The CHAIRMAN. The gentleman from Texas is recognized for five minutes.

In the first place, Mr. Chairman, I have not Mr. DIES. the slightest objection, but, on the contrary, I heartily favor liberal pensions to Federal soldiers, recognizing the fact that they preserved the Union.

I opposed the Sherwood pension bill because, in my judgment, it was an excessive bill. It was more than the old soldiers themselves asked for in their deliberations upon the question. It was more than the gentieman from New York [Mr. PAYNE], the Republican leader, said they were entitled to. It was more than Mr. Dalzell, of Pennsylvania, then the chairman of the Rules

Committee, said they had asked for or were entitled to. It was in excess of the bill introduced by the former chairman of the Pension Committee, Mr. Sulloway, a Republican.

It was said when this colossal aggregation and addition to the expenditures of the Government was written upon the statute books, the matter of private pension bills, so aggravating to every man of conscience, so revolting to every sense of justice and decency, would not longer be paraded in weekly and monthly processions before this House.

There is no justification under the sun for a private pension There is every justification for a liberal general law, under the terms of which every soldier may come and bring his case with equal justice and occive the bounty of the Govern-

Take the first item in this bill, the one just read. It is for Mr. Ephriam Clark, aged 90 years. He served as a private in Company B, Forty-fourth Regiment Missouri Volunteer Infantry. Instead of a private pension that increases his monthly payment from \$24 to \$40, applying solely to him, why do you not bring in a general bill that gives to every Federal soldier situated as Mr. Clark is situated the sum of \$40 a month, which you propose to give him?

Mr. RUCKER. Will the gentleman yield?

Mr. DIES. Certainly. Mr. RUCKER. Suppose Mr. Clark was a very wealthy man,

would you still favor giving him \$40 a month?

Mr. DIES. My friend does not understand me. down a general rule under which every man may get his pension or increase of pension, applicable alike to all. Then, if Mr. Clark is a poor man, say that every man 90 years old who is sick and helpless and poor in this world's goods shall have \$40 a month, but do not give it to Mr. Clark because he has a spokesman on the floor of this House and deny it to Mr. Jones, who is poor and 90 years old, but who does not happen to have the ear of a Congressman to get for him a private pension. It is because of that rank injustice in the matter of some private pensions that some little toleration was given to the tremendous increases proposed in the Sherwood pension bill. There is not a man under the sun who can justify a private bill applicable to soldiers of the Civil War to increase their pensions one by one.

If you propose to increase the pension of a man who has only one leg, then let your statute read that every man who has a leg off shall have his pension increased. If your proposition is to give an increase to an old soldier who is sick and helpless and who needs the services of an attendant, then give it to every soldier who is sick and helpless who needs an attendant. It is a species of congressional graft and favoritism and an injustice to the old soldiers themselves and a stench in the nostrils of good legislation. When the Sherwood pension bill was under consideration its advocates pledged themselves to this House that this legislative stench should not exist after our pension appropriations were increased from \$150,000,000 to about \$185,000,000 per year. All I ask—
The CHAIRMAN. The time of the gentleman has expired.

Mr. ADAIR and Mr. RUCKER rose.

The CHAIRMAN. The Chair will recognize the gentleman from Missouri [Mr. RUCKER], who rose first.

Mr. RUCKER. The gentleman from Indiana [Mr. ADAIR] is a member of the committee, and he wishes to reply to the gentleman from Texas [Mr. Dies]. I want to speak on another

The CHAIRMAN. The gentleman from Indiana [Mr. ADAIR]

is recognized for five minutes.

Mr. ADAIR. Mr. Chairman, I do not have any desire at this time to take up the time of the committee. I did not ask any time under general debate, but after the remarks of my friend from Texas [Mr. Dies] I feel that I can not sit idly by and let them go unchallenged. When the Sherwood bill was before the House, Gen. Sherwood did me the honor to place me in charge of the bill on the floor of the House. I challenge the gentleman from Texas, or any other gentleman on the floor, to find in the Congressional Record any statement from myself. from Gen. Sherwood, from Judge Russell, or, so far as I know, from any member of the committee, in which one of us ever stated that if the Sherwood pension bill became a law there would be no more private pension bills.

Mr. DIES. Will the gentleman yield?

Mr. ADAIR. Yes.
Mr. DIES. Did not some representative of the committee say that this would largely take the place of private pension bills?

Mr. ADAIR. Yes; they said that; and it has largely taken the place of private pension bills. A less number have been passed by this House since the Sherwood bill became a law than had been passed in any session of Congress for a number of

years. The Sherwood pension bill, while it did go a long way toward doing justice to the soldiers who saved the Union, yet there are many deserving cases it does not reach. It is the purpose of this committee to consider legislation where it is actually needed to bring relief to those who helped save the Union. The bill we have been considering to-day has been carefully scrutinized by the committee, and I dare say that in each instance the relief afforded by this bill is well deserved.

It has been stated here, too, that the Sherwood pension bill increased the expenditure for pensions nearly \$21,000,000, and that all of that increase has been attributed here this morning to the Sherwood pension bill. But, my friends, do not forget this fact, that our pension expenditures are being increased each year by reason of the large number of retired Army officers, and you are charging that to the Sherwood bill. So that the increase of pension expenditures of \$21,000,000, or nearly that amount, can not all be charged to the Sherwood pension bill, but a large part of it should be charged to the retired list of the United States Army and pensions granted to soldiers of the Spanish War.

It was said that the Sherwood bill would cost \$75,000,000. Having charge of that bill on the floor of the House, I assured the Members that it would not cost to exceed \$28,000,000 or \$30,000,000. I wanted to be fair, and I wanted to be reasonable, and I wanted to make a statement on this floor that could be relied upon, and I made it even greater than I thought it would cost, and the report of the Commissioner of Pensions fully vindicates me.

I went back to my constituents, and was confronted with the statement in some newspapers

Mr. CALLAWAY. Will the gentleman yield?

Mr. ADAIR. I decline to yield at present. The newspapers there stated that I had voted for a bill that would cost the country \$75,000,000 additional in pensions. I went out in my district on the stump in more than 100 instances and announced to the people of my district that this pension bill would cost nothing near half that amount, and that even if it would cost \$75,000,000 I would have voted for it anyway. [Applause.]

I want to call your attention to the fact that the people of this country are not opposed to liberal pension legislation. You will pardon this personal reference when I say that my vote on that bill met with such universal approval that the people of the district I represent on the floor increased my majority from 6,000 to more than 10,000. [Applause.]

The CHAIRMAN. The debate on the pending amendment is

exhausted, and the pro forma amendment is withdrawn.

Mr. MOSS of West Virginia. Mr. Chairman, I move to strike
out the last two words. Mr. Chairman, I did not know when I came into the Hall this afternoon that there were any gentlemen left in this House on the other side of the Chamber who would deliberately say in this House that any bill recommended by a committee of this House was pure graft, was an outrage, and was an insult, or words to that effect. I have the honor to be a member of this committee which recommended this bill, and while I did not go over each of these items here, I do feel

sure that this committee gave this bill proper consideration.

If you will look back, Mr. Chairman, in the Congressional RECORD of the past you will find many speeches similar to the one that has just been made by the gentleman from Texas [Mr. Dies]. You will find that attitude of hostility to the payment to these old men who are now fast dying off each year of, not what the gentleman calls a bounty, but what is their just due. I can easily see that a man who views pensions as a bounty, as a gift, as a mere present, will have a hostile attitude toward the old soldier. The point is made by the gentleman in his speech that he opposes private pension bills. I do not know what his record is in the past in reference to pensions, but I would venture to say that a man that is so hostile to private pension bills as he has shown in the past is hostile to any kind of a pension bill.

Mr. Chairman, the Democratic Party has been claiming for the last few years that it is friendly to the old soldier, and it made its campaign in the last campaign largely upon the support of the bill which we now have governing general pensions.

It has been an experience which I shall never forget, to attempt to persuade the present Democratic Commissioner of Pensions that the law governing pensions means what it says and is not to be subjected to a narrow and technical meaning. Any Member of this House who presents to the Commissioner of Pensions to-day a matter involving the pension of an old soldier must show him that the t's are crossed and the i's are dotted. He says that this bill which provides for a pension to an old soldier who is disabled requires that you show not merely that the man is wounded, that he is unable to discharge ordi-

prostrated, and one of the best claims that has ever been presented to the department was turned down when it was shown that the old soldier could not do manual labor without pain. I was told there in that office that if he could do manual labor with pain, then he must do it, and that he is not entitled to

that pension.

Mr. Chairman, I want to say that every pension that has ever been granted or recommended by a committee of this House, composed as this House is of men able and conscientious, is deserving of the favorable action of this House. I do not believe it is a graft. I believe we are discharging a debt that we owe just as truly and just as honestly as this Government owes any other debt, and I hope that the pretensions of gentlemen on the other side will be met with favorable action by them. I know that there are some men on the other side of the House who sincerely believe in rewarding those who helped to save this Union. I know those particular men are as conscientious as the men on this side who are advocating pensions, but, Mr. Chairman, I know also that, as shown by the gentleman from Texas [Mr. Callaway], there is a prejudice against giving to these old men what is their due. You can say that we may these old men what is their due. spend millions of dollars

The CHAIRMAN. The time of the gentleman from West

Virginia has expired.

Mr. RUCKER. Mr. Chairman, no gentleman here, if he could have been in my district for two or three weeks during the latter part of last July, would doubt my attitude toward the old soldiers. Neither would be doubt that I voted for the Sherwood pension bill. That was one of the issues that I had to meet. I applaud every movement, every step, in the direction of liberal and generous pensions to every old soldier and the widow and the dependent children of every old soldier in this country. Pending the passage of the Sherwood pension bill, I voted for two or three amendments. I voted for one which would withdraw pensions from those soldiers who are maintained at Government expense in hospitals or in soldiers' homes. That motion was lost. I voted in the affirmative on a motion to limit the payment of money carried in that bill to soldiers whose net income did not exceed, I believe, \$600—\$1,000 I am told. That motion was lost, too.

Mr. RUSSELL. Mr. Chairman, will the gentleman yield?

Mr. RUCKER. Certainly.

Mr. RUSSELL. I just want to set the gentleman correct on that. These motions were not lost. They were carried. The Sherwood bill as brought to this House by the committee did not pay pensions to those people.

Mr. RUCKER. Then I have merely erred in stating the

proposition.

Mr. RUSSELL. They were amendments offered in this House and were carried.

Mr. RUCKER. In any event, what I want to say is that I voted against paying pensions to any man who is maintained in a soldiers' home at public expense.

Mr. RUSSELL. So did I.

Mr. RUCKER. And I voted not to pay pensions to any man who had an income of \$1,000 a year. On both of these motions my votes were lost. If I had to do it over again, I would vote against the Sherwood pension bill because those motions were lost. Boldly professing as much devotion to the old soldier, his widow, and dependents as any man either side of this aisle, I shall vote against any appropriation bill which proposes to tax the American people to pay pensions to millionaires or to people already protected and cared for by the Government in soldiers' homes, or to pension any man who has not looked on that flag for 25 years-who lives in foreign lands. It is an outrage, in my judgment, to pay pensions to such people.

If the committee is made of the stern stuff of which its great chairman is made, and he with his committee will come here with a proposition to limit the payment of pensions to those who do not live in affluence and wealth and bar from its provisions those who are amply and generously provided for at public expense, and exclude from the benefits of pension bills all those who live permanently in foreign lands and who never see that flag except as a mere reminiscence, and have no knowledge or concern of or in it, and will secure the passage of such a bill, then I shall vote to increase the pension of every soldier in our land whose physical and financial condition suggests the necessity of further assistance from the Government he fought to perpetuate. I would let it be understood that this great Government, for which he fought, will protect those men in extremity and in want, and put the soldiers, the widows, and the dependent children of soldiers on Easy Street, if worthy. But I am not in favor of taxing the already overburdened people of the United States to pay pensions to milnary business, but that he is so completely disabled that he is I lionaires, as we have been doing. There is another thing to

which I am bitterly opposed. I am opposed to going up here to the departments of this Government and paying pensions to old soldiers, as for total physical disability, who are employed there at remunerative salaries. Men who are able to earn salaries ranging from \$1,500 to \$2,500 per year out of funds drawn from the taxpayers of our country should not be pensioned for total or even partial disability. If men are totally disabled, and therefore entitled to a pension, they are not able to earn the high salary which is being paid them, hence either the salary or the pension should cease. We have got to meet this question squarely, and we might as well understand it now. It is an outrage to continue to pay both salary and pension.

I would save that money to pay the soldier or widow of the soldier or to the dependent who ought to have recognition at the hands of their Government. I have said this much in a general way, and I want to say a few things now in a more particular way. I want to applaud this great Committee on Invalid Pensions, who are, in the language of Shakespeare, orable men who will with reason" answer all of us in time, but the trouble is the committee is all too slow sometimes. Another trouble about it is, Mr. Chairman, and I am not complain-

ing of the committee-

The CHAIRMAN. The time of the gentleman has expired. Mr. RUCKER. Mr. Chairman, I ask unanimous consent that I may have five minutes more.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to proceed for five minutes longer. Is there objec-

tion? [After a pause.] The Chair hears none.

Mr. RUCKER. The committee does like all the rest of us, I expect. I make this admission in order not to wound the feelings of any member of the Committee on Invalid Pensions when I suggest that the committee delegates too much power and authority to some clerk. Why, what goes in these bills? What is in this bill here to-day? Why, it is that which the committee clerk or examiner directs the committee to put in it. Who said put it in? Why, the clerk; and I call attention to the fact, and the gentleman from Missouri [Mr. Russell] knows the fact quite as well as I do, that more than one year ago this committee, after careful consideration, reported a bill here to pension a dependent son of an old soldier. The bill passed the House and went to the Senate and there received due and proper consideration and passed the Senate. It went to the President and received the President's approval, but, after all that, when pay day came the Commissioner of Pensions or the Secretary of the Interior advised me that because the committee clerk in the House of Representatives had made a mistake in a name the pension granted by Congress could not be paid. Now, let me That bill was not to pension a man able to earn \$2,000 in some department office here in Washington. It was not for a millionaire. It was not for a man of affluence and wealth; but it was for a poor unfortunate cripple, a man who in his early youth had to have both legs amputated below the knee. and to-day, with the aid of crutches, he is hobbling through the world on wooden feet made by himself, waiting for this great Government, for which his father gave his life, to pay him the pitiful sum of \$12 a month. Congress passed the bill, it met with Executive approval, but by reason of an error of the clerk in a name, simply because of the fact that the clerk wrote the son's name where he ought to have written the father's name, the father's name being David Young and the son's name being William, this poor cripple has been denied the bounty Congress attempted to give him for now more than one whole year. The only remedy was to again introduce a bill for the relief of this worthy man. The extra session came and word was passed along the line that no pension bills would be considered until this session begun. I so advised my constituent, but assured him that an item for his relief would be carried in the first pension bill that passed Congress at this session. I went to the office of the examiner for the Committee on Invalid Pensions at the suggestion of my friend and colleague from Missouri [Mr.

I presented the matter to the examiner. I showed him the report of the committee, of which he is now the examiner, approving the bill, and showed him the omnibus pension bill contained provision for relief of this man, called his attention to the fact that the Senate passed the bill and the President approved it, and asked him to put it in the bill which was reported day before yesterday, now under consideration, and I was given to understand it would be, but I find it is not there. I called up the office a few minutes ago and the examiner informed me that the omnibus bill was probably made up before I called on him with my bill. The committee only met last Monday, long after I called on the examiner, to order the omnibus bill reported. He should have presented this matter to the committee at that time, but failed and neglected to do so. I am

worried about this, because I tell you, gentlemen, in all sericusness, it means something to this poor man, who merits and needs this little pittance of \$12 a month.

Mr. KINKEAD of New Jersey. Why not try to amend the

Mr. RUCKER. He has already waited for more than one year on account of a mistake made in that very office for the money which both branches of Congress and the President say he should have, but now I am told on account of the holidays coming in and the anticipation of a possible recess we may have that possibly during next January I might get this bill reported, and then I might get it passed and get it again to the President in February or March.

Mr. RUSSELL. Will the gentleman yield half a minute?

Mr. RUSSELL. Will the gentleman yield hair a minute?
Mr. RUSSELL. I think I ought to state, in justice to the
examiner, who probably made this mistake, that he is a new man in that position.

Mr. RUCKER. The mistake was made by the old examiner:

not the one you now have.

Mr. RUSSELL. I mean the mistake of not getting it into this bill.

Mr. RUCKER. There is no chance for even a new man, who can arrange the 400 items in the bill, to make a mistake after his attention has been called to a matter as important as

Mr. RUSSELL. There are only 157 items.

Mr. RUCKER. Well, 157 items. I am getting tired of the practice of having to carry your hat under your arm when you go to these darned clerks, and I am not going to do it. [Applause.] I am going to stand here as an American citizen and demand my rights. That clerk ought to have put the item in this bill, or at least give a plausible and courteous reason for his failure to do so.

The CHAIRMAN. The time of the gentleman from Missourl

has again expired.

Mr. WOODRUFF. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to continue for five minutes,

Mr. MANN. Mr. Chairman, reserving the right to object, the gentleman from Missouri [Mr RUCKER] just stated that he proposes to demand his rights. If the rest of us should demand our rights, we would insist that the gentleman confine himself in the five-minute debate to the subject under discussion. I shall no object to the extension, but I think we ought to pass the bill without having general debate under the five-minute rule hereafter.

The CHAIRMAN. The gentleman from Michigan [Mr. Woodbuff] asks unanimous consent that the time of the gentleman from Missouri be extended for five minutes. Is there objection? [After a pause.] The Chair hears none; and the gentleman from Missouri is recognized for five minutes.

Mr. RUCKER. Mr. Chairman, while I recognize the logic of what the gentleman from Illinois [Mr. Mann] has said, I might say to him and all the rest of the Members of the House that there is no iron-clad rule that could logically or justly be enforced against me, because I consume as little of the time of the House as most Members. But I have had this matter on my stomach, or somewhere else in my anatomy, and

I wanted to get rid of it. [Laughter.] I have thrown it off.
While on my feet, I want to ask the gentlemen here in charge of the bill, if, under the peculiar circumstances, realizing the peculiar hardships and the peculiar sufferings that longer delay would impose upon the crippled and penniless man, they will let me offer an amendment here on the floor?

Mr. RUSSELL. I would not object to the item going in if that was the only item, but there are a number of men who want to do the same thing.

Mr. RUCKER. Mr. Chairman, again asserting my rights here as a Member, I am going to offer the amendment at some place in the bill. I am going to take the judgment of the Members of Congress. I recognize the limitations which surround the members of the committee, but I insist there are not many cases like this. This bill passed both branches of Congress two years ago, and it ought to pass now. I will send this bill to the Clerk and have it read, and will offer it as an amendment. I want to say to the committee that this crippled boy's mother is living and is drawing a pension and, under the rules regulating pensions, this pension must be allowed to her for the use and benefit of the crippled son as long as she lives, and when she dies his name then goes on the pension roll. If he should die, of course, the pension allowed his mother for his use would immediately cease.

Mr. SHARP. Will the gentleman yield?

Mr. RUCKER. Certainly.

Mr. SHARP, How long has this boy been crippled?

Mr. RUCKER. Oh, some 20 or 25 years. Mr. SHARP. When was he crippled? Mr. RUCKER. The trouble which resulted in the amputations arose when he was about 13 years old. He was under treatment of physicians and surgeons for a long time, and the amputations did not actually take place until the May following his sixteenth birthday—in December previous, I think it was. Mr. SHARP. Has he one leg off, or both?

Mr. RUCKER. Both legs.

Mr. GRAHAM of Illinois. Has there been any question

raised as to the merits of the claim, or did it fail because of accident?

Mr. RUCKER. It would have been in force to-day, and the boy would have been drawing a pension for more than a year, it had not been for the accident of inserting his name in the place where his father's name should have appeared.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

At the end of line 9, page 1, insert the following:

"That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension roll, subject to the provisions and limitations of the pension laws, the name of Emsey O. Young, widow of David Young, late of Company D. Second Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of \$24 per month in lieu of that she is now receiving: Provided, That in the event of the death of William M. Young, helpless and dependent child of said Emsey O. Young, the additional pension herein granted shall cease and determine: And provided further, That in the event of the death of Emsey O. Young the name of the said William M. Young shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of \$12 per month from and after the date of death of said Emsey O. Young."

Mr. RUSSELL. Mr. Chairman, I am not going to oppose this amendment, although it is in violation of the fixed understanding of our committee. But this is a peculiar case, an especially just case. The facts were perfectly stated by my colleague from Missouri [Mr. Rucker]. This House and the Senate passed this bill in the last Congress. Only by reason of a slight mistake in the name was it finally defeated, and only

for that reason I am not going to oppose this amendment now. But I want it understood that I think it would be a bad practice in these omnibus pension bills to open them up to amendments hereafter, and the committee will not permit it with their consent, because the committee can better pass upon the facts in these cases than can the House. But the committee has passed upon this particular case, and the House and the Senate have both passed upon it. I shall not object.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Missouri [Mr. Rucker].

The amendment was agreed to.
The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The name of Jacob Sellers, late of Company G, One hundred and sixteenth Regiment Pennsylvania Volunteer Infantry, and pay him a pension at the rate of \$50 per month in lieu of that he is now receiving.

Mr. RUSSELL. Mr. Chairman, I move to strike out, on page 7, four lines-line 7 to line 10, inclusive-for the reason that Jacob Sellers is now dead.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Missouri [Mr. Russell].

The Clerk read as follows:

On page 7, lines 7, 8, 9, and 10, strike out the following language: "The name of Jacob Sellers, late of Company G, One hundred and sixteenth Regiment Pennsylvania Volunteer Infantry, and pay him a pension at the rate of \$50 per month in lieu of that he is now receiving."

The CHAIRMAN. The question is on agreeing to the amend-

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The name of Sarah P. Tranmer, widow of William B. Tranmer, late ordinary seaman, U. S. ships *Great Western* and *Benton*, United States Navy, and Company C, One hundred and twelfth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of \$12 per month.

Mr. DIES. Mr. Chairman, I wish to make a speech as soon as the Clerk gets to some place where he can pause for a moment. [Laughter.]

The CHAIRMAN. The gentleman is now recognized.

Mr. DIES. I move, Mr. Chairman, to strike out the last word.

The CHAIRMAN. The gentleman from Texas [Mr. Dies] moves to strike out the last word. The gentleman is recognized for five minutes

Mr. DIES. Mr. Chairman, I am not at all disturbed about what my young friend from West Virginia [Mr. Moss] said as to my antagonism to the Federal soldier. If I have served

five years in this House without it becoming known that I am aware the war is over, then I have served those five years in vain.

I have not the slightest prejudice in the matter. I am too good a friend to the Federal soldier and too good a friend to my country to allow politicians to prostitute the pension roll of this Government into a campaign fund and sit idly by forever and feel an unspoken sentiment of resentment against the plunderers of the Federal Treasury.

The gentleman is right when he says that the Democratic Party has done more recently for the Federal soldiers than the Republican Party has done. [Applause on the Democratic

Mr. MOSS of West Virginia. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman yield?

Mr. DIES. I decline to yield.

Mr. MOSS of West Virginia. I did not say that. I beg the gentleman's pardon.

Mr. DIES. It is true, whether the gentleman said it or not. [Applause.] It has been a shameful bid between the political parties for the old-soldier vote for many decades past.

What makes my friend wriggle and twist is that the Democratic Party has outbidden the Republican Party and got the vote. [Applause on the Democratic side.] What you want to do now is to outbid us and get it back again; and what I want to do, as an American Congressman, representing the people of my district and the Nation, is to stop this prostituting of the pension roll for campaign purposes by Democrats and Republi-

cans alike. [Applause.]

There is one part of my brief five-minute address that my friend neglected to answer. The chairman of the committee has also neglected to answer it, and gentlemen will continue to neglect to answer it. It is this, in a word: The same state of facts that gives John Jones a right to have his pension increased ought also to increase automatically the pension of William Brown. If you say a man has got a right arm off and for that reason ought to have more money from the Federal Government, by what process of reasoning do you conclude that another man, who has not the ear of a Congressman, but who has his right arm off, should not have an increase of his pension?

Mr. KINKEAD of New Jersey. Mr. Chairman, will the gentleman yield right there?

The CHAIRMAN. Does the gentleman from Texas yield to the gentleman from New Jersey?

Mr. DIES. I will, briefly.

Mr. KINKEAD of New Jersey. I am sure that my good friend from Texas

Mr. DIES. I yield, Mr. Chairman, only for a question-Mr. KINKEAD of New Jersey (continuing). Can imagine a case where John Jones has a few dollars more than William Brown.

Mr. DIES. All right, then. If William Jones has his right arm off, and is worth \$400, and ought to have an increase of pension, then let every man who was a soldier under the Government, who has his right arm off, and who is worth \$400, have an increase of pension. All I ask is that you write a law which will let every Federal soldier walk up to the bar of justice and get his increase, if he falls within the meaning and the words of the law. I do say that no man on the floor of this House, from the chairman of the committee [Mr. Sherwood] to the gentleman from Illinois [Mr. Mann], can justify a law that says John Jones, because he is 90 years old, helpless, sick, and afflicted, shall have an increase from \$24 to \$40 a month, and that William Brown, who is not in the bill, but who is equally aged and equally helpless, shall be left out in the cold.

Mr. Chairman, this talk that the gentleman makes between

the firing lines about Democrats and Republicans on the pension bill has no terrors for me. All men who seek to use the Treasury of the United States for their own political uses look just exactly alike to me, whether they call themselves Democrats or

Republicans.

The point I want to make is this: How much longer, ye gods of justice, are these old soldiers to be used and these pension laws to be used by Republicans and Democrats to further their political interests?

I sympathize with the statement of my friend from Indiana [Mr. Adam], who says that his majority was only 6,000 until he managed the Sherwood pension bill, and that now it is 10,000. That is an increase of 4,000 majority, but an increase of \$21,000,000 of the burdens of the people who pay the taxes of

the country. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. MANN. Mr. Chairman, if I may proceed for a moment out of order in opposition to the motion offered by the gentle-

The CHAIRMAN. The Chair thinks the gentleman is in

Mr. MANN. I am in order to reply to it, but I do not expect to confine myself to the subject of the amendment, and that would be out of order if anybody should raise the question.

This bill is 27 pages long and has about 6 items to the page. When this bill is out of the way there will come before the House the omnibus war-claims bill, which contains 93 pages of items, with about 15 items to a page. Both bills are special legisla-tion. The distinguished gentleman from Texas [Mr. Dies] strains at the gnat, but readily swallows the camel. He is excited over the passage of a special pension bill of 27 pages, with 6 items to a page, but I have never heard him express any abhorrence over the passage of a special war-claims bill of 93 pages, with 15 items to the page, both of them being personal legislation.

In both cases it would be desirable, if it were possible, to do justice by general legislation. I do not believe it is possible up to date to do justice in either case by general legislation, and there is no item in this bill now pending but has had a private bill introduced for it, and there is no item in the war-claims bill but has had at some time a private bill or a private resolution introduced in its behalf. The gentleman from Texas [Mr. Dies], whom we always love to hear, is not in favor of passing the private pension bill, where most of the persons involved live in the North, but I take it he is in favor-at least he has never expressed any opposition to the passage of the war-claims bill, with a great many times the number of items, where most of the persons involved live in the South.

Mr. DIES. Will the gentleman yield?
Mr. MANN, Certainly.
Mr. DIES. I may enlighten my friend from Illinois to the extent of saying to him that he has not heard me pleading for

the passage of the war-claims bill.

Mr. MANN. No; but I have heard the gentleman speak against the passage of the special pension bill, and have seen him in his seat and never heard him express that holy abhorrence of private special legislation when the war-claims bill was up. [Applause on the Republican side.]

Mr. DIES. If the gentleman will reflect for a moment— The CHAIRMAN. Does the gentleman yield?

Mr. MANN. Certainly.
Mr. DIES. If the gentleman would reflect for a moment, he would know that if I were actuated by sectional antipathy to the North in my opposition to this private pension bill I certainly would be more actuated against the war-claims bill, because the Federal soldier was in arms against us; but the man who has a war claim must prove that he was a traitor to his section before you will permit his claim to come before the [Applause on the Democratic side.]

Mr. MANN. I notice that that sentiment is applauded by certain gentlemen who have been most vociferous in this House in favor of the payment of their claims. Whatever those gentlemen may have been during the war they are now Democrats, supporting the gentlemen on the floor of the House from that

section of the country, and hence receive their support.

I think both bills are justified. While I do not believe private bills ought to be passed where general legislation is practicable, I believe that private special legislation is justified in both cases, and I only call attention to the abhorrence which the gentleman expresses concerning bills where the benefits do not go to his district and his acquiescence where the benefits do go

Mr. DIES. Will the gentleman yield?
Mr. MANN. I yield to the gentleman.
Mr. DIES. I have not got anything in the claims bill or in the arbitration bill, but I want to ask the gentleman this question: Does not he think it would be better to pay the southern people for the property that was taken in violation of the laws and the Constitution of the United States before you get too liberal with pensions under such legislation as the Sherwood

Mr. MANN. I am perfectly willing to pay for property that we took in violation of the Constitution of the United States if such violation existed. I do not think so. The violation of the Constitution of the United States was when the war was brought about in the effort to dissever the Union. [Applause.] I do not think we have yet become too liberal about the pensions or yet too liberal about the payment of war claims.

Mr. SHARP. Mr. Chairman, I move to strike out the last

two words.

The CHAIRMAN. The gentleman from Texas withdraws his

motion to strike out the last word.

Mr. SHARP. Mr. Chairman, notwithstanding the eloquence of the gentleman from Texas [Mr. Dies], there seems to be a great deal of sophistry contained in his remarks. Certainly they would not bear the scrutiny of any kind of reasoning. I believe, as he is a very able lawyer, he will recognize the fact that one part of our jurisprudence, and a very important part, consists of what we term its equity side. One of the first definitions I had to learn in legal phraseology was the definition of equity as "the correction of that wherein the law, on account of its universality, is deficient." Now, manifestly the object of private pension bills is to afford just relief, which the general law would be impossible to give, as the gentleman from Illinois [Mr. Mann] has well said.

Mr. CALLAWAY, Will the gentleman yield?
Mr. SHARP, I will yield to the gentleman.
Mr. CALLAWAY. In reference to the equity proposition, I see, on the fourth page, you propose to pay a pension to Mrs. Emma Gilbert, and the reason given is that she did not marry the soldier six months earlier than she did marry him. the law she has no right to this pension because she lacks six months of marrying him prior to the time provided for the widows pensions under the law.

Now, then, is there any equity in that? You say equity takes the place where the law is deficient. Is there any equity in giving her a pension when she lacks six months and in not allowing it to every other widow of every other soldier who

married six months later?

Mr. SHARP. There may or may not be in that particular case, but you can not make a general law that will anticipate or cover the special equities existing in every case. There may be special reasons for this case. I can not yield any further for I have only a limited time. I want to tell in brief what has been my experience since the Sherwood bill was enacted. can say without any reservation that since this law, known as the Sherwood law, went into effect I have had very many less applications for the introduction of private bills than I had before that time, and I am led to believe from my own experience that that is the common experience of all the Members on this floor. I have had more than one old soldler say to me back in my home district that the law was generous and fair to them, that they had no complaint to offer, and I think, in its general provisions, it is meeting with the approbation of the soldiers throughout the country, though there may be still some needed changes that ought to be made.

I believe that we will have the roll of special bills very much smaller in volume as the years go by, because it was the purpose of this bill to include every defender of his country in benefit of its provisions. If there still remain inequalities in its application I am ready to vote to correct them in favor of these

fast departing heroes.

Now I must say in conclusion a few words about an inference created by the remarks of the gentleman from Texas, which I think is highly unjust toward the soldiers of this country by intimating that they are improperly influenced by the attitude of Congressmen, whether on this side of the aisle or that. A like innuendo lies against the membership of this body. The same argument could be laid up against Congressmen voting in favor of a particular river or harbor improvement in his locality, or building a public building in his home city. all have to take cognizance of the local demands of our constituents, but I can not believe that there are any soldiers in my district that could be unduly influenced by the action of any particular Representative in this Congress in voting just to pension these aged veterans. It is natural that they would probably not consent to support a man who was utterly hostile to that kind of legislation, but I am pleased to believe that we have but few Members, certainly none of my colleagues from the State of Ohio, who occupy that position.

Let me say in conclusion that as long as I am a Member of

Congress from my district I shall continue to vote, as I have in the past, for all those private pension bills which have passed the scrutiny of this committee. Its personnel is a guaranty of prudent and honest consideration of the claims it is called

upon to decide.

Mr. TOWNER. Mr. Chairman, I move to strike out the last three words

The CHAIRMAN. Is the gentleman a member of the committee ?

Mr. TOWNER. I am not.

Mr. HELVERING rose.
The CHAIRMAN. Is the gentleman a member of the committee?

Mr. HELVERING. I am. Mr. Chairman, I want to make a statement and refer to the case of Mrs. Gilbert that the gentleman referred to, the fourth case in the bill. He states that the reason this committee has given her a pension is because she could not come under the general law, being married six months after that law took effect. That is not the case at all. The committee granted her a special pension because she married a soldier and had lived with him for 20 years, and because during nearly all of that time he was an invalid and she nursed him, and in so nursing him she became broken in health, and after his death she is unable to perform any kind of labor whatsoever or to support herself. That is the reason that actuated the committee in granting this pension, and not, as the gentleman from Texas [Mr. Callaway] would assume, because she did not marry the soldier at an early enough date. And, as is called to my attention by one of the members of the committee, this soldier, who was the husband of Mrs. Gilbert, had served not only during the war but for more than 20 years in the Army of the United States.

Mr. CALLAWAY. Mr. Chairman, will the gentleman yield?
Mr. HELVERING. Yes.
Mr. CALLAWAY. This soldier served a little while during

the war, and after the war was over he joined the Army again. His term expired and he rejoined. That term expired and he re-Again he rejoined after his term expired, and the reason for that evidently was not because he was a patriot trying to defend his country but for the same reason that the bulk of the men go into the Army to-day, because it is the easiest way they have of making an assured living. that up for 20 years. That is the service that he rendered his country, and the statement later is that he never received any injury in the service from which he died. He died like other men, from paralysis or some other ailment. This woman lived with him throughout all that time, and because she lived with him throughout all that time-

Mr. HELVERING. That is not the case at all.
Mr. CALLAWAY. And is now helpless, she ought to have a pension. I submit that every woman who lives with a soldier for 20 years and is now helpless ought to have a pension if this woman is entitled to one, and this woman ought not to be

singled out for special favors.

Mr. HELVERING. Mr. Chairman, I am surprised that the gentleman would make the remarks he did-that this man had gone into the Army for the purpose of supporting himself. When the call was made for troops during the Civil War the soldier, who had only one idea in view-and that was, his patriotic duty-came out and put himself in the front of battle, and then continued in the service of the Government after those battles were fought.

Mr. CALLAWAY, Mr. Chairman, will the gentleman yield

further?

Mr. HELVERING. Certainly.
Mr. CALLAWAY. There was no special call for people to defend the country in 1870 or in 1875 or in 1880, was there?
Those are the dates he reenlisted.

Mr. HELVERING. I was referring to the remarks of the gentleman, that he was not prompted by any patriotic purpose

in joining the Army originally.

Mr. CALLAWAY. I said when he later joined the Army he evidently served in the Regular Army for the purpose of making

a livelihood, and it was the easiest way of making it.

Mr. HELVERING. But to-day you go upon the streets of the cities of this country and you will see the call for soldiers in the Army of the United States, and does the gentleman say that that call is not supported by the good American citizens, and does the gentleman say that the man who answers that call is not patriotic?

Mr. CALLAWAY. I say he goes into the service because, in his judgment-that is, the bulk of them-he can make a living more easily there than he can in any other place. That is the reason he goes into the Army. There is no reason for a man to go into the Army at this time for the purpose of defending his country. Who on earth is making an attack upon us now?

We are at peace with the world.

Mr. HELVERING. I want to say, Mr. Chairman, if human life and human health and human constitution could be regulated by mathematical accuracy, then there would be no need of this special legislation; but that is not the case, and it can not be the case, and, therefore, it is necessary that this special legislation be enacted to meet these special conditions and cases. [Applause.]

Mr. TOWNER. Mr. Chairman, I move to strike out the last two words. I think there is no Member of the House who has given any consideration to the question of legislation for pensions who does not recognize the difficulties that are inherent | these matters are taken up upon their merits of justice, but I

in such legislation. There is and there can be no general law that will reach all cases. There can be no general law passed but that from some standpoint may not be justly criticized. We try as best we can here in the House to remedy those deficiencies by these special bills. I presume that there are no special bills ever introduced that are not subject to some sort of criticism. That is inherent in all this class of legislation, but, Mr. Chairman, I certainly resent the imputation on this House that it is done from a selfish and ulterior motive. There never has been, in my judgment, a general law passed by the American Congress that was not actuated by the highest patriotic motives, and not because of selfish interest. There has been no bill passed that, in my judgment, has not been thus supported.

In these cases we take the judgment of the committees that have given them careful consideration. There is no man here upon the floor who has had experience with this committee or with those that have preceded it who does not believe that the members of these committees have given the most careful and honest consideration to the bills that have been brought before them. Some of them, in the judgment of gentlemen here, have been recommended unjustly and without support. Others have been refused that, in the judgment of those who advocated them, ought to have been granted. I presume that in some instances these criticisms are just, but a large body of the membership of this House believe that the committee have acted honestly, patriotically, conscientiously, and intelligently in determining what cases ought to be reported, and so they have had justly the support of nearly all the Members of the House. Mr. Chairman, I believe that when the history of these years shall have been made up, when the history of legislation regarding pensions to Union soldiers shall be attached to that of the great Civil War, it will be held to be an honor to the American Congress and an honor and credit to American citizenship that has supported throughout so honorably and so patriotically this legislation. And I believe that for these reasons that not one single dollar has ever been expended in the past that did not bring with it as a reward greater patriotism on the part of the people of this country, who have known when these acts were passed that it was an expression of the country of its obligations to those who were willing to risk their lives in the service of their country, and an encouragement to the generations in the future to come forward and serve their country, knowing that if they die in such service or linger in suffering years afterwards because of such service that they would not be forgotten by a sympathetic and

patriotic citizenship. [Applause.]

Mr. CRAMTON. Mr. Chairman, as a member of the committee, if I may speak, I ask for recognition. I shall not desire to occupy five minutes, but I do want to call the attention of the gentleman from Texas [Mr. Dies] and his colleagues who have sympathized with him apparently to the fact that inasmuch as his chief criticism to the item in question is based upon the fact that he thinks a general law extending the period six months or a year more would be desirable rather than to take care of this worthy case as we come to it in a special bill, I want to suggest to him that if he really is sincere in his objection on that ground, that he will have opportunity perhaps during this session to record his vote in favor of a general law that will take care of all such cases. But I anticipate from what I understand about the gentlemar's prior record in connection with general bills that when a general bill comes up it will be too "general" to suit him. Furthermore, the gentleman has suggested and his criticism seems to arise from the fact that he in his district apparently finds that it is difficult for anyone to get the ear of a Congressman unless he has political influence. I do not know as to that; the gentleman can best say for himself; but I can say this, that in the district that I endeavor to represent that if there be in that district any widow of a soldier who faithfully served his country and that widow has now come to the years of 70 or 80 or 90 and is bedridden and in necessity and she presents a case of justice that has not been properly cared for under the general law, that widow, without a vote and without influence, can get the ear of her Congressman as well as the biggest politician in that

Mr. CALLAWAY. Will the gentleman yield?

Mr. CRALTON. I decline to yield; the gentleman has had a lot of time and he can get more. Mr. Chairman, what I have said as to that district which I have the honor to represent I believe may well be said of every other district represented in this House, probably even the district of the gentleman from Texas. Now, not only is it true as to individual Members that have more confidence, Mr. Chairman, in my short experience upon the Committee on Invalid Pensions, in the worth of the motives that actuate the majority of that committee than does their associate in the Democratic majority, and I believe that if they are not hindered by some gentlemen in the Democratic majority, if they are permitted to follow their course of justice and righteousness, that the old soldiers and their widows can

expect a fair hearing before the committee.

I observe in that committee as cases in which a question exists are presented they are considered, not on the ground of what Congressman is back of them or what political indorsements they have, but simply as to what are the necessities of the case, what was the military service of the soldier, and what are the fair equities. And I submit that any Member of the House, having any case that is fair and honest, will get a fair hearing from that committee, providing that these gentlemen the Democratic side, who apparently are against general bills when they are before us and against private bills when they are before us, do not hinder them too much. [Ap-

Mr. GARRETT of Tennessee. Mr. Chairman, the distinguished gentleman from Illinois, the leader of the minority, in the course of his remarks a few moments ago instituted a comthe course of his remarks a few moments ago instituted a comparison between war claims and pensions. I do not think the comparison was very happy, and I am sure, whether happy or unhappy, it was not sufficiently extended. I do not propose to discuss the merits of this special pension legislation. Whatever those merits or demerits may be, Mr. Chairman, it has become a fixed system and a fixed policy, and it became such long, long years ago, and I apprehend, sir, it will continue until the end.

But, Mr. Chairman, I think it not improper, inasmuch as it has been suggested by the distinguished gentleman from Illinois.

has been suggested by the distinguished gentleman from Illinois [Mr. Mann] that the House should for a moment compare the action of the Congress with reference to special pension bills and its action with reference to war claims. I have been a Member of the Congress for four terms and am now in my fifth. There has scarcely been a month during a regular session of any of the Congresses held in which, upon every other Friday, there was not brought into the House and passed with practically little opposition these special pension bills. It is true that at times during the last Congress there was instituted a filibuster, but it is equally true that the Democratic Committee on Rules, after that matter had been continued for a few hours, ended it by bringing in a drastic rule which brought the House to a vote upon the question. But, Mr. Chairman, for eight long years there has not been a single claim known as a war claim against the Government of the United States paid, notwithstanding the fact that those claims had been submitted to a court instituted by this Congress, under laws which the Congress itself laid down, and had been found favorable under those laws. [Applause.] I believe, Mr. Chairman, that every time a war-claims bill has come into this House we have had hair-trigger action. Through many Congresses during the first period of my service here, war-claims day was dispensed with almost through the entire session by the interposition of other business. Those claims have never been in favor in this House. They have never received fair consideration here. There is no comparison to be instituted in the matter of fairness between the treatment of private pension claims and the treatment of war claims, although pension matters have been passed upon by committees, and war claims matters have been passed upon by courts in solemn and serious judgments.

Mr. Chairman, I have thought it well and proper that those of us who have been fair in regard to this pension matter, whatever the predilections of our sections may be, who have recognized the existence of things as they are, and have dealt fairly and justly and honestly with those who are interested in this proposition, should be entitled here, and now call attention to the fact that we in turn are entitled to fair treatment in regard to these claims that have been passed upon by the court and that we are entitled to have them paid. [Applause.]

Mr. MANN. Mr. Chairman, the gentleman from Tennessee [Mr. Garrett], who is generally fairly accurate, made three statements, namely, one, that there had been no war claims paid in eight years; one, that war claims had not received fair treatment from the House; and one, that war claims were judgments of the Court of Claims. Neither one of those statements is correct.

Mr. GARRETT of Tennessee. The gentleman will pardon I did not say that they were judgments of the Court of Claims.

Mr. MANN. I beg the gentleman's pardon, but that is what he did say. However, I am perfectly willing for the gentleman to change his remarks.

Mr. GARRETT of Tennessee. Of course, I am well aware of the fact that they are not judgments of the Court of Claims.

Mr. MANN. I am well aware of the fact that they were rep-

resented as judgments of the Court of Claims.

Mr. GARRETT of Tennessee. If the gentleman will permit,
I said they represented the judgment of the Court of Claims. did not use the expression in a technical sense.

Mr. MANN. The gentleman used the expression in both senses. They do not represent the judgment of the Court of The Court of Claims only finds certain facts and expresses, until the recent law, no opinion in reference to the

validity of a claim or the propriety of paying it.

The gentleman has already acknowledged that the judgment business is out of date. There is no judgment. Now, as to the other two propositions, the gentleman stated that no war claims had been paid in eight years. That is not so. The gentleman is mistaken. There have been war claims paid in the last eight years. Claims that were passed through this House and through

the Senate and became laws have been paid.

There has been no omnibus war-claims bill that became a law in the past five years. That is what the gentleman intended to say. But when the gentleman in connection with that says that the House has dealt with war claims unfairly, the gentleman has done a great injustice to the House. An omnibus war-claims bill has been passed in every Congress during that time early in the first regular session of that Congress. Whatever may be said by the gentleman about its not becoming a law, his statement that the House had dealt unfairly with those claims is without foundation, and the gentleman ought to say that to the House. The House passed the bill by unanimous consent practically in each of these Congresses, and if we should quit talking in that way now, out of order, and get through this pension bill, we could pass the omnibus war claims now pending this afternoon. [Applause.] Why do not we do that? Most of the talk delaying the bill has come from that side of the House. [Applause.]

The CHAIRMAN. The Clerk will read,

The Clerk read as follows:

The name of Sarah L. Gillis, widow of William Iving Gillis, late of Company B. Sixth Regiment Kentucky Volunteer Cavalry, and pay her a pension at the rate of \$24 per month in lieu of that she is now a pension receiving.

Mr. CALLAWAY. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas [Mr. Callaway] moves to strike out the last word, and is recognized for five minutes.

Mr. CALLAWAY. Mr. Chairman, I want to make a few observations on the remarks of the gentleman from Iowa [Mr. Towner, who says in a most patriotic appeal that certainly no man in this House will think for one minute that any of these pension bills that are brought in here upon this private calen-

dar has a thing on earth to do with politics. I remember a little colloquy that took place in this House when we were discussing one of these private pension bills in the last Congress, between the gentleman from Missouri [Mr. RUSSELL], who had the bill in charge, as he almost always has in the case of these private pension bills, and the gentleman from Kentucky [Mr. Thomas], in which Mr. Thomas said, "I want to know why it is that I have only 10 of these private pension bills to my credit and the members of the committee have about 30?" Mr. Russell in reply to that said, "I want to assure the gentleman that if he will just possess himself in

even-handed justice to every Congressman in the House." Every Congressman in the House, Mr. Towner; every Repretake that list of private pension bills that were passed in the last Congress, and in the Congress before, and in the Congress before that, he will find that with a wonderful evenness they are distributed to the different Members of Congress.

patience, before this Congress adjourns this committee will do

Now, I want to quote a little conversation that I had here when the Sherwood pension bill was up, because the Members of the House are everlastingly working off this patriotic talk about these pension bills when the Members of the House really know that they are put through for the purpose of purchasing votes.

A MEMBER. Oh; that is not so.

Mr. CALLAWAY. I heard some one grunt. [Laughter.] I want to repeat a conversation of an old man who was for the pension bill; a wise old Congressman who had been in this House for 17 or 18 years, and a new man who was making a patriotic talk that sounded very much like the speech made by the gentleman from Iowa [Mr. Towner].

There were just we three, and I was cussing the Sherwood pension bill. This old Congressman said to the new man,

"Young man, you are new in Congress. You are doing a thing there that you ought not to do; that is, lying to yourself." He said, "I learned long ago that a man can not afford to do that. It destroys his clearness of thought. It warps his judgment. It will affect you so that you can not think straight. There is no use in lying to me and CALLAWAY," he says. "You know we are not going to vote in your district, and you can not help this thing by making patriotic appeals to us." And he said, "I want to advise you against lying to yourself. I have done a great deal of lying in my time; I have always done my lying to the other fellow; I have not lied to myself in order to keep my

thinking apparatus working right, and I want to advise you not to lie to yourself." [Laughter.]

"Now," he says, "I am going to vote for the Sherwood bill, just as you are, and for the same reason." And he says, "Another bill is coming in here—this militia-pay bill—and when it comes I am going to vote for that, and you will, too. I am going to vote for this Sherwood pension bill, because I am an old man and do not want to quit Congress, and these old fellows are pretty well organized in my district, and I do not think I can be elected without their vote, and I do not know how to get it without buying it, and I am a poor man and not able to purchase it with my own money, and this is an opportunity to take money out of the Federal Treasury and buy it, and I am going to do it. And that is the reason why you are going to vote for it. And when the militia-pay bill comes up I am going to vote for that, and you are, too, because the militia-pay bill boys are pretty well organized in our districts and we have got to have them; and when any other organization in my district gets strong enough and I have got to have the votes, and the opportunity comes to take money out of the Federal Treasury and buy that vote, I am going to do it, and you are going to do that same thing, because you are built that way." I said, "How long is this purchasing business going to keep up?" He said, "It is going to keep up until Rube wakes up." I said, "Who is Rube?" He said, "He is the fellow back at home that pays the taxes and has not got his hand in the Federal Treasury." I said, "What is the per cent of Rubes compared to the other fellows in this country?" He said, "Oh, about 90 per cent Rubes." I said, "Haven't you got more confidence in the 90 per cent who are Rubes than you have in these interested fellows?" He said, "No; these interested fellows know exactly what they want, and they are organized and are ten times as active in politics as Rube is; and when one man is ten times as active in politics as nine others that one man carries the election; and those fellows that know exactly what they want in this country, who have got their eye on the indicator and are workcountry, who have got their eye on the indicator and are working at it in politics, have run the Government of this country for 50 years, and I have got to obey their mandate till Rube wakes up. I am praying that Rube will wake up, but I am not willing to risk my political life trying to wake him up."

The CHAIRMAN. The time of the gentleman has expired.

Mr. CALLAWAY. Mr. Chairman, I ask unanimous consent

to continue for five minutes.

Mr. MANN. Reserving the right to object, I will not object if the gentleman will state who this Congressman was with whom he had this conversation. I think it is due to the House that he should state, [Applause.] I shall object to any pur-ported narration if the gentleman is afraid to state the name of the man with whom he had the conversation.

The CHAIRMAN. Does the gentleman from Illinois object? Mr. MANN. Unless he is willing to state who it is, I object. The CHAIRMAN. The gentleman from Illinois objects.

Mr. WILLIS. Mr. Chairman, I had no intention of participating in any way in this debate; but it seems to me that the statements which the gentleman from Texas [Mr. Callaway] has made ought not to be allowed to go unchallenged in this House and before the country.

I understood the gentleman from Texas [Mr. Callaway] to say that these private pension bills such as the one now before us are passed for the purpose of buying votes. I simply want to register my earnest protest against that unfair and unwarranted misrepresentation. [Applause.] I want to say to the gentleman, for whom I have the highest personal regard, that he is looking at this question through darkened spectacles. He is forgetful of the fact that these bills are passed to reach special worthy cases that can not be reached under the general law. For example, there are two items in this bill that apply to persons who live in the district which I am trying to represent. The gentleman says that those items were put in the

deserving orphans of two patriotic old soldiers who fought beneath the flag-one of them for four years and two months.

On page 13 of the committee's report the following statement is made concerning one of these cases:

Medical testimony filed in this action shows that she is suffering with tuberculosis of hip joint; that she is unable to walk without the aid of a crutch, and is wholly incapacitated for labor; that she is without any means of support, except that she owns an undivided one-third of 28 acres of land; which is supplemented with other testimony showing that the applicant injured her hip when 2 years of age, causing joint disease, and has always since made use of a crutch and sometimes two; that her one-third interest in the 28 acres of land is not sufficient to support her, and that the entire 28 acres of land is valued at \$2,310. It is recommended she be granted a pension of \$12 per month.

The committee say as to the other case:

Medical testimony filed in this action shows she has been in a help-less and dependent condition since 4 years of age; that she suffers complete paralysis of lower extremities; which is supplemented by other testimony showing she has been a cripple from childhood and is unable to work, but makes use of a wheeled chair; that she has no property nor income from any source, and that there is no one legally bound to her support

It is recommended she be granted a pension of \$12 per month.

And I want to say that I resent vigorously any suggestion that those items were placed in that bill for the purpose of

buying anybody's vote.

These bills are passed by this Congress in order to do simple and even-handed justice. I have not had a very lengthy experience here, but I have paid some attention to the pension legislation in this House. I have watched pretty closely the work of the Committee on Invalid Pensions in the last Congress. I know that a bill can not get through that committee without being subjected to the most careful scrutiny. In the first place, the Member who introduces a bill is, in a sense, put upon his honor in recommending the case to the committee. In the second place, before a bill can receive consideration at the hands of the committee the necessary evidence must be filed, and then that evidence is subjected to the most careful scrutiny at the hands of a special examiner detailed by the Pension Bureau, and then after that is done the matter is taken up, carefully considered, and passed upon by the full committee; and if any gentleman thinks that all he needs to do if he wants to get a pension bill passed is to go to that gallant old soldier, the gentleman from Ohio, Gen. Sherwood, or to some other member of the committee, and say, "Here, put in an item for a pension for this man or that man," he is entirely mistaken.

He will find that this committee is made up of earnest, honest, capable, and patriotic men, who attend to the public business with scrutinizing care. They are animated by the desire to protect the public interest and at the same time to provide for those exceptional cases not coming under the technical pro-visions of any of the existing pension laws. The work of that able and conscientious committee is carried on on the square; they play no favorites and utterly disregard political considerations; they are undertaking to do and, in my judgment, they are doing a patriotic service to this country, and I think it ill becomes any gentleman on the other side of this Chamber to impugn the integrity of the House and to malign those who have borne the burden of the battle, their widows and orphans, by making a statement here that these bills are passed for a mercenary purpose, for the purpose of buying votes. I want to say that, as far as any bill is concerned that has come under my notice, it never had that purpose, and I do not believe that any Member of the House would introduce a bill for any such pur-I have made this statement, Mr. Chairman, because I think these unfounded charges that have been made here ought not to be allowed to go before the country unassailed and unchallenged. [Applause.]

Mr. DIES ros

The CHAIRMAN. For what purpose does the gentleman

Mr. DIES. To strike out the requisite number of words.

The CHAIRMAN. How many words?

Mr. DIES. Three. [Laughter.]

The CHAIRMAN. The gentleman will proceed.

Mr. DIES. Mr. Chairman, I think I can quiet the turbulent state of mind of the gentleman from Ohio [Mr. Willis]. I think I can calm him for a moment. I agree with him that Gen. Sherwood is a most respectable Member of this House and possibly the most distinguished Federal soldier now living, as I agree with the gentleman from Illinois [Mr. Mann] that the Democratic Party is giving more money to the soldiers than

bill for the purpose of buying votes. I deny that charge absolutely. I want to say to him, and to anybody else who entertains that view of this pension legislation, that those two items apply to two helpless, crippled girls, the needy, suffering, and Sherwood's speech, which I think clarifies the situation thore

oughly. He said in answer to a question by the gentleman from Illinois [Mr. MANN]:

Mr. Sherwood. You can get anyone to vote for any pension bill you want to in any legislature in the North, because the members do not dare to vote against it.

Now, paraphrasing that as I do, the gentleman from Ohio might have said, as I say, that you can get anyone to vote for any pension bill you want in the Congress of the Nation who is from the North, Democrat or Republican, because they dare not vote against it.

Then, I think, I can enlighten my friend from Texas, Mr. CALLAWAY, about the sentiment of some of our Republican

friends.

I had occasion, Mr. Chairman, to make a speech on the Sherwood pension bill. I was sorry the Democratic Party was put to it, but I knew the Republican Party had used the pension fund for more than a quarter of a century as a campaign exploitation fund, and I sympathized with the exigencies that placed our party in the position that it had to follow in the wake of Republican mismanagement of this sacred fund.

I wish the roll of the Federal soldiers who preserved this great Republic as a heritage to us and our children yet to come might be the roll of honor, standing out in the light of eternal glory, rather than to be dragged down by politicians as an

exigency in political campaigns.

My friend the gentleman from New York, Mr. PAYNE, when the Sherwood bill came up, used very strong language against the bill. He said that the Sherwood pension bill was thoroughly unjustifiable. My friend Mr. PAYNE, the leader of the Republican Party, said that we were giving the old soldiers more money than they asked for themselves. My friend Mr. PAYNE, the leader of the Republican Party, said that the old soldiers had met at Atlantic City and laid down their demands and that we were giving them more than they asked for. Now, Mr. PAYNE, the gentleman from New York, has had a long experience here; he is a very wise and a very good man, in my es-I read this as coming from the gentleman from New York, Mr. PAYNE, the distinguished majority leader at that because he comes from New York. They can not say that he comes from Texas and is imbued with prejudice against the Federal soldier. He comes from a country full of all the marks of glory of the Union Army in its victorious march in

The CHAIRMAN. The time of the gentleman from Texas

Mr. DIES. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN (Mr. TRIBBLE). The gentleman from Texas asks unanimous consent that he may proceed for five minutes. Is there objection?

There was no objection.

Mr. DIES. Mr. Chairman, this is what Mr. PAYNE said:

Mr. DIES. Mr. Chairman, this is what Mr. PAYNE said:

Mr. Speaker, I have voted for every pension bill that came before the House for the last 26 years, and I voted for them cheerfully, from a sense of gratitude, which no man can measure, which the country feels toward those who saved the country in the sixties, but I do not propose to vote for this bill to-day. I do not see any excuse for bringing in a bill here with rates of pensions making such an inroad upon the revenues of the Government.

The estimate is for forty-five and one-half millions of dollars. We have never had an estimate yet that was not exceeded by a good many millions of dollars. That is an estimate which brings the total annual pensions to about \$200,000,000. The gentleman in charge of the bill speaks of the distressing cases that have come before his committee. I take it that they have relieved those distressing cases, but if they are not able to reach them all, I point out to them that, by enacting into general law the rules which they enforce when bills are brought before that committee, giving the administration of it to the Pension Bureau, they would relieve nearly all of those cases calling for a larger pension. It is a great increase over what is asked by the veterans themselves, who in their meeting at Atlantic City asked for a rate of pension much below this, that would not cost half the annual increase that this pension bill will cost if passed.

I can not justify myself in the discharge of my duty, under my oath of office, in voting for a bill that makes such a draft as this upon the Treasury at this time.

Mr. Chairman, every time a southern man arises here in

Mr. Chairman, every time a southern man arises here in obedience to the conscientious discharge of his duty to protest against the raids on the Public Treasury some gentleman says, "Oh, you do not like the old Federal soldier; you live down South in the vanquished land; and you are opposed to giving him justice."

The words I have quoted are the words of SERENO E. PAYNE. Is he prejudiced against the old soldier? His address was to this side of the Chamber as well as to that. Is the time never to come. Mr. Chairman, when a man born after the last battle of the Civil War; is the time never to come when a man, be-cause he lives in the South, is to raise his voice in protest against these measures because he happens to live south of the Mason and Dixon line?

I refer to it now with no prospect that the bill or any part of the bill can be defeated. I agree with Gen. SHERWOOD that any pension bill in any legislature of the North will pass because the members dare not vote against it, and I add to that that any pension bill for the relief of the Federal soldiers introduced into this Congress will be passed, because a majority of Members dare not vote against it. But I only wish to recall to my colleagues on this side of the Chamber the words of wisdom and warning of the leader of the Republican Party, and that is in effect that you are using this fund too extensively. and you ought to stop these raids on the Public Treasury. And let me say, Mr. Chairman, in the beginning of this second session of the Sixty-third Congress, with a good-roads committee knocking at the doors of Congress for hundreds of millions of dollars, with millions demanded for the Mississippi, with a proposition to postalize the telephone lines of the country, and with every ism from every part of this land, the Democratic Party, unless it takes heed and counsel of itself, will not be in a position to compete with the Republican Party for this pension vote much longer.

Mr. MANN. That is a certainty.
Mr. DIES. Mr. Chairman, my friend from Illinois [Mr. Mann], who knows nearly everything, says that it is a certainty. I do not know, myself, and I am glad that I do not know as much as my friend from Illinois—

Mr. MANN. But the gentleman just said it, and I followed

his lead.

Mr. DIES. His mind is like a great storehouse, in which is lodged everything from a toothpick to a self-binding mower. He knows all about the rules of this House and he knows all about every man's private bill and what his views are on war claims and pensions. I congratulate myself that I do not possess the great fund of information which he has at his disposal, because I do not want to convert my mind into a public junk

Mr. MANN. Oh, the gentleman shows that every time he talks.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. PAYNE. Mr. Chairman, the gentleman from Texas [Mr. CALLAWAY] who spoke a few moments ago talked about purchasing votes by an appropriation out of the Public Treasury of the United States. As soon as he could get the floor his colleague [Mr. Dies] followed him to show that there was at least one man in Congress who stood up against pension bills, and did not, at least at that time, have an idea of purchasing votes by the payment of money out of the Public Treasury, and he was not the only man in that Congress.

Mr. Chairman, my experience has been that the Members of this House are not only patriotic but that they are honest and just, and, while not boasting of the fact, I have always acknowledged everywhere that I voted both against the Sherwood pension bill and the Sulloway pension bill. I contended that they went too far, that they were too great a strain upon the Treasury, that they were not demanded by the old soldiers themselves until long after the bills had been introduced. I followed that through until we got the McCumber bill, which seems to have answered adequately the purposes of the framers of both the Sherwood and the Sulloway bills, and has been much less a drain on the Treasury than either of those bills would have been.

My practice all through my course here, whenever men or women wanted a special pension act, has been to examine it as carefully as I would the evidence in the case I was about to prepare for trial to see whether they were entitled to it. If thought they were, I introduced the bill; and if I did not think they were, I turned them down. I did not ask the committee to do it, and I did it fearlessly. Why should any man fear anything of that kind? I have found these men who fought under the flag always just. There was some talk in my district last fall about my voting against the bills and speaking against them, but I went upon the stump and proclaimed everywhere that I voted against those bills and told why. I did not have any occasion to slander anyone else who was honestly for them, and I did not have any occasion to tell those who were listening to me that men were trying to purchase votes and pay for them out of the Federal Treasury.

I do not believe any such nonsense as that. I think the gentleman who made that charge ought to bring it against the individual, and I think Congress ought to investigate it, and if they can find a single case where a Member of Congress has voted for any bill in order to pay his political debts, or to get votes by it and to get votes paid for out of the Federal Treasury, that man ought to be dealt with by the House of Representa-

[Applause.] I think it should be no argument against these pensions that are examined with such patience and such care by these committees and brought into the Congress there is anything wrong in a bill that has been overlooked by the committee or by the Member who has introduced it, come in here and give the proof. Do not indulge in empty general declamation on the subject, but bring in the proof and the House will turn down the pension bill. Do not stand out and slander the Congress of the United States by such a general charge that men are trying to buy votes and pay for them out of the Treasury of the United States. [Applause.] I am in favor of dealing out even and exact justice to every man, whether he is a pensioner or whether he is a claimant. [Applause.] Now, I voted against some of the claims bills that came into the I remember one that was backed by a great denomination, a great church, that came into this House. I did not believe it was a just claim. I fought it year after year, but finally it was passed, and after it was passed it turned out a scandal was connected with it. Their agent had taken a large part of it, and it was intimated that one or more gentlemen in Congress were interested in it, but it turned out the tale was entirely false, and that the agent had pocketed the money himself.

The CHAIRMAN. The time of the gentleman has expired. The Clerk read as follows:

The name of Emeline Baldwin, widow of Jacob V. Baldwin, late of Company K, Ninth Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of \$20 per month in lieu of that she is now receiving.

Mr. CALLAWAY. Mr. Chairman, I move to strike out the last word. The gentleman from Michigan [Mr. CRAMTON] made the statement awhile ago that he would vote to pension the widow of any soldier in his district who was getting old or poor or unable to earn a livelihood. He did not make any statement that he would vote a pension to any woman in his district who was old and poor and unable to earn a livelihood.

Mr. CRAMTON. Will the gentleman yield? Mr. CALLAWAY. Yes. Mr. CRAMTON. I did not make the statement which the gentleman has just attributed to me.

Mr. CALLAWAY. Well, the gentleman can make his own

statement, and I will work on that.

Mr. CRAMTON. I said, if there was any widow of a soldier in my district who was 70 or 80 or 90 years of age, helpless and bedridden, that she could get my ear as a Representative of that district just as quickly as could the biggest politician in that district. [Applause.]

Mr. CALLAWAY. This committee, following the same feeling, seems to favor the widows especially of soldiers over the widows of those who were not soldiers. Mr. Chairman, I have never yet been able to bring myself to an understanding of the workings of a man's mind who thinks women ought to be re-

warded for having lived for a number of years with a soldier.

Mr. CRAMTON. Mr. Chairman, will the gentleman yield? I think it will be absolutely hopeless to start in to make an impression on that kind of a mind.

Mr. CALLAWAY. Mr. Chairman, it has always occurred to me that there is no grander spirit in this country or ever has been than the survivors of the Civil War on both sides. If there is nothing that a woman can bring in to this Government to further her claim other than the fact that she lived with a survivor of the Civil War for a number of years, it occurs to me that her claim ought to be repudiated, for it is certainly no claim for sympathy on the part of the people of the United States, and ought to be no claim on this Government for remuneration. But they bring them in here continuously as though it were such a burden to a woman to have lived with a survivor of the Civil War for a number of years that for the balance of her life she ought to have a pension for caring for him. If women ought to be pensioned because they have undertaken the burden of living with survivors of the Civil War. surrounded with all the halos they are surrounded with, backed up by all the sentiment they are backed up with, what ought to be the sympathy of this country for the women of this country who have lived with the men who have not been surrounded with all the admiration and halos that surround survivors of the Civil War?

I can not understand why a woman ought to be pensioned simply because she lived with a soldier. I have always regarded it as an honor for the survivors of the Civil War who have been the right kind of soldiers in that great conflict, whether they were on one side or the other, and I have never regarded it as a peculiar burden to a woman who had taken on one of the survivors of the Civil War and had undertaken to live with him for a number of years, or that that was a reason

for bringing in here these private pensions. And here we are increasing the pension to one who is not entitled to it under the law, and the reason that is given is that she lived with a survivor of the war for as much as 20 years. That looks like an appeal to a prejudice.

I want to make one further reference to another matter that is always brought up against any man from the South when he raises his voice against these iniquities. No man from the South can discuss these measures on their merits; as soon as he rises in his place some gentleman on the other side of the aisle gets his Ebenezer up and says it is because he came from the South. And they defend their cause not by meeting his arguments, but by saying that he makes them because he comes from that section of the country which lost in that great conflict, and one opposed to the soldier.

The CHAIRMAN. The time of the gentleman has expired. Mr. CRAMTON. Mr. Chairman, just a moment. I have no hope of making an impression on the state of mind that the gentleman from Texas [Mr. Callaway] enjoys, but I think his statement ought not to stand alone in the RECORD. I think he ought to be reminded of the fact that the men who served in the war were, many of them, young men, even as he and I, and younger than we are, and while in these days, when he and I perhaps have had an opportunity of securing an education or of establishing ourselves in business, acquiring a competence that might be used for the support of the widows we might leave, those boys spent the four years of their young manhood in war, and, instead of building up for the future, they were tearing down their future and the future of the widows that they would leave. Instead of being pensioned to recompense them for the privilege they enjoyed of living for years with these old veterans, it is rather a compensation to them for the things that they lacked while they did live with them, by reason of the service those men had rendered their country, and the things they must lack after those men have died, unless a grateful country will do what it can to make it up for them.

The gentleman criticizes one particular claim, where a man served 2 years in the Army during the war and afterwards was willing to serve 15 years, or thereabouts, in the Regular Army; and he would hold up against him that free-will service in our Regular Army, when from the compensation he drew he manifestly could make no provision for the future of his family; and that then, when he married after he had left the service and he left his widow after a number of years, the fact that he served 15 years in the Regular Army must be held to offset the 2 years he served in the Civil War. I can not comprehend the ill logic

with an old soldier.

of that kind of pretended logic.

Mr. MOSS of West Virginia, Mr. GREEN of Iowa, Mr. QUIN, and Mr. RAGSDALE rose. The CHAIRMAN. The

The gentleman from West Virginia [Mr. Moss] is recognized.

Mr. MOSS of West Virginia. Mr. Chairman, my heart really goes out in sympathy to a man who has no broader comprehension of the question of pensions to old soldiers and their widows than the gentleman from Texas [Mr. Callaway]. I am very glad, indeed, that we have had this debate this afternoon, in order that we may find out clearly and explicitly why the Democratic Party, or rather a small portion of it, favored pensions for old soldiers during the last campaign. One of the gentlemen from Texas admits it was simply a bid for votes, and the other gentleman from Texas now states that he does not see any reason why a widow should have a pension because she had lived

Mr. Chairman, I want to correct on the records of this House the impression that the Democratic Party was responsible for the passage of the Sherwood bill as amended or was responsible for any benefit that came to the old soldier by that bill. And when I say that, Mr. Chairman, I say it as a man not imbued with sectional prejudice, as the gentleman from Texas [Mr. Cal-LAWAY] seems to be. I live on the border line in the great State of West Virginia, where we have northerners and southerners dwelling together in peace and harmony, and there is no man in this House that admires the sterling qualities of the southern character any more than I do.

But I want to say, Mr. Chairman, that although it was noised around during the last campaign that the Democratic Party had suddenly changed its mind and changed its coat, after having for years and years in the past opposed pension legislation, while the Republican Party favored it, and had become the friend of the old soldier, the record which I have here shows that that was a pretense.

Mr. ADAIR. Mr. Chairman, will the gentleman yield? The CHAIRMAN. Does the gentleman from West Virginia yield to the gentleman from Indiana?

Mr. MOSS of West Virginia. In just a few minutes. I want to read that record and show that the party that really was responsible for that great measure was the Republican Party, the party that has always been the real friend of the old soldier and is the real friend of the old soldier to-day, and not the party which the gentleman on the other side [Mr. Dres] says merely bids for political support. On the conference report, Mr. Chairman, on the pension bill when it came back from the Senate we find that there were 228 Democrats and 162 Republicans in the House, and we find that on that vote the bill passed and that there were 57 votes cast against it.

The Record shows that almost every single one of those adverse votes were cast by a Democrat. The Record shows that had it not been for the solid support of the Republicans in the House when that bill was passed it would have been defeated. And I beg to correct the distinguished gentleman from New York [Mr. PAYNE], because the record shows that upon that

conference report and on the bill also he voted-Mr. PAYNE. I voted in the House against the Sulloway bill and against the Sherwood bill. The Sherwood bill came back from the Senate in such a shape that its author would hardly have recognized it in consequence of the amendments put on it in the Senate by Mr. McCumber. I voted for the adoption of the conference report, which was substantially the McCumber substitute for the original bill.

Mr. MOSS of West Virginia. I am speaking only of the record vote.

I made a speech against the other bill.

Mr. MOSS of West Virginia. I do not wish to reflect upon the gentleman, but I do wish to say that the RECORD shows that votes were cast against that bill by the Democrats and the bill would have been defeated if it had not been for the support given to it by the Republicans of this House.

Mr. ADAIR. Now, Mr. Chairman, will the gentleman yield? Mr. MOSS of West Virginia. Yes,

ADAIR. I desire to call the gentleman's attention to the fact that the Sherwood bill, as shown by the RECORD, would have passed this House if every Republican in the House had remained quiet and had not voted at all. The Democrats gave it enough votes in this House to pass that bill without the aid of a single Republican in the House, and the Record shows it.

Mr. MOSS of West Virginia. The gentleman may be talking about the bill when it was passed originally in the House

without a record vote.

Mr. ADAIR. I am talking about the record vote on the Sherwood bill, when it finally passed this House; and the gentleman will find, if he examines the RECORD, that if not a single Republican had voted it would have been passed.

Mr. MOSS of West Virginia. The gentleman is mistaken. Mr. ADAIR. I am not mistaken. I speak from the Record.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. MOSS of West Virginia. Mr. Chairman, I would like to

have five minutes more.

Mr. FOSTER. Mr. Chairman, reserving the right to object, I think we have had extensions enough. I shall not object to this extension, but I will object to future requests.

The CHAIRMAN. The gentleman from West Virginia [Mr. Moss] asks unanimous consent for five minutes more. Is there objection?

Mr. RAGSDALE, Mr. Chairman, I object, as there seem to be objections on that side to extensions.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The name of Emeline Baldwin, widow of Jacob V. Baldwin, late of Company K, Ninth Regiment Iowa Volunteer Cavalry, and pay her a pension at the rate of \$20 per month in lieu of that she is now re-

Mr. FOWLER. Mr. Chairman, I desire to speak on this paragraph, and move to strike out the last three words.

Mr. RUSSELL. Mr. Chairman, I ask unanimous consent that

debate on this paragraph and amendments thereto be closed in five minutes.

Mr. DIES. What paragraph?

Mr. RUSSELL. The paragraph beginning with line 21 on

The CHAIRMAN. The paragraph under consideration is at the bottom of page 11, covering lines 21, 22, 23, and 24. paragraph at the bottom of page 11, the last four lines, has not been considered.

Mr. DIES. Mr. Chairman, reserving the right to object, I would like to ask my friend from Missouri [Mr. Russell] in charge of the bill if he does not think that the several items in the bill, even when merged in one bill, ought not to receive consideration at the hands of the House?

Mr. RUSSELL. I think so; but we have debated now for three hours. The committee is not disposed to choke off any-body, but we would like to pass the bill as promptly as we can.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri [Mr. Russell] that the debate on the paragraph named be closed in five minutes?

Mr. DIES. Mr. Chairman, I object. The CHAIRMAN. Objection is made.

Mr. FOWLER. Mr. Chairman, I move to strike out the last

Mr. FOSTER. Mr. Chairman, I hope my colleague will not indulge longer than this single five minutes, because I think we ought to confine ourselves to these items.

The CHAIRMAN. The gentleman has not started yet.

Mr. FOSTER. I wanted to make that statement.

Mr. LENROOT. Mr. Chairman, I would like to ask as to the state of the amendments, whether any further amendment is in order.

The CHAIRMAN. Several amendments have been considered and withdrawn.

Mr. LENROOT. I desire to ask if they have been withdrawn?

The CHAIRMAN. The gentleman from Illinois [Mr. Fowler] offers another amendment, to strike out the last three words.

Mr. LENROOT. There are so many items in this bill that ample opportunity can be had for debate. I think we would make better progress by confining all debate to the items as we go along

The CHAIRMAN. The gentleman from Illinois [Mr. Fowler]

is recognized for five minutes.

Mr. FOWLER. Mr. Chairman, I had not intended to say anything on this bill, and do not desire to delay its passage. I have supported every bill which has come before this House during my short tenure here for the relief of the soldiers of this country. I have done that because of the and not for any other purpose whatever. I have done that because of the fairness of these bills

Mr. Chairman, when that great war fell with its heavy hand upon this country it was Caucasian against Caucasian, diamond cut diamond, and never has there been a greater display of bravery and courage, fortitude and suffering, than was shown on the battle fields of the Civil War. The camp fires of the North and the camp fires of the South greeted each other with shot and shell, and brave men by the thousands gave up their lives that mankind might be free.

Mr. Chairman, 50 years after that war has closed, when the survivors thereof are on the shady side of time, tottering on their canes and waiting for the last roll call here below, it is an insult to their patriotism to accuse them of prostituting their franchise for commercial purposes, and whatever is an insult

to them is an insult to this Republic.

Had the South been victorious, the southern soldier would have been pensioned, just as the northern soldier is now pensioned, but it would not have lessened the respect of the world for the manly courage of the northern soldier; neither does the pension roll for the Union soldiers detract from the brilliant record of the splendid manhood which was so bravely displayed by the southern soldier during that bloody conflict.

Mr. Chairman, I do not believe there is a soldier in this country who would stoop to sell his vote. His courage on the battlefield stamped him as a man of better stuff; and now to charge him at this stage of his life with being a tool in the hands of designing politicians is to discredit that courage, that bravery, and that service which he rendered our country.

Mr. Chairman, I would not have indulged in any wise whatever in the discussion of this bill or any part of it had it not been for this serious reflection made upon the honor and integrity of the defenders of the honor of this country. [Applause.]

Mr. QUIN. Mr. Chairman-The CHAIRMAN. Does the gentleman from Mississippi wish to oppose the amendment?

I move to strike out the last word.

The CHAIRMAN. There is already one amendment pending. Mr. LENROOT. I make the point of order that the amendment of the gentleman from Illinois [Mr. Fowler] is still pending, and that another amendment is not in order.

Mr. QUIN. Then I rise to oppose the amendment.

The CHAIRMAN. The gentleman is recognized in opposition to the amendment.

Mr. QUIN. Mr. Chairman, I have been sitting here listening to these charges of graft and getting into the Public Treasury, and I want to say that I come from a country that is not hostile to any people of any other section of the United States; but while my father was a lieutenant in the Confederate Army, I want to say I do not believe, if there was a law to pension him, any member of his family would want to reach down into the Treasury and take money out of it unless he was disabled in war, unless he came within every article of the scope of the

But it strikes me that all of this list, and all the great host that are now marching under the Sherwood bill, are dipping too deep down into the earnings of the people of this country, sir. It is time to call a halt. Here you have it right now. The people who are in the employ of the Government under what we call the civil service are asking for pensions. They will have bills before this House asking you to give them pensions, simply because they have had Government jobs guar-

anteed them all their lives. I say that the people of the country have to pay for these things. The fellow who tolls and sweats is the man who pays all these pensions. It is not an easy thing. It is time for the representatives of the people to study where this money is coming from. I want to say, gentlemen, that it is not the man who rides in his automobile and draws \$7,500 a year who is paying this enormous pension roll. Here we come to a man who is getting enough to live out of the Treasury of the people, and we are asked to raise his pension to \$36 per month. Twelve times \$36 are \$432. Figure it out for all the men who served

in the Union Army and think how much that would be out of the earnings of the people of this country.

I take it if you are going to keep increasing the pensions of this country, we had just as well strap a soldier on the back of every man who works for a living, and put one on the back of every man who goes behind his plow, and every poor fellow who goes into the workshop and takes up his plane and his hammer. That is what this bill means. That is what these increased pensions mean. We must know that with all the great demands upon Congress we must ask the question, Where will the revenue come from to pay them when pay day comes?

We know that this Congress has passed a tariff bill that

makes our revenues a certain stipulated amount. We know what the Military Committee has before it. We know what the Naval Committee has before it. Where is all the money coming from? I say, gentlemen, we had better get down to a business We had better study the revenues of this Government before you make these great raids upon the Treasury of this country, before you give away the money of the people, not to pay men for fighting the battles of this country, but for every Tom, Dick, and Harry who comes up and says, "I smelled gunpowder during the Civil War." We have it so now that no man who goes out into the service of his country goes from a spirit of patriotism so much as he does to look for a pension. military officers get pensions and look for them. You will soon want to pension your Congressmen and Senators.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SHERWOOD. I ask unanimous consent that debate

on this paragraph be now closed.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent that debate on this paragraph be now closed. Is there objection?

There was no objection. The Clerk read as follows:

. The name of Electa B. Merrill, widow of Benjamin F. Merrill, late of Company A, Fourteenth Regiment Connecticut Volunteer Infantry, and pay her a pension at the rate of \$20 per month in lieu of that she is now receiving.

Mr. DIES. Mr. Chairman, I have in my hand House bill 10138, but I do not seem to be following the Clerk. He seems to be getting along a good deal faster than I am. I want to know what the Clerk is reading from.

The Clerk has just finished reading the The CHAIRMAN. first paragraph on page 15.

Mr. DIES. I should like to ask is the Clerk reading the bill or abbreviating the bill?

The CHAIRMAN. I think where there is no objection raised the Clerk calls the name and gives the amount. If the gentleman from Texas wants to make any motion, the Chair will hear from him.

Mr. DIES. Mr. Chairman, I do not want to object to the provision, nor do I object to the suggestion that we want to hurry along and give our friends the money as soon as possible. I want to make one or two observations, and I move to strike

out the last word of the paragraph so hastily read.

I have no expectation on earth of being able to defeat the passage of this bill. I understand perfectly well that gentlemen are going to vote for it in sufficient numbers to insure its speedy passage. The whole controversy here is a question between the Democrats and the Republicans as to who are trying to do the most for the old soldier and who have done the most and who will do the most for them before the next election arrives. [Laughter.]

My vision is not clouded as to the ultimate fate of this bill and similar bills introduced here, nor as to the motives behind it and as to what the bill will do secondarily for the country.

Mr. SELDOMRIDGE. Will the gentleman yield?

Mr. DIES. Yes.

Mr. SELDOMRIDGE. Let me ask the gentleman if there is not some competition among some gentlemen as to who can say

the most against the bill?

Mr. DIES. Oh, no; I am the friend of the old soldier who preserved the Republic. But, gentlemen of the committee, he did not save it in time of war for the purpose of eating it up in the time of peace. [Laughter.] My contention is that when the men who followed the fate of Joe Hooker, who followed Ulysses S. Grant, who followed Gen. Meade to battle, were not men fighting for the leaves and Schene are great were not men fighting for the loaves and fishes, as some of their pseudo friends now contend.

I once heard a story which does not apply to the old Federal soldier, but does apply to the conception of some of his pseudo friends. A gentleman approaching a stream saw two darkies fishing on its bank, and just before his arrival the younger one fell into the stream. The old negro jumped in after him very promptly, and after having risked his life he pulled the young darkey out by the nape of the neck.

Then the gentleman approached and said to the negro, "That was the most heroic deed I ever saw in my life; you have risked your life to save the life of that little negro. He is your son?" He said, "No, sir; he ain't my son." The gentleman said, "A member of your family?" "No, sir; no, sir," said the old man, "no, boss, that nigger ain't any kin at all."
"Then," said the gentleman, "why did you risk your life to
save him?" "Why, boss," said the old darkey, "that nigger
had all the bait in his pocket." [Laughter.]

I think that those gentlemen who are talking about more
pensions and posing as the friend of the Federal soldier think
that he has get the bait in his pocket."

that he has got the bait in his pocket, and they are saving him in order to get the bait out at the next general election.

Mr. Chairman, every time a southern man gets up here and protests against a pension bill of any description it is hurled back at him that he is unfriendly to the men who preserved the Union. For myself, I deny it. I am glad that human slavery has been abolished from the face of the earth. I have a picture of Abraham Lincoln in my home, with pride and without political fear. I am glad that the Southern States in their efforts to secede were prevented from accomplishing their purpose and that the Union remains indissoluble in its parts. With all these sentiments of patriotism for my flag and my country, I refuse to be silenced by men who want to wave the bloody shirt and pull the funds from the Treasury in order to insure their political safety. I simply demand that good faith be kept with this Government in relation to these private pension bills, and that it shall cease to become a part of the legislative program.

Mr. SHERWOOD. Mr. Chairman, I ask unanimous consent

that debate on this section be now closed.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent that debate on this section be closed. Is there objection?

There was no objection. The Clerk read as follows:

The name of Melvina Pennington, widow of Henry C. Pennington, late of Company A, Forty-ninth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of \$20 per month in lieu of that she is now receiving.

Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. DIES. I would like to ask the chairman of the committee to inform me on what page of the report of the committee this case of Melvina Pennington is considered?

SEVERAL MEMBERS. On page 42.

Mr. DIES. Mr. Chairman, I want to make this observation, and I move to strike out the last word. In proceeding with the pension bills I understand that gentlemen are unduly impatient and a slight interruption meets with a good deal of disfavor, but I want to renew my suggestion. It is proposed to increase the pension of Melvina Pennington, widow of Henry C. Pennington, late of Company A, Forty-ninth Regiment Missouri Volunteer Infantry, and pay her a pension at the rate of \$20 per month in lieu of that she is now receiving.

The report upon this bill is as follows:

Melvina Pennington, aged 75 years, is the widow of Henry C. Pennington, who served as a private in Company A, Forty-ninth Regiment Missouri Infantry, from August 8, 1864, to August 2, 1865 (one year). Soldier was pensioned under the act of June 27, 1890, at \$10 per month for rheumatism, right inguinal hernia, disease of rectum, and senile debility. He was subsequently pensioned at \$12 per month under the act of February 6, 1907, for age, 67 years.

Applicant married soldier June 14, 1858, and lived with him until his death, March 28, 1907. Applicant's post-office address is Truxton, Mo.

The observation I wish to make is not upon the case of Mrs. Pennington, the widow of the soldier, but to make this observa-tion and to solicit a response to this, either from the chairman of the committee or the thoroughly informed gentleman from Illinois [Mr. Mann], who addressed the House a moment ago. Why should Melvina Pennington's pension be increased and Melissa Brown's pension not be increased? Melvina Pennington is 75 years old. Surely gentlemen can some day be taunted into a response to a civil question. The war is over. We are all under the folds of the flag. I may not be as willing to fight for this flag as some of my friends on the other side, but I at least love it as dearly as they do, and I ask them this question: If Melvina Pennington, who married a soldier of the Federal Army, who served a year, she being 75 years old, is entitled to an increase of pension, why is not Melissa Brown who married another Federal soldier, who served one year, and who is also 75 years of age, also entitled to an increase of pension? I will tell you what is going to happen. This is not right, Mr. Chairman. In the face of God Almighty and the American people, I declare that this thing is not right, this using of the Federal pension roll for political purposes, save it be a law that shall apply to every man and every woman alike when they reach a certain age or when you fall within a certain state of facts that you shall then get a pension. But you are going to leave this thing to Congressmen to select certain men and women in their districts, to whom shall be opened up the Federal Treasury, when it is shut to other men and women in their districts, until the American people some of these day

Mr. MOSS of West Virginia. Mr. Chairman, will the gentle-

man yield?

The CHAIRMAN. Does the gentleman yield?

Mr. DIES. With pleasure. Mr. MOSS of West Virginia. Then, as I understand it, the gentleman states that if by weight of the Democratic Party this bill is passed, it will be merely for political purposes?

Mr. DIES. Mr. Chairman, I decline to yield further. benighted friend is talking politics, while I am talking decency and honesty

Mr. MOSS of West Virginia. I am replying to the gentle-

man. If this is passed, it will be by virtue of politics? Mr. DIES. The gentleman will reply in his own time, and when he does, I ask him to reply to this. The gentleman has a few items in this bill, I discover. I do not know the names of those cases, but I will ask him this question: If you have John Jones down for an increase because he is 90 years old, why do you not give it to all of the old soldiers in your district in West

Virginia? Mr. MOSS of West Virginia. Does the gentleman wish an answer to that?

Mr. DIES. What better right has one man in the gentle-man's district in West Virginia to an increase than another? Mr. MOSS of West Virginia. Will the gentleman yield?

Mr. DIES. I do not.

Mr. MOSS of West Virginia. Then the gentleman ought not to ask me any questions.

The CHAIRMAN. The gentleman declines to yield.

Mr. DIES. The gentleman has picked out about three in his district and he has given them an increase of from \$10 to \$15 a month, either because they are old or indigent or because they are suffering from disease. What answer can the gentle-man make to the old soldiers of his district who are not em-braced in the bill except to pat them on the back and tell them to be quiet, that he will have them in the bill next time. Mr. Chairman, it is a farce, and it ought not to be, that a man can put another man's name upon this bill for an increase of pension without putting every name similarly situated upon the

Mr. MOSS of West Virginia rose.

The CHAIRMAN. Does the gentleman from Texas yield to the gentleman from West Virginia?

Mr. DIES. With pleasure, for a question.

Mr. MOSS of West Virginia. When the gentleman states

that I have picked out three men from my congressional district

Mr. DIES. Oh, but I did not state that.

Mr. MOSS of West Virginia. Then the gentleman did not

Mr. DIES. No. How many has the gentleman in the bill? Mr. MOSS of West Virginia. Then the gentleman wishes to contradict his statement?

Mr. DIES. No; I wish to ask the gentleman how many he has in the bill? Has the gentleman none in the bill?

Mr. MOSS of West Virginia. None whatever.

Mr. DIES. Then I refuse to yield further to the gentle-

Mr. MOSS of West Virginia. Then the gentleman ought not

to guess at it.

Mr. DIES. Because it is not a case in point. I wanted a case in point. I do say that Members of Congress who have items in the bill have other Federal soldiers in their districts who are equally deserving to the ones that are in the bill.

The CHAIRMAN. The time of the gentleman from Texas

has expired and the Clerk will read.

The Clerk read as follows:

The name of Rachel L. Foster, former widow of Henry C. Webster, late of Company F, Seventeenth Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of \$20 per month in lieu of that she is now receiving.

Mr. DIES. Mr. Chairman, I would like to move to strike out the last word of the paragraph just read. Mr. Chairman, when bills are introduced in the Congress they are referred to appropriate committees. The committees examine the bills, make a report to the House for its enlightenment with a recommendation. It will be enlightening, indeed, if Members of the House had either the time or the inclination, neither of which they have, to examine the several bills now being passed by the great Congress of 94,000,000 of American people. Reports are at hand, briefly, upon this bill, but they are being passed with a lightning-like rapidity that bespeaks the impatience of the advocates of the bill with those who seek to make some objection. Mr. Chairman, for one, if I had it to do over again, I would vote against the Sherwood pension bill, but if I had the original initiative, I would vote to pension the Federal soldiers who preserved the Union. I believe, sir, that they are the last remnants of the grandest Army of this country. believe, sir, that those who followed Wellington and Napoleon are not greater than those who followed Grant and Hooker and Meade. I believe nowhere in the world can be pointed out anywhere greater soldiers than those who pitted themselves against Joseph E. Johnson and Robert E. Lee and the other valiant sons of the South, because if they had not been the very best soldiers in the world, it would have taken more than three of them to lick one of us, and therefore I know they were the greatest soldiers that this country produced, with the possible exception of those magnificent men who were pitted against us, and I am still of the opinion, Mr. Chairman, that those magnificent soldiers, eclipsing in bravery and gallantry the soldiers of modern Europe, did not intend to inflict this pension legislation upon the American people. Why, it is a monstrous thing. We are paying \$185,000,000 a year practically on account of a war that has been closed for almost threequarters of a century. When the war had been over 10 years, we were paying about \$30,000,000, or something like that. When the war was over about 20 years we were paying about \$40,000,000. When the war was over about 40 years, we were paying about \$50,000,000, and now, when the war is over about 60 years, we are paying \$185,000,000, and gentlemen are running over one another to see who can defend a pension bill, because they know-

Mr. RUSSELL. Will the gentleman yield for a question?
Mr. DIES. With pleasure.
Mr. RUSSELL. The gentleman would like to be correct in his statement?

Mr. DIES. When it appears in the Congressional Record; Mr. Dies. When it appears in the Condiscional I am only giving it approximately.

Mr. RUSSELL. The amount expended last \$176,000,000; that is \$9,000,000 less than \$185,000,000.

Mr. DIES. That is no very large amount, it is true, \$176,000,000 a year. That is almost equal to the entire income of the Empire of Japan. Do you know we have paid in this country more in pensions growing out of the Civil War than France was required to pay to Germany at the expiration of the France-Prussian War, and yet you say you treat us awfully kindly to let us live at all. You have collected from the South in taxes to pay pensions to northern soldiers who whipped us more than Germany ever required Napoleon and France to pay at the expiration of the Franco-Prussian War.

The CHAIRMAN. The time of the gentleman has expired.

The Clerk read as follows:

The name of Addie M. Munroe, widow of John H. Munroe, late assistant adjutant and lieutenant, Company B, Eleventh Regiment Iowa Volunteer Infantry, and pay her a pension at the rate of \$24 per month in lieu of that she is now receiving.

Mr. TRIBBLE. Mr. Chairman, I move to strike out the last word. The war claims bill has been injected in this fight to-

day, and as there are quite a number of Members here at the present time I want to read this decision and place same in the Congressional Record in order that the membership may see it. I serve notice on the committee I propose to offer the amendment to the claims bill and insist on payment of this claim. This is a decision of the Court of Claims, and I read from section 2.

II. During the war for the suppression of the rebellion the military forces of the United States, by proper authority, for the use of the Army, took from the claimant, in the county of Bryan, State of Georgia, property of the kind and character above described, which was then and there reasonably worth the sum of \$5,015\$, the same being the claimant's one-fifth interest therein. No payment appears to have been made therefor.

III. The claim was never presented to any officer or department of the Government prior to its presentation to Congress and reference to this court as aforesaid.

Now, Mr. Chairman, this is a decision rendered by the Court of Claims. The question of loyalty is not in it. I have struggled to get it passed upon with favor by the Committee on War Claims. I stood here on the floor of this House and fought with all my power, and I had considerable backing by the Members of the House. The gentleman from Illinois [Mr. Mann] was one of them, and I will say to this House to-day that he is fairer usually than he gets credit for being. [Applause.]

Now, Mr. Chairman, the claim in this case was of a woman who owned a farm in Georgia. During the entire War of the Rebellion she did not live on the farm. She lived in New York: she married a northern man, and he lived in New York, and her home was there during that time, and if the question of loyalty was involved in the case at all, the presumption would be in her favor. This case was referred to the Court of Claims under the Tucker Act. I read from the provisions of the Court of Claims under the Tucker Act:

The Tucker Act reserves to the Houses of Congress only the right to refer claims, but dispenses with the jurisdictional condition of loyalty. Rule 27 of this court is applicable only to cases where loyalty is conditional, and does not extend to cases referred under the Tucker Act.

Now, Mr. Chairman, while we are passing these claims here to-day for these old soldiers, here is a part of the force that won the battles. They could not have lived in the South without provisions; they could not have lived without the corn and the wheat and the rice and the potatoes, and they took these provisions from this woman. They took them from her farm, and the Court of Claims has decided that she is entitled to reimbursement. And yet this just claim is not in this war claims bill, and I desire that the membership of this House investigate it and come here and support me when I undertake to add this to the claims bill by way of amendment.

Mr. RAGSDALE. Mr. Chairman, I would like to ask the unanimous consent of the committee to consider the claim, H. R. 2339, which is referred to on page 15 of the report—the claim of Deborah R. Isherwood.

Now, Mr. Chairman, this is the first time on the floor of the House that I have made any allusions of any character to pensions. It was not discussed in my campaign down home, because nearly every fair-minded man there realizes it is right and just that this country should pay a fair pension to the people who fought on the northern side, without regard to the merits or conditions. We do not debate it down there, because we look upon the matter as settled, and we are all in favor of doing what is right. But I want to ask, Mr. Chairman, how far we are going? Here is a claim that has been refused, first, on the ground that the soldier's fatal illness was not due to military service. That was in 1896. Her claim was refused in 1908 on the ground that she remarried after the soldier's death and prior to filing her claim. Now here is a claim that has been refused on two grounds. There is not in this record a single recommendation from this committee that it should pass. There is not in this report a single reason given other than that she is of excellent family and supports herself by sewing. And that is the one reason why this Congress is being called upon at this time to grant this pension. Her husband served three months, according to this statement, in the war. There is not an allegation in here that he received a scratch or suffered from any illness in any camp because of any service he rendered. Further than that, she has deliberately gone, in the face of the record, in the face of the law, and remarried. And after her pension has been repeatedly refused, then, forsooth, we are to come in here and grant her a pension on the ground that she is of excellent family.

Mr. Chairman, I move that this be stricken out.

The CHAIRMAN. The gentleman from South Carolina [Mr. RAGSDALE] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 6 of the bill, lines 10 to 13, inclusive, strike out the following

Page 6 of the bh, has been already to the bh, has been language:

"The name of Deborah R. Isherwood, widow of Joseph F. Isherwood, late of Company C, Thirty-seventh Regiment New Jersey Volunteer Infantry, and pay her a pension at the rate of \$12 per month."

The CHAIRMAN. The question is on agreeing to the amend-

Mr. RUSSELL and Mr. AUSTIN rose.

The CHAIRMAN. The gentleman from Missouri [Mr. Russell] is recognized.

Mr. RUSSELL. I understood my friend to say that the committee did not recommend the passage of this bill. I will read this language:

Having been a soldier's wife while he was in the Army, now a widow, old, helpless, and destitute, it is proper, following numerous precedents, to allow her a pension of \$12 per month.

I consider that a recommendation.

Now, I want to say that this bill was introduced by Mr. PEPPER, of Iowa, who is at home seriously sick, and only for that reason I would not ask to be heard at all. He is not here and is not able to speak for himself. I know this is a worthy case, and I hope it will not be stricken out.

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from South Carolina [Mr. RAGSDALE].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The name of Eliza E. Tuttle, widow of Edwin B. Tuttle, late of Company I, Eighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of \$20 per month in lieu of that she is now receiving.

Mr. RUSSELL. Mr. Chairman, I desire to offer a committee amendment to that paragraph to correct a clerical error. It is on page 22, beginning with line 20. I offer the following amendment to that paragraph.

The CHAIRMAN. The gentleman from Missouri [Mr. Rus-SELL] offers a committee amendment, which the Clerk will

The Clerk read as follows:

The Clerk read as follows:

Amend page 22 by striking out lines 20, 21, 22, and 23 and inserting in lieu thereof the following: "The name of Eliza E. Tuttle, widow of Edmund B. Tuttle, late of Company C, Elighth Regiment Illinois Volunteer Infantry, and pay her a pension at the rate of \$24 per month in lieu of that she is now receiving: Provided, That in the event of the death of George R. Tuttle, helpless and dependent son of Edmund B. Tuttle, the additional pension herein granted shall cease and determine: And provided further, That in the event of the death of Eliza E. Tuttle the name of said George R. Tuttle shall be placed on the pension roll, subject to the provisions and limitations of the pension laws, at the rate of \$12 per month from and after the date of the death of said Eliza E. Tuttle."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Missouri [Mr. Russell].

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The name of Jeremiah Van Riper, late of Twenty-eighth Independent Battery. New York Volunteer Light Artillery, and pay him a pension at the rate of \$50 per month in lieu of that he is now receiving.

Mr. WILLIS. Mr. Chairman, I move to strike out the last I desire to call the attention of the gentleman from Missouri [Mr. Russell] to what seems to be a clerical error, either in the report or in the bill. On page 25, line 3, the name reads "Jeremiah Van Riper" and over in the report the name is given as "Jeremiah Van Ripen." I want to be sure there is no mistake in the bill. Is that the correct name in the bill, "Van Riper"?

Mr. RUSSELL. I am unable to say.
Mr. WILLIS. It is "Van Ripen" in the report and "Van
Riper" in the bill. In the report, on page 63, it is "Jeremiah Van Ripen." It is evidently one or the other, but the dis-crepancy might lead to confusion.

Mr. RUSSELL. I really do not know which is the correct

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

The name of Ardell D. Grigsby, helpless and dependent child of Philip Grigsby, late of Company C, Seventh Regiment Ohio Volunteer Infantry, and pay him a pension at the rate of \$12 per month.

Mr. DIES. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Texas [Mr. Diss] moves to strike out the last word, and is recognized for five

Mr. DIES. Mr. Chairman, I do not know how much in the shape of appropriation from the Federal Treasury is involved in this bill. I would like to ask the gentleman in charge of the bill how much is involved?

Mr. RUSSELL. Gen. Sherwood has had the figures made accurately, and he says it is about \$20,000-between \$20,000 and \$21,000.

Is that per month or per year? Mr. DIES.

Mr. RUSSELL. That is per year. The amount of money carried by this entire bill is \$47,844, the major portion of which is already being paid. The increase is between \$20,000 and

Mr. DIES. Per year? Mr. RUSSELL. Per year. Mr. DIES. May I ask the chairman of the committee how often we shall consider private pension bills?

Mr. SHERWOOD. Presumably twice a month, on the second and fourth Fridays.

Mr. DIES. Mr. Chairman, I thank the gentleman for giv-

ing me precisely the information I want.

I want to say that I have no hope of being able to throw anything into this pension machinery that will stop its opera-

Mr. SHERWOOD. I will say to the gentleman that the total increase in this bill is \$22,354.

Mr. DIES. A mere trifle compared to what has been appro-

priated heretofore, of course.

I only want to make this last observation, that nothing I can say and nothing my friend [Mr. PAYNE] was able to say in the Sixty-second Congress will be able or has been able to stop the machinery that is grinding out pensions under this private-pension iniquity. Whatever could be said about the Sherwood bill, as a general proposition—and there was much that could be said about it—it was a bad bill. It was an exorbitant bill. It gave the old soldiers more than they themselves asked for. It was a veritable repetition of the Rape of Lucrece. We absolutely pushed something upon the old soldiers, and made them take it, that they did not ask for. We gave them more money than they petitioned for.

But I do want to make this observation. I wish I might make it in some way that the old soldiers, or some of them, could hear it. I believe there are four or five hundred of them left. I believe we have got thirty or forty or maybe a hundred of them in this bill, feeding it out to them, not because they are 90 years old but because they are in the bill; not because an arm is off but because they are in the bill; not because they need the money but because they are in the bill; not because they served valiantly the cause of their country but because they have been able, through their Congressman, to get into the

bill. Mr. MOSS of West Virginia. Will the gentleman yield? The CHAIRMAN. Does the gentleman from Texas yield to the gentleman from West Virginia?

Mr. DIES. With pleasure.

Mr. MOSS of West Virginia. I understood the gentleman to say awhile ago that he was a friend of the old soldier. Is that correct?

Mr. DIES. Oh, I am a friend of every good old soldier. suppose they are not all saints; not any more among the old soldiers than among the old civilians; but I am a friend of every man who fought for the cause of his country as an honest, loyal soldier.

Mr. MOSS of West Virginia. Does not the gentleman think it is a God's blessing that the old soldiers have not many

more friends like him?

Mr. DIES. Oh, he had better have friends like me, that stand up for his honor and his rights, than to have a lot of mushy politicians, who seek to use the money taxed from the hearts and souls of the people to buy themselves into office. I had rather write the name of every soldier who preserved my country on a roll of honor than to drag it down into the slime of politics and leave to posterity the sinister impression that their fathers fought to preserve the Union in order that they might eat it up after they had preserved it.

Mr. Chairman, that I am a friend of the old soldier. My father followed the fortunes of Gen. Forrest for four years. He came out of the war with respect for his adversaries; and I stand before this Congress a young man of the South who honors and respects the northern soldier when I have not got much respect for the northern politician or the southern politician who taxes the people in order that he may give the money

to another man or set of men to keep himself in office.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MONDELL. Mr. Chairman, I have listened with a good deal of interest to the discussion this afternoon on the subject

of pensions.

The CHAIRMAN. Does the gentleman wish to oppose the amendment?

Mr. MONDELL. I oppose the amendment of the gentleman

from Texas [Mr. Dies].

The CHAIRMAN. The gentleman is recognized for five

minutes.

Mr. MONDELL. I was very much surprised at some of the suggestions made by the gentleman from Texas [Mr. Callaway], who spoke some time ago, impugning the motives of Members in the introduction and passage of pension bills. Evidently it did not occur to the gentleman that it would be just as unfair for those of us who favor liberal pensions to impute unworthy motives to him and to others who oppose them as it is for him to question the motives of those who believe in liberally pensioning the soldiers of the Civil War.

Mr. CALLAWAY, Mr. Chairman— Mr. MONDELL. I do not believe the gentleman from

Mr. CALLAWAY, Mr. Chairman— Mr. MONDELL. Just a moment. The CHAIRMAN. Does the gentleman yield?

Mr. MONDELL. Not just now.
The CHAIRMAN. The gentleman declines to yield.
Mr. MONDELL. I do not believe the gentleman meant just exactly what he said. I do not think the gentleman from Texas believes in his heart that men introduce pension bills and vote for pension bills because they want to buy the support of pensioners. This pension bill contains two items pensioning widows of Union soldiers in my State, old ladies without any income and in very poor health, women who, except for these increases, might have to depend on charity. I am sure the gentleman from Texas, who is a kind-hearted man, does not object to that kind of a pension, and I feel confident that after the gentleman thinks about it he will regret that he, even in quoting the words of another, impugned or seemed to impugn the motives of those who favor such pensions. Now I will yield to the gentleman from Texas [Mr. Callaway].

Mr. Callaway. I remember that when the river and har-

bor bill was up and we were making a fight against that, claiming that it was a pork-barrel bill, the gentleman from Wyoming, who thinks that the House would never yield to a political pressure, assaulted the river and harbor bill, and said that it was a bill worked out to grease the bearings of the machinery in the respective districts. Does the gentleman think that the House would yield to the influence of a pork barrel on the river and harbor bill and would not be influenced by a pork-

barrel bill for the pension distribution?

Mr. MONDELL. The gentleman from Texas did not listen very closely to what I said in connection with the river and harbor bill. It is evident that the gentleman from Texas does not very clearly understand my attitude in regard to such public questions. I did not in connection with that bill, and never have throughout my whole service, impugned any man's motives in supporting a bill. I did question the propriety of spending Federal money in the vain attempt to try to make navigable a river that could more cheaply be macadamized, but I did not question the motives of the men who favored it. If I believed that a river in my district could by the expenditure of a reasonable amount of Federal money be made of very great use to the people for the purpose of transportation, I should be inclined to favor such an expenditure. At the same time I should not feel that a criticism of that expenditure on the ground that it was not wise was an unfair criticism at all. I was not impugning the motives of my friends in the Southwest who attempted to secure an appropriation for the Gasconade, for instance, in whose beautiful swimming holes I used to swim as a boy. I questioned their judgment; I doubted if they realized how utterly impossible was the accomplishment of their desire to aid navigation to any important extent through

the expenditure of Federal money.

Mr. CALLAWAY. Is the gentleman from Wyoming so very charitable that he thinks that anybody in this House will agree with him that it was simply an error of judgment in trying to make navigable the splendid little brooklet that he swam in the holes of when he was boy, and thinks that the motives were all right but only the judgment was bad in that kind of an effort distributed about the whole country in the respective congressional districts? I understood the gentleman, not as a sarcasm even, not questioning the judgment of men that would try to make navigable a stream that had better be macadamized-I understood it was an effort to grease the political bearings in the respective districts in which they were attempting to put the money in the streams, and I discussed it briefly. I under-stood the gentleman to say that the river and harbor bill was an effort on the part of men to swap out their respective interests and raid the Federal Treasury.

The CHAIRMAN. The time of the two gentlemen has ex-[Laughter.] pired.

Mr. MONDELL. Mr. Chairman, inasmuch as the gentleman from Texas has taken up a large portion of my time, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. The gentleman from Wyoming asks unanimous consent that his time be extended for five minutes. there objection?

There was no objection.

Mr. MONDELL. Mr. Chairman, I do not care to pursue the line of argument suggested by the statement of the gentleman from Texas further than to say that I do not believe men are dishonest or actuated by unworthy motives because they seek to promote the interests of their constituents. I take it that is what we are sent here to do-to look after the people we repre-We are human, and therefore we listen to and are persuaded by the arguments of our people and by our own judgment in favor of these things, which we believe will be helpful to our communities, and it is entirely proper that we should take that view.

Now, Mr. Chairman, I rose for a somewhat different purpose than the argument I have pursued. In a brief interval of the interesting discussion of the subject of pensions I repaired to my room to answer some correspondence. By a curious coincidence I happened on a letter on the subject of pensions. Without at this time expressing any opinion in regard to the proposition contained in the letter, I desire to have it read in my time.

The CHAIRMAN. The Clerk will read, without objection.

The Clerk read as follows:

UNITED CONFEDERATE VETERANS, HEADQUARTERS NORTH GEORGIA BRIGADE, Atlanta, Ga., December 1, 1913.

CONFEDERATE PENSIONS.

Headquarters Noeth Grough Brigade,
Atlanta, Ga., December 1, 1913.

CONFEDERATE PENSIONS.

In replying to an article read in New Orleans on November 12, 1913, to the United Daughters of the Confederacy by Mrs. White, their commander, urging and insisting upon their cooperation in doing all they could to prevent or persuade the Confederate veterans against asking a pension from the United States—she did not want the Confederate veterans to humiliate themselves to that extent—Mrs. White said that a majority of them would not accept a pension from the United States.

Now, I as a Confederate veteran know of my own knowledge that the good lady has been misinformed. for I believe 90 out of each 100 will gladly accept a pension, and that the one hundredth one would be disgusted with himself for refusing to take it.

As to the humiliation, we fall to see where it comes in, merely asking for what rightfully belongs to us. We had our humiliation in the years 1861 to 1865, when it came to fighting our own slaves. Georgia had in the Civil War 3,485 of her slaves to fight then, and there is where the Confederates were humiliated; and we don't feel like it is any disgrace or humiliation to ask for our own.

At the close of the War between the States, or soon thereafter, Congress enacted the pension law, thereby giving to the Federal veterans what now amounts to \$180,300,000 per annum, and the South has been contributing annually for almost 50 years unnurmuringly. And, again, the Southern States had turned loose or set free by reason of the war about 6,000,000 negroes, and they (the southern people) have been taxed for nearly 50 years to educate them (the negroes).

Soon after the war there was collected from the Southern States a specific tax that amounted to about \$65,000,000. The Supreme Court of the United States decided this was illegal, and that the United States had no legal right to it, and therefore it has been in the United States for the confederate veterans and to the widows of Confederate veterans, the principal

J. H. SHELNUTT.

Adjutant General and Chief of Staff.

North Georgia Brigade, Confederate Veterans,
Second Floor, Thrower Building, Atlanta, Ga.

Mr. DIES. Mr. Chairman, I move to strike out the last word. Mr. Chairman, my friend from Wyoming [Mr. MONDELL] is always surprised or amazed, and he is now both amazed and surprised because the Confederate soldier would like to receive some recognition out of this fund.

Mr. MONDELL rose.

Mr. DIES. In just a moment I will yield to the gentleman. Mr. MONDELL. I have expressed no amazement or surprise. Mr. DIES. Then the gentleman is not surprised; and not being surprised and not being amazed-

The CHAIRMAN. Does the gentleman from Texas yield to the gentleman from Wyoming?

Mr. DIES. I decline to yield; in a moment I will be glad to do so. The gentleman is not amazed and not surprised that a Confederate soldier asks for a pension. If it had occurred 15 or 20 years after the war, when the pension roll was fifty or sixty million dollars I would be amazed and surprised, because then it was supposed that the pension roll of the country was a roll of honor and the payment of money for services performed, and no Confederate soldier would ever have felt that he was entitled to go on the roll, because he knew that he had performed no service for the United States of America, having given his services to the Confederate States of America; but in recent years, to take the language of Gen. Adams, who himself was a Federal soldier, it has ceased to be a roll of honor, it has ceased to be a return to the old soldier of his just reward for honor and service, and has grown to be a political campaign fund for the party in power to control the votes of the old soldiers themselves. If so, how can my friend from Wyoming [Mr. MONDELL], so often amazed and amused and surprised-how can he now be amazed that Confederate soldiers want to get in on this slush fund, a fund that is no longer to reward those who gave their lives to their country, but to keep in office those who are voting supplies under the pension bill? Why should not the old Confederate soldiers come in under it? Why should not the old shoemakers and the old blacksmiths and the old livery-stable men and the old farmers and the old restaurant men come in under it? Why should not any old person or any young person or any man with a vote in this country get in on it, if it is to be, as Gen. Adams, himself a Federal soldier, says it is, a political slush fund to get votes in this country? For myself, Mr. Chairman, I am not in favor of Confederate pensions out of the Federal Treasury. No more am I in favor of pensioning the employees of the Federal Government who are asking pensions at the hands of this Congress. I am in favor of giving every Federal soldier a just pension under a general law, and then I am in favor of hanging to the yard arm of a telegraph pole every Congressman who tries to violate the general law and reach his hand into the Federal Treasury for a special bill for a selfish cause, for a selfish interest.

The CHAIRMAN. The Clerk will read.

The Clerk concluded the reading of the bill.

Mr. SHERWOOD. Mr. Chairman, I move that the committee do now rise and report the bill, with amendments, with a favorable recommendation.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. Adamson, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10138, an omnibus pension bill, and had directed him to report the same back to the House, with amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. Is a separate vote demanded on any amend-[After a pause.] If not, the Chair will put them in The question is on agreeing to the amendments. ment? gross.

The amendments were agreed to.

Mr. SHERWOOD. Mr. Speaker, I move the previous question on the bill and amendments to final passage.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill as amended.

The bill was ordered to be engrossed and read a third time,

and was read the third time.

The SPEAKER. The question is on the passage of the bill. The question was taken; and on a division (demanded by Mr. CALLAWAY] there were-ayes 92, noes 9.

Mr. CALLAWAY. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 239, nays 24, answered "present" 13, not voting 158, as follows:

The state of the s	EAS-239.	
Baker Baitz Barkley Barnhart Bartholdt Barton Bathrick Beakes Bell, Cal	Blackmon Booher Borchers Borland Bowdle Bremner Brown, N. Y. Browne, Wis.	Brumbaugh Bryan Buchanan, Ill. Bulkley Burke, S. Dak. Burke, Wis. Butler Campbell Cantor
	Baker Baltz Barkley Barnhart Bartholdt Barton Bathrick	Baitz Booher Barkley Borchers Barnhart Borland Bartholdt Bowdle Barton Bremner Bathrick Brown, N. Y. Beakes Browne, Wis.

Caraway	Goodwin, Ark.	Lieb	Raker
Cary Casey	Gorman Graham, III.	Lindbergh Lindquist	Rauch Reed
Church	Gray	Lloyd	Reilly, Wis.
Clark, Fla. Claypool	Green, Iowa Greene, Mass.	Lobeck Logue	Rogers Rothermel
Cline	Greene, Vt.	Lonergan	Rouse
Connelly, Kans.	Guernsey Hamill	McAndrews McClellan	Rubey Rucker
Conry	Hamilton, Mich.	McCoy	Rupley
Copley Cox	Hamlin Hammond	MacDonald McGillieuddy	Russell Sabath
Cramton Crosser	Haugen	McGuire, Okla. McKenzie	Scott Seldomridge
Curry	Hawley Hayden	McLaughlin	Sharp
Danforth Davenport	Hayes Heffin	Madden Maguire, Nebr.	Sherwood Shreve
Davis	Helgesen	Mann	Sinnott
Decker Deltrick	Helvering Hill	Mapes Mitchell	Sloan Smith, Idaho
Dent	Hinds	Mondell	Smith, J. M. C. Smith, Minn.
Dickinson Dillon	Holland Houston	Montague Moon	Smith, Minn. Stafford
Dixon	Howeli	Morgan, La.	Steenerson
Donovan Doollttle	Hulings Hull	Morgan, Okla. Morrison	Stephens, Cal. Stevens, Minn.
Doremus	Humphrey, Wash.	Moss, Ind.	Stevens, N. H.
Dupré Dyer	Johnson, Utah	Murray, Okla.	Stone Sutherland
Cagan	Kahn	Neeley, Kans.	Switzer
Esch Estopinal	Humphrey, Wash. Igoe Johnson, Utah Kahn Keating Keister	Neely, W. Va.	Tavenner Taylor, Ala.
Evans	Kelley, Mich.	NOLIGH	Taylor, Ala. Taylor, Colo.
Fairchild Falconer	Kelley, Mich. Kelly, Pa. Kennedy, Iowa Kennedy, R. I.	Oglesby Oldfield	Temple Ten Eyck
Fergusson	Kennedy, R. I.	O'Shaunessy	Thacher
Fess Fields	Retther	Padgett Page N C	Thomas Thompsen, Okl
FitzHenry	Kinkaid, Nebr. Kinkead, N. J.	Page, N. C. Paige, Mass.	Thomson, Ill.
Fordney Foster	Kirkpatrick Kitchin	Palmer Patton, Pa.	Towner Underwood
Francis	Knowland, J. R.	Payne	Wallin
Frear Gard	Konop Korbly	Peterson Phelan	Walsh Watkins
Gardner	Lafferty	Platt	Weaver White
Garrett, Tenn. George	La Foliette Langham	Plumley Porter	White
Gillett	Lazaro	Post	Winslow
Gilmore Goeke	Lee, Ga. Lee, Pa.	Powers Prouty	Woods Young, N. Dak.
Good	Lesher	Rainey	
Deall man		5—24.	Smith Mar
Beall, Tex. Bell, Ga.	Collier Dies	Jacoway Park	Smith, Tex. Stedman
Buchanan, Tex.	Garner	Quin	Sumners
Byrnes, S. C.	Garrett, Tex. Hardy	Ragsdale Rayburn	Tribble Witherspoon
Callaway Candler, Miss.	Harrison	Sisson	Young, Tex.
		PRESENT "—13.	
Aiken Aswell	Clancy Crisp	McDermott McKellar	Whaley
Browning	Finley	Stanley	
Byrns, Tenn.	Gudger	Taylor, Ark.	
Ainey	Farr	ING—158. Kiess, Pa.	Scully
Alexander	Ferris	Kindel	Sells
Anthony	Fitzgerald Flood, Va.	Kreider Langley	Shackleford Sherley
Barchfeld	Dioyu, Ara.	L'Engle	Sims
Bartlett Britten	Fowler French	Lenroot Lever	Slayden Slemp
Brockson	Gallagher	Levy Lewis, Md. Lewis, Pa.	Small
Brodbeck Broussard	Gerry Gittins	Lewis, Md. Lewis, Pa.	Smith, Md. Smith, N. Y. Smith, Saml, W
Brown, W. Va.	Ulass	THEFTECHE	Smith, Saml. W
Burgess Burke, Pa.	Godwin, N. C. Goldfogle	Loft Mahan	Sparkman Stephens, Miss. Stephens, Nebr. Stephens, Tex.
Burnett	Gordon	Maher	Stephens, Nebr.
Calder Cantrill	Goulden Graham, Pa.	Manahan Martin	Stout
Carew	Gregg	Merritt	Stringer
Carlin Carr	Griest Griffin	Metz Miller	Taggart Talbott, Md. Talcott, N. Y. Taylor, N. Y.
Carter	Hamilton, N. Y.	Moore	Talcott, N. Y.
Chandler, N. Y.	Hardwick Hart	Morin Mott	Townsend
Coady	Hay	Murdock	Treadway
Cooper	Helm Henry	Murray, Mass. Nelson	Tuttle Underhill
Cullop	Hensley	O'Brien O'Hair	Vare Vaughan
Curley	Hobson	O'Leary	Volstead
Dershem	Howard	Parker	Walker
Difenderfer Donohoe	Hoxworth Hughes, Ga.	Patten, N. Y. Pepper	Walters Watson
Dooling	Hughes, Ga. Hughes, W. Va. Humphreys, Miss.	Peters, Mass.	Webb
Doughton Driscoll	Johnson, Ky.	rou	Whitacre Williams
Dunn	Johnson, S. C.	Reilly, Conn.	Wilson, Fla.
Eagle Edmonds	Johnson, Wash. Jones	Richardson Riordan	Wilson, N. Y. Wingo
Edwards	Kennedy, Conn.	Roberts, Mass.	Woodruff
older	Kent	Roberts, Nev.	

So the bill was passed. The Clerk announced the following pairs: Until further notice:

Kent Key, Ohio

Faison

Mr. SLAYDEN (against bill) with Mr. Moore (for bill).

Saunders

Mr. CLANCY with Mr. HAMILTON of New York.

Mr. CLAYTON with Mr. SLEMP.

Mr. BABTLETT with Mr. ROBERTS of Massachusetts.

Mr. TALBOTT of Maryland with Mr. MERRITT.

Mr. DALE with Mr. MARTIN.

Mr. ALEXANDER with Mr. DUNN.

Mr. Hobson with Mr. Langley. Mr. Finley with Mr. Hinebaugh.

Mr. Humphreys of Mississippi with Mr. Miller. Mr. Metz with Mr. Hughes of West Virginia.

Mr. CRISP with Mr. SAMUEL W. SMITH.

Mr. BURGESS with Mr. EDMONDS. Mr. BRODBECK with Mr. AINEY.

Mr. McKellab with Mr. Britten.

Mr. Byens of Tennessee with Mr. French.

Mr. KINDEL with Mr. MORIN.

Mr. Wilson of Florida with Mr. Peters of Maine.

Mr. PHELAN with Mr. ROBERTS of Nevada. Mr. STANLEY with Mr. ANTHONY.

Mr. Bailey with Mr. BARCHFELD.

Mr. VAUGHAN with Mr. CALDER.

Mr. Murray of Massachusetts with Mr. Chandler of New York.

Mr. Covington with Mr. FARR.

Mr. FITZGERALD with Mr. JOHNSON of Washington.

Mr. BURNETT with Mr. KENT.

Mr. Stephens of Texas with Mr. Kiess of Pennsylvania.

Mr. SHERLEY with Mr. COOPER.

Mr. Konop with Mr. Graham of Pennsylvania.

Mr. DIFENDERFER with Mr. VARE.

Mr. REILLY of Connecticut with Mr. GRIEST.

Mr. Donohoe with Mr. Lewis of Pennsylvania. Mr. FLOOD of Virginia with Mr. MANAHAN.

Mr. FOWLER with Mr. KREIDER.

Mr. CARLIN with Mr. Mott.

Mr. CARTER with Mr. NELSON. Mr. EDWARDS with Mr. PARKER.

Mr. Ferris with Mr. Sells.

Mr. GLASS with Mr. WOODBUFF.

Mr. Doughton with Mr. MURDOCK.

Mr. HARDWICK with Mr. TREADWAY.

Mr. HAY with Mr. VOLSTEAD. Mr. HOWARD with Mr. WALTERS.

Mr. Faison with Mr. Burke of Pennsylvania.

For the session:

Mr. Scully with Mr. Browning.

Mr. BROWNING. Mr. Speaker, I voted "aye." I have a general pair with my colleague, Mr. Scully, and I wish to with-draw my vote and be recorded "present."

The name of Mr. Browning was called, and he answered

The result of the vote was announced as above recorded.

## LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. VAUGHAN, from December 13 to and including January 3, on account of important business, both public and private. To Mr. Borchers, indefinitely, on account of sickness.

## THE LATE DAVID DU B. GAILLARD.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent for

the present consideration of House joint resolution 165.

The SPEAKER That is on the Private Calendar, and the Clerk will report the title.

The Clerk read as follows:

House joint resolution (H. J. Res. 165) for recognition of the serv-fees of the late David Du B. Gaillard, lieutenant colonel, Corps of Engineers, United States Army, as a member of the Isthmian Canal Commission, and for the relief of Mrs. Katherine Davis Gaillard.

The SPEAKER. Is there objection?
Mr. McCOY. Mr. Speaker, reserving the right to object, I desire to make a parliamentary inquiry. Is not the Private Calendar called?

The SPEAKER. Yes.

Mr. McCOY. Well, I have a bill-

The SPEAKER. Any gentleman can move, if he chooses, to go back into the Committee of the Whole House for consideration of the Private Calendar.

Mr. ADAMSON. Mr. Speaker, if my request is objected to, I

will make that motion.

Mr. McCOY. I do not object.

The SPEAKER. The Chair, judging from the usual habits of men, did not suppose at this time of the day anybody would want to do it.

Mr. MANN. Mr. Speaker, reserving the right to object, I tried to get the gentleman from Georgia to make the proper motion, which so far he declines to do. He and everyone else knows this is not the proper way to consider private bills in the House. Much as I dislike to do so in reference to this particular resolution, I decidedly object to this procedure and I am surprised at the gentleman.

The SPEAKER. The gentleman from Illinois objects, and

that is the end of it.

Mr. ADAMSON. Then, Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House for the consideration of bills on the Private Calendar.

The SPEAKER. The gentleman from Georgia moves that the House resolve itself into the Committee of the Whole House for the consideration of bills on the Private Calendar.

The question was taken, and the Speaker announced the noes seemed to have it.

Mr. ADAMSON. Mr. Speaker, I ask for a division. The House divided.

Mr. ADAMSON. Mr. Speaker, before the result is announced it has been suggested to me I did not say resolutions also. hope that it is understood that I desire to include both bills

and resolutions on the Private Calendar.

The SPEAKER. The Chair supposes the Chairman of the Committee of the Whole House will hold it includes all, but the Chair does not know what he would hold. On this vote the ayes are 94 and the noes are 5, and accordingly the House resolves itself into the Committee of the Whole House, and the gentleman from Alabama [Mr. Underwood] will take the chair.

The CHAIRMAN. The House has resolved itself into the Committee of the Whole House for the consideration of bills

on the Private Calendar.

Mr. ADAMSON. Mr. Chairman, I would like to call up House joint resolution 165.

Mr. MANN. The gentleman will have to ask unanimous consent.

Mr. ADAMSON. I ask unanimous consent.

Mr. MANN. Now, let us see. There is the war claims bill, which probably would have preference. It is evident that would not be passed to-night, and my understanding is that it is likely to be passed on Monday, under the suspension of the rules. I ask unanimous consent that the calendar numbers 6, 7, and 8 be considered in committee.

Mr. ADAMSON. I will state, Mr. Chairman, that my desire in making the suggestion I have made was based on the assumption stated by the gentleman from Illinois-that we would not want to remain here much longer to-night; and this joint reso-

lution would not take much time.

Mr. MANN. There are three; and I think they will not take over 10 minutes

Mr. ADAMSON. I modify my request, leaving out the war claims bill, and ask unanimous consent that the other three be

taken up in their order.

The CHAIRMAN. The request of the gentleman from Georgia [Mr. Adamson] is to pass for the present the war claims bill and to take up the other bills on the calendar. Is there objection? [After a pause.] The Chair hears none. The Clerk will report the next bill after the war claims bill.

## H. C. HODGES AND OTHERS.

The first business on the Private Calendar was the bill (H. R. 888) for the relief of H. C. Hodges, H. A. Powell, John Smith, and Joseph Ridley.

Mr. McCOY. Mr. Chairman, I ask unanimous consent that

the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from New Jersey [Mr. McCoy] asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read the bill under the five-minute rule.

The Clerk read the bill for amendment, as follows:

A bill (H. R. 888) for the relief of H. C. Hodges, H. A. Powell, John Smith, and Joseph Ridley.

Smith, and Joseph Ridley.

Be it enacted, etc., That the United States of America hereby forever relinquish, release, remise, and quitelaim all right, title, and interest in and to the southwest quarter section 5 and the southwest quarter northwest quarter section 5, township 1, range 27, in Houston County (formerly Henry County). Ala., now held severally, in separate parcels and by independent titles, by H. C. Hodges, H. A. Powell, John Smith, and Joseph Ridley, under claim or color of title derived, directly in the case of said H. C. Hodges, and indirectly in the case of said H. C. Hodges, and indirectly in the cases of the said H. A. Powell, John Smith, and Joseph Ridley, from one F. H. Hodges, deceased, said lands having been the property of the said F. H. Hodges, deceased, and having been, on May 14, 1894, bought in by the United States under a fieri facias issued May 7, 1894, from the United States Circuit Court for the Middle District of Alabama for the sale of the said lands to satisfy a judgment rendered by said court on December 7, 1892, and made final on December 11, 1893, under scire facias issued on December 7, 1892, for \$300 principal and \$16.25 costs against one H. W. Harrell, principal, and the said F. H. Hodges, deceased, as surety,

upon forfeited recognizance or bail bond: Provided, That the costs incurred by the United States in securing the judgment and incident to the sale of the said lands, being in the aggregate \$53.40, be paid by the said H. C. Hodges, H. A. Powell, John Smith, and Joseph Ridley, or their heirs or assigns.

Mr. McCOY. Mr. Chairman, before speaking of the bill I wish to call attention to a mistake made in the report. It refers to the bill as being H. R. 20692. That was the number of the bill as it was introduced in the Sixty-second Congress. The report

is intended to be on this bill, H. R. 888.

The facts in regard to the matter are that one Harrell in 1891 was indicted for illicit distilling in the State of Alabama, and on his arrest he gave bond for his appearance, on which one Hodges became his surety. When the case was called for trial, the accused did not appear and the bond was forfeited, and judgment for the penalty of the bond and for costs was entered against the prisoner and against Hodges. Subsequently the indicted man was arrested, did appear for trial, pleaded guilty, and was sentenced. The judgment, nevertheless, stood. Hodges, the owner of the property against which the judgment was a lien, took certain steps which he believed finally resulted in a settlement with the Government, by which the amount due the Government for costs was paid, and that the Government thereupon relinquished all the interest which it had in the land under the judgment. A check was sent to Washington, according to an affidavit submitted to the committee by Hodges, with the idea of accomplishing that purpose, but for some reason or other, which we can not ascertain in any way, the check apparently was not received here in Washington, and Hodges lived and died under the supposition that the whole matter had been settled, and that the judgment had been wiped off the books. Acting on that supposition, he did sell various parts of this land. In fact, he parted with his entire title to it, and it is now in the hands of purchasers for value.

Now, this was not a judgment against the land for any claim of the United States for money due and received, or what not, but was purely a forfeited bail bond in a criminal case. The only expense the Government has been to has been the expense in the sale of the land and in the arrest of the criminal, and it is proposed in this bill that this redemption shall not be per-

mitted until the amount shall have been paid.

The bill was considered by the Committee on the Judiciary in the Sixty-second Congress and was reported favorably, but for some reason or other it did not pass. It has again been considered by the committee and a favorable report made, and the committee believe that it should pass.

Mr. MANN. Mr. Chairman, will the gentleman yield? Mr. McCOY. Certainly.

Mr. MANN. Does the gentleman say that the bill did not pass in the last Congress?

Mr. McCOY. It did not become a law.
Mr. MANN. The gentleman may be correct. I was under the impression that it had been passed. Is this the same bill?

Mr. McCOY. This is the same identical bill that was considered in the House before.

Mr. Chairman, I move that the bill be laid aside with recommendation to the House that it be passed.

The CHAIRMAN. The gentleman from New Jersey [Mr. McCov] moves that the bill be laid aside with a favorable recommendation to the House. The question is on agreeing to that motion.

The motion was agreed to.

## THE LATE DAVID DU B. GAILLARD.

The CHAIRMAN. The Clerk will report the next bill.

The next business on the Private Calendar was the resolution (H. J. Res. 165) for recognition of the services of the late David Du B. Gaillard, lleutenant colonel, Corps of Engineers, United States Army, as a member of the Isthmian Canal Commission, and for the relief of Mrs. Katherine Davis Gaillard.

The CHAIRMAN. The Clerk will report the resolution. The Clerk read as follows:

Resolved, etc., That the President is hereby authorized to pay, out of moneys appropriated for the salaries of the members of the Isthmian Canal Commission, to Katherine Gaillard, widow of David Du B. Gaillard, lieutenant colonel, Corps of Engineers, United States Army, late an Isthmian Canal commissioner, an amount equal to the annual salary, as a member of the isthmian Canal Commission, of the said David Du B. Gaillard, who died on December 5, 1913, from disease resulting from his long and arduous service in the construction of the Panama Canal.

With a committee amendment, as follows:

Page 1, line 8, strike out the word "annual," where it occurs after the word "the," and after the word "salary," insert the words "for one year," so that the line will read, "an amount equal to his salary for one year," etc.

Mr. THOMAS. Mr. Chairman-

Mr. ADAMSON. Mr. Chairman, I request that the Clerk read the report. It is short.

The CHAIRMAN. The gentleman from Georgia [Mr. Adamson] has the floor, and he asks that the Clerk read the report. For what purpose does the gentleman from Kentucky [Mr. THOMAS | rise ?

Mr. THOMAS. I wanted to know how much that amounts to. Mr. ADAMSON. A year's salary is \$14,000 down there. Mr. THOMAS. What property did he have?
Mr. ADAMSON. My information is that he had none. They

My information is that he had none. They have exhausted their substance in sickness. His widow was

sick a great deal, and he was sick a long time.

Mr. THOMAS. I have been trying to get a Mexican War veteran pensioned at \$12 a month, and have not yet succeeded. Mr. ADAMSON. Mr. Chairman, I hope the Clerk will read

the report.

Mr. THOMAS. I want to hear the gentleman's explanation

about it.

Mr. ADAMSON. I suggest that the gentleman listen to the

report. The CHAIRMAN. The gentleman from Georgia [Mr. ADAMson] asks unanimous consent that the Clerk read the report.

Is there objection? [After a pause.] The Chair hears none. The Clerk will read the report. (H. Rept. 122.)

The Clerk read as follows:

Mr. ADAMSON, from the Committee on Interstate and Foreign Commerce, submitted the following report [to accompany H. J. Res. 165]:

The Committee on Interstate and Foreign Commerce, to whom was referred House joint resolution 165, for recognition of the services of the late David Du B. Gaillard, lieutenant colonel, Corps of Engineers, United States Army, as a member of the Isthmian Canal Commission, and for the relief of Mrs. Katherine Davis Gaillard, having considered the same, report thereon with amendment, and as so amended recommend that it pass.

Amend the joint resolution as follows:

Page 1, line 8, strike out the word "annual."

Page 1, line 8, after the word "salary," insert the words "for one year."

Page 1, line 8, strike out the word "annual."

Page 1, line 8, after the word "salary," insert the words "for one year."

The purpose of this joint resolution is to pay to the widow of the late commissioner, Lieut. Col. Gaillard, the amount of a full year's salary, not only with a view to providing for her comfort, but also to recognizing the eminent services rendered to the age and to his country by her late lamented and distinguished husband.

There is no exact precedent for this, nor even a very near analogy. There are precedents in the cases of officers of the Army and employees of the Government, but there has never been a Panama Canal before this one, although there have been Panama Canal companies; nor has there ever before been a successful commission or other authority to construct such a canal. Therefore no such commissioner ever before died in the hour of attainment of glorious success in the construction of such a notable work to make a precedent for such a provision in behalf of his widow and in recognition of his own honor.

In contrast with the stupendous enterprise on which Lieut. Col. Gaillard and his associates and their illustrious chief, Col. Goethals, have achieved such unexampled success kindred enterprises in other countries and other ages sink into insignificance. Darius, with his conquering army, completing the old Suez Canal, begun and abandoned by the old Egyptian King, to be again abandoned and relegated to sand dunes and disuse for ages, presents but a poor comparison. The ostentatious performance of Xerxes in constructing the canal across the Peninsula of Athos, with the money and men of all nations, was a mere matter of sport induiged to but little purpose or profit beside the stupendous achievements at Panama. The canals at Kiel and Corinth do not approach our Panama construction in magnitude, engineering skill, or universal importance of mankind.

The later revival of the Suez Canal was but a renewal of the work of monarchs in antiquity, and though backed by the power and financ

death of Lieut. Col. Gailiard places him beyond the possibility of hearing our plaudits, enjoying the incense of our honors to him, or profiting by our rewards.

Any civilized nation would be proud to boast of such achievements as will stand to the everlasting honor of the builders of the Panama Canal. Those surviving will, without question, reap the rewards of their toil in the lasting gratitude of a proud people and such other rewards as may be adjudged fitting to their rank and performance. But as Lieut. Col. Gaillard is dead, his ear deaf to our plaudits, his brain no longer conceiving and executing great designs, his heart throbhing no more in unison with that once mighty intellect, we can do nothing more for him in person, but the life partner, the solace of his sorrows and depressions, the inspiration for his buoyancy, courage, and mighty achievements, his bereaved widow, still lives to mourn his loss. We mourn with her. We honor her and we honor him in honoring her. She gave the best years of her life and impaired her health in the Tropics cooperating with her husband in consecrating his skill and energy to consummate an enterprise which has been the dream and will be the wonder of the world, and at last saw her husband immolated a willing sacrifice to the honor and glory of his country.

A grateful people will cheerfully manifest appreciation of her and of him by making for her the provision carried in this joint resolution, expressly stating that it is in recognition of the services of her husband as a member of the commission which constructed the Panama Canal.

The resolution provides that the amount of a year's salary shall be paid to her out of the money appropriated for the salaries of the commissioners. In the act making appropriations for sundry civil expenses of the Government, approved June 23, 1913, ample funds were appropriated, in paragraph 3 of the section dealing with the Panama Canal, for the pay of the members of the commission and certain other officers and employees. Your committee w

unnecessary and improbable that a successor to Lieut. Col. Gaillard be appointed, and the usual discretion and economy which have characterized American management of the work on the Isthmus leave that fund in splendid condition to permit payment therefrom of the sum provided in this resolution.

Mr. ADAMSON. Mr. Chairman, I have no disposition to consume the time of the committee myself. I am ready for a vote. There is an amendment there.

The CHAIRMAN. The Clerk will report the committee amendment.

The Clerk read as follows:

Page 1, line 8, strike out the word "annual" where it occurs after the word "the," and after the word "salary" insert the words "for one year," so that the line will read, "an amount equal to his salary for one year," and so forth.

The CHAIRMAN. The question is on agreeing to the amend-

The amendment was agreed to.

Mr. ADAMSON. I move that the resolution as amended be laid aside for favorable report to the House.

The CHAIRMAN. The question is on agreeing to the motion to lay the resolution aside with a favorable report.

The motion was agreed to.
The CHAIRMAN. The Clerk will report the next bill.

GEORGE W. WOLF.

The next business on the Private Calendar was the bill (H. R. 3638) providing for the issuance of patent to George W. Wolf. The CHAIRMAN. The Clerk will report the bill. The Clerk read as follows:

Be it enacted, etc., That patent be issued to George W. Wolf for the west half of the northwest quarter section 7, township 39 north, range 68 west, and the east half of the northeast quarter section 12, township 39 north, range 80 west of the sixth principal meridian, Douglas (Wyo.) land district, which tract was included in homestead entry Douglas 02699 made by Joe Joubert, a foreign-born citizen who has filed his declaration of intention to become a citizen of the United States, but who has never been naturalized and who can not be located at the present time.

With committee amendments, as follows:

Amend, page 1, line 3, by striking out the words "George W. Wolf" and inserting in lieu thereof the words "Joe Joubert."

Amend, page 1, line 10, by striking out the word "Joe" and inserting in lieu thereof the word "said."

Amend, page 1, line 10, by inserting a period in place of the comma after the word "Joubert" and striking out the remainder of line 10 after said period, and all of line 11 and lines 1 and 2, on page 2.

Amend, page 1, line 10, by inserting a period in place of the comma after the word "Joubert" and striking out the remainder of line 10 after said period, and all of line 11 and lines 1 and 2, on page 2.

Mr. MONDELL. Mr. Chairman, the report made by the gentleman from Arizona [Mr. HAYDEN] states the facts in regard to the bill more concisely than I can. I ask that the portion of

the report marked, now in the hands of the Clerk, be read.

The CHAIRMAN. The gentleman from Wyoming [Mr. Mon-DELL] asks unanimous consent that the report be read. Is there objection? [After a pause.] The Chair hears none, and the Clerk will read the report. (H. Rept. 123.)

The Clerk read as follows:

The Clerk read as follows:

Joe Joubert, who had declared his intention to become a citizen of the United States, made homestead entry of the tract described in the bill and at the end of five years made sufficient and satisfactory proof of residence, cultivation, and improvements, pursuant to which final certificate issued. Some time thereafter Joubert sold his Interest in the land to George W. Wolf, a transaction which the Secretary states was in entire good faith. Later it was discovered in the Land Office that Joubert had not become a fully naturalized citizen and therefore patent was not issued, but the entry heid for cancellation, opportunity, however, being given to Mr. Wolf to locate Joubert, if possible, with a view of having this situation remedied.

Upon making inquiries it was learned that Joubert had gone to Callfornia for his bealth and was last heard of at a hospital at Bakersfield and can not be located. He was quite an old man, and it is doubtful if he still lives. The department recognizes the equities in the case and recommends the issuance of a patent, but suggests that it be issued in the name of the entryman Joubert rather than in the name of the present owner, and the bill has been amended as recommended by the department.

Mr. MONDELLs. Mr. Chairman, I move that the bill be laid

Mr. MONDELL. Mr. Chairman, I move that the bill be laid aside, to be reported to the House with the recommendation that it pass as amended.

The CHAIRMAN. The Chair understands that there are committee amendments. Does the gentleman desire the committee amendments reported?

Mr. MONDELL. I do. The CHAIRMAN. The Clerk will report the first amendment. The Clerk read as follows:

Page 1, line 3, strike out the words "George W. Wolf" and insert the words "Joe Joubert."

The amendment was agreed to.
The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 1, line 10, strike out the word "Joe" and insert the words "said," and in lines 10 and 11, on page 1, and lines 1 and 2, on page 2, strike out the words "a foreign-born citizen who has filed his declaration or intention to become a citizen of the United States, but who has never been naturalized and who can not be located at the present time."

The amendment was agreed to.

The bill as amended was ordered to be laid aside, to be reported to the House with a favorable recommendation.

Mr. THOMAS. Mr. Chairman, I wish to call up and put upon its passage House bill 9822, to establish a national park at the Mammoth Cave. I ask unanimous consent that it be called up and passed.

The CHAIRMAN. The Chair will state to the gentleman from Kentucky that the bill is not on the Private Calendar, and the House resolved itself into the Committee of the Whole House for the purpose of considering bills on the Private Calendar.

Mr. THOMAS. I guess, if I can get unanimous consent to put it on the calendar, it will be on the calendar. The CHAIRMAN. The Chair will put the gentleman's re-

Mr. MANN. Mr. Chairman, the Chair will readily recognize that the Chair can not submit a request to consider a bill that is not on the Private Calendar, because the House resolved itself into the Committee of the Whole for the consideration of bills on the Private Calendar.

The CHAIRMAN. The Chair thinks the point of order made by the gentleman from Illinois is well taken, and the Chair sustains it.

Mr. ADAMSON. Mr. Chairman, I believe we have finished the program agreed upon, and I therefore move that the committee rise and report to the House the bills and the joint resolution, with the amendments adopted in committee, with the recommendation that the amendments be agreed to and that the bills and the joint resolution do pass.

The motion was agreed to.

The committee accordingly rose; and the Speaker having resumed the chair, Mr. Underwood, Chairman of the Committee of the Whole House, reported that that committee had had under consideration House bill 888 and recommended that it do pass; that the committee had had under consideration House bill 3638 and recommended that the bill pass as amended; that the House had had under consideration House joint resolution 165 and recommended that the joint resolution pass as amended.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent that the previous question be considered as ordered on these measures and amendments to the final passage.

The SPEAKER. The gentleman from Georgia asks unanimous consent that the previous question be considered on these measures and amendments to the final passage. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the first bill the passage of which is recommended by the Committee of the Whole.

H. C. HODGES AND OTHERS.

The first bill reported from the Committee of the Whole was the bill (H. R. 888) for the relief of H. C. Hodges, H. A. Powell, John Smith, and Joseph Ridley.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. McCov, a motion to reconsider the last vote

was laid on the table.

## THE LATE DAVID DU B. GAILLARD.

The next business reported from the Committee of the Whole was the joint resolution (H. J. Res. 165) for recognition of the services of the late David Du B. Gaillard, lieutenant colonel, Corps of Engineers, United States Army, as a member of the Isthmian Canal Commission, and for the relief of Mrs. Katherine Davis Gaillard.

The SPEAKER. Is a separate vote demanded on any amend-

Mr. ADAMSON. No; they are simply verbal.

The SPEAKER. If not, the Chair will put them in gross.

The amendments were agreed to.

The joint resolution as amended was ordered to be engressed and read a third time, and was accordingly read the third time and passed.

On motion of Mr. Adamson, a motion to reconsider the last vote was laid on the table.

GEORGE W. WOLF.

The next bill favorably reported from the Committee of the Whole was the bill (H. R. 3638) providing for the issuance of a patent to George W. Wolf.

The SPEAKER. The question is on the amendments.

The amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended, in accordance with the text of the bill, by inserting the name of Joe Joubert in place of that of George W. Wolf.

On motion of Mr. HAYDEN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

#### MAMMOTH CAVE NATIONAL PARK.

Mr. THOMAS. Mr. Speaker, I ask unanimous consent to consider in Committee of the Whole a bill (H. R. 9822) to make the Mammoth Cave a national park. It does not carry any appropriation, but it provides for an appropriation when a lot of people die, which may be five or six years hence.

Mr. MANN. Mr. Speaker, the gentleman's bill will soon be

reached on the call of committees.

Mr. THOMAS. It has been here two or three years, and

they have not reached it yet. [Laughter.]

Mr. MANN. That is because it has not been reported favorably by any committee. Has it been reported favorably now? Mr. THOMAS. It has not been reported at all. [Laughter.] Mr. MANN. Well, Mr. Speaker, I have been at the Mam-

moth Cave, and I should like to see it made a park, but I shall have to object to this.

Mr. THOMAS. Do I understand that the gentleman from Illinois objects to this?

The SPEAKER. He does.

Mr. MANN. If the gentleman will get it reported, I will help him pass it.

#### THE GARY SCHOOL SYSTEM.

Mr. CROSSER. Mr. Speaker, I ask unanimous consent for a change of reference from the Rules Committee to the Committee on the District of Columbia for the House resolution for investigating the Gary school system.

Mr. GARRETT of Tennessee. Who

What does the resolution relate to?

Mr. CROSSER. It is asking for a committee to investigate the school system of Gary, Ind., with the idea of establishing it in the District if we so decide. I have asked the acting chairman of the Rules Committee, and he said he had no objection.

Mr. GARRETT of Tennessee. If it is for the purpose of cre-

ating a committee or for the purpose of authorizing any committee of the House to act beyond the present rules of the House, the jurisdiction of it properly belongs to the Committee on Rules, and I shall have to object.

Mr. CROSSER. I realize that, but I asked the acting chair-

man, and he had no objection.

Mr. GARRETT of Tennessee. I shall have to object.

# ADJOURNMENT.

Mr. UNDERWOOD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 45 minutes p. m.) the House, under its previous order, adjourned until Monday, December 15, 1913, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusions filed in the case of Eli Pettijohn v. The United States (H. Doc. No. 468); to the Committee on Claims and ordered to be printed.

2. A letter from the Secretary of Agriculture, transmitting a statement showing in detail the travel from Washington to points outside of the District of Columbia performed by officers and employees (other than special agents, inspectors, and employees who in the discharge of their regular duties are required to constantly travel) of the Department of Agriculture during the fiscal year 1913 (H. Doc. No. 469); to the Committee on Expenditures in the Department of Agriculture and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC PILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. HAY, from the Committee on Military Affairs, to which was referred the bill (H. R. 5304) to increase the efficiency of the aviation service of the Army, and for other purposes, reported the same with amendment, accompanied by a report (No. 132), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

# CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H. R. 10375) granting a pension to Melissa M. Drake, and the same was referred to the Committee on Invalid Pensions.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HUMPHREY of Washington: A bill (H. R. 10392) making an appropriation for the construction of a dry dock at the Puget Sound Navy Yard; to the Committee on Naval Affairs.

By Mr. ADAIR: A bill (H. R. 10393) to establish agricultural-extension departments in connection with agricultural colleges in the several States receiving the benefits of an act of Congress approved July 2, 1862, and of acts supplementary thereto; to the Committee on Agriculture.

By Mr. FERRIS: A bill (H. R. 10394) forfeiting certain rights of way heretofore granted across Indian lands in Oklahoma for noncompliance with the terms of their grant; to the Committee on Indian Affairs,

By Mr. REILLY of Connecticut: A bill (H. R. 10395) to amend section 4414 of the Revised Statutes of the United States relating to the appointment of local and assistant inspectors of steam vessels; to the Committee on Interstate and Foreign Commerce.

By Mr. EDWARDS: A bill (H. R. 10396) for refunding the

cotton tax; to the Committee on War Claims

By Mr. O'HAIR: A bill (H. R. 10397) to determine the cause and cure of hog cholera throughout the United States by scientific experiments, and to provide for the diffusion of all scientific knowledge gained as a result of such experiments, and making an appropriation therefor; to the Committee on Agriculture.

By Mr. GREENE of Massachusetts: A bill (H. R. 10398) making provision for the further improvement of Pollock Rip Channel, Nantucket Sound, Mass.; to the Committee on Rivers

By Mr. PALMER: A bill (H. R. 10399) for the purchase of a site and the erection thereon of a public building at Lehigh-

ton, Pa.; to the Committee on Public Buildings and Grounds. By Mr. O'SHAUNESSY: A bill (H. R. 10400) to repair, remodel, and modernize the public building at Providence, R. I., known as the old post-office building; to the Committee on Public Buildings and Grounds.

By Mr. KAHN: A bill (H. R. 10401) to transfer the control and jurisdiction of the Pacific Branch of the United States military prison, located on Alcatraz Island, Bay of San Francisco, Cal., from the War Department to the Department of Labor; to the Committee on Military Affairs.

By Mr. HOLLAND: A bill (H. R. 10402) to provide for an examination and survey of Pagan River, Va., with a view to increasing the depth of said river to 12 feet and the widening of the channel to 100 feet; to the Committee on Rivers and Harbors.

By Mr. DONOHOE: A bill (H. R. 10403) providing for the adjustment and payment of the accounts of letter carriers aris-

ing under the eight-hour law; to the Committee on Claims. By Mr. WOODRUFF: A bill (H. R. 10404) for the establishment of a bureau of postal highways and the extension of Federal aid in the construction and maintenance of good roads in the several States and Territories and the civil subdivisions

thereof; to the Committee on Roads.

By Mr. MERRITT: A bill (H. R. 10405) to promote the erecby Mr. MERKITT: A bill (H. K. 10405) to promote the erec-tion of a memorial in conjunction with the celebration of the centenary of the Battle of Plattsburg during the year 1914 in commemoration of the one hundredth anniversary of Mac-donough's victory in the naval battle fought in the War of 1812—the last naval engagement between English-speaking peoples; to the Committee on Appropriations.

By Mr. NEELEY of Kansas: A bill (H. R. 10406) in relation to the fees and mileage of United States marshals; to the Com-

mittee on the Judiciary.

By Mr. PARK: A bill (H. R. 10486) making an appropriation for the improvement of Flint River, Ga.; to the Committee on Rivers and Harbors.

By Mr. FORDNEY: Resolution (H. Res. 346) to procure portraits of Speaker Champ Clark and former Speaker Joseph G. Cannon; to the Committee on Accounts.

By Mr. KINKEAD of New Jersey: Joint resolution (H. J. Res. 169) to adopt a national flower for the United States of America; to the Committee on the Library.

# PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 10407) granting an increase of pension to James B. Evans; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10408) granting an increase of pension to Thomas F. Dotson; to the Committee on Invalid Pensions.

By Mr. ALLEN: A bill (H. R. 10409) granting a pension to Charles Keifel; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10410) granting an increase of pension to Cecilia Cochran; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10411) granting an increase of pension to Martin Pinney; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10412) granting an increase of pension to Caroline Apfel; to the Committee on Invalid Pensions.

By Mr. ANDERSON: A bill (H. R. 10413) granting an increase of pension to Ann M. Austin; to the Committee on Invalid Pensions.

By Mr. ANTHONY: A bill (H. R. 10414) granting a pension to Ada J. Bevell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10415) granting an increase of pension to John M. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10416) for the relief of Mrs. James W.

Morgan; to the Committee on Claims.

By Mr. BARTHOLDT: A bill (H. R. 10417) for the relief of Gertrude Becherer; to the Committee on Claims.

Also, a bill (H. R. 10418) for the relief of Mrs. M. J. Smith,

Harvey W. Smith, and Mrs. J. H. Root; to the Committee on War Claims.

By Mr. BRITTEN: A bill (H. R. 10419) granting an increase of pension to Mary E. Meehan; to the Committee on Invalid

By Mr. BROWNING: A bill (H. R. 10420) granting an increase of pension to George Smith; to the Committee on Invalid

By Mr. CAMPBELL: A bill (H. R. 10421) granting an increase of pension to Isaac N. Sharp; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10422) granting an increase of pension to Daniel Hankins; to the Committee on Invalid Pensions.

By Mr. CANTRILL: A bill (H. R. 10423) granting a pension to William L. Laws; to the Committee on Pensions.

By Mr. CARY: A bill (H. R. 10424) to substitute the name of Henry W. Albee for the name of Henry W. Olbee on the records in the War Department; to the Committee on Military Affairs.

Also, a bill (H. R. 10425) for the relief of the heirs of Stephen Casey, deceased; to the Committee on Claims.

By Mr. CASEY: A bill (H. R. 10426) granting a pension to Rebecca Eldridge; to the Committee on Pensions.

Also, a bill (H. R. 10427) granting a pension to Catherine T. Keating; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10428) granting a pension to Augusta M. Robins; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10429) granting a pension to Charles J. German; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10430) granting a pension to Julia Groff; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10431) granting a pension to Isabelle Dodson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10432) granting an increase of pension to Peter Banks; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10433) granting a pension to William Purvis; to the Committee on Pensions.

By Mr. CLAYPOOL: A bill (H. R. 10434) granting an increase of pension to William B. Haynes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10435) granting an increase of pension to Elizabeth Brown; to the Committee on Invalid Pensions. By Mr. CONNOLLY of Iowa: A bill (H. R. 10436) granting a

pension to Susie B. Kellogg; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10437) authorizing and directing the payment of the claim of Edwin C. Foster; to the Committee on War Claims

By Mr. COPLEY: A bill (H. R. 10438) granting a pension to Julia and Katherine Sherwood; to the Committee on Pensions. Also, a bill (H. R. 10439) granting an increase of pension to

Grove E. Jarvis; to the Committee on Invalid Pensions. By Mr. DALE: A bill (H. R. 10440) granting an increase of pension to Adolph Weil; to the Committee on Pensions.

By Mr. DANFORTH: A bill (H. R. 10441) granting an increase of pension to Jason L. Pettit; to the Committee on

Invalid Pensions. By Mr. EDWARDS: A bill (H. R. 10442) for the relief of

F. G. Hodges; to the Committee on War Claims.
Also, a bill (H. R. 10443) for the relief of the heirs of As-

bury Hodges, deceased; to the Committee on War Claims.

Also, a bill (H. R. 10444) granting a pension to M. B. Cavanaugh; to the Committee on Pensions.

Also, a bill (H. R. 10445) granting a pension to Catherine Werner; to the Committee on Pensions.

Also, a bill (H. R. 10446) granting a pension to Griffin E. Beach; to the Committee on Pensions.

Also, a bill (H. R. 10447) granting an increase of pension to James C. Wildes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10448) granting an increase of pension to Sallie H. Murphy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10449) granting an increase of pension to George Bath; to the Committee on Pensions.

By Mr. ESCH: A bill (H. R. 10450) granting an increase of sension to Leander Chapman; to the Committee on Invalid

By Mr. FIELDS: A bill (H. R. 10451) granting a pension to David Fultz; to the Committee on Pensions.

Also, a bill (H. R. 10452) granting an increase of pension to Louis Lehman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10453) granting a pension to Richard Martin; to the Committee on Invalid Pensions.

By Mr. FOSTER: A bill (H. R. 10454) granting a pension to

Simeon E. Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10455) granting a pension to Mary
O'Brien; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10456) granting an increase of pension to J. H. Jones; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10457) to remove the charge of desertion from the record of W. B. Chamness; to the Committee on Mili-

tary Affairs.

By Mr. FRENCH: A bill (H. R. 10458) granting relief to Robert J. Shields; to the Committee on Claims.

By Mr. GREEN of Iowa: A bill (H. R. 10459) granting an in-

crease of pension to George R. Frazier; to the Committee on Invalid Pensions.

By Mr. HOLLAND: A bill (H. R. 10460) for the relief of Mary Cornick; to the Committee on Claims.

Also, a bill (H. R. 10461) for the relief of Ida Banks; to the Committee on Claims.

By Mr. HULL: A bill (H. R. 10462) granting a pension to Jane Smith; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10463) granting a pension to Rhoda J.

Hufhines; to the Committee on Invalid Pensions. Also, a bill (H. R. 10464) granting a pension to Margie E.

Cardwell; to the Committee on Invalid Pensions. Also, a bill (H. R. 10465) granting an increase of pension to

Martha J. McDuffy; to the Committee on Invalid Pensions. Also, a bill (H. R. 10466) for the relief of George A. Vandever; to the Committee on Military Affairs.

Also, a bill (H. R. 10467) for the relief of M. J. Julian; to the Committee on Claims.

Also, a bill (H. R. 10468) for the relief of the legal representatives of A. D. Boulton; to the Committee on War Claims.

Also, a bill (H. R. 10469) for the relief of heirs of Robert

Wix, deceased; to the Committee on War Claims.

Also, a bill (H. R. 10470) for the relief of J. J. Price; to the Committee on War Claims.

Also, a bill (H. R. 10471) for the relief of Ramsey Dough-

erty; to the Committee on Military Affairs.

Also, a bill (H. R. 10472) for the relief of the estate of

Thomas Stacker; to the Committee on War Claims.

By Mr. HUMPHREYS of Mississippi: A bill (H. R. 10473) for the relief of heirs of Duncan C. McLeod, deceased; to the Committee on War Claims.

By Mr. IGOE: A bill (H. R. 10474) for the relief of the estate of John Barry, deceased; to the Committee on War Claims.

Also, a bill (H. R. 10475) for the relief of Eugene A. Freund and Alfred F. Roemmich; to the Committee on Claims.

By Mr. KAHN: A bill (H. R. 10476) granting a pension to

William Infield; to the Committee on Invalid Pensions.

By Mr. KEATING: A bill (H. R. 10477) granting an increase of pension to John W. Fuller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10478) granting an honorable discharge to

Duncan McCoy; to the Committee on Military Affairs. By Mr. KIESS of Pennsylvania: A bill (H. R. 10479) granting a pension to Martin V. Stanton; to the Committee on Invalid Pensions.

By Mr. KINKEAD of New Jersey: A bill (H. R. 10480) granting a pension to Violet Burd Grubb; to the Committee on Invalid Pensions.

By Mr. KREIDER: A bill (H. R. 10481) granting an increase of pension to Emma S. Kipp; to the Committee on Invalid Pensions.

By Mr. LANGLEY: A bill (H. R. 10482) granting an increase of pension to Lucinda Layne; to the Committee on Invalid Pensions.

By Mr. NEELEY of Kansas: A bill (H. R. 10483) granting pension to Samantha Taylor; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10484) granting a pension to Mary Jane Henry; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10485) granting an increase of pension to Lisander Teater; to the Committee on Invalid Pensions.

By Mr. PATTON of Pennsylvania: A bill (H. R. 10487) granting an increase of pension to William Coulter; to the Committee on Invalid Pensions.

By Mr. REILLY of Connecticut: A bill (H. R. 10488) granting an increase of pension to Catherine Molloy; to the Committee on Invalid Pensions.

By Mr. ROUSE: A bill (H. R. 10480) granting an increase of pension to Michael Oberle; to the Committee on Invalid Pensions.

By Mr. RUCKER: A bill (H. R. 10490) granting an increase of pension to John Harl; to the Committee on Invalid Pensions. Also, a bill (H. R. 10491) granting an increase of pension to Hannah E. Seamans; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10492) granting an increase of pension to Charles Chaney; to the Committee on Invalid Pensions.

By Mr. RUSSELL: A bill (H. R. 10493) granting a pension to Maria A. Owens; to the Committee on Invalid Pensions. Also, a bill (H. R. 10494) granting an increase of pension to

Daniel McLaughlin; to the Committee on Invalid Pensions. By Mr. SAUNDERS: A bill (H. R. 10495) granting a pension

to John L. Taylor; to the Committee on Pensions. By Mr. SELDOMRIDGE; A bill (H. R. 10496) granting a pension to Ella Nickerson; to the Committee on Pensions.

By Mr. SELLS: A bill (H. R. 10497) granting an increase of

pension to William Alexander; to the Committee on Invalid Pensions.

By Mr. SLAYDEN: A bill (H. R. 10498) for the relief of Julius E. Mugge; to the Committee on Claims.

By Mr. J. M. C. SMITH: A bill (H. R. 10499) for the relief of Cyrus Carpenter; to the Committee on Military Affairs.

By Mr. TAYLOR of Arkansas: A bill (H. R. 10500) granting an increase of pension to George W. Allen; to the Committee on Invalid Pensions.

tee on Invalid Pensions.

Also, a bill (H. R. 10501) granting a pension to Thomas S. Garen; to the Committee on Invalid Pensions.

By Mr. TRIBBLE: A bill (H. R. 10502) for the relief of Rosa M. Wyatt; to the Committee on War Claims.

By Mr. UNDERWOOD: A bill (H. R. 10503) granting a pension to Mrs. Chester B. Collins; to the Committee on Pen-

By Mr. VARE: A bill (H. R. 10504) for the relief of Richard J. Smith; to the Committee on Claims.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of masters and officers of the ships of the Old Dominion Steamship Co., protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

Also (by request), petitions of the officers in the employ of the New England Steamship Co. and officers employed in the service of the Ocean Steamship Co. of Savannah, and Baltimore Chamber of Commerce, of Baltimore, Md., protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

Also (by request), petition of the Aero Club of America, of New York, N. Y., favoring the passage of bill (H. R. 3393) to authorize the transmission of mail by aeroplane; to the Committee on the Post Office and Post Roads.

By Mr. BARNHART: Petition of merchants of the thirteenth congressional district of Indiana, favoring the passage of legislation compelling concerns selling goods direct to the consumer by mail to contribute their portion of the fund; for the development of the local community, county, and State; to the Committee on Ways and Means.

By Mr. BARTHOLDT: Petition of the Harlem Place Church, St. Louis, Mo., and the Congregational Church of Old Orchard, Mo., favoring an amendment to the Constitution of the United States to prohibit the sale and manufacture of liquor; to the Committee on the Judiciary.

Also, petition of the Twentieth Century Club of Detroit. Mich., and the Association of Credit Men of Kansas City, Mo., favoring the passage of the Newlands-Bartholdt bill, to prevent floods on the Mississippi River; to the Committee on Rivers and Harbors

Also, petition of R. Dohmer, of St. Louis, Mo., favoring the passage of bill (H. R. 1672) to pension Indian-war veterans; to the Committee on Pensions.

By Mr. BURKE of Wisconsin: Papers to accompany bill (H. R. 880) to remove the charge of desertion now against

John L. Kelley; to the Committee on Military Affairs.

Also, papers to accompany bill (H. R. 3440) to remove the charge of desertion now against Peter Gumm; to the Committee

on Military Affairs.

Also, memorial of the Shipmasters' Association of the Great Lakes, protesting against certain provisions of the seamen's bill as they apply to the Great Lakes steamers; to the Committee

on the Merchant Marine and Fisheries.

By Mr. DALE: Petition of E. C. Stearns & Co., of Syracuse, N. Y., favoring the passage of the bill for 1-cent letter postage;

to the Committee on the Post Office and Post Roads.

By Mr. DANFORTH: Petition of the Rochester Credit Men's Association, of Rochester, N. Y., relative to legislation in the matter of flood prevention and control; to the Committee on Rivers and Harbors.

By Mr. DYER: Petition of the Benoist Aircraft Co., of St. Louis, Mo., favoring the passage of bill (H. R. 3393) relative to carrying of mail by aeroplane; to the Committee on the Post

Office and Post Roads.

Also, memorial of the Kansas City Association of Credit Men and the Twentieth Century Club, of Detroit, Mich., favoring legislation for flood control of the Mississippi Valley; to the Committee on Rivers and Harbors,

Also, petitions of sundry business people of St. Louis, Mo., protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and

Also, petition of the Twentieth Century Club, of Detroit, Mich., protesting against the use of the Hetch Hetchy Valley for a water supply for San Francisco, Cal.; to the Committee on the Public Lands.

Also, petition of Building Trades' Council of St. Louis, Mo., and vicinity, favoring an investigation by Congress of the rates charged by the Keokuk Light & Power Co.; to the Committee on the Judiciary.

Also, petition of Journeymen Plasterers' International Association, and Operative Plasterers and Lathers' Association, Local Union No. 96, favoring the passage of a bill to regulate plastering in the District of Columbia; to the Committee on the District of Columbia.

By Mr. HAMLIN: Papers to accompany bill (H. R. 9379) to pension Minnie S. Rector; to the Committee on Invalid Pen-

By Mr. HOBSON: Petition of F. S. Magruder and 250 others, of New Jersey, asking a hearing on the antiliquor amendment to the Constitution; to the Committee on the Judiciary.

By Mr. KEATING: Petition of citizens of Denver, Colo., favoring the passage of a bill granting pensions to the members of the United States Military Telegraph Corps for services rendered in the Civil War; to the Committee on Invalid Pensions.

By Mr. MacDONALD: Petition of the Detroit Hotel Associa-tion, favoring amendment of Senate bill 136 in the portion applicable to the traffic on the Great Lakes; to the Committee on the Merchant Marine and Fisheries.

Also, petition of the Trade and Labor Council of Houghton, Mich., and the Miners' Union, Ishpeming, Mich., favoring the passage of House resolution 313 for a Federal investigation of the strikes in the copper country; to the Committee on Labor.

By Mr. McCOY: Petition of the Board of Trade of Newark,

N. J., favoring the passage of the Humphreys bill for prevention of floods on the Mississippi River; to the Committee on Rivers and Harbors.

By Mr. PALMER: Petition of the Erie Chamber of Commerce, of Erie, Pa., protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

By Mr. SCULLY: Petitions of citizens of the third congres sional district of the State of New Jersey, protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

Also, petitions of citizens of Long Branch and the Highlands, N. J., protesting against the passsage of the seamen's bill in its present form; to the Committee on Merchant Marine and Fisheries.

Also, petition of the Board of Trade of Newark, N. J., favoring the passage of a bill to prevent floods on the Mississippi River; to the Committee on Rivers and Harbors.

By Mr. SELDOMRIDGE: Petitions of sundry business firms of Denver, Littleton, and Pueblo, Colo., favoring the passage of the Bartlett bill for 1-cent letter postage; to the Committee on the Post Office and Post Roads.

By Mr. TUTTLE: Petition of board of commissioners of Long Branch, N. J., protesting against the passage of Senate bill 136, to increase the equipment and crews on all boats; to the Committee on the Merchant Marine and Fisheries.

Also, petition of Elizabeth (N. J.) Board of Trade, favoring the passage of legislation for the construction of the New Jersey ship canal; to the Committee on Rivers and Harbors.

Also, petition of the Woman's Christian Temperance Union of Morris County, N. J., favoring the passage of the Kenyon redlight bill; to the Committee on the District of Columbia.

Also, petition of the New Jersey Society. Daughters of the Revolution, favoring the passage of legislation for the publication of the records of the American Revolution; to the Committee on the Library.

Also, petition of Board of Trade of Passaic, N. J., favoring the appointment of a commission to report a plan for national aid vocational education; to the Committee on Agriculture.
Also, petition of the Wednesday Morning Club, of Crawford,

N. J., protesting against the legislation granting San Francisco the use of the waters of the Hetch Hetchy Valley; to the Committee on the Public Lands.

By Mr. VARE: Petition of citizens of Philadelphia, Pa., favoring the passage of legislation to pension telegraph operators who served during the Civil War; to the Committee on Invalid Pen-

By Mr. WOODRUFF: Petition of Bay City (Mich.) Trades Council, protesting against threatened deportation of citizens of the upper peninsula of Michigan in connection with the strikes in the copper mines; to the Committee on Labor.

## SENATE.

# SATURDAY, December 13, 1913.

The Senate met at 10 o'clock a.m.
Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D.
Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Smith, S. C.

Smoot Sterling

Stone Swanson Thomas Thompson

Thornton Townsend Vardaman

Walsh

Weeks Works

Bacon Jackson Owen Page Perkins Pomerene Ransdell Reed Robinson Brady Brandegee Bristow James Johnson Jones Jones
Kenyon
Kern
La Follette
Lane
Lea
McCumber
Martin, Va.
Martine, N. J.
Wyers Bryan Burleigh Burton Clapp Clark, Wyo. Crawford Cummins Root Root Saulsbury Shafroth Sheppard Sherman Shields Shively Dillingham Gallinger Myers Norris Gronna O'Gorman Overman Hughes Smith, Ga.

Mr. SHEPPARD. I wish to announce the necessary absence of my colleague [Mr. CULBERSON]. He is paired with the Senator from Delaware [Mr. DU PONT]. This announcement may stand for the day.

Mr. WEEKS. I wish to announce that my colleague [Mr. Lodge] is absent on account of illness and to have this statement stand for the day

The VICE PRESIDENT. Sixty-one Senators have swered to the roll call. There is a quorum present. retary will read the Journal of the proceedings of the preced-

The Journal of yesterday's proceedings was read and approved. TRAVEL OF EMPLOYEES OF DEPARTMENT OF AGRICULTURE (H. DOC. NO. 469).

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Secretary of Agriculture, transmitting, pursuant to law, a statement showing in detail the travel from Washington to points outside the District of Columbia performed by officers and employees (other than special agents, inspectors, and employees in the discharge of their regular duties which require constant travel) of the Department of Agriculture during the fiscal year 1913. The communication and accompanying paper need not be printed, but will be referred to the Committee on Agriculture and Forestry.

LOUISVILLE & NASHVILLE RAILROAD (S. DOC. NO. 311).

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Interstate Commerce Commission, transmitting, in response to a resolution of August 6, 1913, copies of telegrams recently exchanged between the Interstate Commerce Commission and the general counsel of the Louisville & Nashville Railroad with reference to certain features of the investigation connected with the resolution. The communication and accompanying papers will be printed and will lie on the table for the present, as the Chair does not know to what committee the author of the resolution desires it to be referred.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 888. An act for the relief of H. C. Hodges, H. A. Powell,

John Smith, and Joseph Ridley;

H. R. 3638. An act providing for the issuance of patent to Joe Joubert:

H. R. 10138. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said

H. J. Res. 165. Joint resolution for recognition of the service of the late David Du B. Gaillard, lieutenant colonel, Corps of Engineers, United States Army, as a member of the Isthmian Canal Commission, and for the relief of Mrs. Katherine Davis Gaillard. ENROLLED JOINT RESOLUTION SIGNED.

The message also announced that the Speaker of the House had signed the enrolled joint resolution (H. J. Res. 164) authorizing the Secretary of the Senate and the Clerk of the House to pay the officers and employees of the Senate and House, including the Capitol police, their respective salaries for the month of December, 1913, on the 20th day of said month, and it was there-

upon signed by the Vice President.

#### PETITIONS AND MEMORIALS.

Mr. ROOT presented a memorial signed by the president of the American Academy of Arts and Sciences, remonstrating against the use of the word "Letters" by a society called the American Academy of Arts and Letters, which was referred to the Committee on the Library.

Mr. WEEKS presented a petition of the congregation of the Grace Methodist Episcopal Church of Springfield, Mass., praying for the passage of the so-called antipolygamy bill, which was re-

ferred to the Committee on the Judiciary.

He also presented a memorial of the New England Shoe Wholesalers' Association, remonstrating against the enactment of any pure shoe or pure goods law, which was referred to the Committee on Manufactures.

Mr. SMITH of Michigan presented resolutions adopted by the Michigan State Grange, Patrons of Husbandry, at its annual meeting at Flint, Mich., favoring the adoption of an amendment to the Constitution granting the right of suffrage to women, which were ordered to lie on the table.

## BANKING AND CURRENCY.

Mr. McLEAN. I have received two brief letters from prominent bankers of Hartford, Conn., which I send to the desk and ask to have read. The first paragraph of the letter from the Connecticut Trust & Safe Deposit Co. is personal, and I ask that it may be omitted in the reading.

The VICE PRESIDENT. The Secretary will read as re-

quested.

The Secretary read the letters, as follows:

Mechanics' Savings Bank,
Hartford, Conn., December 11, 1918.

Hon. GEORGE P. McLean, Washington, D. C.

Washington, D. C.

Dean Senator: I was greatly pleased to read in yesterday's Courant your speech in the Senate Tuesday night on the currency bill. If we must have some change in the currency question—and I do not see the necessity as others—I have not from the time of the first suggestion of regional banks thought well of that system. While I am not wholly wedded to a central bank as time goes on, if we must have a change, I much prefer the latter. I well understand the make-up of Congress, and have sometimes been surprised that the minor interests have been able to check mischievous legislation so long. A settlement of the currency question might—and I believe will—help business, which is in bad shape throughout the entire United States.

Yours, truly,
W. W. Jacobs, Treasurer,

CONNECTICUT TRUST & SAFE DEPOSIT CO.

CONNECTICUT TRUST & SAFE DEPOSIT Co., Hartford, Conn., December 10, 1913.

Hon. George P. McLean,
United States Senate, Washington, D. C.

MY DEAR SENATOR: \* \* The central-bank idea is the only ideal and practical one. It has been tested by all the great nations of financial importance in the world and found to be the true safeguard and remedy and reliance against financial storms, depressions, and

crises. I knew that so thinks Hill (E. J.), who was really a very capable man on financial questions; so did the Connecticut Bankers' Association, when they unanimously approved the Aldrich bill; and so does yours, truly.

I have been intending to thank you for the papers which you have forwarded as to hearings before the Senate committee on this question, and very much indeed for the copies of the currency bills presented by Mr. Owen and Mr. HITCHOCK. As to myself, I believe that the Owen bill or the Glass bill, if passed, will create a financial disturbance. And I doubt if there will not be a stampede of national institutions to take refuge under State charters. Our own commissioners, one of whom, as you know, is a Democrat and a Wilson man, told me that in this small State they had aiready had twenty-odd applications for forms for State charters from national banks, members of whom expressed the intention of surrendering their national charters if either of these bills became a law.

I won't annoy you further, because I know you are busy; but I want to thank you, and in addition say I know I express the thanks of the bankers of Hartford, without exception, for your courageous stand for sound currency and sound banking methods, and I am,

Yours, respectfully,

MEIGS H. WHAPLES.

## BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROOT:

A bill (S. 3672) for the cession to the State of New York, in exchange for the lands required for the project approved by Congress March 4, 1913, of certain lands in the bed of the Har-lem Ship Canal, heretofore ceded to the United States, free of cost, and now to be abandoned for the more direct channel; to the Committee on Commerce.

By Mr. SWANSON:

A bill (S. 3673) to appoint Jere Maupin a passed assistant paymaster on the retired list of the Navy; to the Committee on Naval Affairs.

By Mr. WALSH:

A bill (S. 3674) validating certain homestead entries (with accompanying papers); to the Committee on Public Lands.

A bill (S. 3675) for the relief of Benjamin Musselman (with

accompanying papers); to the Committee on Claims.

By Mr. JACKSON:

A bill (S. 3676) granting an increase of pension to Junius Thomas Turner; to the Committee on Pensions.

By Mr. WORKS:

A bill (S. 3677) granting to Allan C. Rush the right of way and other privileges for the construction of a suspension bridge across the waters of San Francisco Bay, Cal.; to the Committee on Commerce.

By Mr. CUMMINS: A bill (8. 3678) granting a pension to Elizabeth Wright (with accompanying papers); to the Committee on Pensions.

By Mr. SIMMONS:

A bill (S. 3679) granting a pension to Mollie E. Strickland; to the Committee on Pensions.

By Mr. KENYON:

A bill (S. 3680) granting an increase of pension to Henry J. Groves; to the Committee on Pensions.

By Mr. BURLEIGH:

A bill (S. 3681) granting a pension to Sibae S. Andrews; to the Committee on Pensions.

By Mr. WEEKS:
A bill (S. 3682) to authorize the purchase of certain lands in the District of Alaska; to the Committee on Territories.

By Mr. McLEAN:

A bill (S. 3683) granting an increase of pension to Mary H. Bacon (with accompanying papers); to the Committee on Pensions

By Mr. BRADLEY:

A bill (S. 3684) granting an increase of pension to George M. E. Barnes (with accompanying papers); to the Committee on Pensions.

By Mr. VARDAMAN:

A bill (S. 3685) for the relief of the heirs of Duncan C. McLeod, deceased; to the Committee on Claims.

By Mr. SMITH of Michigan: A bill (S. 3686) to correct the military record of L. K. Osterhout: to the Committee on Military Affairs.

By Mr. O'GORMAN:

A bill (S. 3687) granting an increase of pension to Weston P. Munroe; to the Committee on Pensions.

By Mr. PAGE:
A bill (S. 3688) granting an increase of pension to Henry T.

Peck (with accompanying papers); to the Committee on Pen-

PARITY OF EXCHANGE BETWEEN GOLD AND SILVER USING COUNTRIES.

Mr. THOMAS. I introduce a joint resolution and ask that it be read at length.

The joint resolution (S. J. Res. 89) for the appointment of an international commission to fix a parity of exchange between gold and silver using countries was read the first time by its title and the second time at length, as follows:

Whereas the purpose of H. R. 7837, now under consideration in the Senate, is to establish a permanent and satisfactory system of banking and currency equal at all times to the demands of the Nation's economic and commercial requirements; and Whereas a system of banking and currency to be thoroughly efficient must be adaptable as well to the needs of foreign and domestic trade;

must be adaptable as well to the needs of foreign and domestic trade; and Whereas the recent growth of our foreign trade justifies the assurance of its rapid and continuous expansion; and Whereas the markets of the world include China, Japan. India, the Straits Settlements, Mexico, and South America, which countries embrace nearly two-thirds of the human race and whose industrial and commercial affairs are transacted upon a silver basis, notwith-standing their nominal adoption of a gold standard; and Whereas changes in the gold price of silver bullion causes constant and sometimes violent fluctuation in exchanges between gold and silver using countries, serious disturbing all current commercial transactions between them; and Whereas every fall in these exchanges operates as a bounty upon exports from silver-using countries, and a burden upon imports to them from gold-using countries, thereby converting trade relations between them into a mere gamble in silver; and Whereas these conditions place the United States and other gold-standard countries at a great disadvantage in competition in agriculture and manufacturing industries, and have for years stimulated the transfer of such industries from gold-using countries to silver-using countries, where the price of wages and raw materials have undergone no change during the past half century; and Whereas the efforts of Great Britain to overcome these evils in India by placing that great dependency upon a "gold-exchange basis" and Caused a constantly increasing drainage of gold from England to India, where it disappears from the channels of trade and exchange; and Whereas in consequence of such failure Great Britain has created a Whereas in consequence of such failure Great Britain has created a

whereas in consequence of such failure Great Britain has created a royal commission, now sitting at Whitehall, to "inquire into the measures taken by the Indian Government to maintain the exchange value of the rupee in pursuance of or supplementary to the recommendations of the Indian currency committee of 1898, and whether the existing practice in these matters is conducive to the interests of India," thus indicating the gravity of trade and currency conditions, caused by the dislocation of exchanges and evidenced by the partial destruction of India's foreign trade and her absorption of gold; and

partial destruction of India's foreign trade and evidenced by the gold; and
Whereas the problems submitted to said royal commission for solution are of common international concern, affecting the trade and menacing the gold reserves of all nations; and
Whereas no national system of banking and currency, however sound, can fully save the people while international trade is subject to constant and violent fluctuations of international exchange: Therefore be it

be it

Resolved, etc., That the President be empowered to suggest to the Governments of Great Britain, Germany, and France the appointment of delegates by them and by the United States to an international conference to consider and recommend to their respective Governments a common plan and method by which a parity or fixity of exchange may be established between them and the silver-using nations of the world.

Resolved further, That when and as soon as any two of said Governments shall favorably respond, the President is hereby authorized to appoint delegates to such conference, not to exceed five in number, and who shall be empowered to represent the United States thereat, and who shall report to the President the result of their deliberations, with such recommendations as they shall deem essential to the accomplishment of the end desired.

Resolved further, That the sum of \$100,000, out of any money not otherwise appropriated, be appropriated to pay the expenses of the delegates so to be appointed by the President to said conference.

Mr. THOMAS. Mr. President, inasmuch as the subject mat-

Mr. THOMAS. Mr. President, inasmuch as the subject matter of the preamble and resolution just read is very intimately related to and connected with the currency bill now before the Senate, I desire to give notice that after the close of the routine business on Tuesday morning I will speak upon the subject covered by the resolution just read.

The VICE PRESIDENT. The joint resolution will lie on the

## OMNIBUS CLAIMS BILL.

Mr. SMOOT submitted an amendment intended to be proposed by him to the omnibus claims bill, which was referred to the Committee on Claims and ordered to be printed.

Mr. BRADLEY submitted an amendment intended to be proposed by him to the omnibus claims bill, which was referred to the Committee on Claims and ordered to be printed.

## AGRICULTURAL EXTENSION WORK.

Mr. JACKSON submitted an amendment intended to be proposed by him to the bill (S. 3091) to provide for cooperative agricultural extension work between the agricultural colleges in the several States receiving the benefits of an act of Congress approved July 2, 1862, and of acts supplementary thereto, and the United States Department of Agriculture, which was ordered to lie on the table and be printed.

## HOUSE BILLS REFERRED.

The following bills were severally read twice by their titles and referred to the Committee on Public Lands:
H. R. 888. An act for the relief of H. C. Hodges, H. A. Powell,

John Smith, and Joseph Ridley; and
H. R. 3638. An act providing for the issuance of patent to Joe Joubert.

H. R. 10138. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War, and certain widows and dependent children of soldiers and sailors of said war, was read twice by its title and referred to the Committee on Pensions

H. J. Res. 165. Joint resolution for recognition of the service of the late David Du B. Gaillard, lieutenant colonel, Corps of Engineers, United States Army, as a member of the Isthmian Canal Commission, and for the relief of Mrs. Katherine Davis Gaillard, was read twice by its title and referred to the Committee on Interoceanic Canals.

#### BANKING AND CURRENCY.

The VICE PRESIDENT. Morning business is closed.

Mr. SHAFROTH. I move that the banking bill be taken up for consideration

The VICE PRESIDENT. Is there objection? The Chair

hears none.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, for furnishing an elastic currency, affording means of rediscounting commercial paper, and to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. CUMMINS. Mr. President—

Mr. WEEKS. Will the Senator from Iowa yield to me

for a notice?

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Massachusetts?

Mr. CUMMINS. I yield.
Mr. WEEKS. Mr. President, presuming that evening sessions are to be continued indefinitely, I wish to announce that next Tuesday evening, after the convening of the Senate, I shall address the Senate in opposition to the guaranteeing of bank deposits.

Mr. CUMMINS. Mr. President, when the Senate adjourned last evening I had finished an analysis of this bill, so far as its requirement of the investment of a certain portion of the capital of the national banks in the Federal reserve banks is concerned. I had shown that it constituted a mandate upon these banks to take a part of their property, being private property, and invest it in the stock of the reserve banks which is, as will be admitted, private property. I was about to turn to certain decisions of the Supreme Court of the United States in order to see what application has been made of the principle which I invoke, but before I do that I desire to submit certain illustrations, certain instances, which I think will serve to give us clearer idea of what is proposed in this bill.

Not very long ago we became very much interested in readjusting the finances, which had become somewhat disordered, of our sister Republics of Honduras and Nicaragua, and there seemed to be some difficulty in providing a market for their bonds or in helping those countries to find a market for their bonds. Suppose that Congress were to declare that the national banks of the United States should take a portion of their capital and invest it in the bonds of Honduras or of Nicaragua or in the bonds that may be issued by the revolutionists in Mexico or by the established government in Mexico, if there be one. I have heard it said the banks would not suffer, because they could either so invest their money or surrender their charters. I should like to know whether it is believed that the Congress of the United States could require the capital of our national banks to be invested in securities such as I have described; yet our power over the national banks is just the same with respect to investments of that character as to investment in a Federal reserve bank.

I am not saying that necessarily a law of that sort would be tested by the same considerations that a law of the kind now before us would meet when submitted to a judicial tribunal.

I am only saying that the answer that the banks can either quit or make the investment required by the statute is not a good answer to the suggestion I have made. I do not believe there is a lawyer here, or a layman either, who would insist that it is within our power to compel our national banks to take

the bonds of any such government as I have named.

Moreover, suppose that, instead of requiring the investment in the Federal reserve banks, we were to say that a certain proportion of the capital of the banks should be invested in the public utility corporations of the communities in which the banks are located, in street railways bonds, water company bonds, electric-light bonds, or in private enterprises in the local-ity of their banks, in order, as it might be alleged, to preserve the prosperity and the stability of business in the United States, after all, it being simply a requirement that the private property of one corporation be exchanged for the private property of an-

other corporation, both being public in one sense and both being private in another; or suppose that in the District of Columbia we had two street railway corporations. I think no one will question that our power over street railway corporations in the District is as comprehensive, as fundamental, as our power over national banks. We have a power over them not only because we created them, but because they are engaged in a business that subjects them and their property to public regulation and We have the power of amendment, of alteration, and of repeal. Suppose one of these street railway companies were on the point of bankruptcy and that it were necessary, in order that the public might be served as it has been served heretofore, that this weak and failing corporation be strengthened, do you believe that Congress has the constitutional power to say that one of the street railway companies shall take a million dollars of its capital and invest it in the stock of the weaker street railway company; and if not, why not? Why can not Congress compel one of these public utility corporations to take its capital and invest it in the enterprise of its sister street railway company? Do you think that it would be a sufficient answer if the railway company whose property was sought thus to be taken would say, "We do not intend to do this; we will not do it; therefore, dissolution must follow"? I can not conceive that such a legal principle can be maintained in the Senate of the United States

Further, I will assume that no one will question that the power of a sovereignty over a railway corporation which it has created is less than the power of the United States over the national banks. The power is of the same sort; it emanates from the same source; it is exercised for the same reason. Suppose that the State of Pennsylvania had incorporated both the Pennsylvania Railroad Co. and the Baltimore & Ohio Railroad Co., do you believe that if the Legislature of Pennsylvania felt that it would promote the public welfare it could say that the Pennsylvania Railroad Co. shall take one-tenth, one-twentieth, one-half, or any other proportion of its capital and invest it in the stock of the Baltimore & Ohio Railroad Co? If not, why If it can be done in one instance, why can it not be done in the other? Or, to take another illustration: New Jersey has incorporated many great corporations. Among them she has incorporated the United States Steel Corporation, and she has incorporated other companies engaged in the same business. She has reserved with respect to each of these companies the right to alter, amend, or repeal, precisely as we have reserved that right in the national banking act. Suppose that New Jersey felt that the United States Steel Corporation ought to lend some aid to the other corporations of that kind which had also been authorized within the State; suppose it should say that the great steel combination should take \$5,000,000 or \$10,000,000 of its capital and invest that in the capital stock of the Lackawanna or some other steel corporation which had been organized within that State. Is there a lawyer here who will say that the power of New Jersey over these two corporations is less than the power of Congress over the national banks? I fancy no one will assert a proposition of that kind. I instance these things only to show how futile it is for Congress to attempt to take the property of one corporation and transfer it to

I can conceive, of course, a public necessity so great, so imperative, that in the exercise of what is denominated as the police power the property of any person, the property of any corporation, can be taken and so used that the public interest will be promoted; but the Federal Government has no general police power. It has, however, a qualified and limited police power which pertains to the grants that have actually made in the Constitution, and you, my fellow Senators, will have to meet this question if you pass the bill as it is now. be compelled to take the judgment of the Supreme Court of the United States upon this question, Is this amendment to the national banking laws such an amendment as is necessary, as is reasonable, as is requisite to carry out the purposes for which the national banks were organized?

Mr. NORRIS. Mr. President-

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. CUMMINS. I do.

Mr. NORRIS. I realize, of course, the weight of the Senator's argument, but it has occurred to me that the illustrations he has given are not exactly in point. It is at least the theory of this bill, or these bills, I presume, that in requiring the banks to perform certain functions in regard to putting up the capital for the organization of these reserve banks they are being required to do something that will make more effective the banking system in which each one of the banks has a vital interest. The illustrations the Senator has given of requiring one corporation

to put up its money in another corporation, or buy stock in another, it seems to me do not have that particular item of connection with the original corporation.

Mr. CUMMINS. I think the Senator from Nebraska is mistaken in this respect: The power we exercise, if it can be validly exercised, is to promote the public welfare. That is the only way in which we get the right to take part of the capital of a national bank and give it to another institution. It is because it will serve the public good. It might serve the public good to require the exchange of capital in the cases I have suggested quite as much as to require that one bank should give

part of its property to another.

I am using these illustrations, however, for one purpose, and one only. I have heard it said. not only in the Senate Chamber but elsewhere, that this provision is valid, because if the national banks affected do not desire to surrender a part of their capital under the terms of this law they can cease to do business. In that respect the illustrations are exactly parallel, because in each of the other instances I have mentioned the corporations, if they are at liberty to surrender their public obligations, could cease to do business rather than to comply with the mandate of the statute.

Mr. NORRIS. I think that is true; but I believe there can be no doubt that our power of regulation of corporations as to which we have a constitutional right to legislate must necessarily be limited to a regulation that would not be destructive of the property of a corporation or take its property without due process of law, even though we should conceive that it would be for the public good to do it. Mr. CUMMINS. Undoubtedly. Mr. NORRIS. I do not believe that fact is sufficient to per-

mit us to take the property.

Mr. CUMMINS. Undoubtedly.
Mr. NORRIS. I simply wanted to call the attention of the Senator to the fact that the theory here is that this is a regulation that in the end will redound to the benefit of the corporawe say; but we can not say that conclusively.

Mr. NORRIS. I agree with that. Of course we could say

that we believe it would have that result.

Mr. CUMMINS. I am appealing to my Democratic friends not to plunge the financial world of the United States into the confusion and uncertainty that would ensue if the validity of this statute should be called in question, and it remained for a judicial tribunal to say whether it was for the public welfare and necessary for the protection of the banks that a part of their capital should be taken and invested in the stock of another corporation.

I do not say it is certain that the Supreme Court will ultimately decide that this provision is unconstitutional. I say we are putting ourselves in exactly the same attitude as though we were dealing with a railway company and were passing a legislative schedule of freight rates. We can no more do the

one than the other free from judicial review.

Suppose we were to pass a law for a railway company in our jurisdiction declaring that it should carry its freight for 1 cent per hundred pounds. We have the power to pass the law, and if it is a fair regulation of the business it will stand; but if it is unfair and unnecessary and unjust, and if it takes the property of the railway company without just compensation, it takes it without due process of law, and the regulation will fail. I am appealing to my Democratic friends so that they will not confront the business of this country with the hazard and peril presented by the provision under discussion, when it is so easy to accomplish the same purpose without the danger involved in this particular bill.

Mr. BORAH rose.

Mr. CUMMINS. I yield to the Senator from Idaho. Mr. BORAH. Mr. President, without taking issue with the

Senator upon the propositions he has been making, I desire to submit a proposition to him, in order that I may have his views

Suppose we had practically no banking system at this time. Suppose we stood in the place where we did in 1862 and 1863, and were organizing a national banking system. Suppose no charters had been granted, no law providing for bank charters had been passed, would it not be within the power of Congress to say that the charters should have in them a provision with reference to the utilization of funds in the way in which it is sought to utilize them in this bill?

As an original grant, we would have the right to put that provision into the charter, and the individuals could accept the charter or not, as they saw fit. Now, then, if we could do that as an original proposition, have we not the right, under the

reservation of the right to amend and repeal, to say that we will inaugurate this system by requiring them to do this, leaving it optional with them to decline to act under their charters or to accept the terms the Government imposes upon them, for the reason that the Government may grant charters upon such terms as the Government sees fit?

Mr. CUMMINS. Undoubtedly.

Mr. BORAH. And individuals may avail themselves of the corporate rights and become a corporation or not, just as they see fit?

Mr. CUMMINS. Undoubtedly the Senator from Idaho announces a correct principle.

Mr. NELSON. Mr. President, will the Senator yield to me? Mr. CUMMINS. Allow me first to answer the suggestion of

the Senator from Idaho, then I will yield.

Unquestionably, when the law authorizing the organization of national banks was originally passed it could have been provided that their capital should be invested in anything. It could have been provided that it should be invested in lands in Alaska, in coal mines, in gold mines, or in any other security which the Government might have thought it wise to require, These banks, however, have been organized. These people have contributed their capital. It is already in existence. It is already the property of the national banks. It does not follow because that could have been done originally that it can be

If we were authorizing the organization of a railroad company we could say, "You must carry freight for a farthing a pound, and you must carry passengers for half a cent a mile," and if the railway corporation organized and accepted those terms it would be compelled to do so. After the railway corporation has been organized without such a requirement, however, after its capital has been invested, after it has entered upon its business, then we can not say, although it is a legislative act, that the railway freight rate shall be a farthing a pound or the passenger rate shall be half a cent a mile without subjecting ourselves to judicial review, and upon that judicial review the question will be, Is the legislative act a fair and a reasonable one? Does it take property that has been acquired by the railway company and use it without just compensation? Just so with the national banks.

Mr. THOMAS. Mr. President—
The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Colorado?

Mr. CUMMINS. I must yield now to the Senator from Minnesota, who was on his feet a moment ago.

Mr. NELSON. Mr. President, it seems to me the real question is this: While undoubtedly it is true that in the first instance, in creating these national-bank associations, the Government could impose these conditions, because it would be optional then whether persons would take out a charter under such a law or not, here is a case where a national bank has taken out a charter for 20 years or has renewed it for 20 years, under existing law. That charter has run, let us say, for 10 years, and has 10 years more of life. In such a case, can you say to such a corporation, duly incorporated under existing law, without any such condition in the law: "You must cease to live. We will cut you off for the next 10 years unless you go into this new system and subscribe"?

Is not that taking the property of the bank without its consent? Is it not depriving it of a constitutional right without

due process of law?

I submit that question to the Senator.

Mr. CUMMINS. That is just what I am trying to establish. Mr. THOMAS. Mr. President—

Mr. CUMMINS. I yield to the Senator from Colorado.
Mr. THOMAS. I am very much interested in the Senator's argument, because, like all arguments he makes upon these questions of constitutional construction, what he says is worthy of profound consideration. I assume the Senator is familiar with the decision of the Supreme Court in what are known as the Bank-Guaranty cases?

Mr. CUMMINS. I have the case before me.

Mr. THOMAS. I should be very glad to hear the Senator's

views as to that phase of this discussion.

For example, my recollection of those decisions is that it is within the general police or supervisory powers of a State to require State banks to contribute out of their deposits or their property a certain percentage to a common fund for a general guaranty. Now, by parity of reasoning, by analogy of process, why can not the Congress of the United States impose upon national banks the obligation of subscribing out of their resources, upon certain conditions, to a certain fund—for that is practically what it is—which is represented in stock, which in

turn represents a new bank or a new system of banks which it

is the purpose of this bill to create?

Mr. CUMMINS. Mr. President, I shall presently consider the Oklahoma bank guaranty case, but I now remind the Senator from Colorado of this fundamental principle: The Government can take all the property it wants to take by way of taxation. It can destroy all the property it desires to destroy under a police power for the health and morals and safety of the people of the country. It can not take private property in any other way than through the taxing power or through the exercise of the police power for the safety of the morals and health of the people, save through the power of eminent domain; that is, the power to take private property for a public use upon giving just compensation for it. When it exercises the latter author-ity Congress can not determine what the just compensation shall be. That is purely a judicial procedure, and we can only create the procedure by which the just compensation is to be ascertained

Mr. THOMAS. But the Senator would not, I suppose, say that a State requirement that banks shall contribute to a common fund for guaranty purposes would be the taking or the destruction of property. It would be merely the devotion of it to a certain use in connection with the general scheme of bank-

Mr. CUMMINS. If I have time, I shall try to distinguish between the quality and kind of power exercised by the State of Oklahoma and the power we are attempting to exercise here in exchanging the money of the bank for the stock of another corporation; but I am sure the Senator from Colorado will instinctively see the difference between the two kinds of power or authority.

Mr. SHERMAN. Mr. President—
Mr. CUMMINS. I yield to the Senator from Illinois.
Mr. SHERMAN. Before the Senator leaves the point under discussion, I wish to make an inquiry that I think will tend to supplement the already very clear and forceful statement

by which he has fortified his proposition.

I will inquire if, from the point of view from which we must consider it, a bank is not made up of its shareholders in the matter of pecuniary interest or private ownership. The shareholders select the officers. We must not fail to distinguish here between the officers of a bank and the shareholders, who are in reality the owners of the entity known as a corporation, the bank.

A part of the assets of these shareholders is invested in bonds with circulating-note privileges. I wish to ask the Senator if he will not permit me to supplement his statement by a reference to the daily statement of the condition of the United States Treasury at the close of business December 9, 1913, in which it appears that among the bonds held for national banks to secure circulation are \$604,405,200 worth of 2 per cent 1930 United States bonds.

These constitute more than 80 per cent of the total number of bonds now held to secure the whole amount of bank circulation. This number of 2 per cent bonds in reality are owned by and are the assets of the shareholder. I ask the Senator whether the compulsory retirement of a bank, if it falled to enter the system proposed in this bill, would not in effect operate upon the private ownership of these shareholders and to that degree withdraw the circulating-note privilege which they have on this investment of more than 80 per cent of the total number of bonds held?

Mr. CUMMINS. Undoubtedly. That is one of the consequences of extorting the capital from the banks and investing it in the stock of the Federal reserve board instead of permitting it to continue in the 2 per cent bonds which have the circulating privilege

Mr. HITCHCOCK. Mr. President-

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Nebraska?

Mr. CUMMINS. I do.

Mr. HITCHCOCK. Did I correctly understand the Senator from Iowa to say that one of the essentials in taking property by order of the Government is necessity? Must necessity exist in order to justify the public appropriation of private property, even with just compensation?

Mr. CUMMINS. Certainly. But I will say that the necessity for taking is determined by the legislative branch of the Government, and can not, I think, be questioned when once exercised, but the ascertainment of the compensation is not legis-

lative.

Mr. HITCHCOCK. Thus, if there is a certain piece of property which must unavoidably be used to accomplish a certain purpose, that particular piece of property can be taken. But now I ask the Senator, is it competent for Congress to pass an act arbitrarily levying upon the capital of these banks when it is open to demonstration and admitted that the capital may be procured from other sources at a lower rate of interest volun-

Mr. CUMMINS. I do not think it is within the power of ongress to do so. If this bill is passed and it ever comes Congress to do so. If this bill is passed and it ever comes under the view of the court the test of this provision will be whether it is fair and reasonable to require the national banks, which have already had their capital fully and efficiently invested, to surrender a part of that capital and give it into the keeping of another corporation, a private corporation, in order that it may be invested by that corporation. That will be the question which the Supreme Court must decide. It will be precisely as though we were to pass an act saying that a railroad company shall carry passengers at a quarter of a cent a mile. If that is reasonable and fair and promotes the public welfare and does not take the property of the railway company without just compensation it is a valid enactment. But if the court held that that is unreasonable and unfair and that it compels the railway company to use their property without receiving just compensation for it, then it will be held that it takes the property of the company without due process of law. That is just what will happen in the event that this bill shall pass. It simply submits the wisdom, the necessity of taking the property of the national banks for the purpose here indicated to the courts of the country, and I am protesting against entering that field of uncertainty and doubt.

Mr. HITCHCOCK. I should like to ask the Senator a further question. Has he examined the Owen draft of this bill to observe that it not only proposes to take arbitrarily and under compulsion \$50,000,000 of the capital and surplus of the national banks, but it provides that an additional \$50,000,000 may be called for at any time when deemed necessary by the Federal board?

Mr. CUMMINS. I understand that that is the provision.

HITCHCOCK. Does the Senator also understand that in addition to that the banks thus compelled to part with their cash capital are made liable for an additional \$100,000,000, for which their credit is supposed to be pledged by this act? I ask the Senator what he thinks as to the difficulty of that situa-

Mr. CUMMINS. All the consequences of taking the capital and investing it in the stock of a Federal reserve bank, together with the necessity or want of necessity for so doing, together with the fairness or unfairness of so doing, the reasonableness or unreasonableness of so doing, will all fall under the judicial eye, and all these considerations will determine the ultimate decision of the court.

Mr. SHAFROTH. Mr. President— Mr. CUMMINS. I yield to the Senator from Colorado.

Mr. SHAFROTH. It seems to me that the illustrations which the Senator has given are not at all in point in relation to this bill. If there is one thing that is conceded universally by every Member of the Senate, it is the necessity for the three fundamentals of this bill—the discount market for drafts, the mobilization of reserves, and the elasticity of the currency. There is not a single man upon the floor of the Senate who has not conceded that

Now, requiring the bank to subscribe for the capital stock of the Federal reserve bank is a step in the matter of safety for the national bank itself. It is just as much so as requiring a national bank to increase its reserves. Suppose Congress should We think these national banks carry too small reserves. Is there any doubt but that the Congress of the United States could require them to keep more reserves? There is no doubt about that. The tribunal from which there is no appeal is the Congress of the United States. It has a right to determine that

Now, as an illustration take the question of country banks. The tables now show that they have been keeping for the past year 21 per cent of their deposits as reserves, either in the banks of reserve cities or in their own vaults. The requirement of the law is only 15 per cent. Suppose Congress should say, We find that a majority of the banks do that and the reserves ought to be increased to 21 per cent, 6 per cent more, upon all their deposits. Could there be any doubt but that the Congress of the United States would have a right to say, For the safety of the system which we have created we will require them to keep increased reserves? As to the amount of those reserves, of course, if perhaps it related to a question of absolute unreasonableness, it might be held in some way to be unconstitutional, but so long as it is within the domain of reason there can be no question of the power of the Government to require an increase of the reserves.

Now, you can readily see this is an insignificant matter compared to requiring 6 per cent more reserves upon the deposits of the banks. One is about ten times as great as the other. the Government has a right to require a safety provision that will cost the banks ten times as much, surely it would have a right in the same manner, for the safety of the bank, as to its own corporation, to require it to contribute 6 per cent of capital and surplus, or 3 per cent, whichever the bill may require, and that is the difference between the Hitchcock bill and the Owen bill. It is the same thing in principle.

It seems to me if the Government has a right to require increased reserves or that they shall go out of the system, surely it can require them to contribute for the same purpose, namely, the safety of their banks to a reserve bank which is created by the Government under the supervision by the board of control appointed by the Government. It seems to me in the same way, in the interest of the preservation of the funds of the people for the purpose of making the banks themselves more safe, we have a right to prescribe this to them and to say if you do not subscribe you must forfeit your charter or take a State charter.

Mr. CUMMINS. I do not doubt the right of the Government to increase the percentage of reserves that may be held in a bank, but the reserves are a margin of safety, and they constitute a proportion of the deposits that are made by the people who bring in their money to the bank. The capital is quite a different thing. The capital is the money contributed by the people who own the bank, and the success of their venture depends upon the way in which the bank is managed.

I can give the Senator an illustration in a moment that will indicate the difference between reserves and capital. Congress were to come to the conclusion that national banks should not receive any interest whatever upon their capital, I ask the Senator from Colorado whether he thinks it is within the power of Congress to say that hereafter no part of the banking capital of the United States shall be loaned at interest or to say that all of it shall be loaned without any interest whatever? If not, why not?

Mr. SHAFROTH. Of course one can conceive an absolutely

ridiculous condition that may raise a question of doubt. But I want to ask with respect to that could not the United States Government in the framing of a national bank system have prescribed that they shall make nothing upon the capital stock?

Mr. CUMMINS. Precisely so.
Mr. SHAFROTH. It could be done?
Mr. CUMMINS. Undoubtedly.
Mr. SHAFROTH. There is no question of it. There is contained in the national-bank act a provision that any part or portion of the act is subject to repeal, to modification, or to

Mr. CUMMINS. Yes, Mr. SHAFROTH. The condition upon which the bank comes in is simply a condition of subscribing to the capital stock of the Federal reserve bank. If it goes out of the system, it loses no money. It can organize a State bank as well as not. Its name is something to them, it is true, and yet at the same time the name by which they get the standing of the bank comes from the very law itself. It seems to me if they have a right to prescribe in the first instance that the law is subject to modification, repeal, or change, they surely could prescribe the conditions which the Senator has stated. Of course, it is an extreme case.

Mr. CUMMINS. Certainly.

Mr. SHAFROTH. It seems to me when you compare the provision of the present bill with the illustration that you have made, namely, as to the United Steel Co. being required to subscribe to the capital stock of another steel company, or to buy its bonds, there can be no similarity, because it is not the same power that is invoked. You are invoking the police power whenever you attempt to deal with a private corporation. national bank is a creature of the United States Congress, and it has reserved the right to modify, change, or repeal the law creating it

Mr. CUMMINS. Is not the United States Steel Corporation creature of the State of New Jersey? And has it not reserved the right to alter and amend or repeal its charter?

Mr. SHAFROTH. Yes; but this is not upon that basis. The steel company is not a quasi public corporation; it is a private corporation, and you would have to change the entire system of your laws.

Now, take the very requirement of the national-bank act, where national banks are required to keep 5 per cent of their circula-tion in lawful money in the vaults of the United States Treasury. That Congress can require. Then if Congress desires to increase it to a much larger amount there is no question but that

it can do it. I do not suppose the Senator contends that it can not. That is the burden that is being imposed upon them. But these banks are the creatures of the Congress; and that being the case, the right to repeal, modify, and change being in the law, it is simply an amendment by general law, and conse-

quently it is proper to make it.

Mr. CUMMINS. Then I assume the Senator from Colorado would say that in view of the fact that the Government of the United States organized the Union Pacific Railway Co. a long time ago and gave it the right in its charter to charge reasonable sums for transportation of freight and passengers, but reserving the right to alter, amend, or repeal its charter, after the road was built it could say to the railroad: "You must carry freight and passengers for nothing, because we would have had the right to impose that condition originally." Does the Senator from Colorado believe that a provision of that kind would have been a constitutional exercise of the power?

Mr. SHAFROTH. I am not prepared to say whether that would be constitutional or not, because there is some question

about it. It is an extreme case.

Mr. CUMMINS. I am glad that the Senator from Colorado

is logical.

Mr. SHAFROTH. I will say that when the Union Pacific Railroad Co. fails to comply with the provision of its charter its land and its railroad are not confiscated by the Government; it can still operate. It can file its charter under State laws, and consequently can operate just the same. If it does not want to operate under the United States charter, it has a perfect right to go to the State and exercise that right. Consequently I doubt very much whether the courts would hold that was confiscatory.

Mr. CUMMINS. When there have been numberless statutes

almost passed by States fixing railway rates, water rates, gas rates over corporations within the jurisdiction of the States, corporations over which they had the same supreme control that we have here in a corporation that we create, how does it happen that the statutes and regulations have from time to

time been declared unconstitutional?

Mr. SHAFROTH. Because they are confiscatory. That is the reason.

Mr. CUMMINS. Do you think it would be confiscatory to say that the Union Pacific Railroad Co. should do business for nothing?

Mr. SHAFROTH. If it did, it would be illegal.

Mr. CUMMINS. I understand the Senator from Colorado says it would not be unconstitutional; that the Union Pacific Railroad could simply quit doing business.

Mr. SHAFROTH. I thought you were referring to carrying

United States troops or something of that kind over their line.

Mr. CUMMINS. I was referring to all its business

Mr. SHAFROTH. Of course that would be confiscatory.
There is no doubt about that.

Mr. CUMMINS. Why is it unconstitutional to confiscate the

property of a corporation that we have created?

Mr. SHAFROTH. Because it is in violation of the provision

of the Constitution.

Mr. CUMMINS. Can not the corporation quit?

Mr. SHAFROTH. Certainly it can. There is no doubt that the courts would be very reluctant to hold that a requirement by the Congress of the United States was absolutely confiscatory; but when you talk about providing 6 and 3 per cent of capital stock of a national bank as confiscatory, that is not within the same line of reasoning.

Mr. CUMMINS. I have not been speaking about the inadequacy of the dividend rate. I am speaking about our powerlessness to take the property of one person and transfer it to

Mr. SHAFROTH. But you admit that to a limited extent that can be done, because you admit that the reserves can be increased.

Mr. CUMMINS. I do not admit that the reserves can be taken from one corporation and compulsorily put in another private corporation. I do admit that under the bill proposed by the Senator from Nebraska a reserve can be taken from a national bank and put in a governmental corporation, exercising a governmental function, purely public. I do not concede that the reserve can be taken from the one, the private corporation, the national bank, and put at the hazard of the business of another private corporation.

Mr. SHAFROTH. But it is not a private corporation. There are three Federal directors upon it-

Mr. CUMMINS. I submit it is a private corporation. Mr. SHAFROTH. And, besides that, they have a Federal eserve board that controls every action upon the part of the Federal reserve banks.

Mr. CUMMINS. They have a Federal reserve board. was said, and so well said here yesterday, I think, by the Senator from Ohio [Mr. Burton], that presides over these private corporations-private in the sense of being subject only to control-presides over them in just the same way that the Interstate Commerce Commission presides over railway companies. It will regulate and control them; it will compel them under the law to do this or that; but they are private corporations; and you propose to take not only the banking capital of one private corporation and give it to another, subject to all the hazards of the business of the latter corporation, but you propose to take the reserves of the national banks and subject them to the vicissitudes of a private business. Suppose that the Federal reserve bank fail—and it can fail; it engages in business; I do not think there is great likelihood that it will fail, but it can fail-what, then, becomes of the reserve which the Government has required the national banks to deposit in it? Does the Government guarantee it? Does it assure its final repayment to the bank? No. The Government of the United States has no more power or right, legal or moral, to take the reserve of a national bank and put it into another private corporation, than it would have to put it into the possession of the Senator from Colorado-not one whit.

Mr. SHAFROTH. The difference between us is that the Senator construes this Federal reserve bank as a private corporation, while I contend that it is a public corporation. It is true that the banks will have a majority of the directors upon it: but at the same time there are three directors to be appointed by the Government, subject to review by the Federal reserve board, consisting of nine appointed by the President.

Mr. CUMMINS. It is a public corporation in the sense that we have a right to regulate and control it; it is a private corporation in the sense that it is managed by private interests

and the profits are paid to private property.

Mr. SHAFROTH. It seems to me that when the Senator takes the position that we can not require these reserves to be put into the Federal reserve banks he is departing from all three of these bills. The House bill requires it, the Hitchcock bill requires it, and the Owen bill requires it. That is one of the common points upon which we have all agreed.

Mr. CUMMINS. No.

Mr. SHAFROTH. Is it possible that it is unconstitutional

to require that?

Mr. CUMMINS. I do not think it is unconstitutional in the Hitchcock bill. The Federal reserve bank in the Hitchcock bill is merely a governmental function; it is not a private corporation in any sense whatever. Therein lies the great distinction. Mr. WALSH. Mr. President-

The PRESIDING OFFICER (Mr. Lewis in the chair). the Senator from Iowa yield to the Senator from Montana?

Mr. CUMMINS. I do.

Mr. WALSH. I desire to inquire of the Senator if I was correct in understanding him to say that it is within the power of Congress immediately, to-day, to repeal the national ing act, so that the bank charters will immediately expire?

Mr. CUMMINS. I have no doubt of it.

Mr. WALSH. I understood the Senator to say, further, that, in his judgment, it would be beyond the power of Congress to pass an act putting an option up to the national banks hereafter to loan their money without interest or to cease to act as national banks?

Mr. CUMMINS. I said that I believed it was beyond the power of Congress to prescribe that the capital now invested—the property of the national banks—should be loaned for

nothing.

Mr. WALSH. But are we to understand that the Senator, then, asserts that if they had the option either to loan their money for nothing or to cease to act as national banks that statute would be void?

Mr. CUMMINS. I believe that we have no right to impose

that option upon them.

Mr. WALSH. Exactly. If we did it—and it is as inconceivable that any bank would accept the right to loan its money without interest as it is to conceive that Congress would, in the first place, absolutely repeal the national banking actthe Senator from Iowa would not expect that any bank would

continue as a national bank, would he?

Mr. CUMMINS. I do not know how altruistic some of them might become. I would not care to speculate upon that.

Mr. WALSH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Iowa

continue to yield to the Senator from Montana?

Mr. CUMMINS. I hope the Senator from Montana will excuse me if I insist on going on. I am already trespassing upon the time which ought to be occupied by the Senator from New

York [Mr. Roor], who gave notice of his intention to speak this morning. I am only trying to finish what I began saying

Mr. WALSH. I merely wished to ask the Senator if he now notices any distinction at all in substance and effect between those two acts, one absolutely repealing the national-banking

Mr. CUMMINS. The distinction is so broad and obvious that it must be observable to any person. I admit that Congress can repeal the law, and in that way all national banks must cease to do business.

Mr. WALSH. But it can not do it in any other way. Mr. CUMMINS. I do not at all admit that Congress can pass a law which shall declare that if each national bank does not within three days decapitate its president it must go out of business. I do not agree that such a law as that would be a valid amendment to these charters. It seems to be asserted that Congress can within its constitutional power put upon these banks any condition whatsoever, and if they do not want to comply, they may then retire from business. I have never heard a proposition of that kind before asserted, because, if it is well founded, there is no limit to the regulation which either the United States or a State may impose upon its corporations, giving them the alternative to quit if they do not want to comply with the regulation. There would be no necessity, then, of ever investigating whether a particular regulation was reasonable or unreasonable, because the immediate answer would be, "If you do not care to accept the regulation and comply with it, surrender your charter," a surrender that must always follow the violation of a valid regulation if the sovereignty that created the corporation cares to insist upon the forfeitures.

But, Mr. President, I have said that I would suggest a few cases from the Supreme Court involving the extent of the power of amendment, because that is what we are trying to do; we are simply proposing to amend the national banking act; no more and no less. In the case of Shields v. Ohio (95 U. S. Repts., 319) the Supreme Court had first occasion to pass on the question whether the charter of the corporation involved was subject to alteration, amendment, and repeal. It held that it was, and I have no concern with that. I read only this statement of the law, which has been repeated oftentimes and which seems now to be the well-settled principle of the country. The court said:

The power of alteration and amendment is not without limit-

The Senator from Montana [Mr. WALSH] would seem to imply that it had no limit, the corporation being given the op-portunity to retire from the business in which it was engaged—

The power of alteration and amendment is not without limit. The alterations must be reasonable; they must be made in good faith, and be consistent with the scope and object of the act of incorporaton. Sheer oppression and wrong can not be inflicted under the guise of amendment or alteration. Beyond the sphere of the reserved powers the vested rights of property of corporations in such cases are surrounded by the same sanctions and are as inviolable as in other cases.

I quote that simply to indicate just what will happen if this bill passes in its present form. The courts will be called upon to determine whether it is fair and right to require national banks to surrender a part of their capital that is already fully The courts will be asked to say whether that is fairly within the scope and meaning of the act which created

the national banks. Why invite danger of that sort?

I shudder when I think what may be the financial situation of our country if the national banks should refuse to enter the system about to be created and the Government should seek to forfeit their franchises, if then the courts should hold that they are not compelled to enter and are not compelled to surrender any part of their capital or surplus. You will precipitate a chaos in our commercial, industrial, and financial world the like of which has never before been seen. Why do it when it is not at all essential to the accomplishment of the purpose which the bill has in view?

I refer also to the case of Missouri Pacific Railway Co. v. Nebraska (164 U. S. Reports, 403), which shows, I think, as well as any case can the limit of the right of amendment or alteration or repeal reserved in a charter. I am sorry the Senator from Nebraska is not here. He would appreciate this in view of the question he asked me a few moments ago. The State of Nebraska passed an act which through its commissidners required the Missouri Pacific Railway Co. to allow a certain association of farmers to erect an elevator upon the right of way of the railway company. It was required because it was believed that by the construction and use of the elevator the public welfare would be better promoted. Of course an elevator is a thing incident to the operation of a railway; it is a convenience which must be resorted to in the operation of a railway. Now I should like those who believe that a bill of the kind which we have under consideration is constitutional

to tell me why the State of Nebraska, which has just as supreme power over the Missouri Pacific Railway Co. as we have over the national banks, so far as the property in that State is concerned, could not give to this association of tarmers the right to enter upon the right of way and erect an elevator in order that the business of the community might be better done? The Supreme Court said in that case:

To require the railroad company to grant to the petitioners a location on its right of way for the crection of an elevator for the specified purpose of storing from time to time the grain of the petitioners and of neighboring farmers, is to compel the railroad company, against its will, to transfer an estate in part of the land which it owns and holds, under its charter, as its private property and for a public use public use

I will not read further, save the last sentence:

This court, confining itself to what is necessary for the decision of the case before it, is unanimously of opinion that the order in question, so far as it required the railroad corporation to surrender a part of its lan! to the petitioners for the purpose of building and maintaining their elevator upon it, was, in essence and effect, a taking of private property of the railroad corporation for the private use of the petitioners. The taking by a State of the private property of one person or corporation, without the owner's consent, for the private use of another is not due process of law, and is a violation of the fourteenth articles of amendment of the Constitution of the United States.

It, of course, will be conceded that the fourteenth amendment of the Constitution has the same effect upon State legislation that the fifth amendment has upon Federal legislation in so far as the subject I am now considering is concerned. If you can ascertain any difference in principle between a State requiring a railroad company to allow an association of farmers to construct an elevator upon its right of way in order that the public might be better accommodated, and requiring a national bank to give a part of its property to the Federal reserve banks in order that the public may be better served or the bank be better safeguarded, I will be interested to know what the distinction is. I also call attention-

Mr. SHAFROTH. Mr. President, I will say that it seems to me that the distinction is very clearly set forth in the opinion of the court itself, to the effect that in the case cited it was the taking of property from one corporation for a purely private purpose, to be given to another private corporation, whereas the

banks are public corporations.

Mr. CUMMINS. Neither of these is a public corporation in the sense of the ownership of the property. They are both private corporations, and the taking of that property on the right of way of the railroad company in the case I have just read was declared by the Supreme Court to be taking it for a private use; but no more for a private use than you are taking the money of the banks in this instance. Both are intended to serve the public; both are connected with the business in which the respective corporations are engaged; both corporations were engaged in serving the public. I am utterly unable to distinguish between the two cases so far as the principle is concerned.

Mr. GOFF. Mr. President—
The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from West Virginia?

Mr. CUMMINS. I yield to the Senator. Mr. GOFF. In the Nebraska case did not the court consider as material the question that the railroad's right of way, independent of its other property, was essential to the public utility, and it was therefore necessary that the railroad company should protect its right of way?

Mr. CUMMINS. Undoubtedly; just as the capital of a bank is essential for the transaction of its business. I think the

cases are entirely parallel.

Mr. GOFF. Will the Senator permit an inquiry as to the matter he has just discussed?

Mr. CUMMINS. Certainly.

Mr. GOFF. Relating to the constitutionality of the proposed legislation, if I understand the Senator, he concedes that if the limitations imposed upon the banking system were stated now as an original proposition, not as yet accepted by the banks, the requirements of this proposed legislation would be constitutional?

Mr. CUMMINS. Why, Mr. President, when we are organizing a corporation the Congress can impose any condition. It can create provisions that are so absurd that no operation can take

place under them, and they will be entirely constitutional.

Mr. GOFF. Concededly. Now, I propose to follow that with this inquiry: If, under the original legislation under which the national banks now do business, it was distinctly understood that if they accepted the provisions of that legislation and organized banks under it, thereafter, if it became necessary, Congress could change those provisions and impose additional burdens, would not the legislation now proposed be construed by a court to be the addition of a burden that was contemplated in the original legislation?

Mr. CUMMINS. Certainly not, Mr. President. I have already gone over that field once, and I shall only refer to it briefly. that were true, every regulation that by any possibility could be imposed upon a corporation would be constitutional if there were reserved by the sovereignty that created the corporation

the right to alter, amend, or repeal.

I have just read from the decision of the Supreme Court saying that the right to amend, even when it is reserved, is not absolute. It can not be so exercised as to violate the fifth amendment of the Constitution. I said a few moments ago that if Congress in incorporating the Union Pacific Railroad Co. had reserved the right to alter, amend, and repeal, as it did, if it had wanted to say that that company should do all its business for nothing or for a tithe of what it was then customary to charge, it could have said so, and if the corporation was organ-ized that condition or regulation would be binding upon it. But suppose 20 years after the corporation was organized without such a requirement, and the capital invested, Congress had attempted to say that the Union Pacific Railroad Co. should transport merchandise and passengers for nothing, or for a rate that would return no interest upon the capital, that regulation would not be valid.

Mr. GOFF. Certainly not.

Mr. CUMMINS. Although it could be said that it was con-templated when the act was passed, that it was one of the things that was reserved and might be inserted by way of amendment,

just as fully and just as completely as in the case of the banks.

Mr. GOFF. If the Senator will pardon me for a moment,
would it not be almost presumptuous to conclude that the Congress of the United States ever would resort to such legislation? Mr. CUMMINS. Not more presumptuous than to presume

that Congress would do the thing we are now about to do.

Mr. GOFF. If I understand the argument of the Senator from Iowa, it is that the reasonableness of the change in the

legislation would be a question for the courts.

Mr. CUMMINS. That is my position.

Mr. GOFF. Very well. Then, looking to what our courts would be likely to decide, would a requirement that the national banks should take stock in the reserve banks be the imposition of such an additional duty as a court would consider unreasonable in the light of the legislation already referring to that

Mr. CUMMINS. The Senator from West Virginia can answer that question probably better than I. He was for many years a distinguished ornament of the bench. I never have been on the bench. If he were asking me what I would decide were the case to come before me as a judge, I could easily answer him. If he asks me what he would decide if he were on the bench and

the case came before him, I can not answer him.

Mr. GOFF. Are we to be deterred from enacting legislation, then, upon the mere idea that some dissatisfied citizen of the country will take it into court? Are we not to determine what the court will do after the litigant has submitted the matter to the consideration of the court? And, if it be reasonable in our view, are we to be prevented from acting because some dissatisfied citizen of the country will ask the courts to decide the

Mr. CUMMINS. Oh, no; Mr. President. It is embarrassing to be interrupted by such a question, although I am not at all reproaching the Senator from West Virginia. I spent two hours last night trying to show that this requirement was unreasonable, unjust, unfair; and now that I am pursuing that argument with a suggestion of the legal principles that would be applied if my view be correct that the requirement is unjust and unreasonable and unfair and unnecessary, I am asked what a court would do if the case were presented to it. Of course my legal argument is all based upon a postulate which I fear the Senator did not observe.

Mr. GOFF. I beg the Senator's pardon. I was not in the Senate Chamber last evening, and probably should not be here to-day if I were to consult my own health. The Senator has withheld his remarks from the RECORD or I should have read

Mr. CUMMINS. I hope the Senator from West Virginia will not think I am impatient. I am only impatient about one thing, and that is about getting through, for I have already occupied

vastly more time than I should.

I refer also to the case of Covington & Lexington Turnpike Road Co. v. Sandford (164 U. S., 578), just for a word. There the court again held—and this opinion was delivered by Mr. Justice Harlan—that the charter of the railway company was subject to alteration and repeal; but it said:

It is now settled that corporations are persons within the meaning of the constitutional provisions forbidding the deprivation of property without due process of law, as well as a denial of the equal protection of the laws.

Citing cases. And-

\* there is a remedy in the courts for relief-

Now, mark-

against legislation establishing a tariff of rates which is so unreasonable as to practically destroy the value of the property of companies engaged in the carrying business, and that especially may the courts of the United States treat such a question as a judicial one, and hold such acts of legislation to be in conflict with the Constitution of the United States, as depriving the companies of their property without due process of law.

Mr. President, in what are known as the Sinking Fund cases the Supreme Court probably went further than in any other judicial utterance with respect to this very matter. Judicial litterance with respect to this very matter. As senators will remember, the Sinking Fund cases related to the Union Pacific Railroad Co. When that company was organized, the law required that it should deposit or reserve 5 per cent of its net earnings as a sinking fund in order to meet its funded obligations, and that one-half of the sum that might become due from the United States to the Union Pacific Railroad Co. should be also reserved in order to meet eventually the debt to the United States. In 1878 Congress passed a law which required the Union Pacific Railway Co. to deposit with the Secretary of the Treasury 25 per cent of its net earnings in order to create a sinking fund which would ultimately pay the funded debt upon maturity, and it also provided that all of the sums that might become due from the Government to the Union Pacific Railway Co. for the transfer of troops and other things of that sort should be likewise withheld.

That act was challenged upon the same ground that I am challenging the bill before us. I have not time to read the decision. It is too long. It is very interesting. The opinion of the majority, rendered by Chief Justice Fuller, is one of the notable examples of cogent reasoning. The dissenting opinionconcurred in, as I remember, by three of the judges—is another brilliant example of legal literature. We had just as great power over the Union Pacific Co. as we have over these banks, and the act was passed for the alleged benefit of the Union Pacific Co. and its creditors. The act was sustained solely because it was said that the deposit of the net earnings did not change the title to the property; that the United States became the trustee to hold these net earnings for the benefit of bond-holders, and that the fund in the hands of the Government was

property belonging to the railway company.

No one can read that opinion without feeling sure that if Congress had attempted to take from the Union Pacific Railway Co. 25 per cent of its net earnings and to transfer the title to them to any person whomsoever, the act would have been regarded as a clear violation of the fifth amendment to the Con-I can not but believe that an examination of the stitution. opinion in that case will be conclusive upon the point I am now

considering.

I promised the Senator from Colorado to refer to the Oklahoma bank-guaranty case. I must not do it. I said, in response to his question, all I care to say about it, unless the matter shall arise again in the course of this debate. The Supreme Court sustained the Constitution of the State of Oklahoma on the ground that the assessment laid upon the banks in order to create a guaranty fund was an exercise of the police power or the taxing power of the State, and therefore that it was constitutional, and it was not taking private property for public use without just compensation, nor depriving the banks of their property without due process of law. There is a very clear, palpable distinction between what Oklahoma did respecting its banks and what we are trying here to do in regard to the national banks. I should be glad, indeed, to read the opinion, but I shall not do it at this time. If the view I have taken of the subject shall come into question hereafter, I may then embrace the opportunity to comment further upon it.

I conclude by saying that no law which offends the moral sense, no law which contravenes our natural conception of justice, no law which violates the civilized instincts of humanity, can long endure nor be successfully put into operation. I feel like appealing to my Democratic friends, who are the autocrats of this measure, who will determine its form, who will determine its scope, not to depart from the purpose they have in view, for it is a purpose in which we all concur; but I appeal to them not to invite the uncertainty, the doubt, the disaster that may ensue from the exercise of this power, which I believe to be unwarranted under the Constitution of the United States.

Mr. ROOT obtained the floor.

Mr. GALLINGER. Mr. President, will the Senator yield for a moment?

Mr. ROOT. Certainly.

Mr. GALLINGER. There is a very small attendance of Senators, and I suggest the absence of a quorum. The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Gallinger Goff Hitchcock Hollis Hughes James Ashurst Shively Smith, Ga. Smith, Md. Smith, S. C. Stephenson Sterling Norris O'Gorman Oliver Owen Page Perkins Bacon Bankhead Borah Bradley Brady Brandegee Bristow James
Kenyon
Kern
Lane
Lawis
Lippitt
McCumber
McLean
Martin, Va.
Martine, N. J.
Myers Pittman Poindexter Pomerene Ransdell Stone Thompson Tillman Bryan Chilton Clapp Clark, Wyo, Clarke, Ark. Townsend Vardaman Reed Robinson Root Shafroth Walsh Colt Weeks Crawford Cummins Sheppard

The VICE PRESIDENT. Sixty-three Senators have answered to the roll call. There is a quorum present.

Mr. ROOT. Mr. President, I ask that the Secretary read the amendment to section 16 of the pending currency bill which I presented a few days ago and which now lies upon the table.

The VICE PRESIDENT. The Secretary will read the amend-

The Secretary. In section 16 (Owen print of December 1) strike out lines 24 and 25, on page 37, and lines 1 to 9, inclusive, on page 38, and insert in lieu thereof the following:

The Federal reserve banks may from time to time, with the consent and approval of the Federal reserve board, issue notes to meet business requirements.

The said notes shall be obligations of the Federal reserve bank issuing the same and shall be receivable for all taxes, customs, and other

Ing the same and shall be receivable for all taxes, customs, and other public dues.

They shall be redeemable in gold on demand at the Treasury Department of the United States in the city of Washington, D. C., or in gold or lawful money at the bank of issue.

All note issues of the Federal reserve banks shall at all times be covered by legal reserves to the extent required by this section and by notes or bills of exchange arising out of commercial transactions, or obligations of the United States.

All demand liabilities, including deposits and note issues, of the Federal reserve banks shall be covered to the extent of 50 per cent by a reserve of gold or other money of the United States which the national banks are now authorized to hold as a part of their legal reserve: Provided, That whenever and so long as such reserve shall fall and remain below 50 per cent the Federal reserve bank shall pay a special tax upon the deficiency of reserve at a rate increasing in proportion to such deficiency, as follows: For each 2½ per cent or fraction thereof that the reserve falls below 50 per cent a tax shall be levied of 1½ per cent: Provided further, That no additional circulating notes shall be issued whenever and so long as the amount of reserve held by any Federal reserve bank falls below 33½ per cent of its outstanding notes.

Any notes of the Federal reserve banks in circulation at any time in the state of the federal reserve banks in circulation at any time in the state of the federal reserve banks in circulation at any time in the federal reserve banks in circulation at any time in the federal reserve banks in circulation at any time in the federal reserve banks in circulation at any time in the federal reserve banks in circulation at any time in the federal reserve banks in circulation at any time in the federal reserve banks in circulation at any time in the federal reserve banks in circulation at any time in the federal reserve banks in circulation at any time in the federal reserve banks in circulation at any

shall be issued whenever and so by any Federal reserve banks in circulation at any time in notes.

Any notes of the Federal reserve banks in circulation at any time in excess of an aggregate of \$900,000,000 for all of said banks, which are not covered by an equal amount of lawful money, gold buildon, or foreign gold coir, held by said banks shall pay a special tax at the rate of 15 per cent per annum, and any notes in excess of an aggregate of \$1,200,000,000 for all said banks, not so covered, shall pay a special tax at the rate of 5 per cent per annum: Provided, That in computing said amounts of \$900,000,000 and of \$1,200,000,000 the aggregate amount of any national-bank notes then outstanding shall be included. The notes issued by the respective Federal reserve banks shall constitute a first lien upon all the assets of the bank issuing the same. It shall be the duty of the Federal reserve board to require the Federal reserve banks to maintain at all times the parity of value of the notes issued by said banks with the standard established by the first section of the act of March 14, 1900, entitled "An act to define and fix the standard of value, to maintain the parity of all forms of money issued or coined by the United States, to refund the public debt, and for other purposes."

Mr. ROOT. Mr. President, before proceeding to point out the specific effect of the proposed amendment which has just been read, I wish to repeat an acknowledgment which I have already made in the Senate of grateful appreciation for the devoted and sincere labors of the members of the Senate Committee on Banking and Currency. This acknowledgment applies to all the members of that committee, however their conclusions differ, as represented by the different forms of the bill which are before us. I wish also to say that I think this bill has in it many very excellent and useful features which will be beneficial to the commerce of our country, and which ought to be

I regret that the circumstances under which the measure comes before the Senate are not more favorable to real discussion. I am not one of those who denounce caucuses and attempts to secure united party action. Under my own conception of a government by political parties, membership in a party involves certain obligations to attempt agreement upon that united party action which is necessary to discharge party responsibilities. I do not think that the declaration of affiliation with a political party should be regarded as merely a means of obtaining office, to be forgotten after office is obtained. I think that when by declaring himself a member of a political party a man has secured an election to office by his fellow citizens, he has assumed toward them an obligation to seek to do his part toward discharging the responsibility of his party in putting into effect the policies which it declares.

So, sir, I do not regard with the animosity and great disfavor which have been expressed with great sincerity by some of my colleagues the attempt of the Democratic Party to secure effective action along the line of their party declarations and principles.

But, sir, I think it is very unfortunate that the Democrats of the Senate have taken their caucus action in advance of dis-cussion on this bill in the Senate rather than after discussion. I think it would have been much better if the bill had been reported to the Senate so that we all could have discussed it, so that differing opinions from different points of view could have been expressed, and then after the benefit of that discussion the dominant party had assembled and determined its course of action. There would then have been more zest and life and sense of opportunity on the part of the members of the minority in discussing the bill.

Certainly, sir, one of the chief advantages in our system of representative government is that it does give to those who hold the power by virtue of being in the majority the benefit of the differing points of view of the minority. Discussion is most valuable when it involves an expression of those who differ, and not when it is a mere presentation of the views of those who As it is, all of us on this side of the Chamber labor under the great discouragement of feeling that whatever we may say the fate of the bill and of every part of the bill is already determined.

Mr. OWEN. Mr. President—
The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Oklahoma?

Mr. ROOT. Certainly. Mr. OWEN. I do not wish to interrupt the Senator, but I think it only proper to remind him that the conference which was held upon this measure was held in the light of the suggestions made after a prolonged examination by the Republican members of the committee and the Democrats together, and finally the draft of a proposed amendment by the Republican members, that that was taken under consideration, and that the conference is not at all precluded by any action it has taken from further conference in case anything transpires on

Account of which it is thought necessary to have that done.

Mr. VARDAMAN. That was understood.

Mr. OWEN. I think I may fairly say it was understood that the conference should consider any further matter that

might arise which seemed to make it necessary.

Mr. WILLIAMS. If the Senator from New York will pardon me, this course was taken substantially with regard to the tariff bill, and yet several suggestions made upon the floor— I remember one by the Senator from Connecticut [Mr. Brande-GEE]-coming from the minority were subsequently adopted by the Democratic caucus and put into the bill.

Mr. ROOT. I am glad, Mr. President, to have this ray of hope. Of course, we all have great confidence in the minority members of the Committee on Banking and Currency, but they are a very small part of the Members of the Senate, and the expression of their views in committee can not be deemed to be a complete substitute for an expression of the views of Senators representing their constituents. In that committee, for example, there was no respresentative of the great State of Pennsylvania, with its vital interests in the complicated system which is to be affected by this currency bill.

As to the effect of the Democratic caucus or conference, while there is a little hope, it is rather slight, because, as the Senator from Iowa [Mr. CUMMINS] pointed out yesterday, the burden is not to produce an effect upon individual members of the majority, but it is to convince a majority of the majority that they ought to reverse the conclusions which have already been reached—a very difficult thing to do. I am grateful to my friends upon the other side for permitting me to address myself to a task which is not, at least theoretically, impossible, however practically improbable its accomplishment may be.

The point toward which the amendment just read is directed is the sixteenth section of the currency bill. I have used and read from the print of December 1, 1913, entitled "Amendment intended to be proposed by Mr. Owen to the bill H. R. 7837." I think there has been another print with some slight modifications, but I think no modifications which affect the matters as to which I shall speak. I therefore continue to use the paper which I used in preparing my own mind for what I have to say.

Let me read the provision which I ask to have striken out, under the head of "Note issues":

SEC. 16. Federal reserve notes, to be issued at the discretion of the Federal reserve board for the purpose of making advances to Federal reserve banks through the Federal reserve agents as hereinafter set forth and for no other purpose, are hereby authorized. The said notes shall be obligations of the United States and shall be receivable for all

taxes, customs, and other public dues. They shall be redeemed in gold on demand at the Treasury Department of the United States, in the city of Washington, D. C., or in gold or lawful money at any Federal

You will perceive that that provision contains in its terms no Hmit whatever upon the quantity of notes that may be issued:

Federal reserve notes, to be issued at the discretion of the Federal serve board for the purpose of making advances to Federal reserve

banks. The said notes shall be obligations of the United States.

That, sir, is to my view a plain, simple enlargement of the national currency of the United States. It is authority for the increase, practically, of what we call greenbacks. The notes will be obligations of the Government of the United States pure and simple. They are not credits of anybody else; they are credits of the Government of the United States. While technically they are not proposed by nically they are not money but are promises of the United States to pay, I shall speak of them as money, just as we speak of our greenbacks as money, because in the ordinary colloquial use of words that description is best understood.

Let me state now, before going on to consider further incidents to this issue of Government currency, the present position of our currency, because that is a necessary background to a consideration of the effect and propriety and usefulness of

issuing more Government paper.

According to the report of the Comptroller of the Currency for 1913, the total stock of money in the United States on the 30th of June, 1913, was as follows:

In the entire United States there were \$3,720,000,000. that there were in the Treasury of the United States, held as assets against currency, \$356,300,000, leaving in circulation \$3,363,700,000.

Of that there were in the banks of the United States, of that there were in the banks of the United States, including national banks, State banks, and trust companies, \$1,552,300,000, leaving out of the banks and in circulation among the people—that is, in real circulation—\$1,811,400,000.

On the basis of this currency and by the use of credits representing currency there were at the same time individual description in the banks of the United States of all the discrete.

posits in the banks of the United States of all the classes that I have enumerated, \$17,024,000,000, the deposits being approximately nine to ten times the amount of actual money in circulation, and from ten to eleven times the amount of the actual money in the banks, this great excess of deposits being brought about by the deposit of credits, the same amount of money serving for numerous successive credits.

This money appears by the report of the Secretary of the Treasury for 1913 to have been of the kinds I shall state. Let me say that the figures of the comptroller were for the 30th of June, 1913, while the figures of the Secretary of the Treasury are for the 1st of November, 1913. They will not tally exactly, but there are only the ordinary variations from day to day, and the differences are so slight that it is of no consequence for our purposes.

This money was of the following description: Of gold coin, \$614,478,201; of standard sliver dollars, \$74,012,152; of subsidiary silver, \$160,486,188; of gold certificates, \$1,021,451,879; silver certificates, \$480,079,731; of Treasury notes of 1890, \$2,583,874; of United States notes, that is, greenbacks, \$341,-401,413; and of national-bank notes, \$722,615,240; footing up on the 1st of November, 1913, \$3,417,109,678.

In this enumeration of the kinds of money the Government appears as having issued, not including gold certificates, which really represent gold deposits—which are a trust fund against the certificates—the Government appears as having issued its paper, practically its promises to pay, of greenbacks, \$341,401,413; of Treasury notes of 1890, \$2.583,874; and of silver certificates against the silver on deposit, \$480,079,731, making a total of \$824,064,118 of Government obligations. Against that the Government had of gold reserves \$150,000,000 and of silver deposited, upon which it had issued certificates, which the Gov-ernment is under obligation to keep on a parity with gold, and which is, speaking roughly, worth about one-half of gold, \$480.079,739. I treat one-half of that silver as being security or reserve against the silver certificates; a little more or less is of no consequence. So that, as against this \$824,064,118 of its demand obligations, the Government has in reserve in gold and silver value \$301,331,000. It is now proposed to increase that amount of \$824,064,118 of demand obligations of the Government by the issue of further Government obligations under the provisions of section 16, which I have read. The section proceeds to provide that the Government, in issuing these notes and advancing them to the reserve banks, shall take security from banks, and that the banks shall hold in their vaults as applicable to making good to the Government the notes which have been issued to them a reserve. The reserve is to be 35 per be retained for reserve purposes. Of course it makes no dif-

cent; and it is required that at least 33% per cent of that amount of notes issued to the banks shall be based on gold.

The bank is also to furnish to the Government, through a Federal reserve agent representing the Government, commercial paper to the amount of the notes. Those two kinds of security are provided for; a security which, if the Government were loaning money to you or to me in a specific transaction, I should say should be deemed adequate security, and manifestly the members of the committee have regarded the provision as furnishing adequate security to the Government in respect of the particular transaction considered by itself. It is not, however, consideration of the transaction by itself as a simple matter of the loan of money or of credits upon securities to which I wish to invite your attention. I think that the relation of the series of transactions, of the possibilities of the powers vested in this central reserve board, and the effect of the exercise of that power as a whole from time to time, day after day, month after month, and year after year, upon our financial system, upon the commerce of the country, is the true subject for our consideration rather than the narrow question whether in a particular transaction the security which the Government gets for its loan is adequate.

Mr. President, it is desirable to get some idea as to what limitations upon this power to issue Government obligations, that by its own terms has no limit, may be created by the requirement that the bank shall retain security in the way of reserves, because that will give some idea of the extent to which the

power may be exercised.

In the first place, the obligation that the bank shall hold a reserve will tend to operate to some extent as a limitation, because, if the banks do not hold a reserve, the Federal reserve board would not be justified in advancing further notes to them, and would be bound perhaps, then, to reduce the number they

already had. Here is the provision of the bill:

already had. Here is the provision of the bill:

Every Federal reserve bank shall maintain reserves in gold or lawful money of not less than 35 per cent against its deposits and its Federal reserve notes in actual circulation, but the amount of gold in the Federal reserve bank, together with the amount deposited by it with the Treasury, shall be at least equal to 33½ per cent of the Federal reserve notes issued to said bank and in actual circulation and not offset by gold or lawful money deposited with the Federal reserve gent. The Federal reserve board may notify any Federal reserve lank whose lawful reserves shall be below the amount required to be maintained to make good such reserve; and if such bank shall fail for 30 days thereafter so to make good its lawful reserve, the Federal reserve board may suspend and take possession of such reserve bank and administer the same during the period of suspension.

Assuming that that reserve is to be retained, the Senator from

Assuming that that reserve is to be retained, the Senator from Virginia [Mr. Swanson] gave us some figures which I shall From my knowledge of the Senator's accuracy, I presume they are correct, but I have not undertaken to verify them by my own calculations, because minor differences are of no particular consequence. The figures, as the Senator stated them, are that under the mandatory provisions of the bill the regional reserve banks would have total resources of about \$636,000,000. Those include capital, Government deposits, and the reserve deposits of member banks. That is under the mandatory provision; and, as I think the Senator remarked in his speech, that is liable to be increased by voluntary accessions of State banks which may come in under permission of the statute, but the minimum may be taken to be \$636,000,000. The Senator stated the quantity of Government notes which might be issued without any violation of authority or duty because of the reserve requirement, to the banks having that amount of assets of \$636,000,000, to be \$1,817,000,000; which I think to be substantially correct.

Mr. SWANSON. Mr. President, will the Senator from New York permit me to interrupt him? The VICE PRESIDENT. Does the Senator from New York

yield to the Senator from Virginia?

Mr. ROOT. Certainly. Mr. SWANSON. That is, figuring that the reserves, capital, and deposits of these banks, mandatory, as the Senator suggested, were entirely utilized for the issuance of currency and that none was loaned for rediscount.

Mr. ROOT. Precisely.

Mr. SWANSON. As I understand, if the reserves and all the resources amount to \$636,000,000, as has been estimated by some experts who have figured on this bill, the maximum limit of

their resources would be \$1.817,000,000 of reserve notes issued.

Mr. ROOT. Mr. President, we are quite in agreement. I take
these figures upon the basis that the Senator from Virginia has stated them.

Mr. SWANSON. As a maximum.
Mr. ROOT. Yes; that is the limit to which the issue of the notes may go on the basis of the assets of the Federal reserve banks under the mandatory provisions, assuming those assets to

ference whether you hold the assets you have for reserve purposes or whether you lend those assets and take as part of the proceeds the notes that have been issued to you for reserve Of course this amount of \$1,870,000,000 may be purposes, greatly increased in case the 18,000 State banks and trust companies, or any considerable number of them, not included under the national system come in under the permission of this bill to get the advantage of the system. So that we have here, so far as the requirement for reserves is concerned, the possibility under the power conferred on the Federal reserve board of increasing the demand obligations of the United States to the extent of \$1,870,000,000 or more,

Mr. REED. Mr. President-

The PRESIDING OFFICER (Mr. THOMAS in the chair). Does the Senator from New York yield to the Senator from

Mr. REED. If it will not interrupt the Senator, I do not think there is any safety in following that kind of limitation,

Mr. ROOT. I will ask the Senator not to interpose an argu-

ment now

Mr. REED. I do not intend to. I was going to say to the Senator that, while there can be an increase of the amount, it seems to me that the only limit is found in the ability of the bank to get 33\(\grace\) per cent of gold, and that beyond that there is no limit except the discretion of the reserve board.

Mr. ROOT. I am obliged to the Senator from Missouri for contributing to the particular subject to which I was addressing myself his conclusion from his long and faithful study of this subject as a member of the Committee on Banking and

Currency.

Now, sir, let us turn to the requirement that there shall be commercial paper furnished as security. We have found that upon this general authority, this unlimited authority, there is no restriction placed by the reserve provisions, except the power of the bank to get gold for the 33½ per cent of its reserve. If it can get that, the amount to be issued may run from \$1,800,000,000 up. The terms of the bill regarding the security to the Government I will read, as follows:

Any Federal reserve bank may make application to the local Federal reserve agent for such amount of the Federal reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal reserve agent of collateral in amount equal to the sum of the Federal reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes and bills accepted for rediscount under the provisions of section 13 of this act.

If we turn to section 13 of the act, we find a description of the bills and notes which may be tendered as collateral security. The description is important, because, while I do not quarrel with it as a proper description of the kind of commercial paper which may properly enter into banking transactions as a basis for banking credits, we ought to observe that the scope of the paper described is such that there is practically no business enterprise possible in our country that can not be financed by the use of such paper. I refer to that because I am now trying to ascertain what limitations upon the general power to enlarge the demand obligations of the United States can be found in the character of the paper that must be offered as security. Here is the description:

security. Here is the description:

Any Federal reserve bank may discount notes, drafts, and bills of exchange arising out of actual commercial transactions; that is, notes, drafts, and bills of exchange issued or drawn for agricultural, industrial, or commercial purposes, or the proceeds of which have been used, or are to be used, for such purposes, the Federal reserve board to have the right to determine or define the character of the paper thus eligible for discount, within the meaning of this act. Nothing in this act contained shall be construed to prohibit such notes, drafts, and bills of exchange, secured by staple agricultural products, or other goods, wares, or merchandise from being eligible for such discount; but such definition shall not include notes, drafts, or bills covering merely investments or issued or drawn for the purpose of carrying or trading in stocks, bonds, or other investment securities, except bonds and notes of the Government of the United States. Notes, drafts, and bills admitted to discount under the terms of this paragraph must have a maturity at the time of discount of not more than 90 days.

There is in this description of the notes and bills-the paper which may constitute the security to be offered for the loan of the Government notes-no limitation whatever by a reference, either to the capital of the bank discounting or to the deposits of the bank discounting or to any other fixed standard. There is no limit that I can find in the bill to the quantity of paper of the kind described that any bank may take, except the bank's ability to get the money to pay for the paper. I have looked carefully for it, and I have asked a number of my friends if they could find it anywhere, and they have said they could not.

Mr. O'GORMAN. Mr. President—
The PRESIDING OFFICER. Does the Senator from New

York yield to his colleague?

Mr. ROOT. Certainly.

Mr. O'GORMAN. I do not know whether my colleague's attention has been called to the paragraph toward the close of section 16, which provides:

The board-

Speaking of the Federal reserve board-

The board shall have the right, acting through the Federal reserve agent, to grant in whole or in part or to reject entirely the application of any Federal reserve bank for Federal reserve notes.

Mr. ROOT. Mr. President, I have not overlooked that, and I shall address myself presently, in the regular course of my remarks as I have mapped them out in my mind, to that subject.

Mr. O'GORMAN. I thought it pertinent, in view of the Senator's observation that he knew of no restraint in the bill

with respect to the quantity of paper that would be received. Of course it would be idle for a regional bank to receive paper if the Federal reserve board would refuse to give permission to have a note issue on that or any other collateral.

Mr. ROOT. Mr. President, my proposition now is that there is no limitation in this bill. We as the lawmaking power impose no limitations. We do confer upon the Federal reserve board a power and discretion, and as to the efficacy of that au-thority on their part I shall speak in due course. The section thority on their part I shall speak in due course.

proceeds:

Any Federal reserve bank may discount acceptances which are based on the importation or exportation or domestic shipment of goods and which have a maturity at time of discount of not more than three months, and indorsed by at least one member bank. The amount of acceptances so discounted shall at no time exceed one-half the pald-up capital stock and surplus of the bank for which the rediscounts are made.

We put into the bill a limitation upon that kind of paper, but we put in no limitation upon paper of the general description I have already read.

Then there is another limitation:

The aggregate of such notes and bills bearing the signature or indorsement of any one person-

That is, of the notes or bills which have just been describedthe signature or indorsement of any one person, company, firm, or corporation rediscounted for any one bank shall at no time exceed 10 per cent of the unimpaired capital and surplus of said bank—

That is, we put a very proper limitation upon favors to single individuals or corporations-

but this restriction shall not apply to the discount of bills of exchange drawn in good faith against actually existing values.

From which it is to be inferred that the discount of notes and bills of the kind described is expected, though they be not drawn in good faith against actually existing values; and against those which are not drawn against actually existing values the limitation of 10 per cent to one person applies.

Mr. President, one of the causes of complaint of our present financial system has been that during the dull season, when money is not needed for crop moving or other great business movements, it tends to flow to the city of New York, where it goes first into the reserve deposits of the country banks at 2 per cent interest, and next goes into deposits outside of the reserves and is loaned on call upon collateral security and is used in speculation in the stock market and used for the promotion of new enterprises. That has long been one of the great sources of trouble in the autumn, when we come to the point where money is needed in the country to move the crops, that the money that has flowed to New York when it was not needed in the country has been taken by the New York banks at 2 per cent interest, and the banks, having to make something from it in order to pay that interest, have been driven to taking security which was not of the highest quality; that is, they have been driven to putting the money out upon collateral consisting of securities of new enterprises the value of which depended upon their being completed and successful. The real trouble about getting in that money in the autumn for use in the country has been, not the trouble of getting in money that was loaned out on good securities of established concerns, established corporations, railroads, and industrials, but the difficulty of getting in money that had been loaned on the securities of new enterprises all over the country that depended for their means of payment upon the success of the enterprises.

I undertake to say that there is no new enterprise conceivable in this country, that no one of us has known in the past decade a new enterprise, which could not be financed by bills and notes coming within the description of the bill I have read. It is as easy to turn from a collateral note, such as is used now in absorbing the great mass of money that flows to New York every year and is loaned out, and turn to bills and notes coming within this description as it is to buy a blank from a stationer. Observe, sir, that the same rule of action, the same principle, which gives us seventeen billions of deposits in the banks of the country with less than three and a half billions of money

in and out of the banks, with only one billion and a half of money in the banks, the same principle which gives us deposits more than ten times the amount of money that is in the banks, will be applicable in the making of the bills and notes that can be brought in as security for these Government notes; that is to say, merchandise in its passage from the point of production to the point of consumption may be drawn against by successive holders in good faith, and each transfer may be made the basis of a bill upon which discount may be obtained, upon which a Government note can be issued.

So, sir, I think we find no recourse by way of limitation here in anything that we impose by our bill against as vast an enlargement of the demand obligations of the United States as the reserves of the banks will permit. When we consider the more than twenty billions of internal trade; when we consider the more than three and a half billions of foreign trade; when we consider the immense opportunities for enterprise afforded by the great and not half opened or exploited regions of the South and West; when we consider the energy and optimism and sanguine spirit of our people, we must face the probability, the certainty, that this offer of practically unlimited funds from Uncle Sam to all his people will result in an activity of enterprise that will absorb the maximum which the required reserves permit and require the extreme exercise of the authority of the reserve board to issue these obligations.

Now let me return to the fundamental propositions of this bill, or the fundamental propositions upon which we began to address ourselves to the subject, and call attention to the fact that one of those propositions was that we should have an

elastic currency.

What is an elastic currency? We all agree that it is a currency which expands when more money is needed and contracts when less money is needed. It is important not merely that the currency shall expand when money is needed, but that it shall contract when money is not needed, for to an industrial and commercial country a redundant currency is the source of manifold evils, some of which I shall presently point out.

At present I observe that this is in no sense a provision for an elastic currency. It does not provide an elastic currency. It provides an expansive currency, but not an elastic one. It provides a currency which may be increased, always increased, but not a currency for which the bill contains any provision

compelling reduction. \( \) I am not now speaking about what the reserve board may do. I am not now speaking about what the reserve board may do. I am speaking about what we do; about how we perform our duty. The universal experience, sir, is that the tendency of mankind is to keep on increasing the issue of currency. Unless there is some very positive and distinct influence tending toward the process of reduction, that tendency always has, in all the great commercial nations of the world, produced its natural results, and we may expect it to produce its natural result here, of continual, progressive increase.

The psychology of inflation is interesting and it is well un-

derstood. No phenomenon exhibited by human nature has been the subject of more thorough, careful, and earnest study than that presented by the great multitude of individuals making up the business world in any country in the process of gradual inflation. It is as constant as the fundamental qualities of humanity, and it differs in different countries only in degree, according to the hopefulness and optimism or the natural con-

servatism and caution of the people.

If the people of the United States have not wholly changed their nature from the nature which has been exhibited in all the financial history of England, from which many of us came; in all the financial history of France, from which many of us came; in all the financial history of Germany, from which many of us came; of Austria, of Italy; unless our human nature has been changed, we may confidently expect that under this proffer of easy money from a paternal Government, available for each one of us, available to send the lifeblood into the enterprise of every quarter of our vast country, available to enable all the young and hopeful and energetic Americans, east and west and north and south, to embark in business ventures which will lift them up from the hard conditions of daily toil, we may confidently expect that the same process will occur that has occurred time and time and time again in older

That process is this: Little by little the merchant, the manufacturer, the young man starting out for himself and with a good character, enough to give him a little credit; the man with visions of great fortunes to be won; the man with ideals to be realized; the inventor, the organizer, the producer; little can people by little, with easy money, they get capital to begin business and to enlarge business. As the business enlarges sales increase, and prosperity leads to the desire for growth. They all

have before them spectacles of great fortunes made by the men who have grown from small beginnings to wonderful success the Wanamakers, the Marshall Fields, the great manufacturers, the Fords. I could enumerate a thousand whose example, whose phenomenal success to-day inspires young Americans with boundless hope. Little by little business is enlarged with easy money. With the exhaustless reservoir of the Government of the United States furnishing easy money, the sales increase, the businesses enlarge, more new enterprises are starfed, the spirit of optimism pervades the community. Bankers are not free from it. They are human. The mem-

bers of the Federal reserve board will not be free from it. They are human. Regional bankers will not be free from it. They are human. All the world moves along upon a growing tide of optimism. Everyone is making money. Everyone is growing rich. It goes up and up, the margin between cost and sales continually growing smaller as a result of the operation of inevitable laws, until finally some one whose judgment was bad, some one whose capacity for business was small, breaks; and as he falls he hits the next brick in the row, and then another, and then another, and down comes the whole structure.
That, sir, is no dream. That is the history of every movement

of inflation since the world's business began, and it is the history of many a period in our own country. That is what happened to greater or less degree before the panic of 1837, of 1857, of 1873, of 1893, and of 1907. The precise formula which the students of economic movements have evolved to describe the reason for the crash following this universal process is that when credit exceeds the legitimate demands of the country the currency becomes suspected and gold leaves the country.

So, sir, I can see in this bill itself, in the discharge of our duty, no influence interposed by us against the occurrence of one of those periods of false and delusive prosperity which inevitably end in ruin and suffering. For, Mr. President, the most direful results of the awakening of the people from such a dream are not to be found in the banking houses-no; not even in the business houses. They are to be found among the millions who have lost the means of earning their daily bread. They are to be found in the dislocation and paralyzing of the great machinery which gives the value to the product of the toller by transporting it from the place where it is produced, and is worthless because there is no one to use it, to a place where it can be used and by finding some one to use it who will pay for it.

Mr. President, this question for all my friends in the West, the farmers of the West, is not a question of country banks. It is a question that goes far deeper than that. When the farmer has put his toil and his savings into his crop of corn or wheat or cotton, for the reward of his industry and its con-tinuance in future years and the support of his family, he depends upon what? Why, sir, upon the continued and effective depends upon what? Why, sir, upon the continued and effective working of this vast machinery of transportation, distribution, and payment; and if that machinery is dislocated, if a necessary part refuses to work, it is like striking with a sledge hammer the machinery of the automobile; the car stops. effect of such a period of inflation, of false prosperity, and of inevitable catastrophe is to deprive every producer upon the farm, in the mine, in the factory of the reward of his labors.

President, I am going presently to deal more specifically with just what will necessarily happen in the event of this process, but before doing that I want to call attention to the way in which pretty much all the wisdom that has not been put into this bill has dealt with the problem in times past, and has concluded that it ought to be dealt with now. The method universally adopted in the great world of business for preventing such a proceeding is to have what we started out to try to get, an elastic currency. It is to provide for a currency that will come down by the operation of natural forces as well as go up. It is to put a limit, a limit first of self-interest, upon the increase, and then, beyond a certain danger point, an absolute prohibition.

It is manifest that when banks issue currency there is a certain limitation involved in the nature of things, because their credit is not unlimited, and they can go only about so far without their issues being affected. When you have a bank currency as they have in England and in France and in Germany and in Canada, the banks can not in the nature of things go more than a little ways beyond the legitimate requirement of the business of that country.

But we are proposing to furnish everybody who can draw and sign a bill currency that has behind it the credit of the American people—the Government of the United States. What limit is there to that credit now? What limit up to this time? There may be a limit owing to the working of this bill, but there is

Furthermore, it has been the custom to impose specific limitations even upon the amounts the banks can issue. The Bank of England is limited to the gold actually in possession, except as to a certain small quantity, fifteen to eighteen million pounds sterling-something less than \$90,000,000-which it can issue as against Government securities, an amount which it is supposed will necessarily remain out in the pockets and the stockings and chimney pieces of the people. The Bank of France is limited in amount: the German Bank in amount and by a progressive tax; the Canadian banks to the amount of their capital, with a certain moderate excess specifically stated by statute for particular emergencies.

Now, we have had a commission, a Monetary Commission, which has made a very careful and thorough study of this subject for the purpose of furnishing a basis upon which Congress might act. I think that commission included as good a representation of the ability and faithful devotion to service of the two Houses as it was possible to find. It was not partisan. Republicans and Democrats alike united, and they united in a

I am aware, sir, that upon some features of that report there is a violent opposition to the conclusions of the commission. Upon the question of a central bank, which they recommended, the platform of the Democratic Party is supposed to have pronounced an adverse verdict. I am not going to discuss those questions; but certainly the conclusions reached by that commission, composed of men of both parties uniting upon the practical expedients by which an elasticity of currency may be secured and undue inflation may be prevented, is not a party question; it is not a partisan question; it is not a local question, but is a question to which we can all address ourselves with a common desire to reach a conclusion that is for the best interests of our country.

The methods recommended by that commission to secure that result are, in substance, those which I have included in the amendment I have had the honor to present. The commission would make the notes issued not notes of the United States, to be loaned by the Government, but notes of the banks, with such limitation upon their issue, in the first place, as comes from the limit of credit of a creature as compared with the creator, and, next, with the specific limitation upon them that they shall be covered by a 50 per cent gold reserve, and that whenever that reserve falls below 50 per cent the reserve bank shall pay a special tax upon the deficiency of the reserve at a rate increasing in proportion to the deficiency, as follows: For each 21 per cent, or fraction thereof, that the reserve falls below 50 per cent a tax of 11 per cent; so that if the reserve got down to 45 per cent there would be a 3 per cent tax; if it got to 40 per cent there would be a 6 per cent tax; it it got down to 35 per cent there would be a 9 per cent tax; if it got down to 331 per cent it would stop absolutely.

Of course, the natural effect of that is that it becomes un-

profitable for the bank to issue more money than the country requires, and you tell what the country requires by the ability to get the gold and by watching, as every banker who knows his business does watch, the course of business of each cus-

tomer who is dealing with the bank.

Then there is another line of limitation. The line which I have just described is to bring down the quantity of notes put It is to make the elasticity downward, which is wholly omitted from the bill as it stands now, and it is to bring it down not by a command, not by vesting authority in somebody else to command it or require it, but by imposing a tax which wil' automatically make it for the self-interest of every banker to bring it down when the time comes at which it ought to come down. Then here is the other line, which is designed to put a rubber band on the expansion of this currency, so that the higher it goes the harder the band will pull and keep it back, and finally fixing a point where it must stop anyway.

Any notes of the Federal reserve banks in circulation at any time I am now reading from the amendment which follows the rec-

ommendation of the Monetary Commission.

Any notes of the Federal reserve banks in circulation at any time in excess of an aggregate of \$900,000,000 for all of said banks, which are not covered by an equal amount of lawful money, gold buillon, or forsign gold coin, held by said banks shall pay a special tax at the rate of 1½ per cent per annum and any notes in excess of an aggregate of \$1.200,000 000 for all said banks, not so covered, shall pay a special tax at the rate of 5 per cent per annum: Provided, That in computing said amounts of \$900,000,000 and of \$1,200,000,000 the aggregate amount of any national-bank notes then outstanding shall be included.

That will make it for the solf-interest of the bankers not to

That will make it for the self-interest of the bankers not to push up their notes unduly, even though they have the reserves. Right at this point I wish to call attention to the fact that we are already by other means inflating our currency. Of course, this bill very properly provides for retaining the present seven hundred and forty-odd million dollars of national-

bank currency. Either in their present form or in the converted form the amount is to remain out. This provision of the amendment with its two figures of \$900,000,000 and \$1,200,-000,000 would allow the increase of the currency without a repressive tax of about \$160,000,000. That is bringing our seven hundred and forty-odd million dollars of present national-bank currency up to \$900,000,000.

It would allow under the repression of a tax the currency to go up \$300,600,000 more. It is not made impossible when business really requires it to have \$300,000,000 more. So it varies between \$160,000,000 and \$460,000,000 increase. After reaching \$460,000,000 the 5 per cent tax comes down and makes it prac-

tically impossible or wholly unprofitable to increase.

I said we are inflating otherwise than by this proposed issue of Government notes. We have been quite progressive in our treatment of Government money. For a long time no Government moneys were deposited in banks except internal-revenue receipts. Then, a few years ago, we broadened out, and we allowed the Secretary of the Treasury to deposit customs re-ceipts upon certain securities. The Post Office business is a business conducted by itself. The practice under that permission has progressed. At first it was considered suitable for the Secretary of the Treasury to demand security for the deposit of customs receipts of very much the same character as the security for the issue of currency, and he issued a list of the kind of bonds which he would take. Now-and I do not quarrel with it-the Secretary of the Treasury is making deposits on commercial paper. I say I do not quarrel with it, but it is a progressive increase of the available currency of the country instead of having large amounts locked up in the Independent Treasury.

Then, in this bill we are enlarging our currency. I will not call it inflating, because the word has a bad sense, and when I use it I mean it in a bad sense. We are enlarging our currency by the reduction of the reserves. Take, for instance, the central reserve banks. I will take, for example, the Bank of Commerce in New York, because I happen to be somewhat familiar with The Bank of Commerce has something over \$100,000,000 of deposits—call it \$100,000,000. Under the present law it has to keep 25 per cent of reserves—that is, \$25,000,000, locked up in the vault. It can not use them. If it does, the comptroller comes after the bank. Under this bill the reserve is reduced to \$18,000,000. That releases \$7,000,000. That one bank adds \$7,000,000 to the available currency of the country. But that is not all. Of the remaining \$18,000,000 of reserve that it has to keep, it only has to keep six-eighteenths in its vaults, and it has to put fiveeighteenths into the regional bank. I think that is it. difference between six-eighteenths in the vault and five-eighteenths it has to put in the regional bank it can either keep in the bank or put in the vault. It is fair enough to assume that approximately one-half will go into the vaults and one-half into the bank, because that is permitted and that would be natural; but that half-that is to say, 9 per cent-that \$9,000,000 which will go into the regional bank will not be locked up, but 65 per cent of it can be loaned by the regional bank. So you find that between twelve and thirteen millions of the money which that one bank has had to keep locked up in its vaults is going to be set free by the operation of this bill and added to the available live currency of the country.

A have not taken the trouble to figure it out, because it is not important, but extended to all the national banks, applying to all of them, the same process which sets free between twelve and thirteen millions of the money of the Bank of Commerce, you find a very handsome enlargement of the free and independent currency of our realm. So we are all moving in the same direction, in a direction which, unless brakes are put on somewhere, is going to land us in inflation. I conceive it to be our duty to put the brakes on and not leave it for anybody else to do it or not to do it, as he sees fit.

Now, let me turn more directly to the consequences of the inflation which seems to me to be inevitable if we pass this bill as it is. I have said that a crash inevitably comes from the kind of process which easy money produces. President, long before that crash comes the rest of this world of commerce that we have so recently really entered upon will have seen the signals of the approaching storm. My memory, sir, goes back to the time when really there was no international banking in the United States, when our banks were all local institutions. I have seen the process go on step by step as we have grown in wealth and have extended our enterprise up to a point where we are engaged in a mighty commerce and where we feel every impulse given in the Old World; for the movements of trade are felt across the ocean as quickly as the diaphragm at one end of the telephone responds to the voice at the other, and every impulse that we

give is felt in every civilized country of the world. We have entered into that companionship and we can never retire from it, for the vast and varied industries of our people are dependent upon the continuance of the processes which involve conjoint and correlative action by our own and every other

civilized country.

The rate of interest can not go up 2 per cent in the city of New York but that the rate of exchange upon London falls. The rate of interest can not go down but the rate of exchange The business men of Europe follow the upon London rises. course of business in the United States with a degree of solicitude and of careful attention and accurate information that no man in this Chamber has ever equaled. They know the course of trade. They know the currents of opinion. know the dangers that lie before us. They know what steps are being taken to avoid them. The confidence or distrust of American finance responds to the trained judgment of a multitude of men who are familiar with the business of the world following carefully and with accurate information every movement of American finance and American commerce.

Now, I say that long before the crash as the result of inflation the men who are following our affairs in Europe will have seen the signals of the approaching storm. Why should they not, when we are carrying on a trade with Europe which involved during the year ended June 30, 1913, exports from this country to other countries of \$2,428,506,358 in value, and imports from other countries in the same year of \$1,812,978,234? Why should they not, when there are held in Europe of American securities, the stocks and bonds of our railroads and industrials and mines and manufactories, amounts variously

estimated at from four to seven billion dollars?

I have tried to see if I could get something more definite upon that, but it is pretty difficult to be very accurate; necessarily there must be some element of estimate. . I have an estimate by Babson's Statistical Organization, a concern whose figures are well considered and are regarded as trustworthy. They say Europe holds over \$7,000,000,000 of American securi-My impression, gathered from my attempts to get information from other sources, is that that is rather a large estimate, but it is somewhere between \$4,000,000,000 and \$7,000,000,000. So there is reason why we should be carefully watched abroad. You must remember that those people who are engaged in business abroad have been through a hard experience. I doubt if the French will ever forget the results of their attempt to issue Government money, the French assignat, which disappeared with the credit of the country. Great Britain has had her hard experience. The distress, suffering, and ruin that followed an inflation of her currency prior to the year 1811 led to the appointment of a special commission of the House of Commons to consider the whole subject and report upon it. In 1811 that commission brought into the House of Commons what is known by the bullion report, which is one of the great landmarks in the history of finance. That report was rejected by the House of Commons when it came in. It was treated by the House of Commons when it came in just as the report of our Monetary Commission is being treated by our Congress now; but in 1819, eight years after, the British Parliament came to see that the commission had been right and they had been wrong, and they adopted those sound principles recommended by that commission on which the currency and finances of Great Britain have been regulated ever since, the same principles which underlie and are expressed in the report of our Monetary Commission.

Mr. President, it is upon the sound basis of those principles embodied in the bullion report of 1811, once rejected and subsequently accepted by the British Parliament, that Great Britain has come to be the greatest financial, commercial, and industrial power that the civilized world has ever known. not be unwilling to learn something from the experience of a people who, through hard experience, have come to an understanding that has made them so great and so successful.

Sir, with this past of their own and with this active interest in our affairs resulting from their intimate connection with them, I say again long before the crash comes the people of finance and commerce in Europe will have seen its approach. The universal law under such circumstances is that the existence of an inflated currency and doubt of the soundness of financial policy immediately result in gold leaving the country. I say that is the universal law; that is the universal human We can no more change it than we can make the light turn back on its course from the sun. I say the gold will leave the country; and I beg my fellow Senators to consider for a moment the elements of danger that will lie before us and that we ought to contemplate.

We set great store by the fact that the balance of trade is in our favor. For a number of years our exports have exceeded our imports by approximately \$500,000,000, and for the last year \$600,000,000; but that is only the visible trade, that is only the trade that finds its record in the customhouses. an invisible balance that we must not forget.

Before passing to that, let me suggest that we ought to remember that this balance of trade is not a constant quantity. It is certain to be affected by some circumstances of recent origin. To what extent no man can tell, but it is certain to be affected to some degree. One is the lower tariff. Of course that is expected to result in increased importations; that is the universal experience, and about that I suppose there will be no controversy. With the lower tariff that has just been adopted the tendency will be to increase importations and pro tanto to cut down the balance of trade in our favor.

On the other hand, we all know that we are approaching the limit of our exportation of foodstuffs, that great basis of our exports of former years. We are importing beef from Argen-

tina, and I suppose wheat from Canada, are we not?

Mr. NELSON. Yes.
Mr. ROOT. We are importing wheat from Canada.
Mr. SMOOT. And also cattle.

Mr. ROOT. And cattle also from Canada. Year by year our exports of foodstuffs have been going down, and we must hereafter chiefly depend for our exports upon manufactured products and cotton. Those are subject to vicissitudes—cotton to good and bad crops and manufactures to good and bad No one can tell what the effect is going to be upon our manufactures because of the causes already enumerated. This, however, is quite certain, that in many quarters there is going on a substantial reduction. I suppose the people who are reducing do not say much about it, because they are afraid of being hanged [laughter], but it is going on. I hope it will not continue; I hope it is but temporary; but we must consider the possibility of a reduction of our exports on that account, through the absorption of our feed products by our own people and the increase of imports because of the lowering of the tariff.

I pass on to circumstances which, as I have said, produce an invisible trade balance that must not be left out of account. In the first place, there are the interest and the dividends which have to be paid upon the immense amount of our securities held abroad. If you take a very moderate mean between the two estimates of four thousand million dollars and seven thousand million dollars and assume it to be between \$4,000,000,000 and \$5,000,000,000 at a moderate estimate of interest, you will have to allow at least \$250,000,000 going abroad annually to meet the interest and dividends paid every year to foreign holders

of our securities.

The next item in that category is the expenditure of tourists abroad. Many years ago it used to be estimated that tourists spend annually a hundred million dollars abroad. The number of Americans who are fortunate enough to be able to go to Europe has enormously increased, and the best estimate that I have been able to get puts a minimum of the expenditures of

American tourists abroad at \$250,000,000 a year.

Then, as our merchant marine has practically disappeared, we pay the freight and the insurance-certainly practically all the freight one way-on the goods exported or goods imported, however the custom of the particular trade may be, and that freight is paid to the foreign steamship owners. A minimum estimate of that would be \$50,000,000 a year. Then, there is the enormous amount of money that is sent abroad in small sums by our comparatively recent arrivals. Several years ago I know that an inquiry developed that over \$70,000,000 of postal orders alone were sent abroad. Whole districts in southeastern Europe are being supported largely in that way. One hundred million dollars is a very moderate estimate for that. Of course, there is, besides, a very great amount sent through private bankers; it is not confined to postal orders.

There we have, sir, \$650,000,000, all of which has to be paid in gold and all of which goes abroad. With our exports at their height, with the apparent visible balance of trade in our favor at the highest point it has ever reached, without any diminution or set-off or setback, this invisible outflow of gold, for the causes which I have mentioned, completely offsets the balance of trade, so that we stand without protection there.

There is another circumstance that we ought to consider, and which it is our duty to consider when we are forecasting what may happen in the future in the working of the system which we are proposing, and that is that for several years our railroads—and I suppose to some extent our industrial con-cerns—have found it difficult to renew bonded indebtedness by long-term bonds. They have been living from hand to mouth by

putting out short-term securities or notes having less than a year or but little over a year to run. Of course those notes, taking them in the aggregate, constitute an element of danger, because they come pretty near being demand obligations, and if before they come due doubt is created, if before they become due an unfavorable judgment about the financial policy of the United States is created abroad, then look out. They will have to be paid. If they are not paid, what will happen? The destruction of credit, not alone of the railroads issuing them, not alone of the banks holding them, but of the multitude of people who are carrying on their business and securing capital upon the securities, the stocks and bonds, of the corporations which have issued the short-term notes.

Let me not forget before I finish this to speak about the The Journal of Commerce of November 10 of this year contained an article which gives the result of an investigation made by that very trustworthy journal into the subject. They state that the amount of short-time securities coming due within three years is about one thousand million dollars. have another estimate, taken from a pamphlet issued by the Guaranty Trust Co. of New York, a trustworthy institution and one which certainly has no object in not giving correct figuresthey have every interest to give correct figures-and I do not doubt that this is the result of careful inquiry. They give the amount of short-term securities due in 1914, omitting everything but the millions, as \$468,000,000; in 1915, \$320,000,000; in 1916, \$90,000,000; in 1917, \$88,000,000; and in 1918, \$111,000,000. That would make in the next three years \$879,000,000, and in five years \$1,079,000,000. So here are, in round numbers, \$1,000,000,000 in short-term securities about to become due, and from four to seven thousand millions of securities held in

Here, considering always the question as to whether we are in danger from the consequence of a loss of confidence in our financial policy in Europe, we must not forget another tendency of recent years that has been very disquieting. It has been to restrict the railroad transportation companies, to restrict their rates, and to enlarge their obligations-that is, their dutiesin a manner very disquieting to the holders of railroad securities; and the tendency in recent years has been, in legislation, in litigation, and in public expression, to promote treatment of industrial corporations in a manner very disquieting to the holders of their securities. I am not now expressing any opinion regarding either of these tendencies. It would lead me into a discussion quite apart from my present object. I am merely stating the fact that the railroads, rightly or wrongly, complain that their rates are being held down by the Interstate Commerce Commission and that their expenses are being pushed up by the demands of labor and by the increased cost of all materials, so that the margin between expenditures and income is gradually decreasing, and they are saying that the process can not go on without cutting off all dividends. I am not going to argue about that, but it is undeniable, and it is supported by the fact that some railroad corporations have been compelled to adopt that policy. The Chicago, Milwaukee & St. Paul Railroad has reduced its dividends, the New Haven Railroad has passed its dividend, and other railroads have reduced their divi-All this will necessarily have a certain disquieting effect and tend toward distrust on the part of the holders of the thousands of millions of dollars of our securities abroad.

The threats against the industrial corporations have had very much the same effect, and we may rely upon it that the holders of this great mass of American securities abroad are going to be in a condition of sensitive alertness regarding our credit and the soundness of our financial policy. In that condition it requires very little to produce immediate results. kind of an outcry that started a run on the bank in Omaha, which the Senator from Nebraska told us about yesterday, would start a run on us. It would take very little, not merely to stop foreign investment in our enterprises, but to bring tumbling back upon us the thousands of millions of securities now held abroad; and when they come, they must be bought; they will be bought; and they will all have to be paid for in gold, and the gold will leave our country; it will go abroad to pay for the securities which come here.

Very little things start a process like that. Mr. President, in March, 1907, there were over \$200,000,000 of American securities sent back from Europe merely on the judgment of people there that our affairs were not going quite right. So, long before October, the wise ones there had an idea that things were not going quite right here; they had dimly foreseen what would happen in the panic of 1907; and over \$200,000,000 of securities came over here and had to be bought, and the gold went to Europe. That is one of the things that helped to accentuate the conditions that produced the panic.

Mr. LIPPITT. It was one of the very important things.

Mr. ROOT. The Senator from Rhode Island [Mr. LIPPITT] observes very justly that it was one of the very important Last September over \$200,000,000 came over here on some judgment of some people that it would be wise to reduce the risk of our finances here. A very little loss of confidence would bring this whole mass tumbling down on us; and, as I have said, when they come they will be bought, and the gold will go to Europe to buy them and pay for them.

The way it works out, Mr. President, is this: If somebody in London sells something here, it has to be paid for in gold, of course. The debtor here goes out into the market to buy London exchange; if he can buy it for less than it costs to ship the gold, he buys it and he pays his debt with it-that is, he pays his debt to the man in London by a bill drawn on London, which the man in London can turn into money there.

The cost of shipping gold is along in the neighborhood of 2 per cent, and therefore the American banker will buy bills if he can get them within 2 per cent of the cost of shipping gold, but if it costs more than it costs to ship gold he ships the gold. and the gold goes out. Of course, the greater the amount that must be paid the higher the cost of exchange, and therefore the more gold goes physically from this shore to the other in order to make the payment. When exchange is high, gold goes out; when exchange is low, gold stays or comes this way.

To go one step further in the process, the people who have to pay this gold abroad have a perfectly simple process through which to get it. They go to their bank, and, unless the transaction is carried on entirely through credit, if they do not get the gold in that way by check, they always are at liberty to draw greenbacks, and with the greenbacks they take the gold out of the Treasury; or, if under this bill they get reserve notes, Government notes, the notes are always to be redeemable in gold at the Treasury or gold or lawful money at the banks, and with the notes they can get the gold, or they can get green-backs with which they can get the gold. When the amount of money to be paid in a foreign country exceeds the amount that is coming from the foreign country you can not keep gold in any reserve except by failure-suspension of payment. is a continual draft that can not be prevented.

I said that these securities, when they come here, will be ought. They must be bought. If they are not, if nobody buys them, they go down and down and down, and the credit of all the great industrial and transportation organizations of this country is ruined, and none of them can raise any more money anywhere in any way on any terms. What is more than that, the banks that hold the securities are ruined, and the men who have put the securities behind their obligations to the banks in

order to conduct their business are ruined.

Mr. President, I am quite in favor of doing away with the speculative use of money in the city of New York; but that is by no means doing away with the use of the great body of the securities of the country as a basis of credit. That speculative use is but a trifle compared with the vast employment of ownership certificates, bonds or stocks, in the great enterprises of the country, by private individuals, as a basis for the credit on which they get the means to conduct their business. If you let the prices of these securities, when they come back here, go down out of sight the business of the country goes down with them to ruin. There is no use discussing whether they must be bought. They will be bought. The human nature of private, individual persons will lead them to buy, and the payment will go abroad.

There is another thing you must remember. Europe is an armed camp. For many, many years peace has been kept by the most delicate adjustments and by the most strenuous exertions of many men in many countries, who have been alert and solicitous to stop controversy as near its origin as possible, and to prevent the frightful effect of general war; but war is The fear of it is always present. If a war always possible. comes, immediately our securities come back to us. Immediately, in every country where they are held, the desire to strengthen up, to increase the amount of gold, will operate to lead to a general conversion of the American securities they

hold into immediately available gold.

It is not necessary that we should wait for a war actually to take place. The fear of it leads to the result. The fear of the Balkan war, far off on the edge of civilized Europe, as it was, because of the apprehensions of possible implication of the great commercial nations in a war consequent upon the Balkan war, sent hundreds of millions of securities back to this country, which had to be bought.

So, sir, if we enter upon this career of inflation we shall do it in the face of clearly discernible danger-danger which, if realized, will result in dreadful catastrophe.

I have been giving the reasons why the results I describe would happen; but it ought not to be necessary to give them or to argue about them, for the experience of mankind has been reduced to the expression of economic laws which are universally admitted. There is no better known economic law than the one which passes by the name of Gresham's law. We all know it. It is that inexorable law under which, if there are two kinds of currency in a country, and one is better than the other, the better one leaves the country and the poorer one remains

That has come to be an axiom, and I ought not to have to argue about it. The inevitable result of the inflation of our Government currency will be the application of that unques-

tioned law.

It is stated in another form in this way: That gold always leaves a country in which the amount of currency exceeds the demands of legitimate business. That is another way of stating the same law. It is just as absolute, just as certain, just as irrefutable, just as universally accepted, as the other form of stating it, and it describes exactly what is going to happen

Another form of stating it, one that our old friend Prof. Sumner has stated as the result of his study of the history of American currency, is that gold always tends to move away from the country of high prices to the country of low prices, because in the country of low prices it avails more; it buys more; it is of higher value in proportion to commodities than in the country of high prices. It is inevitable; and of course the effect of inflation is to work prices up, up, up, and the gold goes out, and you can not stop it.

You can not control the operation of these laws. You could kill the people who are engaged in business; you could take them out of their business and shut them up in jail, and perhaps you could stop the operation of the law then by stopping the

business; but there is no other way.

Mr. President, as against the working of that law your raising the rate of interest, or your attempting to sell Government securities, will be just as ineffective as Mrs. Partington's mop against the Atlantic Ocean, because you do not bring into operation your forces until the damage is done. When confidence is lost, you can raise the rate of interest to the roof, but you do not bring the money until you restore confidence. In proportion as confidence decreases, you have to add to your rate of interest insurance against loss; and long before we wake up from our dream of prosperity upon inflated currency the sources from which the gold will have to come to keep us from catastrophe will have lost their confidence, so that no rate of interest will bring the money but a rate so high as to ruin American business.

So as to the sale of Government securities. Ah, yes; now, belfind the system under which we are working, and under which we have grown so great and strong, stands always the Government of the United States, with its credit unimpaired, with its solvency undoubted, always ready to come to the rescue by the sale of its securities to bring gold. This bill proposes, however, to put in pawn the credit of the United States; and when your time of need comes it is the United States that is discredited by the inflation of its demand obligations which

it can not pay.

O Mr. President, I ought not to be obliged to argue about inflation. The country has rendered its judgment upon it. The American people closed the case for and against inflation when, with unanimous voice, or by the vast preponderance of their approval, they sustained the veto of the inflation bill by President Grant in 1874. The American people decided the case when they sustained the courage and patriotism of Grover Cleveland in putting at stake all his future upon compelling the repeal of the silver-purchase act in 1893. The American people decided the case when, in 1896, they elected Mr. McKinley as against the protagonist of the very fundamental ideas contained in the sixteenth section of this bill; and again in 1900, when they reelected McKinley against the same opponent.

Now, Mr. President, a Democratic majority has been elected by the people, not upon this issue, but in a campaign which proceeded upon subjects, questions and matters of interest far removed from the old, old question of sound money or inflated currency. Coming into power, the Democratic Party, without any mandate from the people of the United States, without any authority from the people of the United States, undertakes to reverse the oft-repeated judgment of the people of the United States upon this question. In probably a vain appeal from the judgment of the Democratic caucus and their violation of the duty imposed upon them by the repeated decisions of the people of the country, I protest against the employment of power thus obtained for such a purpose as this.

Mr. President, my colleague has observed that power is given to the central reserve board to regulate the issue of cur-That is true: but I observed at the time that we have our duty to perform, and that we can not discharge it by transferring it to anybody else. Always up to this time the American Congress has attempted to perform its own duty in regard to the vital matter of currency. Always the American Congress, when it did not want inflation, has undertaken so to frame its, legislation that its injunctions and requirements would prevent inflation. Now it is proposed that we shall make it possible that an appointive officer, or a body of appointive officers, shall bring upon the country the result of inflation; and we are to appearse our own consciences by assuming that that board will perform the duties that we ought to perform.

Mr. President, I do not purpose to question the probable honesty, good faith, or public spirit of the men who may be appointed members of the central reserve board under this bill. But, sir, this bill in the provision which I have been discussing, and in another provision to which I shall presently allude for a brief moment, exhibits an expression of the opinion of a very great leader of the Democratic Party, for whom I have a strong personal regard, whom I respect and admire, and in whose sincerity of purpose and good faith I firmly believe. Yet, Mr. President, I am convinced that his economic theories are false, and, if put into effect, would be most injurious to our country.

Those theories have been twice expressly repudiated by the people of the country. Twice those specific theories, the same theories of finance, make their appearance in this bill; and, as a matter of course, we ought to assume that any central reserve board appointed to carry out the terms of the bill will be appointed under the same dominant, commanding, and irresistible influence

Mr. President, a central reserve board appointed under the influence of the same power that put into this bill the present sixteenth section will be bound, if they are honest and true and faithful, to proceed in accordance with the theories that our people rejected in 1896 and 1900. They must. The authors of the bill are bound in good faith to appoint men who are in sympathy with them to carry it out; and the men in sympathy with them will have in good faith to carry out this bill under the belief that it is best for the people of the country that the Government of the United States shall furnish unlimited money to the people of the United States.

I say that this bill presents the financial heresy twice repudiated by the people of the United States. I say that the central reserve board appointed under this bill will have to represent that very heresy. If this bill passes as it stands, America stands to lose all we saved when Grant vetoed the inflation bill, all we saved when Grover Cleveland abolished the silver purchase, all we saved when we elected McKinley, all the Republicans, all the gold Democrats saved when they helped in the repudiation of the vital principle which has been put into this bill.

The country has become so deadened by the assaults of sound, so wearied of discussion, so confused and dazed by complicated figures, that this vital and fateful reversal of the American policy is proceeding with but little attention. But unless all our history of human experience and all the previous judgments, the real judgments, of the American people upon this subject have been wrong, we stand to learn by hard experience what has really been done by the sixteenth section of this currency bill.

Mr. President, there is one other subject I want to say a few words upon, and that is the subject of another amendment that is intimately associated with the subject upon which I have been speaking. I will ask that the Secretary read the second amendment I proposed, the amendment to section 7.

The VICE PRESIDENT. The Secretary will read the

amendment.

The Secretary. In section 7-Owen print of December 1 strike out from and including the words "and of," in line 20, page 19, to and including the word "Treasury," in line 3, page 20, and insert in lieu thereof the following words: "The remainder of the net earnings shall be paid to the United States."

Mr. ROOT. Mr. President, that strikes the bank-deposit guaranty clause out of the bill. I am not going to argue it at length. I am merely going to express my opinion about it. Mr. HITCHCOCK. Mr. President—

The VICE PRESIDENT. Does the Senator from New York

Mr. ROOT. I wish the Senator would let me finish, and then

will be very glad to yield to him. Mr. HITCHCOCK. Very well.

Mr. ROOT. It is of no consequence practically whether you take a part of the profit made by regional reserve banks and stop them from going into the Treasury of the United States

and make a fund to pay the deposit or whether you levy a tax upon the banks or upon the people or in any other way that the United States can raise the money for the purpose of pay-The question whether that is a wise and permissible thing can not be determined merely by contemplating a run on a bank by good but misguided people. It is very desirable to have some means to prevent people from being frightened and drawing their money out of a bank. But that is only one small division of the subject.

The serious side of it is that this is giving the credit of the United States to every speculator, every promoter, every black-guard, who is able to scrape together \$25,000 and take out a national-bank charter. It makes no difference under such a provision whether the men who manage the bank have been known from their youth up in the community as men of honor and probity or whether they are the shifty driftwood of accident. Depositors may intrust their money to the speculator with the same confidence with which they intrust their money to the sound and conservative banker, because if the bank that has used its deposits in promoting all sorts of wildcat enterprises fails, the Government of the United States is going to take the money out of the pocket of the conservative banker and pay the debt. It is a premium on indifference to honesty and soundness in business. It is a premium on speculation and disregard of all rules of business soundness and morality. It is an invitation to every adventurer in the world to come into the national-bank system and get the indorsement of the United States upon all the moneys he comes to owe for his

In the panic of 1907 there was a chain of banks in the city of New York, a chain, five of them linked together, that had been promoting enterprises out of which the managers of the banks looked for great profit. If they had kept on they would have become millionaires. There were ice companies, steam-ship companies, and all sorts of speculative enterprises. If they succeeded, the managers of the banks would have made enormous fortunes. They failed. The men who had trusted them suffered the natural consequences which in this world follow folly and a failure to regard the laws of probity and good sense.

If this law had been enacted, behind those speculators would have stood the Government of the United States with its funds to pay their debts. If we enact this law now we give absolution in advance; we give a letter of marque and reprisal to the managers of all Heinze banks of the future to go out and, on the credit of the United States, gather in funds at high rates of interest and speculate for their own advantage, secure in having the credit of the country to take the place of the discredit of their own records.

Now, Mr. President, I do not think we ought to do that; and I am brought to the final observation which I shall make regarding both these provisions. The provision under which the Government of the United States proposes to furnish every-body with easy money and the provision under which the Government of the United States proposes to pay everybody who has trusted his money to a scoundrel illustrate one evil tendency our times, and it is a tendency against which I know the lifelong convictions of many of my friends upon both sides of this Chamber revolt.

It is the tendency, sir, to substitute the support of a paternal government for that individual self-dependence which settled, which built, which developed, which made our country. It was not in reliance upon any government that our fathers braved the dangers of the American forest. It was not in reliance upon any government that the stream of immigrants passed over the Alleghenies and along the southern borders of the Lakes and peopled the Central West and along across the plains and mountains to the Pacific

We have a mighty commerce, indicated by the figures, the stupendous figures, that I have read. We have amazing material possessions, and the still more admirable and spiritual attainment of a hundred million people; foremost through the world in works of charity, of benevolence, of humanity; foremost in the world in its insistence upon opportunity for education to every child of every laborer, however humble; foremost in the world in its insistance upon the rights of individual liberty and the independence of individual manhood. This people has done these things, not by law, not by wrought-out systems of policy, but the working of each man's individual conduct of life has presented to the world the opportunity for better conditions, so that from all over the world millions have followed millions to our shores to seek a share in our blessings of prosperity and liberty. This people has never done its work in reliance upon the protecting and aiding hand of government. This greatest work ever achieved in the history of civilization has been done because it has insisted upon legislating at this time for the pur-

by men of individual independence of character, by men who relied upon themselves, and who built up a government the central thought of which was the thought of your patron saint, my friends on the Democratic side, the fundamental principle of Thomas Jefferson, that government governs best which governs least.

Ah, Mr. President, we are turning our faces away from the fundamental principle upon which we have come to our high estate. We are turning them weakly toward practices which history shows have invariably led to decadence, to degradation, and the downfall of nations. We are setting our steps now in the pathway which through the protection of a paternal government brought the mighty power of Rome to its fall; and we are doing it here without a mandate from the people of the United States. Ah, more than that, we are doing it in violation of the express verdict of the people of the United States.

Mr. POMERENE. Mr. President, I esteem it a great privilege to have been permitted to serve as a member of the Committee on Banking and Currency. It has been a great labor and it has been in a good cause. Whatever differences of opinion may have existed in that committee, I am sure they were honestly formed and entertained, and I take pleasure in saying that I have never served upon a committee in which every member of the committee worked harder or longer or was more intent for the common good.

Two questions confronted us. One was, What is the trouble with our financial system? The other, What shall be the remedy? I think the committee were a unit in the belief that the difficulty has been that under our present system we can not properly concentrate and mobilize our reserves; and, again, our currency system is so inelastic that it can not be adjusted satisfactorily to the varying needs of business, and, as a corollary to the latter proposition, we are wanting in proper opportunities for rediscounting.

As to the first question, I take it every student of finance will agree that our reserve system as it has existed for years in this country has been a failure. We look to the records, and we find that nominally we have a vast amount of reserves in the banks of this country. In the banks commonly denominated country banks there is a reserve of 15 per cent, of which 6 per cent is required to be in the bank vaults and 9 per cent in the reserve banks. In the reserve city banks, with a nominal reserve of 25 per cent, one-half is held in their vaults and onehalf in the central reserve bank. In the central reserve banks the required reserve of 25 per cent is all held in their vaults. Evidently it was the belief of Congress that this plan would furnish a sufficient reserve against all reasonable contingencies, but under the plan prevailing it was largely fictitious. We find, for instance, as to the country banks, that for every \$100 of deposit \$6 are in the bank vaults and \$9 are supposed to be in the reserve banks; but when we stop to analyze the situation we discover that three-fourths of this \$9 is loaned out, and of the other fourth one-half remains in cash in the reserve banks and one-half is deposited with the central reserve banks. So, as a matter of fact, instead of having the \$9 in cash as a reserve against demands, we have in the reserve banks \$6.75. represented by loans or credits, and \$2.25 in cash, one-half of which is retained in its vaults and one-half in the vaults of the central reserve banks; and of this amount placed in the central reserve banks three-fourths is loaned out, and one-fourth only is kept in the vaults of the central reserve banks. A final computation therefore shows we have loans and credits of \$7.593 and only \$1.40\$ in cash, where we thought the country bank had the \$9 in cash.

When it comes to the reserve banks, instead of having 25 per cent in cash they have 121 per cent in their own vaults and 121 per cent in the central reserve banks, and three-quarters of that is loaned out and is represented by credits. Is it any wonder, then, when a great demand is made upon the reserves the system breaks down and fails? Who can forget the great panics of 1873, 1893, and 1907, and the want and destruction which followed in their trail? It will shed little light on the pending legislation to attempt to fix the responsibility for any one or all of these panics upon any man or set of men. It is sufficient to know they could and did occur, and the entire country suffered in consequence. The bankers in the large financial centers distrusted one another and began to husband, if not to hoard, their cash reserves, so that the country banks were often not able to set the cash they had on deposit with their correspondents. The country banks began to pursue the same course, and the depositors in turn withdrew their deposits and began to hoard. Hence the panics and the crash and the present necessity for legislative relief.

pose of correcting our banking and currency system. I regret that our Republican friends do not agree with us upon everything; but that would be entirely too much to expect. If they did agree with us upon everything, we should have to take them into our camp.

Mr. President, with this situation confronting us, I have no fault to find with the administration in urging that something should be done to relieve the situation; in fact, I think the people would find fault—and rightly, too—if it did not insist that there should be action upon this particular subject. It is my judgment that, with a proper reserve system, we will be able to largely relieve the conditions which have heretofore con-

I was much impressed by the statement which was made before the Banking and Currency Committee by Mr. Alexander Gilbert, president of one of the large New York banks, who, in discussing the different panics that had occurred in the country, told us that he had been in the banking business through the panics of 1873, 1893, and 1907, and added:

I have been officially connected with the New York Clearing House for 50 years. I have passed through every panic since the Civil War, and I think I can say conscientiously that I never have seen a panic that, in its incipiency, could not have been arrested and held in check if we had had one bank of reserve, a Federal bank of reserve, a central bank of reserve, or a Government bank of reserve—if we had had one bank of reserve to which the banks of the central reserve cities could have taken their short-time commercial paper and had it converted into cash in order to have held their reserves together.

What is the situation which has been confronting us during the past few months? Everyone has felt that there was a gradual tightening of the money market. It is not necessary for us to attribute it to any particular fact; it is enough for us to know that the condition existed.

I have, Mr. President, in my hand a letter that I received from the treasurer of one of the very large manufacturing concerns in Ohio, in which he quotes from a letter received from a bill broker, giving the situation as he understood it, and this is what he says:

The large banks in the large cities have not been buying any paper since March and have advised their country correspondents to make themselves just as liquid as possible, and to stay so, in order to meet the provisions of the bill. In consequence we are absolutely at a standstill.

Mr. President, with this situation before us, I am sure that everyone is willing to join in granting relief, and the only remaining question is the method of the relief. The banking question has been discussed for many years. We have heard from bankers, great and small; we have heard from students of the subject everywhere, and we have benefited much by the hearings that we have had. The objections which have been raised by the bankers, and which have not been acceded to by the committee, are largely directed to perhaps three different features of the bill. One has reference to the number of regional banks, another to the control of those banks, and the third to the ownership of their stock.

I can understand why men might seriously differ as to the wisdom of having one central bank or a regional system of banks, but having conceded the regional system to be the only plan that can be worked out at the present time which will meet the approval of the public, it seems to me that we ought to be able to reconcile our differences as to the number of regional One branch of the committee has suggested 4 banks, with the privilege, after two years of experience, of increasing the number to 12; the other branch has suggested not less than 8 nor more than 12 banks.

Many Senators who have discussed this problem insist upon the central bank as the ideal plan, and much can be urged in its We are cited to the central-bank systems of the countries of the Old World, but we must not forget that their civilization is not our civilization, that their central-bank plan is not our independent banking plan, that their countries are small as compared with ours, and that the virtue to be found in any bank of reserves is principally the accessibility of the bank with its reserves in times of distress; and no man knows "when the hour cometh."

If we are to look at this matter from the standpoint of the central-bank advocate himself, it seems to me that he can not very well complain of the system which has been adopted in the Owen substitute bill. We provide for not less than 8 nor more than 12 banks, but they are not absolutely independent of each other. It is true that each bank has its separate board of directors to administer the banking features of the system, a board of directors that can be in a particular locality and can have a much more intimate knowledge of business conditions, of credit conditions, and of property conditions than the officers of one central bank could have.

Mr. President, with the power vested in the Federal board of

right of discount by one bank for the benefit of another, with the control of the reserves themselves, and with the right to fix the rates of discount, it seems to me that we have all the advantages that could be expected from the central-bank plan, and in conjunction with them we give to the country under the regional system all the benefits of a fully equipped bank of reserves, managed by a board of directors and officers who are more familiar with the financial and credit conditions of the country to be served and to a greater extent than would be possible by one central board which would be dependent upon subordinates.

The branch of the committee, of which the Senator from Nebraska is the head, insists that not more than 4 banks are required, predicts their success, and prophesies disaster if more than 4 are organized. It does seem to me that the difference between 4 banks and 8 banks is so slight that it must be a brave man who is willing to risk his gift of prophecy by saying, "For the one system we shall have assured success and for the other assured failure."

I wish to call the attention of the Senate to the powers which are given to the board of directors of the Federal reserve bank, as well as to the powers which are given to the board of con-The powers of the Federal reserve bank relate particularly to the administration features of the bank. Generally speaking, the proposed bill gives to the reserve banks powers to act as a bank for bankers. They hold the funds derived from the sale of the stock in the reserve banks; the reserves which are required to be deposited by the member banks in their vaults and the Government funds.

For the purpose of carrying out these powers the reserve banks are specifically authorized to adopt and use a corporate seal; to have succession for a period of 20 years; to make contracts; to sue and be sued, complain and defend; to appoint and dismiss officers not otherwise provided for; to adopt bylaws regulating its business; to exercise all powers which are specifically granted and such as are incidentally necessary to carry on the business of banking; and upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, and to issue such notes under the same conditions and provisions of law as relate to the issue of circulating notes of national banks secured by bonds of the United

The directors of these banks are required to administer its

Fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal reserve board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other banks.

All of these regional banks are under the control of the Federal reserve board. It is empowered among other things: First. To examine each Federal reserve bank and each member bank.

Second. To permit or require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed each week, or oftener, by the Federal reserve board.

Third. To suspend and renew suspension of reserve requirements for limited periods.

Fourth. To supervise and regulate the issue and retirement of Federal reserve notes.

Fifth. To add to or to reclassify or terminate existing reserve and central reserve cities under existing law.

Sixth. To suspend or remove any officer or director of any Federal reserve bank.

Seventh. To require the writing off of doubtful or worthless assets upon the books and balance sheets of Federal reserve

Eighth. To suspend the operations of any Federal reserve bank for violation of any of the provisions of the act.

Ninth. To require bonds of Federal reserve agents; to provide for the safeguarding of all collateral, bonds, Federal reserve notes, money, or property of such agents; to perform the duties, functions, or services specified; and to make all necessary rules and regulations to enable the board effectively to accomplish

these purposes.

Tenth. To exercise supervisory power over all of the Federal reserve banks.

Eleventh. To authorize member banks to use, as reserves, Fedcontrol over all of these banks, with the power to compel the eral reserve notes or bank notes based on United States bonds, Twelfth, To grant by special permit to national banks the right to act as trustee, executor, administrator, or registrar of stocks and bonds,

Under this power it seems to me we have all the virtues of the central plan and at the same time all of the benefits which are to be derived from the regional reserve board plan by placing the banks and their operations in closer contact with the business interests of the country.

OWNERSHIP OF STOCKS.

One of the principal differences between the two sections of the committee was as to the ownership of stock. While much has been said both for and against private ownership of the capital, it seems to me that a careful analysis of the plan must suggest the wisdom of having the banks own the stock.

It must be borne in mind that the Government is going to have about \$200,000,000 in these banks. No security is required except that which will come from the stock itself and the stock liability. If the stock were owned by individuals, would it be salable if there were a double stock liability? If it were owned by private individuals, could we be assured of their solvency, even if there were a double stock liability? But when the stock is subscribed for and owned by the banks of the country there can be no question of their solvency or their ability to respond at any time if, unfortunately, we should be required to resort to the stock to recover the Government funds.

SHALL BANKS BE COMPELLED TO SUBSCRIBE?

There has been a good deal of discussion as to whether or not it would be wise to compel the banks of this country to subscribe for the stock.

Mr. HITCHCOCK. Mr. President-

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Nebraska?

Mr. POMERENE, I do.

Mr. HITCHCOCK. Before the Senator passes to that topic of his discussion I wish to call his attention to the fact that in every great country in the world the Government deposits its funds in the central banks, the reserve banks, which are owned by the public just as we propose to have these reserve banks owned by the public, and that, so far as I know, there never has been a case in which the Government has suffered any loss. I ask him why he thinks there would be any danger in the United States if the same example were followed?

Mr. POMERENE. Why, Mr. President, the distinguished Senator from Nebraska has called attention to the fact that probably a number of these banks would be failures if there were eight or more. That of itself would indicate a danger; and if there is danger with eight, we would not be without

danger if there were four.

Mr. HITCHCOCK. I presume the Senator has misunderstood my statement. In stating that there would be failures, or might be failures, I did not mean in the sense of bankruptcy. I meant they would be incompetent to perform the functions with which they were charged. They would not be strong enough. I did not mean that their paper, so far as it went, would be inadequate to meet the demands upon it, but that by reason of their small size they would be utterly inadequate to meet the demands that would be made upon regional banks.

Mr. POMERENE. Mr. President, I quite well understood the Senator's position; but if they are going to be failures to the extent that they may not be able to pay their dividend or respond to the demands of the public when required, it must follow, as a matter of course, that there would be some danger to the Government which had its deposits with banks of that

kind.

Mr. HITCHCOCK. Again the Senator has misunderstood me. I did not say they would fail to respond to the demands of their depositors. I said they would not be large enough and strong enough to meet the demands of business for additional funds in discounts.

Mr. POMERENE. Mr. President, to that extent the Senator

answers his own objections to the eight-bank system.

I was about to take up the question whether we ought to compel the banks to join this system. We must bear in mind that these banks are the creatures of the Government. They are corporate entitles which owe their very existence to the Government. We have provided in the past a certain reserve system. It has broken down in time of need. We are now addressing ourselves to the task of adopting another system of reserves which is a modification of the system which has prevailed here for years. In view of the fact that the present system has been a failure, can it be said that we are going a step too far when we say to these banks: "You shall invest a part of the demand lia of stock, which will insure the availability of the reserves when

needed and the efficiency of the system"? If we had the right under the old law to have reserves kept in certain reserve and central reserve banks, shall we not have the power now to compel the banks which could not meet the requirements of trade during panic seasons to transfer these reserves to an organization devised for that particular purpose?

Primarily this legislation is to enable the banks to perform their functions for the benefit of the people. Secondarily, it is for the benefit of depositors in the bank. If we now have the right to compel them to transfer a part of their reserves from one place to another, who shall say that we have not the right to say to them, "You shall set aside a certain portion of these funds in order that you may create a corporation—a house, if you please—in which you shall thereafter keep the reserves.

properly so called "?

More than that, let me suggest this thought: Those who are opposed to the bank ownership of this stock say that we are confiscating the property of the banks. With all due deference to the suggestion they make, permit me to say that it is the people's money that is in these banks; and if the Government does not have the right to say what shall be done with that money, or any part of it, in order to conserve the interests of the public, tell me, for what is government created?

Let us look at the matter, however, from the standpoint of dollars and cents, so far as the banks themselves are concerned, and we shall find that even they have no cause to complain.

On September 4, 1912, the net deposits in the national banks were \$7,093,336,535.06. The net profits of the banks for the year ending July 1, 1912, were \$149,056,603.23. In other words, the net earnings upon these deposits amounted to 2.1 per cent. Under the House plan the stock is to earn 5 per cent cumulative dividends, and after applying a portion of the balance of the earnings to the creation of a surplus the Government is to receive 60 per cent of the remainder and the banks 40 per cent. Under the Hitchcock plan the stock is to earn 5 per cent cumulative dividends. Under the Owen plan it is to earn 6 per cent cumulative dividends. In other words, the earnings of the portion of the people's money which is to be invested in the stock of the regional banks are almost three times the present net earnings on the deposits in their banks, and, in addition to that, the 6 per cent is not taxed. Under the Hitchcock plan the net earnings of the stock are two and one-half times the present net earnings on the deposits of national banks, and they are not taxed. So, pray tell me, how are we confiscating the property of the banks when we are giving them an investment from which they can earn more than they in the past have earned on the average on their deposits? If that be confiscation, make the most of it.

Mr. President, a number of the bankers who were before the committee suggested that they might be willing to go into the system, but they objected to their brother bankers being drafted into it. In other words, a soldier who is willing to devote his services to his country objects to the service or the plan because the Government has seen fit to draft some other men to serve their country for its proper protection.

CONSTITUTIONALITY OF COMPULSORY SUBSCRIPTION.

Mr. President, this leads me to a consideration for a few minutes of the argument made by the distinguished Senator from Iowa [Mr. Cumins] when he spoke of the unconstitutionality of the provision which would require these banks to subscribe for this stock. Inadvertently, I think, he spoke of it as diverting a part of their stock which was already invested in other securities. At the same time he concedes the power of the Congress to repeal, to modify, or to amend the national banking act. By the terms of this act we have provided for certain reserves. If we had the right in the first instance to provide for reserves, it is clear to my mind at least that we have the right to increase that amount of reserves or to decrease it. If we have a right to compel the deposit of these reserves in one system of banks, it must follow, as a matter of course, that we have the right to compel their deposits in another bank.

It does seem to me when the distinguished Senator admits the right to repeal the act or, in other words, to take away their entire franchise, certainly we have a right to modify it. If we can destroy it altogether, we can somewhat change it. If we can take away its life, we can amputate its limbs.

Is this a diversion of funds? Is it a taking of funds from a State, as the distinguished Senator from Iowa says, and placing them outside of a State? The reserves for the country banks, and most of the banks in the State of Iowa are country banks, are now 15 per cent. Under this bill they are 12 per cent of the demand liabilities and 5 per cent of the time deposits, and by the proposed plan we are releasing 3 per cent of the demand liabilities and we are releasing 10 per cent of the time deposits.

Where are these reserves now? I take it in reserve cities, largely, I assume, in the city of Chicago. I do not know where the reserve city may be to which the reserves of the State of Iowa may go, but if this reserve money is now in the city of Chicago what complaint can be made on account of this transfer from the central reserve city of Chicago to a regional bank nearer home?

Again, is it going to cripple the banks to require money to be taken out of their vaults—the money which does not belong to them, but belongs to the public? Under our system the stock must be subscribed by the banks; under the Hitchcock system, by the public; but whichever system is adopted can only be carried to a conclusion by taking the people's money to pay for the stock. And it is the people's money which is now in the banks.

We now compel these banks to take a part of their money and put it in a reserve bank. Where lies the line of distinction between compelling them under the present system to compel them to place it in one bank and under the proposed system compelling them to place these reserves in another bank? We may draw fine haired distinctions between that part of the money which shall be invested in capital in the regional reserve bank and that part of it which shall be deposited in the vaults as reserve, properly so called, but they are the same kind of dollars owned and controlled by the same banks. When the banks now loan out their money they are not trying to say that this dollar is out of our capital stock and that dollar is out of the public deposits.

## STRENGTH OF RESERVE BANKS.

Mr. President, we have heard much of the weakness of this banking system. If we should provide for the eight or more regional banks \$100,000,000, the average would be twelve and one-half million dollars. The minimum provided for in the Owen bill is \$3,000,000. One-half of this is to be paid as follows: One-third in cash, one-third in three months, one-third of it in six months, and the balance is to be paid upon call. At the end of six months we would have a bank with one and a half million dollars capital. We have, in addition, the reserve required to be in these banks and we have a due portion of the Government deposits. Is that going to make a weak bank?

It is said that many of the banks in the large centers of population will have capital stock and deposits largely in excess of the regional reserve banks. Let us admit it for the sake of argument; but it must be borne in mind that the banks which we are organizing are banks of reserve pure and simple, not banks in which there shall be deposits or to which individuals shall go for the purpose of discounts, and they are not competing for

## CONTROL OF BANKS.

Another matter which has been largely discussed is the question of the Government control of these banks. Under the pro-visions of this bill the directors of the Federal reserve board are Government appointees. They have supervisory power. They can control the situation if there is any dereliction of duty on the part of the board of directors or officers of the regional What is the situation with reference to the regional banks under the plan we have proposed? There are three classes of directors—A, B, and C. The three directors of class A are to be men selected by the bank, and they may all be bank-The three directors of class B are also elected by the They must be identified with the business, the agricultural, and the commercial interests of the country. The other three are to be appointees of the Government, Government officers, sitting on this very board, and one of them governor of the board and the Federal reserve agent.

Is it possible that anything radically wrong can be done by this board against the public interests when the Government has at least three representatives on the board who can keep, and will keep, the Federal reserve board fully advised as to what is going on, and when it has at the same time the power to remove arbitrarily upon its own motion, when the circumstances are such, in its opinion, to justify it, every member of that board?

Mr. REED. Mr. President-

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Missouri? Mr. POMERENE. I do.

Mr. REED. I call the attention of the Senator to the further fact that there is a power given the Federal reserve board under this proposed law to exercise general supervision over the Federal reserve banks, which, if I interpret it rightly, gives them the right at any minute to interfere with the bank and direct the course of its business.

Mr. POMERENE. That was exactly what I had in mind, and think the Senator has correctly quoted the language of the bill.

Mr. SHAFROTH. The interpretation of the Senator from Missouri should be given very high standing, because of the fact that it was his provision that was incorporated in the bill. Mr. POMERENE. That is correct. I am glad to give him the credit for it. Mr. CLAPP. Mr. President-

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. POMERENE. I do.

Mr. CLAPP. If the Senator will pardon me, if there is as much force in that as is sought to be given it, it strikes me that it eliminates the argument against the complete governmental control that has been based upon the theory that this being the money of the banks, the banks should control it. seems to me that one horn or the other has to be taken in the last analysis.

Mr. POMERENE. Mr. President, there is much in what the Senator says, but it must be borne in mind that we are seeking to get these banks to come into this system. We do not propose to unduly cripple them. We recognize that they have their rights. We recognize that the business success of the country requires the success of these banks. I recognize the fact the banks have been guilty in the past of many derelictions of duty, yet at the same time they have rights which should be observed and protected and which must be observed and protected if the country is to prosper.

Mr. President, it has seemed to the branch of the committee to which I belong that by providing that the member banks should be permitted to select the six directors they would be able to get men who understood completely the banking system and the needs of their localities. And, on the other hand, since the Federal reserve board is empowered to remove at will the directors of the reserve banks the interests of the public are fully protected.

Mr. CLAPP. Mr. President-

The VICE PRESIDENT. Does the Senator from Ohio yield further to the Senator from Minnesota?

Mr. POMERENE. I do.

Mr. CLAPP. It must be conceded that there is a great deal of force in the position of the Senator that as an inducement to get the banks to come into the system it may be advisable to give them this participation in the creation of the board. can see the force of that, but we have been told here time and again that the reason why this supervision was given was because we were taking their money, and consequently we must leave them in control of it.

I was very much impressed with the remarks of the Senator in regard to the reserves. To-day the banks are compelled, or at least allowed, to put their reserves where they have no control whatever, and in the course of business, in the securing

of interest, they are practically in control.

Now, I should like to ask the Senator this question for an answer: Aside from the lack of double liability in what we call the Hitchcock bill, and which is carried into the Owen bill, what objection has the Senator to offer, or, in other words, what argument has he to make, why the banks should subscribe instead of allowing the public in the first instance to subscribe: that is aside, now, from the question of liability?

Mr. POMERENE. Mr. President, the Senator recognizes the one reason. There is another reason which was urged upon the committee in the hearings, and that was that the very moment you gave the public the right to subscribe for this stock and to hold it and to receive deposits they would at once insist upon the right of deposit and the right to discount bills directly with the banks. It may be that that would be a proper thing to do if we were starting out in fact to organize a people's bank, but that was not the purpose the framers of this bill had in mind. They had regard for the independent banking system of the country. I believe I am correctly stating the views of every member of the committee when I say that they felt there should be nothing done to destroy the independent character of our present banks, and the very minute the reserve banks would be permitted to take deposits from individuals and they would be allowed to draw checks upon these banks you would be organizing a bank which would be thrown in competition with the present banks of the country.

Mr. CLAPP. Mr. President, there is some force in that, except if any group in the two Houses were strong enough in the unity of purpose to bring in a bill of any form, and I assume that under the conditions here the Owen bill, so-called, will pass, it seems to me they were strong enough to have allowed

the public to subscribe and still retain the discount system that is provided for in these two bills. It does seem to me that while there is a loss in the matter of liability, yet the bringing into the banks of the country the additional banking capital without trenching upon the resources of the banks that exist would more than compensate for the double liability carried into this new system by taking as the basis for that the resources of those who are subject to this double liability.

I am satisfied the Senator will pardon me for these interrup-

tions, because

Mr. POMERENE. I am very glad to have the Senator's views upon this subject. But let me suggest, with all due respect to his argument, that by opening up the subscription books here to the public we are thereby increasing the capital stock of the country perhaps nominally but really very little, if any. This stock, when it is subscribed for, must be paid, and it will largely be paid, in my judgment, if it is subscribed for by the public, by drawing funds out of the banks and thereby reducing the available funds in a particular banking locality. It seems to me that when we look at it from the standpoint of the public there will be very little more money under the popular subscription plan than under the plan proposed by the Owen bill.

Mr. BRISTOW. Mr. President-

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. POMERENE. I yield.

Mr. BRISTOW. Let me make an inquiry of the Senator. Suppose a bank located in a community had \$100,000 capital and a million dollars of deposits; and suppose \$100,000 of those deposits were invested in the capital stock of the bank, so that it would have \$200,000 capital and \$900,000 deposits; would not that bank be a very much stronger bank from every point of view with a deposit liability of four and one-half times than with a deposit liability of ten times as much as it had before it increased its capital?

Mr. POMERENE. Mr. President, it might be a greater protection so far as the depositors are concerned, and if the money which is invested in the stock could all be loaned out it would not be subject to reserves. Otherwise, as I see it, there would

be no difference.

Mr. BRISTOW. Well, is not that a very important difference? In the first instance, if the Senator will pardon me, we will say that under the present law that bank has to keep \$150,000 reserves against \$1,000,000 of deposits; its \$100,000 of capital is all loaned; and there is no reserve at all against When \$100,000 of the deposits are transferred from dethat. When \$100,000 of the deposits are transferred from de-posits to capital, then it would not have to keep that large reserve of \$135,000 as against \$150,000; and it would have \$100,000 to loan, against which there would have to be no reserve; so that the loaning power of the bank in that community would be greatly increased and it would be more useful to the community, would it not?

Mr. POMERENE. Possibly, in that immediate community. You would have the same amount of money and there would be a less reserve required if a larger portion is invested in capital,

but I see no other advantage.

Mr. BRISTOW. That is, there would be more money to be used by that community than there otherwise would be in the promotion of its business enterprises.

Mr. POMERENE. Assuming that the money which is invested in stock was taken out of the deposits.

Mr. SHAFROTH. Mr. President, let me answer the Senator from Kansas, if the Senator from Ohio will permit.

In the illustration which the Senator from Karsas has given he supposes a bank of \$100,000 capital and surplus and \$1,000,000 of deposits. What is the operation of this proposed What are the losses to that bank? First, it has to subscribe 6 per cent of the capital stock and surplus, which is \$6,000. Then it gets the benefit of the reduction of reserves from 15 per cent to 12 per cent, not upon its capital and surplus, but upon its deposits. Three per cent of the deposits amount to \$30,000. So there remains in that community \$30,000 which otherwise they would not have. That five times offsets the amount of the capital that it has got to put up for the Federal reserve bank.

Mr. BRISTOW. Of course, the Senator figures that there are \$30,000 of those deposits which are to be loaned out in the community; that is, the reserve is reduced \$30,000. That is true, but when you get into the question of deposits and are considering the revenues of the bank you must take into consideration the fact that on these reserves, now, that bank has the opportunity of charging interest.

I am not advocating that policy; I do not believe in it. I am not controverting the question of the system of reserves provided-the details of the bill which have brought it

about I do not agree with, so far as the Owen bill is concerned-but the principle that is involved in the Owen bill and in the Hitchcock bill, so far as the reserves are concerned, is the same, but when you consider the amount of money that will actually be loaned in a community I think the Senator's idea, while it has some merit, will not be fully realized.

Mr. SHAFROTH. Mr. President, I wish merely to answer the suggestion that the member bank can get 2 per cent interest by loaning its money in New York. How much money is the country bank forced to put into the bank in New York? Nine per cent. Nine per cent of what? Of the deposits. Nine per cent of the deposits amount to \$90,000. Two per cent of \$90,000 is \$1,800 a year. That is the cost to the bank. What benefit does it get by having this \$30,000, which it is now compelled to put up, but can lend out in the community? It lends it on an average of 6 per cent. Consequently 6 per cent will yield as much on \$30,000 as will 2 per cent on \$90,000.

Mr. BRISTOW. I beg pardon of the Senator from Ohio, but I could not let the statement go by without presenting, in my opinion, its fallacy; and that is, that the bank in business in the country will have to keep more than 12 per cent in reserves, or away from home. The reduction in reserve required, from 15 to 12 per cent, does not permit the average bank to loan, as a rule, a dollar more in the community, because, to satisfy its

exchange business, it has got to keep that money in New York.

Mr. POMERENE. Mr. President, if that be so, then there is
no cause of complaint in having these funds deposited in the proper reserve bank, viewed from the standpoint of dollars and

cents, of investing the amount in its stock.

Mr. BRISTOW. Except that the bank is now enjoying interest on it, and otherwise it would not be. That is the only thing.

It depletes the revenues of the bank to that amount.

Mr. POMERENE. Mr. President, there is much in what the Senator from Colorado [Mr. Shafroth] has said. proposed plan we reduce the reserves from 15 to 12 per cent; 3 per cent is released. Under the proposed law 5 per cent is required to be held in a regional reserve bank. Under the present law 9 per cent is kept in a reserve bank, upon which they have been drawing 2 per cent interest. The 3 per cent which is released by the proposed bill is invested at bank rates in the community where the bank is doing business, and the banks will receive greater earnings from it than they do from the 9 per cent deposited in the reserve banks under the present law, on which they get 2 per cent interest.

More than that, it will be borne in mind that under the provisions of this bill each of the banks has the right to go to the Federal reserve bank for the purposes of rediscount; and assuming that they would avail themselves of the privilege in proportion to its stock and reserves, each one of the member banks would have the right to take out of the regional bank by rediscounting paper the amount invested by it in the capital-65 per cent of the reserves which it had deposited there and 65 per cent of the Government deposits-and it would be able to invest this money at a profit, represented by the difference between the interest which it received from its customers and the amount of discount which it would have to pay to the Federal reserve bank. So that it seems to me that under the proposed system more of this money will be available for use in the community than under the present system.

Mr. WEEKS. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. POMERENE. I do.

Mr. WEEKS. I do not wish unreasonably to interrupt the Senator from Ohio, but I wish to call to his attention this difference in the character of the subscriptions to the stock in the reserve bank: If the stock is subscribed by the banks it must necessarily come out of the capital of the banks

Mr. POMERENE. No.

Mr. WEEKS. And reduce the capital of the banks by \$100,000,000 or whatever the total capital of the reserve banks is to be

Mr. POMERENE. If the Senator will pardon me, I must differ from him upon that statement. We are not investing under the Owen plan a part of the capital stock of the member banks in the stock of the regional banks, but we are investing money which is the equivalent of 6 per cent of the capital stock and the surplus. That money must come out of the vaults of the bank; it must come out of the deposits.

Mr. WEEKS. If I may have the attention of the Senator, may I ask who is going to subscribe for this stock? Are not the member banks going to do it?

Mr. POMERENE. Certainly. Mr. WEEKS. Where are the member banks going to get the money with which to pay for this stock? It does not make any

difference whether it is out of one bag or out of another bag, they are subscribing their own funds. Now, what funds have banks, except their own capital and surplus?

Mr. POMERENE. All of the deposits of the bank and the investment in this stock are just as much assets of the bank as

are the bills receivable in the vaults of the bank.

Mr. WEEKS. Yes, Mr. President; but when they subscribe to this stock, amounting to fifty million or one hundred million dollars, whatever the sum may be, what are they going to charge it to? They are certainly not going to charge it to deposits in the bank; they are certainly not going to charge it to any other account than to their own capital or their own surplus or their own undivided profits. It is coming out of the

bank's own assets and can not come from any other source.

Mr. POMERENE. It would be with their bills receivable. They would not pay for it out of the one bag or out of the other bag. If I had any credit at the bank in which the Senator from Massachusetts is largely interested, and he loaned me money, he would not say the money which he loaned me was out of the capital stock or out of the deposits; it would be out

of the funds of the bank.

Mr. WEEKS. Well, Mr. President, the Senator from Ohio does not understand my proposition or I myself have been singularly unfortunate in the understanding I have of this question. I should like to ask the Senator once more, as a bookkeeping proposition, to what he is going to charge the subscriptions which the bank makes to the stock in the regional bank on the

Mr. POMERENE. Mr. President, I am not a bookkeeper, and I do not pretend to know to what account I would charge it under those circumstances; but I do know, as a matter of fact, that the stock will be paid for out of the funds of the bank,

whatever the character of the funds may be.

Mr. WEEKS. Now, one more question, Mr. President. Suppose all of the deposits were withdrawn from that bank, then to what fund would it be necessary to charge the stock subscriptions?

Mr. POMERENE. Mr. President, in the first place, the illustration which the Senator gives is a very exceptional one; but take it that if the deposits were withdrawn, any assets which the bank had would be reduced to cash, and the depositors would be paid out of that cash.

Mr. WEEKS. Mr. President, one more question. If the Senator were making up a bank statement and he had subscribed 6 per cent of his capital to a fund of this sort, to what would he

Mr. POMERENE. Mr. President, I must insist that my good friend from Massachusetts is again not stating the proposition correctly. The bank is not subscribing a portion of its capital; it is only giving its obligation for a given amount of stock, which is equal to a certain per cent of its capital and surplus, but not a part of it.

Mr. WEEKS. Is it not necessary to pay for it? Mr. POMERENE. Most assuredly; and you would pay for it out of the assets of the bank.

Mr. WEEKS. What are the assets of the bank? Certainly not the deposits, because the deposits are liabilities.

Mr. POMERENE. The assets are in part derived from the sale of its stock, and the balance is made up of deposits.

Mr. WEEKS. Mr. President, the deposits in a bank are a

liability; they are not an asset at all.

Mr. POMERENE. I mean the proceeds of the deposits which

are brought into the bank.

Mr. WEEKS. The bank has no assets except its capital stock, its surplus, and its undivided profits derived from the investments of the deposits of the bank, but the deposits are a liability. If it invests money in something else on its own account, it must, in the final analysis, be charged against its own

property and not against its liabilities.

Mr. POMERENE. That might be so in the final analysis, but what I am insisting upon is that it is the people's money which goes into this stock. The capital of the bank is already invested, and if the bank is required to subscribe for stock in the regional banks it pays for it out of the funds in the bank. They may be the depositors' funds or they may be out of the funds derived from the payment for stock, if any such funds remain

in the vaults of the bank.

Mr. BRISTOW. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. POMERENE. I do.

Mr. BRISTOW. I should like to make an inquiry of the Senator from Ohio. I have here the statement of a national bank. In that statement it is required by the law to state its resources, of what such resources consist, and also its liabilities

and the detailed items of its liabilities. The resources of the particular bank whose statement I have are: First, "loans and discounts"—that is, the notes that are due the bank—"\$680,000"; 'overdrafts"-checks of depositors who have overdrawn their accounts and owe the bank, a resource—"\$3,700"; "United States bonds to secure circulation"—the bank's money is in the bonds--"\$100.000."

Mr. POMERENE. And in this case the money would be in

the stock.

Mr. BRISTOW. Yes; it would be in the stock, and that stock of the regional reserve bank would be listed as one of the resources of the bank; that is, as one of its investments, would it

Mr. POMERENE. It would be one of the assets or resources of the bank. When it comes to a question of bookkeeping, I am not going to determine that proposition, and I do not regard it as vital

Mr. BRISTOW. That is one of the bank's assets, and, of course, an asset which has been paid for out of the bank's re-

Mr. POMERENE. Certainly.
Mr. BRISTOW. Taken from its capital stock, its surplus, or its undivided profits.

Mr. POMERENE. No: it is paid for out of any funds that are in the bank.

Mr. BRISTOW. The bank could not pay for it out of funds that did not belong to it, could it?

Mr. POMERENE. Just as it invests other funds, and it must account to the depositors for the money. I care not what it is invested in.

Mr. BRISTOW. It has got to go out of business before it can account for this money if it is paid for out of the depositors'

Mr. POMERENE. We have not gotten to the point of going out of business in this matter. We are all going into the busi-

Mr. HITCHCOCK. If the Senator does not object to a further interruption on this point, I should like to ask him a question. I understand that he practically takes the position that the stock in the reserve bank need not be necessarily purchased out of the capital or surplus of the member bank, but may be purchased out of the depositors' funds. Is that cor-

Mr. POMERENE. Mr. President, I have tried to make clear, and I do not see how it can be made clearer, that this stock will be subscribed for and paid for out of cash that is in the When it comes to a question of bookkeeping, bank's vaults. I do not care whether it is money that is represented by the capital stock of the member bank or by depositors' money in that bank. It makes no difference in principle.

Mr. HITCHCOCK. Is it not a principle which all banking legislation recognizes, that a bank must keep its fundsin a liquid form; that is, in commercial paper or bonds or some other form upon which it can realize when the depositors demand their money? Now, if that is so, in case the banks are required to place fifty or one hundred or two hundred million dollars in this stock, will the Senator state how they can meet the demands of depositors when they are not permitted to sell the stock or

hypothecate it?

Mr. POMERENE. Mr. President, that is a proposition which it seems to me is not going to shed very much light upon this matter. Of course, as a general proposition, the funds of a bank should be invested in liquid assets; but now the banks largely invest in bonds, and so forth. The question of the legality of those investments has been sometimes raised, but by the provisions of the pending bill we are going to legalize this invest-Why? For the benefit, as we think, of the depositors and of the public at large, because we are creating an institution which is primarily for the benefit of the depositors of the bank and secondarily for the benefit of the public.

Mr. REED. Mr. President—
The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Missouri?

Mr. POMERENE. I do.

Mr. REED. With the permission of the Senator from Ohio, should like to answer the question of the Senator from Nebraska

Mr. POMERENE. I yield to the Senator. Mr. HITCHCOCK. I think it needs a better answer.

Mr. REED. The Senator from Nebraska very truthfully states that a bank ought to keep its assets in a liquid form. That much we all concede. By "a liquid form," however, is meant a form which will enable the bank, when it needs money, to get it. If a bank, by investing a very small part of its capital—3 per cent, or an amount equal to 3 per cent of its capital and surplus-in the stock of another bank, can thereby create a place where it can always cash all of its paper, and where it can secure Government currency as long as it has assets of value, it has made the most liquid investment of which the mind of man can conceive.

Mr. POMERENE. And by so doing it is contributing to the

liquidity of every other investment it has.

Mr. REED. Certainly.
Mr. HITCHCOCK. Mr. President—
The VICE PRESIDENT. Does the Senator from Ohio further yield to the Senator from Nebraska?

Mr. POMERENE. I do.

Mr. HITCHCOCK. The answer made by the Senator from Missouri is a good answer; but the protection which is secured by the establishment of these reserve banks, in which banks can discount their paper, is just as great if the people supply the money instead of the banks supplying the money, and in addition to that the banks are not loaded up with an investment which they can neither sell nor realize upon.

The result will be that to the extent that they have invested their money in this asset which can be neither sold nor hypothecated they will be compelled to rediscount paper more than they would have been compelled to rediscount it if they had not been required to tie up their money in this unavailable asset.

Mr. POMERENE. Mr. President Mr. HITCHCOCK. I believe the I believe the Senator will admit the truth of my statement.

Mr. REED. I think we ought not, in our argument, to interrupt the Senator from Ohio in his.

Mr. HITCHCOCK. I ask the Senator from Ohio to consider

Mr. POMERENE. If the Senator will permit me, I shall be very glad to do so. The money which is invested in this stock, in my judgment-bookkeepers to the contrary notwithstandingis the money of the people. In other words, it may be part depositors' money and part the bank's capital. I care not which it is; but it is invested in a permanent security from which the bank realizes a rate of interest two and a half times as large, or nearly three times as large, as it does on its deposits.

Mr. HITCHCOCK. Mr. President, I have heard the Senator make the statement before that banks earn only 2½ per cent upon their depositors' money, and therefore that a 6 per cent investment of their capital would be equally good. The Senator forgets that banks are not able to loan out their depositors' money except to a limited extent.

Mr. POMERENE. Why, of course.
Mr. HITCHCOCK. The law requires them, in the first place, to keep a part of it in cash available at all times. The necessities of trade and business demands do not call for loans at all times. The fact is, however, as the Senator from Ohio will admit, that the records show that the national banks last year paid in dividends to their stockholders an average of 11 per cent upon the stock. The Senator is requiring the banks to take that money, now operating at a high efficiency, and turn it into a 5 or 6 per cent investment, where it is practically unavailable in case the depositors demand it.

Mr. POMERENE. Mr. President, I quite well understand the Senator's position with regard to this matter, and this is the position to which he is driven: In the report which he submits he complains in one place that it is wrong to require a bank to invest its funds in securities which earn only 5 per cent, and in the very next sentence he makes the statement that it will be a

splendid investment for the people at 5 per cent.

Mr. HITCHCOCK. Are they not both correct statements? Mr. POMERENE. They are inconsistent.

Mr. OWEN. Mr. President—
The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. POMERENE. I do. Mr. OWEN. The total resources of the national banks amount to ten thousand millions, including their capital stock, surplus, undivided profits, and resources arising from their deposits. Fifty million dollars is only one-twentieth part of one billion and only one two-hundredth part of the resources of the national banks. They will not be wrecked by such a contribution to this stock, which bears 6 per cent interest without taxes, equal to 7½ to 8 per cent in the case of an ordinary investment, and which investment will be taken out of their resources, which comprise for the most part the deposits.

The Senator from Ohio has made an overwhelming and crush-

ing answer to the suggestions of the opposition.

Mr. NELSON. Mr. President—
The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. POMERENE. I yield to the Senator from Minnesota, Mr. NELSON. I desire to ask the Senator from Oklahoma

question, with the Senator's permission, but I see he has left the Chamber

Mr. POMERENE. He has just stepped out. Mr. NELSON. If it is convenient for the Senator from Ohio to answer it, I shall be very glad to have him do so. Assuming that all the national banks joined this system, how much

would 6 per cent of their capital and surplus amount to?

Mr. POMERENE. It would amount, if I remember correctly, to about \$106,000,000. That is approximately the figure.

Mr. NELSON. Under the plan of the so-called Owen bill they are required to pay only half of that in the first instance?

Mr. POMERENE. The first half is paid in three payments.

Yes; and the balance remains as a liability? Mr. POMERENE. It remains as a liability of the member banks, to be called at any time.

Mr. NELSON. So that the capital in the first instance will be only a little over fifty millions, to be distributed among 8 to 12 different banks?

Mr. POMERENE. If I may try to express it in my way a little more accurately, that would be the paid-in capital at the end of six months.

Mr. NELSON. Yes; the paid-in capital. Under the bill as it reads those banks can commence business when one-sixth of the capital is paid in?

Mr. POMERENE. I think that is correct. Mr. NELSON. That would be \$500,000?

Mr. POMERENE. Yes.

Mr. NELSON. Then the regional banks can commence business as banks, to supply the other banks and help them, on a capital of merely \$500,000? Mr. POMERENE, Yes.

Mr. NELSON. Does not the Senator think they would be what I may call insignificant banks compared with the other

banks in the cities where they necessarily would be established?

Mr. POMERENE. Mr. President, of course the Senator will agree with me that he has taken the most extreme case possible in his illustration. If the \$500,000 were all the funds the banks would have, that criticism might have some force; but there is a certain part of the reserves that must be transferred immediately, and the reserves are turned over in several payments, the amounts differing in country banks, reserve banks, and central reserve banks. Let me suggest further that in the region where this small bank would be located, if there should be one so small as the Senator indicates, it would be in a locality which more than likely would not have banks of very large capital stock or of very large deposits; it would be the only bank of reserves in that immediate locality, and it does not necessarily follow that this bank would be resorted to at

POPULAR SUBSCRIPTION TO STOCK.

I wish to suggest a further thought in connection with the popular subscription to this stock. I think fairness compels the statement that up to date we have no acccurate knowledge as to what the earnings of these banks are going to be. It is my judgment that they will earn a sufficient amount to pay the dividends; but suppose they should not earn dividends regularly. Would it be wise to have the public, the widows and children, investing in a stock which might pass a dividend now and then? If this is going to be a good investment—and I believe it will be-it is not an excessive return upon the bank's stock. If it should be a poor investment, the public ought not to be required to "hold the bag" for the banks.

Mr. NELSON. Mr. President, will the Senator yield to me?

The VICE PRESIDENT. Does the Senator from Ohio

further yield to the Senator from Minnesota?

Mr. POMERENE. I do.

Mr. NELSON. I want the Senator to bear in mind that under the Hitchcock substitute or bill, providing for only four regional banks in the entire country, they will have sufficient capital and sufficient reserves to be of a good, respectable size, and their earning qualities necessarily will be enhanced. When, however, you split them up into a lot of petty banks, 8 or 12 in number, scattered over the country, there is danger that some of the banks, likely at some of these ambitious towns, will hardly earn enough to pay their expenses. If you make four strong reserve banks, unless the system should be an utter failure, they will undoubtedly not only earn an ample dividend and provide for a surplus and insurance, but they will bring a revenue to the Government.

There is the danger in your plan. You are proposing to make such a lot of petty little banks that, with the exception, perhaps, of one in New York and one in Chicago, the rest of them will not be able to earn hardly anything or to do any business.

They will be small affairs compared with the larger and better banks-the member banks-in the places where they are

Mr. POMERENE. Mr. President, I do not think that we are justified in saying that if there are four banks there will be four great banks, and if there are eight banks there will be eight petty banks, when the eight can be only on an average half smaller than the four big banks.

While I have great respect for the distinguished and learned Senator from Minnesota as a statesman, I will reserve my judgment when he assumes the rôle of a prophet in speaking of the success of one system or the failure of the other.

Mr. NELSON. Mr. President, in this connection-if it is disagreeable to the Senator, of course I will not interrupt him

Mr. POMERENE. I yield.

Mr. NELSON. I wish to call his attention to the fact that under the larger number proposed, Minneapolis and St. Paul, the Twin Cities, might have a bank located there, especially if you have 12. The capital and surplus of the national banks of Minneapolis amount to \$13,710,000 and of St. Paul to \$9,600,000. For commercial and financial purposes the two cities are practically one. The capital and surplus of the national banks of both these cities amount to over \$23,000,000. Now, what would your Lilliputian reserve bank be with a capital of only \$500,000 or with a capital even of half of the \$3,000,000? You propose a \$3,000,000 bank, and half of it will be \$1,500,000. What kind of a reserve bank would that be in the Twin Cities, and what a reserve bank would that be in the Twin Cities, and what figure would it cut? You would have to have the flag of the United States in front of the building, and you would have to have it labeled "This is a Federal reserve bank."

Mr. POMERENE. Mr. President, my distinguished friend is

not as candid this afternoon as he ordinarily is. I do not know what foresight he has which justifies him in saying that a Federal reserve board not yet created is going to place a bank in Minnesota which will have a capital of \$500,000, when he is not even assured that any Federal reserve bank is going there. It seems to me that that is dealing in speculation rather than in probabilities.

REDISCOUNTS OF SHORT-TIME PAPER.

Mr. President, there is another branch of this subject to which I wish to call attention. It was urged with a great deal of force before the committee that if we would limit the paper which was eligible to discount to 90-day paper the smaller banks in the West would not be able to avail themselves of the privileges of the bank. No figures have been presented, so far as I am aware, showing the amount of paper the average bank would have at any time which was 6-months, or 9-months, or 12-months paper. There is no evidence showing when this paper is taken. It is to be assumed that there is approximately an equal amount taken in each of the 12 months of the year. In any event, I dare say that there would hardly be a week in the existence of any one of these banks when it would not have a substantial part of its notes and bills receivable which would be eligible to discount under the limitation of 90 days.

To make my proposition a little clearer, if a bank is in the habit of taking six-months paper and there is an equal amount taken each month during that time, there is not a moment when one-half of the six-months paper would not be eligible to discount, and it will very rarely happen that any bank would want to discount more than one-half of its paper.

If I be not mistaken in that, there is a provision under the Owen bill whereby the member banks can execute their own paper, indorse it, and have it discounted at the reserve bank and hypothecate with it as collateral its commercial paper which has more than 90 days to run. So all these banks would be in a position where they could, to a very great extent at all seasons of the year, avail themselves of these privileges.

COMPULSORY REDISCOUNTS.

It is suggested that there should be something in whatever law is passed which would compel a regional reserve bank to rediscount a given amount of paper. Of course, these banks are for the benefit of the member banks. Other things being equal, every one is going to have its privilege to rediscount. But I doubt the wisdom of saying to any lender, "You shall loan to any borrower any amount of money." That is a matter which should address itself to the sound discretion of the bank loaning the money or discounting the paper. I think the Owen bill has amply provided for that in this language:

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal reserve board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

Mr. DRISTOW. Mr. President-

Mr. POMERENE. Permit me to add-and if the reserve bank board has at any time failed to live up to the spirit of this provision, its action or its failure to act would be subject to the supervisory power of the Federal reserve board. I can not conceive of a situation where a Federal reserve bank would feel at all disposed to deny a favor to a bank when it was justly and properly entitled to it, knowing that its action would be subject to review by the Federal reserve board. I now yield to the Senator from Kansas.

Mr. BRISTOW. The Senator from Ohio, I think, will admit that if a corporation or an individual extensively in business had short-time notes that were on the market, and if the regional board of directors would state to the bank in that region that the 90-day paper of this man or this concern was not regarded as good, it would be a notice to the banks, thousands of them, possibly, if the region embraced that number, that the discounting of that man's paper was regarded as unsafe. Now, that would destroy him in his business, would it not?

Mr. POMERENE. Not necessarily. I do not see how you can provide one rule for extending credit to a member bank that would be different from the rule which would require a member bank to extend a credit to the individual borrower. The banking rule should be the same, in my judgment.

Mr. BRISTOW. But the Senator admits that this regional board has the discretion to refuse paper which a member bank

may present, even if that paper complies with the forms prescribed by law; that is, 90-day paper.

Mr. POMERENE. Mr. President, that is not fairly stating my position. I am assuming—and every Senator must assume that whatever the form any of these boards shall take these men are going to act as broad-gauged business men, and that they will do their duty and nothing but their duty. On no other possible hypothesis could we establish and maintain a government.

We must assume that Senators are going to do their duty; we must assume that the Supreme Court is going to do its duty: we must assume that the Interstate Commerce Commission is going to do its duty; we must assume that these boards are going to do their duty; and if the board of directors of a reserve bank should not perform its duty, you have the supervisory power of the Federal reserve board to control its action.

Mr. BRISTOW. Now, it the Senator will pardon me, he assumes these men will, of course, do their duty. So do I. But suppose that for some reason the regional board of directors should decide that the paper of John Smith & Co. was paper that they did not care to rediscount, and so notified the banks in that region, that blacklists that company's paper with every bank in the region and every bank in the United States, so far as that is concerned. Complaint has been made, and made with great force, and the Senator from Ohio will not deny it, that concerns in this country that were good have been blacklisted, so far as credit was concerned.

Mr. POMERENE. Oh, I will assume that, in rare instances. Mr. BRISTOW. Well, it has been done.
Mr. POMERENE. We will assume that it is so in many in-Mr. POMERENE. We will assume that it is so in many instances, if that will avail the Senator.

Mr. BRISTOW. That has resulted in the financial failure of concerns that were financially sound, has it not?

Mr. POMERENE. I will assume that to be so. Mr. BRISTOW. I think the Senator and I agree that that Now, if the blacklisting by a few great banks of paper of that kind, with the wide-open condition that now prevails, is possible and does happen, would it not be much easier to destroy such a business when all the banks have to go to one regional bank for their rediscounts if the board of directors of that bank concludes that it does not care to rediscount that paper?

Mr. POMERENE. That is one side of the case, and an extreme side of the case. If the Senator will pardon me now, I think I heard his distinguished colleague on his branch of the committee refer in one of our meetings to an instance of which he had knowledge, in which certain concerns in the West were seeking credit at eastern banks, and the eastern banks, in their judgment, felt that it was not sound business policy to extend the credit, having due regard to their own investments and the interests of their own depositors. The credit was denied, and they believed that they were justified in denying that credit. After a time the suspicions which those bankers had were corroborated by the failure of the man who had sought to get the accommodation. Would it have been wise in that instance to have said to those bankers, "You shall loan to this borrower a given amount of money"? I dare say there is no banker, no investor, not even including the Senator himself, who would submit for one minute to any statute which would require him to loan his money to Tom, Dick, or Harry without the exercise of his judgment in the matter. Mr. BRISTOW. I am surprised that the Senator from Ohio should refer even indirectly to any member of the committee as ever having held that a member bank could be compelled to discount the paper of some citizen when it did not think that paper was good. Nobody has ever presumed to claim that any board of directors would have authority to require a bank to discount paper. That depends upon the judgment of the bank whose money is being loaned to the individual.

Mr. POMERENE. Of course, I did not think that any member of the committee entertained that view, but when you have an artificial limitation of this kind, how easy it is for a banker to say, "I will not loan that amount. My reason for it is that I do not believe he is worthy of that credit." If that be so, it is very readily seen that the limit you give is utterly unavailing. In other words, ultimately it comes down to the sound judgment of the man or the board that is extending the credit.

Mr. BRISTOW. I agree with the Senator as to that. There may be a thousand banks in the region, and a man doing business in that region wants to borrow some money. He goes to the bank in the town, and the bank thinks it can not loan him the money for some reason. He has a thousand other banks to go to and try, and if those banks are reputable banking institutions and belong to this regional system they can loan him that money. It is their money, and if they loan it to him and lose it, it is their loss. He has that opportunity.

Now, our contention is, as the Senator knows, that the bank must determine that for itself and it is not the business of the regional board. It is the business of the regional board to extend to the bank credit upon the bank complying with the requirements of the law. It is our position that that bank, when it meets the requirement of the law, is entitled to the credit. If it is not entitled to it because it is not good, then it ought to be closed up and put out of the association, and they should no longer intrust it with their funds.

Mr. POMERENE. The Senator will pardon me. I do not think any different rule can be applied to a bank than a bank would apply to a borrower. The Senator seems to have his view upon that subject, and I think he would have great difficulty if he would attempt to enforce it. As a matter of practical experience it can not be enforced.

## SHALL THE NOTES BE GOVERNMENT OBLIGATIONS?

Mr. President, I desire to speak briefly with reference to another question. It has been urged that these notes should be the notes of the banks and not the notes of the Government. This has been so strongly urged, and even upon the floor of the Senate, that I am constrained to discuss the subject for a few minutes.

The banks protest against the Government issuing these notes and urge that they should have the right of issue and not the Government; that if the Government should issue the notes it necessarily jeopardizes its credit to the extent that they are issued and that this might be embarrassing in time of war. It is said that the nations of the Old World do not issue notes as Government obligations; that all notes issued are bank obligations. This is perhaps true, but of itself it does not demonstrate either the truth of the position taken by the European banks or the faisity of the position assumed by the Banking and Currency Committee in making the notes the obligation of the Government.

By the act of March 14, 1900, the Government is obligated to maintain the parity of our currency system with gold. If that is to be her duty, and it ought to be, what objection can there be to the Government assuming the payment of a note when it is compelled to maintain its parity with gold. If these notes were purely fiat money there might be a considerable risk, but every dollar and every penny of them is properly and sufficiently secured.

First. By the prime commercial paper which the reserve bank must hypothecate with the Federal reserve agent as collateral security for these notes to the full amount thereof. Under the terms of this bill these notes are short-time paper not exceeding 90 days from the date of deposit until the date of maturity. They are first of all notes of the customers of the bank who are deemed worthy of credit by the member bank and of the class denominated prime commercial paper. They are the notes of the best individuals and firms and corporations in their respective communities; each firm is limited in the amount it can borrow at the bank to 10 per cent of its capital stock, except as to amounts drawn against existing values. These notes have been approved by the officials of the member bank; when they are presented for discount at the regional bank they must bear the indorsement of the member bank, which is always subject to examination by the Federal reserve agent, who is supposed to have full knowledge of the conditions both of the member bank and of the Federal reserve bank, which is also subject to examination by the Federal authorities

at any time. This paper is constantly maturing, and when paid either the money itself must be locked up in the chest of the reserve agent or a similar amount of new, prime, commercial paper must take its place, and here this renewed paper must be held for the redemption of these Federal reserve notes.

be held for the redemption of these Federal reserve notes.

Secondly. At the time of the issuance of these notes a reserve of 33½ per cent in gold is set aside to be used only for their redemption.

Thirdly. They are made a first and paramount lien upon all of the assets of the Federal reserve bank.

Fourth. The stockholders of the Federal reserve bank are the member banks. Their holdings are subject to a double stock liability, and the member banks which present the paper originally for discount to the Federal reserve bank are liable on their indorsement and the stockholders of the member bank are subject to a double stock liability.

Under these circumstances can it be said that the Government is running any risk? Surely it could be only a very limited risk at best. It would have nothing to lose or to pay after all the collateral to which I have just referred had been exhausted. How can the credit of the Government be jeopardized by assuming this obligation when for every dollar of liability it has so much collateral and other security to protect it? But it may be urged that with this security there is no risk to the bank and that the bank note is just as good security in this way as would be the Government note. My answer is that this is a new banking system; that the bankers have themselves taught us to realize the sensitiveness of money and of credit; that it may tighten the money market to adopt any change in our financial system; that people having money for investment or for deposit look with suspicion on any change.

I assume all these things to be true, and assuming that they are true, can we not readily understand that if a Federal reserve note issued by a reserve bank of Denver is presented some place in a New England district, it might not be received as readily as if it were the obligation of the Government. Men might hesitate to receive the obligation of a bank, but they will not hesitate to receive the obligation of the Government.

Again, it is urged that while this might be perfectly safe in time of peace, it is an unnecessary risk to assume in time of war. My answer is, and the answer of every good citizen must be, and it ought to be sufficient to say, that when we are framing a banking system it should be adapted to conditions of peace and not of war. If we are prepared for peace we will be prepared for war when the contingency arises.

Since the adoption of the Constitution we have had one war with Great Britain, another with Mexico, and another with Spain. I am speaking of foreign wars. So long as we shall attend to our own affairs there is little danger of conflict with any foreign nation. Shall we, in time of peace, in the preparation of a banking and currency system, be influenced in our judgment to adopt a scheme which is urged by a few extremists? If a system of finance is good in time of peace we will get more benefit from it in time of either war or peace than we will if we attempt to adopt a system applicable to a state of war and try to adapt it to times of peace. If this country was able to finance itself during the great Civil War, it can do it again against any force that can be brought against it.

Mr. WEEKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. POMERENE. I do.

Mr. WEEKS. Speaking of extremists, does the Senator from Ohio recall any witness who appeared before the Banking and Currency Committee who favored, or does he know of any competent expert in the world who is in favor of, issuing Government notes as a circulating medium?

Mr. POMERENE. Mr. President, perhaps I should not have used the word which I did. I did not mean it in any way offensively at all. I understand that bank notes rather than Government notes are urged by most of the financial experts; I understand that they refer to the great chests of gold that are held in each European country; but while I understand that, I also remember that those countries are always on a war footing, while we are not. Their need for gold—and gold is the money of war—can not be a standard for the American Nation, which, I hope, will ever be a nation of perpetual peace.

Mr. WEEKS. Well, Mr. President, I hope so, too; but when we are establishing a system which is likely to be the basis for the banking and currency system of this country for generations, if not for hundreds of years, why should we not adopt the experience of the world, and not only the experience of the world from a positive standpoint, but from a negative standpoint as well, and decline to do the thing which has always been injurious to the nation which has undertaken it?

Mr. POMERENE. Mr. President, I have the greatest respect for the judgment of my friend from Massachusetts, and I regret that I can not agree with him, but he asks my reasons. notes are perfectly secure; no banker has taken any exception to them, unless it be that the gold reserve is not quite high enough; but with the gold reserve and the other securities they were considered sufficient even by most of the bankers. Government is required to maintain all kinds of currency on a parity with gold; in other words, if a bank issues this character of note under the parity provision of our statute, it is for the Government to so exert itself that this note shall be redeemable in gold or the equivalent of gold. I believe that obligation is on the Government, and it ought to be. With all of the securities we have, I confess, then, that I am not able to see the force of the suggestion which the Senator makes, though I know he is supported by most of the authorities on financial subjects. I believe in doing things when there is a reason for doing them; I believe that when we are obliged to maintain the parity, and have sufficient security, and compel people to receive certain kinds of money as legal tender—that provision is not in the bill, but it ought to be—and under these circumstances, in my judgment, it should be the right and duty of the Government to issue these notes.

Mr. WEEKS. Mr. President—
The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. POMERENE. I do.

Mr. WEEKS. I should like to call the attention of the Senator from Ohio to the fact that while the Government does redeem all bank notes outstanding, the banks furnish the means for the re-demption and furnish the security behind the notes. In this case you are not only asking the banks to furnish the redemption fund and also to furnish the security behind the notes, but in addition to that you are asking the Government to issue the notes direct. It is the first time since the Civil War that any such proposition has been seriously advanced in any country under any conditions, and it is the only time in the history of nations since the Civil War that any such attempt has been made. I want to say-and I am going to say it more definitely later—that, in my judgment, fundamentally it is the worst thing in this bill, and it is the thing which would make any man who knew the history of financial affairs hesitate to support the bill, even if he believed all the other provisions in it were good.

Mr. POMERENE. I understand that often we become scared by ghosts when there is not any reason for it. It is true probably that this has not been urged very strenuously, but I know that bankers are averse, and rightly so, to changes. I suppose that is one of the reasons which has persuaded them to put up

with our reserve system so long as they have.

RESERVE REQUIREMENTS UNDER THE PENDING MEASURE.

Mr. President, I have been occupying very much more time than I expected to. I want now to address myself for a few moments to the requirements of this bill in changing from the one system to the other. I have a statement and some tabula-tions here showing the change in the reserves under the proposed bill, the number of the bank's not in reserve or central reserve cities, the number in reserve cities, and the number in central reserve cities, as well as the capital stock and surplus of those banks, the amount of stock which is required to be subscribed by them and the amount of reserves to be transferred. I ask that they be incorporated in my remarks.

The VICE PRESIDENT. Without objection, that will be done. The matter referred to is as follows:

Capital to be subscribed. Capital stock (all national banks)	\$1,	056, 725,	345, 333,	786. 629.	. 00
Six per cent thereof (stock to be subscribed)  Payments of capital stock.	1,	781, 106,	679, 900,		
First payment, cash, one-sixth Second payment, 3 months, one-sixth Third payment, 6 months, one-sixth	==	\$17, 17, 17,	816, 816, 816,	794 794 794	. 15 . 15
TotalBalance subject to call of Federal reserve board		53, 53,	450, 450,		
Total  Stock as it will be apportioned.  BANKS NOT IN A RESERVE OR CENTRAL RES				764.	. 90
55 per cent		\$58,	795,	420.	. 70
26 per cent RESERVE CITY BANKS.			794,	198.	. 87
19 per cent	elli ili s		311,	(432000)	
Mr. POMERENE. Mr. President, the total of the 7,120 banks not in reserve or central res	der	nanc	l lia	bilit	ies

to \$3,136,329,730.27; the time deposits to \$459,377,757.19. The 315 reserve city banks have demand liabilities of \$1,821,413,-780.14, and time deposits of \$60,233,520.52; the 52 central reserve city banks have demand liabilities of \$1,605,579.970.29, and time deposits of \$13,755,310.58, making a total of \$7,096, 690,068,99,

As I have heretofore shown, a large amount of reserves will be released under the proposed legislation. Three per cent of the demand liabilities and 10 per cent of the time deposits in banks not in reserve or central reserve cities; 10 per cent of the demand liabilities and 20 per cent of the time deposits in the reserve city banks; and 7 per cent of the demand liabilities and 20 per cent of the time deposits in central reserve cities vill be released, making the total amount released \$449,357,-409.77. I ask that the table showing the figures may be incorporated in my remarks.

The VICE PRESIDENT. Without objection, that will be done.

The table referred to is as follows:

Reserves released under Owen bill. BANKS NOT IN A RESERVE OR CENTRAL RESERVE CITY.

3 per cent of demand liabilities (\$3,136,329,730,27) \_\_\_\_ \$04,089,891.91

10 per cent of time deposits (\$459,377,757.19) \_\_\_\_\_ 45,937,775.72 RESERVE CITY BANKS.

10 per cent of demand liabilities (\$1.821.413,780.14) \_\_\_\_\_\_ 12,046,704.10

CENTRAL RESERVE CITY BANKS.

7 per cent of demand liabilities (\$1.605,579,970.29) \_\_\_\_\_\_ 112,390,597.92

20 per cent of time deposits (\$13,755,310.58) \_\_\_\_\_\_ 2,751,062 11

Total amount released \_\_\_. 449, 357, 409, 77 Mr. POMERENE. I also have a statement here showing the amount of the reserves which must be transferred from each class of banks, the several dates thereof, and the amounts of the several payments. I ask that it be incorporated in my remarks as well.

The VICE PRESIDENT. Without objection, that will be done.

The matter referred to is as follows:

National banks not in a reserve or central reserve city	7, 120 315 52
Total	7, 487
Reserve requirements.	
BANKS NOT IN A RESERVE OR CENTRAL RESERVE CITY.	

12 per cent of demand liabilities (\$3,136.329,730.27) \$376,359,567.63 5 per cent of time deposits (\$459,377,757.19) \_\_\_\_\_ 22,968,887.86

Under present law six-fifteenths of these reserves must be carried in the vaults of the bank and nine-fifteenths in a reserve

city

Total \_\_

Under the proposed law four-twelfths are to be carried in the vaults for 24 months.

In the Federal reserve bank for a period of 6 months, twotwelfths, and for each succeeding 6 months one-twelfth, until five-twelfths have been deposited.

During the period of 24 months the balance of the reservesthree-twelfths-may be held in its own vaults or in the Federal reserve bank or in banks in reserve or central reserve cities as now defined by law.

After the 24 months' period all reserves except those required to be held in a reserve bank must be held in the vaults of the member bank or in the Federal reserve bank, or both, at its option.

Each bank not in a reserve or central reserve city, therefore, must transfer at the time of organization-

First installment, two-twelfths. Second installment, 6 months thereafter, one-twelfth. Third installment, 6 months thereafter, one-twelfth. Fourth installment, 6 months thereafter, one-twelfth.	\$66, 554, 742, 58 33, 277, 371, 29 33, 277, 371, 29 33, 277, 371, 29
Total, five-twelfths	166, 386, 856. 45
Reserve city banks.  15 per cent of their demand liabilities (\$1,821,413,-780.14)  5 per cent of time deposits (\$60.233.520.52)	\$273, 212, 067, 02 3, 011, 676, 03

Under the present law reserves in these banks are 25 per cent of the deposits, 121 per cent of which must be carried in their own vaults and the other 121 per cent in central reserve cities.

276, 223, 743, 05

276, 223, 743. 05

Of the reserve required under the proposed law the banks must carry:

In their own vaults for 24 months, six-fifteenths \$110, 489, 497. 22

In the Federal reserve bank for Six months from date of organization, three-fifteenths Six months thereafter an additional one-fifteenth Six 414, 916, 20

In vault or reserve bank, three-fifteenths 55, 244, 748, 61

After 24 months all reserve not hereinbefore required to be held permanently in the Federal reserve bank shall be held in its vaults or in the Federal reserve bank, or in both, at its option.

Central reserve city banks. 18 per cent of demand liabilities (\$1,605,579,970.29) \$289,004,394.65 per cent of time deposits (\$13,755,310.58) 687,765.53 289, 692, 160. 18 In vaults for 24 months, six-eighteenths.

In Federal reserve banks for a period of 6 months, three-eighteenths.

Thereafter in reserve bank, an additional three-eightenths. 96, 564, 053, 39 48, 282, 026, 69 eenths
Either in vaults or Federal reserve bank, six-eighteenths 48, 282, 026, 09 96, 564, 053, 39 289, 692, 160. 18 NOTE.—After 24 months all other than those required in the Federal reserve bank can be in vaults or reserve bank at its option. Total reserve requirements under proposed law. 965, 244, 358. 72 Transfer of reserves to Federal reserve banks. FIRST PAYMENT. Banks not in a reserve or central reserve city, two-twelfths
Reserve city banks, three-fifteenths
Central reserve city banks, three-eighteenths \$66, 554, 742, 58 55, 244, 748, 61 48, 282, 026, 69 170, 081, 517. 88 Total \_ SECOND PAYMENT (6 MONTHS).

Banks not in a reserve or central reserve city, one-twelfth
Reserve city banks, one-diffeenth.
Central reserve city banks, three-eighteenths. \$33, 277, 371, 29 18, 414, 916, 20 48, 282, 026, 69 99, 974, 314, 18 Total \_\_\_\_ THIRD PAYMENT (12 MONTHS). Banks not in a reserve or central reserve city, one-twelfth
Reserve city banks, one-fifteenth
Central reserve city banks, nothing 33, 277, 371, 29 18, 414, 916, 20 51, 692, 287, 49 Total \_\_\_\_ FOURTH PAYMENT (18 MONTHS).

Banks not in a reserve or central reserve city, one-twelfth
Reserve city banks, one-fifteenth
Central reserve city banks, nothing 33, 277, 371, 29 18, 414, 916, 20 51, 692, 287. 49

TRANSFER OF RESERVES.

In making transfers of reserves 50 per cent of these payments may be made by discounting prime commercial paper indorsed by the member banks.

If the member banks should avail themselves of the privilege of transferring their reserves in this way, their payments would be as follows:

Banks not in a reserve or central reserve city.

	Cash.	Paper.
First payment, at organization, two-twelfths	\$33, 277, 371, 29 16, 638, 685, 64 16, 638, 685, 64 16, 638, 685, 64	\$33, 277, 371, 29 16, 638, 685, 64 16, 638, 685, 64 16, 638, 685, 64
Total five-twelfths	83, 193, 428. 21	83, 193, 428, 21 83, 193, 428, 21
Total		166, 386, 856. 42
RESERVE CITY BANK	cs.	
First payment, three-fifteenths. Second payment, 6 months, one-fifteenth. Third payment, 12 months, one-fifteenth. Pourth payment, 18 months, one-fifteenth.	\$27, 622, 374, 305 9, 207, 458, 10 9, 207, 458, 10 9, 207, 458, 10	\$27, 622, 374, 305 9, 207, 458, 10 9, 207, 458, 10 9, 207, 458, 10
Total, six-fifteenths	55, 244, 748. 61	55, 244, 748. 61 55, 244, 748. 61
Total		110, 489, 497. 22
CENTRAL RESERVE CITY	BANKS.	
First payment, three-eighteenths	\$24, 141, 013, 35 24, 141, 013, 35	\$24, 141, 013. 35 24, 141, 013. 35
Total, six-eighteenths	48, 282, 026. 70	48, 282, 026, 70 48, 282, 026, 70
Total		96, 564, 053. 40

Mr. POMERENE. Mr. President, one of the things which was so greatly feared by the banks was the disturbance which might be created in business circles by changing to the new system. They urged a reduction of the reserves and a more gradual distribution of the payments. That has been provided for, and, in addition to that, we have provided when it comes to the original transfer of the reserves that one-half of the amount may be made in commercial paper rediscounted. I recognize the fact that this has been subjected to some criticism, but, in my judgment, the criticism is not sound. If, for instance, a given member bank is required to make a transfer of \$100,000 to the new reserve bank to-day and it should have only \$50,000 in its vaults, it would be required to call in loans which it had made in the community for the other \$50,000 necessary. That would necessarily create some disturbance. If the payment were made in cash to-day, to-morrow it could go to the same reserve bank with other paper, borrow back the \$50,000 in cash which it had drawn from the marts of trade and restore it to those from whom it had been collected. Why should banks be required to call these loans in order to meet these transfers when it can be done partly in cash and partly by rediscounting its paper? It can make no difference to the system whether it receives \$100,000 in cash to-day and loans \$50,000 to-morrow to the same bank, or receives, in the first instance, \$50,000 in

cash and \$50,000 in paper.

We have felt that by this provision in the bill we would facilitate the reorganization of the banks in this country with a

minimum of disturbance to business

Mr. President, I have already occupied more time than I expected, and I will yield the floor.

Mr. WEEKS obtained the floor.

Mr. BURTON. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hughes	Owen	Smith, S. C.
Bacon	James	Page	Smoot
Brady	Johnson	Pittman	Sterling
Bristow	Jones	Poindexter	Stone
Bryan	Kenyon	Pomerene	Swanson
Burton	Kern	Ransdell	Thomas
Chilton	La Follette	Reed	Thompson
Clapp	Lane	Root	Tillman
Crawford	Lea	Shafroth	Vardaman
Cummins	Lewis	Sheppard	Walsh
Gallinger	Martine, N. J.	Shively	Warren
Gronna	Myers	Smith, Ga.	Weeks
Hitchcock	Nelson	Smith, Md.	
Hollis	Oliver	Smith, Mich.	

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). Fifty-four Senators have answered to their names. A quorum of the Senate is present.

Mr. REED. Mr. President, I desire to make a parliamentary inquiry. It is as to whether there is not a rule fixing some penalty for having the roll called at 10 minutes of 6 o'clock.

The PRESIDING OFFICER. There is no such rule so far as the Chair knows. The Senator from Massachusetts is rec-

Mr. WEEKS. Mr. President, I wish to take up for discussion some of the provisions of the amendment which is now under consideration which have not, I think, been discussed during this debate. First, I want to refer to the organization committee.

The House bill provided that there should be an organization committee of three members, consisting of the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency. It provided that they should organize the system, and the reserve board should take control after the organization was completed.

It seemed to the members of the Committee on Banking and Currency that it would be desirable to have those who are to administer the system have to do with its organization. They will have an opportunity to hear witnesses who will appear to advocate the selection of certain places as the locations of reserve banks and branches of reserve banks; and in all the other multitudinous details which must be taken up in the organization of a system of this character it seemed to the Committee on Banking and Currency, without exception, that those who are to have the management and administration of this system should organize it, and presumably they will be the best fitted men to carry out that purpose.

The Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency are busy men. occupied, or should be, substantially all of the time in administering the affairs of the departments with which they are connected. Furthermore, without any reflection on the personality of those who at present hold those positions, their offices are political ones. I doubt if there is any Senator who has not expressed the view that every element of politics and political control should be kept out of this system; yet if the information which has leaked out of the Democratic caucus is to be depended upon, one of the questions which arose in that caucus was where the reserve banks should be located. I have no doubt there will be a radical difference of opinion among Senators and bankers as to the desirability of locating banks in the immediate community where their business is being

If I were representing the Commonwealth of Massachusetts alone in this matter, I should be very likely to advocate a sufficlent number of reserve banks so that Boston certainly would be the location of one of them. It is the third largest banking center in the United States. Its clearings almost every week, sub-stantially all of the time, are larger than those of any other city, than New York or Chicago. Therefore there are substantial reasons why Boston should be the location of a reserve bank, and yet my judgment is that having any number of banks larger than one is going to weaken the efficiency of the system. I advocate 4 banks as against 8 or 10 or 12, although I feel sure that 8 or 10 or 12 would give Boston one of these banks. I advocate 4 because I believe if we have 4 banks we are going to have a relatively efficient system, and I believe if we have 8 or 10 it is going to be relatively weak.

Therefore it is not from any selfish standpoint, either on my part or on that of those I am trying to represent, that I say that the question of the location of reserve banks is going to be one that will be extensively discussed, and many people will appear here, as is evidenced by the correspondence which all Senators are receiving, to advocate that their particular local-

ities shall be given a reserve center.

If you are going to leave to a political board, consisting of two Cabinet officers of the present administration—without, as I have said, any reflection whatever upon them-and the Comptroller of the Currency, the determination of the location of these banks and the other details relating to the system, it goes without saying that they are going to have put up to them political considerations and sectional considerations which they, as political officers and part of the present administration, are going to have difficulty in getting away from. Therefore it seemed to us that it was not wise that those men should be made

the board to organize this system.

The two branches of the committee have come to a different conclusion about who should organize it, however. One branch, the Owen portion of the committee, recommend that the Secretary of the Treasury, who is to be a member of the reserve board, and at least two members appointed by the President shall be the organization committee. The Hitchcock portion of the Banking and Currency Committee recommend that the entire board shall be appointed without delay, and that the board itself shall organize this system, for the very good reason, as I have stated, that it is to administer it, and it probably is the best and most competent body of men who can be found for that purpose.

Let us now discuss for a moment the difference between the

two propositions.

The Owen proposition provides that a majority of the organization committee shall be a quorum; that is, two members out of the three shall constitute a quorum for the conduct of business. In any case the Secretary of the Treasury is going to be the dominating influence in the board of three to which the organization is to be turned over. If there are only two, he has an equal vote with the other. I want once more to say that in these suggestions I do not intend in any way to reflect on the present Secretary of the Treasury, but I believe it is undesirable that even that element of politics which might enter into this organization should be made possible by limiting the number of the organization committee to three, one of whom shall be the Secretary of the Treasury.

The Hitchcock committee has removed politics as far as possible from this board by providing for a board of nine-one of whom shall be the Secretary of the Treasury and eight of whom shall be appointed by the President. In other words, one-ninth of the reserve board will be a part of the administration; the other eight will be divorced from political considerations. those nine men get together and organize this system, political and sectional considerations are going to be minimized to the

lowest possible point.

Mr. SMITH of Georgia. Mr. President, if the Senator will yield to me, is it not absolutely necessary that sectional considerations should be taken into account? Is it not a sectional question? Is it not a question as to where the business from a particular section goes?

I can not understand the Senator's criticism of the suggestion that a sectional proposition should be considered.

While I am on my feet, if the Senator will pardon me for just moment, reference has been made by him to the fact that in the Democratic caucus the question of the location of the regional banks came up. I think the only persons who raised that question were my colleague and myself. I wish to state just exactly

the basis of our raising it.

The proposition first submitted was that there should be eight regional banks—a fixed number. We asked: "Where will they be? If you say there shall be but eight, a fixed number, you ought to know that eight will exactly suit the division of the country. If there are but four, we understand they will be located in New York, Chicago, St. Louis, and San Francisco; but if there are eight, where are you going to put the southeastern section? We would prefer to be put in New York, with only four, than to have eight and be carried out of the direction where our business goes." That was all.

We raised the question, and that was the basis upon which we raised it-that we wanted to be sure that they had not fixed upon a plan that would take the southeastern States away from where their business goes, for we would prefer to vote for four and be sure we would go to New York, where our business goes, than to be taken, possibly, in a direction where our business

I have now repeated upon the floor of the Senate practically what was said there, so that the Senator can understand it.

Mr. WEEKS. I am greatly obliged to the Senator from Georgia for stating that fact. I did not know it before, in that form. He has made the best possible argument, however, for the contention I am presenting to the Senate. He, in a caucus of his party, tried to find out where these banks are going to be located. Now he provides, or the Owen amendment provides, that this organization committee shall meet, and shall have \$100,000 for the purpose of bringing witnesses before it-

Mr. SMITH of Georgia. One moment, Mr. President.

RECESS.

The PRESIDING OFFICER. The Senators will please suspend. The hour of 6 o'clock having arrived, the Senate stands in recess until 8 o'clock to-night.

The Senate thereupon (at 6 o'clock p. m.) took a recess until

8 o'clock p. m.

## EVENING SESSION.

The Senate reassembled at 8 o'clock p. m. BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. SMOOT. Mr. President, I notice very few Senators in

the Chamber and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

Ashurst Johnson Sterling Owen Brady Brandegee Bristow Page Pomerene Reed Robinson Swanson Thomas Thompson Thornton Jones Jones
Kenyon
Kern
Lane
Lea
Lewis
McCumber
McLean
Martine, N. J. Bryan Burton Tillman Townsend Vardaman Walshe Warren Weeks Shafroth Sheppard Sherman Simmons Clarke, Ark. Cummins Gronna Hitchcock Smith, Ga. Smith, Md. Smith, S. C. Smoot Myers Norris Overman Hollis Hughes James

The PRESIDING OFFICER. Fifty Senators are present—a quorum. The Senator from Massachusetts [Mr. Weeks] is

entitled to the floor.

Mr. WEEKS. Mr. President, when the recess was taken at 6 o'clock I was discussing the character of the organizing committee, and had just been interrogated by the junior Senator from Georgia [Mr. SMITH] on that subject. I had substantially said all that I had to say, which is to this effect, that I believe the provision in the Hitchcock bill which requires the appointment of the reserve board, eight members from civil tife and the Secretary of the Treasury, and that board being the organizing committee, is much wiser. It will remove any possibility of the charge that political action has been taken or may be taken. I should think it would relieve the Secretary of the Treasury from any embarrassment on that score. I hope

that that provision will prevail when an amendment is offered to that effect, as it will be separately later on, if the whole amendment that has been offered by the Senator from Nebraska is not accepted.

I wish to discuss briefly the provision authorizing subscriptions to the stock. It has been pretty generally discussed by other Senators, but I have one or two comments which I think may have some influence on the minds of Senators as to which

is the preferable method.

The House provided that national banks to be member banks should subscribe 20 per cent of their capital in stock, and that one-half of it should be paid in. The Owen amendment provides that 6 per cent of the bank's capital and surplus shall be subscribed. The Hitchcock provision provides that the stock shall be offered to the public through the national banks, and it is that particular point to which I wish to address

myself.

The Owen provision is to this effect: That the stock shall be offered to the banks; if the banks do not take the stock, then it shall be offered to the public; and if the public does not take the stock, then it shall be taken by the Government. Anyone who has ever had anything to do with exploiting any kind of an enterprise which necessitated selling stock to the public must necessarily know that stock which has been offered to one set of men and has not been taken by those men, and then from necessity is offered to some one else, goes to the second collection of individuals as damaged goods. You are providing on the other side of the House that if this stock is not taken by the national banks, after giving them time enough in which to consider whether they will take it, then you are going to turn around and offer it to the public. What is the public going to say under those circumstances? They are going to say, "This is not good enough for the national banks to take. They had an opportunity to do it. They have funds to invest. Why did they not take this stock? If it is not good enough for them Why to take, it is not good enough for us to take"; and they would pass it on to the last resort, in this case the Government itself. In other words, the Government would necessarily have to take the stock which had been refused by the two classes of investors in the country. From a business standpoint that is a wrong method of procedure. No banker would ever think of offering securities under those circumstances. If he offered it to the public, as it will be offered to the national banks in this case, and it was not taken, he would hold those stocks until some new consideration could be applied to it before it was offered to anyone else. That should be the course followed in this case

I believe that the public will take this stock, and I have a little evidence to corroborate that belief. A New York City banker issued a circular about two or three weeks ago describ-

ing the character of this investment.

A gentleman in Boston, seeing one of the copies of that circular, sent to the bank for a hundred copies and distributed those copies among the workmen in his factory, he being a manufacturer of machinery. The next day, at different times, 20 men came to him and asked him when they would likely have an opportunity to subscribe for that stock. Those were workmen in this factory, and they were attracted by the character of the investment.

Senators must remember that in Massachusetts there are at least two and a quarter million depositors in the savings banks, aggregating deposits to the amount of \$850,000,000. My judgment is, as is the practice in other cases, that very many of those deposits, which are small in amount, would be withdrawn for investments in this semi-Government institution. If that is the case, I submit to the Senate that that is the best character of stockholding these banks could have, because it would distribute among a very large number of people small holdings in this stock, which would strengthen the relations of the people to the banks, and it would in other ways be of advantage to the Government, the banks, and the people themselves.

I do not think it is necessary to pay over 5 per cent on that stock. A 5 per cent cumulative dividend paying stock not subject to taxation is a stock that should attract the attention of

small investors everywhere.

While I do not know what would happen in some sections of the country, and especially if we are going to have 8, 10, or 12 banks, in all cases I feel assured that as to the banks which are to be established in the eastern section of the country the stock would be subscribed for and oversubscribed for, if it were offered in the way that is proposed in the Hitchcock

Furthermore, I think there is another advantage which has been pointed out, and which was discussed somewhat by the

Senator from Ohio [Mr. Pomerene] to-day. If we establish banks with an aggregate capital of \$100,000,000, or even \$50, If we establish 000,000, as is proposed in the Owen amendment, and the banks are to give that sum, we are going to take \$50,000,000 from the banking capital of the country. There is no escaping that conclusion. But if we offer that stock to the public and the money is taken out of the stockings, and from this source and that source, and from the savings banks, if you please, then we are not taking anything from the banking capital of the country, but we are adding \$50,000,000 or \$100,000,000 to it.

The suggestion which has been made that this money could be taken from the national banks and charged to deposits has not any weight, because a deposit is an obligation of the bank, and if the money would be drawn out of the national banks by people who are likely to invest in this stock to invest in it, it would simply be reducing the liabilities of the bank without reducing the banking capital, which, I believe, is smaller in this country than it should be.

We have been going on increasing and multiplying deposits for many years until in several sections of the country the deposits in many banks are at least ten times, and frequently a greater number of times, larger than the capital of the bank.

think there is reason in the objection which has been made in the past to piling up the ratio of deposits to capital, and that in all cases, as far as possible, it should be limited to about ten

times the capital of the bank.

In some sections of the country, undoubtedly, the bank capital is less than those sections require to-day. I mean, of course, in the developing sections of the country—in the West and in the The very fact that New York banks are loaning now \$350,000,000 to the banks of the country and that one Chicago bank is loaning \$26,000,000 to the banks of the country is an indication that the banks in the developing sections of the West and in the South, where the cotton movement is now on, have less capital than they should have to conduct their ordinary business, and to draw any percentage of that capital out and invest it in this stock or the stock of reserve banks unnecessarily seems to me to be a lack of wisdom.

Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER. Will the Senator from Massachusetts yield to the Senator from Nebraska?

Mr. WEEKS. I yield.
Mr. HITCHCOCK. As I recall the figures, the recent statements of the national banks indicate that they hold in their vaults about \$1,000,000,000 of money, chiefly for reserves. that about the correct figure?

Mr. WEEKS. I think that is correct.

Mr. HITCHCOCK. Practically they are down to the reserve limit.

Mr. WEEKS. Substantially that.

Mr. HITCHCOCK. I want to ask the Senator from Massachusetts what would be the result if out of this thousand million dollars of reserve money the banks were required to take, as under the draft of the bill of the Senator from Oklahoma [Mr. OWEN], \$50,000,000? Would that not reduce the loaning capacity of the bank to a very large extent?

Undoubtedly it would.

Mr. HITCHCOCK. Will the Senator state about the amount of the loaning capacity that that would take away from the banks of the system?

Mr. WEEKS. If you took \$50,000,000 in gold from the banks, you would take away three times their loaning capacity.

Mr. HITCHCOCK. Would it not be four times?

WEEKS. It would be four times-not only the \$50,-000,000, but you would reduce the loaning capacity, including the \$50,000,000 withdrawn, \$200,000,000.

Mr. HITCHCOCK. So that to take this cash out of the reserve money of the national banks would reduce their loaning capacity \$200,000,000, which would be practically a contraction of loans to that extent?

Mr. WEEKS. I think it would.

Mr. SHAFROTH. Mr. President, will the Senator from Massachusetts yield to me?

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Colorado?

Mr. WEEKS. Yes.

Mr. SHAFROTH. Take the case of a national bank that has \$100,000 in capital and a million dollars in deposits; let it operate under the Owen bill, and while it is required \$6,000 into the Federal reserve bank by reason of the reduction in the amount that is required of it in reserves from 15 per cent to 12 per cent, it is that much in its favor, and it is not a reduction of 3 per cent on capital and surplus, but it is 3 per cent on the deposits. If the deposits are \$1,000,000, 3 per cent of \$1,000,000 would amount to \$30,000. Consequently by going into the system where it has to pay \$6,000 it gets released for loaning purposes to the extent of \$30,000. that true?

Mr. WEEKS. Mr. President, that is true; but I was not discussing the question of releasing any part of the reserves. I was simply discussing the question of what would be lost to the banks in loaning capacity by taking \$50,000,000 in gold out of the banks

Mr. SHAFROTH. The question which the Senator from Nebraska asked was whether or not its loaning capacity would not be reduced.

Mr. WEEKS. And I want to add, Mr. President, that the Senator from Colorado is simply using that instance of one bank instead of all the banks of the country. The Senator from Nebraska has just suggested that the banks had about the reserve which they required, or did have it, at the last time a statement was made. As I recall it, the New York banks, instead of having 25 per cent, had a little over 26 per cent, the banks in Chicago had a little over 25 per cent, the banks in St. Louis had about 231 per cent, while the country banks had some-

thing like 16 per cent or a little lower.

Mr. SHAFROTH. The same rule would apply to the reserve city banks and to the central reserve city banks by reason of the reduction in the amount of reserves required. Consequently the loaning capacity of the banks would be five times more by the adoption of the Owen bill than it now is.

Mr. WEEKS. Mr. President, I did not state that there would not be some way to overcome that reduction in loaning capacity on account of the withdrawing of the \$50,000,000 and \$100,000,000 in gold. As a matter of fact, it would be reduced to that extent, but made up by the reduction in the reserves which are

required under this proposed act.
Mr. HITCHCOCK. Mr. President-

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Nebraska?

Mr. WEEKS. I yield to the Senator from Nebraska. Mr. HITCHCOCK. The Senator from Colorado [Mr. Shaf-

ROTH] well knows that the question here is not between the Owen draft of the bill and the present law, but it is a question of how we are going to amend the present law, whether it will be by the draft presented by the Senator from Oklahoma or by the draft presented by the section of the committee of which I am a member. The draft which I have reported here equips the banks to discount paper to just as great an extent as does the Owen draft of the bill, but does not deprive them of the power to loan \$200,000,000 by taking \$50,000,000 in gold away from them at the outset.

Mr. OWEN. Mr. President—
The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Oklahoma?

Mr. WEEKS, I do.
Mr. OWEN. May I ask the Senator how he reconciles this \$200,000,000 contraction of the currency in this way with the explanation of the Senator from New York that this \$50,000,000, on a 331 per cent basis, would expand the currency \$150,000,000?

Mr. WEEKS. Well, Mr. President, I am not, of course, reconciling the figures which I am submitting with the figures which Mr. WEEKS. any other Senator has submitted. It is easy enough to ask that kind of a question about the speech delivered by another Sen-ator to which I may not have been listening and about which I know nothing. I do not know what phase of the subject the Senator from New York was discussing when he used the figures referred to by the Senator from Oklahoma.

Mr. OWEN. May I then put the matter in another form? If

this \$50,000,000 in gold is placed in the Federal reserve bank and the Federal reserve bank has a right to issue \$150,000.000 of Federal reserve notes against \$150,000,000 of gold and negotiable paper which may be offered to it, does it not expand the currency \$150,000,000?

Mr. WEEKS. Well, Mr. President, under the Hitchcock bill it would only expand it \$110,000,000 at most, but it is not a question of expanding the currency that we are discussing; we are discussing the question of expanding credit.

Mr. OWEN. But if you expand the currency, and the currency is a basis of credit, you make your expansion still larger; and it is a flat contradiction of the contention that it contracts credits \$200,000,000

Mr. WEEKS. I made the statement that that of itself, without any other element entering into it, would contract the currency \$200,000,000; and I still think it would.

Mr. SHAFROTH. Mr. President—
The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Colorado?

Mr. WEEKS. I yield to the Senator from Colorado.

Mr. SHAFROTH. Mr. President, the question asked by the Senator from Nebraska, as I understood it, when he interrupted the Senator from Massachusetts, was whether or not the withdrawal of this \$50,000,000 would not impair the loaning capacity of the banks to the extent of \$200,000,000, as he put it? The only way to contrast that is whether it would contract and whether it would impair the loaning capacity to the extent of \$50,000,000 or \$200,000,000. When you take into consideration the provisions of this bill that turn back \$30,000 of the reserve in the case of a bank having a capital and surplus of \$100,000, and apply the same principle to the \$50,000,000, you will find that there will be many hundreds of millions of dollars that will be made loanable by the Owen bill. If this bill is going to make that much more money loanable, it seems to me that the theory of the Senator from New York might have something

Mr. HITCHCOCK. Mr. President—
The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Nebraska?

Mr. WEEKS. I yield. Mr. HITCHCOCK. I want to make my point clear to the Senator from Colorado, because I think if he understands it he will not dispute it. If a bank receives a deposit of \$1.000 it can loan out \$750 of that money, keeping a reserve of 25 per cent. I am now speaking of a bank in a reserve city. reserve of 25 per cent-\$250-represents a loaning capacity of \$750. If that \$250 is taken away from that bank it is compelled to call in \$750 of loans. Taking that in the amount of \$50,-000,000, which the Owen draft of the bill proposes to take away from the banks, it will necessarily contract their loans, and I think instead of four times it will be three times, it will be \$150,000,000. The Senator is correct in saying that the banks can borrow that back. No one denies that they can borrow it back under the draft of the bill that I have reported, but besides being able to borrow it back the bank has got the original

In answer to the statement made by the Senator from Oklahoma [Mr. Owen] to the argument of the Senator from New York [Mr. Root] here to-day, that the bills in his opinion would lead to an expansion of credits and to an expansion of the currency, that is one of the dangers that every member of the committee, I think, contemplated during the hearings; but before that expansion and before that inflation of the currency, we all know that there will be a contraction. There will be a contraction of credits when you take this capital away from the banks; and that will occur before the banks are able to make any discounts to create any expansion. The first effect of this legislation as proposed in the draft of the bill of the Senator from Oklahoma is going to be a contraction of credits; and that is occurring all over the country to-day. Every bank is calling in its loans in order to prepare to get the money to turn into the reserve banks. That contraction is now in prog-The country is suffering from it. Once in motion, this new machinery may result in expansion and even in inflation, but it will only be that we will go from one evil to another. Both arguments, therefore, that a contraction is possible now and an inflation is possible later are entirely true and entirely consistent.

Mr. SHAFROTH. Mr. President—
The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Colorado?

Mr. WEEKS. Yes.

Mr. SHAFROTH. I thought I understood the Senator from Nebraska correctly when he said that there would be a contraction of the currency and a contraction of the loanable capacity of the banks by reason of the enactment of the Owen bill. That, it seems to me, it can be demonstrated will not occur; and I want again to call his attention to the instance of a bank with a capital and surplus of \$100,000 and with deposits equal to \$1,000,000, because that is about the average of the banks. By the Owen bill the bank will have to contribute 6 per cent-in fact only 3 per cent, but I will assume that it is 6 per cent-of its capital and surplus. How much is that? It is \$6,000. At the same time that occurs there is released, by reason of the reduction of the reserves, from 15 per cent to 12 per cent—that is, 3 per cent. Three per cent on what? On the deposits. On what amount of deposits? On a million dollars. Three per cent on a million dollars is \$30,000. So when you size up what the loaning capacity of the bank is you will invariably have \$30,000 added to its loaning capacity and \$6,000 taken away from it, or \$24,000 net in its loaning

Mr. WEEKS. Mr. President, that makes five times the Senator from Colorado has put that statement in the RECORD to-day, and I think he is right about it.

Mr. SHAFROTH. I think so, too; and I am glad the Sena-

tor admits it.

Mr. WEEKS. And yet the question the Senator from Nebraska asked me, if the circulation would not be contracted by the process indicated in his question was absolutely correct. Now, to proceed-

Mr. BRISTOW. Mr. President-

The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Kansas?

Mr. WEEKS. Yes.

Mr. BRISTOW. I want to suggest to the Senator from Massachusetts that I think his statement that the position of the Senator from Colorado is right should be qualified. It may be right in regard to a city bank, but it is not right in regard to a country bank. I think the Senator from Massachusetts will admit that the country banks can not reduce their reserves down to 12 per cent. Even if there were no reserves at all required, those banks would have to keep more than 12 per cent; they would have to keep about the amount they keep now; they could not do business without it; it would not be safe. So there are very few country banks that will carry any less reserves than they carry now, and the advantage which the Senator from Colorado says they will have will never be actually realized so far as they are concerned.

Mr. WEEKS. Mr. President, to avoid any further controversy on that subject I will say that everybody is right. [Laughter.] The Senator from Kansas is right. There would be that reduction; but then, banker after banker testified before our committee that he could not reduce the amount of the reserves which he has to carry below 15 per cent even if the law allowed him to do so, and, therefore, the Senator from Kansas is quite right in his statement. This is the first time I have ever known three persons arguing a question from three differ-

ent viewpoints all to be right. [Laughter.]

Mr. BRISTOW. I desire to say that the junior Senator from North Dakota [Mr. Gronna] advises me that the country banks in his section of the country, as a rule, have to carry about 20 per cent. What good will they get out of this reduction of from 15 to 12 per cent?

Mr. SHAFROTH. In answer to the Senator, I will say that the very object of this bill was to provide such a system that they need not carry any more than the legal amount of reserves; and as soon as the bill is passed you will find that instead of carrying 20 per cent, as they do now, there will be released 8 per cent instead of 3 per cent.

Mr. WEEKS. Mr. President, I tried to explain the other day that there was a vital difference in the amount of reserves which the banks in different localities would have to carry under any law. If the banks are removed a considerable distance from a reserve center, as are the banks of North Dakota, whether the prevailing law is in force or whether any one of the pending bills becomes a law, it will be necessary for those banks to look after their own immediate personal necessities, and that will require them to carry a much larger reserve than would be necessary if they were located within 50 miles of Minneapolis, for instance.

Mr. BRISTOW. If the Senator will pardon me just a mo-

The PRESIDING OFFICER. Does the Senator from Massachusetts yield further to the Senator from Kansas?

Mr. WEEKS. I yield to the Senator from Kansas. Mr. BRISTOW. The Senator from Colorado made the statement with great confidence that the country banks after this bill was passed would have 8 per cent of their reserves released. I can not understand why the Senator from Colorado insists on not understanding and refusing to understand the reason why the country banks can not conduct their business on a 12 per cent reserve. In the first place, it is not safe for banks that are a long way from reserve cities to have such a small amount of cash on hand as would meet the legal requirements of this bill, and they will all carry more cash than the bill compels them to carry. They will have to do it; business will compel them to do it; and they will have to keep money with their correspondents. So this bill is utterly useless, so far as enabling the country banks to reduce their reserves is concerned. They could not do so, even if no reserves were required under the law.

Mr. SHAFROTH. Mr. President, that is where the Senator and I differ. As a matter of fact, if his theory of the bill, that there should be only four reserve banks, one at New

York, one at Chicago, one at St. Louis, and one at San Francisco, were adopted it would be very difficult for a member bank in a remote section to get to a reserve bank, and thereby they might be required to carry greater reserves; but we do not apprehend that the Senate of the United States is going to adopt the plan calling for four regional banks; we think they are going to adopt the plan calling for 8 or 12; and in that event there will be an opportunity for a bank in 18 hours to get reserves or get cash at one of the reserve banks. When that is the case, what would be the use of keeping high reserves when in 18 hours they could go to a reserve bank or send to it and get the relief there? Consequently, I think, with the faith and credit which the people will have in the country banks, knowing that they are connected with this system, that the country banks would adhere to the rule which will be prescribed; namely, that they can keep in their vaults 7 per cent and in the Federal reserve bank 5 per cent. Therefore, if they keep 20 per cent reserves now it will be a saving to them to the extent of the difference between 12 per cent and 20 per cent, which is 8 per cent. I am sure that that is the proper solution of it.

Mr. BRISTOW. Mr. President-

The PRESIDING OFFICER. Does the Senator from Massachusetts further yield to the Senator from Kansas?

Mr. WEEKS. Yes.

Mr. BRISTOW. If the Senator will yield again, just to show how utterly the Senator from Colorado, with all his acumen—and it is very great—has failed to grasp the situation as to these reserves, I wish to call his attention to the fact that we have now, including the central reserve and the reserve cities, not 12, not 8, not 10, but 50 reserve cities; and the country banks, with 50 reserve cities, are now compelled to carry more than 15 per cent reserve. The Senator from North Dakota is right when he says that as a rule they carry about 20 per cent. Their business compels them to do it. They have got to do that to conduct their business as it should be conducted and be on the safe side.

The law requires them to carry only 15 per cent reserve, but they carry 20 per cent. The banks in my State carry more than 15 per cent. The average for the State is more than 15 per cent. With 50 reserve cities, if business requires and compels them to carry more than 15 per cent-that is, more than the legal requirement-how does the Senator expect, having 8 or 10, a reduction to less than one-fourth of what we now have, to enable them to carry a less percentage?

Mr. SHAFROTH. I will say to the Senator, with respect to that matter, if the Senator from Massachusetts will yield-

Mr. WEEKS. Yes; I yield once more.

Mr. SHAFROTH. The Senator ignores, or rather forgets, the character of the Federal reserve banks. He says there are 50 reserve cities now, containing 315 banks, and that on that account they are scattered and they can get to them. Yes; but what is the reserve in the reserve city bank worth to the country bank? It is valuable only to the extent that is there; that is all. When the country banker enters this system, however, he can take his portfolio of notes and go down to the Federal reserve bank and get a discount of 50 per cent of all his deposits if he wants to. That is an entirely different proposition, and with that right he can well say, "I will keep in my vaults only the amount that the law requires, but if I have got to rely on a private bank that may not give me any more than the reserves which I have down there it will be of little avail in case of a run."

It is the fact that the Federal reserve banks provide a market for discounting paper that gives such strength to the country banks, and therefore lets them retain within their own vaults simply the amount of reserves required by law.

Mr. BRISTOW. Mr. President, if the Senator will yield

The PRESIDING OFFICER. Does the Senator from Massachusetts further yield to the Senator from Kansas?

Mr. WEEKS. I do. Mr. BRISTOW. I want to challenge the Senator from Colorado to name a single country banker who has stated that he could not get all of the discounts he wanted from his reserve agents whenever he called for them.

Mr. SHAFROTH. Why, in cases of panic none of them can

get them.

Mr. BRISTOW. The challenge is that the Senator shall name

Mr. SHAFROTH. The very fact that they suspended payment in New York City in 1907 is demonstrative of the fact that they could not get money.

Mr. BRISTOW. I issue the challenge again and invite the Senator from Colorado to name a single country banker who has said that he could not get his rediscounts from his corre-

spondents whenever he asked for them.

Mr. SHAFROTH. Why, I have not asked the bankers on that point, but I know there were just hundreds of bankers who did not pay cash. I know that. There is not any question but that nearly every town that had a clearing house issued what were called clearing-house certificates, and consequently

I suppose that prevailed universally.

Mr. BRISTOW. Ah, if the Senator will pardon me, I will invite his attention to the testimony of a banker from his own city, who stated that his reserve was greater at the end of the

panic than it was when it started in.

Mr. SHAFROTH. Yes; but they would not pay it out. That

was the trouble. New York had pretty nearly the same amount, and yet the bankers of New York would not pay it out.

Mr. BRISTOW. The banker from the Senator's city collected his reserves from other cities and put them in his own vaults.

Mr. SHAFROTH. Why did the bankers of the city of Den-

ver, then, absolutely have to issue clearing-house certificates?

Mr. BRISTOW. The truth is that they did not have to, because when they issued them they had more money than they

have to-day or had had a year previously.

Mr. SHAFROTH. Yes; but they would not pay it out.

Mr. BRISTOW. That is not the fault of the system. I again issue my challenge to the Senator to name a single banker who has said that he could not get all the discounts he wanted from his correspondents when he needed them.

Mr. SHAFROTH. I have not interrogated any banker upon the subject. This is the first time the subject has come up.

I have not any bankers around me.

Mr. BRISTOW. It was brought up frequently in the hear-

Mr. WEEKS. Mr. President, I have heard it said frequently that a woman insists on the last word. They have not any

monopoly of that. [Laughter.]

There are two questions which I want to discuss briefly, bearing on the questions of stock and management. One is that when the original Owen-Glass bill was printed the bankers of the country almost universally objected to the bank ownership of the stock, and especially to their being obliged to subscribe to it. I think there was not a banker before the Committee on Banking and Currency who did not object to being forced to subscribe to the stock of the reserve banks. Every one of them expressed the sentiment, as I recall, that they did not want to invest in it: that they could do better with their funds than invest in this security.

Since the two propositions have been given to the public, the Owen and Hitchcock propositions on the subject, it has been stated-I think it was stated here the other evening by the junior Senator from Kansas [Mr. Thompson], who read a letter or a telegram from somebody in Kansas—that they preferred the Owen method of procedure; that the banks should own the stock. I think his communication was from a banker.

In order to find out whether that sentiment was justified, certainly in the eastern section of the country, I wired a bank in New York and a bank in Boston, asking that a canvass on that subject be made in those two cities. I will read the telegram I have from Boston. I think there are now about 20 national banks in Boston, and perhaps 25 trust companies.

The telegram is as follows:

All the national banks, and all the trust companies except a few, favor public ownership of stock.

The telegram from New York is not quite so positive as that, but it is to this effect:

Feeling among bankers here-

And this was after a canvass-

is that the success of the undertaking will be more certainly established and very much wider interest will be created if the public should be given an opportunity to subscribe for the stock. Moreover, it would bring the banks more in touch with the people and more in their con-

I do not know whether those sentiments would be found in other cities or other sections of the country; but certainly those two cities represent a very large percentage of the banking capital of the country, and they are considerable in numbers as well. As far as any evidence before the Senate is concerned, we may conclude that the bankers, as well as the people generally, would prefer to have public ownership of this stock rather than ownership by the banks.

Now, as to the question of the directors of the reserve banks. I think perhaps I have all the prejudices which go with the desire to have expert management of the reserve banks and experts on the reserve board. Personally, I do not care whether

every one of the reserve board is appointed by the President or whether every one of them is elected by the banks, or by someone else, or whether every one of the directors of the reserve banks is appointed by the President or appointed by the reserve board or elected by the banks, provided suitable and competent men are selected for those places. There is the whole

The President might appoint better men than the banks would elect. The banks might elect men who had more expert knowledge than those the President would appoint. broad knowledge and experience, including banking experience, are selected for those places, those are the men that the people

of the United States wish to have occupy the places.

I have no disposition to quarrel with either method if we are going to get the same result. Men are not going on the board to represent the banks of the country, and should not do so. They are not going on the board to represent the Government, and should not do so. They should go on the board taking their oath to perform their duty to the best of their ability; and if that is done, as I have said, it makes substantially no difference what is their origin.

Criticism has been made and the argument frequently advanced by those who are supporting the Owen proposal, that the banks should have control of the reserve banks, because they are putting their money in them. That is not a good reason why they should have control of the reserve banks. putting their reserves there, and properly so. The Government is putting a couple of hundred million dollars there, and the capital will be subscribed by somebody, either by the public or by the banks. There will be different elements in the ownership

and the deposits in those banks.

I did at first have a prejudice on the subject. It did seem to me that it would be necessary to select bank men for the reserve board in order to get the best results; but it is up to the President and the Senate-the President to appoint and the Senate to confirm men who are suitable, without any regard to what their connections have been or are, except that no man should be on any of the boards who has any connection with any jointstock bank at the time he is appointed or during his service. I will add to that that in my judgment he should be free from all business entanglements. He should disconnect himself, dissociate himself from business affairs generally, so that his undivided attention, his undivided judgment, and his undivided interest may be devoted to the management of the great interests which are to be put in his charge. If that is done, we are going to have good results.

The Senator from Michigan [Mr. Townsend] asks me if I think that will be done. I have confidence that it will be. I certainly hope so, and if it is not done, so far as the appointing and electing power is concerned, the Senate has a veto, and it

should exercise it.

I wish to see these places, especially on the reserve board, filled by business men of the highest character and of as broad capacity for that kind of a place as are the places on the Supreme Bench filled by lawyers. We have had a Supreme Court for 125 years, and never yet, with one exception, have we had any scandal or any question about the capacity of the court. Wa should have the same result in this great board, because it is comparable to the Supreme Court in the interests which are involved and in the matters to come under its charge.

I have confidence and belief that, at least when the system is started, it will be started under the jurisdiction and guidance

of men of that character.

I yield the floor, Mr. President, Mr. BURTON. Mr. President, several days since I prepared considerable number of questions suggested by the pending bill. Some of them were propounded to me by correspondents. Concerning others, I found that there was a difference of opinion among my colleagues as to the correct answer. I have presented this list of questions substantially as it stands to the chairman of the Committee on Banking and Currency, and at this time I should like to take them up one by one.

There are portions of the bill which do not seem to me entirely clear, which perhaps will seem very simple to the Senator from Oklahoma, the chairman of the committee, and to the other members of the Banking and Currency Committee; but an answer will make the provisions of this bill clearer to the Senate and also more comprehensible to the people in the country

at large who are interested in this legislation.

I should like to ask the Senator from Oklahoma, or, indeed, any member of the Banking and Currency Committee, as a first question, Is it contemplated that all the members of the Federal reserve board shall be nominated and confirmed before the organization committee is chosen and begins its work?

Mr. OWEN. No.

Mr. BURTON. Mr. President, it will be observed that on page 32 of the bill there is a provision to the following effect:

SEC. 10. A Federal reserve board is hereby created which shall consist of seven members, including the Secretary of the Treasury, who shall be a member ex officio, and six members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the six appointive members of the Federal reserve board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of the different geographical divisions of the country.

I wish to say just a few words on that subject. It seems to me extremely desirable that all the members of this board should be appointed before the selection is made for the organi-It seems also desirable that the Federal zation committee. reserve board should itself undertake the work of the organization committee; that is, it would be better than if only two of them are to act in dividing the country into districts and selecting the localities for regional banks. The members of the reserve board will have great powers to exercise. It will be most desirable that their wishes in the way of division shall be observed, not after the system has commenced to work, but at the very beginning.

Mr. SHAFROTH. Mr. President-

The PRESIDING OFFICER (Mr. SHEPPARD in the chair). Does the Senator from Ohio yield to the Senator from Colorado?

Mr. BURTON. Certainly.

Mr. SHAFROTH. If the Senator from Ohio will yield, I will state the reason why that provision of the bill is there. It is because there is contained in the bill a provision that no two members of the Federal reserve board shall be from the same district.

Mr. BURTON. I read that provision.

Mr. SHAFROTH. Now, if we require all these men to be appointed before the districts are created, the President can not determine whether a man who lives, for instance, on the Mississippi River, would belong to the St. Louis district or the Chicago district, or, if there are two near there, whether they would not be in the same district. Consequently, it was that idea that made us avoid the question as to the whole board doing it.

The President may appoint them if he feels inclined to do so, but, as a matter of fact, it is difficult to tell, if we are going to have S or 10 or 12 districts, just where the line will be drawn; and inasmuch as the provision is there that no two shall be from the same district it would be almost impossible to figure out with accuracy the districts and also to ascertain whether the men would not be in the same district. For that reason we thought it was best to leave it to the Secretary of the Treasury and not less than two members of the Federal reserve board. The President could easily select one from San Francisco and another one from New York, and, with the Secretary of the Treasury, there would be no question as to a conflict.

Mr. BURTON. There is in this regard a difference, Mr. President, between the so-called Hitchcock bill and the Owen bill. The argument on behalf of the Owen bill is that no two should come from any one district and that special provision should be made to that end. The argument on the other side, and I think I can weigh the argument with entire impartiality, is that it is best to choose the board at the very beginning and have them divide the country into districts. As that board must have the full responsibility for the management and as they have the right to readjust or change the districts thereafter, it seems to me the argument in favor of conferring this duty or responsibility on the reserve board is stronger than the other argument which seeks to prevent two members from being chosen from the same district.

In any choice that is made by the President of the United States in the exercise of his high authority, which no doubt he will exercise with a great degree of responsibility, he would select men from different portions of the country. not choose two, say, from one of the great financial centers of the United States. It seems to me that the provision for the performance of this duty by the Federal reserve board is the preferable one of the two.

I note, Mr. President, that the Comptroller of the Currency is included in the Glass bill not only as a member of the Federal reserve board, but also as a member of this organization committee. He is now omitted from both. Of course, I can see an excellent reason for omitting his name from the Federal reserve board. The Comptroller of the Currency is to a very large degree an auditor. He reviews the accounts and he reports upon them. Now, if he were a member of the board and participated in its deliberations and in its actions and were afterwards required to pass upon its reports as an auditor, he would be ruling upon matters in which he had already participated, because he was a member of the Federal reserve board.

There is certainly a very valid reason for the change in the House bill in that regard, but I do not see why he should not be left on the organization committee if only two, at any rate, are

to be chosen from the Federal reserve board. The Comptroller of the Currency has more or less intimate knowledge of the banks of the country, the amount of their deposits, and their general transactions, and so in a very peculiar degree he would be qualified to aid in properly dividing the country into districts.

Mr. OWEN. Mr. President—
The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BURTON. Certainly.

Mr. OWEN. I will ask the Senator from Massachusetts [Mr. Weeks], as my special representative, to answer that question. Mr. WEEKS. I beg the Senator's pardon. I did not hear his remark.

Mr. OWEN. The Senator from Ohio desires to know why the comptroller was left off this Federal reserve board.

Mr. BURTON. Oh, no; I have said there is a perfectly valid ason for that. There is no doubt of that. I should certainly reason for that. favor omitting him from the Federal reserve board. But my question was, Why is he left off this organization committee?

Mr. OWEN. I would be glad to have the Senator from Massachusetts answer the question, because he opposed placing the

comptroller on that committee.

Mr. BURTON. I am perfectly willing to yield to the Senator

from Massachusetts for that purpose.

Mr. SHAFROTH. I may state that I was in favor, and so was the Senator from Oklahoma in favor, of retaining the Comptroller of the Currency, but the Senator from Massachusetts—

Mr. BURTON. On the organization committee? Mr. SHAFROTH. Both on the organization committee and on the board. I believed that the Secretary of the Treasury, being at the head of the board, when he was absent from Washington should have a live, active representative here to represent the Government. The Senator from Massachusetts [Mr. Weeks] took the opposite view, and he can explain his position better than we can.

Mr. WEEKS. Mr. President, if I am to be given the credit for leaving the Secretary of Agriculture and the Comptroller of the Currency off the reserve board, I am getting more credit, I am sure, than I am entitled to, but I am satisfied I have really accomplished something during the past three months that is

I will say to the Senator from Ohio that there is every reason why an executive officer of the Government should not occupy a position on an important board in the Government service. The Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency are busy men in administering the affairs of their departments. That is especially true of the Secretary of Agriculture, who, I think, personally, is probably a well-equipped man for service on this board, but there is no position in the Government requiring more continuous and active service than is required in his position. Therefore it did not seem wise to put men who are so occupied in places that will require, or should require, the entire time of the incumbent. The same consideration applies to the Comptroller of the Cur-But we did leave the Secretary of the Treasury on the board, because it is presumed that some of the duties which the Secretary has been performing will be least conflicting with the duties of the reserve board. I think his former duties may be somewhat lessened. He has been in touch with very much of the work the reserve board will have to do in the future, and as a representative of the administration and of the Government, it seemed reasonable that he should be continued as a member of the board. However, I think there is no valid reason why the Secretary of Agriculture or the Comptroller of the Currency should be placed on the board.

Mr. BURTON. I understand that both bills agree in leaving the Secretary of Agriculture off both the Federal reserve board

and the organization committee.

Mr. WEEKS. Yes. Mr. BURTON. And in leaving on the Secretary of the Treas-

Mr. WEEKS. Yes. Mr. BURTON. Both bills concur in leaving the Comptroller of the Currency off the Federal reserve board and the organization committee?

They do. Mr. WEEKS.

Mr. BURTON. Mr. President, I have already stated that there is a valid reason why the Comptroller of the Currency should be left off the Federal reserve board. If he were to remain on it it would be his duty to pass upon reports and accounts of a board of which he was himself a member. why should he not stay on this organization committee, with all his familiarity with the national banks of the country, which is far greater than that possessed by anybody else?

Mr. BRISTOW. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Kansas?

Mr. BURTON. Certainly.
Mr. BRISTOW. I do not want the Record to show, or to have it inferred from the RECORD I should say, that all the members of the Committee on Banking and Currency believed that the Secretary of the Treasury should be on this board. While the bill which I advocated so provides, if the majority of the committee had felt as I do and as I did, he would not have been there, because I do not think the Secretary of the Treasury or any other Federal official ought to be a member of this Federal board.

Referring to the question of the Senator from Ohio, the fact that the Comptroller of the Currency is familiar with the banking business of the country so far as the management of the banks is concerned does not indicate at all that he is familiar with the commerce of the country. It seems to me that the board which is to administer this great system ought to lay it out, and I do not believe that anyone ought to be a member of the organization committee who is not a member of the board. I think every member of the board ought to be an active member of the organization committee. Being in at the beginning and having studied the country and listened to the contentions of the various sections in behalf of the establishment of these regional banks, their location, and the territory that should be attached to them, the membership of the Federal board would be equipping themselves for the administration of the system, and would quickly see wherein they had made mistakes in the original outlining of the territory. So I believe it is a grave mistake not to have the complete board appointed as the organization committee.

Mr. BURTON. Mr. President, it is my desire to devote the present time to the elucidation of certain points, and I do not wish to indulge in any considerable expression of opinion until those points have been made clear. However, I can say in passing that I quite agree with the Senator from Kansas that it is undesirable to have any executive officer with the position and with the onerous duties of Secretary of the Treasury on a board of this kind. There might be no collision between his responsibilities and his high position in the Cabinet were he on this reserve board, but there are other reasons that I might suggest why he should not be, such as the undue degree of importance which would attach to his suggestions as a member of that board. The weight of his opinions and suggestions would be strengthened and increased by the great authority vested in him in this bill. No member of the Federal reserve board would feel like opposing him, because in a great many important particulars he has authority to either overrule the board or else shape their action.

There is another point which ought to be mentioned. work of that great department, one of the most difficult in the Government to administer, is sufficient to take all of one man's time and energy. He can not at the same time be both a good Secretary of the Treasury and a good member of the Federal reserve board. Performing the separate duties of one of those offices, he might be either an excellent Secretary of the Treasury or an excellent member of the Federal reserve board.

I should like to ask the members of the committee when the duties of this so-called organization committee ends? When are they through with their work and when do they turn over

this control to the Federal reserve board?

Mr. SHAFROTH. The bill provides that the organization committees shall examine into the districts, take testimony as to the boundaries of the same, and then cease in its operation on the organization of the Federal reserve board.

Mr. BURTON. That is, when the number of banks provided in the bill are organized?

Mr. SHAFROTH. I should think so.

Mr. BURTON. That is, it would not be after the organization of one of them, or a part of them, but only when all the banks have been organized?

Mr. SHAFROTH. No; I think when the Federal reserve board is organized the organization committee ceases.

. Mr. BURTON. Might it not be a matter of very considerable importance to determine that? Suppose you were to organize according to this bill eight districts, and very much more rapid progress is made upon the first, the second, and third than on the rest, subscription might be more readily obtained, it is not only conceivable, but very probable, that there will be an interval of months between the organization of the first bank and the last bank. Now, when and at what point is the organization committee to turn over the work to the Federal reserve board?

Mr. SHAFROTH. My judgment is, from my recollection of it, that it turns it over when the Federal reserve board is or-

ganized. I should not think it would be proper to hold this matter up entirely because one far-off district could not organize. On that account it seems to me that the natural import of the bill is that the committee would turn it over after the selection of the districts.

Mr. BURTON. But suppose there are three banks organized ready to do business and five not organized. What is the relation between the organization committee and the Federal reserve board? The Federal reserve board will be appointed. Does the Senator from Colorado contemplate that under those circumstances when the Federal reserve board is ready to do business it would merely manage three banks, the organization of which was complete, and leave to the organization committee the organization of the other five?

Mr. SHAFROTH. No; I should think that the order of the organization committee with relation to the number of districts and to their boundaries would be put forth at the same time, and then their duties would end. Otherwise you are going to have no Federal reserve board for a long while.

Mr. BURTON. I will suggest to the Senator from Colorado, however, that the bill contemplates more than the mere laying out of the districts.

Mr. SHAFROTH. Yes; it does.

Mr. BURTON. It will have a great deal of work in the organization of banks.

Mr. SHAFROTH. But if you will examine the bill closely, you will find that the Federal reserve board is vested with this sole power.

Mr. BURTON. Certainly; I have already called attention to that fact.

Mr. SHAFROTH. That being the case, it can lapse at any time, and there is an organized body to take it up, namely the

Federal reserve board.

Mr. BURTON. Does not the Senator from Colorado think that it ought to be made perfectly clear, so that we may know when the duties of one of these bodies ends and when the other

begins; and does he think it is clear in the bill?

Mr. SHAFROTH. It seems so to me. We have never had a doubt about it. It was presented, and the theory is that as soon as the Federal reserve board is organized that ends the organization committee. I have not read the language closely, because I did not have a copy of the questions which the Sense because I did not have a copy of the questions which the Sena-tor served on the chairman, and I have not read them yet. Mr. BURTON. On page 5, line 19 and following, the state-

ment occurs that-

When a Federal reserve bank shall have been organized, every national banking association within that district shall be required and every eligible bank may be permitted to subscribe to the capital stock thereof in a sum equal to 6 per cent of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Federal reserve board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal reserve board, said payments to be in gold or gold certificates.

Where is all that money to be lodged? Here is a provision for a payment which, according to the calculations, would amount to at least \$50,000,000, made first a third down, then a second third, then a third, amounting in all to \$52,000,000, \$17,000,000 at a time. Where is that money to be lodged in the meantime?

Mr. SHAFROTH. I presume in the Federal reserve bank. Mr. BURTON. But there is no Federal reserve bank necessarily organized

Mr. SHAFROTH. In some instances it will be turned over to them; but if not ready to be turned over, it will be held sub-

ject to the direction of the Federal reserve board.

Mr. BURTON. Does not the Senator from Colorado think that it ought to be made definite as to where that money shall be lodged? It would be withdrawing some \$50,000,000 or more from the circulation of the country, of which some disposition should be made. Then, again, is it not a very wide discretion to leave to this Federal reserve board before the banks are organized?

Mr. SHAFROTH. Of course, this Federal reserve board will be composed of a very high class of men. I do not feel any anxiety on that score. It might be desirable to put in a little more specific provision, but it seems to me it would be operative as it is, because if the banks were not organized, and the Federal reserve bank was organized, they could just put in that bank the proportion which goes to the banks. If the Federal reserve bank was not organized, it would be held by the Federal reserve board until the Federal reserve bank was organized. We will make a note of it, because it may be well to make the

provision more specific.

Mr. BURTON. Of course, the intention is that it shall not be paid in until after the bank is organized, but it would seem

to me that that might be made a little clearer. I call attention to page 6, lines 3 to 9. I ask about this because a number of inquiries have reached me concerning it. This portion reads:

The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock at the par value thereof in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this act.

Mr. President, I suppose that the object of that provision is clear, and that it is to impose upon the stockholders of the regional or Federal reserve banks what is called the secondary ability. By shareholders is not meant the banks? Mr. OWEN. Oh, no.

Mr. BURTON. It does not mean by individual shareholders of the member banks that subscribe?

Mr. OWEN. Oh, no. Mr. SHAFROTH. No.

Mr. OWEN. There is a double liability of a member bankthe subscribing bank—as a subscriber.

Mr. BURTON. That is clearly the intention of this paragraph, I understand?

Mr. OWEN. That is the intention of the paragraph.

Mr. BURTON. So that if a member bank, State or national, subscribes \$100,000 and pays in \$50,000, it stands to lose the \$50,000 that it has paid, the \$50,000 of its unpaid subscription, and another \$100,000 on its secondary liability in case the bank proves to be insolvent?

Mr. OWEN. It does. Mr. BURTON. There is no ambiguity about it? Mr. OWEN. There is no ambiguity about it.

Mr. BURTON. Now, suppose a State bank subscribes to this stock where there is no State law allowing or sustaining secondary liability, does the Senator from Oklahoma give it as his opinion that merely coming into this organization would make that State bank liable to the extent of this secondary liability?

Mr. OWEN. If the State bank enters this system and subscribes as a contract, it would be bound unless the State law forbade it to make such a contract. In that contingency it could not become a member under the provisions of this act.

Would this provision here prevent it from Mr. BURTON. becoming a member, or other provisions of the bill?

Mr. OWEN. It would be by the provisions of the bill and the charter which it held from the State which forbade it making a contract of that character.

Mr. BURTON. I have no doubt that the Senator from Oklahoma has considered this matter very accurately, and I understand him to give the opinion that any prohibition of a State law would prevent a State bank coming in under this plan?

Mr. OWEN. The Senator's language is too broad.

Mr. BURTON. Suppose there is no provision in the State law for what is called secondary liability?

Mr. OWEN. The ordinary term "secondary liability" would apply to the stockholders of the State bank and not to the obligation of the contract entered into by the State bank.

Mr. BURTON. And the Senator from Oklahoma would maintain that the liability for an amount equal to the stock would be a contractual liability rather than a statutory liability?

Mr. OWEN. It would be a contract liability under the

statute. Mr. BURTON. A contract liability that could be enforced

unless there is an express prohibition in the State law? Mr. OWEN. That is my contention.

Mr. BURTON. Does not a question arise on this point: What authority would be sufficient to accept the terms of this bill? Could the directors alone do it, or would it not be necessary to have some action by the shareholders that would be equivalent to abandoning their old organization and reorganizing under another form?

Mr. OWEN. I take it that the State banks under the State laws, as a usual thing, have a right to enter into a contract. If the State law, however, precludes such a contract it would preclude them from entering the system, because the system requires them to enter into this kind of a contract.

Mr. BURTON. But would not the stockholders have to ratify

such an acceptance?

Mr. OWEN. That would depend upon the charter and bylaws.

Mr. BURTON. And the laws of the State in regard to their power?

Mr. OWEN. Certainly. I have made written answers to 53 questions of the Senator, if he wants to have them.

Mr. BURTON. I do not know but what I ought to have called or them before. I have been somewhat interested in this matfor them before. ter; and, in addition, I have received a large number of commu-

nications, in some of which these questions are suggested or framed.

On page 6, from lines 15 to 24, I find this language:

Should any national banking association in the United States or trust company engaged in commercial banking in the District of Columbia now organized fail within one year after the passage of this act to become a member bank under the provisions hereinbefore stated, or fail to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank act, or under the provisions of this act, shall, within the discretion of the Federal reserve board, be thereby forfeited.

The paragraph then goes on to state:

Any noncompliance with or violation of this act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the District or Territory in which such bank is located.

Is that provision, to the effect that if a member bank "fail within a year after the passage of the act," automatic or does it require the decree of a court? Is that a noncompliance with or a violation of the act?

Mr. OWEN. If the Senator will permit me, I think that the

practical effect would be that a bank would not wait for a decree of the court, but would transfer its charter to a State bank. If, however, it resisted, a decree would be necessary

Mr. BURTON. That is, if within a year a national bank has not subscribed, does not accept the provisions of this act, it nevertheless continues a national bank until there is a court decree?

Mr. OWEN. Yes.
Mr. BURTON. And the provision "any noncompliance with or violation" includes its failure to join?
Mr. OWEN. It would require a decree of the court to en-

force it if it resisted.

Mr. BURTON. I think, Mr. President, the distinction loses its importance from the fact that if a bank should fail to com-

ply with the terms of the law and suit should be brought the popular confidence in the bank would be so shattered that there would probably be little use or necessity for bringing action.

Mr. OWEN. That is why I said to the Senator that I thought

that no decree would be necessary, because a bank that did not wish to enter the system would take out a State charter and transfer its business to a State bank.

Mr. BURTON. It was probably for that reason; but a case might very naturally arise where a bank would say, "We have a national charter, and we intend to hold on to it.'

Mr. STERLING. Mr. President

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from South Dakota?

Mr. BURTON. I do. Mr. STERLING. If the Senator from Ohio will permit me, I will say that I think there is a question back of the one suggested by himself, and that relates to the discretion of the Federal reserve board.

Mr. BURTON. I intend to take that up, but I should be obliged to the Senator from South Dakota if he would state it in his own language.

Mr. STERLING. If the Senator has it in mind as one of the questions to propound, I will not interpose.

Mr. BURTON. Suppose the Senator does it. In fact I would be glad to have him. He may have a different idea from the one which I have in mind.

Mr. STERLING. Very well. I would like to ask the Senator from Oklahoma as to his understanding of the provision read by the Senator from Ohio, so far as it relates to the discretion the Federal reserve board. The language is:

Should any national banking association in the United States or trust company engaged in commercial banking in the District of Columbia now organized fail within one year after the passage of this act to become a member bank under the provisions hereinbefore stated, or fail to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank act, or under the provisions of this act, shall, within the discretion of the Federal reserve board, be thereby forfeited.

So, does it not appear from this language that, although any national bank may not see fit to accept the provisions of the act, the Federal reserve board might, in its discretion, continue that institution as a national bank? If it could decline to forfeit the charter of any bank not accepting the provisions of the act, could it not decline to declare forfeited the charter of any number of national banks or the national banks of a particular region under the particular language of this provision?

Mr. OWEN. I think it gives a broad ground of discretion to the Federal reserve board.

Mr. STERLING. Yes. So that it would be entirely within the discretion of the Federal reserve board as to whether or not it would declare the charter of any national bank forfeited for failure to comply with the provisions of the act?

Mr. OWEN. Yes.

Mr. STERLING. Then, it would be within the power of the Federal reserve board to render this act practically a dead letter, would it not, if it could refuse to declare forfeited the charter of any national bank for failing to comply with the provisions of the act?

Mr. OWEN. I think they could exercise their discretion with

regard to it and extend the time.

Mr. STERLING. It is not, I think, if I may say so to the Senator from Oklahoma, a mere question of time.

Mr. OWEN. If the Senator would complete the reading of the section on the next page of the last print-

Mr. STERLING. I am reading, I think, from the first print. The Senator has not read the whole of it. Mr. OWEN.

Mr. STERLING. The provisions in regard-

Mr. OWEN. The Senator has not read the whole of it. It

Any noncompliance with or violation of this act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the District or Territory in which such bank is located, under direction of the Federal reserve board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved. In cases of such noncompliance or violation, other than the fallure to become a member bank under the provisions of this act, every director who participated in or assented to the same shall be held liable in his personal or individual capacity for all damages which said bank, its shareholders, or any other person shall have sustained in consequence of such violation.

The intention was to give a broad discretion to the Federal

reserve board.

Mr. STERLING. Exactly; but no proceedings would be instituted against the bank unless upon the motion of the Federal reserve board.

Mr. OWEN. That is right.

Mr. STERLING. The Federal reserve board might, in its discretion, conclude not to institute any proceedings in court at all. Is not that the conclusion?

Mr. OWEN. Certainly.

Mr. BRANDEGEE. If they concluded not to institute any proceedings, then t'e Federal reserve board could not declare the charter forfeited.

Mr. OWEN. If they declared the charter forfeited, they would institute proceedings, or the Comptroller of the Currency

would do so under their direction.

Mr. BRANDEGEE. But under the language of the bill the charter could not be forfeited until the court had found that they had violated the provisions of the act. Of course it is conceivable, though I can not suppose that the Federal reserve board would so act, that in their discretion they could continue national banks under their charters under the present nationalbank act, although the court had found that they had violated the provisions of the act.

Mr. OWEN. The court would never have jurisdiction until

suit was brought by the Comptroller of the Currency under the

instructions of the Federal reserve board.

Mr. BRANDEGEE. I understand that; but after the judgment of the court that a member bank had violated the provisions of this act, then it would still be in the discretion of the Federal reserve board whether or not to declare their charter forfeited.

Mr. STERLING. Mr. President, I think it is clearly meant by the section-and I think the Senator from Oklahoma has that idea-that, first, the Federal reserve board may, in its discretion, declare a forfeiture of the bank's charter for failure to comply with the provisions of the act, and that having declared a forfeiture a proceeding must be had in court under the provisions of the bill in order to have a judicial determina-

tion of the matter.

Mr. SHAFROTH. Mr. President, I want to say to the Senator from South Dakota that the object of this provision in not making it mandatory was this: Perhaps some of the banks might be prevented on account of circumstances from complying with the provisions, and it was thought wise to give them a further opportunity. Therefore discretion was vested in the Federal reserve board purely for the purpose of preventing the contingency of the banks not coming in. A bank might not, perhaps, have the money or it might be hard pressed or some other condition might arise—the bank building might be destroyed or papers might be destroyed at the very moment of the last day on which they could come in—which would cause delay, and so it was thought that it would be very harsh to say to a bank: "You can not become a member of this system at all." For that reason latitude was given the Federal reserve board.

Mr. STERLING. But, Mr. President, does not the Senator

think that this is rather a broad provision and that it might lead to some abuse on the part of the Federal reserve board

under particular circumstances?

Mr. SHAFROTH. No; I do not think so.

Mr. STERLING. It gives the Federal reserve board very wide discretion in the matter, without any further limitation upon their power in this respect than their discretion; such is the language of the act.

Mr. OWEN. Does the Senator think that there should be no discretion about it; that it should be absolutely compulsory,

without any possible discretion?

Mr. STERLING. Mr. President, I think with reference to that the law itself should fix the time within which the national banks could come within the provisions of the act or signify their acceptance of its provisions, and then it might prescribe conditions under which the time for their coming in might be extended, rather than to leave it, in the broad language of this act, wholly within the discretion of the board.

Mr. OWEN. It might easily occur that some banks with very

large properties might not be able within 12 months to make the transfer to a State charter without serious embarrassment, and in such a contingency there ought to be left somewhere a discretion, and we left it with the Federal reserve board.

Mr. BURTON. Mr. President, I have no doubt that it was the idea of the committee or of such members of the committee as inserted this provision, to show a certain degree of leniency to the banks in order to make the system work more smoothly; but it strikes me as dangerous. In the first place, is there not some question about the execution of a legislative provision in this way? The bill declares that if the bank does not come into the system in a year, it shall forfeit its charter. Can you add to that provision and make it optional with a board or with an executive officer whether that penalty shall accrue?

This is a pretty serious provision. The tendency of recent decisions in the last 20 years or more has been to sustain provisions of this general nature. But to my mind there is a more serious objection. It throws the door wide open for favoritism; it encourages a bank to hold out and take its chances, relying on bringing some influence to bear upon the Federal reserve board at Washington. While I do not doubt but what the committee has carefully examined the provision I question very much whether the addition of this clause to the bill, as it passed the House, is not really an injury rather than a benefit.

What are illustrations of noncompliance or violation? is meant by that? These are the provisions in the bill concerning the time of payment and the deposit of reserves. Now, what is meant? Does this noncompliance or violation refer to the original organization of the banks or to any violation or non-

compliance thereafter?

Mr. OWEN. There are a number of provisions in the bill with regard to reserves and other requirements which must be observed as a part of this act when they become members. there are two matters to be considered: First, the refusal to become members; second, when they become members a refusal to comply or a failure to comply with the provisions of the act. Mr. BURTON. Then this is a broad, general provision in regard to any violation of the provisions of the act?

Mr. OWEN. It is.

Mr. BURTON. Except as modified where discretion is given to the Federal reserve board?

Mr. OWEN. It is.

Mr. BURTON. Then, in case of noncompliance or violation, suit must be brought before the charter of a bank can be

Mr. OWEN.

Mr. BURTON. There are, however, exceptions. When a bank is in a failing condition then the Federal reserve board can, as I understand, take possession?

Mr. OWEN. It can, or the Federal reserve bank itself— Mr. BURTON. The Federal reserve bank or the board. Who brings the suit, and what is the measure of damages?

In cases of such noncompliance or violation other than the failure to become a member bank under the provisions of this act every director who participated in or assented to the same shall be held liable in his personal or individual capacity.

What is meant by that?

Mr. OWEN. That would depend upon the facts developed in each case

Mr. BURTON. Can the Senator from Oklahoma give several illustrations of what these damages for noncompliance or violation are?

Mr. OWEN. No; the Senator is not prepared to give any particular set of cases

Mr. BURTON. Would payment of one installment on a subscription and then failure to pay the second and third be a noncompliance or violation?

Mr. OWEN. It would.
Mr. BURTON. It would render a director liable?
Mr. OWEN. It would.

Mr. BURTON. That would be one illustration, then.
Mr. OWEN. Yes. A number of cases might arise that human imagination might develop; but I hardly think it is necessary for the chairman of the committee to indulge his imagination as to particular cases that might arise, because they are perfectly obvious where they violate the provisions of this law.

Mr. BURTON. I am far from asking the Senator from Okla-

homa to indulge in any flights of imagination. This clause, however, is somewhat indefinite, and might deter persons of competency from acting as directors. They would ask, "What does Under what circumstances are we to become that mean? liable?

The criticism I have to make on the provision is not that it imposes a liability upon the director, but that it seems to be indefinite. It does not make clear the nature of the liability. Perhaps it may be said to be clear enough the nature of the liability—he can be sued for it—but what makes him liable for it?

Mr. OWEN. The noncompliance or violation referred to is a noncompliance or violation of the terms of the act. The language is very plain. It says:

In cases of such noncompliance or violation \* \* \* provisions of this act. under the

Any violation of any of the provisions of the act which is of sufficient gravity might become a basis for holding responsible the director who was guilty of it.

Mr. BURTON. Is not that adding a new liability to the di-

rectors of all banks?

Mr. OWEN. I will say to the Senator that, as I recall, that is the practice in dealing with the national-bank system. That is the usual practice of the national-bank act. This is simply a reproduction of the national-bank act.

Mr. BRANDEGEE. Mr. President-

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Connecticut?

Mr. BURTON. I do.

Mr. BRANDEGEE. Let me ask the Senator from Ohio if he considers that there is any distinction intended in the language employed in the two parts of the bill to which he has called attention, in this respect:

It provides that if these associations fail to comply with any

of the provisions of the act, and so forth-

All of the rights, privileges, and franchises of such association granted to it under the national-bank act, or under the provisions of this act, shall, within the discretion of the Federal reserve board, be thereby forfeited.

Then it goes on to say:

Any noncompliance with or violation of this act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction—

And so forth, in a suit before the association shall be declared dissolved.

Is there any distinction between the forfeiting of the franchises and the declaration of the dissolution of the association?

Mr. OWEN. I take it that the declaration by the Federal reserve board of a forfeiture would then be put in a suit as a basis of fact. They would declare that they had not complied and state that, in their discretion, they declared the forfeiture. Then a suit would be brought by the Comptroller of the Currency, with that as a basis of fact, asking the court to confirm the forfeiture.

Replying to the Senator from Ohio, in the national-bank act this language occurs, and we practically followed it:

In cases of such violation, every director who participated in or assented to the same shall be held liable in his personal and individual capacity for all damages which the association, its shareholders, or any other person shall have sustained in consequence of such violation.

So we simply followed the practice which has heretofore pre-

vailed in the national-bank act.

Mr. BRANDEGEE. I do not doubt that the practice has been followed, but I wondered whether, if the Federal reserve board declared the franchises of a national-bank association to be forfeited

Mr. OWEN. They do not deal with national-bank associations.

Mr. BRANDEGEE. I mean any member bank.

Mr. OWEN. The Senator means a Federal reserve bank, I take it?

Mr. BRANDEGEE. Yes; or any national banking association, which is the term used here.

Mr. OWEN

Mr. BRANDEGEE. That is a national bank, is it not? Mr. OWEN. Yes; that is right.

Mr. BRANDEGEE. It says that if any national banking association shall-

fail to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted

to it under the national-bank act, or under the provisions of this act, shall, within, the discretion of the Federal reserve board, be thereby forfeited.

Mr. OWEN.

Mr. BRANDEGEE (reading):

Any noncompliance with or violation of this act shall, however, be determined and adjudged by any court of the United States \* \* \* in a suit \* \* \* before the association shall be declared dissolved.

Mr. OWEN. Yes.

Mr. BRANDEGEE. Under that language, as it is drawn, it seems to me the Federal reserve board has absolute authority, in its own discretion, to declare the rights to be forfeited; its franchises are thereby forfeited, and only upon a suit brought afterwards in a court of competent jurisdiction can the question be determined whether the noncompliance or violation of the provisions of the act had actually taken place; and then, and not until then, the association can be dissolved.

Mr. OWEN. Let us suppose a case. The Federal reserve

board-

Mr. BRANDEGEE. What I mean to say is, what would become of the national banking association under this act after its rights had been thereby forfeited, and the Federal reserve board so declared, and before the decree of the Federal court that it was dissolved?

Mr. OWEN. Does the Senator desire to construe one part of the law without considering the other part of the law

Mr. BRANDEGEE. Not at all. I desire to get at the understanding of the Senator from Oklahoma for the purpose of supplying any deficiencies that may exist in my understanding.

Mr. OWEN. The Senator from Oklahoma will endeavor to

explain, then, still further.

The Federal reserve board, in declaring a forfeiture upon a certain state of fact, might have the fact itself challenged and evidence taken before the court to show that the judgment of the Federal reserve board in declaring a forfeiture upon a

certain state of fact was not justified.

Mr. BRANDEGEE. If the Senator will permit me to inter-rupt him there—and I do it only for the purpose of saving time-I desire to make a suggestion. Why does not the act say, putting it in the discretion of the Federal reserve board to forfeit all the franchises of the national banking association for a violation of the act, that the forfeiture shall not take place until the Federal court has found as a fact that the national bank has violated the provisions of the act, and has declared its provisions to be forfeited? In other words, it gives the Federal reserve board the right to declare the franchises all forfeited, and then there is a lawsuit, and finally the court declares the dissolution of the corporation.

Mr. OWEN. In actual practice, when a forfeiture would be declared upon a state of fact, it would not be denied. The bank would not contend further. It would simply transfer its charter to a State charter. That is the usual practice in the adminis-

tration of the national-bank act.

Mr. BRANDEGEE. The Senator, of course, is better posted

than I am in regard to that.

Mr. OWEN. I am speaking simply of the actual practice of the comptroller's office. When they are ready to declare a forfeiture the bank does not go into court, although it has the right to do so. I do not know of an instance of the kind. They are very rare. When they find the charter is going to be forfeited they simply acquiesce, because, as the Senator from Ohio [Mr. Pomerene] observes, when a bank stood before the community with a declaration of forfeiture of its charter the bank would be discredited; its deposits naturally would be with-drawn to a greater or less extent; its credit would be impaired. It could not afford to continue in business with the disapproval of the Comptroller of the Currency. My information is that they do not contend; but if they wished to contend, it would be proper to give them a forum.

Mr. BRANDEGEE. What the Senator from Oklahoma has

said suggests to me, I will not say the folly, but the lack of wisdom in providing that a Federal reserve board may declare a forfeiture, and thereby absolutely discredit a bank in a large section of the country and terrify depositors without any judgment of a court being pronounced upon a question of fact, and perhaps a question of mixed law and fact.

Mr. OWEN. I will say to the Senator that it is expected that the Federal reserve board will have as much dignity and as much character as any court in the country. Therefore I do not believe the presumption that it would do an indiscreet or foolish thing in administering this law has a practical foundation.

Mr. BRANDEGEE. Without being advised of the composi-

tion of the Federal reserve board to be created by this act, and with no intention of casting any reflections upon it, I assume that its members will not all be lawyers, nor men of the capacity of judges of courts. Of course, in their capacity they

will be the best men who can be obtained. But the very fact that before the corporation which they have adjudged to have forfeited its franchises can be dissolved the committee has seen fit to provide a judicial tribunal, consisting of one of the courts of the United States, to determine in fact whether or not the bank has violated the provisions of the act, shows that the committee itself considered that it would not be wise to impose in the Federal reserve board beyond the right of appeal the determination of questions involving millions upon millions of stock and deposits in a great national bank, as well as its reputation and its career forever.

We have implicit faith in the Interstate Commerce Commission, but we do not allow them to finally decide cases. There is always an appeal to a Federal court. Here, however, is a question of the forfeiture of a national franchise, and it seems to me the provision ought to be drawn with the utmost care.

The Senator has referred to the fact-I know very little about the banking business, but I would be very much surprised to learn-that a great national bank, or its directors, upon the mere finding of a Federal reserve board, in its discretion, that it had violated any provision of this act of 50 or 60 pages, would voluntarily close their doors and tamely submit to a forfeiture of all their franchises without contesting the matter in court. They certainly would not do so if what was declared forfeited was of any value to them.

Mr. SHAFROTH. That is the very reason the clause as to referring it to the court was inserted, so that the right could be

invoked

Mr. BRANDEGEE. I am not quarreling with the right of appeal, or the provision that before the corporation shall be dissolved a court must have found as a fact that the reason for declaring its franchises forfeited was valid. I am not quarreling with that at all. I am saying that instead of providing that a corporation shall not be dissolved until the court has found that it has actually violated some provision of the act. the provision ought to be that its franchises shall not be declared to be forfeited until the court has found that it has violated some provision of the act.' It does not say, even, that it must have willfully violated the provisions. Here are 50 pages of new, technical, unadjudicated provisions imposed upon all the national banks of the country which are coming into this scheme, which heretofore have been familiar with an entirely different banking law; and for any little, trivial, paltry violation, about which they may well differ in good faith with the construction which may lie in the mind of some gentleman not yet named upon the Federal reserve board, their franchises are to be declared forfeited.

Mr. OWEN. Mr. President, does the Senator make that argu-

ment in the face of the national-bank act, under which that

policy has been pursued ever since 1864?

Mr. BRANDEGEE. I am not making it in the face of the national-bank act. I am making it in the face of the language of the bill we are now considering.

Mr. OWEN. The Senator has obviously forgotten the terms

of the national-bank act.

Mr. BRANDEGEE. No; I have not forgotten them, because I never knew them. [Laughter.] I do not consider that they are of any relevancy at all to the point I am making. The national-bank act is going to be repealed, in so far as it conflicts with this act. This is the act that is to govern the reserve association and the new reserve banks, while the national-bank act, from which the Senator was about to quote, is an act which governs the national banks as they now exist.

Mr. OWEN. Mr. President, I do not want to consume time simply by answering questions. Of course, questions can be asked ad libitum, beginning with this act and going through every line of it, and thus keep the chairman of the committee on the floor just answering questions until the end of the year, suppose. But I do not feel inclined to answer questions further than I may really add some light upon this matter.

Mr. BRANDEGEE. As far as any question which I asked the Senator, it was asked so long ago that whatever illumination he could have shed upon it I am sure has been done. I am not asking the Senator any question at all. I am stating that I think if the violation of this act is the thing that is going to cause the forfeiture of the franchises of the banks that come in under it, they having been promised a special favor, enough to tempt them to come in, and having come in under a threat that their franchises would be forfeited if they did not, they ought to have the judgment of a judicial tribunal before their franchises, which are their property, are confiscated at the whim of a Federal reserve board, and I say, under the language of this act, such a judicial proceeding is not so provided.

Mr. STONE. Mr. President, will the Senator from Ohio

gield to enable me to make an announcement?

Mr. BURTON. Certainly.

Mr. STONE. The senior Senator from Mississippi [Mr. WIL-LIAMS] left here this afternoon about 1 o'clock to go to Philadelphia to fill an engagement made some time since, to preside over an important meeting in that city. The exact name of the society I am not able just now to state, but it is a distinguished body devoted to the advancement of scientific and economic subjects. He asked me to state, if there should be a roll call, that he had made this engagement and felt obliged

There have been two roll calls since then. I was in my committee rcom, just above here, near the gallery. I heard the bells ring and could have stepped down in a few minutes, butwas engaged with some constituents of mine on matters that I thought more important than to come down and say "Here" when my name was called. Out of consideration for the request of my friend from Mississippi, however, I desire to say that he is absent on the business I have indicated.

Mr. BURTON. Mr. President, passing to the next question which I have here, it is provided, in line 15 and following on

Should the subscriptions by banks to the stock of said Federal reserve banks or any one or more of them be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then and in that event the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription at par such an amount of stock in said Federal reserve banks, or any one or more of them, as said committee shall determine, subject to the same conditions as to payment in and stock liability as provided for member banks.

I take it, that it is intended under that provision to leave the question entirely to the judgment of the organization committee. Is there any intimation here or elsewhere in the act as to the amount of time expected to elapse before subscriptions shall be opened to the public?

It is left to the organization committee.

Mr. BURTON. I wish to repeat a question which I asked when the Senator from Oklahoma was out of the Chamber. When does the work of the organization committee end and that of the Federal reserve board begin? Suppose in this list of eight banks there should be two or three districts which were very backward-where there is not sufficient capital subscribed-and the others are well advanced, with not only the stock subscribed but the bank already organized and prepared to do business, would this organization committee continue, then, to control those two or three backward banks or would the Federal reserve board control them?

Mr. OWEN. It would be merged into the Federal reserve

board, which would then control.

Mr. BURTON. Is it left entirely with the Federal reserve board as to when they shall decide that all the stock which can be obtained from the banks is subscribed before they go to the

public? It is left absolutely to their discretion?
Mr. OWEN. It is left to the Federal organization committee, and then, when the Federal reserve board is organized, if that work shall not be completed, it will be merged into the Federal

reserve board.

Mr. BURTON. The voting power of the public stock referred to on page 9 refers to both the stock subscribed by private individuals and whatever amount may be taken by the Government, does it not? It will be noticed that the term "public stock" is not used as applied to both these classes of stock, but only to one. Does the term "public stock" refer to both

Mr. OWEN. It does. Mr. BURTON (reading):

The voting power on said public stock shall be limited to one vote for each \$15,000 par value thereof, fractional amounts not to be considered.

How do you arrive at this sum of \$15,000?

Mr. OWEN. Because it is the average interest in a system of about 10,000 banks and about \$100,000,000 of subscribed

Mr. BURTON. It is the average for all?

Mr. OWEN. Yes; it is an amount approximating the average. Mr. BURTON. Is it not an amount very materially below the stock of any bank that would go into the system?

Mr. OWEN. It is not a question as to the stock of a bank going into the system.

Mr. BURTON. The stock subscribed?

Mr. OWEN. It is a question as to the amount of interest that the bank would have in \$100,000,000 of capital.

Mr. BURTON. I refer next to page 9, lines 13 to 18. What is to be the status of the reserve cities and central reserve cities after the passage of this act?
Mr. OWEN. They remain as they are except the fact of the reserve requirement that is in the bill.

Mr. BURTON. What functions do the banks of these reserve cities perform after this act is passed?

Mr. OWEN. After it goes into full effect they will not perform any function except to hold their reserves a little higher

than the country banks.

Mr. BURTON. "Shall not be construed as changing the present status of reserve cities." Is it the sole object of this provision to maintain the status quo entirely or partially until the time—three years I believe it is—has expired? Mr. OWEN. Yes.

Mr. BURTON. Then the readjustment of the reserves is to take place, and also for the designation of the percentage of That is all there is of it?

Mr. OWEN. That is all there will be of it.
Mr. BURTON. On page 10, lines 10 and following, when and by whom are branch offices to be established?

Mr. OWEN. Under rules imposed by the Federal reserve

Mr. BURTON. On page 10, lines 11 to 15, occur the words "under regulations of the Federal reserve board at points within the Federal reserve district in which located." Let me read the whole of it. The language is:

Each Federal reserve bank may establish branch offices under regulations of the Federal reserve board at points within the Federal reserve district in which it is located: Provided, That the total number of such branches shall not exceed one for each \$500,000 of the capital stock of said Federal reserve bank.

As I understand the change made, first the word "may" is stricken out and the word "shall" substituted for it, so that the establishment of branches is compulsory; and the limitation in the House bill, namely, one for each \$500,000 of capital stock, is stricken out. Those are virtually the only changes that are intended?

Mr. OWEN. The changes there were made because the lan-

guage was too rigid in the House provision.

Mr. BURTON. First it was limited to one branch for each

\$500,000 of capital stock.

I turn now to page 12, lines 16 and following. Of course it may be rather a violent supposition, but is it not possible that there might be a district in which no five banks would join, and under those circumstances the provision for organization could not be carried out?

Mr. OWEN. No; that is impossible.
Mr. BURTON. You regard that as so remotely possible that it was not provided for?

Mr. OWEN. It is not provided for, because it is impossible.

Mr. STERLING. Mr. President, I wish to make an inquiry upon the subject of branch offices or banks. I should like to ask the Senator from Oklahoma what would be the particular function of the branch offices or banks? Will they be of the same nature as the Federal reserve banks themselves, or will they have other functions, such functions as the member banks?

Mr. OWEN. That would depend upon the organization of the branch, the size of the branch, and the conditions which might be attending any particular branch. I take it that they would have a different organization, depending upon the size. They might have a branch, merely in the form of an agent, who would receive commercial bills and transmit them, or have a local board, perhaps, to pass upon such bills. They would be similar to branches that are controlled by the Bank of France. For instance, the Bank of France has 180 branches, with about 490 agencies and branches combined.

Mr. STERLING. Their functions, then, would be those of

rediscounting the notes of member banks?

Mr. OWEN. Yes; to bring the facilities of the Federal reserve banks closer to the people, where the people could get in contact with an organized representative of the bank.

Mr. BURTON. Regarding the appointment of officers and the amount of discretion they may exercise, that is left entirely with the Federal reserve board?

Mr. OWEN. With the Federal reserve board.

Mr. BURTON. For example, who would select the subordinates in regional bank No. 1?

Mr. OWEN. The directors.

Mr. BURTON. Of the regional bank?

Mr. OWEN. Yes.

Mr. BURTON. They would be subject to removal only by the directors of the bank?

Mr. OWEN. By the bank itself.
Mr. BURTON. The members of the Federal reserve board.
Mr. OWEN. No; the bank. The officers of the bank would be subject to direct removal by the board. The nine directors of the bank would remove the officers or employees of the bank at their will.

Mr. BURTON. In the first instance, they would be responsible to the directors of the regional bank?

Mr. OWEN. Yes. Mr. BURTON. With the right of supervision by the Federal reserve board?

Mr. OWEN. Yes. Mr. BURTON. Now, please turn to page 13, lines 16 to 20. Is there any provision in this act for dissolution in the case of insolvency, except the one that the Federal reserve board may Does not the corporate existence continue actake possession? cording to this act for 20 years?

Mr. OWEN. It does.

Mr. BURTON. Is there any clause which provides that its corporate existence shall not continue for 20 years even though it becomes insolvent?

Mr. OWEN. There is not. Mr. BURTON. Under what circumstances would it be dis-

Mr. OWEN. The Federal reserve board might take charge of it, and the Federal reserve board might, through the Federal reserve bank, establish branches within that district.

Mr. BURTON. Is there any provision in the bill that in case of insolvency of a regional bank a branch can be established in that district?

Mr. OWEN. No. Mr. BURTON. I I seem to remember some such provision as that. What would be the modus operandi in case of the failure of one of these banks?

Mr. OWEN. The Federal reserve board would direct the Federal reserve bank to establish an agency in that district for the accommodation of the bank.

Mr. BURTON. That is, whichever one was most convenient, in its discretion?

Mr. OWEN. Yes.
Mr. BURTON. On page 14, lines 2 and 3, in regard to the powers of the Federal reserve bank "to sue and be sued, complain and defend, in any court of law or equity," it is not intended in this act, I take it, to establish any different status for these banks than is true with any other corporation as regards a resort to the United States court?

Mr. OWEN. It is not.

Mr. BURTON. Except that in the case of an action brought by the comptroller or by a public official for the dissolution of the bank for noncompliance or violation, then the United States court has jurisdiction according to this section.

Mr. OWEN. The United States court would have jurisdiction of the member bank that failed to enter the system or failed to comply with the provisions of this act after it had entered. insolvency of the bank would be provided for by a decree of the Federal reserve board, and it would take charge of its business until it could be restored to solvency or its affairs wound up.

Mr. BURTON. Mr. President, I come now to a provision

about which there has been a considerable am ant of question. It is the eighth subdivision, at the bottom of page 14 and the top of page 15. I will read—— Mr. OWEN. What print is the Senator using?

Mr. BURTON. I am using the print of December 1. It is the one which shows the original House bill with erasures and interlineations.

Upon deposit with the Treasurer of the United States of any bonds of the United States in the manner provided by existing law relating to national banks, to receive from the Comptroller of the Currency circulating notes in blank, registered and countersigned as provided by law, equal in amount to the par value of the bonds so deposited, such notes to be issued under the same conditions and provisions of law which relate to the issue of circulating notes of national banks secured by bonds of the United States bearing the circulating privilege.

This is one of the powers of a Federal reserve bank under which it seems that any bonds of the United States may be deposited with the Treasurer in the manner provided by the existing law relating to national banks, and the banks will then receive from the Comptroller of the Currency circulating notes, and so forth. Is it understood that in all respects the existing law relating to national banks shall apply to these regional banks in this regard?

Mr. OWEN. It is.

Mr. BURTON. Suppose you have a regional bank with a capital of \$3,000,000, half paid in, how many of these circulating notes based on United States bonds could it issue?

Mr. OWEN. As many as they deposit bonds for, without regard to the capital.

Mr. BURTON. Then it is not altogether similar to the national banking law?

Mr. OWEN. Only in the matter of the method of issue, as stated here. In the manner provided by existing law they are entitled to receive, and they are entitled to receive upon the deposit of any bonds of the United States. It is not a limitation as to the capital.

Mr. BURTON. The law then places these notes and the power of the regional banks on the same footing with the national banks merely as to the modus operandi?

Mr. OWEN. That is all. Mr. BURTON. And under this act a bank which has a minimum authorized capital of \$3,000,000 and \$1,500,000 paid in could issue \$100,000,000 of bills, if it had the bonds?

Mr. OWEN. Of course, that is a very wild assumption, but if it had bonds and the Federal reserve board did not object to such issue, they might do so, under the terms of this act, for a thousand million.

Mr. BURTON. There is no provision in the paragraph giving discretion to the Federal reserve board to limit what they

shall issue?

Mr. OWEN. Yes; they have general supervision. Mr. BURTON. There is nothing except the general right of the Federal reserve board to supervise? That is all?

Mr. OWEN. Yes; they have a supervising control. Mr. BURTON. So far as this paragraph goes?

Mr. OWEN. No; as far as a charter right to do this is concerned, it does not put that limitation in the place of the charter The right to control the banks and the reserve power is held by the Federal reserve board.

Mr. BURTON. It is absolutely unlimited?

Mr. OWEN. Yes.

Mr. BURTON. This is an addition to the House bill, is it not?

Mr. OWEN.

Mr. BURTON. Is there such a provision in the Hitchcock This gives an unlimited right to issue bills on United States bonds. It is on page 14 of the so-called Owen bill, paragraph 8

Mr. WEEKS. The Hitchcock provision, Mr. President, is that notes can be issued either against commercial paper of an equal amount or against the refunding notes of the Government which are provided for in this bill; that is, that \$50,000,000 of 2 per cent bonds shall be refunded by \$50,000,000 of 3 per cent notes held by the reserve banks, and the reserve banks may either hypothecate these notes on commercial paper equal to the face value of the notes or refunding notes.

Mr. OWEN. We can not hear the Senator on this side. Mr. WEEKS. I was stating the provision of the Hitchcock

bill relating to the security behind the note issues of the reserve banks, that it should be either commercial paper or refunding notes-one or the other, or both-and unlimited, as far as the refunding notes are concerned.

Mr. OWEN. I should like to say to the Senator from Ohio that the available bonds which may be used by this whole banking system is limited to about \$44,000,000, unless some national banks should go out of the banking system and in

that way put their bonds on the market.

Mr. BURTON. Of course, perhaps that is not an imminent possibility, but it is entirely probable that that might be done. What impressed me in regard to this was the possibility of a bank of comparatively small capital, say, of not more than a million and a half paid in, obtaining bonds and floating nationalbank notes on them, or notes similar to our present nationalbank notes, to an almost unlimited extent.

Mr. OWEN. I will remind the Senator that in that contingency such a bank with a million and a half dollars paid in would have a capital stock subscribed of \$3,000,000, a double liability of \$6,000,000. The contract of such a bank would be the contract of the member banks to the extent of their double liability and the assets which might be in such banks; but, more than that, the banks would be under the supervisory control of the Federal reserve board. In giving a charter right it was not thought necessary in the charter right to impose any unnecessary limitation upon this provision.

Mr. BURTON. Mr. President, it is not so much the failure to pay the note-naturally they would be secured by bonds anyway—but the way of doing business, the very wide disparity between the capital stock and the normal activities of such a bank with a million and a half dollars paid in and 20, 30, or

40 million dollars of bills issued-

Mr. OWEN. I will say to the Senator that a national-bank note now secured by a United States bond is a perfectly good note, even if the officers of the bank by whom it is issued do not sign the note or if their names are forged to it. The reason The reason for that is that in reality it is the bond of the United States which gives validity to that note and makes it receivable by the public at par with gold, and the act of March 14, 1900, which, as a contract of the United States, bound the United States to maintain such notes at par with gold.

Mr. BURTON. Yes; I have read those statutes; but, as I

have already said, my question does not relate so much to

the lack of the validity of the bonds. It seems to be an unnatural kind of banking to make it possible for a banking institution to issue notes so out of proportion to its capital.

Perhaps at another time I shall wish to say something on the provisions of this bill for the retention of the national-bank note currency or any currency of that type. On page 15 of this print, from lines 18 to 25, it is provided:

print, from lines 18 to 25, it is provided:

Said board shall administer the affairs of said bank fairly and impartially and without discrimination in favor of or against any member bank or banks and shall, subject to the provisions of law and the orders of the Federal reserve board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

It seems to me, Mr. President, that that is an unfortunate paragraph. It contains an intimation that the ordinary principles of banking shall not be observed, but that an effort shall be made to maintain a sort of equality between all the member

Another thing is suggested. Does this right of appeal "subject to the provisions of law and the orders of the Federal reserve board" apply this far: Does a borrowing member bank, which goes to a regional bank and seeks a loan and is refused, have a right to go over the heads of the directors of that bank to the Federal reserve board? Does the authority of the Federal reserve board extend to the point of considering appeals from the decision of the directors of a regional bank in a matter of discount?

Mr. OWEN. I take it that the Federal reserve board, under its general supervisory control of the system, would have a right to hear such a complaint, to call the attention of the board of directors to the complaint, and exact of them fair treatment of the member bank who might have been discriminated against; but I do not take it that the Federal reserve board would pass upon the question of the security or upon the particular transaction or take it out of the hands of the local board. It would only instruct them to discharge their duty properly under the provisions of the bill.

Mr. BURTON. What is discharging their duty properly?

Mr. OWEN. An attempt was made in this particular section, which the Senator has just read, to describe what their duty was in this particular-to deal justly and without discrimination as between member banks, and to extend them such accommodations as would be justified by the conditions of the Federal reserve bank and the right of other member banks to accommodations at their hands.

Mr. BURTON. That proposition goes without saying; but

And shall, subject to the provisions of law and the orders of the Federal reserve board, extend to each member bank such discounts, advancements, and accommodations as may be safely and reasonably made with due regard for the claims and demands of other member banks.

Mr. OWEN. The Federal reserve board has the right, finally, to fix the rate of interest, for instance. The local board first fixes the rate of interest, and then it is subject to review and order by the Federal reserve board. It would be an order within which the board of directors or officers of such bank would act.

Mr. BURTON. It seems to me that this goes further than that, and imposes upon them an obligation to make loans subject only to this limitation, that they must look out for the that is, suppose there were a hundred banks-there would, in fact, be more banks in one district or region—and one bank comes along with its piece of paper, could the directors of that regional bank say. "We can not do anything for you until we know what the needs of the other 99 banks may be"? Does not that clause at the end, "with due regard for the claims and demands of other member banks," seek to establish a rule of taiwass which would be changed as the end of the claims. fairness which would be observed anyway, and in addition do something that is useless, and that might create embarrassment?

Mr. SHAFROTH. Mr. President, that clause was placed in that paragraph largely for the reason that the Hitchcock bill contained a provision for compulsory discounts, asserting that any member bank going with paper to a Federal reserve bank should be entitled, as a matter of right, which it could enforce perhaps by mandamus, to compel the Federal reserve bank to discount that paper. We thought that was too extreme a provision; it was thought wise that there might be conditions of the bank that would not justify the discounting of its paper. For that reason we put in a clause, which to a large extent is advisory to them, but which, nevertheless, indicates the policy that should be pursued by them in making these discounts where they fairly can.

Mr. BURTON. It seems to me that it would be better to leave that out. I am not familiar with the Hitchcock provision in regard to it. May I ask if it is still in the bill?

Mr. SHAFROTH. Oh, yes. The Hitchcock bill contains a provision that when a bank takes paper to a Federal reserve bank the Federal reserve bank has no discretion, but must discount it, no matter what may be the condition of the reserves, and if the reserves are exhausted, then currency must be issued.

Mr. BRISTOW. Mr. President, the currency is issued, provided there is a sufficient gold reserve behind it.

Mr. SHAFROTH. Certainly.

Mr. BRISTOW. The Hitchcock bill provides that there must be a gold reserve of 45 per cent behind such currency

Mr. BURTON. Do I understand the Hitchcock bill contains a provision that compels a regional bank to lend just as far as

its reserves allow? It does not go that far, does it?

Mr. BRISTOW. The Hitchcock bill provides that any member bank shall be entitled to rediscounts at the minimum rate up to its capital stock when it demands them, and the regional bank directors may discount up to double the capital stock of the member bank; but for discounts over and above the capital stock there shall be an additional rate of interest imposed. Then, if a bank should ask for discounts for more than double its capital stock, the request could not be granted by the regional bank without permission from the Federal reserve board. The bill prescribes the kind of paper that shall be offered by the member bank for rediscount, and the member bank and all of its assets are liable for the amount of the discount, in addition to the paper which it is required to submit. The Hitchcock bill gives the bank the right to this rediscount. That right can not be denied.

Mr. POMERENE. Mr. President-

The PRESIDING OFFICER. Does the Senator from Ohio yield to his colleague?

Mr. BURTON. I do. Mr. POMERENE. Mr. President, I have the language of the Hitchcock bill, if the Senator desires to hear it. the latter part of section 14 of the Hitchcock bill:

the latter part of section 14 of the Hitchcock bill:

The rediscount by any Federal reserve bank of any bills receivable and of domestic and foreign bills of exchange shall be subject to such regulations as may be imposed by the board. The discount provisions of this act shall be equitably extended to all of its member banks by each reserve bank upon equal terms, and each member bank shall be entitled as a matter of right to the rediscount of eligible paper to the full amount of its capital stock upon the lowest current rate of discount, and no member bank shall be permitted to discount an amount of paper exceeding the amount of its capital stock except upon payment of a higher rate of discount, the increase in rate of discount to be I per cent for all in excess. In no case shall a Federal reserve bank discount paper for a member bank in excess of twice the amount of its capital stock without special authority by the board.

Mr. BRISTOW I desire to say that, so far as the rediscount

Mr. BRISTOW. I desire to say that, so far as the rediscount provision in the Hitchcock bill is concerned, I think it is absolutely equitable. The additional tax is imposed upon the member bank when it borrows in excess of the amount of its capital stock. It has been suggested by way of criticism that perhaps the demands from member banks might result in depleting the reserves below 35 per cent, which is the amount required in the Hitchcock bill against deposits. For every 2½ per cent below 35 per cent there is added a tax of 1 per cent additional.

Mr. BURTON. That is under the Hitchcock bill?

Mr. BRISTOW. That is under the Hitchcock bill. Then the

member bank which borrowed or rediscounted after the reserve was below 35 per cent would be required to pay an additional per cent. That is a penalty imposed upon the regional banks; but at the end of the year that penalty is divided among all of the member banks in proportion to the amount of rediscounts they have had during the year, so that the member bank which rediscounted in time of a crisis after the reserves may have been depleted lower than 35 per cent would not be compelled to pay any higher rate, unless it had previously participated in the rediscount and had aided in depleting that reserve, and consequently it would not, unless it had borrowed proportionately more than other banks, be taxed any more than other banks because of the depletion of the reserve.

Mr. OWEN. Mr. President-

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BURTON. Yes; certainly.
Mr. OWEN. I call the attention of the Senator from Ohio. to the effect of the proposed Hitchcock amendment. mary right under the discount provision would be the right of discounting a thousand million dollars, and there is a secondary right up to a thousand million dollars more, making two thousand million dollars, if all the banks of the national-bank system should avail themselves of that right. We thought it unwise to go so far. We used the very much more moderate provision which the Senator has just criticized.

Mr. BRISTOW. If the Senator from Ohio will pardon me, the provision in the Owen bill opens the door to the widest

possible favoritism. Under the Owen bill a regional bank, if it sees fit to do so, can rediscount for one member bank five times the amount of its capital stock, and it can refuse to rediscount any paper for another member bank.

Mr. OWEN. The Senator's suggestion, if it be agreeable to

him to be interrupted-I do not intend to interrupt him unless

it is agreeable

Mr. BRISTOW. That is all right; I do not object.
Mr. OWEN. The suggestion implies that the board of directors would be guilty of gross discrimination. In view of the fact that that board is to be constituted of the men chosen by all of the banks under a very carefully arranged plan, and that it will have three representatives of the United States sitting at that board to protest against such discrimination, we did not think that it was reasonable to suppose that they could be guilty of such conduct. There is supervisory control of the Federal reserve board in addition; so that any bank discriminated against or unfairly dealt with would have its appeal against such bad treatment.

I believe, as the Senator from Oklahoma Mr. BRISTOW. knows-I do not know that the Senator from Ohio will agree with me in this, and I do not know that the Senator from Oklahoma will-but I believe that certain banks and certain individuals and firms have been discriminated against in the matter of loans. I believe that the system of electing directors which have been provided for-and when we get to that feature of the bill I shall want briefly to state my objections in regard to it-I believe that the method of electing directors which has been devised by the chairman of the committee is an invitation to the big and powerful banks to control the directorates of the regional reserve banks; I believe that the powerful banks in New York will absolutely control the board of directors of the New York regional bank; and I believe that the powerful banks in St. Louis and in the large cities of that region will control the election of every member of the board of directors of the regional bank in that region. I believe that the great banks in this country, which have been accused of organizing a Money Trust, have here a plan prepared for them to organize one in fact under the forms of law, and that they can secure control of the regional bank boards and can use those boards and the reserve banks with their tremendous power to carry out their purpose of monopolizing credit in the United States and crushing anyone who might be unfriendly to their interests; and because of that belief I have advocated with all of the energy I could, and all of the earnestness I have, the absolute control by the Government of the boards of directors of the regional

Mr. OWEN. Mr. President, if the most sinister, the most officious, and the most wicked man were on that board, representing the bad people the Senator so much fears, and still there were three representatives of the United States sitting there to administer justice, with the Federal reserve board having the right to remove the six men who might not act properly, with a right of appeal to the Federal reserve board against an injustice on the part of the six men, if that injustice were not reported and controlled by the three men representing the Government, still under such circumstances there could be no injustice, for the reason that the Federal reserve board could correct it upon the appeal of the individual. The Federal reserve board would have every reason to expect, and the country would have every reason to expect, that the three directors representing the United States would prevent that.

In addition to that, however, the Senator seems to forget the pains that have been taken to divide the member banks into three groups. The larger banks are divided into one group, each bank having one vote only, not by capital stock and not by the size of the bank. The biggest bank would not have more of a vote than the smallest bank. A bank with \$25,000,000 of capital would not have more of a vote than a bank with \$25,000 capital. Under this proposal the banks would be divided into three groups-the big banks in one group by number, the mediumsized banks in one group by number, the smallest banks in one group by number-and each bank would have one vote as to

one director of class A and one director of class B.

We could not conceive a more careful method of selecting these six men. We believe these six men will be wisely chosen. We believe they will administer the affairs of the bank properly. If, however, they do not administer it properly, and if there could prevail some strange conspiracy such as the Senator has in his mind, which I do not understand, even then, with the Government of the United States represented by three members of the board, with the right to remove every one of the directors, and with the right of appeal on the part of a member bank denied its just right of accommodation, I can not conceive where the Senator lays the foundation for his dismal apprehensions.

Mr. BRISTOW. In the first place, I think the method of selecting the board of directors makes it as easy to control it as it is to control a county convention or a State convention by an organized few, when they undertake to do so; and, in my opinion, those boards will be so controlled, because the bill gives into their hands such tremendous power.

I am free to say that I can not understand why it is that Sena-tors who can not be in favor of permitting a selfish interest to get control of this great, gigantic banking monopoly will not concede, to remove any doubt, to establish in the public mind confidence in the absolute impartiality and justice of these boards, that the United States Government should have a majority control. Why is it that Senators insist that banks shall not have a single member of the Federal board? They say they do not believe the banks are entitled to representation on the Federal board, and with equal persistency they demand that they be given the majority of the directors on the regional board, which is the effective controlling board that will control the credits.

Senators may say there is the right of appeal. What would be the standing of a bank if it were turned down for rediscounts by the board that controlled the regional bank in which it was located? What would be the credit of that bank? What would be the effect upon the credit of any business man if his notes were refused by the regional bank as paper not fit for

discount?

My contention is that the proper party to pass upon the credit of the individual borrower and his reliability is the member bank. When the member bank comes to the regional bank and says, "Here are notes that comply with the law, that conform to the requirements; I want them rediscounted; I stand for them, that bank is behind every one of the notes. It is no business of the regional bank to go into that paper at all except to see that it conforms to the law, and then it rediscounts it. The bank can not and ought not to be refused that which is its legal right.

Mr. OWEN. Mr. President, the reason has been frequently assigned. The Senator seems to disregard it. That is, we do not believe the great body of the banks would come in under such

circumstances.

Mr. STONE. That has been said a hundred times.

Mr. OWEN. Yes.

Mr. STONE. What is the use of saying it over and over again? The PRESIDING OFFICER. The Senator from Ohio is entitled to the floor.

Mr. BURTON. Mr. President, in the next portion of the bill, including pages 16, 17, and 18, it seems to me that two amendments are essential to make the provision clear and consistent. There is some complication in this part, and I shall have to explain it at some length.

Such board of directors shall be selected-

This refers to boards of directors of regional banks-

as hereinafter specified, and shall consist of nine members, holding office for three years, and divided into three classes, designated as classes A, B, and C.

Class A shall consist of three members, who shall be chosen by and be representative of the stock-holding banks.

Class B shall consist of three members, who at the time of their election shall be actively engaged in their district, respectively, in commerce, in agriculture, and in some other pursuit.

Class C shall consist of three members, who shall be designated by the Federal reserve board.

Here is a provision to which I wish to call special attention: No director of class B or of class C shall be an officer, director, employee, or stockholder of any bank.

Directors of class A and class B shall be chosen in the following manner.

The bill then goes on to provide that in each region or district there shall be three groups of banks to make this selection, and, beginning at line 4, on page 17, the text reads:

At a regularly called meeting of the board of directors of each member bank in the district it shall elect by ballot one of its own members as a district reserve elector, and shall certify his name to the chairman of the board of directors of the Federal reserve banks of the district—

That is, there must be three groups in each region—
The chairman shall establish lists of the district reserve electors thus named by banks in each of the aforesaid three groups, and shall transmit one list to each elector in each group.

Then, following that, erasing quite a good deal of the House bill, on page 18, there is this provision:

Every elector-

That is, one of the directors chosen by the respective banks in each group-

shall, within 15 days after the receipt of the said list-

That is, the list prepared by these electors, who are all directors, by the way-

certify to the chairman his first, second, and other choices upon the list, upon a preferential ballot, on a form furnished by the chairman Monday, December 15, 1913, at 10 o'clock a. m.

of the board of directors of the Federal reserve bank of the district. Each elector shall make a cross opposite the name of the first, second, and other choices for a director of class A and for a director of class B, but shall not vote more than one choice for any one candidate. Any candidate having a majority of all votes cast in the column of first choice shall be declared elected. If no candidate have a majority of all the votes in the first column, then there shall be added together the votes cast by the electors for such candidates in the rescond column to the votes cast for the several candidates in the first column. If any candidate then have a majority of the electors voting, by adding together the first and second choices, he shall be declared elected. If no candidate have a majority of electors voting when the first and second choices shall have been added, then the votes cast in the third column for other choices shall be added together in like manner, and the candidate then having the highest number of votes shall be declared elected. An immediate report of election shall be declared.

I pass over one feature of this rather involved provision for elections.

I find that the average number of banks in each district would be 936 and the average number in each group would be 312, and as a result of that this list would be enormously long. It would be practically impossible that anyone should have a majority of the 312 on the first or second ballot, because there is the whole list of 312 from which to choose. Nobody, I believe, may vote for himself; but with an enormous ballot of that size, and with 312 eligibles, the votes would naturally be so scattered that no one would have a majority.

There are, however, one or two things rather worse than that in the provision. In lines 9 to 11, on page 16, it is provided by a proposed amendment of the six members of the committee, headed by the chairman, that at the time of their election the three members in class B shall be actively engaged in their districts in commerce, in agriculture, and in some other pursuit,

respectively.

Thus you have three groups, and you have here a requirement that one must be engaged in commerce, one in agriculture, and one in some other pursuit. How are you going to work that

out in selecting them?

Suppose the first group is predominantly an agricultural district, and it elects as a director of class B some one engaged in agriculture. Suppose the second group is engaged in agriculture, and it elects some one engaged in agriculture. pose the third group is likewise so engaged, and it also chooses some one engaged in agriculture. You would have, then, a plain violation of the law, which provides that at the time of their election they shall be engaged, respectively, in three different pursuits.

There is, however, even a more serious defect than this. The electors whose names are placed on the eligible list must all be bank directors, according to the provisions contained in lines 4 to 10, on page 17. That is, you choose one of class A and one of class B, both from this list of eligibles, every one of whom is a director of the member bank, and right here, on

page 16, you plainly have this provision:

No director of class B or of class C shall be an officer, director, employee, or stockholder of any bank.

Now, in the very teeth of that you have a provision on the opposite page and the page following making up a list of eligibles for directors of class A and class B, every one of whom must be chosen at a meeting of the board of directors, and must belong to its members.

Mr. President, that is clearly a defect in the bill.

Mr. OWEN. Mr. President

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BURTON. Yes. Mr. OWEN. The electors are directors of the bank.

Mr. OWEN. But they are not expected or required to elect themselves to be directors of the Federal reserve bank.

Mr. BURTON. If the Senator will turn to page 18, he will see that the list must be made up by the chairman of the district reserve bank board of directors, and on page 18 it is also

Every elector shall, within 15 days after the receipt of the said list, certify to the chairman his first, second, and other choices upon the list.

I think I can see how this error arose. In the Glass bill, in lines 14 and following on page 17, there was a provision which was stricken out, to this effect:

Every elector shall, within 15 days of the receipt of the said list, select and certify to the said chairman \* \* one name, not his own.

The PRESIDING OFFICER. The hour of 11 o'clock having arrived, the Senate stands adjourned until Monday morning at 10 o'clock.

The Senate thereupon (at 11 o'clock p. m.) adjourned until

# SENATE.

# Monday, December 15, 1913.

The Senate met at 10 o'clock a.m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

O'Gorman Oliver Owen Page Perkins Pittman Poindexter Pomerene Ransdell Reed Robinson Shafroth Ashurst Borah Brady Brandegee Bristow Gallinger Gronna Hollis Hughes Jackson James Johnson. Smith, Md. Smith, S. C. Smith, S. C. Smoot Sterling Stone Sutherland Swanson Thomas Thompson Tillman Townsend Walsh Weeks Williams Works Bryan Burleigh Burton Jones hamberlain Kern La Follette Lane Chilton Clapp Clark, Wyo. Clarke, Ark. Colt Cummins Dillingham Shafroth Sheppard Sherman Shively Simmons Smith, Ga. Leane Lea McCumber Martin, Va. Martine, N. J. Nelson Works Norris Fletcher

Mr. SHEPPARD. I wish to announce the necessary absence of my colleague [Mr. Culberson], and to state that he is paired with the Senator from Delaware [Mr. DU PONT]. This announcement may stand for the day.

Mr. SMITH of Georgia. I desire to state that the senior Senator from Georgia [Mr. Bacon] is detained in his room by a severe cold, and that he will not be able to attend the sessions of the Senate to-day on that account.

Mr. RANSDELL. I wish to state that the senior Senator from Louisiana [Mr. Thornton] is unavoidably absent. I will I wish to state that the senior Senator

let this announcement stand for the day.

The VICE PRESIDENT. Sixty-five Senators have answered to the roll call. There is a quorum present. The Secretary will read the Journal of the proceedings of the preceding session.

The Journal of the proceedings of Saturday last was read and

approved.

NOBEL PEACE PRIZE (S. DOC. NO. 312).

The VICE PRESIDENT laid before the Senate a communication from the counselor of the Department of State, transmitting, at the request of the secretary of the Nobel committee of the Norwegian Parliament and for the information of the Senate of the United States, a copy of a circular issued by the Nobel committee furnishing information as to the distribution of the Nobel peace prize, which, with the accompanying paper, was referred to the Committee on Foreign Relations and ordered to be printed.

## FINDINGS OF THE COURT OF CLAIMS.

The VICE PRESIDENT laid before the Senate the following communications from the assistant clerk of the Court of Claims, transmitting certified copies of the findings of fact and conclusions filed by the court in the following causes

The cause of Michael McClellan Knight, administrator of the estate of J. M. C. Knight, v. United States (S. Doc. No. 313);

The cause of the Tudor Co. v. United States (S. Doc. No.

The cause of Trustees, Mount Carmel Cumberland Presbyterian Church, of Williamson County, Tenn., v. United States

(S. Doc. No. 315); The cause of Trustees, Presbyterian Church, Marietta, Ga.,

United States (S. Doc. No. 316); The cause of A. R. Thomas, administrator of William A. Thomas, deceased, v. United States (S. Doc. No. 317)

The cause of John W. Clements, administrator of the estate of Afred Laws, deceased, v. United States (S. Doc. No. 318);
The cause of Thomas L. How, heir of J. J. and Isaac S. How, deceased, v. United States (S. Doc. No. 319);
The cause of Mrs. V. R. Davenport, sole heir of Sidney Markham, deceased, v. United States (S. Doc. No. 320);
The cause of Matilda F. Risedown, widow of John G. Rise.

Markham, deceased, v. United States (S. Doc. No. 320);
The cause of Matilda E. Risedorph, widow of John G. Risedorph, v. United States (S. Doc. No. 321);
The cause of Mollie Dorsey, administratrix of Stephen N. Dorsey, deceased, v. United States (S. Doc. No. 322);
The cause of Edgar L. Hendricks, Ella Hendricks Dunn, Mary A. West, and Myra J. Smith, children and sole heirs of William C. Hendricks, deceased, v. United States (S. Doc. No. 323):

The cause of Elvira S. Hardy, widow of James L. Hardy,

deceased, v. United States (S. Doc. No. 324);
The cause of William B. Ford, administrator of William M. Ford, deceased, v. United States (S. Doc. No. 325);

The cause of Jennie Esslinger, widow of Isidore Esslinger, deceased, v. United States (S. Doc. No. 326); and The cause of Jacob W. Cline, v. United States (S. Doc. No.

The foregoing findings were, with the accompanying papers, referred to the Committee on Claims and ordered to be printed. PETITIONS AND MEMORIALS.

Mr. THOMPSON. I present a letter in the nature of a petition from D. F. Coe and other citizens of Hutchinson, Kans., praying for the immediate enactment of the Glass-Owen currency bill. The petition is short, and I desire to have it read, with the first name on the petition, as indicating the sentiment of the people of Kansas.

There being no objection, the letter was read and ordered to

lie on the table, as follows:

THE SWEET-COE INVESTMENT CO., Hutchinson, Kans., November 20, 1913.

Hon. W. H. THOMPSON, Washington, D. C.

Washington, D. C.

Dear Sir: We have talked with a great number of Democrats, as well as Republicans, and find them almost to a man in favor of immediate action on the Owen-Glass currency bill.

We are pleased to believe you are doing all you can to assist in putting it across this session and assure you of our best wishes.

Respectfully,

D. F. Coe

D. F. COE (And others).

Mr. MARTINE of New Jersey. I present two telegrams I have received in the nature of petitions, which I ask may be read and properly referred.

There being no objection, the telegrams were read and ordered to lie on the table, as follows:

ELIZABETH, N. J., December 14, 1913.

Hon. James E. Martine, United States Senate, Washington, D. C.:

United States Senate, Washington, D. C..

I, as vice president of the Elizabeth branch of the organization o posed to woman suffrage, would like to enter my protest against the proposed amendment to the Constitution, granting suffrage to women.

Mrs. Frederick H. Levy.

Hon. James E. Martine,

United States Senate, Washington, D. C.:

Organized in this city May last. Our membership is now 1.175 women of voting age, and they have authorized me to have recorded with our national representatives their earnest protest against the granting of further suffrage to women. Thanking you for your support in the past.

Miss Florence Stillman,

Secretary Elizabeth Branch.

Mr. MARTINE of New Jersey presented a petition of sundry citizens of Elizabeth, N. J., praying for the enactment of legislation authorizing the payment of the balance due depositors of the Freedman's Savings and Trust Co., which was referred to the Committee on Claims.

He also presented a petition of sundry citizens of Rahway, N. J., praying for the enactment of legislation granting relief to members of the United States Military Telegraph Corps who served in the Civil War, which was referred to the Committee on Pensions

Mr. SMITH of Maryland presented a petition of sundry citizens of Baltimore, Md., praying for the enactment of legisla-tion granting relief to members of the United States Military Telegraph Corps who served in the Civil War, which was referred to the Committee on Pensions.

Mr. JONES. I present a resolution of the King County Democratic Club of the State of Washington in reference to the seamen's bill which passed the Senate some time ago. It calls attention to certain provisions of the bill that will be especially injurious to the local shipping interests of Puget Sound and recommends an amendment to section 12 of the bill. I ask that the resolution may be printed in the RECORD.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

REPORT OF EXECUTIVE COMMITTEE ON THE SEAMEN'S SERVITUDE BILL, SENATE NO. 136.

SENATE NO. 136.

To the King County Democratic Club:

Your executive committee, to which was referred a resolution relative to a proposed amendment to a bill which has passed the United States Senate and is now pending before the House of Representatives, commonly called the seamen's servitude bill, Senate No. 136, beg leave to report as follows:

Your committee held a public hearing at the Democratic headquarters in Seattle on November 6, 1913, which was largely attended and at which hearing the bill, and especially the following proposed amendment thereto, were fully discussed:

And it appearing that Puget Sound has a shore line, including its tributaries and the islands therein, of over 1.790 miles and that it is not a harbor, and therefore would not be excepted from the provisions of section 12 of said bill, although it is thoroughly protected and no part of it is more than 3 miles from the nearest land:

And it further appearing that if the bill were enacted into law in its present form it would not only be disastrous to the local shipping interests of Puget Sound but would cause such a large and unnecessary increase in the cost of fitting, maintaining, and operating boats thereon

that they would either be forced out of business or passenger rates would necessarily be raised to a prohibitive point, and as a result hardship, injury, and ruin in many instances would be inflicted on farmers and others who have been induced to settle along the shores of Puget Sound, having been attracted thereto by reason of the low

Puget Sound, having been attracted thereto by reason of the low passenger rates:

And as all of those present at the hearing unanimously approved of the amendment contained in the following proposed resolution, and as public sentiment on this coast is overwhelmingly in support of the amendment, and your committee having fully considered the same, but being of the opinion that the amendment should be general in scope, and thereby not only benefit Puget Sound but other protected waters, do therefore unanimously recommend the adoption of the following resolution embodying the proposed amendment, to wit:

\*Resolved by the King County Democratic Club, That the House of Representatives be, and it is hereby, respectfully petitioned and urged to amend Senate bill No. 136, entitled "An act to promote the welfare of American seamen in the merchant marine of the United States, etc.," by inserting in section 12 thereof, on page 10, line 4, after the word "harbors," the following words:

"And all vessels exclusively engaged in navigating the inland waters of the Atlantic and Pacific coasts of the United States as such waters are now defined by lines of demarcation from the high seas."

\*Resolved further, That with said amendment added to said bill this club heartily indorses the same and urgos its prompt enactment by Congress.

\*Resolved further. That a copy of these resolutions be forwarded to

Resolved further, That a copy of these resolutions be forwarded to the Speaker of the House of Representatives, to the chairman of the House Committee on Merchant Marine and Fisheries, and to each of the Senators and Representatives in Congress from the State of Wash-

JOHN D. WENGER,
Chairman ex officio.
HENRY S. VOLKMAR,
Secretary ex officio.
J. D. TRENHOLME,
J. M. HAWTHORNE,
C. D. FULLEN,
JUDSON W. SHORETT,
PORTLAND C. HUNT,
Executive Committee.

Mr. BURTON presented a resolution adopted at the regular monthly meeting of the Council of the Federation of Churches of Cincinnati, Ohio, favoring a suspension of the naval construction program for one year, which was referred to the Committee on Naval Affairs.

He also presented a petition of sundry citizens of Delaware City, Ohio, praying for the enactment of legislation empowering the Government of the United States to exercise complete authority over the water courses of the United States, which was referred to the Committee on Commerce.

He also presented a petition of sundry citizens of Cincinnati, Ohio, praying for the enactment of legislation granting relief to members of the United States Military Telegraph Corps who served in the Civil War, which was referred to the Com-

mittee on Pensions.

Mr. WARREN presented a petition of sundry letter carriers and postal clerks employed in the post office at Laramie, Wyo., praying for the enactment of legislation providing for the retirement of employees in the civil service, which was referred to the Committee on Civil Service and Retrenchment.

Mr. WEEKS presented resolutions adopted by the Board of Trade of Medford, Mass., and a resolution adopted by the common council of Malden, Mass., favoring the building of the proposed supply ship at the Boston (Mass.) Navy Yard, which were referred to the Committee on Naval Affairs.

Mr. SMITH of South Carolina. In view of the message of the President and also of the agitation of the question of rural credits, I present a letter which I ask may be read and appropriately referred.

There being no objection, the letter was read and referred to the Committee on Agriculture and Forestry, as follows:

CHAMBER OF COMMERCE, Greenville, S. C., December 12, 1913.

Senator E. D. SMITH, Washington, D. C.

Washington, D. C.

MY DEAR Sir: At a conference of farmers and business men held under the auspices of the department of agriculture of the Greenville Chamber of Commerce on the 10th instant, the following resolution was passed:

"Resolved, That we urge our Representatives in the National Congress to do all in their power to bring about the early enactment of such legislation as will make it possible for our farmers to get both long and short time credit at lower rates of interest than now prevail."

I take pleasure in forwarding you this resolution, and assure you that any efforts you may be able to put forth in this direction will meet with a most cordial response and will help to solve a pressing problem.

problem. Yours, very truly,

ALBERT S. JOHNSTONE, Scoretary.

Mr. SMITH of Michigan presented a memorial of the Rotary Club, of Detroit, Mich., remonstrating against the passage of the so-called La Follette seamen's bill, which was ordered to lie on the table.

He also presented petitions of the Trades and Labor Council of Escanaba; of Local Union No. 64, International Brotherhood of Bookbinders, of Lansing; and of Local Union No. 1352, Machine Hands' Union, of Grand Rapids, all in the State of Michi-

praying for the enactment of legislation to make lawful certain agreements between employers and laborers and persons engaged in agriculture or horticulture, and to limit the issuing of injunctions in certain cases, and for other purposes, which were referred to the Committee on the Judiciary.

Mr. ASHURST. Mr. President, on the 18th day of last September I called attention to the fact under the various lieu-land selection laws the Santa Fe Pacific Railway Co. had mulcted the United States out of over a million acres of its finest land by transferring to the Government lands of a com-paratively small or of no value and selecting in lieu thereof lands of great value. In my remarks at that time I realized the hopelessness of ever trying to reacquire title for the Government to those lands that were thus relinquished, but I did indulge the hope that the evil, pernicious, and wicked practice would no

longer be continued and would never be indulged in again.

Notwithstanding the fact that I pointed out very specifically the great abuse of such practice, I have satisfactory advices which lead me to fear that in my own State a certain railroad company, which needs a certificate of character—if, indeed, it can be given any character at all—is now trying to induce the Department of the Interior to permit it—this railroad companyto surrender some 21,000 acres of practically worthless lands to the Government and select in lieu thereof 21,000 acres of valuable land.

May I not, therefore, ask permission to incorporate into the RECORD, under the head of "Petitions and memorials," some letters and documents pertaining thereto? Having protested to the proper bureau against this practice, I agree with the President that "pitiless publicity" may have a tendency to bring bureaucratic officials charged with responsibility in the matter to some reasonable judgment as to what ought to be their final action in this matter. I ask permission to incorporate the cor-

respondence and protests into the RECORD.

The VICE PRESIDENT. Is there objection? The Chair

hears none.

The matter referred to is as follows:

#### A STATEMENT.

The Secretary of the Interior at present has under consideration a proposition involving the exchange of approximately 21,000 acres of valuable Government land lying in close proximity to the town of Winslow, Ariz.—land which the Reclamation Service on November 18, 1904, withdrew from entry under the act of June 17, 1902 (first form), for the contemplated purpose of irrigation—for an equal area of land within the boundary of the Navajo Indian Reservation, Ariz., and owned by the New Mexico & Arizona Land Co., a corporate adjunct of the St. Louis & San Francisco Railroad Co., otherwise known as the Frisco System.

A CHRONOLOGICAL STATEMENT OF FACT.

A CHRONOLOGICAL STATEMENT OF FACT.

1. Under the provisions of the act of Congress of June 17, 1904 (32 Stat., 388), the Secretary of the Interior on November 18, 1904, Issued an order withdrawing from entry, among other lands, about 21,000 acres near the town of Winslow, Ariz., pending an examination of the lands by the Reclamation Service for the purpose of irrigation. These lands, although the order withdrawing the same from entry was issued over nine years ago and although the Reclamation Service has never carried into effect its contemplated purpose of Irrigating the same, have never been restored to public entry, notwithstanding the fact that the Government has repeatedly been requested by homeseekers to do so.

same, have never been restored to public entry, notwithstanding the fact that the Government has repeatedly been requested by homeseekers to do so.

2. On September 25, 1912, F. H. Abbott, Acting Commissioner of Indian Affairs, addressed a letter to the Secretary of the Interior stating that practically every acre of land within the Navajo Indian Reservation is now and will hereafter be required by the Indians for the proper care of their stock; that the indemnity limits of the Atchison, Topeka & Santa Fe Raliroad extend into the Navajo Indian Reservation for a considerable distance; and that it is very destrable from many standpoints to eliminate these holdings, and the acting commissioner asks for permission to negotiate with any raliroad company owning lands within this reservation with a view of securing an immediate surrender of all base lands owned therein by them. This letter was concurred in by Hon. Fred Dennett, former Commissioner of the General Land Office.

3. On October 8, 1912, the Secretary of the Interior approved the suggestions contained in Acting Commissioner Abbott's letter of September 25, 1912, and authorized him to enter into negotiations with any valiroad company owning lands in the Navajo Reservation with a view of exchanging the same for other Government lands in lieu thereof in the State of Arizona, under the provisions of the act of April 21, 1904 (33 Stat., 211).

4. On October 15, 1912, Acting Commissioner Abbott addressed a letter to Mr. Thomas P. Littlepage, attorney for the New Mexico & Arizona Land Co., suggesting that should the St. Louis & San Francisco Rallroad Co. own any lands within certain townships lying within the Navajo Indian Reservation, "it would be appreciated if the necessary steps were taken to initiate the exchange at the earliest practicable date."

5. On December 26, 1912, Mr. Littlepage, on behalf of the New Mexico & Arizona Land Co., advised the Secretary of the Interior that

dafe."

5. On December 26, 1912, Mr. Littlepage, on behalf of the New Mexico & Arizona Land Co., advised the Secretary of the Interior that they were willing to make the proposed exchange of lands, and submitted a list of lands lying near Winslow, Ariz., which the land company were willing to accept in the proposed exchange, which lands embraced in the said list were withdrawn from entry on November 18, 1904, by the Reclamation Service, pending an investigation to irrigate the same.

6. On September 8, 1913, the Arizona State Land Commission addressed a communication to the Secretary of the Interior vigorously protesting against this proposed exchange of lands.

THE REASONS ALLEGED BY THE INDIAN SERVICE FOR THE PROPOSED EXCHANGE.

The Hon. Cato Sells, Commissioner of Indian Affairs, in a letter addressed to Senator Henry F. Ashursar, under date of October 30, 1913, states the reasons why this exchange is desired by the Indian Service to be the following:

1. It would place the Indian lands en bloc.

2. It would "eliminate numerous cases of conflict, trespass of cattle, etc.. with which we are annually confronted."

These are the only grounds upon which the exchange is urged, and it is presumably upon these grounds that the Acting Commissioner of Indian Affairs and the former Commissioner of the General Land Office recommended that the exchange be made.

It is unquestionably true that this proposed exchange would place the lands of the Leupp Addition to the Navajo Indian Reservation en bloc. But, at the same time, would it not also place the lands of the railroad company en bloc, a condition of affairs which Congress most earnestly sought to avoid in 1866, when it passed the Atlantic & Pacific Railroad grant?

In other words, the authors and sponsors for this proposed exchange of lands not only here seek to contravene the spirit of the act of Congress in 1866, whereby these lands in the Navajo Reservation were originally granted to the railroad company in a checkerboard formation, thus eliminating, as Congress thought, the possibility of consolidating the lands in large tracts, thereby greatly enhancing the value of the whole, but they would actually permit the railroad company to select lands in lieu of those exchanged which are known to be irrigable—lands which the Government itself has withdrawn from entry for that very purpose—and londs which are of a marketable value manyfold greater than any lands in the Leupp Addition to the Navajo Indian Reservation which are of each proposed exchange, and in this particular instance the advantages seem to be altogether on one side.

Not possessing any information as to the number of cattle grazing through lease of railroad lands upon the area within the Navajo Indian Reservation which are here so

to number and unimportant in nature.

WHAT THIS EXCHANGE WOULD MEAN TO THE GENERAL PUBLIC.

1. The exchange would effectually preclude the possibility of bona fide homeseekers entering valuable lands in this section. Homeseekers have been waiting to enter these lands ever since they were withdrawn from entry in 1904 by the Reclamation Service for the Little Colorado River irrigation project, under the hope that they would be restored to entry, and the action in withholding them from entry for over nine years has served to deprive many good, worthy men and women from securing a home.

home.

2. By this action the Government would place in the hands of a corporation every available acre of land surrounding the growing town of Winslow, Ariz., and restrict the future growth of this the second largest town in northern Arizona and the surrounding country as well to such limitations and conditions as that corporation would

impose.

3. Hon. Cato Sells, Commissioner of Indian Affairs, in his letter to Senator Ashurst under date of October 30, 1913, heretofore mentioned, also suggests solidifying by appropriate legislation the Leupp addition to the Navajo Indian Reservation by exchanging for the privately owned odd-numbered sections north and east of the Little Colorado River an equal number of even-numbered sections south and west of the said river.

This proposed exchange would also place in the hands of a single corporation the entire winter range of the cattle that graze on the eastern portion of the Coconino National Forest between the eastern boundary of the forest and Bellemont, Ariz., or for a distance of nearly 40 miles east and west and nearly 60 miles north and south.

And, further, many of the same objections are now urged against this proposed consolidation that have heretofore been urged against the proposed consolidation of the lands around Winslow, Ariz., both of which are manifestly against the public welfare.

QUERIES

which are manifestly against the public welfare.

QUERIES.

Why is it that practically every demand for an increased area of an Indian reservation in Arizona involves the enlargement of a reservation that includes land owned by the Sauta Fe Railroad, which, under the act of April 21, 1904, can be converted into scrip?

Why, if it was deemed wise and prudent to pass the act of March 3, 1905, and thereby prohibit the selection of lieu lands by forest-reserve relinquishments, would it also not be wise and prudent to repeal the provision of the act of April 21, 1904, whereby practically worthless Indian reservation lands can be exchanged for valuable Irrigable lands which the Government field operatives seem to insist upon classing as of equal value with arid, nonirrigable Indian lands, a specific instance of which may be found in the letter of Assistant Law Clerk S. V. Proudfit, addressed to the Commissioner of the General Land Office under date of October 22, 1913, a copy of which was inclosed to Senator H. F. Ashurst by the Secretary of the Interior November 13, 1913?

In conclusion, these matters are of vital interest to the people of northern Arizona, particularly so to the citizens of Winslow, permittees upon the Coconino National Forest and prospective home seekers. A thorough investigation should be made, bringing the investigating officials, by means of mass meetings, in contact with the citizens of the section affected, or at least in contact and consultation with their respective county officials, before any decision is made.

A. T. Cornish,

Senator Henry F. Ashurst.

United States Senate. Washington. D. C.

Senator Henry F. Ashurst. United States Senate. Washington, D. C. **DECEMBER 8, 1913.** 

STATE LAND COMMISSION, Phoenia, Ariz., November 26, 26, 1913.

Hon. Henry F. Ashurst, United States Senate, Washington, D. C.

Hon. Henry F. Ashurst,

United States Senate, Washington, D. C.

Dear Senators: I am very much interested in the subject covered by your letter of October 17, 1913, to Hon. Cato Sells, Commissioner of Indian Affairs, and his letter in reply thereto under date of October 30. The frequent extensions of the Indian reservations in Arizona has become a matter of vital concern to the people of the State, and the State land commission notes with much satisfaction the inauguration, upon your part, of an effort to prevent further aggressions of this character. The extensions of and additions to the Navajo Indian Reservation (which at the present time comprises, in Arizona and New Mexico, almost 12,000,000 acres) have proved particularly burdensome, accompanied, as in most cases they have been, by an issue of so-called Moqui or Navajo base-land scrip, which scrip, as you have absolutely truthfully stated, has, with the permission of the General Land Office, been used to secure lieu lands from among the best and choicest undeveloped lands in the State, thus at once defeating the law; enabling the Archison, Topeka & Santa Fe Raliroad Co. to reap great profits for its most worthless holdings; enabling speculators to gather rich harvests; affording opportunities to corporations to acquire and hold, undeveloped, large bodies of choice lands, to the detriment of the general public and of the State; and depriving legitimate home seekers of the full benefits of the beneficent land laws of the United States. All Arizona, with the exception of the corporations, companies, and private individuals who are the chief beneficiaries of the Government's complaisant attitude, is up in arms over the manner in which the areas upon which the Commonwealth must chiefly rely for its future development are being grabbed, and your endeavors to call a halt—in which I know you have the hearty cooperation of Senator Smith and Mr. HAYDEN—will meet with almost universal approbation. The State land commission will be proud to uphold your hands in every

ment of which he is now the head, as a man of his reputation would be had no control.

Mr. Sells is mistaken in the impression, which he seems to have that the feeling against the Indian Service in Arizona has been caused by the exchanges of railroad lands in Indian reservations for indianside, having been confused with the exchange of worthless forest confused, which he seems to have that the feeling against the Indian Service in Arizona has been caused by the exchanges of railroad lands in Indian reservations for indianside, having been confused with the exchange of worthless forest confused with the exchange of worthless forest confused with the exchange of worthless forest confused with the exchange of worthless from the Confused since the latter abuse was a particularly serious and utterly shameful one; but the fact remains that the practice of extending Indian reservations over worthless railroad lands, and exchanging the railroad lands for scrip which sells readily for \$3 per acre and is in turn laid upon land in many instances worth ten or twelve times that price, is an abuse practically identical in character, no less reprehensible, and even more injurious to the State of Arizona. I say even more injurious, for the reason that while the comparatively worthless forest-reserve lands which served as a base for the so-called forest lieu scrip, were situate in Arizona, the scrip was generally placed upon real timber land in other States, so that those other States, after the United States, were the states, so that those other States, after the United States, were the states, and the dependent of the states, and are thus withdrawn from the domain upon bicin, as the case of Indian vithdrawn from the domain upon bicin, as the said before, the State, and therefore not entirely lost; but when an indian reservation so far as development or utilization is concerned, and when some organization of speculators, with a view to letting the development of the State, and therefore not entirely lost; but when an Indian re

railroad lands in Arizona.

Mr. Sells seems to feel—and I presume he can naturally be expected to—that the Navajo Indian Reservation is not larger than the needs of the Navajoes demand. I can not and would not question the census figures of school attendance which he cites in support of that position, but I know that there are almost 12,000,000 acres of land within the present boundaries of the Navajo Reservation and that, according to the Indian Bureau's statement, there are only about 26,000 Navajoes—men, women, and children—in Arizona and New Mexico, and that one may travel over this reservation for days at a time, as I have myself done, and rarely see an Indian, a sheep, a

horse, or a head of any kind of stock. If there is any need for this vast empire or if it is doing the Navajoes any good, appearances are very deceitful. In considering the amount of land which has been included within the Navajo Reservation, it should be borne in mind that many Indians have been allotted lands off of the reservation and that at the present time 30 townships, amounting to nearly a million acres, are withdrawn from settlement and entry for the purpose of making allotments to these Indians. It is safe to assume that by the time these lands are restored to entry all those of any value will have been allotted, and the Lord only knows when a restoration will occur.

acres, are withdrawn from settlement and entry for the purpose of making allotments to these Indians. It is safe to assume that by have been allotted, and the Lord only knows when a restoration will be a settlement and the Lord only knows when a restoration will occur.

The information extended you by the commissioner to the effect that there is under consideration a suggestion that the odd-numbered sections owned by the rulirond company (Atchison, Topeka & Santa Fe) north and can be included the Little Colorado River, which is important and should be carefully considered. I must admit that as a general proposition I view with suspicion any proposal to exchange railroad lands in the Indian reservation for lands outside, but that suspicion (which is natural, I think, in the light of the history of such exchanges) need wise and proper thing, even though it may place the burden of proof on the railroad company and the Indian Bureau.

Considering the proposed exchange from an unbiased standpoint, it appears that there would be applicable to it some of the objections we have advanced in our letter of the 25th instant to the Secretary of the exchange of Inada belonging to the New Mexico & Arizona Land Co. for a solid block of land under the Little Colorado River project. I do not know just how closely connected the New Mexico & Arizona Land Co. may be with the Atchison, Topeka & Santa Fe Co, but it is not unlikely that they are closely affiliated and south and west of the Little Colorado, which would be immediately contiguous to a similar body of land which the former company would own if the exchange it is asking for and against which we protest should be approved, would be tantamount to adding to the New Mexico & Arizona Land Co. consolidated body of land, upon which it relies for an about monopoly of my seculation is correct as to the closeness of these companies, the exchange would be not only very wrong in morals and in principle, but very injurious his operation.

It can not be denied that this suggested exchan

MULFORD WINSOR, Chairman State Land Commission.

NOVEMBER 25, 1913.

The honorable the SECRETARY OF THE INTERIOR, Washington, D. C.

Washington, D. C.

Sir: In further response to the letter, under date of October 20, of Hon. A. A. Jones, First Assistant Secretary, inclosing copy of a letter of October 16, from Mr. A. S. Grieg, president of the New Mexico & Arizona Land Co., in regard to the proposed exchange of some 21,000 acres of land owned by the above-named company, in Coconino and Navajo Counties, Ariz., for a like acreage near the town of Winslow, Navajo County, the State land commission begs leave, in support of its protest against the consummation of the proposed exchange, to submit the following representations, recommendations, and suggestions: A careful perusal of Mr. Grieg's letter, which was called forth by the commission's protest, addressed to you under date of September 8, against the proposed exchange, falls to disclose any reason why the commission should alter the views expressed in its communication of above date, or, in the opinion of the commission, why you should approve and authorize an exchange which we most emphatically believe would be an imposition upon the United States Government, an injustice and a hardship to the State of Arizona, a decided detriment to

the district immediately concerned, and a contravention of the spirit of the Atlantic & Pacific Railroad grant act of July 27, 1866 (14 Stat. L., 492), a spirit which in the light of developments has not during recent years been considered of heavenly origin or thought to be possessed of celestial attributes. But, however satanic the spirit of that act may have been, however bad the act itself has proved, the proposed exchange would clearly seem to us to magnify the evil of the one and the other.

The New Mexico & Arizona Land Co. (which, as Mr. Grieg's letter goes to some pains to set forth, is an Arizona corporation, but which, not so set forth, is composed of gentlemen having neither residence nor other interests in the State) is, as successor to the St. Louis & San Francisco Railroad Co., the owner of more than half a million acres of land in Coconino, Navajo, and Apache Counties, Ariz. This land, title to which was conveyed by the Government under the railroad land-grant act of July 27, 1866, is wholly held in the odd-numbered, alternate sections, the "checkerboard" arrangement, which may possibly have suggested the many "moves" the owners of the railroad-grant lands of northern Arizona have made toward the relinquishment to the Government of such portions of their holdings as were practically er wholly worthless and their replacement with lands many times more valuable.

One large block of the New Mexico & Arizona Land Co.'s holdings

lands of northern Arizona have made toward the relinquishment to the Government of such portions of their holdings as were practically or wholly worthless and their replacement with lands many times more valuable.

One large block of the New Mexico & Arizona Land Co.'s holdings comprises the odd-numbered sections lying north of the Atchison, Topeka & Santa Fe Railroad, in township 18 north, ranges 17 and 18 east, and townships 10 to 24 north, ranges 16 to 18 east, inclusive, the lands involved in the proposed exchange lie within this block, the company proposing to relinquish all of its sections in the west half of townships 21, 22, 23, and 4 north, range 15 east, for certain carefully selected sections and fractional sections in townships 19 and 20 north, ranges 15 and 16 east.

The lands proposed to be employed as a basis for the exchange—that is, the odd-numbered sections in the west half of townships 21 to 24 north, inclusive, range 15 east—are within the exterior boundaries of what is generally understood to be (and so shown on the map of Arizona issued in 1912 by the General Land Office) the Navajo Indian Reservation in Arizona. This matter of the proper boundaries of the said reservation will be referred to later in a more orderly and appropriate connection.

The alleged reason—and the phrase is used advisedly—for the proposed exchange, as disclosed by the official correspondence on the subject which passed between the said New Mexico & Arizona Land Co., the Acting Commissioner of Indian Affairs, and the Secretary of the Interior, your predecessor, is the alleged need—and the term is again employed advisedly—for the sections designed to be used as base to support the sheep and stock of the Navajo Indians.

The State land commission has no desire to reflect unjustly upon any person, department, or institution, but in the light of its knowledge of the history of railroad land-grant exchanges in Arizona; in view of the ease and facility with which the Navajo Indian Reservation in Arizona has been frequently

ber 18, 1904, withdrawn under the first form of withdrawal authorized by the act of June 17, 1902 (32 Stats., 388), for the Little Colorado River project.

These lands, embracing approximately 15 townships, or, deducting the alternate sections owned by the railroad company and its successors and the lands owned by settlers, something like 175,000 acres of Government lands, have therefore been withdrawn from settlement and entry for nine years, although the Reclamation Service soon after the examination of the proposed project abandoned the idea of its construction under the act of June 17, 1902. (32 Stats., 388.) Frequent and urgent efforts during these years, and in the light of the knowledge that the Government would not construct the project, have been made to secure the restoration of these lands to settlement and entry, for the benefit of settlers and in order that plans for the carrying out of the project and the reclamation of the lands embraced within the limits of the proposed Little Colorado River project might be consummated. For reasons apparently not ascertainable until a comparatively recent date, all efforts to secure the restoration of these lands have falled, notwithstanding the withdrawal nine years ago was merely to afford the Reclamation Service an opportunity to determine whether or not the project should be attempted under the provisions of the reclamation act, and notwithstanding this occasion for the withdrawal has long since passed. It finally developed, however, as the result of correspondence with Mr. F. H. Newell, Director of the Reclamation Service, that the lands had not been restored, because of the consideration being given to a proposal to trade certain of them to the New Mexico & Arizona Land Co. for certain other lands owned by that company—the proposed exchange, in fact, which is now under consideration. Attention is now called to the fact that the formal application of the New Mexico & Arizona Land Co. for lands lying within this withdrawn area does not appear in the records

In the act of April 21, 1904 (33 State, 211), appears under date of September 25, 1912. The conclusion is inevitable that the influences which have prevented these lands, not for many years desired by the Government for the purpose for which they were withdrawn, from being restored to settlement and entry, were at work long before the date of the New Mexico & Arizona Land Co.'s application of December 26, 1912; and if this be true, it follows that the motive luducing the effort to secure this exchange is not disclosed by the official records. That there exists no adequate, legitimate occasion for the proposed exchange, from the standpoint of the Government of a map the effort to secure this exchange is not disclosed by the official records. That there exists no adequate, legitimate occasion for the proposed exchange, from the standpoint of the Government of a map the exchange, is proved by the letter of its president, Mr. Grieg, which letter in this connection will hereafter be quoted to the company requesting the exchange, is proved by the letter of its president, Mr. Grieg, which letter in this connection will hereafter be quoted to be used as a basis for exchange—without seeing either an Indian, a sheep, or a head of any kind of stock. It is the belief of this commission that not within the entire so-called extension to the reservation, embracing townships 21, and the entire so-called extension to the reservation, embracing townships 21, and the first of the company and the land within this so-called extension to care for the stock and sheep of the Indians is, in the opinion of this commission—an opinion which, it is a company to the stock of an absolute absurdity. If any other portion of the single short of an absolute absurdity. If any other portion of the single short of an absolute absurdity. If any other portion of the single short of an absolute absurdity. If any other portion of the single short of an absolute absurdity. If any other portion of the single short of an absolute absurdity. If any other p

and prosperous community.

It may be, as the president of the New Mexico & Arizona Land Co. avers, that "at the best the Little Colorado River project is one which requires every opportunity for exploitation," but it will hardly be claimed that at the worst all the rights, privileges, and equities of an enterprise which in its final analysis is dependent upon the exertions of others belong, or in justice ought to belong, to the exploiter; and monopoly has never yet shown itself to be the ally either of labor or of the ultimate consumer. And it is pointed out that the ratification of the proposed exchange would, in effect, give to the New Mexico & Arizona Land Co., to its successors, and very likely to its successors' successors ad infinitum an absolute monopoly upon the Little Colorado River project, to construct, if the company should see fit, and, unhindered and unrestricted, to exploit the settlers who might be induced to purchase the land and water thus joined under a single ownership, or to pass, undeveloped and unimproved, to successor after successor at an everincreasing fletitious valuation finally to be wrung from the tiller of the soil.

the soil.

It is to a considerable extent true, though by no means entirely so, that "it is water and not land," as Mr. Grieg states, "which is the resource in that part of the country," and that "the land is practically worthless without the water," but it so happens that the right to water, which in the case of the drainage of the Little Colorado River project the president of the New Mexico & Arizona Land Co. claims to have been secured for his company, depends for perpetuation upon the reasonably prompt development of the enterprise for which the water is appropriated It follows that if half of the lands, which might be irrigated by the Little Colorado River project, lying in alternate sections and as favorably situated as any other lands, were subject to entry and

the acquirement of title in the various ways comprehended by the United Status and laws, it would afford competitors for the privilege of the company owning the dednumbered alternate sections should neglect or fail to protect its water rights by actual and prompt development, the company owning the dednumbered alternate sections should neglect or fail to protect its water rights by actual and prompt development, president detracting from the feasibility of the enterprise—to either carry out its alleged recinantion plans or to abandon them, together are been enterprised. The company of the affected drainage as may have been acquired.

If, on the other hand, the proposed exchange should be consummed, thus consolidating under the ownership of one company, if not constituting the key to the situation—land which is absolutely essential to the success of the project—to he are any rival projectors, it would should not have—an air-tight monopoly for all time to come on both this and and the water which are essential to the project. As stated, we have been development of the enterprise of the monopoly for all time to come on both the should not have—an air-tight monopoly for all time to come on both the company of the company

opportunity to promptly carry forward the work made possible by the company's neglect to protect its water rights, and would not be deterred by the New Mexico & Arizona Land Co.'s ownership of the odd-numbered sections coming under the project.

However, whether entirely pertinent or not, it may not be wholly out of place to suggest that the conditions surrounding the agricultural industry in northern Arizona are of such a nature that it might be considered a positive advantage to have tracts of nonirrigable lands interspersed among the tracts to be watered. Northern Arizona is mainly a stock country, and even in the case of an irrigable belt will continue to be so. Under the circumstances it might well accrue to a farmer's advantage if he could secure, conveniently situated, a section, a half section, or quarter section of grazing or pasture land contiguous or convenient to his irrigated land on terms which it is safe to say will not obtain in the case of the irrigable lands owned by the New Mexico & Arizona Land Co., thus enabling him to economically join the cattle and farming industries, as they must, in the very order of things, be joined in that locality.

Feeling confident that the development of the Little Colorado River project, as all other feasible opportunities for irrigation in the State was, if not unduly restricted, inevitable, the State land commission considers that an injustice to homestead seekers, who have thus been deprived of an opportunity to which they were entitled, to the district which would profit by the development of the land, and to capital which should have had, and still should have, equal opportunity with the New Mexico & Arizona Land Co. to engage in this inportant enterprise, has been done by the continued withholding from settlement and entry since November 18, 1904, of the even-numbered sections coming under the project. This injustice is perpetuated every day the land is withheld, and will, particularly in the case of prospective hemesteaders, be greatly accentuated if opp

The act of April 21, 1904 (33 Stats., 211), provides that such exchanges may be made, under such rules and regulations as may be prescribed by the Secretary of the Interior, for \* \* \* public lands of "equal area and value \* \* \*."

changes may be made, under such rules and regulations as may be prescribed by the Secretary of the Interior, for \* \* \* public lands of "equal area and value \* \* \*."

It will not be difficult to point out that this condition is not being met. Admitting, for the sake of argument, that the general character of the lands within the sarea comprising the proposed base lands is similar or even identical with the general character of the lands within the proposed lieu-land area, it is a noticeable fact that the sections specified for relinquishment comprise all of the land—good, bad, and indifferent—owned by the company within the first-named area, while the lands which the company is willing to accept consist of carefully selected sections and fractional sections down to the smallest legal subdivision, and in some cases available fractions of sections in which selections were made are omitted from the company's list. Is it not entirely too much to expect that all of the lands relinquished, not only in entire sections but in entire half townships, are of equal value with the lands so carefully picked from particular sections chosen by the company proposing the exchange? Is it not more likely that the average quantity of lava deposits; of rocky peaks and crags; of pink, white, and blue volcanic clay, pleasing to the eye but a stranger to vegetation; and of other of the worthless kinds of lands with which the Navajo Reservation is quite generally marked characterize the whole sections, located at regular intervals, proposed to be relinquished; and is it not equally likely that in carefully choosing lands to be accepted in lieu of those relinquished the company making the selections avoided these unfavorable conditions? The State land commission has not made an examination section by section and tract by tract of the lands affected by the proposed exchange, but having personal familiarity with their general character, can not doubt that its deductions in this respect are correct.

The point made has to do entirely with th

rae proposed exchange, but having personal familiarity with their general character, can not doubt that its deductions in this respect are correct.

The point made has to do entirely with the physical character of the lands and of their comparative values as influenced by such qualities as soil and contour, but in determining the respective values of lands to be exchanged there are other and more important considerations. Land values are by no means entirely determined by character of soil, depth to water, or the extent of the mountainous contents. These should be taken into account, but they may well, in given cases, be practically identical and the respective values still vary greatly. It is so in the present case, where the lands proposed to be relinquished lie, in alternate sections, from 15 to 40 miles from a railroad station, while those to be received in exchange will, if the proposal be ratified, lie in a consolidated, compact body within an area the outside limit of which is not more than the lesser of the distances above named.

While, therefore, it may be true that the intrinsic value of the general average of land in the two districts involved is about equal (though that rule will not hold good as to the tracts actually proposed to be exchanged), the potential value is far apart, one district being comparatively isolated, while the other practically surrounds the active, thriving, growing town of Winslow.

Another phase of the question of values in this particular instance is presented in the fact that the proposed exchange comprehends that the New Mexico & Arizona Land Co. is to be permitted, with the assistance of the Government, to secure lands granted by the act of July 27, 1866, in a solid body, thereby greatly enhancing their value for speculative purposes, and, as has already been suggested, violating the spirit of the granting act.

By the act of July 27, 1866 (14 Stats., 292), there was "granted to the Atlantic & Pacilic Railroad Co., its successors and assigns, for the purpose of aliding i

The wisdom or unwisdom, justice or injustice, of this act are long past discussion, as are the good or evil motives of the Congressmen who supported the measure and the quality of the influences which brought the legislation about. But, passing the munificence of the gift to the

Attante & Pacite Railroad Co., its successors and assigns, it is proper, rettents. It is successors and assigns, it is proper, rettents. It is a successor and assigns, it is proper, rettents. It is a successor and assigns, it is proper, rettents. It is a successor and assigns, it is proper, rettents. It is a successor and assigns, it is proper, rettents. It is a successor and assigns, it is proper, and attempt an interpretation of some of the conditions and the successor and assigns and the successor and assigns and the successor and assigns and a successor and assigns and a successor and assigns and a successor and assigns and assigns and a successor and assigns and assigns and a successor and assigns and a successor and assigns and a successor and assigns assigns and assigns assigns and assigns and assigns and assigns and assigns and assign

mission knows to be in existence, to have the Navajo Reservation extended over the area last above described be visited with your disapproval.

In this connection it is noted that Mr. Grieg, in his letter of October 16, declares that "the statement \* \* \* that an effort is being made by us to secure the addition to the Navajo Indian Reservation of tewnships 21, 22, 23, and 24 north, ranges 15, 16, 17, 18, 19, 20, and 21 east, is absolutely without foundation." The commission will simply reply that it did not say that the effort in question was being made by Mr. Grieg's company.

Since the matter, as is usual in early stages of such negotiations, is not of record, and as it has frequently occurred that many important facts in connection with such cases never become of record, it can not be positively stated at this time who the author of the effort to again extend the Navajo Reservation may be; but that such an effort has been inaugurated or conceived the commission is authentically advised. If Mr. Grieg's company is not guilty, there is no occasion for it to fiee, and the commission does not propose to be convinced of the error of that which it has ample grounds for believing true by any such diversion as Mr. Grieg's uncalled-for denial—a denial apparently advanced for no better reason than to make it appear that his company was being unfairly charged.

In any event, the State Land Commission, representing the State of Arizona and the people thereof, can not justly be chided for any alarm it may feel, or any alarm it may express, over rumored proposals to extend the already well-nigh boundless boundaries of the Indian reservations within the State; over underground murmurings of a movement to pour upon the Commonwealth which, heretofore helpless and unable to secure protection, has had thousands of acres of its richest and most valuable lands—exchanged under the guise of law for barren and sterile wastes—diverted from their proper channel of disposition and confirmed in the ownership of speculators, another floo

By \_\_\_\_\_ Chairman,

### BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SWANSON:

A bill (S. 3689) to provide for the construction, maintenance, and improvement of rural post roads through the cooperation and joint action of the National Government and the several States in which such rural post roads may be established; to the Committee on Post Offices and Post Roads.

By Mr. SMITH of Maryland:

A bill (S. 3690) to refund to the corporate authorities of Frederick City, Md., the sum of \$200,000, exacted of them by the Confederate Army under Gen. Jubal Early July 9, 1864, under penalty of burning said city; to the Committee on Claims, By Mr. BRISTOW:

A bill (S. 3691) authorizing the Secretary of War to donate 2 cannon and 34 cannon balls to the John A. Logan Post, Grand Army of the Republic, Salina, Kans.; to the Committee on Military Affairs.

A bill (S. 3092) granting an increase of pension to Edwin Snyder (with accompanying papers); to the Committee on Pensions

By Mr. MARTINE of New Jersey:

A bill (S. 3693) to remove the charge of desertion on the first enlistment of Daniel B. Stone, alias Nelson Davis; to the Committee on Military Affairs.

A bill (S. 3694) granting an increase of pension to Maurice C. Stafford (with accompanying papers); to the Committee on Pensions

By Mr. WARREN:

A bill (S. 3695) to provide for the completion of certain homestead entries for lands within the abandoned Fort McKinney Military Reservation; to the Committee on Public Lands.

By Mr. DILLINGHAM:

A bill (S. 3696) providing for the removal of snow and ice from the paved sidewalks of the District of Columbia; to the Committee on the District of Columbia.

By Mr. THOMPSON:

A bill (S. 3697) granting an increase of pension to James W.

Plummer (with accompanying papers); and A bill (S. 3698) granting an increase of pension to John M. Miller (with accompanying papers); to the Committee on Pensions.

By Mr. SIMMONS:

A bill (S. 3699) granting an increase of pension to Harriet G. Hayes; to the Committee on Pensions. By Mr. PERKINS:

A bill (S. 3700) making an appropriation for the construction of a dry dock on San Francisco Bay; to the Committee on Naval Affairs.

A bill (S. 3701) for the relief of Bernard G. Dingler and others, lately laborers employed by the United States military authorities under the Quartermaster's Department at San Francisco, Cal.; to the Committee on Claims.

By Mr. POINDEXTER:

A bill (S. 3702) granting an increase of pension to Catherine Ewing; to the Committee on Pensions.

By Mr. THOMAS: A bill (S. 3703) granting an increase of pension to Overton E.

Harris; to the Committee on Pensions.

By Mr. WEEKS:

A bill (S. 3704) for the relief of Charles Henry Harlow; to the Committee on Naval Affairs.

By Mr. TOWNSEND:
A bill (S. 3705) granting an increase of pension to John P. Baker (with accompanying papers); to the Committee on Pen-

By Mr. SHIVELY:
A bill (S. 3706) granting a pension to Martha Fitzpatrick;
A bill (S. 3707) granting a pension to James M. Nelson;
A bill (S. 3708) granting an increase of pension to Joseph

Lansen (with accompanying papers);

A bill (S. 3709) granting an increase of pension to Charles

A bill (S. 3709) granting an increase of pension to Charles Kretchmar (with accompanying papers); and A bill (S. 3710) granting a pension to Benedikta Hess (with accompanying papers); to the Committee on Pensions. By Mr. SMITH of Michigan:

A bill (S. 3711) for the relief of Henry La Croix (with accompanying papers); to the Committee on Claims.

By Mr. BURLEIGH:

A bill (S. 3712) granting an increase of pension to Randall B. Williams; to the Committee on Pensions.

By Mr. OWEN:

A bill (S. 3713) granting a pension to Neal England, alias Joseph England (with accompanying paper); to the Committee on Pensions.

By Mr. BORAH:

A bill (S. 3714) granting pensions to the surviving members of the Forsyth Scouts and to the widows of the deceased members of said organization; to the Committee on Persions.

AMENDMENTS TO BANKING AND CURRENCY BILL.

Mr. BURTON. I submit several amendments which I intend to propose to the pending banking and currency bill. They are

brief, and I ask that they may be read.

The VICE PRESIDENT. The Secretary will read the proposed amendments.

The Secretary read as follows:

The Secretary read as follows:

On page 54, line 16, strike out the following: "\$1, \$2."

On page 39 strike out subdivision K, as follows:

"(K) To authorize member banks to use, as reserve, Federal reserve notes or bank notes based on United States bonds to the extent that said board may find necessary."

On page 67 strike out lines 5 to 8, inclusive, reading:

"Any Federal reserve bank may receive from the member banks as reserves, not exceeding one-half of each installment, eligible paper as described in section 14 properly indorsed and acceptable to the said reserve bank."

On pages 37 and 38 strike out subdivision (c), as follows:

"(c) To suspend for a period not exceeding 30 days (and from time to time to renew such suspension for periods not exceeding 15 days), any reserve requirement specified in this act: Provided, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this act may be permitted to fall below the level hereinafter specified, such tax to be uniform in its application to all Federal reserve banks and to member banks required to keep the same reserves."

On page 48, line 5 to line 10 of the original bill, strike out the following words: "and may, at their joint discretion, charge interest thereon and fix from month to month a rate which shall be regularly paid by the banks holding such deposits: Provided, That no Federal reserve bank shall pay interest upon any deposits except those of the United States."

On page 67, line 21 to line 24, strike out the following words:

On page 67, line 21 to line 24, strike out the following words:
"No member bank shall extend directly or indirectly the benefits of
this system to a nonmember bank, except upon written permission of
the Federal reserve board, under penalty of suspension."
On page 67, line 18 to line 21, strike out the following words:
"Except as thus provided, no member bank shall keep on deposit with
any nonmember bank a sum in excess of 10 per cent of its own paid-up
capital and surplus."

The VICE PRESIDENT. The amendments will lie on the table and be printed.

WITHDRAWAL OF PAPERS-GEORGE M. BRADLEY.

On motion of Mr. WARREN, it was

Ordered, That leave be granted to George M. Bradley to withdraw papers on file in the office of the Secretary of the Senate with the bill, S. 5948, Fifty-eighth Congress, third session, granting an increase of pension to George M. Bradley, no adverse report having been made thereon.

## PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. Latta, executive clerk, announced that the President had on this day approved and signed act (S. 488) to authorize the sale and issuance of patent for certain land to H. W. O'Melveny. PERSONAL EXPLANATION-THE BANKING AND CURRENCY BILL.

Mr. HITCHCOCK. Mr. President, I rise to a question of

personal privilege.

The VICE PRESIDENT. The Senator will state it.

Mr. HITCHCOCK. Mr. President, I much regret the necessity of presenting to the Senate a matter of a personal nature. It involves not only a wrong done me by the Senator from Oklahoma [Mr. Owen], but it involves also a serious breach of the privileges of the Senate.

The Senator from Oklahoma made a speech in the Senate on Thursday. In the main it was a reply to my speech of that day. Very largely it consisted of a criticism of me and of my course. To that I did not object, because I was present to interrupt, to challenge, and to correct his statements as made. He vielded to me for the purpose from time to time, and I felt entirely satisfied with the result. Next day I looked for the matter in the Congressional Record and found that Senator Owen had held out the report. This, also, was proper enough to make correction of errors in grammar or expression. On Saturday I found the matter printed in the RECORD with such significant changes and such new matter as to constitute a misrepresentation of what the Senator from Oklahoma had said.

I therefore move that the official reporters be directed to reproduce from their stenographic notes the report of what was actually said by Senator Owen at that time, and that the false portions be omitted. I ask that the corrected report be published in the next issue of the RECORD and in the permanent

RECORD in place of the misleading report.

Before I concluded to take this step, I sent for the reporters' official record which Senator Owen had edited. I was informed that after editing it and securing a revised copy the Senator had withheld the original copy instead of leaving it with the reporters. I then sent the reporter to Senator Owen to ask for it. The reporter returned to me with the statement that Senator Owen did not know where it was. Later, Senator Owen came to me and stated that he had thrown it into the wastebasket. I thereupon asked the reporters to reproduce from their notes certain parts of the speech. First, I asked for the complete speech, but was told that they were so rushed that they could not reproduce it. I then asked them to reproduce certain portions of it which seemed to me to be new. I selected two or three which in the RECORD struck me as alterations, if not gross perversions. I have one here. It consists of a whole paragraph. It is new matter. It is an attack on me, and appears to have been delivered in my presence. As a matter of fact, it was not so delivered and is therefore a misrepresentation of fact as well as a falsification of the RECORD.

I send it to the Secretary's desk and ask that it be read. will say that the official reporters have marked in blue pencil

the portion to which I refer.

The Secretary. Reading from the Congressional Record of date Friday, December 12, 1913, on page 772, near the top of the page, left-hand column:

The Senator from Nebraska is not justified in discrediting the sensible party action of his colleagues, so essential to party solidarity and party responsibility, by painting it as gag rule by secret, sinister caucus action. The perfecting of the Democratic plan in party conference was wise and fully justified, and it is regrettable to see a Senator elected as a Democrat from Nebraska joining with the Republicans in abusing the Democrats of the Senate in this unfair criticism, holding up the Democratic President to public scorn in an unwarranted accusation, denouncing the Democratic House for a bad bill, almost every fundamental of which he then adopts.

Mr. HITCHCOCK. Mr. President, the whole paragraph is fictitious. It was written and inserted by Senator Owen the day after he made his speech. This paragraph is only one of the changes thus made. I shall not take the time of the Senate to refer to the others, and I have no desire to introduce personalities into this debate of what ought to be a great discussion of an important measure. To write and insert in the RECORD as a pretended part of a speech an attack on a Senator, or anyone else, is an abuse of the privileges of the Senate. Such instances in Congress are rare. I remember only one case during my service in the other House, and that, on order of the House, was promptly corrected by expunging the false matter, as I ask to have this expunged, as well as other false matter interjected and inserted in the report of the same speech by Senator OWEN.

Mr. OWEN. Mr. President, the objection which the Senator makes to the interlineations in the remarks which I submitted on December 11, 1913, and his very harsh description of that language as being a falsification of the Record, and so forth, I do not think is justified by him, because the habit of Senators has been by interlineations to make more clear the meaning of those who addressed the Senate; and in this matter which is

complained of the only thing the Senator can justly feel wounded at is the practical reiteration in another form of what had already been stated, because I had said in the Senator's presence these words, and I call the attention of the Senate to them:

Ha

Referring to the Senator from Nebraska-

Referring to the Senator from Nebraska—

He advises us with great violence that we are coerced by some powerful and mysterious person exercising tyrannical power over us, and that we have been ordered not to change a letter of the bill coming over from the House, not to cross a "t" nor dot an "1," and yet in the same breath he tells us that we have changed the bill until only 40 per cent of it remains.

What kind of consistency is this? When I challenge him to name the man who has intimidated every Democratic Senator except the brave Senator from Nebraska, "No: he will not." The obvious meaning of the Senator is that the President of the United States has exercised tyrannical power over the Senate of the United States, and has sent forth an edict that not a letter shall be changed in the House bill, not the crossing of a "t" nor the dotting of an "i." I say to the Senator from Nebraska that I recard it as poor party loyality to misrepresent on the floor of the Senate the President of the United States and the titular head of the Democratic Party.

The Senator was present when I said that. This interlinea-

The Senator was present when I said that. This interlineation, which makes a summary of what I said, does not change the meaning of the language; and I was justified in putting into the Record what I intended to say, and I now put into the RECORD these words as expressing my opinion, and I shall take occasion, in answer to the Senator from Nebraska, to justify this opinion by the record which he has made in this matter:

The Senator from Nebraska is not justified in discrediting the sensible party action of his colleagues, so essential to party solidarity and party responsibility, by painting it as gag rule by secret, sinister caucus action. The perfecting of the Democratic plan in party conference was wise and fully justified, and it is regrettable to see a Senator elected as a Democrat from Nebraska joining with the Republicans in abusing the Democratic President to public scorn in an unwarranted accusation, denouncing the Democratic House for a bad bill, almost every fundamental of which he then adopts.

Mr. President it can not be described to the control of the control

Mr. President, it can not be denied that every word of this is justified. As a matter of fact, I am justified in stating it now. The Senator from Nebraska has undertaken to show that the party caucus action was gag rule. His own language in his own comments shows it. The Senator has constantly made reference to the action of the President, as if he were browbeating the Senate, trying to overwhelm the Senate with his power, trying to coerce the Senate, and keep them from changing this bill in the slightest particular—not to cross a or dot an "i," is the language of the Senator-and in that particular he has had support in that criticism of the President by a number of Republican Senators. That criticism was made of the President in the committee, and I then had occasion more than once to defend the President against that very charge.

The Senator from Nebraska was elected as a Democrat. The people of Nebraska would not have elected him except as a Democrat; they believed he was a Democrat; they had a right to believe that he was a Democrat; and when a man accepts a position of trust as a Senator representing a party in a State he owes some obligation to the party organization. He ought not to indulge in unfair criticism of the President of the United States, the titular head of the Democratic Party, and especially ought he not to do it upon so unjust a charge. If he finds the ought he not to do it upon so unjust a charge. If he finds the President making a mistake, he ought to go to him as a friendly counselor and advise him where he is making a mistake; he ought to advise his party associates if they are making a mistake; he ought to help guide them in the proper path; and if he can not do so, and he finds he can no longer cooperate with them, and that his opinions are so far from theirs that he can not cooperate with them, then he should withdraw from his party allegiance with them; but I do not think that, when he is elected as a Senator from Nebraska to represent the Democrats, he ought to criticize the Democratic House for its action in the way he has done, and I do not think he ought to harshly criticize his party colleagues for their conference on this bill.

In June the President of the United States, as the titular head of the Democratic Party as well as the President of the United States, made an appeal to the Congress-to the Senate and to the House of Representatives met in joint assembly. He said:

There are occasions of public duty when those things which touch us privately seem very small—when the work to be done is so pressing and so fraught with big consequence that we know that we are not at liberty to weigh against it any point of personal sacrifice. We are now in the presence of such an occasion. It is absolutely imperative that we should give the business men of this country a banking and currency system by means of which they can make use of the freedom of enterprise and of individual initiative which we are about to bestow upon them.

I have come to you, as the head of the Government and the responsible leader of the party in power, to urge action now, while there is

time to serve the country deliberately and as we should, in a clear air of common counsel. I appeal to you with a deep conviction of duty. I believe that you share this conviction. I therefore appeal to you with confidence.

A very short time afterwards certain of the citizens of Nebraska, certain of the Democrats of Nebraska, who regarded the Senator as their representative, sent to him a petition as

Whereas President Wilson has wisely recommended to Congress the immediate passage of a currency measure carefully designed to protect the people and honest business of the country against the possibility of the money stringency now and always threatened by the powerful capitalistic combinations whenever just remedial legislation seems probable or possible; and
Whereas it is imperative that the administration at this time receive the loyal support of all Democratic Members of the House and Senate in its great battle against greed and privilege, and for the common people: Therefore be it

people: Therefore be it

Resolved by the Democratic county central committee of Sarpy County, Nebr., That all Democratic representatives in Congress be, and hereby are, called upon and earnestly requested to loyally and patriotically give unqualified support to the great administration measures now pending before Congress relative to tariff and currency, and to defer until some future session of Congress the offering of amendments or criticism likely to delay, obstruct, or defeat the passage of either measure; be it further

Resolved, That copies of this resolution be immediately transmitted to our representatives in Congress, Hon. Gilbert M. Hitchcock and Hon. C. C. Lobeck.

Adopted, July 19, 1913.

B. J. Melia, Chairman.

B. J. MELIA, Chairman.

W. D. Schaal, Secretary, Springfield, Nebr.

The Senator from Nebraska, instead of respecting the urgent appeal of the President of the United States, the titular head of his party, who had a right to appeal to him, and instead of respecting the humble prayers of the Democrats of Sarpy County, who appealed to him in like manner, saw fit to rise upon the floor of the Senate and read into the RECORD this appeal of the Democrats of Nebraska and then treat it with contumely, and say that he was strongly opposed to any comprehensive currency legislation during the present session—that he was strongly opposed to the appeal of the President of the United States.

It may be said that any Senator has a right to oppose the President of the United States in any of the President's views. I think that general observation might be made. I do not think any Senator must be denied his liberty of conscience or his duty as a Senator to obey his conscience; but I do not think it is proper party loyalty to denounce the program of the President or to treat his Democratic associates in Nebraska in this fashion.

I have no idea that any emergency exists which will excuse Congress in railroading through a revolutionary measure such as has been intro-duced by my friend from Oklahoma [Mr. Owen].

He goes on to give his reasons why he will not and should not. From that time the Senator from Nebraska has indicated his strong hostility to any action upon this matter. Only recently has he been willing to yield to the overwhelming sentiment of When the chairman of the committee attempted to get hearings upon this matter and attempted to promote it, it was regarded as an indignity by the Senator from Nebraska.

The chairman was told in a moment of passion that the Senator from Nebraska was not going to be hurried in this matter; and the Senator from Nebraska found it convenient to go to the White Sulphur Springs and play golf while the chairman was

extremely anxious to get action.

That is an exercise, also, of a senatorial privilege, against which I may have no reason to complain; and yet when the House of Representatives and the whole country stand practically unanimously behind the President of the United States in the demand for this reform, stand for speedy action; when it was easy to forecast that the banks of this country would stand silently waiting and hoarding their reserves and constricting credits with a view to knowing what this bill would be before they relaxed credits; when any man could have foreseen that there might have been a serious stringency arising out of this condition, the Senator from Nebraska exercised his privilege of ignoring the appeal of the President, despising the action of the Democratic House, and when his own colleagues in the Senate met in conference and decided by a vote that they would take action on this matter and would go promptly to the performance of their duty, as requested by the President at the extra session of Congress, the Senator from Nebraska was not at all moved by their views. His independence of his party associates is so great that he is not willing to listen to them. Then, after having had abundant opportunity to know how wise the action of the President was in advising this legislation, after having had abundant opportunity to know what the wisdom of the House action was, he still persists in this criticism.

I remind the Senate now, and I take occasion to say, that in judgment he is entirely unjustified in treating the House bill as being utterly unworthy. The House bill provided for the concentration of reserves. We have not materially changed the concentration of reserves in this bill. The House bill provided for the mobilization of reserves. We have not in any substantial transfer of the mobilization of reserves. tial way changed the mobilization of reserves. The House bill provided for elastic currency. We have adhered to the same important principle in this bill. The House bill provided for an open discount market. We have not materially changed the House provision in that respect.

These four great fundamentals of the bill as passed by the House remain, and ought to remain. They were wise. They were justified. They were the soul of the bill. The House of Representatives deserves great credit for the bill which was passed there. The members of the House Banking and Currency Committee who conducted the Pujo hearings, and held the Glass hearings upon this matter, and assisted in drafting and putting the bill through the House, deserve the highest praise, and are not to be treated as having discharged their public duty in an

unworthy or discreditable manner.

The Senator speaks of the House bill in derision, as a-

sacred document \* \* \* of which, as I have said, we were forbidden to dot an "i" or to cross a "t,"

Mr. Owen. By whom?

Mr. HITCHCOCK, And which we were commanded to pass without a hearing and without much investigation.

I criticized the Senator for that, and in summarizing my comments I referred to this, and I interlined the objectionable words. Perhaps it was a liberty. Perhaps it was not just as the Senator would have it. In interlining those words, however, I did not change the meaning of what I had said.

I had said to the Senator that I regarded it as poor party loyalty to criticize the President. I repeated it in this para-

graph which I made as a summary.

If it be the custom of the Senate not to put in such interlineations, I am perfectly willing to abide by the custem, but I know that it is the custom to put them in. Senators have taken the liberty on both sides of this Chamber, I think almost without a single exception, of making the language of the Record speak the words they intended to speak, even if the reporter did not get the words exactly, or even if they did not say at the instant precisely the words they intended to say to represent their

I do not think the Senate should be disturbed by a controversy of this character, however. I regret that the Senator felt so sensitive about it. I had a perfect right to criticize him. I have a perfect right to criticize him now, and I feel entirely at liberty to do so. He may feel that he has a right to criticize me.
The Record was placed before him immediately, however. When
I learned that he desired to know what interlineations I had made, I immediately went to him and told him what the interlineations were as far as I could. Now he has taken occasion to have it appear that I had falsified the RECORD.

I put in the RECORD now some elemental truths that I desire to go into the RECORD, and I repeat every word to which the Senator objects. Now I ask the Senate to acquiesce in the wish of the Senator, to eliminate the words which are objectionable to him.

Mr. HITCHCOCK. Mr. President, I do not care to eliminate any words objectionable to me. That is not what I am asking. I am asking for the protection of the integrity of the Senate records. I desire to have them appear as true records of what actually occurred here in the Senate.

I have not any objection to any personal criticism the Senator from Oklahoma may care to visit upon me, providing he delivers it upon the floor of the Senate. I think it would be a serious evil, a great danger, if any Senator is to be permitted to put into the RECORD an attack upon a Senator not actually delivered upon the floor of the Senate.

I had not any objection when the Senator sought to degrade this discussion of a great question into a personal controversy between himself and me, and I have not any objection now, when this issue is raised, that he should seek to convert it into an issue involving the bill. The real issue here to-day is whether Senators are to be permitted to take the RECORD as made up by the official reporters and change it to represent something which was not said upon the floor of the Senate.

I have referred to only one of the changes. It was not an interlineation. It was the insertion of 11 lines, in a separate paragraph, constituting a separate attack, and it is only one. There is another change there which involves the meaning of a colloquy that occurred between the Senator and myself when I interrupted him. He so changed his own language that my interruption appears to be absolutely out of place and ridiculous.

All I am asking for is to have the Record appear as it was made up by the very accurate official reporters at the time.

far as concerns the criticism which he visits upon me regarding my attitude toward the President and the House of Representatives, I may say a word to correct the inaccurate impression which the Senator from Oklahoma seeks to give. We have by common consent, in all legislative bodies, the privilege of criticizing a coordinate branch of the Government, when we think the public needs require it. Our criticisms should be respectful. I submit that not only has my criticism of the President's attitude and his action been respectful, but my criticism of the House bill has been considerate.

In order that this may be placed in the RECORD at this time, I desire to read two or three paragraphs from a speech which I delivered in the Senate on the 25th of November.

Referring to the agitation for currency reform, I said:

Referring to the agitation for currency reform, I said:

Possibly this condition of agitation and discussion might have continued for some time had it not been for the action of President Wilson in bringing the matter before Congress, thus making banking and currency reform an administration measure. In so doing, the President has merited and received the praise of the whole country. His wisdom and his courage in bringing this needed reform to a practical issue is to be highly commended. Nothing less than presidential influence would have made banking and currency reform possible for some

That does not look like a very serious attack upon the President of the United States. I added:

I yield this tribute to the President of the United States the more readily because I have frankly opposed and criticized him when he urged hasty action, which I deemed dangerous.

Now, concerning the statement just made by the Senator from Oklahoma, incorporated also in the misstatement which he caused to be inserted in the RECORD, referring to the House of Representatives, let me read what I said about the House of Representatives:

Representatives:

The bill before us reached the Senate on the 18th of September, having passed the other House after several months of discussion in committee, caucus, and in the full House. As I look upon it now, Mr. President, I am disposed to think it somewhat remarkable that the House succeeded in sending to the Senate so good a bill, considering the difficulties of the situation. In the first place, it was formative and original legislation. It dealt with a difficult problem, which to some extent has puzzled the civilized world for many years. It was pushed through the House in a hurry. It is but fair to its authors to say that it represented much hard work, great study, and original thought. To some extent, of course, it was an adaptation of the European system of a central bank, with such modifications as political exigencies and American institutions made necessary.

I merely insert this in the RECORD at this time, Mr. President. in order that it may be seen that I have observed a respectful and considerate attitude not only toward the President of the United States but toward the House of Representatives. I have criticized the bill; I have insisted on its amendment; and I am glad to say that as the result of efforts made by myself and other members of the committee the bill has been enormously amended and vastly improved; and I am not here now to urge an unnecessary delay in its passage. I am in favor of an early vote. But those are not the issues of this controversy. question is whether the Senate is to have its RECORD made up as the official stenographers make it up or whether it shall be made up as a Senator may determine to make it up by inserting matter which was not delivered upon the floor of the Senate, and I ask for the adoption of my motion.

The VICE PRESIDENT. The question is on the motion of

the Senator from Nebraska.

The motion was agreed to.
The VICE PRESIDENT. The RECORD will be so corrected.

BANKING AND CURRENCY.

Mr. WORKS. Mr. President, I desire to give notice that this evening at 8 o'clock, with the permission of the Senate, I shall submit some brief remarks on the currency bill.

Mr. SMITH of South Carolina. I understand that the morning business is closed; and in the absence of any motion to take up the currency bill, I ask that it be laid before the Sen-

I move that the Senate proceed to the consideration of House bill 7837.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purpose

Mr. SMITH of South Carolina. Mr. President, the President in his message before the joint assembly of the House and Senate made some remarks in reference to this legislation, which I ask leave to print as preliminary to what I have to say in reference to the bill now pending, and from which I shall make some quotations. I ask leave to have it printed.

The VICE PRESIDENT, Is there objection? The Chair hears none, and it is so ordered.

The matter referred to, from the address of the President, is

The matter referred to, from the address of the President, is as follows:

I turn to matters of domestic concern. You already have under consideration a bill for the reform of our system of tunking and currency, for which the country waits with impatience, as for something fundamental to its whole business life and necessary to set credit free from arbitrary and artificial restraints. I need not say how carnestly I hope for its early enactment into law. I take leave to beg that the whole energy and attention of the Senate be concentrated upon it till the matter is successfully disposed of. And yet I feel that the request is not needed—that the Members of that great House need no urging in this service to the country.

I present to you, in addition, the urgent necessity that special provision be made also for facilitating the credits needed by the farmers of the country. The pending currency bill does the farmers a great service. It puts them upon an equal footing with other business men will had themselves quite financy of the difficulties which now hamper them in the field of credit. The farmers, of course, ask and should be given no special privilege, such as extending to them the credit of the Government itself. What they need and should botain is legislation which will make their own abundant and substantial credit resources available as a foundation for joint, concerted local action in their own behalf in getting the capital they must use. It is to this we should now address ourselves.

It has, singularly enough, come to pass that we have allowed the industry of our farms to lag behind the other activities of the country in its development. I need not stop to tell you how fundamental to the life of the Nation is the production of its food. Our thoughts may define the country of the farcety, but it is from the quite the force of the credit of the country of the farcety, but it is from the quite the production of its food. Our thoughts and the free hillsides that we draw the sources of the open valleys and t

Mr. SMITH of South Carolina. Mr. President, the President recognizes the need of legislation to enable the farmers and agriculturists of this country to finance their business. said-and I quote his exact words:

We must add the means by which the farmer may make his credit constantly and easily available and command when he will the capital by which to support and expand his business.

No stronger terms than these can be used; in this expression he covers completely the exact object which all financial legislation, up to the present and including this bill, has striven to do for what is known technically as "commercial" business.

The conditions under which the farmer produces his commercial commodities by the laws of nature are different from those of any other commercial productivity. By the very nature of things he is forced to a longer period of credit without any intervening marketable return. As the President says he is dependent upon the seasons which can not be forced during the period necessary for the growth, maturity, and harvest of his crops. A constant outlay is absolutely necessary. This time for the production of staple farm products averages from six to eight months. He, therefore, is forced by the unchangeable nature of his business to obtain his loans for this length of time. A 90-day loan either would have to be renewed under the present system or the farmer be forced to obtain it elsewhere than under the present proposed banking act. Under the conditions above set forth it means an accumulation of indebtedness, representing the cost of the production of his entire crop and the cost of harvesting. This indebtedness, extending over a period of six or eight months, naturally becomes due and payable when his crop is ready for the market. Under present conditions he has to pay the highest rate of interest when he secures a loan for making his crop, and these loans becoming due when his crop is gathered and ready for the market, he is forced to sell practically his entire production within a period of 30 to 90 days in

order to meet his obligations. Hence, he is handicapped both in the production and sale of his crop.

His paper not being recognized as ordinary prime commercial paper is discounted at the highest possible legal rate, if he is able to obtain a loan at all, and then his crop, when ready for market, necessarily must be sold, regardless of the law of supply and demand in order to meet these obligations. In other words, the farmers of this country, in order to meet the obligations incurred in producing their crops, have to put upon the market a 12 months' supply of farm products within 30 to 90 days. It is inevitable under such conditions that the purchasers or the buyers of these products, having to carry them for the next 12 months for distribution, discount the price and all expenses incident to the risk incurred in carrying them, and then charge what profit they think sufficient to remunerate them. Therefore, as I have just said, the farmer is handicapped, both in the production and sale of his crops. It is to remedy this condition that the Government should address itself.

The farm is an intimate and vital part, in fact, the essential part, of every nation's life and prosperity. This is a trite saying, but none the less true, because so often repeated, and whatever tends to improve the conditions surrounding the farm, facilitate production, aid in supporting and expanding business, and assists in wise and profitable marketing, tends to the upbuilding and enrichment of the Nation. In view of the relation that the farm bears to every department of our life, every effort should be used to promote every facility for obtaining loans for the farmer sufficient for the production of his crop and for market-

ing it to the best advantage.

As said before, the farm differs from every other business. A day's production from a mine is ready for the market to meet the expense incurred in that day's production; the output of a lumber mill is ready at the end of the day for shipment and liquidation of the debt incurred in producing that day's output. The same is true of the factory and mercantile business; in fact, every other form of commercial activity. And all of these have to wait upon the farm for their sustenance and comfort, and the farmer has to wait upon all of these to be served first in financial and commercial life. He has a right to demand recognition, preeminent recognition, in the financial legislation of America. We do not belong to those nations of Europe which by hereditary influence or present condition, have unchangeable class conditions. But we are Americans, under that form of government where every condition surrounding each and every vocation and avocation is of equal concern to the legislator and should be given its proper recognition in the laws pertaining to the general welfare.

If the farmers of this country could secure six to nine months loans, at reasonable rates of interest, to produce their crops, the cost of production would be reduced materially; and when their crops are ready for the market be able to borrow upon these products for a sufficient length of time to permit the marketing of them to the best advantage, the greatest problem confronting the development and success of the agricultural interests of this country would be solved. In this bill some measure of relief may be looked for. It is provided that certain prime commercial paper is to be made the basis of currency issue, thus providing an additional, if temporary, increase in the circulating medium to meet the requirements of trade. This. of course, will tend to give opportunity for loans elsewhere than in our banking and currency system of sufficient length of time to meet the requirements of the farmers. Hence the farmer will be indirectly the beneficiary, perhaps, of a system in which he should have been the beneficiary directly.

I am going to vote for the bill, believing that it is a first

step in the right direction, with a hope and faith that from time to time there will be such amendments and modifications as the needs of the agricultural interests may demand. appreciate that at this time there might arise some embarrass ment, perhaps, with these time notes extended for a longer period than specified in this bill. On account of the adjustment of trade since 1865 up to the present day, perhaps would make it necessary that we do not introduce too great an innovation. Necessarily there must be change and readjustment, and these should be as easy and successful as possible. Reserves are to be established, deposits and credits built up, gold and other securities accumulated, and the system gotten into working shape, and then perhaps—and I hope in the near future—the farmers of this country may find an adequate way of meeting all of their needs under the proposed system when established, amended, and developed.

This bill also for the first time in our banking history recognizes real estate as a banking collateral. This also is of great benefit to the agricultural interests of the country. It makes

possible the financial resources organized under this bill for the benefit of those who wish to realize upon their vested capital. Before this those who wished to use their landed property as collateral for its development were dependent upon such loans as they could negotiate outside the law governing national banks and the resources controlled by the national laws. This is one of the most important features of this bill and is a recognition of the value of the property upon which the entire Nation depends and upon which the farmer necessarily is de-

The great cry has been "Back to the farm." The Agricultural Department is spending millions of dollars for the development of agricultural interests. All of this may avail something, but until agriculture is relieved from the financial handicap under which it is now laboring, until it is placed upon a financial footing with the other commercial and industrial activites of the country, the condtion now obtaining will become no better and the high cost of living become more acute as the years go It is idle to talk about getting young men of education and ability to engage in a pursuit in which credit and the means of obtaining it are doubtful and uncertain, and the products of which are forced upon the market, regardless of price, in order to meet the obligations incurred in their production.

We do not realize, Mr. President, the fact that under the development of the means for education, for communication, and transportation young men of brain of this country have not developed the real wealth, which is the agricultural interest of the country. They are not going to subject themselves to a system which is not recognized in any financial or commercial legislation and is left entirely to the caprice of those who desire to mulct the producer of the raw materials on the one hand and to raise the prices for their own benefit on the other. The middle man neither produces raw material nor does he own the factory that makes the finished product. Speaking of that very condition, President Wilson says:

And yet the farmer does not stand upon the same footing with the forester and the miner in the market of credit; \* \* \* the security he gives is of a character not known in the broker's office or as familiarly as it might be on the counter of the bankers.

In the same connection he said:

Our thoughts may ordinarily be concentrated upon the cities and the hives of industry, upon the cries of the crowded market place and the clangor of the factories, but it is from the quiet interspaces of the open valleys and the free hillsides that we draw the sources of life and prosperity.

This approaches poetry and reads splendidly and is an appeal for ultimate action, but it does not meet the crying needs that stand face to face with a thousand oppressed homes in America that furnish the food for the masses to eat and the clothes that they wear and who by the laws of Congress are relegated to such fortuitous chances as they may avail themselves of for securing the finances that make the life and prosperity of the Nation. The President was right. We have a right to demand that here in the beginning of the reformation of financial legislation the fundamental principles upon which every breakfast table is furnished and every man clothed in comfort shall be recognized; and those who produce these necessities should not be made the indirect beneficiaries of those laws of which they should receive first recognition. It is for this reason that the ancient cry of unrest all over the country comes up against the inequalities in wealth, and it is the most potent reason for the political unrest that characterizes conditions to-day.

In the last 10 years the percentage of increase in agricultural products has been 97.1, while the increase in money circulation has been but 72.4 per cent, a difference between the relative increase of the two of about 25 per cent more in agricultural products than in circulating medium. When the fact is taken into consideration that a very small per cent of the entire capital of the country is used under our present system for the purpose of producing and marketing our agricultural products it will be seen how inadequate are the means for financing this great industry and establishing confidence in its certain remuneration.

The greater per cent of the actual capital of this country is concentrated in the great centers of trade and used for purposes of speculation and gambling in stocks, bonds, and even in agricultural products themselves, a use of capital which adds not one dollar to the material development and welfare of the country. It is for the following reason, among others, that I shall support the bill: It seeks to establish regional banks, to decentralize this dangerous concentration of capital in the few great centers of speculation and gambing, and to place the money of the country where those who are engaged in legitimate industry may secure adequate accommodations at all times. favor the establishment of eight reserve banks, even though the accommodations that they may be able to extend to the industries in the regions in which they may be placed may not at first be as great as may now be received from some of the present reserve centers. But they will become the nuclei of the wealth of the different sections in which they are located, and, I believe, rapidly increase that wealth. With wise administration, I predict the rapid development of the latent resources of these sections, resulting from the establishment of these reserve banks.

Not only does this provision of eight reserve centers tend to decentralize capital and equalize conditions of opportunity in the country, but it will aid powerfully in the development of the latent resources of each region. It necessarily tends to make the capital of each of these sections nonmigratory. It retains the wealth of each section for the benefit of the section in which the wealth is produced; it makes the money of each section available for the development of the resourcs of that section; it so utilizes it that it may not be transferred to the great centers of speculation and gambling. I for myself would be willing to pay a higher rate of interest and suffer a temporary lack of capital in order to see these eight reserve banks established, believing, as I do, that they will ultimately result in the development of the undeveloped resources of the Nation and render an adequate accommodation as the years go by in the section where they rightfully belong and where they should be utilized.

It is a monstrous proposition that right now watered stocks and bonds in our banks and financial centers are recognized as adequate collateral security for immediate loans, while agricultural paper, based on one of the very fundamentals of the wealth of the country-agriculture-is not recognized under our

present law or in the pending bill. Under our present system all sections of the country have been but tributary feeders to the few financial centers, making possible the building up of the colossal fortunes of the few, rendering easy means for the shameful speculations which have disgraced our market places, and making possible the floating of colossal schemes that have destroyed competition, so essential to the healthy growth of our industries. They have drained from every quarter of the country the capital so sorely needed

for the development of its vast and undeveloped resources.

The Senator from New York [Mr. Root], in his wonderful analysis of this bill the other day, called attention to the fact that in the West and in the South there are yet vast undeveloped resources, and said that if we dared pass a provision in this bill that would give that undeveloped wealth the right to be capitalized and then developed we should inflate our currency to billions of dollars; in other words, rather than see the undeveloped resources of this country developed, rather than see the sanguine hopes and aspirations of the young men and of the people of this country generally realized by furnishing them a safe and adequate means of financing those sections which stand so sorely in need of it, we must still adhere to the present system of a restricted currency, an inflexible currency, an arbitrary currency, in which the few can control the markets at their will and hold the country as tributary to them.

This bill provides further that in times of emergency the assets of the country, the real wealth of the country, may be used as a basis of circulation, making the possibility of the recurrence of disastrous panics remote, if not wholly impossible. Should this bill establish confidence in the ability of cooperation of the Government and the bankers in meeting any emergencies that may arise, should it establish confidence in the fact that the credit of the vast resources of the United States shall be back of those who hold the currency of this country, plus the resources of our gold currency, the vexed problems that now confront us will have passed, and we shall enter upon an era where each man, according to the real wealth he commands or that which he produces, shall find an adequate means of financing his resources and relieve the conditions which now confront the oppressed.

Mr. VARDAMAN. Mr. President, I have received a telegram this morning from one of the leading banks in Mississippi, which I desire to have read.

I wish to say that I have great faith in the inerrancy of the common sense of the most. The judgment of all the people is more to be relied upon than the conclusions of any selected few. As a contribution to the general fund of information, and as an expression of opinion of a certain class of people vitally interested in this currency question, I ask that the telegram I send to the desk be read, which, as I have said, is from one of the largest banks in the State which I have the honor in part to

The VICE PRESIDENT. In the absence of objection, the Secretary will read the telegram, as requested by the Senator from Mississippi.

The Secretary read as follows:

CANTON, MISS., December 14, 1913.

Senator James K. Vardaman, Washington, D. C.:

We earnestly request your support for bank control of regional banks in preference to Hitchcock amendment for Government control. Do not think it just to require banks to subscribe for stock and have no control over investment. Do not believe banks of State will join Federal reserve associations with absolute Government control.

FIRST NATIONAL BANK.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK].

Mr. BURTON. Mr. President, at the close of the session on Saturday evening I was calling attention to certain features of the bill which did not seem entirely clear. It is evident that in the provision relating to the selection of directors, beginning at the top of page 16 of the print of December 1, material modifications must be made.

The defects now appearing in the bill as reported by the six members of the Banking and Currency Committee headed by the chairman, the Senator from Oklahoma [Mr. Owen], are three in number: First, the complication which would arise in the election of directors. Provision is made for three groups of banks in each district or region. The number of banks of each group, if we may take an average of the whole United States based on the number of national banks, would be about 300-312 is more nearly exact. It is provided that a list shall be prepared from which the selection is to be made, as upon the Australian ballot, giving a number of eligibles for appointment. On the eligible list there would be 300 names. There is a plan for preferential voting. Each elector of the 300 must give his first choice, his second choice, and his third choice. If there is a majority of the 300 on the first choice for one man, he would be elected a director of class A or of class B, as the case may be. It is absolutely impossible under any ordinary result of voting to obtain from 312 voters a majority on the first vote in an eligible list of 312.

The bill then provides for a second choice, and if by the addition of the votes for a candidate who is first choice and second choice there is a majority, that person is selected. That also is practically impossible. There is then a provision in the bill that the first, second, and third choice of candidates shall be added, and the one having a plurality shall be considered as chosen.

What would be the result of this in so large a number? scattered vote. One with not more than 20 or 30 votes might be elected a director, and the rest of the choices would be divided among this very long list of 300.

In order to make this bill more perfect, I suggest, Mr. Presi-

dent, that there should be some system of nominations, so as to reduce the number of eligibles from one for each bank to a number which will not be confusing to the electors in making their choice. Suppose one of these electors receives a list with 300 names upon it; how can he wisely and carefully make a selection from so large a number? It is true that this part of the bill would be workable, but it would not be sensible.

There are, however, two other features in the clauses of the bill relating to the choice of directors which are absolutely inconsistent and which would not work. The first is a provision that each group shall make a selection of a director of class B who is actively engaged in commerce, agriculture, or some other pursuit. In a manufacturing district presumably the one elected would be associated with some form of manufacturing; in a district where some other branch of business, such as mining or lumber, assumed predominance, a third director would be chosen from this class; but the three groups are to vote indiscriminately, while the provision of the bill, in lines 7 to 11, on page 16, is:

Class B shall consist of three members, who at the time of their election shall be actively engaged in their district, respectively, in commerce, in agriculture, and in some other pursuit.

Each of the three groups vote under that provision. It stands to reason that all three might very probably select a man associated with agriculture, or each one of the three might select a man engaged in commerce or in some other pursuit. That would be directly contrary to the substantive provision that the three classes shall be represented respectively; and in this measure as it is now drawn there is no avoiding noncompliance with an essential provision of the bill, relating to the choice of

There is a third defect, which is more serious than either of the other two I have named. On page 17 it provides that-

At a regularly called meeting of the board of directors of each mem-ber bank in the district it shall elect by ballot one of its own mem-

That is, a director-

as a district reserve elector and shall certify his name to the chairman of the board of directors of the Federal reserve bank of the district. The chairman shall establish lists of the district reserve electors thus named by banks in each of the aforesaid three groups and shall transmit one list to each elector in each group.

It then provides, on pages 18 and 19, that the directors of classes A and B shall be chosen from this list. By the provision which I have read everyone on that list, whether a candidate for director of class A or of class B, is a director of a bank; and in lines 14 and 15, on page 16, there is a provision that—

No director of class B or class C shall be an officer, director, employee, or stockholder in any bank.

We may disregard the provision as to class C, because that does not apply; but, in the first place, there is an eligible list confined to directors; and, in the next place, there is a provision, positive in its nature, that no director of any of the banks shall be chosen as one of the directors of class B. This proposition is entirely inconsistent, and I do not see what can be done except to correct it.

As I said the other evening, it is quite easy to see how this rather serious error crept into the bill. It is due to the erasure of certain provisions in the House bill contained on page 17,

beginning with line 14.

I desire to ask of the chairman of the committee, What are the powers of the Federal reserve agent? Is he to be the chief executive officer of the regional bank? The provisions of the bill do not seem to be entirely clear in this regard. I do not see the chairman present, and I should like if some other member of the committee will answer that question.

Mr. NELSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Minnesota?

Mr. BURTON. Certainly; indeed I desire to ask questions of members of the committee.

Mr. NELSON. I think the design of making one member of the board a reserve agent is for the purpose of making him custodian of the commercial paper that is presented for discount, and on which currency is sought to be obtained. I think if the Senator will examine other provisions of the bill in reference to the issue of notes by reserve banks, he will find that the commercial paper is to be deposited with the reserve agent, and I think it also contemplates that the reserve agent is to have control of the gold reserve.

Mr. BURTON. That is clear. That is set forth here very

distinctly.

Mr. NELSON. So in a measure, if the Senator will allow me, while he is a member of the board of directors, he is the special representative of the reserve board here in Washington. the agent of the board here in Washington. He is the custodian of the commercial paper, of the gold, and of the reserve

BURTON. But the bill goes further than that. order that it may be clearly understood, I think I had better read what precedes the part I have already read:

Three directors belonging to class C shall be appointed directly by the Federal reserve board, and shall have been for at least two years residents of the district for which they are appointed, one of whom shall be designated by said board as chairman of the board of directors of the Federal reserve bank of the district to which he is appointed and shall be designated by said board as "Federal reserve agent."

So far as you can gather from the language of the bill, he has a dual capacity. He is to be Federal reserve agent, and as such is to have custody of the commercial paper presented for discount, and he has a number of other duties as the representative of the Federal reserve board, but the expression is used that he-

shall be \* 'reserve bank. chairman of the board of directors of the Federal

The bill goes on, later, to state his qualifications, but does not state his duties as chairman of the board of directors of the Federal reserve bank.

Mr. NELSON. Mr. President-

The VICE PRESIDENT. Does the Senator from Ohio further yield to the Senator from Minnesota?

Mr. BURTON. Certainly. Mr. NELSON. I think the purpose of that was simply to make him the presiding officer of the board-that is all; nothing more. He has no other powers except as the presiding officer of the board. He is, you may say, the chairman of the board; that is all. It gives him no special powers in his capacity of chairman. His special powers come to him in his capacity of

Mr. BURTON. The defect in the bill, so far as I can ascertain from the examination I have given to it, is that it does not |

specify at all the powers of the chairman of the board or provide an executive head. There are widely different grades of presiding officers. There may be one who is a mere parliamentarian, who presents motions that are offered in a parliamentary body, asks for a vote upon them, and decides on points of order. There are other presiding officers, especially in business organizations, to whom are given duties of a very comprehensive character. Indeed, such an officer exercises a predominant influence in any board of directors to which he

Now, what is intended? Is this Federal reserve agent to be simply a representative of the Federal reserve board, and merely a presiding officer over the nine directors; or is he the executive officer of the regional bank by reason of his position as chairman of the board of directors of the Federal reserve bank?

Mr. OWEN. Mr. President, he is only the chairman. The board of directors, under the charter of the Federal reserve bank, has the authority to elect its officers and to remove its

officers at will.

Mr. BURTON. I know that is true; but you start out with a provision under which, when they meet to elect their officers, they have a chairman already selected, designated by the Federal reserve board.

Mr. OWEN. They have.

Mr. BURTON. What are his powers?
Mr. OWEN. What are his duties as chairman?
Mr. BURTON. Yes.
Mr. OWEN. To preside at the meetings and see that the proper records are kept. Those would be the natural duties of a chairman. He does not of necessity constitute an executive officer, as the president or cashier or teller; but the charter of the Federal reserve bank expressly provides that those officers shall be elected by the board of directors. The six directors of the bank, representing the banks, selected by the banks, of course, would exercise the power of naming the presi-

dent, the cashier, the teller, and so forth. Mr. BURTON. It seems to me there are two defects here. In the first place, the duties of the chairman are indefinite. In the next place, it does not seem to me desirable that a director of class C, appointed by the Federal reserve board, should act in a dual capacity, both as agent of the Federal reserve board and as chairman of the board of directors of a regional bank. He could constantly say to his fellow members of the board: "I am here as the representative of the Federal reserve board, which can review your action, which can direct you to do this and to do that, and I am also chairman of this board." It gives him an undue degree of power. In a way the duties are inconsistent. He is standing over a regional bank, having custody of the commercial paper, seeing that they comply with the law, and at the same time he occupies the position of chairman, which gives him dominance as the manager of the bank.

Mr. OWEN. Mr. President—
The VICE PRESIDENT. Does the Senator from Ohio further yield to the Senator from Oklahoma?

Mr. BURTON. Certainly.

Mr. OWEN. It was the policy in framing this provision that the Government should have a supervisory power that would be perfectly clear and would be vigorously enforced. The banks were given the right to select six members of the board in order that they might, by their vote, control and safeguard the funds which they were placing in these banks and would be administering in this way. The alternative proposition, the socalled Hitchcock amendment, gives five of the directors to the Government and only four to the banks, which of course would permit the banks merely to look on and see the Government administer. We desired and thought it was necessary, in order to have the friendship of the banks to this system, in order to induce them to enter this system, to permit them to safeguard their own funds and to administer their own funds, under the scrutiny and safeguard of governmental supervision. There was the difference in the two points of view, the Hitchcock amendment and the Owen amendment.

Mr. BURTON. I recognize the two different theories presented by the two bills in question. After all, however, there is not so very much difference between them, except in theory. The so-called Hitchcock bill gives the appointment of five out of the nine directors to the Federal reserve board. This bill provides for three classes of directors—the first three to be directors of banks, the second three not to be directors of banks but to be chosen by the banks or their directors, the third to be chosen by the Federal reserve board. However, in a proposed amendment to the bill a provision is added that the Federal reserve board shall have absolute authority to remove any offcial or director under that plan; that is, any one of the nine, whether one of class A or of class B or class C, can be removed by the Federal reserve board, as well as any subordinate officer

or official who may be chosen.

Arguments may be advanced on both sides of that question. The argument for the right of removal is that it gives entire control to the members of the Federal reserve board. It vests in them the determination of the policy of all the banks, and also gives them that intimate association with each of the banks which enables them to control their specific operations. On the other hand, there is the objection that no director subject to this comprehensive power of removal will feel free to act on his own initiative.

I do not know that at this time I have the matured judgment to enable me to express a preference between the two, but that is not the objection I make to this provision. It seems to me ambiguous. In the first place, it does not sufficiently define the duties of the chairman. In the second place, it puts him in an

inconsistent position.

It is said that he is there to supervise the operations of the What is he supervising? Why, if he is chairman, he is supervising himself. He is himself the head, in a very important sense the manager, of the bank, while the Federal reserve board select him to exercise powers on their behalf which have been termed here powers of representation of the board and also of supervision.

I should like to ask the Senator from Oklahoma about a point of no very great importance, relating to the phraseology at the

bottom of page 19:

Three directors belonging to class C shall be appointed directly by the Federal reserve board and shall have been—

The House provision was "shall be"-

and shall have been for at least two years residents of the district for which they are appointed.

Under the wording of these lines, in case a man had lived, say, in Atlanta for two years and had removed to New York and lived there for 10 years, would it not be possible to appoint him one of the directors of class C in the regional bank at Atlanta?

Mr. OWEN. I think, of course, that such a construction would be possible. The language would have been more aptly phrased to express its real meaning if the words "immediately previous to appointment" had been inserted.

The House bill would have permitted a man to move into the section, and then say he was a resident, and be appointed. was intended to prevent that being done, in order that those who were appointed from a district should have been bona fide residents there at least two years previous to appointment. I think the construction the Senator suggests might be possible; but any doubt on the point can be easily removed by inserting the words "immediately previous to appointment."

Mr. BURTON. It seems to me those words should be inserted; for, while it is hardly probable that the power of appointment would be abused, it would be possible to appoint as a director in a new district a man who had lived there for

two years and who had been absent for a long time.

On page 23, in line 20, in the provision for increase and

decrease of capital, it is said:

In case a member bank reduces its capital stock it shall surrender a proportionate amount of its holdings in the capital of said Federal

Then it goes on-

and in case a member bank goes into voluntary liquidation it shall sur-render all of its holdings of the capital stock of said Federal reserve bank and be released from its stock subscription not previously called.

As the House bill was drawn it provided that the subscriptions to the regional banks should amount to a certain per-centage of the capital stock. The proposed amended bill filed by the six members including the honorable chairman bases the subscriptions to the stock of the regional bank on capital stock and surplus. After the words "capital stock," in line 20, should not the words "and surplus" be added?

Mr. OWEN. Mr. President, it would make it more harmonious with the matter of the subscription; but since it is not a very important matter, and since the surplus is not infrequently modified by loss, it was not thought necessary to do it. It would make it a little bit more harmonious if it were done, because there is no great difficulty about changing the

Mr. BURTON. It seems to me that you must have one theory or the other running consistently through the bill-either that of the House, basing the subscriptions to capital stock on your capital, or the other theory, that adopted by the Senate amendment, basing subscriptions on the capital stock and surplus, and that the same theory should be adopted in all portions of the bill.

Is any provision made for increased subscriptions in case of impaired capital, or is it intended that when the capital of a bank is impaired by losses—that is, the capital and the surplus as well-the bank shall then reduce its subscription to the regional bank?

May I ask what is the theory regarding that? Suppose a bank has a capital of \$1,000,000 and a surplus of \$500,000, and the surplus of \$500,000 is wiped out by losses. Is it contemplated that the subscription to the regional bank shall remain

the same or that it shall be diminished?

Mr. OWEN. It was thought that in case of a reduction of surplus, which sometimes occurs, that would not be material; but if the capital stock itself were impaired it would be so seri ous that in that contingency it certainly ought to be reduced. I think, however, there would be no objection whatever to agreeing with the Senator that the word "surplus" might be properly inserted.

Mr. BURTON. If a regional bank has outstanding circulation based on bonds, must that circulation be increased or dimin-

ished with fluctuations in capital and surplus?

I think the Senator from Oklahoma answered that question last Saturday evening, but it might be well to have it clearly answered again. If a regional bank has outstanding circulation based on bonds, must that circulation be increased or dimin-

ished with fluctuations in capital and surplus?

Mr. OWEN. My answer to that would be that that is not contemplated by the bill; that the power was not given that these reserve banks might have the right of issuing their notes against the Government bonds, dollar for dollar, as in the case against the Government bonds, doing for doing, as in the case of national banks, but the amount of such bonds available is not over \$40,000,000 for all these banks, and even that amount is constantly being absorbed by new national banks coming into the system. The probability is that after this bill passes a sufficient number of national banks will immediately absorb for circulation purposes whatever outstanding bonds there may be available, so that these Federal reserve banks probably will not get any of those bonds.

Mr. BURTON. In other words, it is not intended to maintain any equality of relation—

Mr. OWEN. Between the capital and the notes.

Mr. BURTON. Between the capital of the bank and the amount of national-bank notes that it may issue based on United States bonds.

Mr. OWEN. No; that relation was not intended to be fixed

by this bill.

Mr. BURTON. It is to be entirely independent.

A rather more serious question arises in this connection. Is it contemplated that the banks issuing currency on the security of United States bonds shall redeem them in the same manner in which provision is made for the redemption of Federal reserve notes based upon commercial paper?

Mr. OWEN. No; they would be redeemed in the same man-

ner as national-bank notes.

Mr. BURTON. The system continues as is now the case with national banks?

Mr. OWEN. Precisely the same.

Mr. BURTON. And their redemption is to be just the same as now

Mr. OWEN. Yes.

Mr. BURTON. Mr. President, at some future time I may wish to make some remarks on that phase of the bill. Our currency is already of too motley a character.

Mr. OWEN. I will agree with the Senator very heartily that that is true, and I believe we ought to have a bill considered by Congress looking to the unification of the currency. But this bill not being intended for that purpose it did not interfere with the existing system, but merely recognized it as existing for the purpose and adapted itself to the present system. I agree with the Senator that there ought to be a unifica-

tion of our currency.

Mr. BURTON. I shall be glad to have an expression from the Senator from Oklahoma, the chairman of the committee, as to whether he believes in taking early steps for the withdrawal or abolition of this national bank-note currency.

Mr. OWEN. Mr. President, speaking for myself alone, and not intending that my answer should represent the views of any other person, I say, most emphatically, yes. I think that this bond-secured currency known as national bank note currency should be changed, and I should like to see it changed. We now have 7,500 of these banks. Each one has from 5 to 8 plates, making a total of some 30,000 different plates from which our national bank note currency is printed. That makes the number of these forms of money, using it in the ordinary colloquial sense, exceedingly numerous. Therefore it is easier

to counterfeit. It would be better to have a smaller number

of the plates. It would be much more economical.

Since the Government of the United States is compelled by law of March 14, 1900, to maintain at par with gold these notes, it is obvious that the Government charged with that responsibility might wisely adopt a plan which would unify the notes and make them more easily and economically handled by the

Mr. BURTON. Is there not another objection to that currency besides the complication involved, namely, the rigidity of the circulation and the unnatural basis which bonds so formed

constitute as a basis for circulating medium?

Mr. OWEN. I think the element of rigidity is a serious objection to the issuance of paper money, but this, of course, has become a permanent part of our circulation; and, as far as the volume is concerned, I think it could not be constricted without perhaps a serious contraction of credits, because credits are largely based upon these funds held as reserves in the State

Mr. BURTON. I am very much interested in the views of the Senator from Oklahoma on this subject, which I regard as very

I should like to ask him another question. Does he not think that under our present currency system, with the national-bank notes outstanding, at certain seasons of the year we have a

redundant or an unnecessary amount of currency?

Mr. OWEN. I think at seasons of the year we have currency that is redundant in a small degree, but at other periods of the year we have a serious scarcity of reserve money, and we have been compelled to permit the State banks of the country to operate with a very small amount of actual reserves. They do not have much over 7 per cent of actual money reserves, which is very small. In this system, which releases a portion of the reserve money now held by the central reserve banks and the reserve city banks, there would be released for issue under the terms of the bill a considerable amount of money, which would assist them to raise their actual reserves in cash to a higher figure, which, I think, the stability of the banking system requires.

Mr. BURTON. Does not the fact that frequently, in times of strain, when the so-called autumn drain is upon us, the demand for moving crops and the products of our industries assume a magnitude greater than at other seasons of the year, that that in itself proves that in some seasons of the year we have more

currency than we need?

Mr. OWEN. No; I do not think so, because I think that the amount of currency which we have fixes a standard to which the country adjusts itself. When the country reaches a point where the limit of the reserves is required by the banks to be held in reach, then the letting of credit must cease, and the country adjusts itself to whatever the condition is. It must adjust itself to the minimum there is. When the crops are in, as the Senator observes, there is a relaxation and a larger amount of currency than at other seasons.

Mr. BURTON. Is there not, however, a certain tendency toward injurious enterprises and overspeculation arising from

the use of that money in slack seasons of the year?

Mr. OWEN. I think that the method of holding our reserves. by which a large part of the country reserves, 9 per cent of their deposits out of the 15, may be held in reserve cities, and where the reserve cities may hold a part of the reserve required of them in central reserve cities, has a tendency to pyramid these surplus funds in the central reserve cities; and since they are compelled to earn interest it does lead, I think, to speculation in stocks and bonds almost unavoidably, because the banks in the central reserve cities are compelled to keep these funds where they can earn interest, and they are compelled also to keep them where they can get quick cash in case of a demand from their depositors.

Mr. BURTON. But without this reserve system would not the mere existence of a currency redundant at certain seasons of the year tend to promote speculation and injurious expan-

I think that these funds being held by the banks, who always anticipate and who know what the demand is going to be upon them very soon, they hold the funds available for the demand when it comes on in the due course of business. The high point is generally reached in the latter part of January and February. Then the money begins to flow out after the seasonal demands of the country, and reaches a low point along in the summer. Then when the crops are garnered, harvested, and marketed the accumulation of funds gradually takes place until the high point is reached again in the latter part of January.

Mr. BURTON. Of course, there are outside alternations and demands for currency, and for credit as well, in business activities

I maintain, and I think it is of very vital importance. that any currency system which does not provide with equal care for contraction as well as for expansion is fatally defective. There exists a prevalent opinion that every act either of legislation or of policy should look toward expansion, with the idea that plenty of money means prosperous times, the employment of labor, and favorable conditions; but it seems to me that that view entirely ignores the fundamental questions relating to the uses of currency-that is, that it should respond to demands made by the varying activities of trade. In different seasons of the year the amount of credit extended, the needs of trade, and consequently the demand for currency, differ very widely, so that you never will have a perfect system until we provide for proper contraction.

Mr. OWEN. Mr. President, I should like to say to the Senator that I very keenly appreciate the importance of contracting any expanding currency. Any inflation which means an undue and unrestrained enlargement of the currency, an enlargement beyond the needs of the country, an enlargement which leads of necessity to speculation, I think would be most injurious, and against such a method I should strongly protest. In this bill, however, we have undertaken to safeguard the currency known as the Federal reserve notes against undue inflation and to provide for its automatic contraction. Perhaps the Senator has not clearly in mind all the means by which we have endeavored to accomplish this, and if he will permit me, I would venture to

acquaint him with some of them.

Mr. BURTON. I shall be very glad to hear them. I called

attention to that matter the other day.

Mr. OWEN. In the first place, none of these Federal reserve notes could be emitted unless there was a commercial demand from individuals applying to a member bank for currency which they did not have. If they had abundant currency in the bank they would obtain the currency they need from the funds which the bank has. Ordinarily a citizen applies for credit rather than for currency. Ordinarily a citizen simply wants a credit in the bank upon which he can check to pay his bills and pay the demands upon him. But if he really needs currency he would go and apply to the bank for currency, to be used by him in passing the currency from hand to hand among those who pick cotton perhaps, or those who want currency and not banking credit. If the bank has exhausted its supply of ordinary currency, consisting of legal-tender notes, gold, gold certificates, silver certificates, fractional currency, and nationalbank notes, in such a contingency the citizen would then appeal to his bank to obtain additional currency from the Federal reserve bank. So the first check upon the inflation of these Federal reserve notes must be the commercial demand of the citizen who needs Federal reserve notes, because there is no available currency of the ordinary kinds which he might use.

That is the first check. The next check is that the member bank must apply to the Federal reserve bank for such notes.

The third check is that the Federal reserve bank must agree to supply such notes, because if the Federal reserve bank has in its vaults an abundance of the ordinary kinds of money it would furnish the ordinary kind of money and not go to the considerable expense of taking out Federal reserve notes against securities. That is a third substantial check.

The fourth check is the consent of the Federal reserve agent, who represents the United States Government, who represents the public interest, and who would realize that it would be an unwise thing to expand the currency when there was an abundance of currency which was available. So his consent must

be obtained.

Then the provisions of the law must be complied with requiring the Federal reserve banks to place with the Federal reserve agent, in his possession, commercial bills of a qualified class, having not exceeding 90 days to run; and as those notes fall due they must be paid in money, unless the Federal reserve bank again gives its approval and again takes other securities in lieu of those.

In addition to that, there is 331 per cent gold reserve required against these notes, which is another additional and important check, because obviously the amount of gold which would be available by the Federal reserve bank would measure absolutely the extent to which such notes could be emitted.

But there is another check beyond that. In addition to all these which I have enumerated, the demand of the individual citizen, the consent of the member bank, the approval of the Federal reserve bank, the approval of the Federal reserve agent, the putting up of these commercial bills, and the putting up of 33½ per cent in gold, the Federal reserve board has the authority to refuse to have these notes go out, even if the consent of all these parties has been obtained. But besides that, the Federal reserve board has an automatic method of control by fixing a rate of interest upon these notes as notes; and that may be fixed at whatever figure they see fit, in order to have the working of the plan automatic. It was thought wise to the working of the plan automatic. It was thought wise to leave the adjustment in the hands of the Federal reserve board when they should study the system and ascertain what would be a proper rate of interest to prevent any improper expansion.

In addition to that there is another safeguard, and that is the right of the Federal reserve board, and I may say the duty of the Federal reserve board, to determine the rate of interest which would be charged by the Federal reserve board upon loans extended by the Federal reserve bank, which would include these Federal reserve notes that might be loaned to member banks in case of a stringency for currency.

There is still another safeguard. It is the safeguard of a sound public opinion, because this country has long since determined upon the wisdom of stability in its commerce and finance. This legislation is in response to a direct demand of public sentiment in the United States requiring an end of financial panic and to the financial stringencies which have so sadly shaken our institutions of credit and so often resulted in the complete dislocation of our commercial, financial, and industrial affairs.

Mr. BURTON. Mr. President, I am greatly obliged to the Senator from Oklahoma for his statement, and I recognize that this measure contains many provisions based on sound principles

As I understand it, there is one other check—that these notes can not be paid out except by the bank on whose account they are issued, which seems to me quite as effective as any.

There are, however, two or three questions about the system that I regard as very doubtful, to say the least. One is whether the gold reserve is sufficient. Perhaps only experience can answer that, but it is below the average usually employed, and in this country that question is complicated by the very considerable amount of paper money now outstanding. So the problem is more serious with us than in other countries which have a unified paper currency or a smaller volume of it.

I do not believe very cordially in this idea of a tax on notes. What is the object of a tax on circulating notes of issue? Is it to provide revenue for the Government or is it to impose a certain check on inflation? If it is for revenue for the Government it is useless, because it takes out from the resources and funds of the banks a certain sum, equivalent to the amount of the tax, which diminishes the surplus paid to the Government by an exactly equal amount. If it is as a check on inflation there may be some benefits which will accrue, but that check can be secured in another way by reserve requirements. I believe there is a proposition pending under which a tax shall be imposed when the reserve falls below a certain figure.

Now, you have the discretionary power to impose a tax on circulating notes of issue. What is the inevitable result of The borrower pays that tax. Very likely he pays more than the amount of the tax, because the expense is passed on to him with an increased percentage. But if you have a tax on deficiency of reserves it gains all the benefit which could possibly be given by a tax on the notes. It provides a brake on undue expansion and in every way stimulates caution.

Mr. President-

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BURTON. Certainly.

OWEN. I wish to say to the Senator that we have provided both plans, the tax upon the reserve banks being left for the discretion of the Federal reserve board, because we thought it could exercise it more judiciously than it could be forecast in a concrete statute.

The method of the Imperial Bank of Germany, the Reichsbank, is to have a fixed 5 per cent tax on the Reichsbank notes, which are emitted against commercial bills. That has been intended to prevent the possibility of expanding those notes to excess. But, in addition to that, we have also adopted the plan, which the Senator approves, of providing that the Federal reserve board may fix a tax upon the reserves where they go below the required figure, the figure fixed by law. So they may use both

Mr. BURTON. It would seem to me that one method fixed by statutory law and universally adhered to would be better than to leave this to discretion. Here there is room for a wide variance of opinion. Emergencies may arise making it desirable that discretion should be used, so that regulations will be different at one time from another. But any uncertainty as to what the regulations shall be makes a certain amount of con-

fusion and makes it impossible to calculate perfectly just what may be done.

I desire to pass from that subject to another. The payment of deposits of failed banks is restricted to depositors in national banks. Will not this be alleged as a reason why State banks should not join?

I do not desire at this time, Mr. President, to argue the question of the desirability of any guarantee of banking deposits. I do not at all approve of that proposition. But is a plan of this kind fair and feasible which includes the guarantee merely of deposits of national banks and excludes State banks?

Mr. OWEN, Mr. President—
The PRESIDING OFFICER (Mr. Robinson in the chair). Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BURTON. Certainly.
Mr. OWEN. In reality the banks would join this system, I take it, because it would give stability to the banking system.

This and protect them against stringency and against panic. This provision might be enlarged, as the Senator suggests, so as to embrace the member banks instead of national banks. I think it is a debatable point as to whether it would not be better to read "member banks" rather than "national banks." If left as it stands—"national banks"—it will probably have the effect of inducing some of the State banks to become national banks in order to have the benefit of this insurance fund. But I think it is a debatable question as to whether one or the other is the better. It was finally agreed upon as it stands, but with some division of opinion on the question.

Mr. BURTON. May I ask the Senator why he believes the

national bank should be included and not the State bank? What is the main reason?

Mr. OWEN. The reason would be to induce the State banks by this larger measure of security to become national banks.

Mr. SHAFROTH. May I interrupt the Senator?

Mr. BURTON. Certainly.
Mr. SHAFROTH. Then I might say, Mr. President, that in addition to that the United States Government has the inspection of national banks, and they would have a more thorough inspection, and it might be that they would regard national banks as solvent-

Mr. BURTON. It is not understood under this system that any State bank institution which comes in shall submit to the same regulation regarding examinations as national banks.

Mr. SHAFROTH. It can, however, accept State examination, if it desires.

Mr. OWEN. It is provided in the bill that State examinations may be accepted by the board, but I think the Senator has just ground to criticize the form of the bill in having this apply only to national banks. In my own personal judgment I should think it better to have it as a member bank.

Mr. BURTON. As for the statement that there is some distinction between the two as to who may accept the examination, it seems as though that would be an objection to the whole plan of admitting State banks. If you are going to bring them in here, they certainly should meet the same standard of sol-

vency that belongs to the national banks. It certainly would not do to give to one set of banks the advantages of this system, which it is expected will be so very beneficial. It would not be fair to compel one class of banks to submit to very searching examinations and force them to comply with certain rules relating to stability and solvency, and by the same law allow another class to come in and be exempt from those regulations.

Mr. OWEN. Mr. President-

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BURTON. Certainly.

Mr. OWEN. Another reason which I think affected this determination was that the State banks have some advantages over the national banks. They can do certain things which the national banks can not do. There are 18,000 of the State banks and only 7,500 of the national banks, and the larger number of the State banks appears to be due to their having some advantages over the national banks. It was therefore thought not undesirable to give the national banks some little advantage in this matter to offset the advantages which the State banks have which are going to be admitted into this system upon equal terms with the national banks.

Mr. BURTON. I would like to ask where the fund collected under this provision is to be deposited? A certain percentage of the profits of the regional banks is to be set apart for this purpose. It is to be hoped, of course, that months and years will elapse before there will be any draft upon it. In the meantime where is it intended that it shall be deposited?

Mr. OWEN. I take it, Mr. President, that the fund would be deposited, under the rules and regulations of the Secretary of the Treasury, in the subtreasuries of the United States until it is available.

Mr. BURTON. With the Secretary of the Treasury?

Mr. OWEN. Yes. Mr. BURTON. He might redeposit it.

Mr. OWEN. He might place it with the proper banks.

Mr. BURTON. With the regional banks?
Mr. OWEN. It is fully safeguarded in the vaults of the subtreasury of the United States for safekeeping until it is ready to be turned over.

Mr. BURTON. This is one of several instances in the bill where provision is made for the accumulation of funds, and yet nothing is said about what disposition shall be made of them. What would be the rule of precedence as to apportionment in case of the successive failure of several banks, in the event that the fund is insufficient? Suppose bank A fails in the month of January, bank B in the month of April, and bank C in the month of July, and in the process of liquidation the amount of losses to the depositors is first ascertained in the case of bank C, which failed last, or of bank B, which was the second to fail—what rule would be adopted under this provision as to the division of

Mr. OWEN. Is the Senator from Ohio making reference now to the depositors of member banks of some particular Federal reserve bank to ascertain how this insurance fund might be applied?

Mr. BURTON. Yes.

I should say that it would be naturally in the Mr. OWEN. order of time; but I remind the Senator from Ohio that the amount of losses to the depositors of national banks for the last 15 years has been a negligible quantity, and that the earning power of these banks, which should be from ten to fifteen million dollars a year at a very modest estimate, would be more than enough to meet any exigency that might by any possibility arise under this new system, which will be a more stable system than was the old system. Therefore we have no reason to apprehend any such losses as the Senator from Ohio seems to contemplate as possible.

Mr. BURTON. Mr. President, it is always well to look on the cheerful side; that is a general proposition; but when we are providing for contingencies which may transpire, it seems to me we should take into account all possible eventualities. In the years 1893 and 1895 a very large number of national banks failed. My recollection is that in the year 1893 the number was something over 200 and in 1895 somewhere between 100 and 200. It is, of course, our most earnest hope, and I should like to say our confidence, that so many failures will not again occur; but in a provision of this kind it will not do to entirely ignore the history of the past or the possibilities of the future. A season of serious depression might occur; a number of national banks might fail and the liabilities be very large. It does not seem to me that a provision of this kind is sufficient unless it provides for every possible or, at least, probable situation.

And here I should like to ask another question. Is it intended that this fund shall be a general fund for all regional banks, or is it to be a fund for the particular region in which it

is accumulated? Mr. OWEN. Mr. President, I understand that it relates only to each particular regional bank, each bank having its own par-

ticular fund. It is not a general fund.

Mr. BURTON. I think the general impression is that it was to be a general fund for all insolvent banks in whatever district

Mr. OWEN. That impression has not been justified by the language of the proposed act.

Mr. BURTON. The provisions are on pages 25 and 26 of the print of December 1.

Mr. OWEN. On page 20 it simply says:

For the benefit of depositors in failed national banks.

Mr. BURTON. Does not that include all national banks?

Mr. OWEN. I think it would refer to failed national banks which were members of the particular reserve bank which accumulated such a fund.

Mr. BURTON. I can hardly agree with the Senator from Oklahoma in regard to that. At least I do not think it is clear that such is its meaning. The provision is general; it reads:

And of the remaining one-half 50 per cent shall be paid to the United States—

Paid to the United States-

as a franchise tax, and 50 per cent shall be paid to the United States, as a trustee for the benefit of depositors in failed national banks.

Mr. OWEN. I will say, Mr. President, that I think it would be quite proper to insert the word "all," so as to leave no doubt about it.

Mr. DURTON. That is to make the accumulation from every district one fund.

Mr. OWEN. The Senator was explaining what the language was intended to mean when it was drafted, but I believe it would be better to have it as a common fund, because in that case it would perhaps serve in some instance where otherwise it might not be sufficiently large to take care of a failed bank.

Mr. BURTON. I think that would be better. Mr. OWEN. The interpretation put upon the language by the Senator from Ohio not being what I have thought it would be, I should prefer to adopt the interpretation of the Senator from Ohio, and to have the word "all" inserted, so as to relieve it of ambiguity.

Mr. BURTON. It would seem to me, Mr. President, that that is what it now means. It goes on to say:

The money to be kept in and losses from failures-

It does not say in any particular region-

to be paid from it as a depositors' insurance fund under a division of the Treasury—

Which, again, looks toward a general provision-

to be constituted and managed under such regulations as may be pre-scribed by the Secretary of the Treasury.

Mr. BRADY. I should like to ask the Senator on what page

of the bill is that language found?

Mr. BURTON. On page 26 of the print of December 1; the one which contains the House bill as a basis, with certain erasures and interlineations.

The next question relates to page 27, section 8, where this provision is found:

Sec. 8. Any bank incorporated by special law of any State or of the United States, or organized under the general laws of any State or of the United States, and having an unimpaired capital sufficient to entitle it to become a national banking association under the provisions of existing laws, may, by vote of the shareholders owning not less than 51 per cent of the capital stock of such bank or banking association, with the approval of the Comptroller of the Currency, and acting through a committee, organize a national banking association with any name approved by the said comptroller and transfer its business to such national banking association: Provided, however, That said acts are not in contravention of the State or local law.

What follows is not perhaps pertinent to the inquiry. is this proportion, which is now two-thirds, changed to 51 per cent? Is it with a view to inviting State banks and making it easier for them to come into this system than under the present law?

Mr. OWEN. The House bill as it was drawn contemplated that 51 per cent of the stock of a bank could determine its course of conduct, and the matter was put into the bill in that way so as to enable any bank that desired to transfer its business to do so, and to do it easily, with as little dislocation as possible.

Mr. BURTON. And to make the percentage of stockholders as required less, it is reduced from 663 to 51 per cent?

Mr. OWEN. It simply was to be neither more nor less, because I know of no fixed precedent upon this particular question. If the State law does not permit it, of course it would not be possible. It was only giving the consent of the United States, so far as the United States was concerned, that such persons might organize a national bank under the provisions of the section and transfer their business to such a bank if they saw fit, upon 51 per cent of the stock voting for it, if the State or local law did not forbid.

Mr. BURTON. Then do I understand that the Senator from Oklahom, concedes, as a principle of law, that a State bank could not become a national bank without the consent of the

Mr. OWEN. I think that, as a principle of law, a State bank could not become a national bank at all under the existing statute. It would be necessary to apply for a charter, and some-body would have to apply for it. That charter would have to be granted in the usual way. Ordinarily five persons join together and ask for a charter from the comptroller's office. After they have complied with certain requirements the charter is issued There is no provision which I know of that permits a State bank to become a national bank except in the way mentioned in the method of procedure.

Mr. BURTON. Does not this, however, contemplate the maintenance of the organization, the continuance of the same directors, and a transfer from one system to the other, with, as I say, maintaining the old organization as it was?

Mr. OWEN. It simply permits them to become members of the new bank if they see fit to do so. Fifty-one per cent of the stock can bring that about in any contingency, unless there

should be a State law against it; and that is provided for in the

Mr. BURTON. In line 22 of page 28 I find this language, reading it as it appeared in the House bill:

SEC. 9. That from and after the passage of this act any bank or banklug association or trust company incorporated by special law of any State, or organized under the general laws of any State or of the United States, may make application to the Federal reserve board hereinafter created for the right to subscribe to the stock of the Federal reserve bank organized or to be organized within the Federal reserve district where the applicant is located.

The preceding section, section 8, as it is in the proposed amended bill, points to a change of organization from a State bank to a National bank. Section 9 looks to the subscription to the stock of the regional bank by a State bank and such steps as shall make a State bank a member of the new system. Now, why are the words in the House bill "or banking association or trust company" stricken out of the amended bill?

Mr. OWEN. For the reason that in the definitions in section 1 the term "bank" is made to cover those institutions.

Mr. BURTON. It is not meant to exclude trust companies,

Not at all; it includes trust companies.

Mr. BURTON. Yes; I see that in lines 5, 6, 7, and 8, on

Mr. O'GORMAN. If the Senator from Ohio and the Senator from Oklahoma will pardon the interruption, in line 5, on the

Mr. BURTON. I recognize that.
Mr. O'GORMAN. It is provided:
Wherever the word "bank" is used in this act the word shall be held to include State bank, banking association, and trust company.

Mr. BURTON. I see that that makes it possible to strike out those words from section 9.

What is meant by the expression "organized under the laws of the United States"? To what institutions does that refer-

to those in the District of Columbia and the Territories? Mr. OWEN. Those in the District of Columbia were es-

pecially in mind, and also the banks that might be organized under the laws of the United States in Porto Rico or Hawaii, if there were such.

Mr. BURTON. It has no other significance, but is intended merely to include banks in portions of the country or its colonial possessions which are outside of State law and under the jurisdiction of the national law?

Mr. OWEN. That was the purpose of it.

Mr. BURTON. On page 28, lines 6 and 7, there is this proviso:

Provided, however, That said acts are not in contravention of the State or local law.

Why should this reservation appear in the preceding section and not in section 9? The preceding section pertains to a change in the form of organization from a State bank to a national bank, while this section, as I have already said, relates to membership by a State bank in this new system. Why is not a reservation of that kind equally as necessary in this section as in the preceding section?

Mr. OWEN. Mr. President, I will reply to the Senator that, in my judgment, it is not necessary in the preceding section.

Mr. BURTON. That is, it goes without saying?
Mr. OWEN. It is merely put in as a courteous observation.
In reality I do not think it is actually necessary, because no State bank having its charter under a State law could violate the law of its own being. It was thought well, however, to put it in to show that there was no purpose on the part of Congress to disregard the local State law, but merely to give its assent provided the State law permitted it to be done.

Mr. BURTON. The question may arise, though it is probably not of very great importance, particularly under that intimation

that it is not necessary, why, if it is inserted in one section, should it not be inserted in another?

A question of some considerable importance arises from the fact that the regional banks will presumably provide banking facilities for a number of States. Suppose a bank is organized in a district containing six or eight States, each with different usury laws, what usury laws will prevail; or is it the idea of this bill that the State usury laws shall not affect the rates which may be charged?

Mr. OWEN. I assume that the State usury laws would apply to the State banks.

Mr. BURTON. I am referring to the rates charged by regional banks.

The State usury laws would not apply to a Fed-

than the rates ordinarily contemplated by the usury laws that the possibility of conflict is hardly to be contemplated.

Mr. BURTON. Then the Senator from Oklahoma puts on

this provision of the bill the interpretation that the State usury laws do not apply and are not binding on any regional bank?

Mr. OWEN. I think they are not; they would not be under the decisions in the case of the national banks where State laws do not control the national banks. That is on the theory that if they did, the States could eliminate the national-bank system by imposing such restrictions as they saw fit.

Mr. BURTON. In the clause beginning in lines 21 and 22,

on page 30, occurs this language:

Such banks, and the officers, agents, and employees thereof-

What does that refer to-member banks or Federal reserve

Mr. OWEN. On what page is that?

Mr. BURTON. That is on page 30, and seems to refer to member banks, does it not?

Mr. OWEN. I can not hear what the Senator says.

Mr. BURTON. The bill provides:

Such banks, and the officers, agents, and employees thereof, shall also be subject to the provisions of and to the penalties prescribed by sections 5198, 5200, 5201, 5208, and 5209 of the Revised Statutes.

That refers to member banks, does it not?

Mr. OWEN. It does. It relates to the question of the extension of credit by a bank in excess of 10 per cent of its capital and surplus to an individual borrower, and also to other

statutes affecting prudent banking.

Mr. BURTON. Section 5198 of the Revised Statutes also applies to rates of interest. I read the first portion of that sec-

tion as follows:

SEC. 5198 (as amended 1875). The taking, receiving, reserving, or charging a rate of interest greater than is allowed by the preceding section, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it, or which has been agreed to be paid thereon.

Mr. OWEN. That imposes a usury law where there is none in a State, I take it.

Mr. BURTON. The preceding section, section 5197 of the Revised Statutes, makes this provision:

SEC. 5197. Any association-

That is, any national bank-

That is, any national bank—
may take, receive, reserve, and charge on any loan or discount made, or
upon any note, bill of exchange, or other evidences of debt, interest at
the rate allowed by the laws of the State, Territory, or District where
the bank is located, and no more, except that where by the laws of any
State a different rate is limited for banks of issue organized under
State laws, the rate so limited shall be allowed for associations organized or existing in any such State under this title. When no rate is
fixed by the laws of the State, or Territory, or District, the bank may
take, receive, reserve, or charge a rate not exceeding 7 per cent, and
such interest may be taken in advance, reckoning the days for which
the note, bill, or other evidence of debt has to run. And the purchase,
discount, or sale of a bona fide bill of exchange, payable at another
place than the place of such purchase, discount, or sale, at not more
than the current rate of exchange for sight drafts in addition to the
interest, shall not be considered as taking or receiving a greater rate
of interest.

That is, the law passed in 1864 makes the retreader of the

That is, the law passed in 1864 makes the rates charged by the national banks conform to the rates charged in the States. I take it for granted that, without some such provision as that, the Federal Government in establishing a banking system might exempt those institutions organized under the law from the usury laws of the States. But here we have this situation: By express provision each bank located in a State is subject to the usury laws of that State. Is there anything in this bill which makes the regional banks subject to the usury laws of the respective States in which they are located, and if a bank ministers to the wants of a number of States what rule would apply?

Mr. OWEN. This section provides for the imposition upon member banks of the penalties of section 5198, which is the penalty for taking unlawful interest. Section 5200 is a limitation on the liabilities which may be incurred for money borrowed by any one person or company. Section 5201 is directed against a national bank loaning on or purchasing its own stock. Section 5208 provides a penalty for falsely certifying checks. Section 5209 provides a penalty for embezzlement, abstraction, willful misapplication, false entries, and so on.

So that those provisions of the national banking act are made to apply to member banks for the solvency and the safety of

the Federal reserve system.

Mr. BURTON. That is true; and those are all salutary provisions. The limitation of the amount which may be loaned to one person I regard as one of the best features of the national-Mr. OWEN. The State usury laws would not apply to a Federal reserve bank. Of course, as a practical matter, the rates of interest charged by the reserve bank would be so much lower most necessary and desirable rule of banking. But the question which interests me here arises from this: What relation does this have to the rates of interest?

The member banks are brought under the terms of section 5108 of the Revised Statutes as to interest. That is a recogni-tion of the law as it now stands as regards member banks. Is there any regulation by this proposed bill of the rates which regional banks may charge?

Mr. OWEN. None, beside the fact that the board of directors are authorized to fix the rate of interest, and, under the supervision of the Federal reserve board, they could charge any rate. So far as the law is concerned they might charge 25 per

Mr. BURTON. So that the laws of the State apply to member banks, but do not apply to regional banks?

Yes; of course.

Mr. BURTON. I am frank to say, Mr. President, that I consider that a good provision, if that is the case. While ordinarily the rate of interest charged by the regional banks would probably be somewhat lower than the regular rate, in a time of stress it might be desirable to raise the rates beyond those authorized by the laws of the State. But how could the member banks in such a case derive any benefit from the system? In any event they would be subject to usuary laws.

Mr. OWEN. If there were undue inflation, the rate ought

to be raised.

Mr. BURTON. For instance, if a regional bank were located in a State where 6 per cent is the ordinary rate and 8 per cent is allowed, circumstances might arise where it would be desirable to charge not only 6 or 8 per cent but even 10 per cent.

Mr. OWEN. The Bank of England sometimes allows 10 per cent in order to attract gold to London. The regional reserve

banks ought to have the same power, and we have given it to

Mr. BURTON. On page 33 I note that the tenure of the respective members of the Federal reserve board has been changed from that provided in the House bill. What is the reason for this change? What arguments are advanced for making the term shorter?

Mr. OWEN. The reason was in order that one of them might retire each year. There being six of them, the term was fixed at six years, with an arrangement whereby one of them would

retire each year. Mr. BURTON. Mr. President, in that connection, I think the strongest arguments favor the longer tenure. The longer the tenure the more the appointee is withdrawn from political influence or from local or sectional affiliations and prejudices.

I think the great danger in this bill is found in the enormous power vested in the Federal reserve board. That danger arises from circumstances closely connected with our political ideals, by which those holding public office are expected in an undue degree to aid their party or to aid the locality from which they With reasonable limits, it seems to me, the longer the term the better.

Mr. OWEN rose.

Mr. BURTON. Does the Senator from Oklahoma desire that

I should yield?

Mr. OWEN. I would only say that I had myself preferred a longer term; but since the number was changed to six appointive officers, and it was desired to have one of them retire each year, it resulted in this form of bill.

Mr. BURTON. On page 37 provision is made for the statement not only of the money held as reserve, but also of the amount, nature, and maturities of the paper and other invest-

ments owned or held by Federal reserve banks.

I think it is a debatable question as to whether it is desirable report the maturities. I am fully aware of the popular opinion that prevails at this time in favor of giving the greatest degree of publicity to the action of corporations. I strongly share that sentiment. I believe in admitting the light. There has been too much concealment and secrecy in the past. Nevertheless, there is a limit to that; and I question very much whether it is desirable to enter upon the complication of reporting maturities.

We all recognize that in the banking business there are certain reports and impressions which cause alarm and destroy confidence. I query whether a report of the maturities of paper-which, by the way, are under strict legal regulation-

would not do more harm than good.

Mr. OWEN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Oklahoma?

Mr. BURTON. Certainly.

Mr. OWEN. The maturities, of course, are easily ascertainable, because the maturities of each particular day are within a leaf of a portfolio; and that all that would be necessary

would be to have a clerk with an adding machine run through the portfolio and make the statement. He could do that in an hour or two. Then it will show just how the maturities are running.

The Bank of France had a showing, not a great while ago, that the average maturity of its paper was 28 days, which showed that the assets were of a liquid and mobile character. The report as to the maturities is a matter of some interest. We have just had a report from the national banks of the United States as to the maturities of their paper, showing the amount of 30-day paper, the amount of 60-day paper, and the amount of 90-day paper. It is a very interesting exhibit, which was made with a view of explaining this bill, showing that they did have a very abundant amount of short-time paper which might be discounted if they should really require accommodation.

Mr. BURTON. Nevertheless, I question the desirability of making that report. I take it the statements would contain the average maturity. It would not go into detail as to the different classes, nor would it spacify the amount of 15-day paper, 20-day paper, and so on.

Mr. OWEN. It was only anticipated that it would show how much there was of a certain number of days.

Mr. BURTON. That is so much 15-day paper, and so on?

Mr. BURTON. That is, so much 15-day paper and so on? Mr. OWEN. So much 15-day paper, so much 30-day paper, so much 45-day paper, so much 60-day paper, in order that there might be a comprehensive understanding of just how liquid and how mobile their paper really was.

Mr. BURTON. What is the significance of the words "or held," inserted in the proposed Senate amendment in line 6, inserted in the proposed Senate amendment in line 6, page 37? The language is, "money held as reserve and the amount, nature, and maturities of the paper and other investments owned or held by Federal reserve banks." If it was

owned, how could it be other than held?

Mr. OWEN. They are made fiscal agents of the United States, and they would hold paper and perhaps other investments that might belong to the United States, or they might hold securities belonging to other Federal reserve banks, or they might hold securities belonging to member banks, without really owning them.

Mr. BURTON. Then it is intended that that should be inserted in the statement?

Mr. OWEN. Yes. Mr. BURTON. If they held merely as trustees, that would not affect their assets.

Mr. OWEN. is intended that they should make an exhibit as to the extent to which they are acting as trustees.

Mr. BURTON. As well as in regard to the assets which they actually own? Mr. OWEN. Yes

Mr. BURTON. Is Is the suspension of the reserve requirement to be made public?

Mr. OWEN. I should say that it ought to be made public by all means. There is no reason why it should not be made public.

Mr. BURTON. It would probably be made public, in any event, even if there were an attempt to conceal it.

Mr. OWEN. It would be impossible to conceal it if you should try to conceal it.

Mr. BURTON. On page 39, it seems to me the proposed amendment, Subdivision K, is altogether objectionable. I will read it. It is among the powers of the Federal reserve board-

To authorize member banks to use, as reserves, Federal reserve notes, or bank notes based on United States bonds, to the extent that said board may find necessary.

Mr. President, that is virtually putting up debts as reserves. Except for this amendment, the system of banks which has the regional bank at its head would be required to maintain gold or lawful money for reserves. Under this amendment Federal reserve notes, which are a debt, and which might be a debt of that district or region, affecting the standing not only of the regional bank but of every member bank, are allowed to be used by the member banks as reserves.

May I ask why this provision is included here?

Mr. OWEN. There is a very simple reason for it. On November 22, 1913, in Senate Report 133, Sixty-third Congress, first session, page 18, in a report made by the chairman of the committee, I pointed out to the Senate that after permitting the discount from the available reserves of the Federal reserve banks, including the discounts from United States funds, if the Federal reserve bank had as members of it all of the State banks, after allowing them to discount also from the bank up to the reasonable amount of one-half of their contributions in reserves, there still would be a total net deficit of \$239,000,000 of cash, because the national-bank notes can not be used as re-

serves, nor could these Federal reserve notes be used as reserves unless by permission. Since, however, these notes are secured in the most extraordinary manner, as explained by the Senator from New Hampshire [Mr. Hollis] a day or two

Mr. NELSON. Mr. President, will the Senator yield to me? Mr. OWEN. Just a moment. I was right in the middle of sentence and I should like to conclude it.

Mr. NELSON. I wanted to make one suggestion to the Senator from Oklahoma in this connection.

Mr. OWEN. Very well; I yield to the Senator.
Mr. NELSON. As I understand, the bill reported by the Senator from Oklahoma provides that these reserve notes, as well as national-bank notes, may be used as a part of the reserves. Is not that correct?

Mr. OWEN. The Senator from Ohio [Mr. Burton] was asking the Senator from Oklahoma the interpretation of that lan-

guage. I am trying to explain it now.

Mr. NELSON. Very well.

Mr. OWEN. The amount of the net deficit under the circumstances just described would be \$239,000,000. national-bank notes are secured by bonds of the United States as well as by the assets of the national bank which emits them, they stand with a better security than almost any other note in the world. For instance, take such a bank as the First National Bank of Cleveland, we will say, which might issue national-bank notes to the extent of its capital. Those notes would be secured for the full face of the notes by a like amount of United States bonds. In addition to that, the First National Bank is responsible for every one of the notes if the United States should default in any degree, and the assets of the bank probably would be ten times its capital. The double liability of its stockholders is also behind the notes.

There are no notes in the world better secured than nationalbank notes, and the United States was entirely justified on the 14th of March, 1900, in declaring that they should be kept by

the United States at par with gold.

The Federal reserve notes are even better secured than the national-bank notes, because the first line of securities behind the Federal reserve notes is the commercial bill of a citizen having sufficient credit to be able, upon that bill, to obtain the money from his member bank. The bill is due in not exceeding 90 days. Before the commercial bill can fail the man who made that bill, who was deemed worthy of credit by his member bank, and who received the money upon the bill, must fail. probability of his failing is only one in ten thousand.

Mr. NELSON. Mr. President— Mr. OWEN. I must ask to be excused until I conclude my

In the second place, the member bank which has furnished him the money must also fail within the 90 days. The probability of the member bank failing within the 90 days-a bank which has been examined by the comptroller's office and found sound and solvent, a bank whose reports are in the hands of the Federal reserve bank for daily examination—is not one in twenty-five thousand. The probability of the individual citizen so trusted by the member bank and the bank itself failing within 90 days is as 10,000 multiplied by 25,000, which would make substantially one chance out of two hundred and fifty

If that one chance out of two hundred and fifty millions should happen, there are a number of safeguards against that remote contingency:

First. The amount of stock which the member bank has in the Federal reserve bank.

Second. The amount of reserve which the member bank has in the Federal reserve bank.

Third. The double liability of the stockholders of the member

Fourth. Of the assets of the member bank.

In addition to that, there is 331 per cent of gold on deposit as security against such Federal reserve notes. In addition to that, such Federal reserve notes have a lien upon the entire assets of the Federal reserve bank, upon its surplus earnings, and upon its gold reserve. In addition to that, it has also a claim against the double liability of the various member banks, averaging 2,000 banks to each of the Federal reserve banks, and also a further claim against the double liability of the stockholders of the member banks-all to cover this remote contingency of one out of two hundred and fifty millions.

There never were, in the history of the world, notes which had the same high character as these notes, or which were so safeguarded. Therefore the authority given to the Federal reserve board to use the Federal reserve notes as reserves if it

be found necessary to furnish reserve money in addition to what we have under the operations of this act is entirely justified. Indeed, it is more than justified. It is made absolutely necessary. You have got to have the reserve money required under this act, and there is not enough reserve money otherwise. I have shown by the figures given in the report to the Senate, on page 18, that if all the banks came in and complied with the requirement of reserves which we impose there would be an obvious deficit of \$239,000,000.

I hope the Senator will excuse me for making so long an answer, but it was necessary in order to explain fully and com-

pletely the justification for provision (k).

Mr. BURTON. I hope to examine that statement carefully, and then perhaps I shall have something more to say on this

subject.

Reserves, however, are not debts of the institution maintaining them. They are, or at least should be, money. The general requirement in European banks is that gold shall be the reserve. In our own country we have very carefully restricted the maintenance of reserves to lawful money, gold, gold certificates, silver certificates, and greenbacks. With equal care we have ex-cluded the national-bank notes from reserves. There is no other way in which they can serve their purpose, namely, that of maintaining security. The moment you allow something to be used as reserve which possesses the element of a debt-the debt of the organization that issues it-instead of obtaining security vou create danger.

Take the very case of the First National Bank of Cleveland, which was used as an illustration. Suppose it issued a million dollars of national-bank notes. Those national-bank notes are secured by a million dollars in United States bonds. may be true in regard to the security afforded by the bonds, that is a debt of the bank. It must maintain a redemption fund and it must redeem the notes if they are presented at its counter. This is departing from the rule which now prevails not only by our law but everywhere, under which actual assets in the way of money that is gold or its equivalent are to be used and are the only form of money that can be used for reserve, and permitting a debt of the bank itself to be used for

that purpose.

This appeals to me as contrary to every principle of banking. It is destructive of the security which should exist. If a contingency arises in which there is going to be a deficiency of reserves, it shows that the amount of credit which can be extended should be pared down to what can be provided by the reserves actually in existence.

If the amount of reserve required against deposits is greater than that which now exists, it is no reason why we should bring in tokens or debts as reserves; but it is a reason why we should contract our obligations to that extent. It seems to me this introduces an absolutely novel idea, and one which is fraught with danger.

Mr. OWEN. I will remind the Senator that every State bank

in Ohio is using national-bank notes as reserves

Mr. BURTON. Very well; that shows the dependence of the State banks upon the national banks. I am perfectly well aware of that fact. Suppose, however, a change arises under which the quantity of lawful money, gold or that which can be readily transformed into gold, which is not a debt of the national banks, is diminished; then as our basis we ought to contract our structure of credit as well.

Mr. OWEN. Under the theory of the Senator from Ohio he would have the State banks in Ohio contract their credits, and not use the national-bank notes as reserves.

Mr. BURTON. Not at all.

Mr. OWEN. I think that would be a very injurious thing. Mr. BURTON. Not at all. The national-bank notes are n Mr. BURTON. Not at all. The national-bank notes are not the obligation of the State banks. They can go through the process of having them exchanged for lawful money and then for gold. On the other hand, in the national banking system they are an obligation of the national bank.

Mr. OWEN. The same thing is true in regard to the Federal reserve notes, because they are convertible into gold. They are on a par with gold. Under the act of March 14, 1900, the United States is under obligation to keep them on a par with gold; and the Federal reserve bank notes are not the obligations of the Federal reserve banks.

Mr. BURTON. But the difference is absolutely vital. one is the obligation of the Government, based upon an outside obligation. The Federal reserve notes are, it is true, in form-and I do not believe in that-the obligation of the Government; but the amount is issued to each regional bank, and is, in its essence, an obligation of the regional bank.

Mr. OWEN. No, Mr. President, I do not concede that it is the obligation of the regional bank. It is the obligation of the United States.

Mr. BURTON. Which it ought not to be.

Mr. OWEN. That may be.

Mr. BURTON. In its essential nature it is the obligation of the regional bank.

But by this act the notes are made the obliga-Mr. OWEN.

tions of the United States, and intentionally so.

Mr. BURTON. But the United States in the most careful manner provides that there shall be provided by the regional banks the means to redeem every Federal reserve note.

Mr. OWEN. Quite right.

Mr. BURTON. It compels the maintenance of a reserve in gold. It compels the deposit of 100 per cent in commercial paper. Are these regional-bank notes the same as the greenbacks? No; not by any means.
Mr. OWEN. They are better.

Mr. BURTON. That is not important to the question I am The greenbacks are the direct obligation of the

So are these Federal reserve notes.

Mr. BURTON. Ah, yes; but in the one case the final liability rests with the Government; in the other case it is only the

intermediate liability, a species of guaranty.

Take the \$20 greenback as an illustration. That is the obligation of the United States. If you want to have it redeemed you must take it to the Treasury, and the \$20 in gold is paid out. The Government then has the note, redeemed-a note which, it is true, may be reissued. Take a \$20 Federal reserve note to the Treasury. It is redeemed, and immediately the Government calls on the regional bank which issued it to make good the amount. In the one case the transaction is completed when the note is presented to the Treasury; in the other case, that of the Federal reserve note, the transaction has only just begun.

Mr. SHAFROTH. Mr. President—
The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Colorado?

Mr. BURTON. Certainly.
Mr. SHAFROTH. Does the Senator object to the Federal reserve notes being held as reserves by the national banks?

Mr. BURTON. I do, most decidedly. It seems to me a very

dangerous principle.

Mr. SHAFROTH. It is not the same bank, you know. The argument upon which the Senator has been laying considerable stress with relation to the national-bank notes being held was on the ground that they were their own notes.

Mr. BURTON. Yes.

Mr. SHAFROTH. But notes of the Federal reserve bank are

not notes of the national banks.

Mr. BURTON. But they are part of a system. Suppose you have a regional bank, and that regional bank applies to the Government for the issuance of ten millions of reserve notes. Those ten millions of reserve notes are based upon the obligations of bank No. I, bank No. 2, bank No. 3, bank No. 4, and so on all through the system. When they are presented to the Treasury for redemption, that region, through its regional banks, by virtue of the resources of the member banks, must redeem every dollar of those notes.

Would the Senator invite the State banks Mr. SHAFROTH. into a system and not provide the reserve money by which they

can come into the system?

Mr. BURTON. I would invite them into the system, but I would say to them: "There may be as much of reserves as there is sound money here. We will not change the law under which, for years, money has been the basis of reserves, and now, by some jugglery, make debts the basis of reserves."

What is the difference in a case of this kind? Suppose a man borrows \$10,000 on a mortgage. He has his farm as the security for the mortgage. According to this plan, he could take the note on which he has borrowed the \$10,000 to the bank and say that the note and mortgage must be the basis for further credit. It is exactly the same principle.

Mr. SHAFROTH. The Senator surely can not think that any of these Federal reserve notes are not sound.

Mr. BURTON. Oh, I presume they are sound. I presume if I gave my note to the Senator from Colorado it would be paid; but that is not the question. Can I use that note as a basis for further credit after I have given it? That is what you are seeking to do here. You are saying we are compelled to go beyond our ordinary resources; we are compelled to use notes; we are in debt to the amount of those Federal reserve notes; but at the same time and in the same breath the Federal reserve board can make those very notes the basis for the credit

of the banks in the form of reserves. You are forming the basis for tremendous inflation. That is where the danger lies, not

in the question of the soundness of the notes.

Mr. SHAFROTH. I do not see any objection to it if, as a matter of fact, the reserve will be found. We have a system of State banks, and they have been holding these national-bank notes for reserves. If we invite them into this system, there will be no money to take its place. Is it possible that that is fair or right when it has been demonstrated by the Senator from Oklahoma in his address in chief that there is not a chance in a billion that there can be a loss to the Government by reason of any mishap which might occur, either to the paper of the banks or the Federal reserve bank which would affect these notes?

Mr. BURTON. If you have to repress your credits because of deficiency of reserves, you ought to do it, and not create an

artificial basis where you ought to have money.

Mr. SHAFROTH. If the law had been that nothing but gold could be used as reserves, then you would probably decrease the amount of the credits in the United States below 50 per cent. According to that kind of a system, you ought to fix reserves of stable money, of good money, which it seems to me would not likely affect the entire credit of the United States.

Mr. BURTON. The entire credit of the United States is just that which can be safely extended on a sound basis. If you change the laws which have existed and worked well for 50 or 60 years, and provide that hereafter not only gold and lawful money may be used as reserves in the national banking system but also pile on notes issued by the new system based upon the debts of that system, you are making a most vicious addition which is bound to lead to inflation, to overexpansion, and to danger. I do not care how safe the notes are, it is not a

correct principle.

I regard this, Mr. President, as one of the most objectionable features of the bill in the form in which it now appears. It is

contrary to every rule of sound banking.

Mr. OWEN. Would the Senator have the State banks not

permitted to use the national-bank notes as reserves?

Mr. BURTON. I would not necessarily, because they are an entirely separate organization. The national-bank notes are not

their obligation. They are entirely outside of the national banking system.

Mr. OWEN. They are debts.

Mr. BURTON. It is true they are debts, but they are assets upon which they can obtain gold any time they apply for it.

Mr. OWEN. That applies with equal force as to Federal reserve notes.

Mr. BURTON. Suppose one man owes a debt and another man holds that debt; there is some difference between the two, is there not?

Mr. OWEN. There is no difference whatever between the national-bank note and a Federal reserve bank note when gold

can be obtained upon either one.

Mr. BURTON. But that creates a credit on your gold supply, and the national reserve note—I have stated it already with repetition-is a debt, an obligation of the system of regional banks, while every greenback, every dollar in gold, every gold certificate, is lawful money.

Mr. OWEN. The Senator has not strengthened his position by making the statement, because he confesses that a nationalbank note, although a debt, is convertible into gold. He confesses that a Federal reserve note, although a debt of the United States is convertible into gold. Therefore the argument which obtains with regard to the national-bank note, which he says is permissible as a reserve for the State bank, applies with equal force to a Federal reserve note, which may likewise be held as

a reserve for a State bank.

Mr. BURTON. But I do not admit that the principle is correct that allows national-bank notes to be held as reserve. Here is a State bank that holds a national-bank note. It is outside of the national banking system. It can call on the bank in that system to redeem that note and get gold on it. That is the only reason State banks can hold national-bank notes as reserve; but even so, I repeat, it is wrong in principle. Thus far and in that particular the State bank is the creditor. The moment you get into the national banking system the bank that issues that note is a debtor. Now, you are proposing to put the two on the same footing and say that debtor and creditor alike may use those notes as reserve.

In regard to the possible deficiency of national-bank notes and other reserve money for State banks, while I have not examined the statement, I presume that is based on the idea that all the

State banks will go into the system. Is not that so?

Mr. OWEN. I think that nearly all of them will. I hope to see that done. But the Senator does not reach the real point of

the proposal, that the national-bank note being convertible on demand and the Federal reserve note being convertible into gold on demand, it ought to be just as good as gold for reserve

Mr. BURTON. It seems to me the Senator from Oklahoma absolutely ignores the vital difference, which is as plain as any matter can be. The fact that you can transmute this into gold by putting it from one pocket into the other does not place it on the same footing with another bill or obligation which is due from some outside agency. Here is the gold. That is valid as reserve. So is a bill which is exchangeable for gold from the vaults of the Government. If a bank holds either the gold or the greenback, it can obtain the gold from the Government. But here you give to these banks a right to obtain circulating notes which are their own obligations, their own debt. They must maintain 331 per cent reserve against them. They must redeem them in gold or lawful money if they are presented. In one case you have a perfectly valid obligation of the Government, the gold, or an obligation which can be transferred into In the other case you have your own notes, your own debts, that you must ultimately pay yourself.

Mr. OWEN. The Senator ignores the fact that in the case of the national-bank notes the bank has the obligation of the United States dollar for dollar for every one of its notes outstanding. It has the United States bonds to secure that note. But, more than that, as far as the Federal reserve note is concerned, the United States holds in its hands the securities and the gold of the Federal reserve bank as a security for that note of the United States, which the United States is bound to keep at par with gold, and which it has loaned to that bank in ex-

change for the securities and the gold of that bank.

The Senator continually reiterates that it is the obligation of the bank, and if he does that, of course no argument will prevail.

Mr. BURTON. May I ask the Senator from Oklahoma, who says that one class of notes depends on a bond of the United States and another, the Federal reserve notes, on commercial paper or securities, would the Senator from Oklahoma favor allowing the bonds of the United States to be used as reserve money?

Mr. OWEN. That is not the question.

Mr. BURTON. I think it is more than the question. If you are going to take these notes which are good only because they are secured by bonds, then why not take the bonds as reserves in the first instance?

Mr. OWEN. The value of a note of the United States as reserve consists in its character as liquid money, able to be used as a money, while a bond would have to be marketed and converted into money. Therefore, it would not be convenient for the purpose of reserves, but in so far as the value is concerned the bonds of the United States might be properly held as reserves. The Bank of England holds as a part of its note issue the Government securities. The Bank of France as a basis of its securities issues the notes, which is a Government security. The Bank of Germany does the same thing. In so far as these securities are quickly convertible into money, it is a good form in which to hold reserves, because the only purpose of the re-serve is to be able to pay the depositor when he calls for his money in something which will serve the purpose of money.

Mr. BURTON. The circulation of the Bank of England on Government stock rests on an entirely different basis. As I said the other day, the amount of £14,000,000 and more was fixed as a minimum circulation under any and all circumstances, a circulation that would be outstanding all the while in the pockets of the people. The circulation of the Imperial Bank of Germany—the contingent fund, as it is called—is based on the same theory, namely, that a certain amount will be required and will not be presented in any embarrassing degree for re-

Mr. OWEN. But, Mr. President, the national-bank notes are in the pockets of the people, except \$40,000,000 in the hands of the national banks and \$60,000,000 in the hands of the State banks and \$45,000,000 in transfer to the Treasury for redemption. Only about \$150,000,000 of those notes are in sight anywhere: The balance of the \$750,000,000, or \$600,000,000, of those notes are in the pockets of the people, now being used as a circulating medium. So, with the \$150,000,000 of these nationalbank notes available and in sight, there are \$750,000,000 bonds of the United States in the hands of the comptroller as security, and the assets of the national banking system in effect of about \$10,000,000,000 as a further security, if there was any further security necessary for this \$150,000,000 of bonds.

Mr. BURTON. We can not, however, get away from the real nature of reserves. A reserve here and everywhere should be something that is of intrinsic value, not merely liquid assets-

not assets that can be changed into money, but something that is money now and is free from any obligation of the bank that holds it.

Even with this somewhat extended discussion I am unwilling to allow this paragraph to pass, and I trust it will come up again in the Senate

Mr. BRANDEGEE. Will the Senator permit me to ask a question there?

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Connecticut?

Mr. BURTON. Certainly.

Mr. BRANDEGEE. The Senator from Oklahoma states that these Federal reserve notes are redeemable at the Treasury in gold. The bill provides that they shall be redeemed in gold on demand at the Treasury or in gold or lawful money at a Federal reserve bank. So they are not necessarily redeemable in gold.

Mr. BURTON. The very place to present it is at one of the regional banks or at any of the regional banks.

Mr. SHAFROTH. That is exactly the process of the nationalbank notes now. They are not redeemable in gold at banks. They are redeemable as lawful money at the Treasury and then as lawful money are redeemable in gold at the Treasury. But the provision for the redemption of national-bank notes is even less favorable than the provisions which we have put in

Mr. BURTON. Then according to the theory of the Senator from Colorado, the law has been erroneous in all these past years in that national banks have not been allowed to use

national-bank notes as reserves? Is not that so?

Mr. SHAFROTH. Not necessarily. There is not plenty of reserve money. We know there is a shortage even for national-bank notes. We know there comes in for redemption at the National Treasury every year \$600,000,000 of national-bank notes. Why? For the purpose of obtaining money that can act as reserves lawful money. That is the object of it. The national-bank notes can not act as reserves for money, and it must be proper for the National Government to provide in some way, so that there can be an adequate reserve money. That is just what we have done in this instance. It is not done by force. This is not to be done except in the discretion of the Federal reserve board. Their hindsight is a great deal better than our foresight, in my judgment.

Mr. BURTON. There have been frequent occasions in many nations, indeed, in almost all, when it was thought there was a scarcity of money and wiseacres have set out to supply the amount, perhaps by putting the printing press at work. some security-oftentimes, apparently, very ample security-has been offered, as in the case of the assignats in France. But those experiments have always resulted badly. It has appeared that the only way in which to make a further issuance of money safe was to increase your capital, was to keep good all the while the money you had and, if possible, make it more efficient.

That is the only way.

Now, here we have this proposition just like the old plans which led to depreciated currency. We do not have reserves. Let us see the magician's wand. Let us transmute debts into reserves. The policy of the past has been wrong. We need more money. We will not rely on gold; we will not rely on paper that is redeemable in gold; but we will make a kind of paper of our own regional banks, for which we promise to pay gold ourselves, to enlarge our reserves and everybody can bor-

Mr. President, I do not see anything in this provision except possible disaster and a violation of every principle of finance.

I have some other questions, but I am inclined to yield the floor at this time, perhaps resuming later.

There is one question, however, that I should like to ask. Mr. BRANDEGEE. Will the Senator cite me the page and

line where that language appears?

Mr. BURTON. In the print of December 1, 1913, page 39, lines 17 to 19. It was not in the House bill. It is an amendment and appears, possibly, in the first bill as presented by the portion of the committee headed by the chairman. I should like to ask a question of the Senator from Colorado [Mr. Shaf-ROTH] or my colleague, the Senator from Ohio [Mr. POMERENE]. who is also present.

(1) To grant by special permit to national banks applying therefor, when not in contravention of State law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

This question of allowing national banks to act as trustees has been up a number of times before the committees of Congress. I am frank to say it seems to me a right the granting of which would be of doubtful expediency for this reason:

With our minute subdivisions of labor there results a subdivision of capacity; and the work of trustee, the business of a trust company, differs quite materially from that of the ordinary commercial bank. The tendency would be to gather in a bank men who were far more competent for one branch of the business than for the other. Commercial discounts might be neglected and a great deal more care given to the trust department, under which naturally the commercial discount business would suffer.

I recognize, though, that in a number of country banks the amount of trust business is growing, and yet there is not sufficient to form and maintain a trust company, and that there are perhaps arguments for throwing the door wide open and allowing the national banks to act as trustees. But why should this, which is virtually legislative authority, be left to the Federal reserve board? Why not make a general provision or else omit it entirely?

Mr. SHAFROTH. I will state to the Senator that in the hearings that we had before the Banking and Currency Committee the representatives of a great many of the national banks insisted that they should have certain rights with respect to the administration of trust, bank procedure, and the question arose as to the fact whether if we gave them any such power they would not dissolve as national banks and reincorporate as trust companies under the laws of the State.

There are arguments on both sides of the question, as the Senator has said, and yet in the judgment of those who heard the various sides of it it was thought best to put it as the provision is here.

There is no doubt that there is some objection to it, and there is no doubt that there are some very strong arguments in favor There are, no doubt, some very strong arguments for giving the right absolutely without regard to the Federal re-But we felt that under the circumstances it would keep the national banks in and would not impair their ability to do business and would be best subserved by the provision we incorporated.

Mr. BURTON. There is the still further question, Why should this be left discretionary with any board? Why should there not be a general provision; or, if it is necessary to make distinctions according to size and locality, why not incorporate them? This makes it possible for the board to say to one bank, "We will not allow you to so act," and then, in the exercise of favoritism, to say to another, "We will grant your request."

Mr. SHAFROTH. No; I do not think the Federal reserve board is going to attempt to do anything with relation to individual cases. It will have grantly adverse the statement of the statement of

It will have general rules with relation to it. vidual cases. We thought that it would be considered a dangerous proposition to do so and that the Federal reserve bank would find it out. In that event, by a general rule, it would probably be able to correct an evil of which it would have special knowledge. We felt it was better to do it that way.

As we all know, many of these things which are absolutely new may not be a success. There may be failures, and the arguments which were presented on the one side and which were turned down may be the true arguments; and yet experience is the only thing that will demonstrate it.

Mr. BURTON. I will not proceed further with this line of question at present. I feel amply justified in consuming the time that has been occupied, because I think some provisions of the bill have been made very much clearer to the Senate than they were before we entered on this line of inquiry.

Mr. BRISTOW. Mr. President, I understand the pending amendment has been debated about as fully as any Senator desires to debate it, and I know of no one who wants to discuss it Since there is a very slim attendance of the Senate at this time, and there should be as full an attendance as possible when the vote is taken-

Mr. BURTON. What is the pending amendment?

Mr. BRISTOW. The Hitchcock amendment to section two. The Senator from Ohio has just suggested that he may want to discuss it a little more. I rose for the purpose of suggesting the absence of a quorum.

Mr. BURTON. The Senator had better wait— Mr. BRISTOW. With a view of getting a full Senate when the vote is taken-

Mr. CLAPP. I suggest to the Senator from Kansas whether it is not just as essential to have a full membership of the

Senate present when discussing the measure preliminary to voting as when the vote is taken.

Mr. BRISTOW. I think that is true, but we have made many futile efforts to obtain a quorum of the Senate while the debate was going on. That being the case, I was going to try the virtue of calling for a quorum when the vote was to be

taken to see if we can get a quorum when the votes are to

Mr. CLAPP. The Senator would not want to practice any deception by calling for a quorum with a view of a vote, when, in fact, a vote is not to be taken?

Mr. BRISTOW. I have understood that there are a number of Senators who want to be present when the vote is taken. The Senate Office Building is so far away from the Chamber that after the bell rings for a vote some Senators may not be able to get here before the roll call has been completed. So I think when there are but few in the Senate, before any vote is taken on an important amendment, a quorum should be called in order that Senators who may be otherwise engaged may get here in time to cast their votes.

Mr. CLAPP. I quite agree with the Senator that there ought to be a fairly full attendance when we vote, anyhow.

Mr. OWEN. Mr. President-

The PRESIDING OFFICER. Does the Senator from Kansas yield to the Senator from Oklahoma?

Mr. BRISTOW. I do.

Mr. OWEN. I agree with the Senator from Kansas that it would be well enough to have Senators present as far as pos-sible, and in view of his action, which I suppose contemplates making a point of no querum, I should like simply to make my motion now to lay the pending amendment on the table.

Mr. BRISTOW. I wish the Senator would not put his motions in that way. I would prefer, so far as I am concerned, to vote on these questions as amendments, and not on a motion to lay on the table. I would rather a vote would be had on the question to adopt rather than a motion to lay on the table. Of course, a motion to lay on the table forces an immediate vote; I recognize that; but if we are ready to vote we can take the vote just as easily on the merits of the amendment.

Mr. OWEN. I was only making the motion because I thought the Senator said the debate had ended on the matter.

Mr. BRISTOW. My understanding is that it has ended. Mr. BURTON. I shall only desire to be heard very briefly. Mr. BRISTOW. If the debate has ended, the Senator accom-

plishes the same purpose when he gets a vote on the amendment, and it comes direct on the proposition, which is a little more agreeable so far as our vote is concerned—that is, so far as mine is concerned. I do not want to assume to speak for other Senators.

The PRESIDING OFFICER. Does the Senator from Oklahoma renew his motion to lay on the table?

Mr. OWEN. I renew my motion to lay the amendment on the table.

Mr. BRANDEGEE. On that I ask for the yeas and nays. Mr. HITCHCOCK and Mr. NELSON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Hitchcock	Norris	Smith, Ga.
Borah	Hollis	O'Gorman	Smith, Mich.
Brady	Hughes	Oliver	Smith, S. C.
Brandegee	James	Overman	Smoot
Bristow	Johnson	Owen	Stephenson
Bryan	Jones	Page	Sterling
Burton	Kern	Perkins	Stone
Chamberlain	La Follette	Poindexter	Sutherland
Chilton	Lane	Pomerene	Swanson
Clapp	Lea	Ransdell	Thomas
Clark, Wyo.	Lewis	Reed	Townsend
Crawford	Lippitt	Shafroth	Vardaman
Cummins	McCumber	Sheppard	Warren
Dillingham	McLean	Sherman	Weeks
du Pont	Martin, Va.	Shields	Williams
Gallinger	Martine, N. J.	Shively	
Gronna	Nelson	Simmons	

Mr. WEEKS. I wish to state that my colleague [Mr. Lodge] is absent on account of illness, and to have that statement stand for the day

The VICE PRESIDENT. Sixty-six Senators have answered

to the roll call. A quorum is present.

Mr. NELSON. Mr. President, a motion has been made to lay the amendment on the table, and I ask that the amendment be now read.

The VICE PRESIDENT. The Secretary will state the amend-

The Secretary. It is proposed to strike out all of section 2 as it appears in the House print and to insert in lieu thereof the following:

SEC. 2. That the Federal reserve board, hereinafter provided for, shall, as soon as practicable after their appointment and confirmation, designate from among the reserve and central reserve cities now established a number of such cities to be termed Federal reserve cities, and shall divide the continental United States into districts, each district to embrace one of such Federal reserve cities: Provided, That the district shall be formed with due regard to the convenience and customary course of financial and commercial business in each district, and need

not necessarily coincide with State or county boundaries. The districts thus established shall be known as Federal reserve districts, and each of them shall be designated by the name of the Federal reserve city located therein. The Federal reserve board shall, as soon as practicable after the said districts have been established, proceed to organize, conformable to the provisions of this act, in each Federal reserve city designated as aforesaid, a Federal reserve bank, which shall be known by the name of the city in which it is established, as, for example, "Federal Reserve Bank of Chicago," Four Federal reserve cities, and appurtenant to them four Federal reserve districts, and no more, shall in the first instance be designated and established as such by the Federal reserve board: Provided, That after Federal reserve banks have been organized and in operation for a period of two years in said four Federal reserve cities, the Federal reserve board may, in its discretion, from time to time, designate not to exceed in all eight additional Federal reserve cities, with the requisite Federal reserve districts appurtenant thereto, and for that purpose may alter and change the limits and areas of existing Federal reserve districts. There shall be allotted to every national bank within a Federal reserve district, of the capital stock of the fully padd-up capital stock and surplus of such national bank, which stock so allotted shall be underwritten by said bank and for a period 60 days after allotment be offered for subscription at par to the public at large, but no more than 100 shares shall be allowed to be subscribed for or held by any person, firm, or corporation, and all of the allotted stock not subscribed for and taken by the public shall immediately be subscribed for and taken by the public shall immediately be subscribed for and taken by the national bank to which the same was in the first instance allotted. The preparation, allotted the smaller subscriptions, the mational banks shall, in the first instance, ac

Mr. GRONNA. I ask the Senator from Oklahoma [Mr. OWEN] to withdraw his motion to lay the amendment on the table until I have an opportunity to offer my amendment to the amendment. I made a suggestion the other day to the Senator from Nebraska [Mr. HITCHCOCK] that I had an amendment to offer to his amendment. On page 6, line 7, after the word "for," I desire to insert the word "owned."

Mr. OWEN. Mr. President, I will gladly withhold my motion until the Senator from North Dakota offers his amendment to

the amendment.

Mr. President, I wish to say that I believe it Mr. GRONNA. is very important to make it as clear as possible that no more than 100 shares, or \$10,000 worth of this stock, shall be held by any one person, firm, or corporation. I believe that under the language of the amendment as offered by the Senator from Nebraska it is possible for one person, firm, or corporation to own more than 100 shares. For that reason I offer this amendment. After the word "for," on line 7, page 6, of the Hitchcock amendment I move to insert the word "owned," so as to read:

But no more than 100 shares shall be allowed to be subscribed for, owned, or held by any person, firm, or corporation, etc.

Mr. HITCHCOCK. Mr. President, as I have heretofore stated, if there be no objection, I shall gladly accept the amendment offered to the amendment by the Senator from North Dakota.

Mr. BURTON. How does that change the meaning? As it is now it reads "subscribed for or held." What can be the mean-ing of "held" under those circumstances, except owned by one person?

Mr. GRONNA. I think it is possible to hold stock and not own it, and I believe it is possible to own stock and not hold it. Mr. BURTON. I do not see that there is any objection to

that, but at the same time I do not see any great purpose to be served by that amendment to the amendment.

Mr. OWEN. I move that the amendment proposed by the Senator from Nebraska be laid on the table.

Mr. BRANDEGEE. On that motion I have already demanded the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I have a pair with the Senator from West Virginia [Mr. Goff]. If he were present, I should vote "yea."

Mr. CHILTON (when his name was called). I have a general pair with the junior Senator from Maryland [Mr. JACK-

son]. In his absence, I withhold my vote.

Mr. SHEPPARD (when Mr. Culberson's name was called). I again announce the unavoidable absence of my colleague the table was agreed to.

[Mr. Culberson]; but he is paired with the Senator from Dela-

ware [Mr. DU PONT].
Mr. DU PONT (when his name was called). I have a general pair with the senior Senator from Texas [Mr. Culberson]. If he were present and I were free to vote, I should vote "nay,

Mr. McLEAN (when his name was called). I have a pair with the senior Senator from Montana [Mr. Myers], but I transfer that pair to the senior Senator from New Mexico [Mr. CATRON | and vote. I vote "nay."

Mr. NELSON (when his name was called). I have a general pair with the senior Senator from Georgia [Mr. Bacon]. If he were present, I should vote "nay"; and I presume that he would vote "yea."

Mr. HOLLIS (when Mr. Saulsbury's name was called). junior Senator from Delaware [Mr. SAULSBURY] is absent from the city. He is paired with the junior Senator from Rhode Island [Mr. Colt]. If the Senator from Delaware were present,

he would vote "yea."

Mr. ASHURST (when the name of Mr. Smith of Arizona was called). My colleague [Mr. SMITH of Arizona] is unavoidably detained from the Chamber. He is paired with the Senator

from New Mexico [Mr. FALL].

Mr. SMITH of Georgia (when his name was called). I have a general pair with the senior Senator from Massachusetts [Mr. LODGE]. Were I at liberty to vote I should vote "yea," and I have no doubt if the Senator from Massachusetts were present he would vote "nay."

Mr. STERLING (when his name was called). I have a pair with the senior Senator from Louisiana [Mr. Thornton] and therefore withhold my vote. If permitted to vote, I should vote

nay."

Mr. WILLIAMS (when his name was called). pair with the senior Senator from Pennsylvania [Mr. Penrose]. I transfer that pair to the Senator from Oklahoma [Mr. Gore] and vote. I vote "yea."

The roll call was concluded.

Mr. DU PONT. I have heretofore announced my pair with the senior Senator from Texas [Mr. Culberson], but I now transfer that pair to the junior Senator from Maine [Mr. Burleigh] and vote. I vote "nay."

Mr. SUTHERLAND (after having voted in the negative) voted inadvertently. I now observe that the Senator from Arkansas [Mr. CLARKE], with whom I have a pair, has not voted. On account of his absence, I withdraw my vote.

Mr. CHILTON. I transfer my pair announced a moment ago to the senior Senator from South Carolina [Mr. TILLMAN] and

I vote "yea."

Mr. COLT (after having voted in the negative). I inquire if the junior Senator from Delaware [Mr. Saulsbury] has voted? The VICE PRESIDENT. The Chair is informed that he

Mr. COLT. Then I transfer my pair with that Senator to the Senator from New Mexico [Mr. CATRON], and will allow my vote to stand.

Mr. McLEAN (after having voted in the negative.) Observing that the senior Senator from Montana [Mr. Myers] is now present and has voted, I withdraw my pair with the senior Senator from New Mexico [Mr. Fall], and will let my vote

The result was announced-yeas 40, nays 35, as follows:

	X E	AS-10.	
Ashurst Bryan Chamberlain Chilton Fletcher Hollis Hughes James Johnson Kern	Lane Lea Lewis Martin, Va. Martine, N. J. Myers Newlands O'Gorman Overman Owen	Pittman Poindexter Pomerene Ransdell Reed Robinson Shafroth Sheppard Shields Shively	Simmons Smith, Md. Smith, S. C. Stone Swanson Thomas Thompson Vardaman Walsh Williams
	NA	YS-35.	
Borah Bradley Brady Brandegee Bristow Burton Clapp Clark, Wyo. Colt	Crawford Cummins Dillingham du Pont Gallinger Gronna Hitchcock Jones Kenyon	La Follette Lippitt McCamber McLean Norris Oliver Page Perkins Root	Sherman Smith, Mich. Smoot Stephenson Townsend Warren Weeks Works
	NOT V	OTING-20.	
Bacon Bankhead Burleigh Catron Clarke, Ark.	Culberson Fall Goff Gore Jackson	Lodge Nelson Penrose Saulsbury Smith, Ariz	Smith, Ga. Stering Sutherland Thornton Tillman
So Mr Own	ex's motion to le	w Mr Hrrcnco	or's amendment

So Mr. Owen's motion to lay Mr. HITCHCOCK's amendment on

Mr. HITCHCOCK. Mr. President, before offering the next amendment which I shall propose, I desire to ask unanimous consent that an order be entered providing that debate on the pending banking and currency bill be limited, beginning Wednesday, December 17, so that no Senator shall speak more than once on any amendment nor more than once upon the bill itself, nor at greater length than 15 minutes, and that beginning the same day the Senate shall meet at 10 a.m. and adjourn at 6 p.m. each day, except that if the bill shall not have passed by 6 p.m. of Thursday, December 18, the Senate shall, beginning with Friday, December 19, remain continuously in session each day until 11 p. m. until the bill is passed by the Senate.

Mr. President, I make this suggestion of a unanimous-consent agreement as a possible compromise. There are certain Senators who object to naming a day upon which to vote, and I have not attempted in this proposed unanimous-consent agreement to fix a day for the final vote. I believe, however, that the same result will be obtained if we can limit debate in the

way I have proposed.

It is not my intention to offer any except the most important amendments; it is not my intention to speak more than 15 minutes at any time, and I believe that by limiting the debate to 15 minutes we can proceed to an early vote without binding unalterably any Senator.

Mr. OVERMAN. May I ask that the proposed agreement be read at the desk, so that all Senators can understand it?

Mr. HITCHCOCK. I will be very glad to have it read. Mr. WILLIAMS. Mr. President, reserving the right to object, I want to say that while I can not give my consent to this immediate request, I should be glad, and I think the Senate

Mr. HITCHCOCK. We are unable to hear the Senator.

Mr. KERN. We can not hear a word.

Mr. WILLIAMS. I say, reserving the right to object, I want to say a word upon the subject before making the objection.

Mr. RANSDELL. Let us have it read at the desk.

Mr. WILLIAMS. I do no see that this proposed unanimous consent would do any particular good.

Mr. ROOT. Will the Senator from Mississippi permit the request to be read?

Mr. WILLIAMS. It has been read once.

Mr. OVERMAN. It has not been read at the desk,

Mr. ROOT. But many Senators did not understand it.

Mr. WILLIAMS. I am perfectly willing to have it read again.

The PRESIDING OFFICER. The Secretary will read the request.

The Secretary. The proposition submitted by Mr. HITCH-COCK is as follows:

I ask unanimous consent that an order be entered providing that debate on the pending banking and currency bill be limited, beginning Wednesday, December 17, so that no Senator shall speak more than once on any amendment, nor more than once upon the bill itself, nor at greater length than 15 minutes, and that beginning the same day the Senate shall meet at 10 a. m. and adjourn at 6 p. m. each day, except that if the bill shall not have passed by 6 p. m. of Thursday, December 18, the Senate shall, beginning with Friday, December 19, remain continuously in session each day until 11 p. m. until the bill is passed by the Senate.

Mr. WILLIAMS. Now, Mr. President, I do not see that that would do any good. It would land us on Thursday morning just where we are now. I should be very glad at any time to hear some Senator ask unanimous consent to fix a day to begin the voting and at the same time couple with it a request for the vacation of the present order of the Senate requiring it to meet at 10 o'clock a. m. and continue in session until 11 o'clock p. m. In other words, a request for unanimous consent to begin the voting upon a given day and with it couple a request that the Senate shall begin to meet to-morrow at 12 o'clock and adjourn at 6. I object to the request.

The VICE PRESIDENT. Objection is made.

Mr. REED. Mr. President, I intended to put into the RECORD, before the vote was taken, some figures which were more pertinent to the matter we just voted on than to any other question that may hereafter come up. The vote has been had, and I am offering the figures now simply for whatever light they may give, and because an amendment similar to the one offered by the Senator from Nebraska will undoubtedly be offered hereafter, because there are various amendments of the same nature pending.

Just a preliminary word. The claim is made that there ought to be public ownership of the stock of the reserve banks which are about to be created, and that some element of safety to the public would grow out of a scheme by which the stock would be offered to the people to purchase, instead of being offered to the banks, the idea being that by scattering the stock widely there would be such a public interest in the banks as would in some way constitute a guardianship or control over the

system in the public itself.

Mr. President, the total stock that is proposed to be issued under the bill as reported by the Senator from Oklahoma [Mr. Owen] would be \$53,000,000. I undertake to say that if it were all offered to the public and purchased by the public it would not very largely contribute to the ideas of those gentlemen to whom I have referred, for the reason that if the stock is taken by the banks now existing it will, of course, in fact be owned by the stockholders of the present banks. I find from the report of the comptroller that in our national banks alone there are now 432,920 stockholders and that the average holding of shares is only 24.4.

There are no accurate data as to the number of persons interested in State banks and trust companies as stockholders; but there have already reported to the comptroller 14,011 State banks and 1,515 loan and trust companies, making a total of 15,526. It is certainly fair to assume that the stock in these State banks and trust companies is as widely and generally scattered as the stock in national banks. If that be true, there would be in the State banks and trust companies alone approximately 800,000 stockholders, and in the State and national banks together there would be approximately 1,200,000 stockholders. So, if the banks take the stock, it will be, in fact, owned by 1,200,000 citizens of the United States who are now holders. interested in the banks and trust companies that will become

members of the system. I am assuming that all come in.

That ought to be a sufficiently wide and generous distribution of stock to satisfy the most fastidious, and it ought to end the branch of the argument which declares that there is a greater element of safety in a system where the stock is owned by the public at large; for an institution that is owned by 1,200,000 people in this country comes about as near being publicly owned

as we could either wish or hope for.

Mr. HITCHCOCK. Mr. President, I now offer, as an amendment to the House bill, section 4 of the bill reported by the section of the committee of which I am a member. I omit section 3, as it is not of any considerable importance and involves no vital principle; and I desire, as far as I am concerned, to limit the discussion here to the important differences that have arisen regarding this legislation.

I offer, and ask to have read, as an amendment to the House bill, section 4 as reported by our section of the committee.

The VICE PRESIDENT. The Secretary will read as re-

quested.

The Secretary. On page 4 of the House print it is proposed to strike out all of section 4 as amended, and in lieu thereof to insert the following:

to strike out all of section 4 as amended, and in lieu thereof to insert the following:

SEC. 4. When the Federal reserve board has established Federal reserve districts, as prescribed in section 2 of this act, the governor or vice governor of such board shall, under his hand and seal, execute a certificate designating the territorial limits of such districts and the Federal reserve city in each district, and shall file such certificate with the Secretary of the Treasury. When such certificate has been executed and filed, as aforesaid, the board shall allot to each and every national bank stock in the reserve banks as prescribed in section two of this act, and when, conformable to section two of this act, and when, conformable to section two of this act, and when, conformable to section two of this act, and when, conformable to section two of this act, and when, conformable to section two of this act, and when, conformable to section two of this act, and when, conformable to section two of this act, and when, conformable to section two of the sact, and when, conformable to section two of this act, and when, conformable to section two of this act, and when, conformable to section two of this act, and when, conformable to section two of this act, and when contracts the territorial limits of the district, the territorial limits of the district, the amount of the capital stock subscribed and the amount paid in on such seal, issue a certificate in writing specifying the name and location of the reserve bank in such district, the territorial limits of the district, the amount of the capital stock subscribed and the amount paid in on such subscription, and the name and amount of stock taken by each subscriber. Such certificate shall be acknowledged before the clerk of a court of record, or a notary public, and shall be filed with the Secretary of the Treasury.

Upon the filing of such certificate with the Secretary of the Treasury as aforesaid, the said reserve bank so formed shall become a body corporate and as such,

Federal reserve board, and shall be known as directors "A," and 4 of whom shall be known as directors "B," and who shall be selected and appointed by the member banks as follows:

As soon as practicable after a reserve bank has been incorporated as above provided, the board shall notify the member banks in said iffederal reserve district to elect four directors within a certain date, to be named in the notification. Said board shall supply to each member bank a blank for the purpose of recording the vote of said member bank. Each member bank shall vote for four "B" directors upon the blank so forwarded, shall certify that they are the choice of the board of directors of said bank and forwarded to the board within the time which said board shall limit. Said board shall canvass the ballots so received from said member banks. The candidate for director receiving the largest number of votes shall be elected for four years; the candidate for director receiving the largest number of votes shall be elected for director receiving the third largest number of votes shall hold office for three years; the candidate for director receiving the third largest number of votes shall hold office for one year. During each subsequent year, the election shall be held in the same manner except that each bank shall vote for only one director unless in case of vacancies, when the number to be elected shall be certified by the board to each member bank, and in such cases a plurality vote shall elect.

No person shall be qualified to hold the office of director "A" or director "B" while he is an officer, director, stockholder, or employee of any other bank or of any trust company, and no person shall be appointed or elected director who is not at the time of his appointment or election an actual and bona fide resident of the Federal reserve board shall designate and appoint one of said directors "A" as chairman of the board of directors, who shall be known as "Federal reserve board of the board of directors, who shall be known as "Federa

predecessors.

Upon its own initiative, for cause, or upon written complaint under oath presented by 10 or more member banks charging any director of a reserve bank with incompetency, dishonesty, or other matter affecting his efficiency as a director, the board shall have the power, after hearing and proof and pursuant to a written notice specifying the grounds thereof, to remove such director. The accused director shall be allowed 30 days in which to make defense thereto. Pending the hearing the board may within its discretion suspend the accused director.

Mr. HITCHCOCK. Mr. President, there are in this amendment two important particulars in which the section differs from the provisions of the so-called Owen bill and from the provisions of the House bill. One involves the size and strength of the reserve banks. Certainly anyone who hopes that the new system we are about to create will fulfill its great functions of stabilizing the credits of the country, preventing bank disasters, regulating the rate of interest, and protecting the depositors of the country bases his hope largely upon the strength of the reserve banks which it is proposed to organize.

The section I have offered as an amendment, and which is indorsed by the section of the committee of which I am a member, provides that no reserve bank can be organized with a capital less than \$6,000,000, and that it shall not commence business until two-thirds of this capital is paid in, or \$4,000,000. The House bill provided that no reserve bank could be organized with a capital of less than \$5,000,000, all of which was required to be paid in before commencing operations. Senator Owen's draft of the bill provides that no reserve bank can commence operations with less than \$3,000,000 capital, but it provides that it may commence business with only \$500,000 paid in.

I notice that the Senator from Missouri [Mr. STONE] is about

to leave the Chamber. I hope he will return before I have progressed far, because I intend to make some comment upon a recent speech of his, and I should like to have him present at the time.

Mr. STONE. I will be back.

Mr. HITCHCOCK. No one can claim that a reserve bank with a paid-in capital of half a million dollars can be of any sort of material assistance to the individual banks of its district. It seems to me almost pathetic that the necessities of the case should have driven the other section of the committee not only to reduce the minimum capital of a reserve bank from \$5,000,000, as provided by the House bill, to \$3,000,000, but that they should have also felt compelled from the necessities of their position to provide that it could commence business with only half a million dollars of capital paid in.

We have in this country banks with a capital of \$25,000,000 and \$25,000,000 surplus. We have, in cities no larger than that in which I live, banks with a million dollars capital and half a million dollars surplus. We have a bank with \$500,000 cap-Ital and \$1,000,000 of surplus.

These individual banks are supposed not to be strong enough now to guarantee absolutely to the business world stability and We are proposing to put a prop under the present banking system. To attempt to do so with reserve banks of a capital of \$3,000,000, of which only \$500,000 has been paid in, seems to me to approach the ridiculous and makes it almost inevitable either that such reserve banks will utterly fail to serve their purpose or that they will be clamoring to the Federal board in Washington for currency for the weak districts and for the weak reserve banks when there is a plethora of money in other districts.

Either we need no reserve-bank system at all or we need a reserve-bank system strong enough to bear some resemblance to the reserve-bank systems of Europe.

Think of a reserve bank like the Bank of England with \$70,000,000 of capital and surplus, and the Bank of France with something like \$40,000,000 of capital and surplus, and the Reischbank with almost \$60,000,000 of capital and surplus, and then think of a poor little reserve bank out in one of the great sections of the United States with \$3,000,000 capital, starting in business with \$500,000 paid in.

It seems to me the very element of strength, which is perhaps the first thing to be considered, is absolutely lacking in such a proposal. I think the section of the committee to which I belong went to the very limit in permitting a bank to be authorized with so small a capital as \$6,000,000, of which \$4,000,000 should be paid in. I consented to it only because I knew that with only four regional banks there would be none organized

with a capital less than \$15,000,000.

That is one of the differences between the section I have offered

and the section whose place it is supposed to take.

Mr. SHAFROTH. Mr. President, if the Senator will yield, does he not recognize that the strength of these banks is going to be, not in the capital, but in the reserves which are required to be kept in them? Some Senators have advocated that there should be no capital at all required, that the mobilization of these mighty reserves, equaling \$400,000,000, would make a great bank, even if it did not have one dollar of capital stock.

Mr. HITCHCOCK. Every reserve bank system of the world has the reserves; and yet it would be a heresy, a phantasy of reckless banking, to suggest in any other civilized land in the world that you could organize a reserve bank without a capital. You could just as reasonably organize a private bank without a capital, and depend upon the deposits to furnish the money to loan to borrowers.

There are fly-by-night concerns which organize in the United States without capital, paper concerns, which assume to do business on wind and on hope but they have no place in the banking world, least of all in a reserve system which we are designing for the purpose of strengthening the banking system.

Our national banking act does not permit a bank to organize anywhere with less than a certain amount of capital; and when a town has reached a certain population it is not permitted that a bank of a small capital shall be organized. The capital is absolutely one of the great essentials in the banking business.

Mr. SHAFROTH. I am not contending that there should not be any capital. We have provided a capital for these banks of 6 per cent upon the surplus and capital of their member banks. On the question, however, as to whether or not these banks are going to be great banks, while it is desirable that they should have some capital, it is not an absolute necessity that they should have even any capital at all in order to be great banks, because of the reserves which they have in them.

Mr, HITCHCOCK. I am willing that the Senator from Colorado should go on record as saying that banking can be done without capital, and I do not care whether it is individual banking or reserve banking. The intelligence of the world will look with pity upon the idea of adding to the strength of a banking system by providing reserve banks either without capital or with an inadequate capital.

I shall not go over the minor differences involved in the amendment I present. I presume, from indications in the vote to-day, that the matter is foreclosed on most of the amendments I shall urge, and for that reason I am not disposed to take up unnecessary time. I wish, however, to draw attention to another important difference.

The amendment I have offered provides that-

Every Federal reserve bank shall be conducted, managed, and controlled by a board of nine directors, five of whom shall be appointed by the Federal reserve board and shall be known as directors A, and four of whom shall be known as directors B, and who shall be selected and appointed by the member banks as follows.

That raises the great issue, already discussed here to some extent, whether the reserve banks shall be controlled by the Government or controlled by the banking interests of the district. I believe that is a vital issue. I think to turn over to the private banking interests of the United States the control of the great public utilities we are creating is likely to prove the monumental blunder of this legislation. I am sure when the people of the United States come to understand the issue they will view with suspicion the plan by which Congress may turn over to the banking interests the control of the reserve banks, which are, in effect, Government institutions-public utilities for the safeguarding of the banking interests of the United States.

Although I do not talk so loudly as some Senators do, nor go to such extremes as some Senators go in denouncing the bankers of the United States, I believe it is a strange anomaly that some of the Senators who denounce the banks and the bankers of the United States with the greatest fierceness and with the most extreme language seem to be perfectly willing to turn over to them the administration of this great trust.

Take, for instance, the Senator from Missouri [Mr. Stone]. So far as his public utterances go, he seems to hold very strong views on the character and purposes of the bankers of the United So far as his public utterances go, he seems to distrust them. He seems to feel that they are in a conspiracy against the public weal. Let me read from a speech which he delivered on the floor of the Senate a few days ago.

On page 727 of the Congressional Record the Senator from Missouri [Mr. STONE] said:

Mr. President, I believe there are bankers in this country who are the enemies of the public welfare, at least indifferent to it, and who would sacrifice the industrial interests of the country if they deemed it necessary to promote their own selfish ends.

Yet the Senator from Missouri proposes to give to them six out of the nine directors in the reserve banks. There is an inconsistency there that can not be explained. If the Senator from Missouri believes those things which he stated on the floor of the Senate, how can he justify his act in voting against the proposition to give the Government the control of these regional banks and in favor of placing the control of the reserve banks in the hands of the bankers whom he so criticizes?

He proceeds:

I have no kind of doubt that in the past a few great banks have fomented policies and projects that have paralyzed the industrial energies of the country in the belief and expectation that in the end they would accomplish results that would sustain and perpetuate their tremendous power over the financial and business industries of the

Yet he proposes to turn over to them the control of each one of these reserve banks, giving them 6 out of 9 votes upon the board of directors. He has seen them enter into a conspiracy; he has seen them without any semblance of law hold the power in one banking center of the United States after another; and now he proposes to give to them the law under which to operate in the control of these organizations. He has seen them control clearing houses and crush out antagonistic banks; he has seen them enter into conspiracies to blacklist certain paper and to bankrupt certain men; yet he turns over to them the control of a majority of the board of directors in every one of these regional banks. The Senator proceeds:

I believe there is a combination, well established and long continued, between a number of the great central banks who, under our present monetary system, have in their hands and under their control a sufficient volume of the available money of the country to enable them with too great success to sit as arbiters on the financial policies of the Government and on the industrial enterprises of the people. What is the use of men here or elsewhere denying this patent truth or to offer explanations or apologies about it?

Yes; and if, Mr. President, they had been able to do those things under our present banking system, where they merely controlled the voluntary reserves of banks intrusted to their care, what will be their power when they control the reserves of banks placed with them under the dictates of a law in which they are given a majority of the board of directors? All their acts heretofore, all their combinations heretofore, will be legalized here. What they did without the semblance of law they may hereafter do under the provisions of this act with the full power of the law behind them.

He proceeds a little later in his address:

I have myself known of more than one occasion when bankers refused credit to men who opposed their political views and purposes. I have been told by men of high character and large business connections that they have asked credit of banks and were told that their credit could not be extended, no matter how ample the security, as long as they advocated certain political policies and sought to advance the success of a certain political party. Why, Mr. President, this is an old story, going, anyhow, as far back as 1896.

I know that as well as the Senator from Missouri. attempting in 1896 to publish in the city of Omaha a Democratic paper. I was practically summoned into a bank and given to understand that I must change my policies or have my credit withdrawn. Yet the bankers who so summoned me and so treated me were not inspired by personal hatred. They had I wonder, if the Senator from Nebraska could have his way in

been my friends. They had a motive which they thought justified them. They were alarmed. They thought that the success of Bryan in that campaign meant the ruin of the country. But I merely cite it to show that it is a dangerous thing to place in the hands of bankers the control of credit to be used either on political occasions or any other.

I know that the bankers have used their power at times without justification, and it is for that reason that I deny the wisdom of placing in their hands the control of a great utilitythe control of the reserve banks of the United States. has not done it. No country in the world, so far as I know, has done it. The Bank of England does not do it; the Bank of France does not do it; the Reichsbank, in Germany, does not do it. Here in the United States, where we should be more democratic than they are anywhere else, where our public utilities should be more free from private control than anywhere else, why do we elect to place these reserve banks at the very outset in the hands of men who may at least be tempted to use

that control for private purposes?

Mr. STONE. Mr. President, the Senator from Nebraska [Mr. HITCHCOCK], as I was leaving the Chamber for a moment, informed me that he was intending to make some remarks in which I might be interested, and I hastened back to hear what

it was he had to say. I would have come back in any event.

Mr. WEEKS. Will the Senator speak a little louder? It is difficult to hear him in this part of the Chamber.

Mr. STONE. Mr. President, I am not in a speaking mood. am suffering from grip and I am aching all over with cold. do not like to speak. I could not be induced to say a word except under the circumstances.

Mr. President, there are different kinds of bankers. I said in the speech from which the Senator has quoted, and I repeat it, that I believe that most of the bankers of this country, a very large majority, in fact, so large a majority that where I find the rule any different it is an exception to the rule, are honest men, and desire, like other honest men in all lines of legitimate industry, to discharge every duty of good citizenship; that they are in no way concerned, intentionally or designedly, in any movement or effort to do injury to the public welfare. But I think there are exceptions to that general rule, but I have stated what I have to say in the speech referred to by the Senator from Nebraska upon this subject. I do not feel that it is necessary now to repeat what I have already said in this behalf. The Senator from Nebraska concedes that in his own experience he was confronted with situations and under circumstances and conditions such as I referred to and condemned.

The Senator then asks why I would vote to turn over these regional banks to this class of men. I would not vote to turn over these banks to this particular class of men. It is possible that some such men may occasionally get on the directorate of a regional bank. I hope not; but it is possible. If this system is established, in each of these directorates there will be three bankers and three other men who are not bankers but who are identified actively in the commercial, agricultural, and other industrial interests of the country. Then, the central reserve board will have the power to appoint three others of these directors and also to exercise a supervising control over all of them, with a large power of removal.

I think, therefore, there will be little danger that Mr. Hepburn, Mr. Vanderlip, or Mr. Ailes, or men of that kind, will become potential or dangerous forces in any regional bank. If we have 8 or 10 of these regional banks established in well-arranged sections of the country, it is certain that the directorates in practically all of them will be in the hands of men who can be

The great bulk of bankers, I say, are like other men, sincere and honest and upright, and want to do things that are right, and I think that the personnel of these directorates will be, so far as bankers are concerned, in the main representative of the best class of bankers and business men. I do not think the criticism of the Senator from Nebraska is well taken. It is superficial.

Mr. President, I shall vote for this particular provision of the bill to which the Senator from Nebraska calls attention as it has been reported, and I will do so without any apprehension that the Vanderlips and the Aileses and men of that character

are going to control. It is a little remarkable, I will say in conclusion, that these gentlemen whom I have personated, and there are others of like kind I might personate with equal propriety, are opposed to this whole system. They have been down here fighting the bill; they are fighting it yet, and have invoked every agency and influence that can be rallied to defeat it. They want a great central bank. this behalf, what potential influence this class of men would in time come to exercise over the administration of a central bank. I can not but express, I will express, a feeling of astonishment that the Senator from Nebraska has found it consistent with his views to cooperate with the class of men I have seen proper to criticize.

Mr. REED. Mr. President, about half the trouble in this life arises from a confusion of terms. It so happens that there are such limitations to the English tongue it is difficult to express one idea without at the same time expressing another and a different idea. Nine-tenths of the dispute over the provision of the bill which the Senator from Nebraska has discussed, and to which I shall specifically refer, arise, in my opinion, from a confusion of terms.

The Senator from Nebraska [Mr. HITCHCOCK] states that under the bill as reported by the branch of the committee to which I belong a bank can be opened with only \$500,000 of capital, and he comments that a bank with \$500,000 of capital is a puny and insignificant thing in comparison with some of

the great banks of the country.

Mr. President, the provision of the bill is that no bank shall be organized with less capital stock than \$3,000,000, and that the bank may be opened for business when the first payment has been made, which, I think, may be as little as \$500,000. Hence, the Senator argues that the bank when it begins business will have resources of only \$500,000 and declares that such a bank is a weak and puerile thing. The same argument has been made repeatedly upon the floor of the Senate. I undertake to say that the argument is based upon a fallacy, as can be clearly demonstrated. The fallacy arises from confusing the word "reserves" in its relation to ordinary banks with the same word in its relation to the proposed reserve banks. It will take a few minutes to make that plain. The reserve bank will not only have \$3,000,000 of capital stock when it is organized, but it will have approximately 12 times that amount of money which we have in the debate called "reserves," simply because they come from the funds of member banks, which have hereto-fore been set aside as reserves. So a bank with \$3,000,000 of capital stock will have approximately \$39,000,000 in its vaults. Mr. HITCHCOCK. Mr. President-

The PRESIDING OFFICER (Mr. LEA in the chair). the Senator from Missouri yield to the Senator from Nebraska? Mr. REED. I wish the Senator would pardon me until I con-

clude this sentence.

We provide in this bill that a reserve bank shall have a capital of not less than \$3,000,000. By this provision we intend to say that the bank shall have \$3,000,000 of capital stock and an equal amount of money represented by that stock. The funds so raised constitute a part of the assets of the bank.

But we provide for other assets.

The present banking law requires each national bank to keep on hand in cash or on deposit with other banks a certain per cent of its general deposits, the amount varying from 15 per cent to 25 per cent. All these moneys we call reserve moneys. They are held as a part of the general funds of a bank and are subject to be used at any moment when depositors demand their These reserves, therefore, are nothing but a portion of the deposits retained in cash and subject to call.

When we came to frame this bill, following the beaten path, we provided that each bank should retain "reserves," and then we provided that a certain per cent of these reserves should be paid into the regional bank. Our expression would have been much more accurate if we had provided that a bank should keep in its vaults a certain per cent of its deposits in eash as its reserve, and that it should pay into the regional bank of the district an amount in cash equal to a certain other

per cent of its deposits.

But we did not do this. We speak of a transfer into the regional banks of a certain proportion of "the reserves" the regional banks of a certain proportion of "the reserves" the member bank is required to keep, using the old stereotyped phrase "reserves," although, as a matter of fact, the moneys paid into the regional banks by the member banks are impounded for an entirely different use than the moneys now held by banks as reserves. Nevertheless, because we have used the term "reserves," we unconsciously attach to the moneys paid into the reserve bank the same conditions we attach to the real reserves of an ordinary bank.

Mr. President, I assert that, instead of being of the nature and character of reserves, when these moneys get into the Federal reserve bank they become in fact to all intents and purposes primary capital of that bank. The better term would be to say they are a part of the actual resources of the bank.

Let us see what the distinction is between the reserves of an ordinary bank and the money which is to be turned over to a re-gional bank. In the ordinary bank the reserve is held back of

the ordinary deposits, and as the ordinary deposits are liable to be drawn at any minute, the demand for the reserve is a demand which may come at any minute. Hence the bank can not use it; the bank can not employ it; it is a mere temporary fund, which must be paid when called for. But when the same amount of money is paid over to a regional bank, it becomes practically a permanent fund. The member banks have simply taken a certain amount of money from their vaults and de-livered it into the vaults of the regional bank. It is not thereafter subject to withdrawal or recall by the member bank, except that when the general deposits of a member bank are reduced its deposits with the regional banks may be proportionately reduced. Taking the banks of the country altogether, there can not be any great fluctuation in the aggregate deposits. Consequently the fund held by the regional bank is, in fact, practically stationary in its character and amount.

The money that comes in in payment of capital stock and the money that comes in as a contribution of reserves can alike be loaned. The dollar of capital stock and the dollar of reserves perform exactly the same functions. The so-called "reserve" contributions can be made to serve every purpose that the capital represented by stock can be made to serve, even to the meeting of the liabilities and the expenses of the reserve bank. It can be used to create a gold reserve, and, based upon that gold reserve, the reserve bank can have issued to it Federal reserve notes. Therefore, when we organize a bank with \$3,000,000 of capital stock, to be paid for by the member banks, and also require the member banks to contribute a further sum of \$36,000,000 which we have wrongly called reserves, but which, in fact, the Federal reserve bank can use as primary capital for practically every purpose, we have given that bank substantially the same strength and the same power it would have if it had in its vaults \$39,000,000 directly obtained from the sale of capital

So when it is argued that because a bank only has \$3,000,000 of capital stock it has only \$3,000,000 of resources the argument is based upon this fallacy—that it omits from consideration the other resources that are to be placed with that bank, which can constantly be employed and used by it in the general transaction of the business for which it was created.

Therefore, if you compare one of the regional banks with the banks of other countries you must not only have regard for the capital stock of our banks, but for the so-called reserves, which are, in fact, capital, because they can not be taken away from the bank. I am speaking, of course, in the broad sense. Small amounts could be withdrawn, but approximately equal sums would at once flow in from other banks, and the general average would be maintained. So that we shall find that any one of the smaller banks that may exist under our system will compare favorably with the great banks of other countries.

'The Bank of England is the largest, having, in round numbers, a capital of \$225,000,000, but that is substantially its only financial resource which is not offset by a liability.

The Imperial Bank of Germany has a little over \$60,000,000 of

capital. When that is gone, the bank is gone.

Assuming, now, that we establish in this country a bank with \$6,000,000 of capital stock, along with that capital stock we lay down 12 times as much money, which we have been calling re-serves. This money immediately becomes a part of the bank's resources, so that the bank will actually have in the neighborhood of \$72,000,000 plus the capital stock of \$6,000,000. We now have a bank that has on hand \$78,000,000 which it can loan or use as a gold reserve, subject, of course, to the requirement that it shall keep a reserve of its own equal to 35 per cent. Such a bank is as well equipped as the Imperial Bank of Germany.

The Bank of France has a capital stock of about \$36,000,000. That is its resource; that is what it has to use. Of course, it has general deposits, but they are liable to be called any minute. It has a right of issue, but we have a right of issue to offset

that. Its real resources amount to about \$36,000,000.

Each of the banks to be established under this system will probably have resources, in the sense I have been using that word, as great as those of the Bank of France. So that our regional banks, which are capitalized, first, by a captial stock, and, second, by permanent resources, which for all practical purposes are not subject to withdrawal or recall, will stand in a position very different from what they would if their only resources were to come from the subscription of the capital stock. Indeed, Mr. President, the Senator from Nevada [Mr. New LANDS] is not at all wrong when he states that these reserve banks could be established and successfully run without the subscription of a single dollar of capital stock. Why? Because we are impounding in a permanent way the reserves of other banks.

Those reserves become the resources of this system. We take them and rediscount the paper of the member banks; we use them as a gold reserve, and upon them we issue currency. They are to all intents and purposes as available under this system as

primary capital contributed by stockholders.

I know that men can differentiate; I know that men may call attention to the fact that these moneys are, after all, the reserves of the member banks and hence are liable to be called; but before they can be called by a member bank that bank must have reduced its deposits to a point where it is entitled to call them or the bank must have gone into liquidation; and when the bank goes into liquidation the moneys which it has deposited with the reserve system are primarily held to answer the obligations of the reserve system.

In treating this system, therefore, and its capital, we should not confuse merely capital stock with that other form of capital which constitutes the resources of the system, but should treat it in the larger way. Candor must compel everyone to admit that we can not measure the strength of the banks of the system by the mere amount of their capital stock; we must measure them by the volume of those resources which they can at all times and under all circumstances absolutely command. In that light and in that view we are not creating a puny system. Whether we have 4 regional banks or 8 banks or 12 banks, each bank will nevertheless be a bank of respectable proportions and will possess respectable powers.

Mr. President, I believe if Senators will candidly take this view and study the provisions to which I have referred they will arrive at the same conclusion I have, which is that the reserves of member banks deposited with reserve banks take on the nature of permanent capital and permanent resources.

I do not say that there is no merit in the argument for a smaller number of reserve banks than we propose to create, but there is also a legitimate argument for the number we propose. We must balance one argument against the other. Speaking for myself, I shall vote to establish not less than 8 nor more than 12 banks, such being the provision reported by that branch of the committee to which I belong; yet I say in all candor that I do not believe that the success or failure of this bill depends upon the exact number of banks we may create.

It is a false argument to say, however, that 8 banks or 12 banks will be so weak that they can not perform the functions for which we create them. It is not a sound argument, and therefore we ought not to make it here upon the floor.

The thing at which all Senators ought to aim is to get at the very truth regarding the bill; to admit the virtues of an argument upon the other side, if any it has. We shall not get far toward the coordination of opinion if we pursue a different course. shall not pursue the path of wisdom with calmness and discretion if we lift our voices in plaintive wailings and declare that the passage of this bill will cause the Government of the United

States to fall as fell old Rome.

For the first time in my life I have heard assigned as the occasion for the fall of Rome the guaranty of bank deposits. I have often heard excited gentlemen upon the temperance platform declare to an equally excited audience that Rome was destroyed by the vice of drunkenness. I have heard others claim that the people became corrupt in their private lives, and thus Rome fell. I have heard it asserted that Rome became cruel, and hence her destruction. But not until the Senator from New York [Mr. Root] gave the world the information did any of us suspect that the real cause of Rome's destruction was the guaranty of bank deposits. That was a contribution modern states-manship made to ancient history. It ought to be laid up among the classics and preserved sacredly as an intellectual and historical curiosity.

It has been suggested to me by the Senator from Mississippi [Mr. WILLIAMS] that notwithstanding all our intellectual and historical meanderings, the real truth has even yet been overlooked-that the fact of the matter is Rome fell from the early introduction and excessive use of hobble skirts. [Laughter.]

Mr. President, why do gentlemen go into tragic declamation about this bill? They do not think it will destroy the Republic; they are simply talking. Why bottom an argument upon a false premise? Why not look at the bill calmly and dispassionately? Why not discuss the facts and discard the fanciful and grotesque?

The other day we listened to a remarkable argument, presented in masterful and convincing style. The orator [Mr. Root] pictured the horrible results of inflation. Of course, if we are to have unlimited inflation the results depicted would followleast many of them. The question remains, Is there anything upon which to bottom the inflation claim? Does this bill provide for unlimited inflation?

The most the learned Senator could say was that inflation was possible under it—not probable, but possible. In order to lift the possibility into probability, the Senator, in substance, declared the Secretary of State, Mr. Bryan, to be an inflationist, and that he will control the reserve board and dominate its policies. Accordingly the Senator argued from the assumed premises that we shall have unlimited inflation under this bill.

#### CAMPAIGN OF '96.

The orator took us back to 1896 and in fervid phrases discussed the "glorious victory" the advocates of sound money and honest government had then achieved. He told us of the patriotic legions that had stood and battled to save the country from an appalling calamity.

Mr. President, if there is one page of our country's history to which no stand-pat Republican ever ought to want to turn his eyes, it is the campaign of 1896. I wonder that any man dare use the word "honesty" when speaking of that "triumph." Why, sir, in 1896 there was a saturnalia of corruption such as never before disgraced the politics of this country. In 1896 you had a proud victory, did you? By what means did you achieve it?

I can understand how the soldier who upon the field of battle, in fair contest and by honorable means, overcomes his enemies may feel some sense of pride as he exhibits his wounds and recounts his deeds of valor, but I can not comprehend the individual who boasts an advantage gained by fraud, trickery,

deceit, oppression, bribery, and crime.

"In 1896"! Why, you have just heard the Senator from Nebraska tell how in that campaign coercion was attempted to be applied to him. If those who opposed us had the temerity to attempt to intimidate the proud-spirited, the talented, the independent man, running a great newspaper that had wide influence throughout the States of the Central West, if they dared thus hale him before the officers of the bank to be there told that his credit would stop if he continued to express his opinions as a citizen and a newspaper man, then, in Heaven's name, what kind of coercion, think you, was applied by these and other high priests of virtue to the poor and the humble, to the man who labored in the trench and back of whom stood the pale-faced wife and children dependent upon his weekly wage for bread?

Some things I saw myself. I saw men in my own city-and we have more, much more, independence in the West among our working classes than you find in the East, because their opportunities are better-I saw these men marched like soldiers under orders from their places of employment. I saw them mustered behind banners that were yellow as gold and that bore the legend, "Sound money and honest government." I saw them march by, thousands upon thousands; I heard from their lips muttered curses upon those who ordered them to sacrifice their manhood or to lose their jobs. I saw them go to the polls on election day wearing yellow badges. We all believed the election had gone overwhelmingly against the Democratic Party. We closed our campaign headquarters and gave up the fight; we conceded the defeat even of our local ticket. Then the votes were counted, and we discovered that these coerced and compelled men, who went to the polls wearing upon their breasts the yellow badge of their servitude and of their masters' dishonor, had, in the privacy of the election booth, where there was no eye to witness but their God's, voted the Democratic ticket. We won by a bigger majority than we had rolled up in 20 years. But our victory was local. In the Nation at large coercion and fraud won the fight.

You boast of the election of 1896! Shame upon all such boasters! You resorted to every form of coercion. You resorted to every species of corruption. The chairman of the Republican national committee in 1896 sent out his orders to levy tribute upon the special beneficiaries of your laws. He gave his commands in the brutal language; "Fry the fat out of the manufacturers." The fat which was to be fried out of the manufacturers had been first fried out of the bodies of the people of the United States.

To-day, and largely because of the infamous campaign you made, largely because of the brutal methods you employed, largely because of your corruption, largely because of your intimidation and bribery in the year 1896, we have upon the statute books a law which makes it a crime for corporations to permit "the fat to be fried out of them."

You won in 1896 by methods that are now recognized as violative of the statutes of this country, methods that always were in violation of the statutes of Almighty God.

You go back to 1896 and boast. Why, had I engaged in that iniquity I would close down the book and seal its leaves and

ask a kindly world to forget. I would try to solace my conscience with repentance rather than arouse it by boasting.

You won in 1896. Well, what has 1896 to do with this bill, anyway? Some Senator—I have forgotten whom—remarked when the speech of the Senator was being delivered that the only similarity between the campaign of 1896 and the present debate was that then the issue was over 16 to 1, while just now the issue is over the sixteenth section of the bill.

Mr. President, what are we trying to do by this bill? Are we trying to establish a banking system? No; not that. No; not trying to put coercion and compulsion upon the banks? that. Are we trying to make a forced contribution from the capital of the banks? No; not that. I will tell you what we are doing in this bill. We are trying to remedy the weaknesses, the defects, the evils, of an existing system—evils which are the results of some bad legislation and some bad banking.

The banks of this country always have loaned their customers' money down to the point where, when the slightest disturbance comes, they can not meet the customers' demands. Not once, but in a number of instances, almost all of the great banks have repudiated their obligations, have closed their doors, paralyzed industry, shut down manufactories, stopped business, and throttled progress. The fundamental reason back of these catastrophes was the desire of the banks to make money. This desire led them to loan their reserves down to the danger point

and then beyond that point.

Such being the facts, we could justly enact a law compelling the banks to keep within their own vaults a reserve sufficiently large to enable them at all times to meet the obligations they incur.

Instead of doing that, and because we do not want to injure the banks, because we want to help them and help the country, because we want to relax whatever hardship there is in the present conditions, we propose, first, to lessen the reserves they are required to keep by law, and, second, to impound those reserves in such places and under such regulations as will enable the banks to utilize the reserves in the time of need.

In addition to that, in this bill we do for the banks that which is done for no other class of our citizens. to issue to them money upon their assets and to back the money with the faith and credit of the people of the United States.

Finally, we propose to deposit with the reserve banks the moneys of the Government without any interest charge.

Mr. President, that is not waging war on capital. That is not an effort to abuse men who have money. That is an effort to give strength to our banking system, not weakness. It is a plan which primarily benefits the capitalists and only secondarily benefits the citizens of the country. The cry that we seek to degrade the currency or ruin credits is a false cry.

It is claimed that there is a possibility of inflation. Mr. President, I shall talk of this bill frankly. There is a possibility of inflation in the bill, but because there is a possibility of inflation in the bill no man has the right to assume that that inflation will necessarily follow. I do not quarrel with those men who desire to make this bill so that by the terms of the law a check shall be placed upon the volume of currency, but I do take issue with those men who are willing to denounce the bill as an inflation measure designed to inordinately swell the volume of currency, and as inevitably leading to a disastrous end. The possibility that something may happen is very different from the probability that it will occur.

Mr. President, the Senator from New York in his speech

assumed that, because there was a possibility that inflation might occur, it followed that it certainly would occur. All of which was very false reasoning. Then followed a picture of the horrors of inflation.

It is possible, sir, that a foreign soldiery may sometime invade our shores. It is possible that they may come with fire and sword, that blood will flow down the streets of this Capital. But because we are not able to forestall against that mere possibility we do not distrust or seek to supplant the Republic.

It is possible that our courts may become corrupt. He who assumes the possibility to have become a reality may rave and weep over a people deprived of their liberty and life by the decrees of tyrannical judges; but is there any likelihood the event will ever happen? Not, Mr. President, while the American people retain their manhood and their high sense of honor.

It is always possible for calamities to happen. It is possible, when we elect a President of the United States, making him Commander of the Army and Navy, that some time in the providence of God the man we have elevated may use his immense powers to oppress his countrymen, but because that possibility exists we were not warranted in refusing to elect a President.

Coming, then, to the possibility of inflation. If any man can suggest a plan that will make inflation impossible and that will not injure the bill, I shall be glad to see the plan brought

But let us look at the provision of the bill and see what must be done before there can be any inflation. The member banks, presided over by bankers, must determine that there is a need for money and must be willing to give security in order to obtain it. After the member banks have demanded the money, the regional bank directors, a majority of whom have been selected by the banks, must determine that the money should be advanced and must be willing to apply to the reserve agent for currency and to give security for it. So that before there can be a dollar of money issued two separate boards composed of or selected by bankers must have passed upon the question and concluded that the money is so necessary that they are willing to pledge their property to obtain it.

It is only after these bankers who are interested in sound money, in sound times, and in sound business methods-it is only after they have made their demands that a single dollar of this currency can be issued.

But other steps yet must be taken. The reserve agent must be satisfied that the security offered is good, and the reserve board must be convinced that the money ought to be issued.

If we ever have inflation under this bill, it will be primarily

caused by the bankers of this country, and by nobody else.

The Federal reserve board represents the country. It does not have the power to put out a single dollar of currency until it is applied for by two sets of bankers. It does not have the initial power of expansion.

#### DEFENSE OF MR. BRYAN.

Even if Mr. Bryan is all that is claimed by his enemies; even if he is an inflationist-and no man has any right to make that charge-even if he will stand back of the reserve board and control it-and no man has the right to make that chargeyet the fact, assuming it to be a fact, is immaterial, because that board can not put out a single dollar of money unless and until there shall have been a call by capitalists controlling banks, by sound-money men controlling banks, by wise men controlling banks, and their call must have been O. K.'d by a board of directors of another bank that is controlled or elected by bankers.

So if the shadow of Bryan be 10 times as dark, if his arm be 10 times as strong as they loom before the imagination of the distinguished Senator who first drew the name of the Secretary of State into this debate, yet the Secretary of State could not cause an expansion of the currency.

Unless the banks themselves want the expansion, unless the capitalists demand it, unless these wise bankers, who know everything about finance, who know just how every dollar in the world ought to be coined, and generally insist they ought to coin it—unless they cause the inflation there will be no inflation.

Mr. President, that fact being established, and no one dare gainsay it, the tremendous argument that we will have inflation on account of the supposedly sinister influence of Mr. Bryan, or Mr. Anybody Else, falls flat and should never have been made.

But, sir, I am so much opposed to inflation-and I use the term in its ugly sense—that I am willing to remove the naked possibility of inflation if a suggestion can be made which will remove it and yet leave the bill sufficiently generous to meet the purposes we have in view.

Mr. President, when any man stands on the floor of the Senate and announces that this is a scheme of the Secretary of State to inflate the currency, that he will control this board, and that we will have a wild period of speculation and inflation and a corresponding crash I am amazed.

And yet it is not hard to understand why the Secretary of State was dragged into this debate. When ambition beclouds the vision and its far-off voice is calling to higher and greater honors, men sometimes allow political fervor to overcome the sense of fairness and candor.

Mr. President, this bill is not a perfect measure. No bill that has to be wrought out by a compromise of opinions is a perfect There are good things in the bill introduced by the measure. Senator from Nebraska [Mr. HITCHCOCK], but this bill is a workable bill, and it is not a bill that is surcharged with de-

Mr. President, I do not think any man has the right to stand on the floor of the Senate, with full knowledge that this bill, or one very similar, will be enacted into a law, and undertake to alarm the country. I doubt the high sense of patriotism of that man who cries "Wolf! Wolf! Wolf!" when there is no wolf, who is willing to injure the multitude who may hearken to the false alarm.

Speaking for myself, I assert that in the discussion of this bill Senators ought to have regard for present conditions; they should remember that to-day a financial struggle is going on in Europe; they should remember that in this country there is a condition of doubt, uncertainty, hesitancy. It is unjust for any man to undertake to convince the country that this bill is intended to inflate the currency, intended to give an improper expansion to business, intended to finally push us over a precipice and destroy us. That is not its purpose; it is not its intent; it will not be its effect.

Its purpose is to strengthen business. Its purpose is to quiet the troubled waters. Its purpose is to instill life and energy into the channels of commerce and of trade. It is the duty of every Senator to try to add proper amendments, but it is wrong to try to alarm the country when there is no cause for alarm

Mr. President, the Senator discussed this bill, but he did not discuss his own amendment. In a word, his amendment proposes to empower the banks to issue the money. That is an old philosophy; it is an aucient theory. No man need quarrel with those who believe in it, but at this time it will not be accepted by the American people, and I think all Senators here know that to be the fact. Hence its advocacy merely tends to delay.

Speaking for myself, I am unalterably opposed to any system

which gives to private bankers the right to control the credits of this Nation. I am opposed to it because in its essence it violates that provision of the Constitution of the United States which confers upon the Federal Government the right to coin I believe the issuance of currency which must be redeemed in coin is covered by the spirit of the provision of the Constitution which makes the coining of money a governmental function. I believe that the power of issuing money, of control-ling its volume, of safeguarding it, is a power that belongs to the representatives of all the people, not a power which should

be vested in a few of the people.

Mr. LANE. Mr. President, I do not know of any reason why the pending amendment should not be adopted. It seems to place the management of these banks in the hands of the people. That is good Democratic doctrine. It is the only Democratic doctrine that I know of, and I see no reason why there should be any opposition to it. It seems to me to be unfortunate that it was not suggested by the majority party. When any Senator comes with a suggestion which is an actual improvement on the one which has been adopted, it also seems to me good party policy to accept it and to take the best we can get, no matter who offers it, even though it be presented by our most bitter enemy, and I am in favor of doing so at all times

Mr. OWEN. Before the Senator passes final judgment upon the matter, perhaps it might be well for him to hear the reasons which moved the committee in the matter. If it will not interrupt him, I will be glad to give them; but if it does, I will wait until it suits his convenience.

Mr. WEEKS. Mr. President, it is impossible to hear the conversation that is going on upon the other side of the Chamber. Mr. OWEN. I interrupted the Senator from Oregon to say that I should be glad to give him the reasons which justified the committee in their opinion and the conference in not agreeing to this proposal. There is a very sound reason, which I do

not believe the Senator has had presented to him.

Mr. LANE. I have heard a good many reasons advanced. There are a great many different paragraphs in the amendment under consideration, and mostly they are at variance the one with the other, and my mind is still open to conviction; but it will take a very good and logical reason to make me believe that the business of people directly should not be placed directly in their hands, if it can be done,

If you have one that will convince me to the contrary, I will listen to it. I might say, however, that I am prejudiced on the subject and perhaps the Senator will have a hard task.

Mr. OWEN. If the Senator will permit me, I will give the reasons which moved us in this matter,

Mr. LANE. All right; go ahead. Mr. OWEN. There are two conceptions which have been considered in regard to the banking and currency plan. One of them is the idea of a people's bank, with the stock owned by the people of the country, just as they may happen to subscribe, such as the Bank of France, where the bank known as the people's bank is in active, direct competition with the individual banks engaged in banking business in the country. It was necessary in the German Empire, where they only had a few large banks, which might easily fix a rate for the people of the German Empire unless there was some competition absolutely These only represent a few of the objections which come; assured. For that reason the Reichsbank went into active and but the real reason is that the proposed plan requires of the

direct competition with the other banks of the German Empire, dealing with the individual citizens. In the American system it has not been really proposed on the part of anybody, where we have these 25,000 individual banks competing with each other, and we have not thought to have a Government-controlled central bank, owned by the people and managed by the Government directly, in competition with the 25,000 individual banks. It might be necessary at some time in our history to do that, but the purpose of this bill is to enable these individual banks to be sufficiently independent that they might compete with each other in reality.

We are not proposing to establish a Government bank, but we are proposing to coordinate the reserves belonging to these individualized competing banks to enable them to be independent of a few great concerns that heretofore have exercised too large a measure of control over credits. So the plan of bank we propose contemplates the admission into the system of these member banks. If they did not come in, the system would,

of course, be a failure.

We had much discussion with the representatives of the various banks coming before our committee, and they insisted upon many things to which we would not agree. One of the most important matters which they urged was that they should have representation on the Federal reserve board. Another urgent insistence which they made was that it should be left voluntary with the banks whether or not they would put their reserves in the Federal reserve banks. They objected to the amount of the reserve; they objected to the question of exchanges; they objected to the savings-bank clause; and it was thought wise, in so far as governmental supervision and control was concerned, to accede to some of the suggestions of the banks which were expected to come into this system. I have received within the last few hours some telegrams bearing upon this matter which would indicate that the banks would not come into this system if we took from them a majority of the board of directors of the Federal reserve banks. On Saturday last, I remind the Senator, the Senator from Connecticut [Mr. McLean] put into the Record certain letters which he had received, showing that the banks were not inclined to enter this system:

As to myself-

This is from Meigs H. Whaples, of the Connecticut Trust & Safe Deposit Co., calling attention to the fact that the Connecticut Bankers' Association unanimously approved the Aldrich bill, which put all the power in the hands of the bank, He says:

As to myself, I believe that the Owen bill or the Glass bill, if passeld, will create a financial disturbance. And I doubt if there will not be a stampede of national institutions to take refuge under State charters. Our own commissioners, one of whom, as you know, is a Democrat and a Wilson man, told me that in this small State they had already had twenty-odd applications for forms for State charters from national banks, members of whom expressed the intention of surrendering their national charters if either of these bills became a law.

That evidence is given to us by one of the Senators opposed to this measure, and I have in my hand a telegram from Festus J. Wade, who represents the American Bankers' Association, and who is on their currency commission, who says:

ST. Louis, Mo., December 13, 1913.

Senator R. L. OWEN, Washington, D. C .:

If plan of Hitchcock committee to have directors in reserve banks confined exclusively to Government appointment should carry, I do not believe banks of Nation would go into plan. Provisions of bill as amended by your committee in that regard will meet universal approval and do more to bring National and State banks and trust companies in than any other provision of bill. Hope you will not waver in your present position.

I have a telegram from Granger A. Hollister, in which he says:

ROCHESTER, N. Y., December 13, 1913.

tor Owen, United States Senate, Washington, D. C.:

As chairman of the banking and currency committee, Rochester Chamber of Commerce, I beg to urge that the management of the regional banks be kept in control of the member banks, as proposed in the original bill.

I have a similar telegram from Albert P. Eastwood; I have a similar telegram from the Morgan Machine Co.; I have another telegram from J. C. Powers, vice president of the Fidelity Trust Co., of like purport; another from Mathews & Boucher, of like purport; and one from C. H. Babcock, president of the Lincoln National Bank, of like purport, all of these being from Rochester, N. Y.

These only represent a few of the objections which come;

national banks that they shall contribute four hundred and odd million dollars of their reserves into the keeping of this board of directors. We have safeguarded the board of directors in the most careful and painstaking way by putting upon the board of directors three Government representatives, who include the chairman of the board and the deputy chairman of the board, the chairman of the board being the Federal reserve

agent representing the United States.

The Senator from Ohio [Mr. Burton] complains that under such circumstances the banks would have no power whatever. I do not think that is really true, because, at least, they would have the power to safeguard their own funds; they at least would have the power to choose the officers of the bank; but they would not have the power to deal unjustly with member banks; they would not have the power to do anything that was discriminating or unfair; and since these banks are under the supervisory control of the Federal reserve board, since the Federal reserve board is exclusively composed of representatives of the United States Government, and since the Federal reserve board could remove from office every one of these directors of Federal Reserve banks, the Government has complete control over the management, although the Government trusts the banks to safeguard their own funds and to administer judiclously the affairs of these banks. That is the real situation.

There are 18,000 State banks which are not in the national-

bank system, and which we can not compel to come into the system. The reason for the existence of that large number of State banks as compared with 7,500 national banks is that the State banks are more attractive in some respects; they are allowed a larger latitude in some respects; and if now we put this imposition upon the national banks and allow them no other privilege than to come to see the Government bureaus manage their reserves, we have a just right to believe that the representations which are expressed in the telegrams I have just read are well founded, and that a very large number of the national banks will take out State charters and our attempt will fail to establish a great bankers' bank, which will restore the freedom of the little bank and give it an opportunity of transacting its business with safety under governmental supervision of the reserves of the Nation.

Mr. LANE. Mr. President, I can understand how it is that the national bankers would object if they thought they were going to be deprived of the control of the reserves. That is the business view of it. They always object. I do not quite see, however, how a minority stockholder is going to control the business of a concern. I was a minority stockholder at one time in a corporation, and I know what that cost me, and I know

about what influence a minority stockholder has.

I did not know that there was so much complaint from the bankers in relation to this measure. I do know that I have personally talked to two, one of whom said that they would be able to accommodate their business to this new system, and one of them expressed his satisfaction with the bill. I do not know a large number of national bankers. I do know the fundamental fact, however, that the management of the business of the people should be under their control; it is intrusted to us, as their agents, and I see no reason why we should delegate that power to a coterie of national bankers and take it away from the people, where it by right belongs. I think that to do so is an error; I think that is an organic weakness in this

I do not believe that a measure founded on a basis of that kind can succeed to the extent that would a measure founded on a proper basis. I am firm in that belief. I believe the people are better able to govern their affairs than is some one who is delegated to the task. I believe they will not wittingly do wrong to themselves, whereas it might be to the interest of some appointee put over them to do them wrong. No doubt all the national banks which enter the system under the terms of the bill would enter it with benevolent intentions, but their own interest is a selfish one, which might lead them to lose sight of the interests of others. It would be but a very human failing. I do not like to see the interests of the people in a measure so important as the one now before us pushed to one side and this great power given into the hands of that particular interest which has used it in the past for profit and not for the benefit of the people.

I have heard a number of different opinions here from all sides. It sort of reminds me of the philosophy of Omar the tent-

maker:

Myself when young did eagerly frequent Doctor and saint, and heard great argument About it and about; but evermore Came out by the same door wherein I went.

The distinguished Senator from New York [Mr. Root] made an eloquent and forcible speech here the other day, and since wherein all the great natural resources of the country, or nearly

then, on the strength of it, I believe has been nominated for the Presidency of the United States. In that speech he in-dorsed the present existing system. A few days before that I heard a speech by the distinguished Senator from Massachusetts [Mr. Weeks], in which, as nearly as I could make out for a good deal of distracting talk goes on at one's elbow all the time-he proved by mathematical demonstration beyond dispute that the panic of 1907 was due to the fact that the banks in New York were loaning more money than they ever did before and at a lower rate of interest; so that it was seemingly a surplus of money which brought on the panic. [Laughter.

The Senator from New York finds the present conditions to be admirable. We all know what the conditions of the last few years have been. The Senator from New York fears calamity and dislikes to enter upon a change which may bring about inflation and the utter ruin of this country. I suppose that from the earliest dawn of time down to this day there never was a change proposed, either for the better or for the

worse, but that some good soul had-

More pangs and fears than wars or women have-

over what was going to happen if the change took place. There has always been the contest between the men who wanted to go ahead and those who did not. Without change there would have been no advance; without change brought about by some one who was dissatisfied we would still be savages, cannibals perhaps, and eating one another, and perhaps that would be the most merciful way in which we could get away with one another. [Laughter.] It would probably be less cruel and better than the present system and more useful to the world. There is always the contest, then, between the man who dreads what is going to happen if a change is made and the other man who wishes to go ahead.

Jubal sang of the wrath of God
And the curse of thistle and thorn,
But Tubal got him a pointed rod
And scrabbled the earth for corn. And scrabbled the earth for corn.

Jubal sang of the cliffs that bar
And the peaks that none may crown;
But Tubai clambered by jut and scar,
And there he builded a town.

New, new as the nine point two,
Older than Lamech's slain;
Wherever they be they can never agree—
Jubal and Tubal Cain.

What are the present conditions, which seem to appeal to my distinguished friend from New York, the conditions of to-day and those of the last 25 years?

I picked up the Washington Herald as I came down town this morning, and I read an article which is symbolic of many of them. It is headed:

Federal-owned plant is urged. "Armor ring" wants United States at mercy in time of war.

Then follows a statement which seems to have originated with Representative Tavenner, of the House of Representatives. The article says, for instance:

The article says, for instance:

Why is the War Department paying private manufacturers \$17.50 for a 3.8-inch shrapnel when it can, and is, manufacturing the identical article in its own arsenals for \$7.94?

Linger for a moment over these figures, Mr. Reader; it is your money that is being spent here. Seventeen dollars and fifty cents is more than twice \$7.94. The Government can manufacture two shrapnels for the price it is paying the ammunition ring for one and have \$1.62 remaining on each transaction.

Gen. William Crozier, Chief of Ordnance, testified before House committees that the Government can save 35 per cent by manufacturing its own artillery ammunition, and 25 per cent on artillery equipment. The program of the War Department calls for \$20,000,000 worth of ammunition, \$6,000,000 worth this year and \$14,000,000 in succeeding years, and \$11,000,000 worth of artillery equipment.

Were a business man in Uncle Sam's place would be give a large portion of this \$31,000,000 order to private manufacturers, or would be enlarge his own plants and save from 20 to 50 per cent on that portion of the order be would thus be able to take care of himself?

The solution of the problem is for Congress to provide in all bills appropriating money for munitions of war that the work be done in the Government arsenals and navy yards.

There is a statement here to the effect that these benevolent gentlemen who, under existing conditions referred to by Senator Root, have secured control of the manufacture of shrapnelwhatever they may be-and armor and other things, and have discriminated and did discriminate against this Govrenment in favor of the Russian Government on the price of armor plate, and so forth. It is indicative of a general condition which exists throughout this country, and it is one of the present conditions which are pointed to with pride as exhibiting the great advance of this Nation and the wonderful civilization to which we have attained and which we should be careful, very careful, not to disturb.

We have at the present time a state of affairs in this Nation

all of them, have gone by unfair methods into the hands of a few people—billions of dollars' worth; more natural resources than any other nation ever possessed in the history of the world-and the children of the people of this country barred from all opportunity of ever securing possession of any of them. This is one of the present conditions which I wish to see changed. It is one of the present conditions which I have hoped, or did hope, this bill might in a way be the entering wedge to separate us from.

We have had and do have combinations of a few whereby prices were fixed, and are now fixed, all over the United States to the producer, and then the same combination, on the other hand, fixes a determinate and an unalterable price which the people must pay for the same article or the products thereof, stifling the opportunity of the farmer and the farmer's children, on the one hand, and reaching greedy and unclean hands into the cupboard and taking the crust of bread from hungry children, on the other. Under the present conditions in this country which have grown up accompanying our financial system, false values are placed upon the stocks of public utilities, through which those who control them wring and wrest from the people who must use them as a necessity of life ten dollars for every one dollar of actual value returned to them.

I think it was along about June, about the time our friends on the other side were talking about the great calamity which would overcome the country in the event the tariff bill was passed and calling attention to the fact that factories at that time were beginning to shut down that the report was printed in one of the papers here that a certain single great corporation had just paid a dividend of \$1,000,000 a day profit for 120 consecutive days-\$120,000,000 profit on a concern one-half of whose stock consisted of water; \$120,000,000 in three months, the half of which, or \$60,000,000, was wrung by the meanest species of theft out of the people of this country. At the same time there were, and there are to-day, children working in the great factories, in the cotton mills North and South, children black and white, who work for less than enough to buy them food and clothing, for a mere pittance, wasting their little lives, shriveling up their physical beings, until when they reach the age of maturity they will be of the unfit and will reproduce the defective ones and the criminals of the future; and then, in the face of this, there was this one fatted corporation raking down a million dollars a day of profit, the half of which was practically stolen money.

Yes; it would be a great pity, almost a shame, to do anything

to disturb such a wonderful condition of affairs as this.

At the time they declared their dividend there were farmers who had their crops from the year before left on their hands and rotting in the ground and on the ground for the reason that

they were unable to reach a market with them.

Money which was carefully saved and set aside to the extent of millions upon millions of dollars by people who desired to lay aside something for the benefit of their loved ones after they died-insurance money-placed as sacred trust funds in the hands of great capitalists, these wonderful captains of finance, if you please, was turned against those who had deposited it in trust, to make conditions of life harder for them, and to maniputhe stock markets and to secure possession of public utilities and to squeeze out even more money from the people until the matter became a national scandal.

These are some of the antics which can be played with money and the finances of the country when they are intrusted to the hands of a few with the power to use them as they wish for their own personal benefit at the expense of the many.

Some statistician claims that under the present beneficent system of carrying on business in this country in the course of 25 years 90 per cent of all business enterprises fail inevitably. Ninety per cent are failures, despite every effort and the hardest kind of toil upon the part of those who inaugurate them, and the most careful supervision which they are able to give to them. It is not a good condition where 90 per cent of all men must of necessity fail.

It seems to me it would be a good country, or rather a much better one, a fairly good government, wherein the affairs of the people were placed upon a basis by which 90 per cent of them could succeed.

The Senator from New York said truly that gold goes to the country where it can purchase most. It always will, and it always has. Some one who has written upon the subject says that the portion of the specie which disappears and can not be accounted for afterwards, which returns no more into circulation, has been proved after careful investigation of the subject to have gone into and disappeared in India, and never comes out of that country, and that there are greater hoards of gold in India in the private hands of the ruling class in that than of them, and I wish to say a word on that subject.

in any other country in the world. Yet that country is upon a silver basis, and the rate of wages is about \$3 a month. Buckle, in his introduction to the "History of Civilization," says that in 2,000 years of the history of that country, under the caste system which exists there, there were thousands upon thousands and hundreds of thousands of people who never at one time in that period ever had enough to eat, who lived entirely upon the broken damaged rice, and the flour from it, and had never been able to eat the whole grain of rice. They were so put to it with distress and poverty that each and every year they had to sell even their seed rice, and live upon the offal; and one of the causes of their poverty was the extortionate rate of interest which they have to pay for money to buy their seed to put in their crops each and every year.

That is the condition in a country which gathers the surplus of gold. The collection of gold and the hoarding of it has had nothing whatever to do with the matter. I hoped to hear the Senator make mention of that fact but he did not do so.

In that country, barring the Sepoy rebellion, there has not been a rebellion in 2,000 years. Every 10 to 20 years, however, a famine comes and kills off hundreds of thousands of those unfortunate people. That is no evidence of prosperity. It is no evidence of the prosperity of a people to set forth as an example a country which gathers gold.

It was pointed out by the Senator that England had a good system of financial management of its currency, a good system in which banking was safe, and that the affairs of that country were well handled in that respect-England, with an increasing rate of pauperism which is greater than that of any other nation in Europe! England, which stands shivering in terror at the thought of an invasion on the part of Germany, with the physical measurements of her soldiers decreasing year by A great and successful banking system, then, to which the Senator who is chairman of the committee that submitted this report and the Senator from New York points with pride, brings no prosperity to the people of England. They are the most unhappy of people, where women—full-grown women—with children work for \$2 a week! The adoption of their financial system will not help this country.

The trouble with England, and the trouble with India, is that the people are kept from free access to their governmental They are kept from having equal access to their circulating medium, and to the natural resources of the country, and to its soil.

In India, so closely are the people driven that they give mortgages on the unborn calf. In England the lands are taken up in large landed estates, and any person who travels through England will see more lands uncultivated in proportion to the size of the country, more unimproved and untilled farm lands, used merely as sheep runs, than he will find in any farming section of this country.

The people of this country have had opportunities in the past, but now they are being forced aside. The coal is gone. The timber is gone. No more can you go out and secure a homestead. The oil is under the domination of a few. powers are being taken up. The opportunities for young men are becoming scarcer day by day and year by year. The condition here will soon be what it is in European countries. form of bill affecting the circulating medium of the country will do its duty if it does not allow the people, each and every one, to have full and free and an equal access to it.

There is in this bill a giving over of the entire management into the hands of the national bankers. It adopts the national bank system, which always was a special privilege. A set of men, five or more, who raised \$100,000, let us say, could go to the National Government with it and secure \$100,000 worth of bands which raised \$100,000. bonds which paid 2 per cent, less half a cent for some Federal tax, leaving 1½ per cent clear; and then the Government gave them the privilege of issuing a dollar's worth of currency, the full equivalent of the amount of gold which they placed on deposit, and a handier circulating medium than gold. The citizen could not secure that right. That was a special grant and a special privilege, and it grew into an evil. It is those people, the representatives of a special privilege, who are now in this bill receiving the right to say how the financial affairs of the country shall be managed. I deny their right to do so. I do not believe they should be granted any such privilege if it is to be refused to the humblest citizen.

The Senator from Oklahoma [Mr. Owen] this morning, in taking to task my friend, the Senator from Nebraska [Mr. Hitchcock], for his sins of omission and commission, went off to one side and said something unpleasant about other Demobonds which paid 2 per cent, less half a cent for some Federal

to one side and said something unpleasant about other Demo-cratic Senators who did not go into the conference. I was one

did not go into the conference, not for the reason that I did not like the Senators who did go into it, not that I would not go far to please them, but because I felt that the business of the people should be done openly and freely and not behind closed doors. It is not that I think there was anything wrong done there; yet I believe a better measure, a measure more nearly conforming to the desires of the people, can be made in the open, where each man is held responsible for what he says and where the people know what he says and where to find him, than can be accomplished where the people are not allowed to hear what is said or know what is being done.

If you please, by what right do the agents of the people re-fuse unto the people full and free access to their affairs? What right has the agent to shut the door on the owner and say, "We will exclude you"? It is a public-be-damned sort of a proposition, which I do not like. If I had an agent working for me, carrying on my affairs, and he locked the door and shut me out on the implied assumption that I was a fool, while he carried on my affairs to suit himself, just as soon as he unlocked that door and got out from behind it he would lose his job. I would be so infernally mad about it I do not know what I might

or might not do to him.

I do not want to say anything discourteous, and I do not mean to cast any reflection, but I think it would be a lot better for the people of this country, and their affairs would be managed more nearly in their interest, if we did away with the caucus and came out and discussed their business in the open. In a question of party policy perhaps the caucus would be necessary and useful. I will not say a number of things I had put down on my notes to say, for I might have to apologize

for them. [Laughter.]

There seems to be a good deal of worry about the gold I was looking over the Treasury report a day or two As far as the balance of the gold is concerned, I find that there is in the country \$633,000,000. That is \$6.33, if you please, for each man, woman, and child in the United States per capita, and 100 men, I am told, hold nine-tenths of that. That leaves about 63 cents for the rest of them. It would not buy eggs for breakfast. [Laughter.] There is not enough gold in the hands of the people, the plain common people of the country, to buy eggs for breakfast for two days. There is no use to worry about that amount of money. There is not enough gold in the hands of the people to fill all their decayed teeth. [Laughter.] There is not enough gold in the

Give him free opportunity to get what he can earn day by day and free access to it and he will get along all right. This bill places great power in the hands of a few. The farmer, anybody, any citizen of the United States who can establish the fact that he is a citizen, should have the same right here granted to the national banks to present his dollar and receive a dollar bond, if you please, drawing 2 per cent interest, and be permitted to issue a dollar of currency, if this method establishing an elastic

currency is founded on any basis of justice. You will not have gold in circulation nor can you get it in

circulation by such legislation as this.

The people do not need any self-appointed guardian to take charge of their currency or the circulating medium. Make your law plain and simple, and put it freely in the hands of the people, where they can adapt it to their needs, and there will be no inflation or further trouble. No man in the world is fool enough to do a thing which is going to harm himself. He will not do it intentionally. He may make a mistake and hurt himself, but if he does he will correct it as soon as he can. can trust the people.

I am going to close by saying, in a general way, that in so far as this bill is concerned I believe it will be an improvement over the bad condition of affairs which now exists. But it is

merely an improvement; it is but a step forward. It is a step in advance, but it is a limping one. I hope it

will lead us unto something better.

The Senator from Oklahoma can talk here from now until

the time expires next Saturday night.

Mr. WORKS. Mr. President, I gave notice this morning that I would submit some remarks on the pending legislation at 8 o'clock this evening, but I have no desire to delay a vote upon any of these amendments or upon the bill itself, and as there is an amendment pending now to which my remarks will apply to some extent, with the permission of the Senate, I will say what I have to say at the present time.

Mr. President, I know but little about practical banking and currency, and that only theoretically and from observation. I shall avoid any attempt to deal with the technical features of the bill. I should like, rather, to take a common-sense view of the evil to be remedied and the sufficiency or insufficiency of the proposed legislation to give the needed relief. I am not at all satisfied with either the Owen or the Hitchcock bill, and the

House bill is out of the question. I am strongly in favor of one central Government-controlled bank. The Hitchcock bill comes nearer to this than the other, and, principally for that reason, is less objectionable than the Owen bill, from my point of view. Therefore I shall address myself to what seem to me

to be the defects—the iniquities of the latter.

Mr. President, the avowed object of this proposed legislation is to relieve and protect the people from the evils and oppression of the present banking system, and, to this end, to limit and restrain the money power of the country operating through that system. I am not one of those who believe bankers to be worse. less honest, or less patriotic than men engaged in other lines of business. But they are in the banking business for profit and gain. Banks are not charitable or benevolent institutions. They are not even organized or operated primarily for the public good or convenience. They are operated in the interest of the people only to attract trade and make money for their stockholders. If they can serve their private interests best at the time and without permanent loss to themselves by so doing, they forsake the people and look wholly to their own interests. While they are not dishonest or unpatriotic, they are the most cold-blooded and merciless of all classes of reputable business men in their business transactions. They form their local clearing houses in every city of any size and make them the medium of combinations and, sometimes, conspiracies against the public interests, and thereby produce business stringency, fear, and finally a panic nation wide. There is no more cowardly man of business than the banker.

The fear of a "run" on his bank is always before him.

the first indication of a depression in business or a stringency in the money market, he begins to refuse loans, draws in the loans his bank has already made, and shuts up in the vaults of his bank the money collected. Thus he contracts the money in circulation, adds to the existing alarm over conditions, and brings on the panic it should be his business to prevent. He fails to of the pame it should be his business to prevent. He fails to help people when they need it most. The banks are the feeders of the great trusts that Congress is trying so hard and so inef-fectually to curb, control, and regulate. They invest the money of their depositors in the powerful combinations they serve and deny credit to competing men or corporations, thus establishing and maintaining the monopoly that is so inimical to the public By this misuse, often criminal misuse, of their power, they build up and maintain great combinations of wealth, and bankrupt and destroy lawful and legitimate competitors. Whatever good may come from our banking system, I have mentioned

a few of the evils it fosters and maintains.

Mr. President, any effort at legislation affecting banking and currency should have for its object the destruction of at least some of the evils existing under the present system. thing that would be effective, above all others, would be to deprive banks and bankers of the power to combine against the public interests and serve big business, as against the people, by bringing them under governmental control. Any effort to control the greed of the trusts and render the overwhelming influence of the money power the guardian and not the enemy of the interests of the masses of the people, must deal with the banks as among the chief offenders. Without it, any effort to control the great trusts and combinations will be just as fruit-

less in the future as it has been in the past.

So, Mr. President, in the study of this bill, that has been agreed upon by the Democratic caucus, I have tried to find to what extent, if at all, it meets this prime requirement. I am anxious to aid in the enactment of any law that will be effective to remedy wholly, or in part, these crying evils of the existing banking system. This investigation of the merits of the proposed legislation has brought sore disappointment. Instead of taking away any part of the vast power for evil, now resting in the banks, it increases that power. It places in the hands of the banks one more powerful instrument of oppression and one that is no better guarded than the present national banks. The regional banks provided for are in no sense Government institutions. They are private banks owned and controlled, not by individuals, as in case of national banks, but by the banking corporations already in existence and which we are assuming to control in the public interest. The bill, to use plain language, is, when we consider its objects and purposes, a sham and a delusion. It affords no protection to the public interests, but adds to the power of the banks. It assumes to control the banks it creates through the Federal reserve board. That board will have just about as much control over the practical daily business of the regional banks as the man in the moon.

Now, sir, let us look for a moment at the scheme provided for in the so-called Owen bill, but really the bill of the secret cau-

cus of the Democratic Party.

To begin with, it provides for bankers' banks, not people's banks or Government banks. It has been so stated, in broad terms, and correctly stated, by the Senator from Colorado [Mr. SHAFROTH]. He takes us into his confidence and that of the secret caucus and says you could not form any other kind of bank, because the banks and bankers would not support it. That does not sound quite good, does it? Have we come to the point in the history of this country that we can not form a bank without the consent of existing banks or maintain it without turning it over to them? That is the essence of the declaration of the Senator from Colorado.

The bill is founded on that understanding and belief. Senators do not, in my judgment, believe in the establishment of any such banks. The bill is an unfortunate compromise, founded in part on a mistaken declaration in the last Democratic national platform. If Senators were free to follow their own convictions, and would do so, I am persuaded that a large majority of them would stand for a central bank owned and financed by the people and managed and controlled by their Government. But let us see whether the regional banks provided for in the bill are bankers' banks or not. It provides, in the first instance, that national and other eligible banks shall have the first right to subscribe for the stock of the new banks, and they are required, by the terms of the bill, to subscribe for an amount of the stock equal to 6 per cent of their paid-up capital stock and surplus. suppose it is expected that this will take up all of the stock. No one can doubt that it will take up a majority of it and give the banks complete control. But it can make but little difference whether they acquire a majority of the stock or not, for the bill is scrupulously careful to give the banks control in any event, for the private individuals who may acquire any part of the stock are denied the right to vote, except by voting trustees who are directors of the banks. To insure continued control by the banks it is provided that shares of stock owned by member banks shall not be transferable or hypothecable. The directors of the banks are chosen by electors selected by the banks, and other holders of stock, even if they own a majority of the stock, are not allowed to vote or participate directly in the election of the directors who are to conduct the business of the banks. Does that look like legislating in the interest of the people? Did some one say this bill is objectionable because it forces the banks to take the stock? Does anyone really believe the banks will need either coercion or persuasion to induce them to subscribe for the stock?

Has anyone heard of any bank or bankers opposing the bill in its present form? If anyone has, he does not know how good our Democratic friends have been to him or how they have deferred to his wishes. You may feel perfectly sure that banks will be eager to take over and manage these banks for the bankers' good. The bill does not extend to the people the right to subscribe for any part of the stock, even under the unfavorable conditions I have mentioned. It only provides that-

should the subscriptions by banks \* \* \* be, in the judgment of the organization committee, insufficient to provide the amount of capital required therefor, then, and in that event, the said organization committee may, under conditions and regulations to be prescribed by it, offer to public subscription, at par, such an amount of stock \* \* \* as said committee shall determine.

What a magnanimous concession to the people! They may become stockholders when the organization committee accords them the privilege, and on such terms and conditions as that committee shall impose, and on the condition that they shall not participate in the management and control of the bank, but subject themselves to the complete control and domination of the member banks. Great privilege that, is it not, especially when by the terms of the bill they are made—

individually responsible, equally and ratably tracts, debts, and engagements of such banks. \* \* \* for all con-

The exact provision of the bill relating to the right of stockholders to vote is as follows:

Stock not held by member banks shall not be entitled to voting power in the hands of its holders, but the voting power thereon shall be vested in and be exercised solely by the class C directors of the Federal reserve bank in which said stock may be held, and who shall be designated as "voting trustees." The voting power on said public stock shall be limited to one vote for each \$15,000 par value thereof, fractional amounts not to be considered. The voting trustees shall exercise the same powers as member banks in voting for class A and class B directors.

There may be some comfort to the private stockholders in the fact that class C of the board of directors is made their voting trustees, and that the members of that class are appointed by the reserve board. But that would seem to be small con-solution when it is considered that at least two out of the three class C members must by the terms of the bill be bankers of "tested experience," and who would naturally sympathize and act with the member banks as against private stockholders.

It is quite evident that the regional banks are intended and expected to be money makers and not mere protectors of the public welfare against the money powers. The bill provides:

After all necessary expenses of a Federal reserve bank have been paid or provided for the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. One-half of the net earnings, after the aforesaid dividend claims have been fully met, shall be paid into a surplus fund until such fund shall amount to 40 per cent of the paid-in capital stock of such bank, and of the remaining one-half 50 per cent shall be paid to the United States as a franchise tax and 50 per cent shall be paid to the United States as a trustee for the benefit of depositors in falled national banks, the money to be kept in and losses from failures to be paid from it as a depositors' insurance fund under a division of the Treasury to be constituted and managed under such regulations as may be prescribed by the Secretary of the Treasury.

Six per cent to stockholders, to begin with, shows that beneficence is subordinated to profits. But it is understood that this new system of money-making will, over and above this liberal dividend to stockholders, create a fund of 40 per cent of the paid-in capital stock and leave a handsome balance to the Government as a franchise tax and a depositor's insurance fund.

Talk about trusts and combinations inimical to the public This bill lays the foundation for one of the greatest welfare! trusts this country has ever known. It provides for the accumulation of millions of dollars in the hands and under the control of the banks of the country, without any efficient or adequate control over the use of this vast sum of money. I say without adequate control. What control over these new banks is given by the bill? Is it any greater or more efficient than the control the Government now has over the national banks the control the Government how has over the national banks existing under the present banking system through the Treasury Department? No; it is no better. In my judgment, it will not be as good or effective. The bill, after vesting complete and plenary power in the member banks to the exclusion of the Government and private stockholders, provides for a Federal reserve board consisting of seven members, including the Secretary of the Treasury, to be appointed by the President.

The powers of the board are specifically defined as follows:

tary of the Treasury, to be appointed by the President.

The powers of the board are specifically defined as follows:

(a) To examine at its discretion the accounts, books, and affairs of each Federal reserve bank and of each member bank and to require such statements and reports as it may deem necessary. The said board shall publish once each week a statement showing the condition of each Federal reserve banks and a consolidated statement for all Federal reserve banks. Such statements shall show in detail the assets and liabilities of the Federal reserve banks, single and combined, and shall furnish full information regarding the character of the money held as reserve, and the amount, nature, and maturities of the paper and other investments owned or held by Federal reserve banks.

(b) To permit or require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed each week or oftener by the Federal reserve board.

(c) To suspend for a period not exceeding 30 days, and from time to time to renew such suspension for periods not exceeding 15 days, any reserve requirement specified in this act: Provided, That it shall establish a graduated tax upon the amounts by which the reserve requirements of this act may be permitted to fall below the level hereinafter specified, such tax to be uniform in its application to all Federal reserve banks and to member banks required to keep the same reserves.

(d) To supervise and regulate through the bureau under the charge of the Comptroller of the Currency the issue and retirement of Federal reserve notes, and to prescribe rules and regulations under which such notes may be delivered by the comptroller to the Federal reserve agents applying therefor.

(e) To add to the number of cities classified as reserve and central reserve banks, the cause of such removal to be forthwith communicated in writing by the Federal reserve banks in central reserve banks, the cause of such removal to be forthwith communicated in writin

suspension.

(i) To require bonds of Federal reserve agents, perform the duties, functions, or services specified or implied in this act, and to make all rules and regulations necessary to enable said board effectively to perform the same.

perform the same.

(i) To exercise general supervision over said Federal reserve banks.

(k) To authorize member banks to use, as reserves, Federal reserve notes, or bank notes based on United States bonds, to the extent that said board may find necessary.

(i) To grant by special permit to national banks applying therefor, when not in contravention of State law, the right to act as trustee, executor, administrator, or registrar of stocks and bonds under such rules and regulations as the said board may prescribe.

A Federal advisory council is also provided for. This council is selected by the Federal reserve banks, controlled by the mem-The powers and duties of the Advisory Council are ber banks. thus defined:

The Federal advisory council shall have power, by itself or through its officers, (1) to confer directly with the Federal reserve board on general business conditions; (2) to make oral or written representations concerning matters within the jurisdiction of said board; (3) to call for information and to make recommendations in regard to discount rates, rediscount business, note issues, reserve conditions in the various dis-

tricts, the purchase and sale of gold or securities by reserve banks, open-market operations by said banks, and the general affairs of the open-market operations reserve banking system.

The powers of both the reserve board and the advisory council are, as will be seen, quite general in their scope and have but little to do with the practical, everyday business and operation of the reserve banks except the one giving the reserve board general supervision over the banks. These powers are in no sense more specific in any material respect or more effective than the supervision and control given now to the Secretary of the Treasury and Comptroller of the Currency over national banks. The extension of the powers of the Treasury Department over the reserve banks would have been just as effective, and probably more so, because it would be direct governmental control, which is much to be preferred and would be far less expensive. board is made up, in its active and executive forces, of bankers who are only bound to resign as officers of banks and surrender their stock to render them eligible to membership on the board.

Mr. President, we are proposing by this bill to establish a new and additional banking system, to be controlled absolutely by the banks organized under the old system. It will cost millions of dollars every year in additional high salaries, that, in the end, in one way or another, the people must pay. If this additional tax on the business of the country could bring any protection or advantage to the people who must ultimately bear this enormous added burden, it might be borne willingly and with resignation. But, sir, in my judgment the bill, if it becomes a law,

will have no such beneficial effect.

I do not feel myself competent to judge of the good or bad effects of the provisions of the bill relating to the currency. But the purpose of such provisions, if beneficial, do not call for any such elaborate and complicated banking and currency scheme as this, adding, as it does, all these additional banks, with the enormous sum of money they are to cost. In my judgment banking legislation or legislation intended to regulate the management of banks might much better be wholly separated from legisla-tion relating to the currency. But, as I have said, I am not disposed to enter upon this phase of the subject. I leave it to Senators better informed on that branch of it than I am. fact, other provisions of the bill are so manifestly indefensible that to me the consideration of its provisions that I have not assumed to pass upon are not of much consequence.

Mr. President, public sentiment is demanding banking and currency legislation. Much of it is, I have no doubt, manufactured and uneducated sentiment. The Democratic Party has yielded to this sentiment to the extent of formulating the bill I have been discussing. The masses of the people will accept it as a compliance with the public demand. It will go to the country as such. But, sir, this should not satisfy the leaders of that great party in this body. They should stand firmly for the right kind of banking and currency legislation and insist that none

other shall be enacted.

I can not allow myself to be led by public sentiment to support a bill in such form as to betray rather than protect the public interests. I will very gladly support any bill that carries the purpose and is reasonably calculated to serve and protect those interests, but this bill is not of that kind. It may serve the Democratic administration temporarily, until thoughtful people come to realize what it really is, but no longer. It will, I believe, benefit no one but banks and bankers and big business generally. It will certainly not help the competing small business or the whole people. It is sincerely to be hoped that the dominant party will see its way to remodel the bill and make it what the public welfare demands.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Nebraska [Mr. HITCHCOCK].

Mr. WEEKS. Mr. President, two or three days ago the senior Senator from Missouri [Mr. STONE] and the Senator from Oklahoma [Mr. Owen] made some reference to certain national bankers and national banks. I have not any brief to speak for any individual in such connection, and yet I should like, if the Senator from Missouri were here, to call to his attention the relation which pertains between the national bankers in the country, other bankers in the country, and the reserve city bankers against whom the charges were made.

It is not a difficult matter to make charges against the reserve city bankers, because there are comparatively few of them, and an insinuation has been abroad in the land that they were taking advantage of their position to make unreasonable and im-The real fact is that the closest relations obtain between the bank's customers and the bank itself.

The banker advises his depositor and his borrower about con-

so far as he can, to aid the borrower or depositor of his bank in his operations, so that his customer may make more money than he could under other conditions; and it is not a fair statement to say that because a banker advises his borrower that conditions are not satisfactory and suggests to him caution in his operations the banker wants to break down the condition of business or to discourage business activity. The banker, under such conditions, is simply advising those in some degree dependent on him of business conditions as he sees them, and he would not be doing his duty if he did not take such a course.

For instance, suppose half a dozen of the banker's customers come into the bank to-day and make their annual statements or their semiannual statements, showing the condition of their business, and suppose in every case that those borrowers of the bank showed that they had not made money during the previous six months or that they were losing money during the previous six months, would the banker be justified in loaning them as much money as he had done before? Would he not be a wise banker if he said to them, "Evidently business conditions are not satisfactory from your standpoint and you had better go slowly or you may get into trouble"? That is what any banker who had the interests of his customers at heart would say, not only on their account, but on his own account as well, because if a banker is going to loan money to those who are losing money in the ordinary conduct of their business, sooner or later his bank and his stockholders are going to get into trouble as a result of it, and the banker himself will be a discredited man. Therefore when Senators say, even if they have the evidence to that effect, that because bankers are advising people to go slowly and curtail their operations to some degree, it is not any evidence that bankers are combined together to discourage business or to break down business, but it is an indication that bankers are, as they always have been, conservative in their judgments and wish to proceed along conservative lines.

The same relation which obtains between the bank's customer and the banker himself obtains to a similar degree between the country bank and the banker in reserve cities. For instance, the country banker very often is located in a community where his deposits are greater than are the demands of that particular community. We have had brought to our attention specific cases where perhaps not more than 10 or 15 per cent of the deposits of a bank were required by the local merchants or manufacturers of that particular town or business community. Under those circumstances the banker must loan his money to some outside borrower. That is one of the reasons why the demand comes, from western banks especially. that a certain part of their money may be loaned on farm mortgages, the farms being somewhat remote possibly from the location of the bank, because they must either loan in that way-and they are doing it now either directly or by indirect processes-or they must buy commercial paper through the ordinary channels of trade; that is, through note brokers who are dealing in commercial paper.

Under those circumstances, not being familiar frequently with the credit of the makers of the notes which the note brokers have to sell and being dependent upon commercial statements handed to them when the notes are sold to them, they take the natural course and go to their reserve city bank, where a credit department is maintained at an expense which would not be possible in the case of a small bank in a small community, and get the benefit of the judgment of the reserve bank, as well as of the note broker and of the commercial agencies, which they consult very frequently—perhaps more frequently than we know—and they are saved from loss under those circumstances.

Again, they obtain the advice of their reserve banks in various other matters. For instance, they buy and sell their Government bonds to their reserve banks and they increase their circulation or retire it by notifying their reserve banks what they wish to do, and, unless they are discouraged from doing so, the actual operation is conducted by the reserve bank or by the reserve banker. In more ways than I could enumerate the operations of the country banks are dependent to a considerable extent on the advice and judgment of the bankers in the large communities.

Who is the banker in the large community? He has been referred to here pretty severely by the senior Senator from Missouri [Mr. Stone], who has been quoted by the Senator from Nebraska to-day. He has been referred to pretty severely by the Senator from Oklahoma, though I think he was not referred to by the Senator from Nebraska in that connection. however, to call to the attention of the Senate a comment made by the Senator from Oklahoma relating to certain classes of ditions as he sees them, and about which very generally he knows more than does the customer of the bank. He attempts, by the Senator from Oklahoma relating to certain classes of bankers or certain bankers without mentioning their names, because I wish to connect this statement with the method proposed by the Owen faction of the committee to control the reserve banks.

The Senator from Oklahoma said the other night something like this:

We are establishing the individual freedom of the individual bank.

I think nobody has ever doubted that the individual bank in this country had individual freedom. In fact, we are all of us boasting, every time we have referred to it, of the independence of our banking system and of our disposition to maintain an independent banking system. So far as I know, and I think so far as anyone knows, there is absolute independence to-day in our banking system.

He goes on to say:

We are enabling the individual bank to perform its function without fear or a quivering cowardice that dares not go against the secret word that passes out from New York all along the line that "there are going to be tight times." We have heard that deadly whisper too many times in this country; that secret, sinister, cowardly whisper, "There are going to be tight times"; "watch out," "watch out," "watch out."

Well, what would you expect the reserve city banker who has the deposits of country bankers to say to the country banker when the country banker asks him what the conditions are likely to be? If, in his judgment, he thought there were going to be hard times, or if he thought money was going to be higher, or if he thought business was going to fall off so that money eventually would be easier, do you not think the reserve city banker ought to answer truthfully and honestly just what he thinks? Is it not possible that frequently he must say to his correspondents: "Why, yes; I would have a care, because I think there is overexpansion all over the country and there has got to be liquidation. If I were in your place I would look after my reserves and I would not overload, and I would be unusually careful for that reason." Why, of course that is what the reserve city banker would say; and if he did not do it, he would not be performing his proper function.

do it, he would not be performing his proper function.

Now, let us take some of the reserve city bankers who are at the head of large institutions. Who are they? Why, almost without exception they are men who have come up from the ranks.

They have gone into the banks as boys, and have learned the banking business from the ground up, just as most men learn any business if they are going to be successful in it. They have become the heads of these great institutions because the owners of the institutions recognized in them competency, experience, and business capacity. Otherwise, they would not be at the head of anything.

Take the case of the president of the National City Bank of New York. He was born somewhere out in the West, I do not know where, and drifted East. He became an Assistant Secretary of the Treasury and later the vice president of the National City Bank and later its president. Does anybody suppose the owners of that bank, who have \$50,000,000 invested in its capital and surplus and who are represented by the directors, would have elected Mr. Vanderlip president of the bank unless they had thought he was a competent man to manage the bank's affairs? They would have been a lot of lunatics if they had taken any such course unless convinced of its wisdom. They selected him because he seemed to be the most available man to hold the position at the time he was elected.

You may take the same conditions in almost any other reserve bank in the country, and you will find that the men who have come to the front, and who are now managing the great central banks in the United States, are men who were born in the

country and have made their own way.

Almost invariably our bankers are competent men to-day. We have a much stronger force of banking men in the United States to-day than we had 25 years ago, when men did not take up banking as a profession to such a degree as they do now, but drifted into it after they had had some experience, some success, in some other business affairs. Then, very frequently, they were not first-class bank men as professional men. Now we have in this country, I think, as good bank men as there are anywhere in the world. They are the very men who have made their way, and who should be praised instead of condemned, not only on the floor of the Senate of the United States but everywhere else. To say that they are not good men, that they are bad men, is simply saying that such men are representing the interests which have been placed in their care in a malign way. To use the expression used by the Senator from Oklahoma is a sinister way to refer to men without offering any proof which would establish the fact that they are bad men.

Mr. OWEN. Mr. President, I did not exactly understand the reference of the Senator.

Mr. WEEKS. I am sorry the Senator was not in his seat to hear what I had to say. If there is anything in the remarks I make which is any reflection at all upon the Senator from Oklahoma, he knows quite well that I shall be prepared to make amends on the floor of the Senate in a public way and a proper way. I read an extract from the Senator's speech the other night, and I was commenting on that extract.

If what the Senator from Oklahoma has said about bankers is true, and if what the Senator from Missouri has said about bankers is true, then they, as advocates of a system which is going to turn the reserve banks of the country over to those men, are taking a step which from any standpoint is not justi-It is true, of course, that the big bank has no more votes than the small bank in electing the directors of class A and class B to the boards of directors of the reserve banks. They have exactly the same weight. Everybody who knows anything about it knows, however, that many if not most of the country banks are going to consult with their reserve bank correspondents. and are going to say to the reserve bank men: "Who is the best qualified man in this whole region to occupy that place?" They are going to be influenced-I want to repeat that wordthey are going to be influenced, and properly influenced, by the reply they get from their reserve correspondents. Very largely the very men who are being reflected upon by Senators on the floor of the Senate are going to have to do with the election of the directors of the reserve banks; and it will be well for the reserve banks and well for the country that they do have that influence in electing these directors, because we shall be very much more likely to get first-class men in that way than we otherwise would. But if the comments which have been made reflecting on these men are justified in any degree, then the greatest care should be used in turning over to them the management of the reserve banks, because not only are they going to elect, six of the nine directors, but of the other directors, two of them in class C, one is to be, under the provisions of the bill proposed by the Senator from Oklahoma, a man of "tested banking experience." That is, one of the Government appointees is to be a man of tested banking experience, and he is to be the Federal reserve agent at the reserve bank and the chairman of the board. Another one of the two is to be the vice chairman of the board, and he also is to be a man of tested banking experience

So, if this policy is carried out, we are going to have three bank men elected by the member banks. We are going to have the chairman of the board and the vice chairman of the board men of tested banking experience. We are going to have three men representing agricultural, manufacturing, or other interests, elected also by the banks. In other words, as far as the banking element is concerned, we are going to have eight out of the nine directors on that board practically bank men or elected by the banks.

Personally, I have not any such feeling about bankers as the Senators to whom I have referred. There are improper, impure, dishonest men in the banking profession, as there are in all professions; but if they were to select every man on the reserve board I would have no fear that in most cases competent men would be selected. Yet, on the other hand, I have not any fear that if they select four men and the President of the United States appoints five men there will be good management of the reserve banks. Certainly this will be so if ordinary care is used in the selection of the five men. Of course, I did not mean that the President would directly select these men, because it is proposed in this measure that these men shall be appointed by the reserve board; but I am assuming all the time that the President is to do his duty and is going to select the biggest, broadest, best men in the country as members of the reserve board, who will put men of that grade on guard in charge of the reserve banks.

As long as the Senator from Oklahoma is present. I wish to make one comment about the method of procedure in disposing of the amendment which the Senator from Nebraska [Mr. Hitchcock] offered to section 2, and that is his motion to lay on the table.

Of course, when that motion is made, it is not debatable, and therefore I had no opportunity to say then what I should have liked to say about this form of procedure. We are now comparing the House bill with the Hitchcock amendments in the propositions which are before the Senate. It is a question whether the Senate prefers the House bill itself or whether it prefers the amendment which has been prepared by the section of the committee represented by the Senator from Nebraska. By laying an amendment on the table, no comparison is obtained. There is no judgment expressed by the Senate as to whether we prefer the House bill or the Hitchcock amendment, but simply

the roughshod, steam-roller process, having the votes, disposing

of an amendment by laying it on the table.

In my judgment it is a bad procedure. I hope the Senator from Oklahoma, in the powerful position which he now holds, with an assured majority behind him, will give the Senate an opportunity to express its judgment as to whether the House bill section should be accepted as preferable to the Hitchcock amendment section or vice versa. That seems to me to be the fair and reasonable method of procedure. I am saying it now, because, as I said, I shall not have an opportunity to say it when the Senator makes a motion, as he may, to-night, to lay an amendment on the table.

Mr. OWEN. Mr. President, the reason that motion was made was because there were so many things involved in the section. Take the present section 4, for instance. It does not confine itself to five directors named by the Government and four named by the banks. It involves also the method of selecting the directors. It involves also the capitalization, which is changed from three millions to six millions. It involves the proposal that the Federal reserve board shall authorize these banks to begin business instead of the organization committee, and it makes a number of other changes.

Mr. WEEKS. The Senator is quite correct in that.
Mr. OWEN. There are so many changes in it—

Mr. WEEKS. And yet I should like to have an opportunity of seeing whether or not the majority in this Chamber are going to use their individual judgment in connection with voting on any part of this bill. I will be perfectly frank with the Senator. If it were a question between the substitute which the Senator has offered and the amendments which will be offered by the Senator from Nebraska, that would be a different proposition; but I should like to have a vote by Senators who have been listening to this debate, to assure us that we have not been wasting our time, but that there is a preference as to some of the amendments which will be offered by the Senator from Nebraska to certain sections of the House bill as it came to the Senate last June.

Mr. OWEN. I did not think the Senate was being precluded from expressing its opinion by laying such an amendment on the table. It is, in effect, simply a declaration that the Senate does not wish to pursue the policy of perfecting the bill in There are innumerable smaller amendments which would be necessary to perfect the House bill along those lines. I thought it was only a test on the part of those who preferred certain principles which were in the Hitchcock amendment. By moving to lay it on the table the test would be made and the Senate in that way would express its wishes in regard

to the matter

Mr. WEEKS. I wish to urge the Senator from Oklahoma to take the other course to-night and give the Senate an opportunity to express its preference, without having to express its disapproval of an amendment which may be offered by the Senator from Nebraska or anyone else. If a motion is made to lay on the table, I do not see how any other conclusion can be reached than that a disapproval of that amendment is expressed, as compared with something that may be substituted later on.

Mr. WILLIAMS. That is what we intend to do. Mr. WEEKS. I yield the floor now, Mr. President.

Mr. BRANDEGEE. Mr. President, I wish to call the attention of the Senator from Massachusetts to page 61 in the bill of the print of December 1, where it provides, in line 15, that United States bonds bought by a Federal reserve bank against which there are no outstanding national-bank notes may be exchanged at the Treasury for one-year gold notes. I wish to ask him whether that should not also apply to member banks.

Suppose a member bank has bonds on which it has not issued any circulation. Why should it not have an equal privilege with the reserve bank to exchange its bonds for gold notes at the

Treasury

Mr. WEEKS. I think that exchange should be carried on through the reserve bank. It would be a very simple thing for the member bank to have that done by the reserve bank author-

Mr. BRANDEGEE. If the Senator will pardon me, on the previous page, page 60, there is a provision that a member bank, when it wants to get rid of its bonds upon which it has circulation, may do so by making application, and the Federal reserve bank is bound then to take them off its hands. I am talking about bonds which might be owned by a member bank upon which it has no outstanding circulation. This seems to give the reserve board the privilege of getting gold notes from the Treasury in exchange for the bonds it may have, but it does not seem to furnish any opportunity for the member bank to get a market for its bonds. I am not at all sure that I am right about it,

but I noticed the provision was not there, and I wondered why it should not be there, to treat the member bank on the same basis as the reserve bank.

Mr. WEEKS. Let me call the Senator's attention to the fact that if very many banks attempted to do that at one and the same time, they might retire their bond-secured circulation and exchange their bonds for one-year notes, thereby contracting the circulation and producing a serious condition by so doing. I am not sure it would be wise to permit that to be done in a wholesale way; but if it were to be done in a limited way I do not see any objection to it.

#### RECESS.

The VICE PRESIDENT. The hour of 6 o'clock having arrived, the Senate stands in recess until 8 o'clock p. m.

The Senate thereupon (at 6 o'clock p. m.) took a recess until 8 o'clock p. m.

## EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.

BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to estab lish a more effective supervision of banking in the United States,

and for other purposes.

Mr. BRISTOW. Mr. President, I suggest the absence of a

quorum

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Ashurst	Fletcher	Myers	Sheppard
Bankhead	Gronna	Nelson	Sherman
Brady	Hitchcock	Norris	Shields
Brandegee	Hollis	O'Gorman	Simmons
Bristow	James	Oliver	Smith, Ga.
Bryan	Johnson	Overman	Smith, Md.
Burton	Kenyon	Owen	Smith, S. C.
Chamberlain	Kern	Page	Sterling
Chilton	Lane	Pittman	Stone
Clarke, Ark.	Lea	Ransdell	Tillman
Colt	Lewis	Reed	Townsend
Cummins	McCumber	Robinson	Walsh
Dillingham	McLean	Saulsbury	Warren
du Pont	Martine, N. J.	Shafroth	Works

Mr. WARREN. I desire to state that the Senator from New Hampshire [Mr. Gallinger] is detained from the Chamber.

The VICE PRESIDENT. Fifty-six Senators have answered to the roll call. There is a quorum present. The question is on the amendment proposed by the Senator from Nebraska [Mr. HITCHCOCK ]

Mr. OWEN. Mr. President, upon Saturday last the senior Senator from New York [Mr. Root], speaking to an amendment which he proposed to the pending bill, resurrected from the cerements of the grave the free-silver issue of 1896 and alleged in substance that the pending bill involved the same "false economic theories" to which he referred, using the following terms:

Yet, Mr. President, I am convinced that his economic theories

Referring to Mr. Bryan-

Referring to Mr. Bryan—

I am convinced that his economic theories are false, and, if put into effect, would be most injurious to our country.

Those theories have been twice expressly repudiated by the people of the country. Twice those specific theories, the same theories of finance, make their appearance in this bill; and, as a matter of course, we ought to assume that any central reserve board appointed to carry out the terms of the bill will be appointed under the same dominant, commanding, and irresistible influence.

Mr. President, a central reserve board appointed under the influence of the same power that put into this bill the present sixteenth section will be bound, if they are honest and true and faithful, to proceed in accordance with the theories that our people rejected in 1896 and 1900. They must. The authors of the bill are bound in good faith to appoint men who are in sympathy with them to carry it out; and the men in sympathy with them will have in good faith to carry out this bill under the belief that it is best for the people of the country that the Government of the United States shall furnish unlimited money to the people of the United States.

I say that this bill presents the financial heresy twice repudiated by the people of the United States. I say that the central reserve board appointed under this bill will have to represent that very heresy. If this bill passes as it stands, America stands to lose all we saved when Grant vetoed the inflation bill, all we saved when Grover Cleveland abolished the silver purchase, all we saved when we elected McKinley, all the Republicans, all the gold Democrats saved when they helped in the repudiation of the vital principle which has been put into this bill.

The country has become so deadened by the assaults of some, so wearled of discussion, so confused and dazed by complicated figures, that this vital and fateful reversal of the American policy is proceeding with but little attention. But unless all our history of human experience and all the p

Mr. President, the very distinguished position occupied by the senior Senator from New York compels some response to a statement of this character. This deliverance from the distinguished Senator was not upon the spur of the moment. was prepared in advance. The public press was prepared to receive it. It was exploited from one end of the country to Therefore it becomes the more necessary to give it the other. some immediate, direct answer.

I shall not detain the Senate long in making an answer. An answer is easy. The answer can be made in a manner that will

convince the judgment of any impartial juror.

What are the two subjects which the Senator holds up to us as the basis of prospective inflation? The first is that these Federal reserve notes, which are made an obligation of the United States, comprise a dangerous commitment of the credit of the Government, that these notes are just as unsound as the Senator believes the so-called heresies of 1896 were unsound. Indeed, the Senator calls these notes "greenbacks." He says:

That, sir, is to my view a plain, simple enlargement of the national currency of the United States. It is authority for the increase, practically, of what we call greenbacks. The notes—

Referring to the Federal reserve notes-

will be obligations of the Government of the United States, pure and simple.

Therefore the Senator calls these Federal reserve notes What is a greenback? It is the note issued in 1862 under the authority of the Government against its general credit without any reserve, without any other security than the good faith of the Government. Those notes were issued at a time when the Government of the United States was in great distress. Those notes were believed by the people of that day to have served a very valuable and useful purpose in protecting the Government of the United States. Three hundred and the Government of the United States. Three hundred and forty-six million dollars of them remain yet in circulation, absorbed by the people as till money, found almost altogether in the pockets of the people or as reserves in the banks, and very, very rarely being offered for exchange for gold, never offered to the extent of reducing the \$150,000,000 of reserves set apart to keep those notes at par with gold. But those notes which are called greenbacks had originally no security behind them except the general credit of the Government.

Now let us look at these notes which the distinguished senior Senator from New York says are the same as greenbacks, and let us judge the accuracy of his statements and of his arguments in the light of what this bill declares with regard to these Federal reserve notes. Have they any other security behind them than the general credit of the Federal Government? Senator from New Hampshire [Mr. Hollis] only a few days ago enumerated 12 different lines of security behind each and every one of those notes. I shall enumerate them again, in order to refresh the memory of the Senate, and to remind the country that the declaration by the senior Senator from New York that these notes are the same as greenbacks has no justifi-

What are these securities? First, before one of these Federal reserve notes can be issued the citizen who desires this currency, who needs this currency, who can not obtain other currency from his member bank, must apply to the member bank for currency, must put up with the member bank his negotiable paper of a qualified class based upon actual commercial transactions, representing actual commerce, and this commercial bill must not exceed 90 days in maturity, and must be acceptable to the member bank. That is security No. 1.

The probability of that security not meeting its obligation is about one in ten thousand, because the chance of a citizen who receives the money from his member bank upon his note, upon a note which the member bank is willing to indorse, failing within 90 days is not one in ten thousand. So, before the Government of the United States can lose by the issuance of a Federal reserve note on a commercial bill of that kind, this trusted citizen

must fail.

What more? There is another security behind that note. The member bank that indorsed that commercial bill of the citizen must also fail within the same 90 days before that Federal reserve note would fall back upon other lines of security against which it is emitted. The probability of a member bank in good standing which is extended accommodation by the Federal reserve bank falling within 90 days is as one chance out of twenty-five thousand, and the probability of these two chances occurring within the same 90 days is in the ratio of probability of 10,000 multiplied by 25,000, or one chance in two hundred and fifty million.

I concede that that one chance in 250,000,000 ought to be protected, but those two lines of safeguard against those notes are

abundantly sufficient. If there were no other safeguard it would be sufficient, but those Federal reserve notes are further secured as a third line of fortification by the stock of the member bank in the Federal reserve bank. It is safeguarded by a fourth line of fortification by the reserves of the member bank in the Federal reserve bank on deposit there. These Federal reserve notes are secured by a fifth line of fortification—the double liability of the stockholders of the member bank; these Federal reserve notes are secured by a sixth line of fortification, and that is the 333 per cent gold reserve put up expressly to safeguard these notes; these Federal reserve notes are secured further by a seventh line of fortification—the surplus and earnings of the Fed-ral reserve bank; these Federal reserve notes are secured by an eighth line of fortification-the first lien upon all the assets of the Federal reserve bank; these Federal reserve notes are secured by a ninth line of fortification-the double liability of the member banks belonging to the Federal reserve bank; and these Federal reserve notes are secured by a tenth line of fortification-the double liability of the stockholders of the member banks of the Federal reserve bank.

Mr. President, these notes, protected in these various ways, ought not to be compared with the "greenback," which has behind it only the Government credit, although with this great Republic, representing \$125,000,000.000 of property, representing the strongest and most virile Republic the world has ever seen, representing the most stable form of government the world has ever seen, the credit of the United States alone has proved

sufficient to make the "greenback" as good as gold.

These Federal reserve notes are, however, finally, further secured by the taxing power of the United States, and in that respect alone do they compare with the "greenback." But outside of the Government's obligation, outside of the duty of the United States to keep them at par with gold under the act of March 14, 1900, these notes, as I have shown, have behind them 10 different lines of fortifications outside the Government obligation. The first two securities for these no es—the individual credit of the man who submits the commercial bill and of the member bank who indorses that bill-have been found sufficient in other countries, as in Germany, which emits legaltender notes against commercial bills; they have been found sufficient also in France, that has the right to issue legal-tender notes against commercial bills taken by the Bank of France for discount

Mr. President, there is the answer to the first great basis of alleged inflation pointed out by the senior Senator from New The second alleged basis of inflation has just York [Mr. Root]. as little foundation. The second objection made by the senior Senator from New York is that these notes will be emitted to anybody who can make a commercial bill; that there is no check whatever upon the unlimited issue under this proposed act of Congress. Let us see whether there is any limitation. There are a number of limitations. The first limitation to which I wish to call attention, and the most important limitation, is that there can be and there will be none of these Federal reserve bank notes issued until some citizen applies to his member bank and finds that the ordinary currency which he ought to be able to get from that bank has been exhausted and he needs currency—not bank credit; there is a vast difference—he must need currency. He oust need currency for his cotton pickers; he must need currercy to put in his wallet and go out among the people and pay that currency out of his pocketbook to people who do not want bank checks. No citizen will make application for currency for such a purpose until there is a dearth of currency not furnished by the ordinary supplies of currency which we now have in circulation among the people and among the banks.

But there is another second safeguard. Not only must the citizen want this currency, but he must then get the consent of the member banks to apply for this currency, because unless the member bank applies for the currency there is no means by which it can be emitted, since this currency is emitted solely and exclusively to the member banks. That is safeguard No. 2. The citizen must want it; the member bank must agree to apply for it; and, the third safeguard, the Federal reserve bank must have exhausted its supply of currency before it will ask, and then does ask the Federal reserve agent for currency necessary to meet this commercial demand. There is safeguard No. 3 the citizen, first; the member bank, second; the reserve bank, third. There is a fourth-

Mr. BRANDEGEE. Mr. President—
The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Connecticut?

Mr. OWEN. I yield to the Senator from Connecticut.

Mr. BRANDEGEE. Do I understand the Senator to claim that the application and need of the citizen for additional currency is a safeguard against the issuance of it?

Mr. OWEN. The Senator doubtless heard what the Senator from Oklahoma said, and that was what he said.

Now, Mr. President, I prefer not to be interrupted in this argument, because it destroys the coherency of my statement. Mr. BRANDEGEE. I was trying to clarify a part of the

coherency of the statement, if it could be clarified.

Mr. OWEN. The Senator from Oklahoma will endeavor to do that for himself. It is impossible to make a coherent argument if a series of cross-questions lead the speaker away from the subject matter entered into, and the Senate is daily a witness to that fact. I will be glad to answer any questions as soon as I have presented the argument. I do not wish to be inconsiderate of the Senator, nor certainly not discourteous in any way, but I am desirous of presenting this argument.

I say that the citizen must, first, apply; I say that the member bank must, second, consent; I say the Federal reserve bank must, third, consent; and then I say there is a fourth obstacle in the way of getting these Federal reserve notes—the Federal reserve agent representing the people of the United States, representing the public interest, representing the public welfare, must also

consent.

There is another (fifth) safeguard. When the Federal reserve agent consents, the Federal reserve bank must put up 100 per cent in good commercial bills based on actual commercial transactions and 333 per cent in gold. That is another (sixth) obstruction to the issue of these notes, that these commercial bills will be falling due in less than 90 days and the currency must be Not a single one of the commercial bills put up can repaid. have a maturity longer than 90 days. Within those 90 days every dollar of that commercial paper falls due and must be paid back in cash. Before the member bank can be allowed to renew these bills and keep that money outstanding it must again get the consent of the Federal reserve bank, and the Federal reserve bank must again get the consent of the Federal reserve agent to put other bills in lieu of those bills which are maturing and are being paid in cash with a view to returning the Federal reserve notes or an equal volume of cash into the vaults of the Federal reserve agent, where they retire from circulation just as much as if they were canceled, macerated, and physically destroyed. They can only be emitted again under the original conditions which justified their emission under the provisions of this act as an original proposition.

But there is still another, a sixth, security against the infla-tion of these notes. The Federal reserve board, if all of these things concur, is given authority and direction under this bill to control the issue of these notes. The Federal reserve board

may refuse to allow these notes to go out.

There is still another, seventh, safeguard in this bill against the inflation of these notes. The Federal reserve board has the right to impose an interest charge upon the use of these notes in addition to the interest charge fixed by the Federal reserve bank upon a loan extended to a member bank,

But there is still another, eighth, safeguard, and that is the Federal reserve board is charged with the duty of finally determining the rate of interest which may be charged by the Federal reserve bank in extending loans to member banks, which includes the loan of these very Federal reserve notes.

That is not the only safeguard. The Federal reserve board, under the structure of this bill, charged, as it is, from the beginning to the end of this bill with safeguarding American finance. safeguarding American commerce, in providing for the stability of our financial, commercial, and industrial affairs, has been given the complete supervisory control over this system. It is charged with the duty of obtaining a stability in our financial affairs, and it is only possible to conceive that they would not discharge their duty by conceiving at the same time that the men put at the head of the greatest financial establishment in the whole world would prove to be unfaithful to that trust

More than that, we have a further safeguard against inflation in the power of the President of the United States, charged under his oath of office with the faithful administration of the laws and charged with the duty of seeing that the Federal reserve board and the Secretary of the Treasury, who is the chairman of the board, shall perform their functions faithfully

and efficiently.

But the Senator from New York, ignoring these obvious considerations, ignoring the carefully prepared provisions in this bill safeguarding the validity of these notes first and safeguarding the undue expansion of these notes second, goes further and makes another charge, which is equally unfounded, unreasonable, and unjust. In speaking of the Bank of Commerce of New York, because he happens to be somewhat familiar with it, he says:

with it, he says:

The Bank of Commerce has something over \$100,000,000 of deposits—call it \$100,000,000. Under the present law it has to keep 25 per cent of reserves—that is, \$25,000,000—locked up in the vault, it can not use it. If it does, the comptroller comes after the bank. Under this the reserve is reduced to \$18,000,000. That releases \$7,000,000. That one bank adds \$7,000,000 to the available currency of the country. But that is not all. Of the remaining \$18,000,000 of reserve that it has to keep it only has to keep six-eighteenths in its vaults, and it has to put five-eighteenths into the regional bank. I think that is it. The difference between six-eighteenths in the vault and five-eighteenths it has to put in the regional bank it can either keep in the bank or put in the vault. It is fair enough to assume that approximately one-half will go into the vaults and one-half into the bank, because that is permitted and that would be naturel; but that half—that is to say. 9 per cent—that \$9,000,000 which will go into the regional bank will not be locked up, but 65 per cent of it can be locked up in its vaults is going to be set free by the operation of this bill and added to the available live currency of the country.

I have not taken the trouble to figure it out—

Says the distinguished senior Senator from New York—

Says the distinguished senior Senator from New Yorkbecause it is not important.

A very remarkable observation, coming from a matured and thoughtful statesman of high rank and dignity, making a pronunciamento upon this bill. "It is not important," says the Senator from New York, to ascertain the facts with regard to these reserves, although the chairman of this committee thought it sufficiently important to present the matter in great detail in his report to the Senate—a report which, obviously, the dis-tinguished Senator from New York has not thought it worth while to read or observe.

I have on numerous occasions on the floor of the Senate urged Senators to look at these figures, showing the exact effects upon the reserves in the country banks, in the reservecity banks, and in the central reserve-city banks. It has been figured out with infinite pains. It was printed for the us- of the Senate on November 22, and the chairman of the committee has repeatedly called attention to it; but the Senator from New York does not think it "important." He has not made any figures himself and has not taken the trouble to read the report of the chairman of the committee, obviously, and then he

criticizes the bill in this harri, severe manner.

The chairman showed, and had the figures verified by the Treasury Department, that under this bill as first reported, granting that the S.ate banks came in, there would be a deficit of reserve money under the reserve requirements of the State banks of \$239,000,600. Yet the Senator, without examination, advises the country and the civilized world that we are letting loose a flood of live money to cause a period of gigantic inflation, to be followed by a hideous panic that will shake the world to its foundations, and that there will come tumbling back about our ears four or five or six or seven thousand millions of American securities, taking out our gold by wholesale and leaving us in a condition of overwhelming commercial, financial, and industrial disaster.

Why, Mr. President, the very fact that American securities are held abroad to the extent of thousands of millions of dollars, placed in Europe by the most reliable banking houses in Europe, vouched for to their clientage as sound and safe securities, makes Europe just as anxious to preserve stable conditions in the financial life of America as to maintain stable conditions in the financial life of Europe. In the panic of 1907, when there was the most gigantic slump in stocks and bonds that we have ever seen, when the interest rates ran up to 125 per cent per annum, disgracing this country in the eyes of the world, nevertheless, even under such conditions, instead of the gold leaving the United States, the United States was able to draw gold from Europe on a vast scale, to make amends for the hoarding of money in New York by men some of whom I believe to have hoarded money for the criminal purpose of breaking the stock. market.

That is not to be charged against any class of men. It is not to be charged against the bankers. It was ruinous to the bankers. There are, however, individuals in New York who use bankers as they use pawns on the chessboard. There are men there who regard bankers in New York, big bankers, as nothing but their servants, their hired men, to carry out the policy which they see fit to inaugurate.

They have played that game the last time in America. This bill takes out of their hands the power to control the financial, commercial, and industrial fabric of this Republic. They never will be able to repeat that act, nor can there be made any disturbance of credits now by the loud cry of the senior Senator from New York, charging this bill with containing the "free-silver heresy," as he calls it; charging the bill with providing Federal reserve notes which, he alleges, are a menace to the credit of the United States, when in truth there never has been

in the history of the world a note secured by such abundant security as this note; charging the bill with being an inflation measure, when there is every safeguard against inflation that human ingenuity can put around it, save one, and that one the senior Senator from New York has put in his proposed amendment—a limitation beyond which, no matter what the exigency, this country shall not have relief. That maximum he puts at \$450,000,000, although it is a matter of common knowledge that the people of the United States in 1907 manufactured \$500,-000,000 of currency in the form of clearing-house certificates, in the form of cashiers' checks, in the form of pay checks, and not one dollar was lost by it.

When we first drew this bill we put in a limitation of \$500,-000,000. We were then admonished by the bankers of the country that it was an unwise thing to put such a limitation in the measure, because they said justly-no man could foresee what exigency might arise on some great occasion—that this was a growing country, an expanding country, and that which was reasonable to-day might not be reasonable to-morrow. We yielded to the best advice we were able to get in the world upon this question. The advice was sound and just, and no resurrection of the Aldrich bill or of its provisions in this respect should justify anyone in changing this bill in that particular.

The Aldrich bill had the strange vice, the unspeakable vice, the shameful vice, of putting in its body a proposal to give the credit system of this country into the control of private hands. Those who have urged the Aldrich bill upon us are not qualified now to advise us, contrary to the facts and contrary to the truth, as to how we shall write this bill in the interest of the American people. We represent the people of this country. We are sent here, by their direction, to give them relief against the insidious forces that have combined until 100 men now hold in their hands the control of twenty-two thousand millions of property, as shown by the Pujo report.

Mr. President, I did not intend to detain the Senate. I have felt obliged, however, as the chairman of the committee, to reply to the unfair, unjust, unreasonable strictures which have been heaped upon this bill by the senior Senator from New York, so that the Record at least might show that the Democrats on this committee and the Republicans on this committee-because the committee are unanimous in that respect, I believe-have not failed in the performance of their duty to the Senate or their

duty to the country.

Mr. WILLIAMS. Mr. President, before the Senator takes his seat; I was so unfortunate as not to hear the Senator from New York and so unfortunate as not to have had time to read what he said. If the newspapers report him correctly, however, he said that when the time came to protect the gold of the country the United States Treasury would be left stripped of its gold and helpless, because everything in the Treasury would have been sent to these reserve banks.

Is there anything in this bill that takes out of the United States Treasury \$150,000,000 of gold to protect the greenbacks?

Mr. OWEN. There is not.

Mr. WILLIAMS. Is there anything in the bill which takes out of the Treasury of the United States the amount of gold, which is over \$1,000,000,000, held there to protect the gold certificates?

Mr. OWEN. There is not. There are eleven hundred millions of gold in the Treasury behind the gold certificates.

Mr. WILLIAMS. So that if the Senator from New York thought—if the newspapers reported him correctly; I neither heard him nor read his speech—that the Treasury would be left stripped of gold, he was mistaken by something like \$1,250,000,000?

I will advise the Senator that there are about Mr. OWEN. \$1,700,000,000 still left in the trust fund, outside of the general

Mr. WILLIAMS. That is still worse than I thought; but there are one hundred and fifty millions to protect the greenbacks?

Mr. OWEN. There are.

Mr. WILLIAMS. And nearly twelve hundred millions to protect the gold certificates-eleven hundred and some odd millions?

There are, and four hundred millions of silver. Mr. WILLIAMS. Let us, for the nonce, leave the silver out. In addition to that, there is a redemption fund which is not touched, and several other things. So it is not true that the Treasury of the United States will be stripped of all its garments of gold and left helpless, like a widow in mourning, to meet the combined assaults of the civilized world?

Mr. OWEN. It is not,

Mr. SHAFROTH. Mr. President, I will say further to the

the bill which requires the banks to keep in the United States Treasury a gold reserve not limited to 5 per cent, but subject to the demand of the Federal reserve board to any extent; and no matter what demands are made upon this reserve through the Federal reserve notes the banks are bound to supply that

Mr. WILLIAMS. That is 331 per cent? Mr. SHAFROTH. Thirty-three and a third per cent, and

they are obliged to replenish it continually.

Mr. WILLIAMS. Mr. President, I had nursed the fond delusion or illusion, whichever it may be, that I was not going to open my mouth upon this particular question, but the cathedra utterances of the Senator from New York, the high place he occupies, the national and international reputation he has, and all that, will lead me to a few, perhaps unnecessary. observations.

It is absolutely wonderful what wreck in a sound brain can be wrought by a presidential bee. [Laughter.] tor from New York is a man of remarkable native ability, a man of still more remarkable intellectual and social culture, and a great lawyer. An ex-President of the United States, Mr. Roosevelt, said of him that he had Cabinet ministers whom he could trust implicitly to take care of wars, or of international affairs, or of agriculture, but that he had one man, ELIHU ROOT, who could take care of everything, all things put together. [Laughter.]

That was before the Chicago convention. Mr JAMES Mr. WILLIAMS. Another ex-President put equal trust in him; and he has recently been awarded the Nobel peace prizejust why, I never have been able completely to satisfy myself. [Laughter.] Then, whenever he makes a speech in the Senate of the United States, that part of the press of the United States which is plutocratic sends it out simultaneously with the speech, or a little bit prior to the delivery of the speech, and it is heralded abroad as an epoch-making thing in the history of the United States.

I am very fond of the senior Senator from New York. believe in his intellect, I believe in his cleanness, I believe in his culture, but not free of the blunders that are committed in the name of the Presidency. There is in him as in others the wreck that is left in the trace of a presidential bee. Immediately after this speech, Andrew Carnegie pronounced-and he also is in the habit of pronouncing things ex cathedra-him to be by long odds the ablest elder in the church, and that he ought to be the next President of the United States. Then the senior Senator from New Hampshire [Mr. Gallinger] comes to the front with an interview in which he agrees with the great Scotchman-the Laird of Skiboo.

Mr. President, there are some things in connection with what the Senator from New York said that strike me as rather peculiar for a man of his intellect-native intellect, trained intellect, cultured intellect, honored intellect, honored by great men, nationally and internationally-peculiarly far fetched for a great ex-Secretary of War and a great ex-secretary of peace. [Laughter.] I mean a great ex-Secretary of War and a great ex-Secretary of State. Excuse me, but the present Secretary of State is such a secretary of peace that I get the two things confused now and then.

The Senator from New York says that there is great danger to the Government in this note that we are going to issue; that it will leave the Treasury stripped. My question to the Senator from Oklahoma [Mr. Owen] and his reply answer that,

Now, there has been a good deal of quarreling here and debate as to whether this proposed reserve note is a Government note or a bank note. The plain answer is that it is both. The bank is primarily liable, and then the Federal Government sees to it that the bank issues the right sort of note, that it is printed in such a way that it can not be counterfeited or duplicated or multiplied. The bank is the maker of the note; the Federal Government is the indorser or guarantor of the note. Thus you have, then, a note both of the bank and of the Govern-

How does the note get out? How can there be too many of them issued, if there shall be too many of them issued? In the first place, an individual must go to a member bank and borrow money that he does want or that he can not pay. In the second place, that member bank must carry that paper with the indorsements upon it, at least two of them, and it must itself run in debt by indorsing the paper which is allegedly unsound. If the paper is sound, if the paper is good, if it is bottomed upon an actual commercial transaction, it will be paid at the end of the 90 days. If the paper is unsound and is not good, the member bank acquainted with the maker and the indorser or with the drawer and the acceptor ought to know it. It car-Senator from Mississippi that there is a provision contained in ries that paper to the reserve bank, and then it has to do what?

It has to go to the reserve agent. Who is he? He is an officer of the Government. He is a member of the directory of that bank. Who are the directory? The directory are nine, and six out of the nine are nominees of the banks themselves. So a member bank, with an unsound piece of paper which it nevertheless is willing to indorse, must be willing to put itself in debt—mark you, in debt—because it owes for every note it gets, and it must repay it, must get the representatives of all the banks and of the Government to pronounce it sound, to accept it. Then the reserve board, representing the Government and the general interest, must approve of the transaction. This is greenbackism. Bryanism, free silverism! Horrid thought! Distressful nightmare!

That transaction must be indorsed by a board consisting of six representatives of all the other banks, and they are interested in seeing that no particular bank shall inflate the currency at their expense. So much for that. Yet the Senator from New York says—if the papers report him right, and they generally report him literally—that anybody who can make a piece of commercial paper will be entitled to an issue of currency of the Federal Government under this bill. If he had said anybody who could make a piece of "good commercial paper," he still would not have been quite accurate, but he would have been more nearly so.

One other thing. He goes out of his way to talk about the immense power of this Federal reserve board. The Federal reserve board, if you will read this bill, has not the power to initiate or to compel an inflation of any description. I am glad to see that the Senator from New York is now in his seat. There is no power vested in the Federal reserve board to initiate, to compel, or to consummate any inflation whatsoever. There is a power vested in the reserve board to compel contraction when it thinks that credits have been unduly expanded, either by raising the interest rate or by refusing its approval to the issue of the paper currency by the reserve banks.

Now, then, as to the reserves of gold under this bill. The bill requires a reserve of 33½ per cent. That is a great restraint on inflation. Senators, I ask your attention to a few historical facts. The old Bank of Louisiana required a reserve of 33½ per cent against all demand liabilities; that is, whether notes or deposits. That bank maintained its notes at par in gold when the notes of this great Federal Government were at a discount and when the notes of the Confederacy were at three times as much discount. Soldiers in both armies sought the Bank of Louisiana notes, and the sole protection was a reserve of 33½ per cent against all demand liabilities. It maintained its notes at par in the midst of the Civil War, demoralization, industrial and of every other sort, until Gen. Ben Butler looted the bank. It was only a State bank, and necessarily of State-limited resources.

That is not all. The Reichsbank, of Germany, is required by law to keep only a reserve of 33½ per cent, and it is not required to be kept in gold.

It is required to be kept in gold or in the notes of the German Imperial Governmen, or in the notes of other banks in Germany. This reserve required here, provided it is a working reserve—and this bill makes it a working reserve—is amply sufficient, because it is a minimum reserve.

The Senator from New York, if the newspapers reported his speech properly, dwelt upon the fact that the great European banks kept higher reserves as a practical fact. In the first place, the reserve in this bill is a minimum reserve and these banks are not compelled to keep it down to the minimum. In the next place, the banks abroad, while they keep a high gold reserve, do not keep it for banking and commercial purposes. Nobody knows that better than the Senator from New York. The Bank of England not only keeps reserves for itself but it keeps reserves for all the joint-stock banks in Great Britain on deposit. The Bank of France not only keeps reserves for itself and its branches, but it keeps the reserves of the Crédit Mobilier and the Crédit Lyonnais and all the other banks in France.

That is one reason why they keep unduly high reserves. Nobody knows better than the Senator from New York that the main reason is not even a reason appertaining to commerce and banking within or outside of themselves. The Reichsbank and the Bank of France keep these reserves for war purposes. The Senator from New York knows it, and we all know it. The Bank of France has now something like eighty-odd per cent of reserves, and fifty-odd per cent of those reserves are in gold. The German Empire has heaped up a fund now in its war chest at Spandau of a great many millions; I at this moment can not recall the amount. The Reichsbank is keeping another war chest ready for Germany. Here lately when Germany got a little obstreperous down in Morocco and seemed to want a little bit of war it was found that war could not be carried on in the

twentieth century simply because somebody wanted it, that it had to be financed, and when the Emperor came to consider that he found out he could not get the money from the Reichsbank nor from other parts of the world. Thereupon they had a great meeting, and it was determined that there must be some change in the constitution of the Imperial Bank of Germany. Some changes were made. Amongst others, they made the notes a legal tender which up to that time had never been legal tender, and it was reported—whether true or not I do not know—that the Emperor said, "This is the last time I shall ever find myself unprepared financially when the honor of Germany is at stake." Of course I do not agree that the honor of Germany was at stake. It was the foolish schoolboy notion of honor and glory and all that.

Then the bank began to pile up a higher gold reserve than ever. For banking purposes? To protect the notes of the Reichsbank? To protect its depositors? To protect the industries and the agriculture of Germany? No; but to have Germany on a war footing as far as finances were concerned.

footing as far as finances were concerned.

That is not all. Go to a peace country. The reserve required in the Bank of Belgium is 33½ per cent. She has no trouble about keeping her gold.

By the way, there is a great deal of superstition about this thing of keeping gold. Gold is like water, except that water seeks the lowest level and gold seeks the highest level. Gold not only will go, but it ought to go, wherever it is needed to carry on the business of the world. You are not impoverished when gold leaves you. Gold is not a sentient sort of thing. Moreover, if sentient, it would not be idiotic. It serves as the instrument of men's commerce to do men's work, and it goes wherever it is needed to do men's work. It goes to the highest market, and it will continue to go there, and you can not prevent it by any number of laws that you may enact.

Nor is it a misfortune that it should go whenever it ought to go. One of the bad things about modern finance is that there has been originated a lot of efforts to do by indirection what the old Spanish monarchy sought to do by direction. It put a direct tax upon the exportation of gold and made Spaniards as poor as church mice in consequence. Men are attempting all over the civilized world now to retain all the gold that they can keep, whether their business needs it or whether it does not. As the Senator from Colorado [Mr. Shafroth] said the other day, one bank raises a discount to hold the gold, across the channel another raises it to get it back, and a little farther back in the interior another raises it to get its share, when if they would leave it to the free trade of commerce the gold would go where it was needed and where it would do the most good, and help the people whom it left as well as the people to whom it went.

Now, having said that much, I do not want to take my seat without saying a little more in connection with what I regard as some of the defects of this bill. I think that provision of the bill which permits a Federal reserve bank under certain circumstances within the discretion of the board of control-that is, the reserve board-to keep its own notes as a reserve against its own notes is wrong. I appreciate the argument that is made, undeniably, irrefragably, by the Senator from Oklahoma [Mr. OWEN], that at this moment there would be a deficit of some \$200,000,000 in the amount needed for these reserves. urged, and I still urge, and I hope that a further conference, either here or between the conference of the two Houses, may limit this provision to the first two years of the life of this bill, when the difficulty will be over and that requirement will no longer be necessary. I hope that that amendment will be engrafted upon the bill either here or in conference between the

I hope another thing. This bill provides that when one of these Federal reserve notes is carried to the United States Treasury and is redeemed there, virtually paid, it shall be sent to the bank of issue. I hope that the bill will be so amended that, instead of being sent indefinitely to the bank of issue, it will be sent to the reserve agent at the bank of issue, and that he will be compelled to impound that note in his portfolio and keep it there, without reissuance, until a new loan is contracted upon the same conditions as the first one,

If I had my own way, I would have each note as it came back to the bank of issue destroyed, macerated, canceled; but if it is impounded and kept by this representative of the Government, the reserve agent, in his portfolio, not to be reissued unless it is reissued upon the same conditions that it was originally issued, it is substantially a new note, and some expense of printing perhaps is saved.

I hope that amendment will be made to the bill. I have urged it, and I have never seen any good reason against it.

There is another point. There ought to be somewhere in any bill that is passed a provision automatically contracting the notes, withdrawing them from circulation. Some gentlemen object to the word "contracting" no matter where you use it. There ought to be a provision automatically withdrawing that note when the need for the note had ceased. I think no provision was ever adopted better than that which characterizes the Reichsbank when, at a certain stage of the proceedings, the notes are taxed.

One of the men who appeared at the Academy of Political Sciences-I have forgotten now who he was: I was not present; I never met him, but I read what he wrote afterwards-made a suggestion which I think is a very good one. You fix a reserve of 33\frac{1}{3} per cent. He suggested that wherever the reserve fell as much as 21 per cent below the minimum there should be a tax of 11 per cent. Thirty-three and one-third per cent-take it at 33 for easy calculation—bring it down 2½ per cent and that would be 30½ per cent, and there should be a tax of 14 per cent. Then when you went to 24 per cent more it would bring it down to 28 per cent. Whenever it fell 24 per cent there should be a tax of 3 per cent. Then when it fell 2½ per cent more it would bring it down to 25½, and there would be a 41 per cent tax. Then if it fell still lower, bringing it down to 23 per cent, there would be 4½ plus 1½, which would be 6 per cent, and down the line.

I do not think that is necessary to this bill, because the board of control, the reserve board, is given the option of raising the rate of interest wherever it thinks it is necessary, and it will, of course, think it necessary whenever it will stop undue in-flation; but I would rather have an automatic process, because this board is to be named by the President and to be consented to by the Senate, and I know that this system will not be in operation long if the people want more money-and they are always wanting it-before a pressure will be brought to bear upon every Senator in this Chamber to use his influence with the reserve board in order to get them not to contract or in order to get them to consent to a further expansion.

With those defects, as I regard them-my party colleagues do not so regard them up to this good day; I hope they may see the matter as I do later on—but with those defects this is absolutely the best banking and currency bill that was ever presented to the Congress of the United States in the entire history of the American people. You may respond by saying that that is not saying much, and I do not know that it is saying too much, but it is saying that much at any rate, and it

The wonderful thing about all this to me is that I can not find a fundamental difference, a difference of principle, between the bill advocated by the Senator from Nebraska [Mr. HITCHcock] and the bill reported here by the Senator from Oklahoma [Mr. Owen]. I find very many reasons of administration and of expediency that recommend to my mind the bill offered by the Senator from Oklahoma as infinitely preferable, but there is not a question of principle, there is not a question of fundamental basis of any theory at stake between the two bills.

Mr. HITCHCOCK. Mr. President—

The VICE PRESIDENT. Does the Senator from Mississippi

yield to the Senator from Nebraska?

Mr. WILLIAMS. Certainly.

Mr. HITCHCOCK. Does not the Senator from Mississippi think there is a fundamental difference between having a public utility like a reserve bank controlled by the banking interest or controlled by the Government?

Mr. WILLIAMS. Is that the question? Mr. HITCHCOCK. That is one.

Mr. WILLIAMS. That assumes that this is nothing but a public utility. It is both a public utility and an association of banks in a banking association for mutual protection and for mutual insurance, and the money which is put up-the premium which is paid for the mutual insurance—is paid by the banks in the shape of their reserves. The amount of money handled by one of these reserve banks will be something like eight or nine times as much as the mere capital of the banks. this system the capital of the bank under the Owen bill will be about \$3,000,000 and the amount of money handled by one of these banks will be about \$36,000,000, which is twelve times as much, and the balance of that is put up in the shape of deposits, in the shape of reserves by the bank. If this were purely a public utility, like the post office, or something of that sort, there would be relevancy in the question asked by the Senator from Nebraska, but it is partly a public utility and it is partly an association for mutual insurance.

Where did this idea come from? Like nearly every other good idea in this world, it comes from evolution. What is the Amer-

ican evolution from which it comes? It is the clearance-house associations of the United States. We never have had a panic or a great financial trouble but what the clearance-house association had to step into the breach and put their paper out contrary to law as a mutual insurance paper, all standing to-gether, doing teamwork, the protection of each being the protection of all. This bill, for the most part, is merely putting into legal shape that which hitherto has been illegally done. that extent it is a banking proposition chiefly concerning banks. In fact, Senators, in the proper sense these reserve banks, or, rather, in the ordinary sense, these reserve banks, are not banks They are combinations of banks for the purpose of consolidating, concentrating, and rendering mobile the reserves of the banks, and for the further purpose of doing away with the pyramiding of the reserves which now exists and which is a source of great and constant danger.

This does not destroy the member bank; it does not destroy the common sense of the officers of the member bank; it does not render them idiots and insane; it does not put them in a position where they want to go out and borrow money which they do not need, and where they want to indorse notes and paper which is not good. All that is left as a substratum of the system. The Senator from Oklahoma narrated very clearly and very concisely 12 or 13 lines—I have forgotten which—of entrenchment and of fortification for the protection of these notes. He neglected to mention one more, which is the thirteenth or the fourteenth, whichever it may be; that is, the fact that when one of these reserve banks receives the note of another reserve bank, it is made its business not to pay it out over the counter, but to send it back to the bank of issue. All the history of banking and currency in this country affirms the fact that the greatest security for the interconvertibility of bank notes and gold is the fact of daily and constant redemption of the bank notes in gold at the bank of issue.

Mr. HITCHCOCK. Mr. President—
Mr. WILLIAMS. This note must go back to the bank of issue under the bill as it now stands; it goes back to the bank indefinitely, and there is a question as to whether the bank can not reissue it. It ought to go back to the Federal reserve agent of the bank and be put in his portfolio.

Mr. HITCHCOCK. Mr. President—
The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Nebraska?

Mr. WILLIAMS. I do.

Mr. HITCHCOCK. I think the statement made by the Senator from Mississippi is entirely correct; and I want to ask him what use is there in providing that the few other reserve banks shall immediately send to their original place of issue the reserve notes which they receive, if you allow the 10,000 member banks of the institution to impound those notes in their vaults and keep them there, thus allowing the gold to escape?

Mr. WILLIAMS. Well, in the first place, that is what I should call a non sequitur. I do not see how the phrase "allow-

ing the gold to escape" has anything to do with the proposition.

Mr. HITCHCOCK. Mr. President, it is the experience of the world that, unless you provide that gold shall be held in the reserves, the gold will not be held there and will be subject to be withdrawn out of the country. If you permit these 10,000 member banks to use as their reserves the notes issued by the reserve banks, you release the gold. The only way to keep the gold is to keep the reserves. Every country in the world, every central bank in the world has striven to keep gold. Germany has been in the midst of a great struggle to get gold from the people, to impound it in her banks, and certainly the Senator's own argument leads up to the point that if it is important for the other reserve banks to return those notes to the place of issue, it is ten thousand times more important to require the member banks to do so.

Mr. WILLIAMS. The Senator from Nebraska forgets the portfolio, and the portfolio is the keystone of the arch of this entire system. He seems to think that, unless that identical note goes back there, we are in a bad position. Providing something of equivalent value to the note comes back, it does not make a bit of difference whether or not the note comes back. Then the member banks may keep the note indefinitely, and do no harm. Here is a member bank that goes in and deposits a portfolio and becomes entitled to \$100,000 of note issue. The paper in the portfolio has not over 90 days to run. As the papers in the portfolio fall due, they are either paid or they are exchanged for gold or for new paper which, in the opinion of the Federal reserve agent, is equally good.

Whenever one of the pieces of paper in that portfolio is taken out and returned to the bank to which the loan in reserve notes

gold certificates or greenbacks in order to take the place of the paper taken out. That establishes a constant interconvertibility of commercial paper and of Federal reserve notes; and the minute a bank finds, owing to a slack loan market, that it is not to its profit to keep the loan out, that bank immediately brings in enough of its redundant currency and takes up its paper left with the Federal reserve bank. It does not make any difference whether the form of the redundant currency which it brings in is gold certificates or greenbacks or gold or Federal reserve bank notes; but whatever it brings in, this end of contraction to fit business is accomplished. The bank will not borrow money unless it needs currency, and the minute that it does not need currency bad enough to pay the interest which the Federal reserve board has prescribed for currency, at that time, that minute, it will come back and take its paper out of the Federal reserve bank and will deposit lawful money in its stead.

So much for that. There is nothing new about that; there is nothing new in this bill. I should be afraid of it if there were. There is not a provision in it that is not drawn from the Scottish bank system or the Canadian bank system or the imperial bank system of Germany or the old Suffolk bank system here.

The Senator from Nebraska seems to think that all the gold in a country must be impounded in reserves or else you are in a bad fix. Senators, I want to say that, in my judgment, the poorest issue banking system on the surface of this earth, or one of the poorest, to-day is that of England, and that yet the best financial system in the world, in spite of the bad banking arrangements, so far as the Bank of England is concerned, is to be found in England. What is the bank-note system of England? An absolute fiat issue of notes on £18,000,000. True, it is issued against eighteen millions of public debt of that Empire; but it is a debt that nobody thinks will ever be redeemed, and which, as a matter of fact, will never be paid. Then, outside of that, the bank can issue notes only when it puts a dollar of gold for a dollar of notes. No elasticity in either horn of that dilemma, What makes Great Britain, notwithstanding this, the great goldconserving country of the world? First, the Bank of England must at any time buy gold for its paper at a fixed mint price, and, in the second place, and more than that, there is not a bank note in Great Britain less than £5-\$25.

What is the consequence? The farmer, the mechanic, and the retail dealer must keep as till money gold and silver in constant circulation. It can not leave England. Why? Because the constant daily requirements of trade keep it there, and there is nothing to take its place. The elasticity of England's system

ASSETS. Total gold 1, 118, 080, 969, 00
Silver dollars 491, 260, 000, 00
Silver dollars of 1890 2, 566, 000, 00 1, 611, 906, 969. 00 Total currency trust funds\_\_\_\_\_ General fund:
Total cash assets, as above \_\_\_\_\_\_ 281, 698, 412. 48 Gold reserve fund:
Gold coln
Gold bullion

Grand total cash assets in Treasury \_\_\_\_ 2, 043, 605, 381. 48

Mr. WILLIAMS. I shall not make any apology to the Senate, but I shall make an apology to this side of the Chamber. I have been constantly assuring my colleagues in the cloakroom, for the last three or four days, that "my system was plumb full of the last three or four days, that "my system was plumb full of an odd, volcanic desire to erupt in connection with some of the arguments being made, but that I was not going to erupt." Yet, in spite of a cool, deliberate purpose, founded upon reason and a desire not to take the time of 90,000,000 people who are waiting for the conclusion of this debate and the passage of this bill, I have erupted. I do not know that I have erupted to any particularly useful purpose; but I have at least the consolation that usefulness is relative, not absolute, and I doubt if a word has been said by others or me upon the floor of the Senate which has changed the preconceived opinion of a single Senator.

There is a general idea that Senators come here and learn about great public questions, serving apprenticeship at the expense of the people, taking a sort of kindergarten course. I do not suppose there is a Senator within the sound of my voice who has not for 12 years had his mind made up on all fundamental questions of banking and currency. I take it that Sen-

is in the fact that its business is done with coin and checks and bills of exchange and acceptances and clearances.

That calls to my mind another defect in this bill, which I hope will be remedied here or in conference. We ought not to permit \$1, \$2, and \$5 reserve-note bills to be issued. Instead of the \$1 and \$2 bills there ought to circulate in this country 25-cent and 50-cent silver pieces as pocket change and till money for retail dealers. There ought not to be \$5.000. till money for retail dealers. There ought not to be a \$5 note issued under this bill, but instead the half eagle in gold or gold certificate. Gold ought to go out into everyday circulation as well as you can make it go. You can not rob England of her coin, because coin can not leave a country unless there is something to take its place. When the Bank of England wants gold it can go out in the markets of London and Liver-pool and Manchester and Birmingham and get it. It is there to be gotten; it has not been driven out by paper; it has not been driven into bank reserves by paper; it sthere doing the work of the people every day. The Senator from Nebraska is horribly mistaken if he thinks that the chief use of gold in this world is that it shall be impounded in banks solely as a basis

Now, Mr. President, I am going to ask permission to publish in connection with my remarks as relevant to a part of them and at the end of what I have to say a table of the currency trust fund, the general fund, and the gold-reserve fund of the United States taken from the daily statement of the United States Treasury at the close of business December 13, 1913. There is a general impression somehow or other among men-I do not know how it got abroad-that the United States Government and the United States people and the business of the United States are suffering from a dearth of gold. It is so far from being true that precisely the opposite is true.

The United States has more gold to-day than any country in the world, either in the Treasury or in reserve in the banks or in circulation, and every statement from the Treasurer is a demonstration of that fact, as this last statement is a demonstration of it. It would be in constant circulation, in your pocket, and in my pocket, but for the fact that we have crowded it out by paper bills, and that it is much more convenient to carry the gold certificate or other paper than it is to carry a gold coin.

Mr. President, I ask that the statement to which I have re-

ferred may be inserted in the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and that order is made.

The statement referred to is as follows:

Outstanding certificates: Gold certificates outstanding Silver certificates outstanding Treasury notes outstanding	491, 260, 000, 00
Total outstanding certificates General fund liabilities and balance: Total liabilities, as above Balance in general fund, as above.  Gold reserve	165, 373, 412, 10
Total net balances	266, 325, 000. 38
	2, 043, 605, 381, 48

ators do not come here for the purpose of serving an apprenticeship in a school at the expense of the people, but that they came here in the beginning of their respective terms somewhat prepared to grapple with the great problems with which they are confronted. The consequence is that the most of our debating, when we are confronted with a worn subject like this, is just useless. It is talking here for the purpose of consumption in the country, and for the purpose of the effect it may have elsewhere. I have not had even that excuse. I just felt tempted by the Senator from New York—he tempted me and I fell—and that is the only excuse I have at all.

Mr. BRISTOW. Mr. President, I do not intend to occupy

any great length of time, and what remarks I have to make I intend to make upon the amendment that is pending.

I was amused and amazed at the vehement denunciation made by the Senator from Oklahoma of the Wall Street influences that he says have with such sinister motives controlled the finances of the country. His manner was so tragic when he declared that the day of their dominion was past, when before the Senate adjourns to-night he will cast his vote in favor of maintaining the powers that they have-no; of handing over to

them, under legal forms, greater powers than they have or could

obtain under the present law.

The Senator stands upon this floor and denounces with violent vehemence the trusts and combinations that control the credit of the country, and then drafts a bill that gives them the legal forms of law to perpetuate, if they see fit, a trust which controls credit. He denounced the Aldrich bill with equal vehemence and tragic manner, yet he has taken out of the Aldrich bill and incorporated into his bill its central thought—that is, that these reserve banks should be banks owned by the banks and controlled by the banks and run in the interest of the banks. The astounding thing is that the chairman of the Committee on Banking and Currency of the United States Senate can think that the American people do not see through the subterfuge of this bill. It is the embodiment of hypocrisy so far as dealing with the trusts or a monopoly is concerned.

I respect the gentlemen who stand for the Aldrich bill. They have never practiced any hypocrisy about it. They openly say what they are for. They believe in the kind of bill which was introduced and recommended by the Monetary Commission. They do not undertake to denounce a method and then vote for its

I am not going to take up any great length of time; but I could not let this opportunity pass; the provocation was too great for me to sit here hour after hour and listen to such pretenses as I have listened to here to-night from the chairman of the committee. I wanted to let him, the Senate, and the country understand what kind of a bill this is. I intend that the CONGRESSIONAL RECORD shall carry my views as to the amendment which is now pending. Its defeat will be to give the banks of the country the control of the regional banks which control the credit of the Nation, and which will provide a legal organization, a monopoly of credit; and this plan has been worked out by the men who have with the greatest vehemence for months denounced all such combinations and trusts

Mr. OWEN. Mr. President, I move to lay on the table the amendment offered by the Senator from Nebraska [Mr. HITCH-

COCKI.

Mr. BRISTOW. On that I call for the yeas and nays.

The year and nays were ordered, and the Secretary proceeded to call the roll.

Mr. CHIL/TON (when his name was called). I have a general pair with the junior Senator from Maryland [Mr. Jackson], and therefore withhold my vote. If he were present he would vote "nay" and I should vote "yea."

Mr. DU PONT (when his name was called). I have a general pair with the senior Senator from Texas [Mr. Culberson].

I transfer that pair to the junior Senator from Maine [Mr. Bur-LEIGH] and will vote. I vote "nay."

Mr. MARTINE of New Jersey (when his name was called).

I have a pair with the senior Senator from Idaho [Mr. Borah]. Were I entitled to vote, I should vote "yea."

Mr. NELSON (when his name was called). I have a general pair with the senior Senator from Georgia [Mr. Bacon]. I transfer that pair to the senior Senator from Utah [Mr. Smoor] and will vote. I vote "nay."

Mr. O'GORMAN (when his name was called). I am paired

with the senior Senator from New Hampshire [Mr. Gallinger]. If I were at liberty to vote, I should vote "yea." Under the circumstances, I will withhold my vote.

Mr. ASHURST (when the name of Mr. SMITH of Arizona was called). My colleague [Mr. SMITH of Arizona] is unavoidably detained. He is paired with the senior Senator from New Mexico [Mr. Fall]. If he were present, he would vote "yea."

Mr. SMITH of Georgia (when his name was called). I am

paired with the senior Senator from Massachusetts [Mr. Longe]. I transfer that pair to the senior Senator from Colorado [Mr.

THOMAS] and will vote. I vote "yea."

Mr. STERLING (when his name was called). I am paired with the senator Senator from Louisiana [Mr. Thornton]. I transfer that pair to the junior Senator from New Mexico [Mr.

CATRON] and will vote. I vote "nay."

Mr. STONE (when his name was called). I have a standing pair with the senior Senator from Wyoming [Mr. Clark]. If I were at liberty to vote, I should vote "yea." Without knowing cartainly I think I am arefule. ing certainly, I think I can safely say that the Senator from Wyoming, if present, would vote "nay."

Mr. SWANSON (when his name was called). I have a pair for to-night with the senior Senator from Washington [Mr. Jones]. I transfer that pair to the junior Se homa [Mr. Gore] and will vote. I vote "yea." I transfer that pair to the junior Senator from Okla-

The roll call was concluded.

Mr. OVERMAN (after having voted in the affirmative). inquire whether the senior Senator from California [Mr. Perkins] has voted?

The VICE PRESIDENT. He has not.

Mr. OVERMAN. I have a general pair with that Senator, and therefore withdraw my vote.

Mr. TOWNSEND. The senior Senator from Washington [Mr. Jones] is absent on official business. He is paired, as I understand, with the junior Senator from Oklahoma [Mr. Gore]. Mr. WARREN. The senior Senator from New Hampshire

[Mr. GALLINGER] is unavoidably detained. He is paired with the junior Senator from New York [Mr. O'GORMAN].

Mr. BANKHEAD. I am paired with the junior Senator from West Virginia [Mr. Goff]. If he were present, I should vote yea."

Mr. WORKS. The senior Senator from California [Mr. Per-KINS] is unavoidably absent.

The result was announced-yeas 36, nays 35-as follows: YEAS-36.

Ashurst Bryan Chamberlain	Kern Lea Lewis	Ransdell Reed Robinson	Smith, Ga. Smith, Md. Smith, S. C.
Clarke, Ark. Fletcher	Martin, Va. Myers	Saulsbury Shafroth	Swanson Thompson
Hollis Hughes James	Newlands Owen Pittman	Sheppard Shields Shively	Tillman Vardaman Walsh
Johnson	Pomerene	Simmons	Williams
	N.	AYS-35.	
Bradley Brandy Brandegee Bristow Burton Clapp Colt Crawford Cummins	Dillingham du Pont Gronna Hitchcock Kenyon La Follette Lane Lippitt McCumber	McLean Nelson Norris Oliver Page Penrose Poindexter Root Sherman	Smith, Mich. Stephenson Sterling Sutherland Townsend Warren Weeks Works
Cummins		VOTING—24.	
Bacon Bankhead Borah Burleigh Catron	Clark, Wyo. Culberson Fall Gallinger Goff	Jackson Jones Lodge Martine, N. J. O'Gorman	Perkins Smith, Ariz. Smoot Stone Thomas
Chilton	Gore	Overman	Thornton

So the motion to lay Mr. HITCHCOCK's amendment on the

table was agreed to.

Mr. HITCHCOCK. Mr. President, omitting now some less important amendments, I offer as an amendment to the House bill, section 7 of the bill reported by myself, beginning on page 19, and I ask that it be read.

The VICE PRESIDENT. The amendment will be read.

The Secretary. Strike out section 7 as printed in the House text, beginning at line 15, on page 12, and in lieu insert section 7 as printed in the text of the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK] November 25, beginning on page 24, line 8, as follows:

on page 24, line 8, as follows:

SEC. 7. That after the payment of all necessary expenses and taxes, including its share of the expenses of the Federal reserve board, the stockholders of each Federal reserve bank shall be entitled to receive an annual dividend of 5 per cent on the paid-in capital stock, which dividend shall be cumulative. Net earnings over and above expenses and the aforesaid dividend shall be applied as follows: Twenty-five per cent of such net earnings to be carried to a surplus fund until such fund shall amount to 20 per cent of the paid-in capital stock of such reserve bank, and 37½ per cent of said net earnings shall be set aside in a trust fund to be known as the depositors' insurance fund and shall be used for the payment of the depositors of insolvent member banks under rules and regulations made by the board. When, in the judgment of the board, there has been accumulated in such depositors' insurance fund a sufficient sum fully to insure the payment of the depositors of insolvent member banks, the board shall have power to suspend the setting aside and accumulation of the said 37½ per cent of such earnings, and thereafter such 37½ per cent of such earnings shall be paid to the United States, except that in the event the depositors' insurance fund is depleted by the payment of depositors of insolvent member banks such fund shall be replenished by again setting aside such 37½ per cent of the earnings, or so much thereof as, in the judgment of the board, may be necessary. The remaining net earnings shall be applied to the purchase, at par, with accrued interest, of the 2 per cent bonds of the United States, asid bonds then to be retired; or if such bonds can not be so purchased, said amount shall be applied to the purchase of other interest-bearing obligations of the United States, which obligations shall thereupon be retired.

Also, in the House text, lines 19 and 20 of the same section,

Also, in the House text, lines 19 and 20 of the same section, the Senator from Nebraska [Mr. HITCHCOCK] proposed to strike out the words "held by member banks" and insert the words "and the income derived therefrom," so as to read:

Every Federal reserve bank incorporated under the terms of this act and the capital stock therein and the income derived therefrom shall be exempt from Federal, State, and local taxation, except in respect to taxes upon real estate.

The VICE PRESIDENT. The question is on the amendment

proposed by the Senator from Nebraska.

Mr. NORRIS. I should like to suggest to my colleague an amendment. I believe he will be willing to accept it. That part of my colleague's amendment providing for setting aside a certain per cent of the earnings of these banks for the purpose of paying depositors in member banks that have failed makes no provision in regard to the subrogation of the board in case they use this money in the payment of the claims of depositors. It seems to me that that provision, to be workable, ought to provide that in case they do make such payment they should be subrogated to the rights of the depositors and have the right to receive what would otherwise go to depositors, and that such amount should be returned to the fund out of which the original payment was made.

I send to the desk and ask to have read an amendment to the amendment, which I think will cover the particular provision

that I believe ought to be strengthened.

The VICE PRESIDENT. The amendment to the amendment will be read.

The SECRETARY. After line 21, on page 24, add the following:

Whenever said board out of said fund shall pay any amounts due to depositors of insolvent member banks, said board shall be subrogated to all the rights of said depositors, and in the settlement of the affairs of any such bank all dividends that would have been due to such depositors shall be paid to said board, and the same shall be by it paid into and become a part of said depositors' insurance fund.

The VICE PRESIDENT. The question is on agreeing to the

amendment to the amendment.

Mr. HITCHCOCK. Unless there is some objection on the part of other members of the section of the committee for whom I report this bill I shall be glad to accept the amendment offered by my colleague. It is within the spirit of the provision, of course.

Mr. BRISTOW. May I ask that the amendment to the amendment be read again. My attention was diverted.
The VICE PRESIDENT. It will be again read.

The Secretary again read the amendment to the amendment. The VICE PRESIDENT. The question is on agreeing to the

amendment of the Senator from Nebraska as modified.

Mr. CLAPP. Mr. President, it had not been my purpose to say anything on this bill, because I had partly determined that, while I would discuss the methods by which it was being passed, yet I would not discuss the terms of a measure to what, in the terminology of the court room, we would designate as a packed jury. But occurrences have taken place here to-day which impel me to forego that partially formed reso lution and to make some remarks.

At about 4 o'clock this afternoon an amendment was proposed to this bill that proposed to change not only the form of the bill but goes to the very fundamental question whether the American people, after a century and a quarter, are to be coerced by the banking interests of this country or whether

the American people shall assert their independence.

After less than five hours' discussion upon that vital and fundamental question, it was moved to table that amendment and stop the discussion of that question in the American Senate. It is true that question in a measure was involved in the general proposition embraced in the original substitute offered by the Senator from Nebraska [Mr. HITCHCOCK], but in that substitute were many other questions upon which there might justly be a difference of opinion. The concrete question whether we were to be cowed by the declaration, made on this floor, that this proceeding would fail unless we listened to the dictation of the bankers, did not become a concrete question, disassociated from other questions, until the amendment offered by the Senator from Nebraska at about 4 o'clock this afternoon came before the Senate.

I am not one of those who have constantly declaimed against the banks of this country, but I am one of those who recognize that in legislation and in the formulating of political policies we have to recognize the limitations and the extremes of human nature, the extreme of good in human nature and the extreme of bad in human nature. We should legislate with a recognition

of that limitation in view.

Mr. President, personally I agree with the Senator from Kansas [Mr. Bristow]. It has been, in my judgment, a mistake to throw this country into hysteria with this proposed legislation, I believe that a few simple concrete amendments to the existing law would have met the necessities of the hour. But it was seen fit, after rushing a tariff bill through Congress and throwing the country into one hysteria, to throw the country into another, with a long, complex, top-heavy, mingled currency and banking proposition, when they should never have been merged

But, Mr. President, one of the reasons assigned for that was that the credits of the country were being manipulated, not only possibly, but it has been asserted here on the floor that they have in fact been manipulated, in the interest of a few and whenever it was necessary to crush rival business organizations

or tentative competitive organizations.

Recognizing the frailty of human nature and not making this applicable any more to bankers than to anyone else, I am very

much inclined to believe that the men who have controlled the great credit system of this country have used their power in their own interest against the public, and not only against the public as a whole, but against rival, competitive institutions and propositions for the development of business in this country. I shall waste no time in support of that, because that declaration has come of late so often from the Democratic side of this Chamber.

Now, one of the excuses offered for bringing in this legislation has been that very condition. The Senator from Nebraska [Mr. HITCHCOCK] this afternoon related his own experience. It has been the experience of many a man during the last few years. When hundreds, and I might say thousands, of men have told me of their own experience where their convictions have been sought to be throttled by the banks of their communities, where their free expression and free activities were sought to be throttled by the banks of their communities either withdrawing credits or threatening them with withdrawal of credits, I can believe it, because it accords with one phase of human nature, and a bad and vicious phase.

Now, starting with that as a reason for this legislation, what do we find? First, a proposition here to create a system of institutions, miscalled banks, because they are not in the true sense banks, institutions calculated to relieve that condition alleged to be for the purpose of gathering the power to rediscount paper in such a way as to break down the monopoly that has existed in banking circles in the control of the credits of this

And yet at the first step, at the threshold of this proposition, it is proposed by the proponents of this measure to create those agencies through the very instrumentalities that we are seeking to control, instead of letting the people subscribe to the stock

of these associations.

This is followed by the proposition to place the control of these associations in the hands of the very men whose monopoly we are seeking to break down and destroy. that the question of putting these associations in the hands of the Government has been raised we have been calmly told that "that would not accord with our plan," the plan of the proponents of this measure. Must everything, then, be sacrificed to a plan without a defense of the plan itself? There has not been made on this floor a single defense of the plan of the banks taking the stock of these associations. But when we have questioned the wisdom of placing the control of these associations in the hands of men from whose control we are seeking to release the public, then we are met with the answer that if we have them subscribe the stock they must have the control. That is arguing in a circle. It is no answer to the question.

But, Mr. President, to-day with more emphasis than heretofore we have been told that in order that the banks may submit to the organization of these reserve associations it is necessary to allow the banks to control them, and that unless we allow the banks to control these reserve associations, miscalled banks, because they are not banks, the banks of the country will not go into this plan, and consequently the plan will fail. In other go into this plan, and consequently the plan will fail. words, we find here a monopoly so powerful that, in order to deal with it at all, we must allow it to dictate the terms.

We complain in this country that there is growing a spirit of Is it to be wondered at when on the floor of the American Senate, representing free government after 125 years of experience, it is declared that the banking interests of the country must be allowed to dictate the terms of a banking law or else we can not succeed with a banking policy? I can not understand it. It may be, Mr. President, that I have been unduly moved in this matter, but I do not understand how Senators can stand here, with the history of a century behind them, and calmly tolerate the proposition that, with the vast resources of this country, we can not have a system of relief unless we submit in the plan itself to the dictation of the very power from which we are trying to escape. I do not impugn the motives of the men who sustain this position. I believe that the men are honest in their views upon this question, but I can not for the life of me understand their position. If it is true that we have so fallen under the power of the banking system of this country that we have to consult them as to the remedy from that power itself, the sooner we abdicate the better, or else, as the alternative, the sooner we throw down the gauntlet the better.

I realize that we stand to-day in our industrial relations in a position of tremor; I realize that there is a shutting down; I realize that shutting down means misery; it means suffering; but by the token of the sacrifice of men who laid down their lives we are cowards if we do not dare along commercial and industrial lines to battle for the freedom and the liberty of the people of this country.

I do not believe, my Democratic brethren, that you realize the import of what has been declared to-day as the reason for submitting to this tyranny, seeking to escape from that tyranny, and yet admitting that the only avenue of escape is one to be laid down by the power from which we seek to escape. Of what stuff are we made that we tamely submit to such dictation as that? To what pass has the great party that has proclaimed itself the party of the people come that it submits to such dictation as that?

I can speak with some freedom on this question, for I think I am not any longer accused, at least, of being partisan in my political views. Two members of that party voted for the last amendment proposed by the Senator from Nebraska [Mr. Hrrchcock]. Am I to believe, is the Senate to believe, that in all that great array upon the other side of this Chamber there was no other man who believed that a blow should be struck here for the independence of the American people from their present financial condition except those two? It can only be due to the slavery of the cancus.

Talk about party loyalty and party solidarity. Who constitutes a political party? Because a President and a handful of one party happen to hold to a view, is a man to be branded as a traitor because he does not submit to their views upon a question so vital and fundamental as is this question of who shall control these so-called banks?

Mr. President, for one, I can not understand how a man who has attained to the importance and dignity of a seat in this American Senate can refer to any man on earth as the titular the doth is party. We had once a man who declared himself the titular head of his party. He met a fate that, in my humble judgment, will be the fate of any man who declares himself greater than the millions of voters who compose a party organization. I think at this point I will refer to a Senator who has gone before us. When the declaration from a President that he was the titular head of the party was first heard in a message to the Senate some years ago, a Senator, the former great Senator from Iowa, Mr. Dolliver, said to me: "There are sad days in store for our party when a man talks about his being the titular head of the party.

Gaining nothing by experience, drawing no lesson from the fate of the man who as President insisted that his will was the law of millions of voters, our Democratic friends are now pursuing the same identical course, and we have heard to-day on the floor of the Senate the declaration, carrying with it the assumption that the declaration of one man was the party voice. My Democratic friends, for one, I had hoped that when the returns showed not that you had a majority of the voters, but that in the fortunes of political war you were to be installed in power, there would be some progress, some advance; and yet during the tariff debate and during this discussion when any criticism has been made as to your policy, time and again the answer has been, "Why, you folk did the same thing."

I want to warn my Democratic friends, although I am not

oversolicitous, of course, for their success, nor do I hold any brief for them, that you can not retain the confidence of the American people by simply saying that you are no worse than the political organization which the American people discred-You have got to have some other capital if you are going to have the confidence of the American people. Yet, here is a great measure, designed to relieve the American people from the thraldom of the control of bank credits by bankers, and instead of submitting that measure to the broad equation of the representatives of 48 States the assertion is made that because a Senator differs upon a fundamental principle he is no longer loyal to the party. You would put party loyalty above the public welfare.

Mr. HITCHCOCK. Mr. President—
The VICE PRESIDENT. Does the Senator from Minnesota

yield to the Senator from Nebraska?

Mr. CLAPP. I yield to the Senator.

Mr. HITCHCOCK. Is it not also somewhat remarkable that this attitude in favor of having the banking interests of the country control these new banking public utilities should come within a few months after an investigation by a committee of the House of Representatives had revealed the fact that in the great banking centers of the country there has grown up such an interlocking of directors in the banks and trust companies of those cities that they have come practically under the domination of a single combination, so that banks not in the combination are compelled to bow to it and take its dictation in matters of policy-I say is it not remarkable that, after all the revelations secured by this industrious committee of the House of Representatives, disclosing this condition in the banking centers, there seems to be a willingness to intrust to them the control of these reserve banks which are to be created?

Mr. CLAPP. Why. Mr. President, if a man had said six months ago that the men who to-day are defending the placing of the control of these reserve banks, so called, in the hands of the banks themselves would have favored such a plan, he would have been characterized as insane and would have been charged with unfairly defaming his political opponents. Remarkable!

What is it that to-day we are led to believe the President is considering following this bank proposition? We are told that the next thing on the program is to devise some means of dealing with the trusts of this country. Everybody knows that the American people to-day are studying that problem from one ocean to the other; everybody knows, if the President goes on with anything like a semblance of the program he has foreshadowed, that that, if not the next, will be among the first of the great problems he will take up.

As for the Pujo investigation and hearings on the trust question, the experience of the people of this country did not even require the Pujo investigation-

Mr. NELSON. Mr. President, will the Senator yield to me? The VICE PRESIDENT. Does the Senator from Minnesota yield to his colleague?

Mr. CLAPP. Certainly.

Mr. NELSON. I desire to call the Senator's attention to the fact that the Pujo committee showed that the headquarters of the Money Trust and interlocking directorates was in New It is inevitable, if any regional banks are estab-York City. lished, that there will be one established in New York City; and can the Senator tell me or can any Senator tell me why those same bankers will not control and manage that regional bank in New York City with as much facility as they have heretofore controlled financial affairs in that city?

Mr. CLAPP. I-

Mr. LEWIS. May I ask the senior Senator from Minnesota a question?

Mr. CLAPP. Certainly.
Mr. LEWIS. I ask if the Hitchcock bill, with its provision for four regional banks, should obtain, does the Senator from Minnesota fancy that one of the banks would be located in New York City?

Mr. NELSON. We propose to put the control of the regional bank in New York City in the Government, giving the Government the majority of the board of directors. While you propose to give the banks six out of nine of the directors of the reserve bank there, we propose to give the bankers only four out of nine; that is the difference.

Mr. LEWIS. In response to my friend from Minnesota, may I ask would not your bank, with four directors elected by the bankers in New York City, still be subject to the same atmosphere and have its funds under the same organization and control as in the case of the present national banks in New York City, which are under the Government?

Mr. NELSON. Not if we have a Federal reserve board ap-

pointed by the Government.

Mr. LEWIS. I beg pardon of the Senator from Minnesota for taking so much time. I only wanted to show that there was no discrimination in the matter.

Mr. CLAPP. I will deal with that in a moment. I want to say that any system must of necessity involve the weaknesses of human nature; but if there is nothing gained by the use of the dividing line between the direct interest itself and the effort of the American people to get away from that force through the obligation of men selected by the Government, then why not turn over the regulation of railroad rates to the railroad managers instead of to a commission? One of these so-called banks will not only be in the city of New York and its officers named by Wall Street, but there is not a Senator here to-night who does not know that the ramifications of that Wall Street force reach to every city in America. It has been practically impossible for years to launch any great enterprise in the country that conflicted with the purpose and will of that Wall Street force and influence. Has it not been declared on this floor on the Democratic side for years that we could not get away from its influence even in politics? Do we not know that its ramifications reach every town and village in this land? doubts it, let him engage in the work that some of us have been engaged in in the last two or three years. Young men, brave and courageous, inspired by a desire to serve their country, have been called down and told that their business is being jeopardized by their independence.

It will be hard enough under any circumstances to get away from this power that sends its tentacles into every hamlet in America, but we can at least declare our independence. at least try to get away from them by removing the appointing power from Wall Street itself.

We have been told here in one breath that some of these bankers, such as the president of the National City Bank of New York, favor the people's subscription, and then we are told in the very next breath that we must let the banks name a majority of the directors or the banks will not come into the plan. You will have to take one horn or the other of that dilemma. Driven to the last resort, the defense of this plan of allowing the banks to name the directors has been that the banks will not come in otherwise, and it will be a failure unless we let them dictate the terms of the bill itself.

Mr. SHIVELY. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Indiana?

Mr. CLAPP. With pleasure.

Mr. SHIVELY. Did not the author of the amendment of which the Senator has just been speaking say on the floor of the Senate that the stock in the regional banks would not be an attractive proposition to the banks that were expected to go into the system, because the banks that were expected to go into the system can earn on their stock 12, 15, or 18 per cent? Did he not say that for this reason it would not be at all attractive to the banks, but that as an investment it would be attractive to the public; in other words, that it is too poor to attract the banks, but just good enough to attract the public?

Mr. HITCHCOCK. Mr. President-

Mr. CLAPP. I do not know whether he did or not; but the defense of the proposition to place these boards in the control of the banks is that the banks will hold back and this bill will fail unless we allow them to dictate its terms. That defense has finally been made upon the floor of the Senate.

Mr. SHIVELY. There has been no evidence presented here that the banks desire that this should be a stock proposition

Mr. CLAPP. Then have the Democratic Senators who have said that unless the banks nominate or appoint the directors they will not come in been giving their own pipe dream as to the reason why we should turn this system over to the banks?

Mr. SHIVELY. If the Senator please, of course the banks which are expected to be member banks are now owned by private individual stockholders, just as the Senator would have the regional bank. Such would not be, according to the Sena-tor's theory, a publicly owned bank, would it? Had you your way and were the amendment proposed by the Senator from Nebraska adopted, you do not hold that the regional bank thus

constituted would be a publicly owned bank?

Mr. CLAPP. The amendment offered this afternoon by the Senator from Nebraska [Mr. HITCHCOCK] would not make the regional so-called bank—I dislike to call it a bank, for it is not a bank, but let us call it that—a publicly owned bank; but we tried to make it a publicly owned bank. We believe the time has come in this country, in view of the use of credit by the great banks, when the American people should not only declare their independence, but should maintain it by the creation of a dis-count association with their own capital, and control the dis-

count association.

I do not mean by that that because men were appointed by the Government they would be absolutely removed from all temptation or that the system would be perfect. I recognize the frailty of human nature. I do say, however, that in every place in the history of our country, where we have attempted to regulate and control, we have taken the control out of the direct hands of the power we sought to control and have placed it in the hands of men appointed for the purpose of controlling. We did that with railroad rates. What kind of railroad rates do you think we would get if the railroads made the rates? It is true that it is said that the railroads have their influence and all that, but nobody would think for a moment for that reason of turning back the control of railroad rates to railroad managers

Mr. SHAFROTH. Mr. President, will the Senator from Min-

nesota yield to me?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Colorado?

Certainly; with pleasure. Mr. CLAPP.

Mr. SHAFROTH. I should like to ask the Senator, if the national-bank act had provided that the board of directors of every national bank should consist of five men appointed by the Government, with no interest in the bank or in the funds of the bank, and four men who were stockholders of the bank, whether ever would have been a national bank organized in the

Mr. CLAPP. That reminds me that once I picked up a schoolbook and saw that one of the questions in it was, "What would have happened if Braddock had not been defeated?" [Laughter.] Of course, nobody knows.

Mr. SHAFROTH. Yes: the Senator knows. He knows that there would not have been a national bank organized.

Mr. CLAPP. No; I do not know any such thing. that men put millions into railroads, knowing that the Interstate Commere Commission is here to regulate their rates. I know that these men put their money into the banks, knowing that Congress could any day repeal, alter, or amend their char-I know that men went into the national banking system and have put millions of their reserves into the control of banks in which they had no more voice than the Senator from Colorado has

Mr. SHAFROTH. Yes; but that was not an investment of their money. I will ask the Senator another question: Would he put his money into a national bank if the law were that five of the directors of the national bank should be appointed by the Government and four by the people who put in the money?

Mr. CLAPP. The trouble is that the Senator is so preposterous in his proposition. My experience has been in trying to get money out of banks, not putting money in. [Laughter.] If I had money to invest, however, I should not hesitate to invest it in that way when the investment was to be controlled by men who had but one possible motive, and the money was absolutely divorced from any possibility of the wreckage of the bank.

If we should let the public subscribe, as we ought to, the only money in the banks that would not come into this plan would be the reserves which we already control. That is the trouble. Every time we plead here for Government control we are told, "Why, you can not have that, because, forsooth, our plan is that the banks shall subscribe instead of the people subscrib-If you were strong enough to drive through a Democratic conference the proposition of letting the Government control, you would also have been strong enough to drive through the same conference the proposition that the people might subscribe for the stock.

I do not care, however, if the banks would not come in. If it is necessary in order to give the American people relief from the condition of monopoly of credits that it is claimed this bill is going to meet, then if the banks would not come in I would devise a system by which the American public could handle the matter and discount paper without any reference to the banks. It is better not to clothe the banks with any more power. If in escaping from one tyranny we go to a greater tyranny, the sooner we stop trying to escape the better for all concerned.

The existing banks will not patronize the reserve banks under your plan except when it is advisable to rediscount their paper, and I would trust their coming there to rediscount their paper no matter who owns the bank. If a bank to-day finds itself obliged to rediscount its paper, it does not seek to do it in a bank that it controls. It is glad and willing to find any bank

that will rediscount its paper.

We are overfrightened over this subject. We have allowed a spirit of fear to dominate us in this matter. I tell you in all calmness and all candor that in planting yourselves upon the theory that you are trying to escape from monopoly you recognize the power of the monopoly to the extent of allowing it to dictate the avenue of escape. I, for one, say it is illogical. The admission that the American Congress, backed by the resources of the American people, is not strong enough to devise a reserve system here independently of whether the banks like it or not is a declaration that is not calculated to create confidence in the spirit of American institutions.

Mr. BRISTOW. Mr. President-The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Kansas?

Mr. CLAPP. With pleasure. Mr. BRISTOW. If it will not disturb the Senator, I should like to ask him a question. He says that some of our friends are becoming frightened at the menace of the banks refusing to go in. Did it ever occur to the Senator that there might be a perfect understanding between those who are promoting the plan to permit the banks to run this organization and the banks that want to run it?

Mr. CLAPP. Well, I think outside there doubtless is. I would not say "aye" to anything that could be construed as suggesting a motive of that kind in the minds of the Senators here who are defending the so-called Owen bill. I do not understand that that is what the Senator meant, however.

Mr. BRISTOW. No; I do not know where the mysterious influence is that dominates and controls this matter just as the great combinations desire it. I do not know where it is, but believe it is controlling and dominating the formation of this bill in harmony with its purposes.

Mr. CLAPP. There is no doubt that it is controlling it. It

may be, as alleged by our brethren across the aisle, that it is

controlling it through fear, but what I complain of is the American Senate standing and admitting that with all our strength and resources we can not devise a remedy for an evil except to adopt the remedy dictated by the evil from which we seek to flee. It is illogical and unnatural, and when the American people come to understand it I do not believe they will approve it.

Mr. OWEN. Mr. President, would the Senator object to a

question?

Mr. CLAPP. Not at all.

Mr. OWEN. Does not the Senator know that the plan of popular ownership of this stock was presented first in a vigorous way and taken under advisement by certain members of the committee because of the argument submitted by Mr. Vanderlip, of the National City Bank of New York, the Rockefeller bank?

Mr. CLAPP. I do not know what moved the minds of the committee; but long before Mr. Vanderlip ever appeared before the committee, possibly before he ever entered a bank as an officer, the American people were discussing, thinking, and looking forward to the day when the American people would have a direct voice in the finances of this country.

If the suggestion of the Senator is true, then what becomes of the argument advanced here time and time again by those defending the Senator's bill that they had to adopt this plan of letting the banks control the regional banks in order to

placate the banks themselves?

Mr. OWEN. Mr. President, the value of the suggestion was that "We do fear the Greeks when they come bearing gifts."
Mr. CLAPP. Mr. President, I echo that—"We do fear the Greeks when they come bearing gifts." When men who for years have been recognized as the champions of the people in this country come here with a bill of this character, proposing to consolidate the reserves instead of separating and dividing them, and then place the consolidated reserves in the hands of the banks themselves, I echo the sentiment of the Senator from Oklahoma: "Beware the Greeks when they come bearing gifts.

Mr. WEEKS. Mr. President-

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from Massachusetts?

Mr. CLAPP. Certainly. Mr. WEEKS. The question asked by the Senator from Oklahoma conveyed, I think, an impression which is hardly justified. It seemed to convey to the Senator from Minnesota the impression that the first suggestion that the stock of the regional banks and the control of the regional banks should be in the hands of the people-the Government-rather than the banks, came from Mr. Vanderlip, the president of the National City Bank.

Mr. CLAPP. I beg the Senator's pardon. It did not make that impression on my mind, because I advocated it for years before I ever heard of Mr. Vanderlip.

Mr. WEEKS. I did not want to have it make that impression, because the very first day the committee gave hearings, long before the tariff bill passed, Mr. Festus J. Wade, president of the Merchants' Trust Co. of St. Louis, was a witness before the committee, and was asked by one of the members of the committee about popular ownership of the stock, and he said that he would be very glad, so far as he was concerned—and he was selected to represent the Chicago conference—to have the stock offered to the public; that the banks did not want it.

Mr. CLAPP. Then there is nothing in the claim of our Democratic friends that they have to do this in order to placate the

banks. Is that so?

Mr. WEEKS. There never was anything in it.

Mr. CLAPP. Then what excuse is there for it? That is the only reason I have heard assigned for it.

Mr. OWEN. Only this, if the Senator please—only this: At present the credit system is in the hands of these great institutions. Unless we can establish a system that will give inde-pendence to the small banks through Government supervision of the reserves and the control of this system, then the banks not coming in the old system will go on and the opportunity to create a market for stocks and bonds, the opportunity to create a panic in New York under the old system, will still remain as a means by which to profit.

Mr. CLAPP. I can not allow that remark to pass unchallenged, and there is only a moment left. The Senator has suggested in that remark that you are freeing the banks and putting them under a Government-supervised control-

Mr. OWEN. Yes. Mr. CLAPP. When the very feature of the measure which the Senator champions, and which we are fighting, does not put it under Government control, but puts it in the hands of a

board consisting of three Government appointees and six bank appointees

Mr. OWEN. With the right to remove every one of the directors in the hands of the Federal reserve board-

Mr. CLAPP. Then who appoints their successors, except the banks themselves?

Mr. OWEN (continuing). With the right to fix the rate of interest, and with the right to control the issuance of elastic currency. Having the right to remove every one of the six directors, and having three representatives of the Government on guard at all times at every board meeting, in the management of the bank, there is every reason to believe that the Government will exercise a wise supervisory control.

Mr. CLAPP. Just one moment more, while I point to that

charming picture of three controlling six. [Applause.]

Mr. HITCHCOCK. Before the Senator takes his seat, I desire to inform him that some three or four months before Mr. Vanderlip visited Washington with his suggestion-to be specific, on the 26th day of June of the present year-the Senator from Oklahoma, himself also a director in a national bank, made this suggestion:

If the subscription by the banks is made merely permissive, then the stock books should be opened to the public, and I believe this would be a wise adjustment of the objection and would popularize the Federal reserve system.

Mr. OWEN. But the subscription is not made permissive. It is made compulsory

The VICE PRESIDENT. The hour of 11 o'clock having arrived the Senate stands adjourned until 10 o'clock a. m. to-morrow.

The Senate thereupon (at 11 o'clock p. m.) adjourned until to-morrow, Tuesday, December 16, 1913, at 10 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

Monday, December 15, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

O Thou, who hast been our dwelling place in all generations, a very present help in trouble, continue Thy ministrations unto us; clarify our vision, strengthen our hearts, and make straight our paths, that we may be true lovers of our homes and our country, since the life of the one depends on the life of the He who loves and serves his home best loves and serves his country best. Fit us for every new condition and make us alive to every policy which promises the betterment of mankind, that as progressive beings we may follow on to larger life and nobler service. In His Spirit. Amen.

The Journal of the proceedings of Friday, December 12, 1913.

was read and approved.

# CHANGE OF REFERENCE-HARLEM SHIP CANAL.

Mr. FERRIS. Mr. Speaker, the bill (H. R. 9828) for the cession to the State of New York, in exchange for the lands required for the project approved by Congress March 4, 1913. of certain lands in the bed of the Harlem Ship Canal, heretofore ceded to the United States, free of cost, and now to be abandoned for the more direct channel, appears on the face of the title to be a public-land bill, whereas in fact it is not. The bill should go to the Committee on Rivers and Harbors. I therefore ask unanimous consent that reference of the bill be changed from the Committee on the Public Lands to the Committee on Rivers

The SPEAKER. The gentleman from Oklahoma, chairman of the Committee on the Public Lands, asks unanimous consent that the bill H. R. 9828 be taken from the Committee on the Public Lands and referred to the Committee on Rivers and Harbors. Is there objection?

There was no objection, and it was so ordered.

#### RESIGNATION FROM COMMITTEE.

The SPEAKER laid before the House the following communication:

WASHINGTON, D. C., December 11, 1913.

Hon. Champ Clark, Speaker House of Representatives.

DEAR Mr. SPEAKER: I hereby tender my resignation as a member of the Committee on Invalid Pensions, and respectfully request the ac-ceptance of the same to take effect immediately. Very respectfully,

JOHN H. STEPHENS.

The SPEAKER. Without objection, the resignation will be accepted.

There was no objection.

CALENDAR FOR UNANIMOUS CONSENT.

The SPEAKER. The Clerk will call the Calendar for Unanimous Consent.

#### QUARANTINE FACILITIES AT PORTLAND, ME.

The first business on the Calendar for Unanimous Consent was the bill (H. R. 4618) to increase the limit of cost for increase of quarantine facilities at the port of Portland, Me.

The SPEAKER. Is there objection?
Mr. FOSTER. Mr. Speaker, I desire to reserve the right to object.

Mr. HINDS. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

Mr. FOSTER. Mr. Speaker, I reserve the right to object

for a few minutes, until we may have some information in respect to the bill.

The SPEAKER. The gentleman from Illinois reserves the right to object, and the Clerk will report the bill.

The Clerk rend as follows:

Be it enacted, etc., That the limit of cost for increased quarantine facilities at the port of Portland, Me., authorized by the act approved August 24, 1912, is hereby increased by the additional sum of \$23,620.

Mr. HINDS. Mr. Speaker, I ask unanimous consent to have read th. letter of the Secretary of the Treasury.

The SPEAKER. Without objection, it will be read.

There was no objection, and the Clerk read as follows:

TREASURY DEPARTMENT, OFFICE OF THE SECRETARY, Washington, July 14, 1913.

Washington, July 11, 1913.

CHAIRMAN COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE,

House of Representatives.

Sir: I have to make the following reply to your letter of July 7, transmitting, with request for the views of the department, a copy of bill H. R. 4618, "To increase the limit of cost for increased quarantine facilities at the port of Portland, Me."

The department is cognizant of the fact that the amount specified in this bill is intended to supplement the appropriation of \$43,880, which was made by Congress in the deficiency act of August 26, 1912, to provide detention barracks at the Portland (Me.) quarantine station. The last-named amount contemplated the construction of ordinary or nonfire-proof buildings, the additional amount specified in bill H. R. 4618 being for the purpose of rendering these detention barracks fireproof.

The department approves of increasing the appropriation for the barracks at the Portland quarantine station, for the reason that fireproof buildings are not only desirable for humanitarian purposes, but are economical in the long run in that it is believed they will last much longer and require far less expenditure for repairs than would be the case with nonfireproof structures.

Respectfully,

W. G. McAddoo,

Secretary.

Secretary.

Mr. Speaker, what I would like to know with reference to this bill is this: As I read the bill it is proposed to construct for \$43,000 a building 130 feet long by 37 feet wide, with a wing 30 feet by 40 feet, for the accommodation of 500 immigrants who may be unfortunately quarantined at that port. I thought possibly the gentleman from Maine [Mr. HINDS] or the gentleman from Georgia [Mr. ADAMSON] would be able to give us some information as to the kind of building it is proposed to construct with the \$43,000 which has now been appropriated and what addition it is proposed to make with the additional amount. I observe that the department heads speak of the necessity for accommodations for a good many of these immigrants, sometimes as high as 1,600 having been landed there or being on vessels that have stopped there on which there were cases of quarantinable diseases

This additional appropriation does not furnish any additional space, as I understand, but it is giving some additional money for what they say is to make this a near fireproof building. Now, I would like to know what changes are proposed to be made in the building as authorized now and in the future if

this appropriation is allowed?

Mr. ADAMSON. Mr. Speaker, I will ask the gentleman from Wisconsin [Mr. Esch], who reported the bill, to reply to the

gentleman from Illinois.

Mr. ESCH. Mr. Speaker, this appropriation is for the purpose of constructing an additional building. The capacity of the present building is, I think, only for 42 immigrants and is wholly inadequate in consequence of the importance of this port. The original or preliminary plan, on which the original appropriation of \$43,000 was based, contemplated a nonfireproof construction, a building with a basement and one story in the dimensions that the gentleman from Illinois has given already. It is found that such a building could have been built for the original appropriation of \$43,000, as given in the deficiency act of August, 1912, but the department finds that it would be more advisable to make it of concrete construction, so as to fireproof The fact that 500 people must be housed there and that the exigencies of business might require that number to be housed caused the department to send this recommendation to us. The fact is that this building is to be built on a small, rocky island

3 miles away from the city of Portland, so that there can be no fire protection from the city itself; hence the necessity of making this building fireproof in the first instance; and they say that if fireproofed it will ultimately lead to an economy in the

Mr. FOSTER. Now, what material is it proposed to build this building out of without this additional appropriation?

Mr. ESCH. Without the additional appropriation it will be a frame structure. It is to be built upon the solid rock, and they will have to blast the foundation; possibly the foundation itself will be made of stone and the superstructure of some form of concrete. The gentleman is an expert in matters medical and sanitary and knows that a fireproof structure built of concrete or stone can be kept in a sanitary condition much more readily and easily than the ordinary frame structure.

Mr. FOSTER. That is what I was getting at. This report

does not give the information.

Mr. ESCH. That is the fact.

Mr. FOSTER. Whether it be a frame building there or other character of building, this does not increase the size of the building as I understand?

Mr. ESCH. No; it does not. The additional appropriation does not go to increase the size of the structure, but to make it fireproof.

Mr. FOSTER. Only with this additional amount they would build it of concrete?

Mr. ESCH. Exactly; and in that way it will ultimately prove an economy, not to say anything about increasing the safety to the immigrants. There is necessity for these quarantine barracks to be constructed because of the increased importance of Portland as a port of entry for five or six of the great trans-Atlantic lines. Only last year there were 26,000 immigrants who were investigated.

Mr. FOSTER. I agree with the gentleman that a superstructure of this kind where they are liable to have patients who are confined to their beds ought to have some fireproof protection in the way of a building.

Mr. ESCH. All they have now in the way of a hospital equipment is a small building with seven beds,

Mr. FOSTER. They only have one with seven beds?

Mr. ESCH. Yes; so it is absolutely necessary to do something in this regard which will ultimately lead to economy on the part of the Government.

Mr. FOSTER. I have no objection. Mr. Speaker, I withdraw any objection.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none. The gentleman from Maine [Mr. HINDS] asks unanimous consent to consider this bill in the House as in Committee of the Whole House on the state of the Union. there objection? [After a pause.] The Chair hears none.

The bill was ordered to be engrossed and read a third time,

was read the third time, and passed.

On motion of Mr. HINDS, a motion to reconsider the vote by which the bill was passed was laid on the table.

#### ENROLLED BILL SIGNED.

Mr. ASHBROOK, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 10081. An act to make the tenure of the office of the major general commandant of the Marine Corpe for a term of four years.

ANCHORAGE IN NAVIGABLE WATERS OF THE UNITED STATES.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 7212) relating to the anchorage of vessels in navigable waters of the United States.

The SPEAKER. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 7212) relating to the anchorage of vessels in navigable waters of the United States.

The SPEAKER. Is there objection?

Mr. STAFFORD. Reserving the right to object-

Mr. MANN. Mr. Speaker, reserving the right to object, I ask to have the bill and amendments reported.

The SPEAKER. The Clerk will report the bill and amend-

The Clerk read as follows:

A bill (H. R. 7212) relating to the anchorage of vessels in navigable waters of the United States.

Be it enacted, etc., That the Secretary of Commerce is hereby authorized, empowered, and directed to define and establish anchorage grounds for vessels in harbors, rivers, bays, and other navigable waters of the United States, wherever maritime and commercial interests shall show to the satisfaction of said Secretary that such anchorage grounds are required for safe navigation, and to adopt suitable rules and regulations in relation thereto, and to take all necessary measures for the proper enforcement of such rules and regulations.

SEC. 2. That in the event of the violation of any such rules and regulations by the owner, master, or person in charge of any vessel, such owner, master, or person in charge of such vessel shall be liable to a penalty of \$100; and the said vessel may be holden for the payment of such penalty and may be seized and proceeded against summarily by libel for the recovery of the same in any United States district court for the district within which such vessel may be and in the name of the officer designated by the Secretary of Commerce.

Also, the following committee amendments were read:

Page 1, line 5, after the word "in," insert the word "improved."
Tage 1, line 5, strike out the word "rivers" and insert the word
"and"
Page 1, lines 5 and 6, strike out the words "and other navigable
waters."

waters."
Page 1, line 6, after the words "United States," insert the words "except as otherwise provided by law."
Page 1, line 7, after the word "shall," insert the words "request action by said Secretary, and."
Page 1, line 7, strike out the word "the" and insert in lieu thereof the word "his."
Page 1, lines 7 and 8, strike out the words "of said Secretary."

The SPEAKER. The Clerk will read the report. The Clerk read a portion of the report, as follows:

Report to accompany H. R. 7212.

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H. R. 7212) relating to anchorage of vessels in navigable waters of the United States, having considered the same, report thereon with amendments and as so amended recommend that it pass.

Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MANN. Does the gentleman in charge of the bill ask to have the report read?

Mr. ADAMSON. I did not. The SPEAKER. The Chair was of the opinion that the gentleman from Illinois asked it Mr. MANN. That is what I thought.

The SPEAKER. We will omit the further reading of the report. Is there objection to the consideration of this bill?

Mr. MANN. Mr. Speaker, reserving the right to object, is it the gentleman's intention to ask the House to agree to the committee amendment?

Mr. ADAMSON. Yes.

Mr. MANN. Under the existing laws the Secretary has this authority in New York Harbor and in the Chicago Harbor.
Mr. ADAMSON. There are several local laws on the subject,

and the object is to pass a general law that can be applied without an act of Congress whenever, on application of the maritime and commercial interests at the several ports, the Secretary may, in his discretion, deem it wise to do so.

Mr. MANN. Of course it now requires a special law in each

case, according to the rules and regulations.

Mr. ADAMSON. Yes, sir.

Mr. MANN. Has the gentleman any idea whether this law

would be availed of soon if it should pass?

Mr. ADAMSON. I have been advised that in one or two places there is difficulty. One is down at Hampton Roads. I do not remember all the others, but there are two or three of them. In places where navigation is liable to be congested it may be desirable to take this action, and it merely saves coming to Congress each time.

Mr. MANN. Does the gentleman think it would be sufficient if the law authorized the Secretary of Commerce, in his discretion, to define these anchorage grounds? Suppose an application is made to the Secretary, and he thinks there is no justification for establishing anchorage grounds in some place, and that while the establishment of the anchorage ground would, in fact, possibly be a convenience, navigation would be inconvenienced generally, and would it not be sufficient to leave it to his discretion to establish such anchorage grounds?

Mr. ADAMSON. Does not the gentleman think the effect of this language would leave it in his discretion? They must show to his satisfaction before he is directed to do it. The language

of the bill provides

Mr. MANN. It does not leave it to his discretion. It says if it is to the interest of the navigation interests. There might be only one vessel that came into port, and to establish anchorage grounds might be very inconvenient for the rest of the people.

Mr. ADAMSON. Mr. Speaker, I confess that the idea the gentleman is expressing is exactly what was in the mind of the committee, and it does seem to me the language of the bill leaves the subject in about that situation. If they show to his satisfaction that it ought to be done, he is directed to do it.

Mr. MANN. It would be that way if the bill read "authorized and empowered," without authorizing, empowering, and directing him

Mr. ADAMSON. Then you would like to eliminate the word "directed"?

Mr. MANN. I think it would be safer to do that.

Mr. ADAMSON. I am perfectly willing to do that. Mr. STAFFORD. Mr. Speaker, reserving the right to object, do I understand, under the proposed authority, the Secretary of Commerce would have power to regulate the anchorage of

vessels in inner harbors?

I am thinking of the harbor at my home city, Milwaukee. We have a roadstead there in the inner harbor, where vessels are anchored in the winter season in large numbers. The local municipal government takes charge of the regulation of the anchorage of these vessels, and I do not see any reason why we should delegate that authority to the National Government. I am asking the question with the purpose of inquiring whether, under the phraseology as suggested by the committee, the words "improved harbors" would include improved inner harbors? would include improved inner harbors?

Mr. ADAMSON. Mr. Speaker, answering the inquiry of the gentleman from Wisconsin [Mr. Stafford], I think it is sufficiently the stafford of the

ciently clear that the Secretary can not do it at all unless he is requested so to do by the local authorities.

Mr. STAFFORD. Well, there may be some local association composed of two or three members that would request it, and yet it might be contrary to the maritime interest of Milwaukee or other cities, and I do not think it is wise to have so large a power vested in the Secretary down here without reference to local conditions. We control them there without impediment to local navigation. I am seeking to inquire whether this legislation would extend to improved inner harbors.

Mr. ADAMSON. The gentleman will note that we have stricken out the word "rivers." We do not propose to deal with rivers on the idea that they are inland. I think the purpose of the bill is to cover the ocean and its arms-the harbors that are frequented by commerce; harbors and bays that are

improved by the Government.

Mr. STEVENS of Minnesota. Mr. Speaker, let me ask the gentleman a question right there? Did not the committee have

this in mind-

Mr. ADAMSON. I was going to ask the gentleman to let me finish my statement. The suggestion of the gentleman from Wisconsin [Mr. Stafford] is that a few persons might make an application at variance with the general wish and interest of the community. I do not think we could assume that the Secretary of the Department of Commerce would be misled in a case of that sort. He would surely find out what were the maritime and commercial interests of that place before he

would act. Now I will yield to the gentleman from Minnesota.

Mr. STEVENS of Minnesota. Did not the committee have this in mind, that wherever the United States has made expenditures for the benefit of commerce in such cases; wherever the local authorities, commercial or municipal, or whatever they may be, think that the United States should control and regulate the anchorage in places improved by our own Government, in such cases the Secretary of Commerce is authorized to make regula-

Mr. ADAMSON. I think undoubtedly that was the purpose of the committee.

Mr. STAFFORD. But the National Government has authority over the harbor at Milwaukee and other interior waters that are navigable, even if the Government has not expended any money whatever for their improvement.

Mr. STEVENS of Minnesota. Mr. Speaker, if the gentleman

will read the bill he will notice that that has been stricken out

by the committee

Mr. STAFFORD. I have read the bill; and even taking it as it stands, the language "improved rivers and harbors," when construed by the courts, will be construed as it now stands and not as originally framed by the committee, and I am asking the chairman whether, under the phraseology "improved rivers and harbors and bays," it will be subject to the construction I have instanced?

Mr. ADAMSON. If the gentleman will tell me what connec-

tion his inner harbor has I may be able to answer more clearly.

Mr. STAFFORD. The inner harbor is a landlocked harbor adjacent to Lake Michigan, only a quarter of a mile from the harbor entrance; a large roadstead formed by the washing up of sand dunes years ago forming an island, and it is a favorable anchorage for large lake steamers that go into winter quarters there. It is largely utilized in winter by these steamers and there might be some that would complain as to the anchorage of these vessels, whereas the local authorities are absolutely con-

tent with the existing conditions.

Mr. ADAMSON. I think, Mr. Speaker, that the gentleman need have no apprehension in view of the amendment I am going to offer, at the suggestion of the gentleman from Illinois [Mr. Mann], that the Secretary will not be directed at all, but only empowered to act whenever the local commercial and

maritime interests request him to do it.

Mr. MANN. I would like to ask the gentleman one more question, if I may.

Mr. ADAMSON. Certainly.

How will these orders be enforced, if made? Mr. MANN. I know theoretically how they will be enforced. The collector of customs will do it with revenue-cutter vessels. not preliminary, is it, to asking for an appropriation for additional revenue cutters for the enforcement of these regulations?

Mr. ADAMSON. No; it is not preliminary to that. Whatever request has been made for that has been made for some time past, and the vessels to be authorized and built will be used

for other purposes

Mr. SPARKMAN. Mr. Speaker, I should like to ask the gentleman a question.

Mr. ADAMSON. Certainly. Mr. SPARKMAN. This function has been performed hereto-

fore by the Secretary of War, has it not?

Mr. ADAMSON. No, sir. The Secretary of War is empowered by special act to fix harbor lines in special cases.

Mr. SPARKMAN. I understand. I think in some instances the Secretary of War has been authorized. I think at one time

he was authorized by the river and harbor bill.

Mr. ADAMSON. There is no conflict between departments about this. It is mainly in the interest of vessels of commerce.

Mr. SPARKMAN. I am not disposed to question the right of the Secretary of Commerce to do this work, because the Secretary of War probably has nothing to do with anything except the improvement of a river or a harbor.

Mr. ADAMSON. We have thrown the necessary safeguards around this. It only applies where you have spent money for

the improvement of harbors.

Mr. SPARKMAN. Another question. In many Statespossibly in all the maritime States—we have harbor masters who have control of the anchoring of vessels in harbors, in the inner harbor and very likely in the outer harbor, within the jurisdiction of the States; and all the harbors are within the jurisdiction of the States. Would not this interfere with the

functions and duties of the harbor master under existing law?

Mr. ADAMSON. I think not. These grounds are only fixed on the request of the local authorities and interests, and they do nothing but fix the limits; and, as I understand it, fixing anchorage limits means providing a place to put vessels out of the way of commerce while they are waiting, riding at anchor. It has nothing to do with the other management and superintendence of the vessels themselves, but simply fixes the lines of the harbor waters.

Mr. SPARKMAN. That duty, however, has been performed by the harbor masters in my State, and I suppose in all the States. Mr. ADAMSON. Nothing can be done under the provisions

of this bill except upon an application from those people. It can not be done arbitrarily.

Mr. SPARKMAN. It seems to me it is not definite as to what local interest shall make this request. It says:

Except as otherwise provided by law, wherever maritime and commercial interests shall request action by said Secretary and show to his satisfaction that such anchorage grounds are required for safe naviga-

Now, there are commercial interests and "commercial interests" in all harbors, and a few of those interests might desire it and the majority might not desire it. And yet, unless you limit that in some way or prescribe the extent of these interests that shall make this request, it seems to me you are going to enact a law here that will infringe very considerably upon

the powers and duties of these harbor masters. Mr. ADAMSON. I will say to the gentleman that I do not think an application from partial interests or from conflicting interests would come within the purview of this condition, that the Secretary of Commerce can only act at all upon the request of the maritime and commercial interests, which words are to be given their general and usual signification. This would mean that the commercial and maritime interests of a particular port requested that these grounds be fixed. When that is done, then this bill, as we propose to amend it, will give him

done, then this bill, as we propose to amend it, will give mim discretion to act and fix these lines, and not otherwise.

Mr. SPARKMAN. The amendment you suggest, by giving discretionary power to the Secretary of Commerce—

Mr. ADAMSON. He can not act at all until requested.

Mr. SPARKMAN. That will not necessarily infringe upon the powers and duties of these officials in every case. Still I am afraid it might in some cases.

Mr. ADAMSON. He can not do anything at all until they re-

Mr. DRISCOLL. The words "anchorage grounds" would not apply to a short channel. They would be two different and separate items.

Mr. ADAMSON. I do not think he would ever fix an anchor-

age ground in a short channel.

Mr. DRISCOLL. I am thinking of my home town, where the anchorage ground is probably within 400 or 500 feet of a channel where all the commerce passes, and at the present time there is litigation going on over the widening of that channel. Now, if they should construe that to mean mooring or tying of boats and anchorage at the same time, that would leave it to the Secretary of War to make that improvement without going to the Committee on Rivers and Harbors.

Mr. ADAMSON. He does not make any improvement at all.

Mr. DRISCOLL. He orders— Mr. ADAMSON. The Secretary of War and the Committee on Rivers and Harbors has jurisdiction of making all improvements.

Mr. DRISCOLL. Yes. Mr. ADAMSON. This bill does not authorize the Secretary of Commerce to take jurisdiction at all until the maritime and commercial interests at a port request him to do it. Then he uses his discretion as to whether he will do it or not.

Mr. DRISCOLL. He has that power if 'his bill passes.
Mr. ADAMSON. If it is asked for, and not unless they request it and show to his satisfaction that it should be done.

The SPEAKER. Is there objection to the present consider-tion of the bill? [After a pause.] The Chair hears none. ation of the bill? This bill is on the Union Calendar.

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent that

the bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Georgia asks unanimous consent that the bill be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The SPEAKER. The Clerk will read the bill for amendment. The Clerk read the bill for amendment.

Mr. ADAMSON. Mr. Speaker, I ask that the committee amendments be considered in gross.

The SPEAKER. The question is on the committee amend-

The committee amendments were considered and agreed to. Mr. ADAMSON. Mr. Speaker, I now move that in line 4, page 1, the words "and directed" be stricken out and the word "and" inserted in line 3 after the word "authorized."

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amend, line 4, page 1, by striking out the words "and directed" and insert after the word "authorized," in line 3, the word "and."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read third time, was read the third time, and passed.

On motion of Mr. Adamson, a motion to reconsider the vote whereby the bill was passed was laid on the table.

PUBLIC HEALTH AND MARINE-HOSPITAL SERVICE.

The SPEAKER. The Clerk will report the next bill on the Calendar for Unanimous Consent.

The Clerk read as follows:

A bill (H. R. 6827) to amend an act entitled "An act to change the name of the Public Health and Marine-Hospital Service to the Public Health Service, to increase the pay of officers of sald service, and for other purposes," approved August 14, 1912.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. MANN. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Georgia if he will not ask to have this bill passed over, as I want to make some examination in relation to it?

Mr. ADAMSON. I will if it is the desire of the gentleman from Illinois. Does the gentleman wish to have it passed for

the day?

Mr. MANN. Yes. Mr. ADAMSON. Mr. Speaker, I ask unanimous consent that this bill be passed for the day without prejudice.

The SPEAKER. The gentleman from Georgia asks unanimous consent that this bill be passed for the day without prejudice. Is there objection?

There was no objection.

DISPOSITION OF EFFECTS OF DECEASED PATIENTS OF PUBLIC HEALTH SERVICE.

The SPEAKER. The Clerk will report the next bill on the Calendar for Unanimous Consent.

The Clerk read as follows:

A bill (H. R. 6202) providing for the disposition of effects of deceased patients of the Public Health Service and of certain deceased officers and men connected with the Army.

The SPEAKER. Is there objection to the present consideration of this bill?

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Georgia if under this bill the United States, through the Auditor of the Treasury, is to become the administrator of estates of certain deceased

Mr. ADAMSON. I do not think such an inference is logical from the language of the bill. The department has an accumulation of large quantities of the effects of these people who die, and the effects are going to waste. They can not be properly preserved. Nobody claims them. The department would be glad to turn them over to a duly constituted administrator, or persons entitled to them, but they fill up much space and deteriorate in value. The proposition is that after a certain length of time they dely be a second or the second of the length of time they shall be sold and the money kept in lieu of the property to answer any legal claims that may be made by the interested parties.

Mr. STAFFORD. The bill says:

Ar. STARBOAD. The bill says:

The proceeds of such sales, together with any money effects of the deceased, shall be deposited in the Treasury in trust for the legal claimants, to be paid to them on the certificate of the Auditor for the Treasury Department, who shall act as conservator of these estates, with authority to indorse all bills of exchange, promissory notes, and other evidences of indebtedness due to such estates, and to take such steps as may be necessary for their collection.

That language, while clear, gave to me a somewhat ambiguous idea as to the powers of the auditor under the provision.

Mr. MANN. Will the gentleman from Wisconsin yield?

Mr. STAFFORD. Gladly.

Mr. MANN. The bill only applies to cases where there are unclaimed effects. The local authorities have the right to appoint an administrator under the bill to claim the effects; but if no one does, and the effects are not claimed, then they are turned over, under this bill, to the auditor, and if there are promissory notes or bills of exchange he collects them. But there is no interference with the authorities as to the appoint-

ment of an administrator.

Mr. STAFFORD. Will the gentleman explain what the auditor would do under this language authorizing him to indorse

bills of exchange and promissory notes?

Mr. MANN. An officer or enlisted man who dies might have a promissory note or a bill of exchange in his possession. They may not desire to have an administrator appointed. There may be no one who makes the application to be appointed administrator, or asks for administration. In those cases these effects are turned over to the War Department. Of course the language was put in out of excess of precaution, for probably a case of that kind would not arise once in a thousand times.

Mr. ADAMSON. I will say to the gentleman from Wisconsin that that can only refer to such paper as may incidentally be connected with the effects in question. There is no purpose to

go into general administration,

Mr. STAFFORD. But under the reading of the bill the auditor would act as administrator of the deceased estate. It might be inconsequential, but the auditor would aet as administrator where the public administrator would not see fit to take jurisdiction of the effects of the decensed.

Mr. MANN. Of course the language of the bill says "con-servator," but in fact it would amount to acting as adminis-

trator as to the effects turned over to the auditor.

Mr. ADAMSON. Does it not merely amount to making him a trustee?

Mr. MANN. That is undoubtedly what it amounts to.
Mr. COX. Mr. Speaker, what is done with these effects after they are turned over to the Treasury of the United States?

What is done with them now? Mr. MANN.

What has been done with them in the past? Mr. COX.

Mr. MANN. There are a lot of them up there in the Treasury Building now, and there have been for years. They have not been disposed of.

Mr. COX. That is what I want to know. Is there any law now which fixes the time when estates of this kind revert back to the Treasury of the United States and become public funds, or are the effects always held in trust for the heirs?

Mr. MANN. I think there is no law on the subject.
Mr. COX. Does the gentleman understand that up to this time whatever estates may be there are held in trust permanently, forever, for the heirs that may come up?
Mr. MANN. Until somebody calls for them.

ADAMSON. If the gentleman from Illinois will permit, this bill has no reference to estates. It has reference to effects which are in the possession and custody of the department, and merely permits the conversion of those effects into cash, because the cash is more readily and safely held for the owner than the effects.

I think the gentleman is clearly right, but I Mr. COX. wanted to get information on whether or not there would ever come a time when this money, in the event it was not claimed by the representatives of the deceased person, would revert to the Treasury of the United States?

Mr. ADAMSON. I do not believe the Government will ever plead the statute of limitation on a thing of that sort. If it does, I shall leave the country and reside elsewhere.

Mr. COX. I do not think it ought to myself, but I wanted to

Mr. MONTAGUE. Mr. Speaker, I suggest to the gentleman that there is always a legal claimant. If there is no personal representative, the property would escheat to the State of which the deceased was a resident.

Mr. COX. That is the rule in the States, but whether it is

the rule in the United States, I do not know.

Mr. WILLIS. Mr. Speaker, I desire to invite the attention of the chairman of the committee to the language used in lines 3, 4, and 5 of the bill:

That unclaimed effects of deceased patients of the Public Health Service, seamen of merchant vessels of the United States, consisting of fewelry or other articles, etc.

As the gentleman well knows, there are patients cared for by the Public Health and Marine-Hospital Service who are not seamen of merchant vessels. Does the gentleman think this bill, if passed, will be limited in its application to the seamen of merchant vessels, or will it take in all of the patients of the Marine-Hospital Service?

Mr. ADAMSON. Mr. Speaker, the bill, I will state to the gentleman, was drawn not with reference to the patients, but to the effects which were troubling the department. We wrote the

bill to cover what we had in hand.

Mr. WILLIS. Let me state a specific case. We understand that under certain circumstances sailors from the naval vessels of the United States may be cared for in this service. Suppose one of those sailors should die, leaving unclaimed effects, will this bill apply to those effects or not?

Mr. ADAMSON. I will answer that, like all we Yankees answer questions, by asking another. If the gentleman knows of sufficient cases of that sort actually existing to make it necessary to include them in this bill, it is up to the gentleman to

offer an amendment to include them.

Mr. WILLIS. I do know, as the gentleman knows, that there are many cases where there are sailors from the naval vessels of the United States

Mr. ADAMSON. But that is not the question. The question is, Is there any property up here in the departments that has been left by them?

Mr. WILLIS. We have no right to assume there will never

be any property belonging to such persons.

Mr. ADAMSON. We hardly ever anticipate trouble and legislate in advance of what is indicated by the actual facts, unless

we may reasonably apprehend it to be necessary.

Mr. WILLIS. I understood that was the purpose of this legislation-to care for those cases, not only as they exist now, but as they shall come up hereafter. We do not want to make a special law to apply to cases that now exist, and leave it to future legislation to care for the cases that may arise to-morrow.

I suggest to the gentleman whether it would not be advisable to strike out the language in line 4, "seamen of merchant vessels of the United States," and that will make it general and

apply to all patients.

Mr. ADAMSON. I will say to the gentleman the main purpose of this bill, and the moving purpose, is to dispose of the Mr. ADAMSON. I effects that are now on hand in the way that ought to be preserved, and while doing that it is reasonable to provide for what is likely to happen like that in the future. If the gentleman makes the motion he suggests, I will not oppose it.

Mr. WILLIS. I will make it. Mr. CULLOP. Will the gentleman yield for a question?

Mr. ADAMSON. I will.

Mr. CULLOP. Is there any provision in this bill specifying the period which shall elapse between the death of the party and the sale made by the Government? If not, there should be, in order to prevent abuse of the authority vested by it.

Mr. ADAMSON. I think it is two years.

Mr. CULLOP. I have looked over the bill, and I have not

observed anything of that kind; if not, I suggest an amendment of that kind be made to it so that the sale would not take place immediately, but give the claimants an opportunity to present their claims for the effects and to prevent sacrifice of

property.

Mr. FOWLER. Mr. Speaker, will the gentleman yield?

Mr. ADAMSON. Certainly.

Mr. FOWLER. On the point just raised by the gentleman from Indiana, I have been making inquiry as to section 2 and as to the extent of provisions made—
Mr. ADAMSON. If the gentleman from Illinois will allow

me to complete my answer to the gentleman from Indiana-

Mr. FOWLER.

Mr. FOWLER. Certainly. Mr. ADAMSON. The gentleman will find the proviso at the top of page 2:

Provided, That application for the effects shall not have been made by the legal claimants within two years after their receipt.

Mr. FOWLER. Section 2 provides for property of another class.

Mr. ADAMSON. What line? Mr. FOWLER. Line 11.

That unclaimed effects of deceased officers and enlisted men of the Army and civilians employed in connection with the Army or under the War Department which they have heretofore or may hereafter be received at the Treasury Department may be sold by order of the Secretary of the Treasury and the expenses of such sale paid out of the proceeds thereof.

Mr. ADAMSON. Will the gentleman read a little further? Mr. FOWLER (reading):

Provided, That application for the effects shall not have been made by the legal claimants within two years after their receipt.

Mr. ADAMSON. The provision is made in both cases.
Mr. FOWLER. Is it intended no sale shall be made in either one of the cases until after the expiration of two years? Mr. ADAMSON. From the time the property is received by the department

The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and the Clerk will read the bill for amendment.

The Clerk read as follows:

The Clerk read as follows:

Be it enacted, etc., That unclaimed effects of deceased patients of the Public Health Service, seamen of merchant vessels of the United States, consisting of jewelry or other articles, shall be delivered to a collector or surveyor of customs of the district in which the death of the patient occurred, and for the protection of the estates of these persons the Secretary of the Treasury may order such effects to be sold and pay the expenses of such sale out of the proceeds: Provided, That application for the effects shall not have been made by the legal claimants within two years after their receipt. The proceeds of such sales, together with any money effects of the deceased, shall be deposited in the Treasury in trust for the legal claimants, to be paid to them on the certificate of the Auditor for the Treasury Department, who shall act as conservator of these estates, with authority to indorse all bills of exchange, promissory notes, and other evidences of indebtedness due to such estates, and to take such steps as may be necessary for their collection.

Mr. WILLIS, Mr. Speaker—

Mr. WILLIS. Mr. Speaker.

Mr. ADAMSON. Mr. Speaker, I yield to the gentleman from Ohio.

Mr. WILLIS. Will not the gentleman move to make that amendment in lines 4 and 5? It seems to me that the language "seamen of merchant vessels of the United States, consisting of jewelry and other aricles" ought to be stricken out to accomplish the purpose the gentleman has in mind. is no reason why jewelry should be mentioned especially. There

Mr. ADAMSON. I do not think it will hurt the bill at all to

strike it out.

Mr. WILLIS. Will the gentleman make the motion?
Mr. ADAMSON. Will the gentleman from Ohio make it?
Mr. WILLIS. Mr. Speaker, I move to amend by striking out, in lines 4 and 5, the words:

Seamen of merchant vessels of the United States, consisting of jewelry or other articles.

So that it will read:

That unclaimed effects of deceased patients of the Public Health Service shall be delivered to a collector-

And so forth.

Mr. ADAMSON. I have no objection to that amendment.
Mr. STAFFORD. Mr. Speaker, will the gentleman yield?
As I understand the purpose of this bill, it is to limit it to persons employed by the Government in two different branches of the service.

Mr. ADAMSON. I think so. The Public Health Service is a

very important branch of the Government.

Mr. STAFFORD. The gentleman does not want to extend the provisions of this bill to persons who are outside of the Government service?

Mr. ADAMSON. I do not think it treats of any of them. Our law prescribes what patients may be admitted.

Mr. STAFFORD. Well, the amendment offered by the gen-

tleman from Ohio will accomplish that.

Mr. WILLIS. Not at all. The effect of the amendment will not accomplish what the gentleman suggests, because these people who are treated at this hospital are seamen upon merchant vessels and in certain cases sailors from the regular naval vessels of the United States, and it does not apply to

the general public at all. I will say to the gentleman from Wisconsin it will not change the meaning of this bill as he fears it will.

The SPEAKER. The Clerk will report the amendment of-fered by the gentleman from Ohio [Mr. Willis]. Mr. GORMAN. Mr. Speaker, I would like to be permitted to ask the gentleman from Georgia [Mr. Adamson] a question. The SPEAKER. Will the gentleman from Georgia yield to the gentleman from Illinois?

Mr. ADAMSON. Yes.
Mr. GORMAN. From my very hurried reading of this b!!l,
I do not see anything as to the administrator taking charge of the effects. In the gentleman's opinion, will the passage of this bill interfere with the rights of the administrator?

Mr. ADAMSON. Not in the least. It will convert the effects of the person into cash and will hold it for the administrator,

executor, or what not.

Mr. CULLOP. That only applies to the unclaimed effects of such man?

Mr. ADAMSON. Yes.

Mr. CULLOP. In such a case as suggested by the gentleman from Illinois this bill would not operate in that case. It would in such a case have no application, but the personal representatives or legal heirs would have the right to take the property and administer upon it.

Mr. ADAMSON. The gentleman is correct about that. there is a contest for the ownership, of course, the trustee would

continue his trust until the contest was decided.

Mr. CULLOP. Certainly.

The SPEAKER. The Clerk will report the amendment offered by the gentleman from Ohio [Mr. Willis].

The Clerk read as follows:

Page 1, lines 4 and 5, strike out the words "seamen of merchant vessels of the United States, consisting of jewelry and other articles."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.
The SPEAKER. The Clerk will read.

The Clerk completed the reading of the bill, as follows:

The Clerk completed the reading of the bill, as follows:

SEC. 2. That unclaimed effects of deceased officers and enlisted men of the Army and civilian employees of the War Department which have heretofore or may hereafter be received at the Treasury Department may be sold by order of the Secretary of the Treasury and the expenses of such sale paid out of the proceeds thereof: Provided, That application for the effects shall not have been made by the legal claimants within two years after their receipt. The net proceeds of such sales, together with any money effects of the deceased, shall be deposited in the Treasury in trust for the legal claimants, to be paid to them on the certificate of the Auditor for the War Department, who shall act as conservator of these estates, with authority to indorse all checks, notes, bills of exchange, and other evidences of indebtedness due to such estates, and to take such steps as may be necessary for their collection.

The following committee amendment was read:

The following committee amendment was read:

Page 2, lines 12 and 13, strike out the words "civilian employees of" and insert the words "civilians employed in connection with the Army or under," so that the lines will read:

"That unclaimed effects of deceased officers and enlisted men of the Army and civilians employed in connection with the Army or under the War Department," etc.

The SPEAKER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. Adamson, the motion to reconsider the vote by which the bill was passed was laid on the table.

AIDS TO NAVIGATION, LIGHTHOUSE SERVICE.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 7206) to amend an act entitled "An act to authorize aids to navigation and for other works in the Lighthouse Service, and for other purposes," approved March 4, 1913.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. FITZGERALD. Mr. Speaker, reserving the right to object, will the gentleman from Georgia [Mr. Adamson] explain

the necessity for the increased limit of cost?

Mr. ADAMSON. Mr. Speaker, I ask unanimous consent, in answer to the question of the gentleman from New York [Mr. FITZGERALD], that the report, which gives the letter from the Acting Secretary of Commerce, be read. They clearly set out the necessity for this legislation.

The SPEAKER. The Clerk will read the report.

The Clerk read as follows:

Report to accompany H. R. 7206.

The Committee on Interstate and Foreign Commerce, to whom was referred the bill (H. R. 7206) to amend an act entitled "An act to authorize aids to navigation and for other works in the Lighthouse

Service, and for other purposes," approved March 4, 1913, having considered the same, report thereon with amendments, and as so amended recommend that it pass.

The bill as amended has the approval of the Department of Commerce, as will appear by the letter attached, and which is made a part of this

report.

Amend the bill as follows:
Page 1, line 5, strike out the word "for."

Amend the title so as to read:
"To amend an act entitled 'An act to authorize aids to navigation and other works in the Lighthouse Service, and for other purposes,' approved March 4, 1913."

DEPARTMENT OF COMMERCE, Washington, August 9, 1913.

My Dear Congressman: I have to acknowledge receipt of your letter of August 5, inclosing, with request for the views of this department thereon, a copy of House bill 7206, Sixty-third Congress, first session, "To amend an act entitled 'An act to authorize aids to navigation and for other works in the Lighthouse Service, and for other purposs,' approved March 4, 1913."

The act of March 4, 1913 (37 Stat., 1017), authorized the construction of a tender for general lighthouse service at \$250,000, but a more seaworthy vessel with greater carrying capacity is now deemed necessary for the desired service. No appropriation for this object has as yet been made. A full statement setting forth the necessity for providing this tender at a cost of \$325,000 is printed at page 27 of House Document SS, Sixty-third Congress, first session (Supplemental Estimates), to which attention is invited.

It is recommended that the bill submitted be amended as follows:

Line 2 of title, and line 5, page 1, strike out the word "for"; line 7, page 1, strike out the words "and Labor."

Subject to these three amendments it is recommended that the bill be passed.

Very truly, yours,

Albert Lee Thurman,

Acting Secretary.

Acting Secretary.

Hon. W. C. Adamson, Chairman Committee on Interstate and Foreign Commerce, House of Representatives.

The statement referred to in the above letter is herewith attached. Total amount to be appropriated under each head of appropriation. DEPARTMENT OF COMMERCE.

LIGHTHOUSE ESTABLISHMENT.

[Lighthouses, beacons, fog signals, light vessels, and other works under the Lighthouse Service.]

Lighthouses, beacons, fog signals, light vessels, and other works under the Lighthouse Service.]

Lighthouse tender, general service, and the amount authorized for this purpose by the act approved March 4, 1913 (37 Stats., 1017), is hereby increased by the sum of \$75,000 (act Mar. 4, 1913, vol. 37, p. 1017, sec. 1), \$325,000.

Note: On May 20, 1912, the lighthouse tender Armeria struck a rock off Cape Hinchinbrook, Alaska, and was totally lost. This tender was the largest in the Lighthouse Service and the only one regularly assigned for service in Alaskan waters. The loss of this tender has seriously crippled the available tender force, and a new tender should take its place as soon as possible. The lighthouse work is constantly increasing on account of the increase of shipping and demand for aids to navigation. It is proposed to use the new tender for general lighthouse service as required, and also for the purpose of transporting supplies to the Pribilof Islands in Bering Sea for use in the Alaska sealing industry and for use in Alaskan waters in connection with the work of other branches of the Government, as far as may be desirable and practicable. A large seaworthy vessel is essential for this work because the vessel must carry supplies to distant points and must be able to make voyages of considerable length across portions of the north Pacific Ocean. The vessel must be of slightly greater draft and carrying capacity than the tender Armeria, which was lost, in order to transport the necessary quantities of coal, supplies, and construction materials. It is important that the proposed vessel should be so designed as to be protected against loss.

For the Past-three years and also this year the department has been

quantities of coal, supplies, and construction materials. It is important that the proposed vessel should be so designed as to be protected against loss.

For the past three years and also this year the department has been compelled to charter an appropriate vessel to carry supplies to the PribHof Islands for the use of the native inhabitants there who are wards of the Government, and bring back scalskins. The charter of a suitable vessel, exclusive of the coal used on the vessel, amounts to \$150 a day, and including the coal has caused an annual charge on appropriations of this department of from \$20,000 to \$23,000 per annum.

If the lighthouse tender authorized to be constructed under the act of March 4, 1913, above referred to, can be enlarged so as to provide the cargo space necessary to carry the supplies, which enlargement can be made if the amount to be expended for the tender is increased by \$75,000, that vessel could be used for the purpose of transporting the supplies to the islands, at a considerable saving to the Government.

Calculating the increased cost of operating a larger vessel over the cost of operation of the vessel originally proposed to be constructed, which it is estimated will be about \$7,000 per annum, there remains a net saving of approximately \$13,000 per annum, or 17 per cent on the investment of \$75,000 necessary to carry out this plan. However, the larger tender will not be used during the entire year, and probably a saving of \$2,000 per annum will be made in operating costs during the time the tender is laid up during the winter months. This will increase the profit to the Government on the investment of the additional \$75,000 to approximately 20 per cent. Since the department has been administering the fur-seal service on the Pribliof Islands there has been but one vessel on the Pacific zoast which was available for charter for the taking of the supplies of the islands. Should the vessel receive an annual charter or get a charter at more favorable terms during the time the depar

Cost of charter of steamer Homer for use in transporting supplies to the fur-seal islands:

	Charter.		
Year.	Day rate.	Days.	Amount.
1910. 1911. 1912.	\$142.50 142.50 150.00	104½ 117 133	\$14,877.55 16,567.75 20,025.00

DETAILED ESTIMATE.

Navy tugs built on Pacific coast under 10-hour day cost \$198.35 per ton, and two new revenue cutters built under 8-hour law cost \$215.51 per ton. On account of the additional hull required for cargo space, without any appreciable increase in machinery, it is believed the cost of the proposed vessel may be estimated at \$150 per ton. The maximum displacement of the Armeria was about 1.800 tons, which in the proposed vessel is to be increased to about 2,000 tons.

2,000 tons, at \$150 Wireless outfit Machine-shop outfit	\$300,000 5,000 5,000 9,000
Windlass	6, 000

Total . The act of March 4, 1913 (Public, No. 453), authorized the construction of a tender for general service at \$250,000, but a more seaworthy vessel with greater carrying capacity, as explained above, is now deemed necessary for the desired service. No appropriation for this object has yet been made.

Mr. ADAMSON. Mr. Speaker, I will ask the gentleman from New York [Mr. Fitzgerald] if the reading answers his question?

Mr. FITZGERALD. That gives me the information I desire, and I will say to the gentleman that if after his investigation he is convinced that the building of this larger vessel will result in the economies pointed out by the Secretary of Commerce, I should be very glad to see the economies put into effect and that

amount of money saved.

Mr. ADAMSON. Mr. Speaker, the idea that controlled the committee was that it would be greatly to the advantage of the Government in point of economy to enlarge this authoriza-tion, not only because it could be utilized to carry all its supplies into that far-away country, but it would dispense with chartering vessels, and besides we would not encounter the difficulty often met with of not being able to secure any vessel at all. Very often on the Pacific coast we can not get the kind of vessel we want, and in the long run the cost of chartering the vessel would amply repay for this additional authorization for building this seaworthy ship. It would answer all purposes,

and a smaller ship will not.

Mr. MANN. Mr. Speaker, reserving the right to object, will the gentleman yield for a question?

Mr. ADAMSON. Certainly.
Mr. MANN. As I understand, there are just two reasons given for the larger vessel. One of them is in order that we may have a transport for supplies to the Pribilo? Islands and the second is in order to have a transport for fur seals from the Pribilof Islands

I did not state the first reason because I Mr. ADAMSON. thought it was self-evident that we would need for that service a stronger and larger vessel.

Mr. MANN. Are there any other reasons than those stated for a larger vessel-to transfer supplies to and fur seals from the islands?

Mr. ADAMSON. We need it for general purposes. In a general way, a strong, seaworthy vessel is needed.

Mr. MANN. You already have an authorization for the construction of a \$250,000 vessel for that purpose.

Mr. ADAMSON. That is right. Mr. MANN. As I understand this recommendation, a larger vessel is needed in order to transfer fur seals from the Pribilof Islands and supplies to the islands. Is there any other work that a larger vessel is needed for?

Mr. ADAMSON. It is thought that a larger and stronger vessel would be better for the service required in those waters.

Mr. MANN. Does the department say that anywhere?

Mr. ADAMSON. I think it does.

Mr. MANN. I have not been able to find it in the recommendations of the department.

Mr. ADAMSON. I think it is either in that report or somewhere else.

Mr. MANN. I have read it carefully and do not find it.
Mr. ADAMSON. Sometimes I read other things and get my
authorities mixed; but I have read it somewhere, coming from a competent authority.

Mr. MANN. I think the gentleman has read somewhere that this vessel is needed in order to transport coal and seals. in view of the fact that Congress has passed a law prohibiting the killing of any seals on the islands except for meat for food for the natives

Mr. ADAMSON. I do not think it is intended that this ves-

sel shall be used in killing seals.

Mr. MANN. It is to transport furs, if the gentleman will permit. They do not need this vessel for the transportation of furs for several years to come. The sealskins will not have to

be transported.

Now, the gentleman is aware also of the fact that on Wednesday next we have before us as the unfinished business of the House a bill to authorize the construction of a railroad in Alaska for the purpose of providing railroad transportation from the Pacific coast to the Yukon River, passing through the Alaskan coal fields. Will there be any need for this vessel to transport coal from California or Washington or Oregon after we have tapped the Alaskan coal fields by means of this railroad that will take the coal to the Yukon River, so that from the Yukon River it can be carried down conveniently to the Pribilof Islands?

Mr. ADAMSON. I have read in the Bible that some time the world is going to end and some of us will go to heaven. But we do not desire to defer the improvement of the Lighthouse

Service for that event. [Laughter.]

Mr. MANN. It is to be hoped not, and it is not a great strain on the imagination to think that some time my friend from Georgia will reach that haven of rest, and I would not have him act here so as that he would never get the chance. [Laugh-

Mr. ADAMSON. I would be greatly disappointed and the peace and immortal pleasure I would enjoy there would be less joyful to me if I did not see the gentleman from Illinois there also and hear him occasionally, even though he might object to the heavenly proceedings, [Laughter.] Mr. MANN. I do not know whether the gentleman will see

me there or not, but I hope he will not arrive first.

Mr. ADAMSON. I have traveled with the gentleman for many years and would like for us to enter the portals of glory together.

Mr. MANN. And I have enjoyed traveling with the gentle-But I repeat that if this railroad in Alaska is built coal can be supplied to the Pribilof Islands from the Alaskan coal fields, and a vessel of this large size will not be necessary

Mr. ADAMSON. If the gentleman will yield, I would like to make a little further answer to his question. I am not prophet enough to know what this House will do with the bill the gentleman mentions, or what will be done with it after that how long it will take to build that proposed railroad if the bill ever becomes a law. But my opinion is that we can make good use of a lighthouse vessel for many years before the realization he describes is had, and if it is to be done we shall need aids to navigation more after we get that railroad than we have needed them before. It is to be hoped that this ship, when built, will last until we get that railroad.

The SPEAKER. Is there objection?

Mr. MANN. I object.
The SPEAKER. The gentleman from Illinois [Mr. MANN] objects, and the bill will be stricken from the Calendar for Unanimous Consent. The Clerk will report the next one.

### DISTRICT OF COLUMBIA APPROPRIATION BILL

Mr. PAGE of North Carolina, from the Committee on Appropriations, reported the bill (H. R. 10523) making appropriations for the District of Columbia for the fiscal year ending June 30, 1915, and for other purposes, which was read a first and second time, referred to the Committee of the Whole House on the state of the Union, and, with the accompanying report, ordered to be printed. (H. Rept. 136.)

Mr. MANN. Mr. Speaker, I reserve all points of order.

Mr. PAGE of North Carolina. Mr. Speaker, I desire to give notice at this time that on to-morrow I shall move to take up

the bill for consideration.

The SPEAKER. The gentleman from North Carolina [Mr. Page] reports the District of Columbia appropriation bill, which is ordered printed and referred to the Committee of the Whole House on the state of the Union, and he further notifies the House that on to-morrow, as early as possible, he will call it up for consideration. The gentleman from Illinois [Mr. Mann] reserves all points of order.

#### LABORATORIES FOR BUREAU OF MINES, PITTSBURGH, PA.

The next business on the Calendar for Unanimous Consent was the bill (S. 2689) amending an act entitled "An act to increase the limit of cost of certain public buildings, to authorize the enlargement, extension, remodeling, or improvement of certain public buildings, to authorize the erection and completion used in reaching vessels. What is the difference between Los

of public buildings, to authorize the purchase of sites for public buildings, and for other purposes," approved March 4, 1913.

The bill was read by title.

The SPEAKER. Is there objection?

There was no objection.

Mr. ASHBROOK. I ask unanimous consent that this bill be considered in the House as in Committee of the Whole.

The SPEAKER. The gentleman from Ohio asks unanimous consent that this bill be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill by amendment.

The Clerk read as follows:

The Clerk read as follows:

Be it enacted, etc., That section 26 of the act approved March 4, 1913, which authorizes the Secretary of the Treasury to enter into a contract or contracts for the erection of fireproof laboratories for the Bureau of Mines in the city of Pittsburgh, Pa., etc., is hereby amended so as to authorize the Secretary of the Treasury, in his discretion, to accept and expend, in addition to the limit of cost therein fixed, such funds as may be received by contribution from the State of Penusylvania, or from other sources, for the purpose of enlarging, by purchase, condemnation, or otherwise, and improving the site authorized to be acquired for said Bureau of Mines, or for other work contemplated by said legislation: Provided, That the acceptance of such contributions and the improvements made therewith shall involve the United States in no expenditure in excess of the limit of cost heretofore fixed.

Mr. ADAIR. Mr. Speaker, I understand that this bill im-

Mr. ADAIR. Mr. Speaker, I understand that this bill imposes no additional expense on the Government of the United

Mr. ASHBROOK. None whatever.

The bill was ordered to a third reading, and was accordingly read the third time and passed.

On motion of Mr. ASHBROOK, a motion to reconsider the last vote was laid on the table.

LAUNCH FOR CUSTOMS SERVICE, LOS ANGELES, CAL.

The next business on the Calendar for Unanimous Consent was the bill (H. R. 24) for the purchase or construction of a launch for the customs service at and in the vicinity of Los Angeles, Cal.

The bill was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized to purchase or have constructed for the customs service a suitable launch, of such motive power as may be determined by the Secretary of the Treasury, for the use at and in the vicinity of Los Angeles, Cal., and the cost thereof shall not exceed the sum of \$10,000

With the following committee amendments:

Page 1, line 7, after the word "of" insert "the port of."
Strike out all after "\$10.000," in line 8, page 1, and insert:
"Provided, That the Secretary of the Treasury may use said launch at any other customs port in the United States as the exigencies of the service may require."

The SPEAKER. Is there objection?

Mr. MANN. Reserving the right to object, I should like to ask a question. My recollection is that under the law the Treasury Department has authority to build customs launches costing not more than \$5,000 each.

Mr. ADAMSON. Mr. Speaker, I will ask the gentleman from Minnesota [Mr. Stevens], who reported this bill, to take

charge of it.

Mr. STEVENS of Minnesota. That is true; but I think this is an exceptional case, which I think can be better described by the gentleman from California [Mr. STEPHENS], so I yield to him to answer that question.

Mr. STEPHENS of California. Mr. Speaker, this bill or a similar one has been passed on and recommended by the Treasury Department in each of the last four Congresses. It is recommended by the present Secretary of the Treasury, and the bill asks for as much as \$10,000, if the same be found advisable.

Mr. MANN. Mr. Speaker, some years ago, when I was a member of the Committee on Interstate and Foreign Commerce, the Treasury Department recommended a steam launch at Galveston, to cost \$25.000, and reiterated the recommendation to the committee. It seemed to me a rather excessive cost. After having a lot of correspondence with the department, I went to the department and asked the assistant secretary who had charge of the matter what the launch would cost. He said, "\$25.000." I said, "You do not know anything about it, of course; send me to the man who does know." And in course of time I reached the man who was supposed to know. He said they had no more need of a customs launch costing \$25,000 there than they had in heaven; and, I believe, finally we appropriated \$10,000 for a customs launch. Since that time they have been asking for \$10,000 customs launches, and they put in that amount as a matter of course.

The fact is, they have authority to build a launch costing not more than \$5,000, which builds a pretty reasonable launch, to be

Angeles port and all the other ports on the Pacific coast and on the Atlantic and Gulf coasts in this respect?

Mr. STEPHENS of California. Mr. Speaker, in reply to the gentleman from Illinois, I want to quote from the letter of the Treasury Department dated March 26, 1909, which says:

The department is of opinion that the service will be greatly benefited if supplied with a vessel or launch such as is provided for in the bill. In fact, the service can not be efficiently administered without such a boat.

I take it that the department would not have continued during four different Congresses to recommend the construction of such a boat if it had believed that a boat to cost \$5,000 would have adequately served the department.

The customs service at Los Angeles has to do with a very considerable coast line. Under the old regime the coast line consisted of about 100 miles, but since July 30 of this year the San Diego district has been merged into the Los Angeles district and the coast line now probably exceeds 200 miles, deed, following all its indentations, it may exceed 250 miles.

Mr. MANN. Does the gentleman understand that this customs

launch will travel up and down the coast line?

Mr. STEPHENS of California. They frequently do.

Mr. MANN. For what purpose?

Mr. STEPHENS of California. For the purpose of investigating certain smuggling reports, and for the purpose also of investigating and looking after violations of the navigation laws and regulations by motor boats.

Mr. MANN. I guess the gentleman will find that the customs launch is mainly devoted to the purpose of landing the customs officials on board incoming boats.

Mr. STEPHENS of California. That is one very important

Mr. MANN. That is about all they do, and if they do that

they can not travel around very much.

Mr. MADDEN. Is it not a fact that this launch only runs from the customhouse dock to the ships to carry papers and messages?

Mr. MANN. I think that is all they are designed for. Sometimes they are used for pleasure excursions.

Mr. MADDEN. They do not have to go to sea. Mr. STEPHENS of California. It is true that the particular purpose for which the launches are used is to board incoming ships. But it is the intent and purpose that this boat shall also be used to look after the motor regulations that the Government

is endeavoring to enforce. Mr. MANN. For many years customs officers at Chicago and the Treasury Department for a time were very insistent that they should have a large customs launch at Chicago or a small revenue cutter. Now, I have endeavored as best I could, to look after the interests of Chicago on the floor of the House, but I never was able to find out what this launch or revenue cutter would be used for unless it was to take lake excursions. As I had never been invited to participate in anything of the kind I saw no necessity for the boat, and it has never yet been provided. I suppose now there is no demand for it at present.

think you can get along with the \$5,000 launch.

Mr. STEPHENS of California. Mr. Speaker, I would be satisfied with a \$5,000 launch if the department thought that was all that was needed, but it asks and recommends one that will cost more money. I believe, after having asked for it and recommended it four times, its request now deserves serious consideration. However, if objection is to be made and it is desired to have the bill go over to the regular call of the committee reporting it, there is no use in further arguing the question at this time. If information and argument is desired now

rather than later, I will be glad to continue.

Mr. FOSTER. Mr. Speaker, I have looked into this matter somewhat, and I became convinced that it is an unnecessary expense to authorize a \$10,000 launch, and I object.

CLAIMS UNDER THE BOWMAN AND TUCKER ACTS.

Mr. GREGG. Mr. Speaker, I offer the following motion, which I send to the Clerk's desk to be read.

The SPEAKER. The Clerk will report the motion.

The Clerk read as follows:

Mr. Gargo moves to suspend the rules, discharge the Committee of the Whole House from the further consideration of the bill H. R. 8846, entitled "A bill making appropriations for payment of certain claims in accordance with findings of the Court of Claims, reported under the provisions of the acts approved March 3, 1883, and March 3, 1887, and commonly known as the Bowman and the Tucker Acts, and under the provisions of section No. 151 of the act approved March 3, 1911, commonly known as the "judicial code," and pass the bill, with the following amendments:

monly known as the "judicial code," and pass the bill, with the following amendments:

On page 2, line 4, after the word "claims," insert the following:
"except that claimants under this act receiving compensation for use
and occupancy of property shall not be barred from further prosecution
of claims arising from damage or destruction of the same property."
On page 5 strike out line 25.
On page 6 strike out lines 13 and 14.

On page 7, line 6, strike out the word "Arkaksas" and insert the word arkansas."

"Arkansas."
On page 9, after line 6, insert the following:
"To the legal representatives of Virginia A. Jones, late administratrix of Samuel J. Jones, deceased, late of Jefferson County, \$6,950."
On page 15, after line 4, insert the following:
"To Mary A. Gammon, O. B. Whatley, and D. A. Whitehead sole surviving heirs of Wilson O. B. Whatley, deceased, late of Polk County, \$1,019."

"To Mary A. Gammon, O. B. Whatley, and D. A. Whitehead. sole surviving heirs of Wilson O. B. Whatley, deceased, late of Polk County, \$1,019."

Also the following:
"To Rosa M. Wyatt, of Bryan County, \$5.015."
On page 22, after line 8, insert the following:
"To Lucy C. Lee, administratrix of the estate of Jane T. Lee, deceased, of Mason County, \$915."
On page 22, after line 10, insert the following:
"To Adelaide B. Lindenberger, of Louisville, \$1,100."
On page 24, line 3, strike out the word "Tranghber" and insert in lieu thereof the word "Traughber."
On page 24, after line 13, insert the following:
"To the vestry of Christ Protestant Episcopal Church, of Bcwling Green, \$300."
On page 28, after line 7, insert the following:
"To the heirs or succession of Selzer Bass, deceased, late of West Carroll Parish, \$3,407.50, representing his interest in property taken from him and his coowners."
On page 40, after line 16, insert the following:
"To Antonio Q. Lovell, Rosalie Q. Duncan, Fredrica Q. Ogden, Eliza T. Routh, and Louisa Q. Lovell, deceased, and Eva C. Lovell and Alice Q. Lovell, children and heirs of Louisa Q. Lovell, deceased, or to their legal representatives, the sum of \$13,500."
On page 54, after line 12, insert the following:
"To the deacons of First Presbyterian Church of Newbern, \$3,300."
On page 55, after line 13, insert the following:
"To the consistory of the Trinity German Reformed Church, of Gettysburg, \$70."
On page 67, line 18, after the word "Memphis," insert the following:
"Late surviving partner of the firm of Topp & Vance, consisting of Robertson Topp and William L. Vance, the same being partnership property of the said Topp and Vance."
So that the item will read:
"To George T. and Guy P. Vance, executors of the estate of William L. Vance, deceased, of Memphis, late surviving partner of the firm of Topp & Vance, consisting of Robertson Topp and William L. Vance, the same being partnership property of the said Topp and Vance, \$41,667."
On page 78, after line 25, insert the following:
"To the tru

,210. On page 78, after line 20, insert the following: "To the trustees of Union Presbyterian Church, of Cross Keys, \$100."

The SPEAKER. Is a second demanded?

Mr. MANN. Mr. Speaker, a parliamentary inquiry. The SPEAKER. The gentleman will state it. Mr. MANN. I think the bill has to be read before a second is demanded.

Mr. HEFLIN. Mr. Speaker, I demand a second. I do so for the purpose of asking at this time that I may proceed for 10 minutes

Mr. MANN. The gentleman can not demand a second. He is not entitled to a second. He is not opposed to the bill. The gentleman will not have an opportunity to demand a sec-Part of a motion to suspend the rules is to read the bill.

The SPEAKER. The Chair has sent out for a precedent. Mr. MANN. Oh, it is possible to make a motion to pass the bill without reading but that motion has not been made, and I

take it it will not be done where it is not absolutely necessary.

The SPEAKER. The Chair will hear the gentleman from Illinois on his point of order.

Mr. MANN. I have not made any point of order. I made a parliamentary inquiry. The Speaker asked whether a second was demanded. The reading of the bill is a part of the motion to suspend the rules and pass the bill, unless the motion is

made to pass it without reading.

The SPEAKER. The Chair is inclined to think at first blush that is correct.

Mr. MANN. I can tell the Speaker what the precedent is, because I drew the motion on two different occasions—in the case of the criminal-code bill and the judicial-title bill.

The SPEAKER. The Chair will ask the gentleman this question: Did he draw the motion when this same bill was

passed under suspension of the rules a year or so ago?

Mr. MANN. I prepared the motion in connivance with the gentleman who had charge of the bill.

The SPEAKER. I desire to see that motion.

Mr. FITZGERALD. Mr. Speaker, this bill has never been read in committee or in the House. The uniform practice has been, except under very extraordinary conditions, not to enter-tain a motion to suspend the rules for the passage of a bill without the reading of the bill. The practice of the Chair always has been himself to object if the request is made to dispense with the reading of bills which are called up, because if the bill be not even read the House would very quickly fall into habits that would result in things being passed that never should be passed. Some one ought to have a chance to know what is in the bill that is going to be passed.

Mr. GREGG. Mr. Speaker, I want to state that in the Sixtyfirst Congress in the motion to suspend the rules and pass this bill there was in it a provision that it be passed without reading, but I did not include that in this motion. I do not think that a bill of this importance ought to pass the House without being read to the House.

The SPEAKER. The Chair does not think so either. Mr. GREGG. I did not include that in the motion at all.

Mr. FITZGERALD. Mr. Speaker, in the case referred to by the gentleman from Texas the bill had been under consideration

for a long time. It had practically been read and a filibuster developed against it, and a motion was made to pass it without reading for that reason.

Mr. MANN. Mr. Speaker, my recollection is that it never was passed except by agreement along in the night, after two or three days of filibuster, at 1 or 2 o'clock in the morning.

Mr. GARDNER. Mr. Speaker, will the gentleman from New York yield?

Mr. FITZGERALD. I yield, though I have not the floor.

Mr. GARDNER. Mr. Speaker, I think the facts were these, that an attempt was made to pass that bill by a motion of the gentleman from Alabama [Mr. CLAYTON] in an attempt to overrule the decision of the Chair, and then the Committee on Rules met and reported the rule under which the bill was passed.

Mr. FITZGERALD. I do not recall.

The SPEAKER. The Chair will end the whole matter by stating that, in his judgment, no bill ought to pass this House under any circumstances whatever without being once read, unless the House puts into the motion the same words the gentleman from Illinois talks about. The Chair desires to make this statement in connection with that. This bill was read down to and

ment in connection with that. This bill was read down to and including page 41 and had been adopted up to that point.

Mr. MANN. I think it will be entirely proper, if the Speaker will permit the interruption, for the gentleman from Texas to ask unanimous consent to dispense with the reading of the bill

down to that point.

Mr. GREGG. Mr. Speaker, I ask unanimous consent that the reading of the bill at this time begin where it was left off the other day in Committee of the Whole.

The SPEAKER. The gentleman from Texas asks unanimous consent that the reading begin where it was concluded in Com-

mittee of the Whole. Is there objection?
There was no objection.

The Clerk read the bill.

The SPEAKER. Is a second demanded?

Mr. MANN. Mr. Speaker, I demand a second. Mr. GREGG. Mr. Speaker, I ask unanimous consent that a second may be considered as ordered.

The SPEAKER. The gentleman from Texas asks unanimous consent that a second be considered as ordered. Is there objection? [After a pause.] The Chair hears none and the gentleman from Texas and the gentleman from Illinois [Mr. Mann] are recognized for 20 minutes each.

Mr. GREGG. Mr. Speaker, I yield 15 minutes of my time to the gentleman from Alabama [Mr. Heflin].

Mr. MANN. Mr. Speaker, I ask unanimous consent that the gentleman from Alabama may proceed out of order to discuss some other proposition.

The SPEAKER. The gentleman from Illinois asks unanimous consent that the gentleman from Alabama [Mr. HEFLIN] may speak on some subject other than the bill. Is there objection?

[After a pause.] The Chair hears none.

Mr. HEFLIN. Mr. Speaker, I wish to thank my friend the gentleman from Illinois [Mr. Mann] and the Members of this House for the permission that has been granted me to discuss at this time the subject of cotton. There are so many false rumors and inaccuracies and so much misinformation affoat now concerning the cotton crop of 1913 that I wish to submit to the House a few facts and figures that I think will somewhat clear up the atmosphere regarding the cotton situation generally.

Let me it the outset call your attention to the fact that the Bureau of Estimates in the Department of Agriculture has overestimated the cotton crop for the last three years. In 1910 this bureau overestimated the crop 40,000 bales; in 1911, 139,000 bales; and in 1912, 214,000 bales; and in the opinion of many well-informed cotton men it has overestimated the crop this year. But if we should make as much as the bureau has said we would make, 13,677,000 bales, it will not be sufficient to meet the demand.

The cost of cotton production has greatly increased. mule for which the cotton farmer once paid \$90 and \$100 he now pays \$250 and \$300. The cost of everything else that enters into the production of cotton has greatly increased, and the cotton farmer can not realize a living profit on all his labor and investment in the production of cotton unless he receives 15 cents per pound. You have educated us to the price of \$250

and \$300 for mules and we are going to educate you to 15-cent

cotton. [Applause.]
About three or four years ago, when cotton was selling for 15 cents per pound, the Department of Commerce and Labor, in a statement, said:

The rise in the cost of the raw material has been more the result of natural than of artificial causes. There has been a material advance in the prices of practically all commodities, and cotton has shared in this. But—

The statement goes on to say-

in the case of cotton this advance has also been furthered by a constantly broadening demand for this fiber in old as well as in new channels. Cotton is now relied upon in practically all of the textile manufactures, either as a primary or a secondary material, and it is utilized in an increasing number in all other manufacturing industries. The ease and rapidity with which the cotton fiber is trasformed into yarn and its adaptability for all forms of woven fabrics are responsible for the manner in which it has outstripped all other fibers and for its extensive and increasing use.

Mr. Speaker, cotton is being put to more uses to-day than ever before in the history of the world. It is used in the manufacture of and substituted for woolen goods, and is substituted for silk and linen. It is being woven into a fabric so resembling silk that it requires the chemical test to tell the difference. Thousands of bales are used in the manufacture of cement sacks, automobile tops and tires, and material for flying machines or aeroplanes.

European cotton mills have gone on making large contracts to deliver cotton goods, and now they find their supply of old cotton exhausted and a world crop smaller than last year.

John H. McFadden, a large cotton dealer, has just returned from England, and he says that the mills abroad had figured on a 16,000,000-bale crop in the United States.

Now that the crop here will be more than 2,000 000 bales short of that, there is no earthly reason why cotton should not bring 15 cents per pound. [Applause.]

The cotton mills of the world have never consumed so much cotton as they did the year ending August 31 this year, and the

supply of old cotton has not been so small in a decade.

The world's statistics published by the Bureau of the Census show that the world's estimated production of cotton for the year 1912 was 21,457,000 bales, and that the world's estimated consumption of cotton for the same year up to August 31, 1913, was 21,542,000 bales, 85,000 bales more than the crop of 1912.

The cotton mills of America, constituting about one-fifth of the spindles of the world, consumed 500,000 more bales of cotton for the year ending August 31, 1913, than they did last year, and these same mills bought 525,000 more bales of cotton since September 1 this year than last year. We exported more than 200,000 more bales of cotton during the month of September this

year than for the same month last year.

All of these facts tell of the increasing demand and consumption of cotton, of more active spindles, and of the exhausted supply of the old crop. It means that the world will need one and a half millions more bales of American cotton from the crop of 1913 than will ever be produced this year. Last year, according to the report of our Government, there were 140,-996,000 active cotton spindles in the world, and this year there are 143,398,000 active cotton spindles in the world, an increase of active cotton spindles for this year over last year of 2,402,000. The cotton crop of this year, practically all of it, has been gathered and ginned. The ginners' reports that have been published have almost, if not quite, accounted for the crop of 1913. The oldest inhabitants of the cotton belt say that never before did cotton mature so early, and never was the bulk of the crop gathered and ginned so soon in the season.

Mr. Speaker, bear gamblers on the exchange took advantage of this unprecedented condition, and because the first ginners' reports were larger than those last year of the same date they sought to induce the public to believe that a big crop was being made, and, while they knew better themselves, they succeeded in deceiving the public into believing their story, and they and their methods of misrepresentations have been the means of robbing the cotton producers on this crop already of \$10 and

\$15 per bale. [Applause.]

Mr. YOUNG of Texas. Will the Mr. HEFLIN. With pleasure. Will the gentleman yield?

YOUNG of Texas. Is it not a fact that about 65 per cent of our cotton is exported?

Mr. HEFLIN. Yes.

Mr. YOUNG of Texas. Do you think a man is a good American citizen who, on this continent, which has a monopoly of the cotton-raising business, will cry down the price of cotton in this country, where we produce it as a monopoly, in order to benefit the world at large, where they can not produce it? Mr. HEFLIN. I thank the gentleman for his question, and

I quite agree with him.

Mr. Speaker, the fact that cotton matured, opened, and was gathered and ginned earlier than ever before is no evidence of itself that the crop is larger or smaller than usual. So, in order to ascertain approximately what the cotton crop of this year is or will be, as compared with the crop of last year, we must consider the ginners' report of the two crops up to this date, and we must also consider the condition of the cotton fields and compare the amount of cotton remaining in the fields at this time last year with the amount remaining in the fields now.

Let me give you some figures showing how much more rapidly cotton was gathered and ginned early in the season this year

than last.

Take, for instance, a half dozen of the principal cotton-producing counties of my own State, Alabama, and you will readily see how much more rapidly cotton has been gathered and ginned throughout the South this year than last year.

Barbour County, in southern part of the State, by December 1, 1913, had ginned 6,000 more bales than to the same date last

	Dates.
Lowndes County (southern)	4,000
Russell County (southern)	5,000
Calhoun County (northern)	5, 000
Lauderdale County (northern)	6,000
Madison County (northern)	7,000

Louisiana had ginned last year up to September 1, 1,700 bales,

and this year to September 1, 7,000 bales.

Alabama had ginned to September 1, 1912, 12,000 bales, and to September 1, 1913, 44,000 bales.

Up to September 1, 1912, Georgia had ginned 34,000 bales, and to September 1, 1913, 72,000 bales; and so on.

While these earlier reports are much larger than those for last year, the Government figures show that the total amount of cotton ginned last year in all the States up to November 1 was greater than the total amount ginned this year to the same date. To November 1 last year, 8,869,000 bales; to November 1 this year, 8,830,000 bales. Thirty-nine thousand more bales of the crop of 1912 to that date.

Last year frost was late in many of the Southern States and cotton matured and opened after the 1st of November, and at this season of the year the fields in many sections were white

This year the situation is entirely different. Early frost in the cotton-producing States killed the leaves and squares and half-grown bolls and left the stalks bare of foliage, so that the warm sun could reach the bolls, and as a result cotton has opened and has been gathered more rapidly than ever before.

So, Mr. Speaker, the fact that the ginners' report up to December 1 this year shows 200,000 more bales of cotton than to the same date last year must be considered in connection with the further fact that last year at the same time there was a great deal of cotton remaining in the field, whereas the fields are bare now and the cotton has been gathered and ginned. And these facts, considered together, rather indicate a smaller than a larger crop. The indications are that ginners' reports for January and February will be much smaller than last year for the same months.

As late as the 20th of November last year the fields of the South were white with cotton, but by the 20th of November this year the crop had been practically gathered and stock had been turned into the fields. While the cotton crop last year did not mature so early and was not gathered so soon as the crop this year, the Government report shows that even last year by December 13 more than 92 per cent of the entire crop had been ginned. Insect pests of various kinds have injured the crop; too much rain in some sections and too little in other sections have been the means of cutting down the cotton production this year, and early frost in the cotton belt prevented the top crop from maturing. So, Mr. Speaker, all in all, the ginners' reports published to this date have practically told the story of cotton production for the year 1913.

I bring from the cotton fields of Dixie the physical evidence of a gathered crop. Here are stalks bearing bolls that matured several weeks ago. The cotton has been picked and ginned and

reported, and cattle are now roaming the fields.

Here at the top are the unmatured bolls of which I have These leaves and squares and half-grown bolls were all killed by the frost in October. No more growth after Jack Frost lays his cold hand on the sensitive cotton plant.

Bear gamblers are trying to make the public believe that the cotton stalk is still full of open bolls and the fields are still white with the fleecy staple.

These bare stalks with their empty bolls speak for themselves, and they tell the tale of a crop that is made and gathered. As I look upon them I think of the men who prepared the soil, planted the seed, cultivated the plant, and toiled in the heat of

the day to produce the wherewith to be clothed. [Applause.] I think of those whose busy fingers plucked this snowy staple from hundreds of millions of bolls, and in their name and in the name of justice I plead for the passage of a law that will protect them from the pillage and plunder of a merciless band of bear gamblers on the cotton exchange. [Applause.] places in the cotton business the cotton exchange ought to be the place where accurate information about cotton can be had; where the truth of the cotton situation is ascertained and honest dealing is the order of the day.

But instead it has become the hotbed of misinformation, deception, falsehood, and trickery. Instead of helping the producer and aiding in the distribution of the crop and serving the law of supply and demand, it injures the producer, misrepresents the truth about cotton, and hinders the operation of the law of

supply and demand. [Applause.]

And let me say to the cotton exchanges now, that unless they put their houses in order, serve the producer and aid in the distribution of the crop—handle real cotton and deliver real cotton on contracts—their days are numbered. This Congress United States. [Applause.]

The SPEAKER. The gentleman from Illinois [Mr. Mann] is recognized for 30 minutes.

Mr. MANN. Mr. Speaker, it is very refreshing to hear the distinguished gentleman from Alabama [Mr. Heflin] complain about the price of cotton, and insist that owing to the high prices of everything else the southern farmer can not afford to exist unless cotton brings 15 cents a pound. The celebrated and world-wide advertised Underwood tariff bill has not, up to

date, reduced the cost of living, as was promised, and I believe has not greatly increased the price of cotton.

As long as the gentleman from Alabama [Mr. Heflin] has stated to the House that the cotton mills of the South are running night and day, and that the New England mills are running full time, a fact which will be interesting and surprising when brought to the attention of the representatives from New England, I think I shall take occasion in a few days to call the attention of the House to the present situation in the country, both financial and industrial. I shall not detain the House at this time to do that, except to say that owing to the incapacity of Democratic control and legislation the country is now in the midst of a financial and industrial panic, and all over the country men to-day, both in factories and financial institutions, are nearly scared to death.

Now, Mr. Speaker, I yield 10 minutes to the gentleman from Ohio [Mr. Sherwood], and I ask that he may proceed without

regard to the subject under discussion.

The SPEAKER pro tempore (Mr. CULLOP). The gentleman from Ohio [Mr. Sherwood] is recognized for 10 minutes. [Applause.]

Mr. SHERWOOD. Mr. Speaker, I desire to make a few remarks about the resolution reported from the Committee on Education. After due reflection I have concluded that I can not afford to vote for that resolution. I am in favor of the purposes of that resolution, but I find by a casual examination that since 1899 we have had 28 of these commissions, and that the whole amount expended by them has been over \$7,000,000. I think it is time to call a halt on these commissions.

Take the Immigration Commission, which, according to the report given me this morning, spent perhaps between \$800,000 and \$850,000. They brought back a report that could have been obtained by our consuls abroad without the expenditure of a

single additional dollar.

I have examined the items of expenditure by that commission. First, I discover that we paid for carriage hire to the House of Lords. Did we expect any emigrants from the hereditary lords

of Great Britain?

I find an item for carriage hire to visit Westminster Abbey. Did we expect any emigrants from that abbey, the oldest in the world, where rest the remains of 13 of England's Kings and 4 of her sovereign Queens, and where Henry IV "shuffled off," over 500 years ago, in the Jerusalem corner? Did we expect any emigrants from Westminster Abbey?

Then I find a report of an expenditure for carriage hire to the Catacombs of Rome. Did we expect any emigrants from those subterranean caverns that have been silent in death for

over 1,800 years?

Then I find an item, that has been paid, for carriage hire in Constantinople—for joy rides at night in caloric Constantinople. Did they expect any emigrants from there? Did they find any desirable emigrants from the harem of the imperial Sultan? [Laughter.] I find an item for carriage hire from Joppa to Jerusalem, and so on. The Member who had charge of that commission took over with him some 36 of his friends, who were anxious to make the tour of Europe at the expense of the

Government of the United States.

Take your Monetary Commission that spent about \$250,000. It was headed by a very able man, the distinguished Senator from Rhode Island, Mr. Aldrich, but if you examine their report and turn to the Encyclopædia Britannica you can find all the information about the Bank of France, the Bank of England the Island and Island Island land, the Imperial Bank of Germany, and the Bank of Holland

that you will find in that report.

Now, we had a debate all through the spring, all through the summer, all through the autumn, and 15 days in the winter, and how many Members on this floor on either side of the Chamber or at either end of the Capitol ever referred to the report of the Monetary Commission upon which we spent

\$250,000?

I wish I had time to go through the list. I have called upon the Secretary of the Treasury for the exact cost of the Monetary Commission. The following is a list of the various commissions since 1899:

Industrial Commission (tariff and trusts).

Postal Service Commission.
Canadian Commission.
International Prison Commission.
Bering Sea Commission.
Commission on Grants of Land in New Mexico.
California Débris Commission.
Merchant Marine Commission.
Cal Strike Commission.
Extension of Capitol Commission.
International Commission on Navigation.
Printing Investigation Commission.
National Monetary Commission.
Immigration Commission.
Second-class Mail Commission.
Commission on Business Methods in Post Office Department.
Bonding Companies Commission.
St. Johns River Commission.
St. Johns River Commission.
International Waterways Commission.
International Waterways Commission.
International Waterways Commission.
Tariff Board Commission.
Commission on Change of Methods for Transacting Public Business.
Fine Arts Commission.
Lincoln Memorial Commission.
Isthmian Canal Commission.
Canadian Boundary Commission.
Canadian Boundary Commission.
Canadian Boundary Commission.

I have no doubt the President will appoint a very able

I have no doubt the President will appoint a very able commission, if authorized to do so; but he has too much work now. Candidates would be in line for this proposed commission by the hundred-experts in the dead languages; profound students of the pagan classics; scientific economists well up in all matters that have been dead for 10 centuries [laughter]; distinguished students of science and sociology, with Ph. D., LL. D., and D. D.—with as many alphabetical embellishments as there are twirls to a pig's tail. [Laughter.]

Now take the Wood Pulp Commission. I want to call your attention to the fact that that report was carefully and conscientiously prepared and as able a report as ever was prepared by any commission. This commission was authorized on the Republican side, and yet when that report was made to Congress the Ways and Means Committee, as you know, paid no attention to it. Out of the 28 commissions that have been authorized since 1899 only 3 or 4 of the schemes recommended by these commissions have been adopted or enacted into law.

Look over the list of these commissions, generally composed of representative men, and what value has most of them had? have implicit confidence in our Educational Committee. It is made up of high-class scholars, including my distinguished friend from Ohio, President Fess, who has given this matter large attention. He is a classical scholar and an experienced educator and the head of Antioch College, where I learned the most of what little I know. Let that committee make a report to the Congress and prepare a bill, and this House will give more attention to that report than it will to the report of any outside commission, no matter how able, how scientific, how scholarly that commission may be. [Applause.] I thank the House for its attention and the distinguished gentleman from Illinois [Mr. MANN] for awarding me time.

The SPEAKER pro tempore (Mr. Cullor). The gentleman from Illinois has 14 minutes remaining and the gentleman from

Texas 7 minutes remaining.

Mr. MANN. Mr. Speaker, I shall not vote for this bill or for this motion, because it includes a motion that was inserted in Committee of the Whole the other day for the payment of a claim where loyalty was not shown. I think I have proven through the course of a number of years in this House that I have no ill feeling toward the South or men who were in the Confederate Army because of the Civil War. What I say is not on account of a prejudice against the persons who lost their property, but on account of the situation as far as war is concerned. As long as war exists armies will forage on the enemy

where they are able to do it. That was the case in the Civil War to a greater or less extent-undoubtedly greater than anyone wishes had to be done. But it has never been openly contemplated that the Government should pay for all the damage caused by the destruction of property in the South by the northern armies.

First, however, we commenced to pay for property which was used by the Army and taken from so-called loyal citizens of the In the main, probably they were less entitled to consideration than the people who were disloyal, so far as that is concerned, because the people who were loyal in the main were disloyal to their own States, and I expect were in the main loyal, if they were loyal, not because they loved the flag but because they were disgruntled about something else. But we commenced to pay those claims. Then some one secured—I think, through inadvertence—what I consider a somewhat sloppy opinion from the distinguished Supreme Court of the United States, that while all the members of the congregation of a church may have been disloyal, and all the male members may have been in the Confederate Army, yet the church itself was not a personality and could not be disloyal. Then we commenced to allow claims to churches and to lodges and to counties that had courthouses and cities that had city halls, and hospitals, and every form of public building or semipublic building which was, naturally. used and occupied by an invading army in order that it may not be quartered upon the homes of the citizens, giving the preference to these public and semipublic buildings. We now have a bill that is filled with these claims, and they are still coming.

Then we have presented to us the question as to whether we should pay for property that was destroyed by the invading army, and very few, even on that side of the House, when they are located as far north as Washington, will publicly say they favor the payment of those claims. They probably can not very well avoid making a precedent when it comes to voting on some particular claim, and we shall soon be confronted with a proposition of whether we shall pay for churches which were burned, and buildings which were burned, or property which was destroyed. Then, in connection with that, we are confronted now with the proposition of whether we shall pay these claims to persons who were not loyal. The reason why nations did not in the past admit claims of this sort is because when people go to war they take their chances on brute force. If they win, they succeed; if they lose, they have failed. is no way of recompensing, and no nation in the world would think for a moment of recompensing the people of another country which it had defeated in war. But technically, here the Confederate States were not a nation, and it has been declared by the United States that those States were never out of the Hence we have a little different situation from what we would have if we had had a war with some other nation. Yet the impossibility of the Government recompensing for all damages inflicted in the South is just as great as would be the impossibility of Germany returning to France compensation for all of the damages inflicted by Germany in France during the Franco-Prussian War.

Mr. CALLAWAY. Will the gentleman yield for a question?

Mr. MANN. I yield for a question.
Mr. CALLAWAY. Is it not a fact that all civilized nations for a hundred years have paid for all property taken for the

Mr. MANN. It is not the fact.

Mr. MANN. I think that if the gentleman were at all familiar with history he would know it is not the fact.

Mr. CALLAWAY. Did not Wellington do it?

Mr. MANN. I think that if the gentleman were at all familiar with history he would know it is not the fact.

Mr. CALLAWAY. Did not Wellington pay for the private property taken when he invaded France, and did we not have an order demanding that Gen. Scott pay for all private property

he took when he invaded Mexico?

Mr. MANN. We did not. It is not the fact. It has never been the fact that the invading army paid for all private prop-erty it has either taken or destroyed. Of course I know that an army endeavors to buy property or food to a certain extent in the country which it invades, but it never has been and never will be the case that an invading army or the country behind it will pay for all property which is either taken or destroyed. I have no opposition to this bill, except for the fact that it contains this one amendment, which makes the precedent of doing away with the proof of loyalty. If you gentlemen in charge of Congress desire to set that precedent, you, of course, have the right and the power to do it. Whether you will follow up the precedent I do not know, but it is very certain that all the claim agents-and there are a number of them in Washington—will persistently and continuously for years to come cite this Underwood amendment as the precedent, unless as time goes on they have more recent ones to cite. Therefore I do not believe that this bill ought to pass with that amendment

Now, if any gentleman wants the balance of my time, I would be very glad to yield it.

Mr. HAMLIN. Will the gentleman yield me three minutes? Mr. MANN. I will How much time have I remaining?

The SPEAKER. Four minutes.

Mr. SIMS. Mr. Speaker, before the gentleman takes his seat I desire to state that there are other sources of demand for the payment of war claims of a kind which the gentleman omitted to mention. In the States that did not secede are those who insist they were entitled to the protection of the General Government, where the Confederates, for lack of this protection, took or destroyed property. Those parties are already making claims that the Government of the United States owed them such protection and did not give it. That case occurs in Chambersburg, Pa.-

Mr. MANN. And one case in Maryland.

Mr. SIMS. And one place in Maryland. And there are bills before the committee to pay for property used for fortification purposes in the State of Kentucky that were destroyed by the Confederate forces. So the gentleman has not enumerated all the claims that may yet come against us.

Mr. MANN. Oh, no; and there are also the cases where the local people burned bridges and things of that sort to prevent

the Confederate Army advancing.

Mr. UNDERWOOD. Mr. Speaker, before the gentleman uses up all his time and surrenders the floor-I think the time on this side is exhausted-

Mr. GREGG. Mr. Speaker, I promised five minutes to my

friend the gentleman from Tennessee [Mr. Austin]

Mr. MANN. I will yield the gentleman from Alabama five

Mr. UNDERWOOD. I was going to ask unanimous consent for five minutes.

Mr. HAMLIN. I only wanted two or three minutes. Mr. GREGG. I only have three minutes outside of the five. If the gentleman will pardon me, I will yield the balance of my time to the gentleman from Alabama.

Mr. UNDERWOOD. I do not want to cut the gentleman from

Missouri out.

Mr. GREGG. He was not promised time, anyhow. The SPEAKER. The gentleman from Alabama [Mr. Under-

wood] is recognized for three minutes.

Mr. UNDERWOOD. Mr. Speaker, these claims are either right and ought to be paid, or they are wrong and the Government ought never to have paid a dollar of them. Unfortunately for the claimants many just claims have been waiting around the Halls of the Congress for 50 years to be paid. If they were not just claims and had not been waiting here that long, they would not be in this bill. Most of the claims that are in this bill are here by the unanimous report of a committee that represents every section of the Union and both political parties, and it is too late to raise the question—the purely theoretical question—as to whether the people in the South who lost their property by reason of the Army of the United States should be paid these claims or not. As a matter of fact before the smoke from the battle field had cleared away Mr. Lincoln by Executive order had many of this class of claims paid.

The Executive orders are in the departments to-day, I am informed, in which Mr. Lincoln directed that where there was a claim for property used by the Government, such as the occupation of buildings and lands, that there should be no question raised as to the loyalty of the man who was turned out when it was necessary for the Army to take possession of his property. Now, so far as I am concerned, I have always said, and I say now, that the Congress of the United States is not the tribunal in which these claims should be tried. I think the Government would have saved money and I think justice would have been done to many honest claimants if years ago a general statute had been passed fixing the status of these claims and allowing the Court of Claims or some other tribunal absolute power to try cases and dispose of them finally and take them out of the Congress entirely. I think it would be wise to-day if this class of claims were finally referred to the Court of Claims and full power given to the court to consider and act on them finally and render judgment like they do in other cases. [Applause.]

The SPEAKER. The time of the gentleman has expired.

Mr. GREGG. Mr. Speaker, I yield five minutes to the gentleman from Tennessee [Mr. Austin].

Mr. AUSTIN. Mr. Speaker, it is not often I feel justified in criticizing the attitude of the leader of my party on this floor, but I feel it to be my duty on this occasion to resent his statement in reference to the loyalty of the Union people in the Southern States during the Civil War. He stated they had some

pretext or excuse. I want to say to him that the people of east Tennessee who were loyal to the Union had no pretext or excuse except to preserve the Union and save the flag; and I want to say further that it did not cost much to be loyal to the Union in Chicago, but it did cost something to be loyal to the Union in east Tennessee.
Mr. MANN. Will the gentleman permit?

Mr. AUSTIN. Yes.
Mr. MANN. Many of my family were in Kentucky during the entire war, and I know as much about it as the gentleman from Tennessee, but I did not refer to any of those people when stated-

Mr. AUSTIN. I want to say to the gentleman from Illinois that the people in the South who were loyal to the Union were just as true and just as honest and just as sincere in their convictions and their loyalty to the Union as the people of Illinois or Massachusetts or any other State.

Mr. MANN. I have no doubt that is the truth, but that is

not true of all the people who filed these claims.

Mr. AUSTIN. They had no selfish or ulterior purpose. They had no purpose or thought except that of patriotism, and they proved it not only in fighting for the Union, but they proved it by sacrifices that can not be told and have never been printed.

We lived between both Armies, the Southern Army and the Union Army, and thousands of the men of east Tennessee had to leave their homes at night and follow the north star into Kentucky in order to enlist in the Union Army, and they left behind their wives and children in the heart of the enemy's country. They went through indescribable hardships, and there is not money enough in the Treasury of this rich country of ours to pay the men and women of the South who were loval for what they suffered and what they endured in that struggle. And if the gentleman from Illinois [Mr. Mann] has any question in his mind about it, let him consult the men who wore the blue and fought through the Southern States. When they were hungry they found Union people ready and willing and anxious to succor them. I represent a constituency on the floor of this House where the people parted with practically all they had in order to feed and succor men from the North who came there to preserve the Union. Thirty-one thousand men in Tennessee regiments alone proved their unselfish devotion and patriotism to this country by fighting, many of them dying, and all through those mountains to-day are men who carry the evidences of their loyalty and their devotion by wounds and injuries, lost arms and lost legs, and wrecked with disease. And ill does it become the leader of my party to question their loyalty to the Union or their unselfish devotion to the flag and to their Gov-[Applause on the Democratic side.]

This bill contains 1,158 claims, 390 of them from Northern States and Western States that did not join the Confederacy. Thirty States out of 44 States represented in this bill are not in the South and had no part in the southern Confederacy. What else? A Republican President who was a wise and just man, William H. Taft, wrote this to the American Congress in December, 1910:

I invite the attention of Congress to the great number of claims which, at the instance of Congress, have been considered by the Court of Claims and decided to be valid claims against the Government.

ment.

The delay that occurs in the payment of the money due under the claims injures the reputation of the Government as an honest debtor, and I earnestly recommend that those claims which come to the Congress with the judgment and approval of the Court of Claims should be promptly paid.

Something has been said here about a claim put in this bill by the gentleman from Alabama [Mr. Underwood]. It ought to be paid, and I say to the House as a Republican and as a son of a Union man who had to leave his home during those troublesome times that that claim is a just obligation against this Government. Those people took the oath of allegiance, and there is no proof that they did not observe it. That property was taken by the National Government after the war had closed and after the conflict had ended. Why should it not be paid? It would be an honest obligation against any individual, and it is an honest obligation against this Government

that should be met and paid. [Applause.]

Mr. GREGG. Mr. Speaker, I yield the balance of my time to the gentleman from Texas [Mr. Callaway].

The SPEAKER. The gentleman from Texas [Mr. Callaway] is recognized for two minutes.

Mr. CALLAWAY. Mr. Speaker, I just wanted to quote, in support of the question I asked a moment ago of the gentleman from Illinois [Mr. MANN], the following, taken from the Digest of International Law:

In section 6, page 282, volume 7, Digest of International Law, an order was issued by the Duke of Wellington, July 9, 1813, in which he said:

"The rules, therefore, which have been observed hitherto in requiring and taking and giving receipts for supplies from the country are to

be continued in the villages on the French frontier; and the commissaries attached to each of the armies of the several nations will receive the orders from the commander in chief of the army of their nations respecting the mode and period of paying for such supplies."

On October 26, 1846, Gen. Taylor, acknowledging receipt of instructions of Mr. Marcy, Secretary of War, stated that—

"It had been impossible to sustain the Army by forced contributions. The country between the Rio Grande and the Sierra Madre was poor, furnishing only corn and beef. These articles have been obtained by paying for them. The prompt payment in cash had, besides, neutralized much of the unfriendly feeling with which the Americans were regarded, and have contributed greatly to facilitate their operations. Moreover, if their crops were so taken they would have no inducement to plant again."

And the Government ordered him to continue to pay for the supplies they had had theretofore, and furnished to him the cash in order that he might pay for them on the spot, instead of giving receipts for supplies at the time that might be presented after the conflict was over and settled by the Government.

I wanted to recite this to show that the rules of civilized warfare have been for a hundred years that whenever private property is taken for the use of the Army it has been paid for. I want to state that was the order of this Government when the war began between the North and the South, namely, that private property when it was taken for the use of the Army should be either paid for or receipted for, so that it might be settled for after the conflict was over, as follows:

for after the conflict was over, as follows:

If the owner has not fled, the commanding officer will cause receipts to be given, which may serve the spoliated owner to obtain indemnity. (Field General Orders No. 100, Apr. 24, 1863; official records, series 3-111-152.)

Private property may be taken by a military commander for public use, in cases of necessity, or to prevent it from falling into the hands of the enemy, but the necessity must be urgent, such as will admit of no delay, or the danger must be immediate and impending. But in such cases the Government is bound to make full compensation to the owner. (Mitchell v. Harmony, 13 How., 115.)

Where private property is impressed into public use during an emergency, such as a war, a contract is implied on the part of the Government to make compensation to the owner. (United States v. Russell, 13 Wall., 623.)

After the war was over Congress put on the statute books of this country the rule that no man could present a claim to this Government for private property taken for the use of the Army during the Civil War, unless he proved loyalty to the Union

The SPEAKER. The time of the gentleman from Texas has expired.

Mr. GREGG. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. Hamlin] be given three minutes.

The SPEAKER. The gentleman from Texas [Mr. Gregg] asks unanimous consent that the gentleman from Missouri

[Mr. Hamlin] be given three minutes. Is there objection? There was no objection.

Mr. HAMLIN. Mr. Speaker, I do not know that I shall occupy even that much time. I want to say only this: I voted against the Underwood amendment the other day, not because I did not believe it possessed merit but because I felt that it was a bad precedent to set. I felt that these matters ought to be well considered by the committee and none others considered on the floor of the House, and I believe that I was correct about that.

There is a claim that I have been pressed to present for several months; an old war claim which I thought did not possess sufficient merit, and I refused to introduce a bill for its payment and refused to present it. To-day I received a letter from one of those parties, calling my attention to the fact that he knew now that if I would only do it, I could put it on this bill by amendment, calling my attention to the Underwood amend-ment, and saying, "Your excuse will no longer go with me." Then he reminded me very forcibly that he had several brothers and friends living in my district, and intimated that if I did not get busy, they would get busy later on. He referred specifically to the Underwood amendment, and said, "Of course, you can do it if you want to." I felt at the time that the Underwood amendment was adopted that it was a bad precedent, and I feel still that it was a bad precedent. I do not object much to the question of loyalty, but after all we must have a rule.

I have another claim that this committee turned down. The

Court of Claims found that the claim possessed merit, but said that the evidence showed that the parties were not at all times loyal to the Federal Government. The committee turned that claim down, and I notified the people interested that the claim would not go on the bill and would not be passed by this House because of the court's finding in regard to the loyalty of the

claimants.

Now, we should have some certain rule, otherwise it would put some of us in a false attitude. Having these considerations in mind is the reason why I voted against the Underwood amendment the other day. I have great confidence in the judgment of the committee, and feel that the committee should have

considered all these claims and passed upon them carefully, and that after that was done we ought to let the matter rest at that, and let every claim come before the committee and receive a report from the committee, and not add to the bill by illconsidered amendments on the floor of the House. [Applause.]

The SPEAKER. The question is on agreeing to the motion to suspend the rules, discharge the Committee of the Whole, and pass this bill.

The question was taken; and two-thirds voting in favor thereof, the rules were suspended and the bill was passed.

Mr. LLOYD rose.

The SPEAKER. The gentleman from Tennessee [Mr. Moon] will be recognized.

LIMIT OF DEPOSITS IN POSTAL SAVINGS SYSTEM.

Mr. MOON. Mr. Speaker, I move to suspend the rules and pass House bill 7967, Union Calendar No. 40.

The SPEAKER. The Clerk will report the bill.

The Clerk read as follows:

A bill (H. R. 7967) to amend the act approved June 25, 1910, authorizing a postal savings system.

Ing a postal savings system.

Be it enacted, etc., That such part of section 6 of the act approved June 25, 1910, authorizing a system of postal savings depositories, as provides that "no one shall be permitted to deposit more than \$100 in any one calendar month" is hereby repealed, and said act is further amended so as to repeal the proviso in section 7 thereof and insert in lieu of such proviso the following: "Provided, That no interest shall be paid on such part of the balance to the credit of any person as is in excess of \$1,000."

Mr. STAFFORD. Mr. Speaker, I demand a second. The SPEAKER. The gentleman from Wisconsin [Mr. STAF-FORD] demands a second.

Mr. MOON. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. The gentleman from Tennessee [Mr. Moon] asks unanimous consent that a second be considered as ordered. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Tennessee [Mr. Moon] has 20 minutes and the gentleman from Wisconsin [Mr. Staf-FORD] has 20.

Mr. MOON. Mr. Speaker, I have but little to say upon this bill, because a few days ago, when we had under consideration here some other bills from the Committee on the Post Office and Post Roads, Members of the House saw proper to discuss this bill most of the time rather than the bills that were then before the House. The Members of the House seemed to be interested in this question, and there has therefore been considerable discussion upon the pending bill.

It is a simple proposition, to raise the limit of the amount of money that can be deposited in any one month in the postal savings banks of the United States. Under the present laws deposits of \$100 and no more can be made by one person in one

calendar month.

The second provision of the bill is that no interest shall be paid on such part of the balance to the credit of any one person as is in excess of \$1,000, repealing a section in the old bill.

It has been found in the administration of this service in the Post Office Department that the limit that has been placed upon deposits operated to the disadvantage of the promotion and utility of that service. There have been many instances where men desired to deposit \$500 or \$1,000, and in some instances as much as \$3,000, and because under the provisions of the law they could not do so they refused to deposit anything.

This institution has been running at a loss. The present total loss to the Government in the operation of the postal savings bank is about \$1,000,000. The department is of the opinion that if this limit is removed and deposits are permitted in greater sums monthly than are now permitted, the deposits will double in a short time. If that turns out to be true, then the interest that the Government is getting in excess of that which it has to pay upon the deposits will, to a very great extent, relieve this deficiency, which the Treasury now has to bear.

Mr. MANN. Will the gentleman yield for a question?
Mr. MOON. I will yield to the gentleman.
Mr. MANN. As I understand, the savings deposits in the postal savings bank now amount to \$30,000,000 or \$33,000,000. Mr. MOON. They are now a little over \$33,000,000, as I am advised.

Mr. MANN. Does the gentleman think that a savings bank with deposits of that amount can not be conducted without a loss to the Government?

Mr. MOON. It has not been up to date.

Mr. MANN. Does the gentleman think, if that is so, that doubling the deposits will enable the institution to be selfsustaining?

Mr. MOON. The view of the department is that if the limit is taken off the amount of deposits this institution will so flourish that after awhile it may be self-sustaining.

Mr. MANN. I never was in favor of a limit on the amount of deposits, but I will say to the gentleman that I do not quite see upon what theory you can conduct a business at a profit if it amounts to \$66,000,000 if it is conducted at a loss when it amounts to \$33,000,000.

Mr. MOON. You get the additional interest.

Mr. MANN. But you have an additional expense.

Mr. MOON. Not necessarily an additional expense, or very If you are getting a profit of one-half of 1 per cent on \$33,000,000, surely your profit will be greater on \$66,000,000. Of course it necessarily follows that in the administration there must be some additional expense, but it would not be proportionate to the gain.

Mr. MANN. If you really get a difference of one-half of 1 per cent on \$33,000,000, I do not see how it is possible for the Government to conduct this business at a loss.

Mr. MOON. It seems very clear to me that the more money on which you draw interest the greater profit you will get from it. A bank doing a business of \$1,000,000 will make more profit than a bank doing a business of \$500,000 with the same force of men.

Mr. MANN. If it was losing money on \$33,000,000, the ordinary bank would lose much more on double the amount.

Mr. MOON. I will state to the gentleman from Illinois that this institution could not have lasted 24 hours if the Government of the United States had not been behind it. A common

bank could not have lasted under such conditions.

I want to remind the gentleman, too, that so far as this whole system is concerned there are many of us who have been opposed to it altogether, and there are many who think it ought to be abolished; but that view was not maintained by the Con-The Congress established this bank, and now all legislation that can be enacted to enable the trustees who are administering this fund to run the institution in such a way as to make it self-sustaining ought to be passed. This is one of the provisions

Mr. GARNER. Will the gentleman yield?

Mr. MOON. In a moment. This is one of the provisions that the department believes will be of great advantage to it and will ultimately recoup what has been lost. It may not make the institution self-sustaining, but it will make it more nearly so than it has been heretofore.

Mr. GARNER. I should like to get the gentleman's viewpoint with reference to each branch of the post office being selfsustaining-whether or not he thinks that each branch of the

department ought to pay its own way?

Mr. MOON. Of course it is impossible for each branch of the postal system to pay its own way. If it pays its way as a

whole, it does well.

Mr. GARNER. Does not the gentleman think that the banking business of the Post Office Department ought to pay its own expenses? Does the gentleman think the people ought to be taxed so that the Government may go into the banking

Mr. MOON. I will say to the gentleman that this institution has been, until covered by a recent order, an independent department under the control of the Postmaster General. It is not properly a part of the postal service of the United States. As the House will recollect, the bill was a measure that was passed really for the purpose of gathering in funds which could not or would not be placed in the common banks of the country by foreigners and others. The Post Office Department could be administered, as it has always been administered, without connection with the postal savings bank. The department had to adopt some instrumentalities to carry out the postal savings bank when imposed on it.

Mr. GARNER. I would like to ask whether or not it is the view of the gentleman from Tennessee that the department should conduct a banking business or any other kind of a business at a loss to the people? Does he think that one set of taxpayers should contribute to help run the business of another set of taxpayers?

Mr. MOON. I will answer the gentleman candidly. not think this institution ought to have been established. But that is not the question; it is not the view I entertain or you entertain on this question now under consideration. The Congress that had the power and jurisdiction had another view, and it believed that it was wise to establish a postal savings system. It has been done; it has been operating obedient to law and losses have occurred; and now it seems to me that it is the part of wisdom to pass all laws that may be possible in connection with the system that will sustain and uphold it and make it profitable.

Mr. GARNER. And this is one step in that direction?
Mr. MOON. This is one step in that direction. Now, Mr. Speaker, I have here a statement furnished by the Third Assistant Postmaster General that gives a good many facts in reference to this service, and the views of the department, and affords reasons why this legislation should be passed. If there be no objection, I will ask the Clerk to read certain parts of it, and then I will place the whole of it in the RECORD.

The SPEAKER. Without objection, the Clerk will read such portions as are indicated by the gentleman from Tennessee.

The Clerk read portions of the paper, which is as follows:

The Clerk read portions of the paper, which is as follows:

The office of the Third Assistant Postmaster General furnishes the following statement to accompany the report on the bill:

"The postal savings service in this country was largely experimental at the outset, so Congress, moving cautiously, placed the above referred to restrictions on deposits. Experience has demonstrated that these restrictions have seriously interfered with the purpose of the service. It was thought by many that heavy withdrawals from solvent banks would follow the installation of postal savings. The thought of the framers of the postal savings act on this point is reflected in the following excerpt from the report on it by the Senate Committee on Post Offices and Post Roads:

"It is the intention to make the rate of interest so low and so to restrict the maximum amount to be received from any one depositor that there will be no incentive to patronize the postal savings bank at the expense of private establishments."

"On June 30, 1913, the postal savings service had standing to the credit of depositors \$33,318,870, and \$2,389,120 of postal savings deposits had been converted into Government bonds, making \$36,207.990 for which the Government is accountable to the public. The files of the Post Office Department show conclusively that this money represents chiefly the hidden savings of timid wage earners, who have implicit confidence in the Government and who will not patronize private savings institutions. It is money that was lost to commercial activities until brought into light and business availability through postal savings. So the fear that the service would occasion heavy withdrawals from the banks has proved utterly unfounded. On the other hand, more than 7,000 banks now hold in excess of \$30,000,000 of postal savings funds—money which would otherwise have been beyond their reach. The sources of postal savings deposits have been so clearly demonstrated that the bankers now freely admit that the service was not temporary but is

show clearly that the handicap on the service was not temporary but is continuous.

"There are no figures available in the Post Office Department that show with certainty how much money has been rejected on account of the restrictions on deposits, but from the best information obtainable the department is convinced that more money has been turned away and thus driven back into hiding and disuse than it has been possible to accept. But aside from this enormous amount that has been actually lost to trade another serious feature is the disheartening effect the limitations have had on our foreign-born citizens, who are the most liberal patrons of the service and who can not understand why the Government will safeguard a portion of their savings and not all of them. Their disappointment often amounts to a secret resentment which makes itself felt among others of their countrymen, thus defeating in a measure the very purpose of the service, namely, to encourage thrift and economy among our people.

"Under the postal-savings act funds accepted from the public must be deposited in qualified banks in the city or locality where they originate, and any solvent bank under National or State supervision may qualify, by furnishing the required security, to receive its proportion of the funds. Therefore every additional dollar of secreted money that may be accepted, if the bill under consideration becomes a law, will be made available for business needs in the very field from which it was withdrawn.

"On June 20 1013, 13,265 persons had maximum accounts aggre-

will be made available for business needs in the very near treat with was withdrawn.

"On June 30, 1913, 13.265 persons had maximum accounts aggregating \$6,632,500, or one-fifth of all the deposits in the postal-savings system. A very large percentage of these depositors are unwilling to purchase Government bonds. They simply want to continue adding to their savings, but the \$500 limitation has practically closed the doors of the post office in their faces. The testimony of postmasters is almost unanimous on the point that if foreigners tender larger amounts than can be accepted they usually refuse to open accounts at all. In instances of rejection they frequently go to the money-order window and purchase foreign orders.

"Following are a few excepts from recent letters from postmasters illustrative of the serious handican on the service which the present limitations on deposits occasion. The files of the Post Office Department contain hundreds of communications reporting similar incidents:

"Newark, N. J., November 20, 1913."

"Newark, N. J., November 20, 1918.

"To-day a French lady deposited \$20, thus completing the \$500 limit. She had a large roll of bills, representing hers and her husband's savings, which she hid away on her person, remarking that they had lost money in banks on several occasions and would not trust them again. She requested to be notified whenever the limit on deposits was removed. Did not care to buy postal-savings bonds, as might some day need the money at short notice. The suggestion was made that her husband open an account, and she left, with the promise to talk the matter over with her husband."

"CLEVELAND, OHIO, November 29, 1913,

"The need of this (removal of restrictions on deposits) is shown by the fact that from September, 1911, to April. 1913, inclusive, over \$182,000 was refused at the main office alone because of the monthly limit of \$100, and during the past six weeks about \$9,000 had to be refused. At one station alone this sum amounted to \$5,000."

"FLINT, MICH., December 3, 1913.

"I was very much impressed with this incident to-day: A foreigner, an Austrian, sold some property for which he received a check for \$700. He lost no time in getting it cashed and brought the money to

the post office for deposit. Of course, we could not accept it, and explained as well as we could that he could only deposit \$100. He seemed to be in a quandry and lingered in the lobby awhile, finally shook his head, and departed. In the afternoon he returned, deposited \$100 and bought \$600 in money orders for Austria and sent it there. He made us understand that he did not consider it safe to have so much money in his house, and it cost him \$6 to send it home for safekeeping."

#### "JOHNSON CITY, TENN., December 9, 1913.

"I strongly recommend the removal of the statutory restriction on the amount of deposits as it now is. This restriction has greatly handicapped the increase of deposits at this office. I have in mind half a dozen or more cases where the applicant refused to make any deposit at all for the reason that he could not deposit all his savings at one time. One party desired to deposit \$300, another had \$500 to deposit, and another had \$1,300. Neither of these applicants deposited anything and we have had other similar cases."

#### "BURRTON, KANS., December 4, 1913.

"I am badly handicapped because of the limit of \$100 per month and a total limit of \$500 to each depositor, and can cite you to one party in particular that wished to deposit \$4,000, and when he found out that there was a limit he made no deposit, and stated that he would not trust it to any other bank either. I have had several cases where people wished to deposit more than the limit, and because they could not deposit all their money refused to have anything to do with it?"

## "WILKES-BARRE, PA., December 5, 1913.

"Wilkes-Barre, Pa., December 5, 1913.

"Since the establishment of the postal-savings system, this office has been compelled to refuse more than 25 deposits ranging from \$500 to \$1,000 in each instance, and about the same number ranging in amounts from \$200 to \$500. If we were not handicapped by the restrictions to which I have alluded, the postal savings of the office would now be near the \$50,000 mark instead of hovering around \$13,000. Fully 00 per cent of the Wilkes-Barre depositors come from the foreign-speaking element, and every time a large deposit is refused the would-be patron goes away with a poor impression of the Government's banking system. I feel that if the restrictions were removed the postal-savings business would be a big success at this office. I wish to add that we do not receive our deposits from those who are accustomed to carrying deposits in the local banks, but from a class of people who, not being acquainted with the excellency of our financial institutions, do not care to trust them and keep their money in some hidden recess of their own homes. They are accustomed to Government savings banks that receive unlimited amounts in their native countries, and look with caution on such an institution in this country that will receive only a limited amount. The day upon which your letter reached me the postal-savings clerk had to turn away a depositor with \$500, and a few days previous one was turned away with \$1,000. These are some of the discouraging features that dampen our enthusiasm when we endeavor to increase our deposits."

## "SAYRE, PA., December 5, 1913.

"We have had two instances where deposits were not made because we could not accept \$1,000, and it would seem that the general growth of this department would be hampered so long as the limit remains where it is now. Why should one man not be allowed to deposit \$1,000 as well as 10 men \$100 each? Why should the man who lacks faith in banks and who has saved \$400 be allowed the protection of the Government any more than the man who has accumulated \$700 in the same length of time?"

"FLORENCE, ALA., December 6, 1913.

"I think the Postal Savings System would be improved if the restriction on the amount of postal savings deposits that may be accepted from one depositor could be removed. At this office we have had several persons who desired to deposit more than \$100 per month and also more than \$500 in total."

## "SAN ANTONIO, TEX., December 3, 1913.

"SAN ANTONIO, Tex., December 8, 1913.

"In regard to making suggestions for the betterment of the postal savings bank, would suggest that the limit of deposits be raised. During the month of November two depositors wished to deposit \$500 each and another wished to deposit \$2,000. In my estimation, he postal savings bank is a much safer depository than cracks and crevices, where mice and cockroaches may nibble the savings of a workingman. In many cases the money deposited at this office has been badly mutilated in this manner."

### "VERSAILLES, KY., December 4, 1913.

"I had a case last month when a lady had several hundred dollars she wanted to deposit for her children and wanted to know if she could deposit it all at one time, and after talking and explaining the matter to her she concluded to deposit the \$100 and deposit the other later; and I had a similar case last year of a lady who wanted to deposit several hundred dollars, and she said unless she could deposit all she would not deposit any."

## "GOODING, IDAHO, December 4, 1913.

"GOODING, IDAMO, December 4, 1912,

"During the two and a half years we have operated the system at this office I would judge that I have turned away as much money as has been actually deposited, because we could not accept more than \$100 in any one month and the total limit of any one person was \$500. I have had during this time a dozen or so different persons ask to deposit all the way from two or three hundred to as much as two thousand at one time. After a time the public came to understand that the limits were \$100 in any one month and a total of \$500 to any one person, and from that time the interest in the Postal Savings System seemed to fall off in this community."

# "PROVIDENCE, R. I., December 4, 1913.

"In regard to the statutory restriction as to the amount which any one person may deposit, there is no question but the present limit has been a great hindrance to the growth of the postal savings system. Many people are turned away every month on account of the restriction, and many will not bother with the postal savings bank on account

of the small limit, and many have expressed great disappointment in the system. A good many have had a few hundred dollars, and in one or two instances several thousand dollars, which they desired to deposit, but would not deposit in the postal savings bank as they desired all their money in one place. In several cases when additional deposits were refused on account of the restrictions the depositors have become very angry and withdrawn what they had already put in—in two instances the depositors stated that they wanted their money in a "real bank," and many have made unfavorable comments on the system when their deposits have been refused. There have been many opportunities to receive \$500 at a deposit, and even as high as \$2,000, and when these deposits were refused the prospective depositors declined to open any account. In the case of the depository recently established at contract station No. 10 of this office, it is believed that many thousand dollars will have to be refused during the year on account of the limited restrictions. The plan of increasing their deposits by the purchase of bonds does not appeal to the majority of the foreign depositors. A very large amount of money is sent out of Providence every year by foreign money orders and through the foreign agents of the different classes of foreigners were permitted to deposit their entire savings in a Government bank."

#### " VICTOR, N. Y., December 6, 1913.

"I certainly believe that this restriction should be taken off, so that a depositor could put in any amount he desired at any time. For not being allowed to do so the growth of the service is handicapped and the very object of the system is practically defeated. Now, for instance, only vesterday this matter came up and we were obliged to turn away a would-be depositor. He came into the office and wanted to deposit \$600, and when informed that we could not accept this amount he insisted, saying that he did not feel safe in putting it in any other bank. We tried to induce him to open an account and we would do the best we could for him, but he would not do this unless we would accept the whole amount, consequently we lost the business."

"Concordia, Kans., December 4, 1913.

"Several of our depositors reached the \$500 limit some months ago and would gladly have continued to deposit had it been allowed—in fact, one has been purchasing money orders as an investment with the money which we could not receive in the postal savings department. Only a few days ago a lady, whose husband was recently killed in the railroad yards at this place, asked permission to make a deposit, but would not do so when we were obliged to decline to accept an opening deposit of \$1,000."

#### "LITTLE ROCK, ARK., December 2, 1913.

"It seems to me that the postal savings service is seriously handicapped by not being permitted to receive larger deposits. This office has on a number of occasions been forced to refuse deposits on money from \$1,000 to \$7,000."

# "BUTTE, MONT., November 22, 1913.

"It is a conservative estimate when I say that during the first 60 days upon the opening of the postal savings bank at this office that we turned down or refused deposits in the aggregate of \$150,000, due to the restrictions of the amount that a person could deposit at one time or in one month, and at the present time there are many inquiries as to the possibility of those restrictions being removed, which, in my judgment, would not only be a step in the right direction, but one that would be most popular with the laboring class of people. Had there been no restriction as to the amount that a person could deposit, since the opening of the Butte postal savings bank, instead of \$410.595 on deposit in this bank at the present time, there would be at least \$2,000,000."

### " LEADVILLE, COLO., October 20, 1913.

"Do away with the limit of deposit as soon as possible, as it injures all and helps no one. The depositor who has \$500 in quits because he must. While he waits till he can apply for a bond he grows indifferent, his interest dies out, he doesn't care, his habits change for the worse."

## "LOUISVILLE, KY., November 8, 1913.

"An Italian women, who had fallen heir to \$5,000, offered the amount for deposit in the postal savings bank, but on account of the limitation did not open an account. On the 6th instant a man offered \$300 and did not open an account because he could not deposit it all."

## " NEW BRITAIN, CONN., November 8, 1913.

"We have had several persons make application to deposit in excess of \$100 at one time. We recently had a patron who had \$200 which he wished to deposit for safekeeping, but he could deposit but \$100. The balance he kept at his home and a few days later his son stole the amount and disappeared. It is also an occasional happening that foreign-born residents in this city receive money from Europe which they wish to deposit."

"ELWOOD, IND., November 12, 1913.

"As stated above, our present deposits in this office are about \$20,000. It could have been \$50,000 if it had not been for the limit monthly. To illustrate, within the past three weeks there have been at least eight people desiring to make large deposits. An old gentleman and is wife came to me with \$1,100, and wanted to deposit it all. They were afraid to keep it at home. Yesterday a man wanted to deposit \$400 to secure bonds in December, and we couldn't take it. Another man last week with \$600. We have a foreign population of about 500 in this city, and while some of them are depositing in the post office those having large amounts are compelled to secure drafts and place the money in New York banks conducted by Greeks or Italians."

# " MONTE VISTA, COLO., November 11, 1913.

"We had one instance where it lost us a deposit of \$800 by one of the inmates of the soldiers' home. We explained to him that we could take \$100 from him each month and that then he could purchase a bond for \$500, and eventually would be able to have it all cared for. His remark was that that was too much red tape; that he wanted Uncle Sam to be his banker, but not with all that trouble to make the deposit."

"COAL CITY, ILL., November 11, 1913.

"Several of our citizens, especially the foreign born, desired to deposit more than the statutory limit. Three Italians at different times desired to make deposits—one was for \$1,500, second for \$1,300, and the third \$1,000, and several others from \$300 to \$500—but was prohibited from accepting by the statutory limit."

"JOLIET, ILL., November 15, 1913.

"This morning a foreigner wished to open an account with \$400. Upon being informed that we could accept but \$100 during a month he asked to be allowed to leave \$200, and as we were unable to accommodate him in this request he purchased foreign money orders amounting to \$400."

ST. PAUL, MINN., November 18, 1913.

"At the St. Paul post office we had many applications from widows who desire to deposit their insurance money, ranging all the way from \$300 to \$2,000. Many others make application to deposit their savings, which are in hiding, running all the way from \$300 to \$1,000 or more. There is no doubt that the deposits would greatly increase in this office if the limitation were removed, as it ought to be to conform to the Canadian limitations."

"NILES, MICH., November 18, 1913.

"I have in mind two cases where this limitation worked a hardship on the depositor and on the bank. A citizen of this place had, for safe-keeping, invested \$700 in money orders. These he afterwards turned in for a Treasury warrant, and he wanted to deposit the amount in our bank. We could only take \$100, but to deposit that amount he would have had to cash the warrant for \$700 and would have had \$600 in cash on his hands—just what he wanted to avoid."

"Boston, Mass., November 14, 1913.

"If the limitation were removed or the maximum increased considerably, with no monthly restriction, experience causes me to believe that amounts of considerable magnitude which are being sent to Italy for deposit with that postal administration would be intrusted to the domestice service."

"SALEM, MASS., November 17, 1913.

"An Italian desired to open a postal savings account and deposit \$900. \* \* \* This is only 1 of some 15 or more instances where this office has had to refuse deposits in excess of the limitations."

"COLQUET, MINN., November 15, 1913.

"Colquer, Minn., November 15, 1913.

"Men in this part of the State of Minnesota who work all winter in the woods and return to town in the spring wish to leave their whole winter's earnings and return to the log drive. Have known of an incidence where a larger amount was refused at our office, and the individual lost same on a drunk and had to draw out to get him out of trouble. It is hard to build up a business when one is compelled to turn men away who are willing to give you business."

"KANSAS CITY, Mo., November 13, 1913.

"Kansas City, Mo., November 13, 1913.

"Will say that about 10 per cent of our depositors tender as an initial deposit an amount in excess of \$100. At least 50 per cent of this number refused to make any deposit at all. Our tellers say that an average of three would-be depositors a day go away with from three to five hundred dollars, for the reason that they refuse to make two, three, or four trips to the post office, entailing loss of time, street-car fare, and other inconvenience. Yesterday a cook tendered \$360. He said he was afraid of the banks, so left \$100, and the other \$260 will be carried around on his person until he is allowed to deposit. The day before a colored laundress offered \$400 for deposit. She left \$100, and no doubt will put the balance in hiding. A day or two before this a man pushed \$500 in the teller's window. When \$400 was given back to him with the explanation of the law, he became angry and demanded the other \$100. These cases are typical of what is occurring daily."

"DUBOIS, PA., August 20, 1913.

"During the second month of operation we were offered nearly \$20,000 in excess of the amount that we could accept, and it has been a frequent occurrence ever since. In the past month we have been offered over \$5,000 by foreigners that could not be accepted on account of this provision."

"SHELBYVILLE, KY., August 21, 1913.

"Mr. Crapster (clerk in charge) tells me that the greatest drawback to the postal savings here is that no one is allowed to deposit more than \$100 per month. He has had a good many persons come to him to deposit from \$200 to \$1,500 at one time. One hundred dollars being the limit per month, they declined to make a deposit, saying it would take too long to get their money on deposit."

"Chattanooga, Tenn., August 29, 1913.

"From the experience of this office, I feel sure that if the postal savings regulation could be so amended as to increase the limit on deposits from \$100 to \$500 a month, we could reasonably expect our deposits to be doubled."

" PORTLAND, OREG., August 22, 1913.

"Portland, Oreg., August 22, 1918.

"We have now over 6,000 depositors, of whom about 350 have reached the \$500 limit and according to the law as it now stands are not permitted to make further deposits, although many of them have bitterly complained at this restriction. We do not doubt but that everyone who has reached the \$500 limit would increase his deposits were he permitted to do so. Some individual customers have brought as high as \$4,500 to deposit and many have brought from \$1,000 to \$2,000. Many foreigners who find that it takes five months to get \$500 into the postal savings bank make an initial deposit of \$100 and buy international money orders, shipping the balance out of this country. Yet at the same time a great many short-sighted bankers are opposed to the postal savings."

" COHOCTON, N. Y., November 21, 1913.

"I have a depositor now that is putting in \$100 each month and would like to deposit about \$1,500. This is money that she received for property sold, and she will not deposit it in any except a postal savings bank, and this also is in hiding and out of circulation, and I can see no good reason why these restrictions should be placed on depositors."

" CAMDEN, N. J., November 24, 1913.

"Camder, N. J., November 24, 1913.

"The \$100 monthly and \$500 total limit is without doubt one of the greatest handicaps the bank has to contend with. Among the many instances illustrative of its inadequacy was a Norwegian who came from one of the country villages about 15 miles from here to deposit \$2,100. When informed we could receive but \$100, he refused to open an account. Many other examples could be cited ranging from \$250 to \$6,000."

"CLINTON, OKLA., November 18, 1913.

"I think the service would be more satisfactory to the public if restrictions as to amounts that may be deposited were removed. A patron just recently tendered \$600 to this office, and because we could only accept \$100 he refused to make any deposit."

"BUFFALO, N. Y., November 25, 1913.

"A serious handicap to the growth of that branch of the service is the statutory restriction on the amount of postal savings deposits that may be accepted from one depositor—\$100 in a calendar month and \$500 in all. There is a large foreign-born population in this city, and, I have no doubt, there is a large amount of money hidden away in homes that would now be in circulation if the restrictions were in a measure removed. Very frequently large amounts are offered here for deposit, and, when the matter is explained, they occasionally make the \$100 deposit; more frequently they leave the office without making any deposit. They can not understand why the Government should encourage thrift up to a certain limit only and then refuse to accept deposits beyond that amount."

"Anadarko, Okla., November 26, 1913.

"ANADARKO, OKLA., November 20, 1915.

"I beg to state that this office has been sadly handicapped during the past six months owing to the restriction on amount of deposit. I now recall the following applications to deposit larger amounts: One of \$3,000, one of \$2,000, one of \$2,500, one just this morning of \$350, the would-be depositor stating that he would probably have \$600 or \$800 per month to deposit. The above applications are probably due in part to the failure of one of the leading banks of the city."

" NEW YORK, N. Y., October 4, 1913.

"Mr. Joseph Elliott, Jr.,
"Superintendent Money Order Service.

"Mr. Joseph Elliott, Jr.,

"Superintendent Money Order Service.

"The Italians are a peculiar people, in so far as money is concerned. They hoard it until they accumulate a large sum and then they buy international money orders with it, payable to the Cassiere Centrale Mo Poste e Telegrafi, Roma, Italy. They generally come to this office on rainy days, when they are idle. Of course they do not all come here, because, as previously stated, the east side bankers get a good deal of their money on account of their attractive fees. A goodly number of them deposit up to the limit, namely, \$100 per month; but most of them come here with wads of bills, stuffed in their bosoms, containing from \$500 to \$3,000, to send to that bank to be placed to their credit. About three months ago two Italians came to this office with a bundle of bills of various denominations, amounting to \$3,600, which they wanted to send to the savings bank in Rome. The bills were so soiled and faded that the cashier thought some of them were counterfeits, but on close inspection were found to be genuine. The men were asked how the bills became so faded and dead looking; they replied that they had kept them buried in the ground. On another occasion a man with domestic money orders amounting to several hundred dollars wanted to cash them and to deposit their total in our postal savings depository. He was told that we could only take \$100 in any one calendar month, and that the limit was \$500. He said it was his practice to save up until he got \$50 and then bought a money order for this amount. He had quite a number of them, and, as he wanted to deposit the whole amount, he sent it to the savings bank at Rome."

"NEW RICHMOND, WIS., November 27, 1913.

"NEW RICHMOND, WIS., November 27, 1913.

"The limit of \$100 deposits in a calendar month and \$500 in all should be by all means removed. We can see no good or useful purpose served by the restrictions, and it has on several occasions prevented us from accepting deposits of larger sums that have been offered. Not long since a prospective depositor wanted to start an account with \$1,200. He was informed of the regulations. It was also suggested that he might open separate accounts in the names of his children or relatives, but it turned out that he was a single man and he had no near relatives in this country. He took the money away, and it was his intention, so he stated, to buy a draft and send the money to Norway, to be banked in his native town."

"The postal savings system is a balance wheel in times of financial disturbances and can be made a much more effective agency in this respect by removing the restrictions now placed on deposits. A few illustrations on the point follow:

"On July 31 postal savings deposits at Youngstown, Ohio, were \$13,556. The average monthly receipts for the preceding three months had been less than \$800. On August 5 the receipts for the day jumped to \$3,526, and in the nine days ending August 15 they were \$11,958, as compared with a little over \$13,000 taken in during the preceding two years. This sudden increase was due to a two days' run on the local bank. The following is from the postmaster's letter dated August 8:

local bank. The following is from the postalesters gust 8:

"'These foreigners brought from \$100 to \$1,400 each for postal savings, and when told they could deposit but \$100 in any one month they, some of them, bought money orders on foreign countries, in amount \$10,000, in three days. \* \* We turned away close to \$30,000 in real cash because of postal savings rules on deposits."

"Ironwood, Mich., with about 12,000 population, was made a savings depository in May, 1911. A bank failure occurred there in June, 1912. The postal savings at Ironwood now aggregate nearly \$150,000, a larger amount than many cities accumulate of ten times the population.

"On October 20, 1913, a bank failed at Lowell, Mass., and during the month there was a net gain in deposits of \$3,373, and in November there was a net gain of \$14,749, as against a gain of \$163 in September. The postmaster wrote under date of November 17:

"In two days we have had one Italian with \$900, one Greek with \$150, one Canadian with \$300, one Greek with \$200, and one Greek with \$1,400, all for deposit. It is estimated that at least \$50,000 has been refused for deposit in this office since October 21 on account of the restrictions covering monthly deposits."

"On June 30 postal savings deposits at McKeesport, Pa., were \$12,402, On July 7 a bank in that city was closed temporarily on account of its close affiliation with a Pittsburgh bank which failed that day. The amount on deposit at the end of July was \$20,398; August, \$29,145; September, \$36,705; October, \$43,248.

"The First-Second National Bank of Pittsburgh, Pa., was closed on July 7, 1913. The postal savings receipts for the week beginning on the day of the failure were \$19,624, a larger sum than had been deposited in an entire month. The postmaster, in commenting on the situation July 17, said:

"'Very many of the depositors wanted to leave large sums, ranging from \$1,000 to \$9,000. Some persons who came to the office when they learned that only \$100 could be accepted clid not open an account. While no record was kept of the amount offered and refused, there is no doubt but what the aggregate was in excess of \$100,000."

"He again wrote the Post Office Department on November 26, in part as follows:

"'It beg to report that the postal saving system in Pittsburgh is no

while no record was kept of the amount direct and reliased, tacks as no doubt but what the aggregate was in excess of \$100.000."

"He again wrote the Post Office Department on November 26, in part as follows:

"I beg to report that the postal saving system in Pittsburgh is no longer an experiment, nor is it neglected by either the people or this office. From the date of its organization here on September 9, 1911, to July 5, 1913, the total deposits were \$134.271. Yesterday the total was \$490.310, a gain of \$266.039 from July 5 to November 25.

"'This increase began with the closing of the First-Second National Bank. The large amount of local advertising given the postal savings system in connection with this closing brought as patrons many persons in no way connected with the First-Second National Bank, many of them who had never before had a deposit.

"If the limit of deposit was taken off, this office would have \$2.000,000 on deposit in six months. Every day sums in excess of \$100 are offered, and almost every day patrons who have reached the maximum for one month attempt to make additional deposits. To-day three persons tried to deposit \$500 each. One of them was induced to open an account at \$100, the other two would not deposit anything when not permitted to deposit all of it. Yesterday a woman appeared with \$2,000, and it was with difficulty that she was induced to take it away with her. These are dally occurrences:

"A run on the United States Trust Co. in Washington, D. C., began about noon on November 21. The newspapers next morning announced that the company had been taken over by the Munsey Trust Co. and that full protection to depositors was insured. The run continued, however, until noon, the closing hour. During the six days prior to the run 30 postal savings accounts were opened in the Washington post office and \$3,413 was received. In five days after the run 147 accounts were opened and \$15,650 was received, and during this period \$24,261 was rejected on account of the monthly limitation.

"The

Mr. MOON. Now, Mr. Speaker, I will yield five minutes to

the gentleman from Indiana [Mr. Cox].

Mr. COX. Mr. Speaker, I was not one of those who was enthusiastically in favor of the bill when it originally became a law, but as the chairman of this important committee has well said that it is now a part of the postal system of this country and if it requires legislation how to make it self-sustaining, I am in favor of that legislation. There is no question on earth but that down to this good hour the system has been run at a loss; that is to say, at a loss as a banker would run his banking business, as a banker would balance his books every night. But you must take into consideration the fact that a system of this kind has been of advantage to the country in bringing more money into circulation, and the fact that there is no way on earth whereby you can get at all the benefits that come as a result of this legislation.

It strikes me, Mr. Speaker, that there is a way out of it to make this business self-sustaining. If I remember, the law creating the postal savings bank system provides that the banks should pay not less than 21 per cent interest on the deposits. Now, I know of no good reason on earth why bankers should not pay at least 3 per cent on these deposits. I endeavored to ascertain from the Post Office Department what effect it would have on the balance of profit and loss in the event that the Government had charged 3 per cent instead of 21 per cent, and

I was unable to get these figures.

Mr. MOON. Will the gentleman from Indiana yield? Mr. COX. With pleasure.

Mr. MOON. The gentleman is right, the rate of interest is 2½ per cent.

Mr. COX. Under the present law?

Mr. MOON. Under the present law. The trustees managing this institution have a right to increase the rate of interest above 21 per cent. That department is contemplating, as I am advised a possible increase of the rate of interest as one of the means by which to remove this deficit along this line, but the situation is such in reference to this matter that it is not deemed advisable to press the department by any legislation to

order this rate of interest increased. A readjustment of this system is going on, and probably it is not wise for Congress to undertake to legislate in regard to it now.

Mr. COX. I quite agree with the gentleman.

Mr. GARNER. Will the gentleman from Indiana yield for a question?

Mr. COX. Certainly.

Mr. GARNER. If I understand the chairman, his intimation was as to what the department was doing; that it was undertaking to make the business self-sustaining.

Mr. MOON. Self-sustaining. Mr. COX. Mr. Speaker, the chairman of the committee has well said that under the original act establishing the postal savings-bank system the authorities have power to increase the rate of interest. I quite agree with him as to the wisdom of Congress at this time not undertaking to compel the department to increase the rate of interest. But, Mr. Speaker, trust companies all over the United States are to-day paying 3 per cent interest on daily deposits, checking accounts; and so forth, and why should not the bankers pay 3 per cent interest on this?

Mr. MADDEN. Will the gentleman yield?

Mr. COX. Yes. Mr. MADDEN. Did the gentleman state that banks were paying 3 per cent interest on checking deposits?

Mr. COX. I said the trust companies.

Mr. MADDEN. On checking accounts the average rate of interest paid is 2 per cent on all above \$1,000, and if you have less than \$200 they charge you \$1 a month for keeping the account.

Mr. COX. I will say to the gentleman that I never did any business with a trust company. They advertise that they are paying 3 per cent interest on daily checking balances. As I said a moment ago, no hardship is placed on the bank, because practically all of them already have on deposit the character of bonds which the Postal Department exacts in order that they may secure postal-savings deposits, and I believe if the Postal Department would require a 3 per cent interest we would soon see a return sufficient to make this institution a paying institu-

The SPEAKER. The time of the gentleman from Indiana has expired.

Mr. STAFFORD. Mr. Speaker, I will ask the Chair to notify me when I have occupied 10 minutes.

In no country where the postal savings system is inaugurated were such restrictions placed on the system as under our existing law. As the letter just read to the House containing an excerpt from the report of the Senate committee confirms, it was the manifest purpose to discourage the deposit of savings funds in these postal savings banks. In no other country is so low a rate of interest as 2 per cent paid to postal savings bank depositors. It is to the shame of this Government that we pay the lowest interest rate to these poor depositors who avail themselves of these depositories because of lack of faith in our existing banking institutions. Even Italy pays more. France and Great Britain pay 21 per cent and Canada pays 3 per cent. Not only was this system discouraged with the low rate of interest paid on these deposits, but it was wet-blanketed in the restriction as to the amount that depositors could put into the banks, not to exceed \$100 in any one calendar month and not to exceed \$500 at any one time. The purpose of this bill is to lift that restriction as to the amount of deposits, enabling anyone to deposit as much as he desires, with deposits in excess of \$1,000 drawing no interest whatsoever. There were few in the Post Office Committee when this system was originally inaugurated who favored the very amendment we have under consideration to-day. For my part I can not under-stand why we should withhold the payment of interest on deposits in excess of \$1,000. If it is proper to pay interest at all, what argument can we advance against paying it on the entire deposit? It is true that in some countries a limit is placed on the amount on which interest will be paid, but in Canada, where the amount is \$3,000, the average deposits run up to as high as \$290 per depositor, whereas in this country the average deposit is only \$102.

Mr. BURKE of South Dakota. Mr. Speaker, will the gentle-

man yield?

Mr. STAFFORD. Certainly.

Mr. BURKE of South Dakota. Will the gentleman tell us how the interest is allowed? Does the money have to remain any length of time before it begins to draw interest?

Mr. STAFFORD. In this country, as in very few others, we Mr. Starford. In this country, as in very lew others, we allow interest provided only that the deposit has remained a full year, and more than one-half of all of the accounts in the postal savings bank are withdrawn during the course of the year. In this past fiscal year there were \$41,000,000 of deposits and \$28,000,000 were withdrawn. And it has been the rule with these deposits that only one-half of them are left the full period to draw interest.

Mr. BARTHOLDT. Mr. Speaker, will the gentleman yield? Mr. STAFFORD. Certainly. Mr. BARTHOLDT. That if a deposit has been in the hands of the Government for 11 months, no interest is paid on it

Mr. STAFFORD. No interest is paid whatever, whereas, as the gentleman well knows, there are many instances of private savings banks where, if the deposits are on deposit for three months, the depositor receives interest. The usual rule is six months. But, seemingly, the Government does everything possible to discourage investment on funds of the poor in these safe depositories.

Considerable emphasis during the discussion has been laid on the expense of this system, that it does not pay; but if the department would exercise the discretion that it has under exising law and charge the banks the same rate of interest which the banks pay to the ordinary depositor for savings funds, it would in a short time equal and exceed the expenses of administration.

The gentleman from Indiana [Mr. Cox] says that at the rate of 3 per cent he is unable to ascertain how much more would result. I have here a computation that shows that there would be \$133,600 additional profit paid to the Government if the money were loaned at 3 per cent instead of 21 per cent. One of the great faults with the existing system, which has led to these enormous expenditures, is that they have been established too recklessly. As I said the other day, they were established at every cross-road post office, so that among the 4,000 fourth-class post offices in the country designated as savings depositories there are 3,000 of them that have no deposits or deposits of only \$1. I direct the attention of the House to the report of the Postmaster General, House Document No. 359, just printed, and if you will turn to the record of the deposits in the various offices in the different States-North Carolina, Wisconsin, Iowa, and some others—you will find in nearly one-half the offices where postal-savings banks have been established that there are no deposits at all or in a large number there is a mere deposit of \$1. Now, it was never intended by the supporters of this proposed system that we should continue these offices at great expense where there was no business to warrant their establishment. The returns show that the expense last year chargeable directly to the establishment of this service was \$296,724. If these minor offices should be discontinued and the expense connected with the administration of those offices eliminated and a little additional interest paid on deposits by the banks, say, from 2½ to 3 per cent, there would be no question but what there would be a proper showing on the right side of the ledger account.

Mr. BURKE of South Dakota. Will the gentleman yield?

Mr. STAFFORD. I will be glad to yield.

Mr. BURKE of South Dakota. Was not a bill passed a few days ago proposing to discontinue the compensation to postmasters in these 4,000 fourth-class offices the gentleman describes?

Mr. STAFFORD. Yes.

Mr. BURKE of South Dakota. Now, I would like to ask the gentleman if he has any statistics as to what per cent of money deposited in savings banks is drawn out before they begin to draw interest as compared with the deposits in the postal sayings banks.

Mr. STAFFORD. Oh, that you could not estimate definitely. For example, these figures that have been returned in this voluminous report of the Postmaster General show that the postal savings bank system has not been availed of to any great extent in those cities and communities where people have faith in existing savings institutions. The savings have increased largely in those centers of foreign population such as home city, and Detroit, Indianapolis, and New York. Philadelphia, where the first savings bank in the history of the Nation was established, in 1816, and where the people have had such firm confidence in the security of those institutions that they have not availed themselves of the postal savings bank system. In those old established institutions like the Philadelphia Savings Fund or the Western Savings Fund of Philadelphia, the people rarely withdraw their accounts until they can obtain the six months computation of interest.

Mr. BURKE of South Dakota. Do the banks pay interest on these postal deposits? That is, after they are deposited in the postal savings bank then I understand they are put in local banks. Do they pay interest, and if so to what extent?

Mr. STAFFORD. The Government receives interest on the average yearly deposit at the rate of 21 per cent. The law says the bank receiving these deposits shall pay not less than

 $2\frac{1}{2}$  per cent, and the department has authority to charge a higher rate.

Mr. BURKE of South Dakota. Has the Government paid out more interest on deposits than it has received from deposits in the bank?

Mr. STAFFORD. It has not; but the cost of administration has been greater than the interest received from the banks after deducting the interest paid the depositors. How much time

have I used, Mr. Speaker?

The SPEAKER. The gentleman has used 10 minutes exactly.

Mr. HAMILTON of Michigan. Will the gentleman permit a question?

Mr. STAFFORD. Certainly.

Mr. HAMILTON of Michigan. What are the principal additional costs of administration? The gentleman has referred to the cost of administration.

Mr. STAFFORD. There is an extra cost of administration occasioned by the clerical force; the administration of this branch of the service is placed at \$388,000—a very extravagant estimate. In the opinion of many of us we think it should be reduced nearly one-half. In conclusion, I wish to say this system is here to stay, and there is no reason why it should not be a paying institution. The department officials have stated they have in the department here a sufficient clerical force to handle twice the amounts of deposits without increasing that force.

Mr. HAMILTON of Michigan. Have we increased the clerical force on the average in the third-class post offices where this

system has been in force?

Mr. STAFFORD. In third-class post offices there are no

Mr. HAMILTON of Michigan. I beg the gentleman's pardon, meant second class.

Mr. STAFFORD. In the second-c'ass offices the clerks perform this work in conjunction with their other duties. Only in the larger first-class offices, like New York, Chicago, Milwaukee, Detroit, San Francisco, is additional clerical force occasioned by the establishment of this system. I now yield, Mr. Speaker, five minutes to the gentleman from Illinois [Mr. Madden], and

reserve the balance of my time.

Mr. MADDEN. Mr. Speaker, this law was primarily enacted not with the expectation of making a lot of money out of it but for the purpose of creating a higher spirit of patriotism in the American people. It was enacted for the purpose of taking money out of hiding and putting it into circulation. It was enacted to accommodate a class of people in our citizenship who were not in the habit of dealing with banks and who had confidence in the Government. It was enacted to obviate the possibility of loss to depositors in private banks that were not under legal control, as had been the case in many instances in every great State in the Union. I was one of the men who was en-thusiastically for the law long before it was enacted, and while it was being enacted, and when it was enacted. I believed then, as I believe now, that it was one of the most beneficent pieces of legislation enacted by the Congress of the United States. I was one of the men who was opposed then to a limitation of the amount to be deposited in any one month or at any time, but a lot of other men did not agree with my opinion. They believed we ought to have a limit placed on the amount that any one man would deposit. They feared it might interfere with the banking system of the country. I had no such fear. It has been shown beyond any question of doubt that a good deal more money would be on deposit in the postal savings bank if there were no limit placed on the amount that could be deposited by any one person.

I congratulate the Postmaster General on the fact that he has discovered the means by which this institution can be popularized, and I am glad that he has recommended the lifting of the limit of the amount that can be placed on deposit. I believe the institution can not only be made self-sustaining, but that it can be made a profitable arm of the Government of the United

I believe when you encourage men that will not place their money on deposit in banks to deposit it with the Government of the United States you encourage them in thrift; that you encourage them in frugality; that you encourage them in the habit of saving and in the habit of investment; and when a man has deposited money for a time, who has never deposited before in one of these institutions, he learns the habit of dealing with money, and he learns to take that money from deposit in the postal savings bank and buy an American bond, and when he buys that bond he becomes a closer observer of how the Government of the United States is conducted. He becomes a better citizen, he becomes more patriotic, and he is an interested observer of events that take place in the Congress of the United States from day to day.

There can be no question about the advisability of the enactment of the bill proposed by this committee, and I feel quite sure that if the law which we propose be enacted, and the limit of the deposits be taken off, that within the next year we will not only have \$33,000,000 on deposit, but we will have \$75,000,000 and more on deposit, and the difference between the present deposits and the amount that I have named will come from the stockings and the bootlegs and the stovepipes, and other places of hiding in the United States and go into the circulation of the commercial life of the country, and thus aid in the increase of prosperity of our people.

You can not do too much to encourage the class of people that we are endeavoring to help by the enactment of such a law. I am glad, and I congratulate, as I said before, the Postmaster General on having recommended to the Congress the lifting of the limit of the amount that to-day can be deposited by any one Why, individual in the postal sayings banks of the Nation. the mere fact of the existence of the postal savings bank is an

insurance policy against danger in any community.

For example, in the case of the United States Trust Co. a few days ago, when we had a run, a great many of the people who drew their money from the United States Trust Co. offered to deposit it with the post-office authorities right here in Washington. What would have become of that if it had been deposited with the post-office authorities? It would have gone back into the commercial life of the Nation by being redeposited in the banks. So as a matter of fact, if people withdraw their money from the banks and place it with the Government, the Government can again redeposit that money with the banks and thus establish the condition that ought to have prevailed before the want of confidence arose that induced the people to draw their money from the banks. This bill will, without doubt, not only make for the certainty of the operation of this postal savings bank institution along lines that will not only prevent loss, but will just as certainly show in the next report of the Postmaster General a profit to the credit of the account of the postal savings bank under the direction of the Post Office Department. [Applause.]

Mr. STAFFORD. Mr. Speaker, how much time have I re-

maining?

The SPEAKER. Four minutes.

Mr. STAFFORD. I yield the balance of my time to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Speaker, I do not rise to oppose the bill offered by the chairman of the Committee on the Post Office and Post Roads, but I do rise to state that when postal savings bank legislation was passed a few years ago I doubted at that time the wisdom of the legislation. Although I voted for it at the time, I did not believe then any large amount of money would be deposited in these banks, and time has demonstrated the fact that I was right. I do not believe that if you raise the limit the amount deposited in these banks will be increased to any great extent.

The foreigners, for instance, in the great cities whom you might say have deposited the bulk of the \$30,000,000 in these banks are not concerned as to whether or not it has been a losing proposition for this Government. I believe you have gotten in these banks now practically all the money you will

get, no matter whether you raise the limit or not.

Then as to the contention that was made a few moments ago by my good friend from Indiana [Mr. Cox] that the way to make this business self-supporting is to increase the interest charge to the banks, let me say to you now and here, speaking as one who has had some experience in the banking business that when you undertake to raise the interest to 3 per cent the banks of the country will not want the deposits. Just bear this in mind, that there is a big difference between your going into a bank as an individual and depositing \$10,000 and receiving 3 per cent interest on it and the Government depositing a like amount. The bank can well afford to pay you 3 per cent interest. It may be able to pay you 4 per cent interest, But when this Government deposits \$10,000 in a local bank, that bank must invest a like amount of money in 4 per cent bonds, or in bonds upon which it may realize 4 per cent interest, and put up such bonds as security for the Government So you can readily understand that when a bank is required to invest a like amount of money in 4 per cent bonds there is no profit in the transaction. In my judgment, whenever the department attempts to raise the rate of interest it will find no banks in the country, except those in the extreme West, will accept it.

Already there are banks which refuse to accept these deposits at 2½ per cent.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. Yes.

Mr. STAFFORD. Is the gentleman acquainted with the fact that the average rate of interest on deposits in New York City is more than 3 per cent, something more nearly 4 per cent on the average?

Mr. ADAIR. That may be true; but they can take that money and loan it on real estate and realize 5 per cent or 6 per cent on it. But if you are required to take out of a bank a like amount and invest it in 4 per cent bonds, any man who can add 2 and 2 together can understand that there is no profit

to the bank in accepting the deposit.

I do not believe, Mr. Speaker, that this bill will materially increase the deposits in these banks. I did not believe at the time that there was any real necessity for these banks, and time has demonstrated, as I said before, that they have been a losing proposition. But I shall not oppose this bill. We have these banks. They are here, and they must be operated, whether they lose money to the Government or not, and I am perfectly willing that the limit shall be raised in order, if possible, that the banks may get enough business to be self-supporting. But you can rest assured they will never get it by raising the interest rate.

The SPEAKER. The time of the gentleman from Indiana has expired. All time has expired, and the question is on the motion to discharge the Committee of the Whole House on the state of the Union from the further consideration of this bill, to suspend the rules, and pass the bill.

The question was taken; and, two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

#### TRANSPORTATION OF MAIL BY AEROPLANES.

Mr. FINLEY. Mr. Speaker, I move to discharge the Committee of the Whole House on the state of the Union from the further consideration of the bill H. R. 3393, to suspend the rules, and pass the bill.

The SPEAKER. The Clerk will report the bill,

The Clerk read as follows:

A bill (H. R. 3393) to authorize the carrying of mail by aeroplane or by any other similar device.

Be it enacted, etc., That the Postmaster General is hereby authorized to enter into contracts for carrying the mail by aeroplane or by any other similar device when in his opinion the efficiency, dispatch, or general interest of the service will be promoted thereby, and when he deems it advisable may advertise for proposals therefor.

The SPEAKER. Is a second demanded?

Mr. MANN. I demand a second.

The SPEAKER. The gentleman from Illinois demands a

Mr. FINLEY. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. The gentleman from South Carolina asks unanimous consent that a second be considered as ordered. Is there objection?

There was no objection.

The SPEAKER. The gentleman from South Carolina has 20 minutes and the gentleman from Illinois 20 minutes.

Mr. FINLEY. Mr. Speaker, in the recommendations made to Congress this year by the Postmaster General was one asking for an appropriation of \$50,000 to make a trial, or an experiment, in carrying mails by aeroplane service. I can assure the House that no more than that is expected this year and no more than that amount will be appropriated. I think I can promise that.

Of course, this is a service that will never become general in the conduct of the Post Office Department, but there are sections of this country where, in the opinion of many people who are well informed, such a service can be undertaken and thereby the efficiency of the Post Office Department added to, and firstclass mail, at least, transported economically in the manner provided in this bill. There are arid sections of the country. It is also claimed that at certain seasons of the year the mails can be carried expeditiously and probably economically in parts of the Territory of Alaska in this way—not in all parts of that Territory, but in certain parts. There is, I believe, one case where from a point in the State of Idaho to a point in the State of Nevada mails are now transported by mule trains a distance of something like 700 miles, that being the shortest practicable trail, because of mountains, canyons, and obstructions of that character, whereas, as the crow flies the distance is only about 100 miles or a little more. In other words, instead of carrying the mail 700 miles by mule train, an aeroplane would make the trip in two hours and return the same day, giving both dispatch and return of mail.

As I stated before, it is not expected or intended that this service shall become general; but in a great country like this,

with a vast area such as the United States has, it is entirely within the bounds of reason to suppose, and it is a fact, that there are certain sections of the country where the star-route service is poor; service lacking in efficiency and economy. The purpose of this bill is to try out the aeroplane service in such localities. If it proves a failure, then no further steps will be taken in this respect; but if it is a success, then we will have an actual demonstration, we will have facts, we will have something on which to base our actions in the future.

While the United States was the pioneer in aeroplane development, while the Wright brothers were the first to fly a heavier-than-air machine, yet the United States is not keeping up with the progress of other nations. So far as I know, the French people are now ahead. They have made the greatest progress, and I believe a flight of 500 miles has been made across the widest part of the Mediterranean Sea. Not only that, but they are using the aeroplane service for transporting mails in the Desert of Sahara, which, as we all know, is an arid region like some sections we have in the United States

Mr. Speaker, this is a short explanation of the bill, and I think we ought to try out this proposition. It will not be a waste of money. It will be money well spent. I hope that the bill will go through without opposition,

I reserve the remainder of my time.

Mr. HAMLIN. Will the gentleman yield for a question?
Mr. FINLEY. Certainly.
Mr. HAMLIN. Do you provide also for parcel post by aero-

Mr. FINLEY. That is not mentioned in the bill, but I take it the Postmaster General, in the exercise of his discretion, if he finds it feasible to carry small parcels, will include them.

Mr. HAMLIN. He would have to carry them up to 50 pounds weight, would be not?

Mr. FINLEY. No; not at all. Mr. HAMLIN. Would it necessitate a special mail agent or clerk to go with the machine?

Mr. FINLEY. I think it would necessitate the employment of some one who was an expert in navigating the air.

Mr. HAMLIN. As a matter of fact the gentleman does not

believe the scheme is at all feasible, does he?

Mr. FINLEY. Well, yes; in some localities I think it is. I have stated that the service will never be general; but in the arid regions, and in parts of Alaska, and in places like the one I have mentioned, where the distance traveled is now 700 miles and the air-line distance is only 100 miles, it may very well be tried; and there may be places in the State of Missouri. I do not know about that.

Mr. HAMLIN. In the place the gentleman speaks of there are not 700 people in the whole 700 miles, are there? Seriously speaking, if this law should be placed on the statute books would we not simply fool away a whole lot of money for no good

Mr. FINLEY. I do not think so. I think this \$50,000 will be well spent, and I think the gentleman will change his mind if he will read the recommendation of the Postmaster General and the hearings before the Post Office Committee.

Mr. HAMLIN. Of course, I can understand that the Post Office Department would like the authority to do all these things and to try all these experiments, but I think my opinion is not far different from that of the gentleman when I say I believe it would be an expenditure of a good deal of money for no real benefit.

Mr. FINLEY. That same argument has been made in every instance where a new departure has been made in the postal service.

Mr. HAMILTON of Michigan. Will the gentleman yield?

Mr. FINLEY. With pleasure.

Mr. HAMILTON of Michigan. The gentleman from South Carolina is an expert in aerial transportation, and I want to ask the gentleman if there are any places now where the mails are being carried by aeroplanes?

Mr. FINLEY. The French have a partial service, not a complete one, in some sections in the dominion of France.

Mr. HAMILTON of Michigan. Can the gentleman state what the service is and between what places?

Mr. FINLEY. In the Desert of Sahara, North Africa. I do not think the service is complete, but mail is carried by aero-

Mr. HAMILTON of Michigan. It is safer than by camel? Mr. FINLEY. I would not pass judgment on that, although I should say that between the kick of a camel and a fall from an aeroplane there would not be much difference in the result.

Mr. SWITZER. Will the gentleman yield? Mr. FINLEY. Yes.

Mr. SWITZER. Does the gentleman think it would obviate the construction of railroads in Alaska?

Mr. FINLEY. I want to say to the gentleman that I understand that we will come to that bridge a little later, and I have not my bridge shoes on now as to that proposition.

Mr. MURRAY of Oklahoma. Will the gentleman from South Carolina yield?

Mr. FINLEY. I will. Mr. MURRAY of Oklahoma. I understand this proposition is to keep pace with the times?

Mr. FINLEY. That is one reason.
Mr. MURRAY of Oklahoma. Along with the spineless cactus, the metherless chicken, the seedless raisin, the wireless telegraphy you want a trackless travel? [Laughter.]

Mr. FINLEY. A way through the air.
Mr. MANN. Mr. Speaker, I am a friend to aviation, as is also the author of this bill, the gentleman from Ohio [Mr. SHARP]. I believe that we two have been heard on the subject oftener than anybody else in the House. I had the honor to first offer the amendment which went into the Army appropriation bill providing for the purchase of a number of airships. There is now on the calendar, just reported from the Committee on Military Affairs, a bill to create an aviation division in the Signal Corps of the Army, with 60 officers to be attached to it and a number of enlisted men.

In addition to this considerable expenditure which we will make in the Army for aviation, experimental in the main probably, teaching officers and enlisted men how to manage airships, we are spending quite a sum of money for aerial navigation in the Navy; not enough, in my judgment, in either case.

There has been talk of some kind of a laboratory to be constructed by the Government, either under the Smithsonian Institution or under some other branch of the Government service. I believe in all these things. I am perfectly willing, as far as I am concerned, to spend a considerable amount of money in experimenting with air navigation; but what will come out of this that is good I fail to see. The gentleman from South Carolina [Mr. Finley], for many years one of the able and distinguished members of the Committee on Post Offices, suggests that there is a place out in Idaho where you can fly across the tops of the mountains and save 600 miles, stating that if you fly as a crow flies-and the fact is a crow can not fly there at all, and neither can the airship—it would be but 100 miles. Nobody has ever tried to fly over mountains that high, and they will not for a long time to come.

If it were practicable to fly over these mountains and save 650 out of 750 miles, it would be easy to construct a road there. The other case mentioned by the distinguished gentleman where you could use an aeroplane for carrying the mails is up in Alaska, where they can save about the same amount of space. One has, indeed, yet to discover a method by which a man flies an airship at night with the thermometer at 70° below zero.

There is no way of housing the man in to protect him,
Mr. SHARP. Will the gentleman permit an interruption?
Mr. MANN. Yes.
Mr. SHARP. Does not the gentleman from Illinois know that all through the summer months in Alaska, instead of flying by night, we have 20 hours of daylight?

Mr. MANN. I hope the gentleman from Ohio will not inter-

rupt me to ask such a foolish question.

Mr. SHARP. Then he does not have to fly by night. Mr. MANN. You have to fly at night a part of the year, and you can not make a contract there or anywhere else for carrying the mail during one-half of the year, the hard half, by dog team and then let the airship take it during the easy period, even if that were practicable, which I doubt. Yet that was the proposition. It will not do any good as an experiment. But what might it do? Here is an unlimited authority for the Post Office Department to let contracts for the carrying of mail by aeroplane.

The gentleman from South Carolina [Mr. FINLEY] said he could promise there would be only \$50,000 appropriated, but no one can promise that. No one in this House can promise how much Congress will appropriate for a specific purpose when there is no limit on the authorization, or, if he does, such a promise is of little value. The gentleman may control what the Committee on the Post Office and Post Roads would do, though I do not think he would claim he would have that control; but there is another body besides the committee, and that is the House, and there is another body besides the House before an appropriation bill becomes a law. This authority might not be exercised for years. It might be. It is no good as an experiment. We ought to experiment in the War Department and in the Navy Department with the laboratory, if we have one, or, if the Post Office Department wants to experiment, I am perfectly willing that they should have the money to do it with.

Mr. COX. Mr. Speaker, will the gentleman yield? Mr. MANN. Certainly.

Mr. COX. I want to make this statement. Since the bill was introduced, I think since the bill has been placed on the calendar, I have had letters from probably five or six concerns engaged in the manufacture of aeroplanes, insisting, begging, and pleading that this bill become a law, showing a very active interest in the manufacture in this kind of air craft.

Mr. MANN. I have no doubt about that. Mr. FOWLER. Mr. Speaker, will the gentleman yield?

Mr. MANN. Certainly.

Mr. FOWLER. I desire to inquire if the gentleman has investigated as to what success other countries have had in carrying mail by flying machines? I understand that France has such a mail.

Mr. MANN. The report says that France carries some mail by aeroplanes in France and some across the Sahara Desert with great regularity. I submit that that does not mean very much, and I venture to say that there is no place in the world to-day where mail is regularly carried by aeroplane-in the Sahara Desert or anywhere else.

Mr. FOWLER. I will ask the gentleman if he does not think if flying is successful that the mail may be carried over mountainous country much more easily that way than by land?

Mr. MANN. I really have a good deal of doubt about carrying mail over the mountainous country by aeroplane up to date. As we all know, the danger in flying aeroplanes is in the changing currents of the air. Those are much worse in the air over mountains than in the level country. Aviators are very careful about going over mountains and watercourses wherever they fly.

FOWLER. If success could be obtained by this means, would it not be a great advance and benefit to the people of the

mountainous countries?

Mr. MANN. I have no doubt whatever, as I have said before on the floor of this House, that the time will come—probably not so very distant in the future—when it will be possible to so construct aeroplanes and put them together that there will be no danger, as there is at present, of the machine falling to the ground. I have no doubt of that at all. I do not think that will be helped by this proposition in the slightest degree.

Mr. FOWLER. Does not the gentleman think we might learn

a good deal by experimenting in this way?

Mr. MANN. If the Post Office Department wants to take some money and experiment, I am willing to give it to them, or to anyone else in the Government service for that purpose. But that is not what this is, and the only effect that this can have is to let a high-priced contract to some contractor who is building aeroplanes, and then when a man who is running a flying machine is killed they will come to us and ask us out of sympathy, because the man was doing it for the benefit of the service, to pay his widow a large sum of money and put her on a pension for the balance of her life, or, if he is injured, they will say that we ought to pay him a large sum of money. We are already proposing to increase by 75 per cent the pay of a portion of the military officers engaged in aviation. I think they are entitled to it, but you can not carry this mail in that way. There is no need or demand for this as an experiment. Some one in a moment of dream, after eating mince pie, suggested to my distinguished and worthy friend from Ohio [Mr. Sharp] that this would be a good thing. I am willing to join him in any proper experimentation of aviation, but I am unwilling to commit the Government to this kind of proposition which seems to me can do no possible good and may do harm.

Mr. GORMAN. Mr. Speaker, will the gentleman yield?

Mr. MANN. Certainly.

Mr. GORMAN. Does not the gentleman think that in addition to the danger that accompanies the use of this machine to the occupants of the machine the use of them in carrying the mail is an unfair means because of the lack of safety for the people who have mail to deliver? Is it not unfair to expect the people who pay for mail transportation to be obliged to make use of such uncertain methods?

Mr. MANN. I think if this method was to be applied at the places that have been named a large share of the mail would be left on the Rocky Mountains, and that the rest in Alaska would be scattered over the snowy slopes. How much time have

I remaining?

The SPEAKER. The gentleman has used 11 minutes.

Mr. MANN. I yield five minutes to the gentleman from Minnesota [Mr. Steenerson].

Mr. STEENERSON. Mr. Speaker, I regret to disagree with my distinguished friend from Illinois on the advisability of enacting this bill into law. I am in favor of this bill. I believe

it is a good bill. The objections made by the distinguished gentleman from Illinois seem to me to be rather captious. For instance, he says that you can not carry mail by aeroplane in Alaska in wintertime, because it is 70 degrees below zero. Now, that is true only of certain places in Alaska. The places where it is contemplated to carry mail are along the coast, and it is not so cold there. It is not near as cold as it is in some of our Northern States, on account of the proximity of the ocean. It is only extremely cold when you get far into the interior of Alaska; and even if it were as cold as stated, the aeroplane would not be in the air very long each trip. It would be feasible for a man to be exposed to that kind of weather for a few hours, in which time he could travel several hundred miles. It seems to me that this House ought to have some confidence in the men charged with the duty of studying postal affairs, the department officials who appeared before the Committee on the Post Office and Post Roads, who were unanimously in favor of this proposition. Gen. Stewart, the Second Assistant Postmaster General, has been in the service for a great many years and in charge of the transportation of the mails, and he stated in the hearings that he favored this proposition and that he thought it was practical in a great many instances to carry the mail by aeroplane.

Mr. COX. Will the gentleman yield for a question?

Mr. STEENERSON. Certainly.

Mr. COX. Did the gentleman state the committee was unanimous in reporting this bill?

Mr. STEENERSON. How is that?

Mr. COX. Did the gentleman make the statement that the committee was unanimous in reporting the bill?

Mr. STEENERSON. Not that I know of. I would not state anything about what position members of the committee took. I stated that Gen. Stewart favored the bill at the hearings.

Mr. TREADWAY. The gentleman stated the department

officials all favored it. Mr. STEENERSON. I stated the department officials who appeared before the committee were unanimous. of course, disclose the attitude of members of the committee. Now, the statement has been ridiculed that the French Government is transporting mail "very" regularly. I do not know why that word "very" is put in there, but the fact is that mail has been for nearly a year transported regularly across the desert of Sahara, and those people would not have had a mail service at all if it had not been for the aeroplane. These department officials who have made a study of the subject are in favor of trying this experiment. I am very glad to hear the gentleman from South Carolina [Mr. Finley], a member of the committee, state that he believes the Post Office Committee will favor the appropriation of the money estimated for this The Book of Estimates shows that the department estimates \$50,000 for this service for experiment of carrying mail by aeroplane. It is an experiment, it is true, but there is sufficient reason why we should enter upon it. Why should the other departments of the Government, like the Army and Navy, have a monopoly of this experimentation? There is no service so important as the mail, and I believe that we can do no better than to pass this bill and make an appropriation asked for. The Post Office Department is rendering a great service. They have requested this, and they believe that it is practical and in some instances that it will save a great deal of money. Stewart stated in the hearings that it would probably be a contract service. If so, the contracts will not be let unless the department finds it advantageous. I earnestly hope that the bill will receive favorable consideration. I will insert extracts from the hearings before the Post Office Committee on the bill.

AEROPLANE MAIL SERVICE.

AEROPLANE MAIL SERVICE.

Mr. FINLEY. I see here where you ask for airships.
The Chairman. Are there any more questions on this item? If not, we will proceed with the airships.
Mr. FINLEY. I see here that new legislation is recommended by the department for experimental aerial mail service by aeroplane or other devices (submitted). And the Postmaster General is authorized to provide such service, in his discretion, without advertisement therefor. Estimate for 1915, \$50,000.
What information has the department as to the probable use of that appropriation by the way of adding to the efficiency of the mail service?
Mr. Stewart, I should like to keep abreast of the development of aeroplane service throughout the world. France has established one of two aerial routes; Spain is now following sult; France has carried the mails across parts of the Sahara Desert for some time past in aeroplanes.
The Chairman. For what purpose would you use such service in the United States?
Mr. Stewart. We could use it in the Western States, in the mountainous and the arid regions.
The Chairman. Across the Rockies?
Mr. Stewart. Yes, sir. I think that where the route by wagon or trail is circuitous and difficult there are times when we could use this service advantageously.
Mr. Steenerson. How about Alaska?

Mr. Stewart. There are places in Alaska where I think it could be developed. I have made inquiry of people who have come down from Alaska, with whom I have talked concerning the mail service recently, and I find some difference of opinion as to its availability there; but I think I could find some places where we could use it to advantage. I should like to keep abreast of the development throughout the world, and I should like to see the Post Office Department put in the front rank. The War Department and the Navy Department have received encouragement from Congress.

Mr. Reilly. If you should institute this aerial mall service, what is your idea about supplying the aerial carriers? Would you supply them from the classified list or by draft?

Mr. Stewart. I think if we opened that to competition we would have more applicants than we could use. I have already had applications from railway mail clerks to enter the aero mail service.

Mr. Steenerson. I have one volunteer in my district.

Mr. Griest. Would it come under the civil service?

Mr. Stewart. Yes, if we supplied the operators; but I think we would have a contract service.

Mr. Steenerson. Do you think it might result in saving in other expenses?

Mr. Stewart. I think it would in some of these continue that I

expenses?
Mr. Stewart. I think it would in some of those sections that I

Mr. STEWART. I think it would in some of those sections that i spoke of.

Mr. STEWARTSON. In those places where you can not carry the mail on account of obstructions or floods you could get mail service where you otherwise could not?

Mr. STEWART. Yes, sir. I have now a case in mind.

Mr. FINLEY. Have you any information as to the cost of such machines as you would probably use? You spoke of it in connection with the operating, but I mean without the operating.

Mr. STEWART. No, sir. I have not any figures at hand as to the cost of the machine itself.

The SPEAKER. The time of the gentleman has expired.

Mr. MANN. Does the gentleman from South Carolina yield

Mr. FINLEY. I believe I have nine minutes. I wish to yield to the author of the bill, and several other gentlemen have requested time from me. I can yield five minutes to the gentleman from Ohio [Mr. SHARP].

Mr. SHARP. Mr. Speaker, I wish to make this explanation and appeal to the generosity of the House. I was not aware that this bill, of which I am the author, was to be brought up by the gentleman from South Carolina [Mr. FINLEY] to-day. only learned it on my way over to the House. I am going to take the liberty to ask unanimous consent that when I take the floor I may have time to conclude my remarks. It is too important a matter to discuss in five minutes' time.

Mr. MANN. I would suggest to the gentleman that he ask the gentleman from South Carolina [Mr. FINLEY] to withdraw

his motion.

Mr. SHARP. That will come later.
Mr. MANN. No; that would have to come now.
Mr. SHARP. I have not made my formal request yet. But I will ask the gentleman, if that is necessary, to withdraw his

Mr. FINLEY. How much time would the gentleman like? Mr. MANN. Mr. Speaker, if the gentleman will pardon me, the vocational educational bill was put over until Friday, the other day, and then it was put over until to-day, and if it should go over until to-morrow it would conflict with the District appropriation bill, and the chances are it would not be reached again for a month. I am not interested in it—

Mr. FOSTER. Does the gentleman think we would be able to pass that bill to-night?

Mr. MANN. I think it would come to a vote.
Mr. FOSTER. I think not. It is nearly 5 o'clock now.
Mr. MANN. There is nothing left but the vote.

Mr. MANN.

Mr. FOSTER. There are amendments.
Mr. FINLEY. Mr. Speaker, if it is in order I would like to to ask

Mr. MANN. How much time does the gentleman from Ohio [Mr. SHARP] want?

Mr. SHARP. If I could have 20 minutes I would appreciate very much.

Mr. MANN. That would be 15 minutes more on a side. I ask unanimous consent that the time be extended 15 minutes on a

Mr. FINLEY. That is agreeable.

The SPEAKER. The gentleman from Illinois [Mr. Mann] asks unanimous consent that the time be extended 15 minutes on a side. Is there objection?

Mr. RUCKER. Reserving the right to object, I want to ask

the gentleman from Georgia [Mr. HUGHES] if he wants to take up that bill that was under consideration a few days ago.

Mr. HUGHES of Georgia. I would like to do so.

Mr. MANN. Your committee will be reached before long on the call. I have tried my best to help the gentleman out.

Mr. HUGHES of Georgia. I know you have, and I appreciate very much. I think it would take but a short while—Mr. MANN. I fully agree with the gentleman, but the indi-

cations are that the gentleman will not be able to pass his bill to-night anyhow.

Mr. HUGHES of Georgia. We were under the impression that we could pass it to-night. I think nearly all the debate has been had upon the bill that is desired. I would like very much to have it passed to-night.

Mr. MANN. That can come up later. Maybe we can stay

here and dispose of it. It may take but a moment. Mr. HUGHES of Georgia. I think it will take but a very

short while.

The SPEAKER. Is there objection to the extension of the debate on this bill to 15 minutes on a side? [After a pause.] The Chair hears none, and the gentleman from Ohio [Mr. SHARP] is recognized for 20 minutes.

Mr. SHARP. Mr. Speaker, 10 years ago day after to-morrow two young men, brothers, hailing from my State, after having made months and months of trials and tests, found that they could accomplish that which had been the dream of the ages. They found after these experiments that they were enabled, down at Kitty Hawk, in North Carolina, to propel a heavier than air machine 60 seconds in the air after several tests had been made on that day. The art of navigating the air progressed so rapidly that within a few years after that time, as most of us remember-and I was one of the 20.000 people who saw the exhibition of their flights over at Fort Myer-they were able to comply with the requirements of Gen. Allen, of the Signal Corps, and fly 1 hour in the air with a machine, carrying two passengers, in all aggregating in weight some 1,400 or 1,500 pounds, at a speed of 40 miles an hour.

That was four years ago. So great and rapid has been the progress of aviation during these four years that to-day aviators in European countries are flying from 500 to 1,300 miles at a single flight, ascending in some instances upward of 19,000 feet, and with the ability, demonstrated time and time again, of

carrying from 5 to 12 passengers in their flight.

The gentleman from Illinois [Mr. Mann] is usually very careful in his statements, and I pay to him now the compliment that probably he knows more about legislation that has been passed during the past decade than any other Member in the House. He is generally very well informed. But I am sure that upon this subject—and I say it in no offensive sense—he does not seem to know what he is talking about. Evidently he has not kept track of the developments in this field of exploitation.

The other evening I was at a meeting at which our distinguished Speaker, Mr. Clark, spoke. He mentioned the fact in the course of his remarks that he had a constituentthink now living in his district in Missouri-who had anticipated Alexander Graham Bell by four or five years in the invention of the telephone. He actually did invent a telephone that carried a message, but it was only for a short distance. He abandoned his efforts with the thought that it was only a toy, that it never would amount to much, and that that was the end of its sphere of usefulness.

Had the Wright brothers been actuated by that same shortsighted policy and come to the conclusion that after all, with all their efforts, following the experiments and investigations of such men as Bell and Langley along the same line, they had invented only a toy that could skip over the ground and perhaps cross a river, we might still be back where we were 10 years ago. But they had a prophetic vision, and they went on making their improvements, until to-day the navigation of the air is a tremendous actuality. It is not experimental. future sphere of usefulness is as certain as that of the telegraph and the telephone.

Why, the arguments of the gentleman from Illinois [Mr. Mann] remind me of the objections that were made to the possibility of crossing the Atlantic Ocean under steam power. They could well go along in the deadly parallel column, one as absurdly ridiculous as the other. I make the prediction now on this floor that long before another 10 years have rolled around there will be seen the same absurdity, in the light of the events of that day, attaching to the arguments of the gentleman from Illinois that we came long ago to see in the reasoning of those skeptics who thought that crossing the Atlantic Ocean some 60 or 70 years ago under steam power was an impossibility

The gentleman from Illinois speaks of the lack of feasibility of delivering mail by aeroplane in Alaska. Why, on many occasions aviators have safely crossed the Alps, very much higher in elevation than the mountains of Alaska, and they will probably be called upon in the future to cross Alaska time and Does the gentleman know that on this very dayand not to-day only, but every day in the year-in Europe there are thousands of flights made of from 10 to 1,000 miles without accidents? We have no such exhibitions here, because we are far behind the aviators of Europe, although to the credit of American genius it must be said that we first invented the art of flying. They have risen to the occasion over there, and in recent years there have been appropriated by the French, the English, and the German Governments as much as \$4,000,000 in a single year for experimenting in the navigation of the air for war purposes. We have done very little development work by Government aid on this side of the water, because every single effort, in so far as carrying the mails is concerned, that has been made in this House to get appropriations for aviation, has been met with the objection that there is no law for it; that it is new legislation. It was to remedy that difficulty that I intro-

The gentleman from Illinois errs again in thinking that some of these aviators by their arguments have inspired me with the practicability of carrying the mail by aeroplane. such inspiration as that. When I stood during that hour over at Fort Myer and saw those men glide around the field with the rapidity and ease of the swiftest birds of the air, without any seeming exertion lifting nearly a ton of weight, it did not take very much to convince me, as I think it did not take much to many other witnesses of that flight, of the tremendous possibilities that would open up for aerial navigation.

Now, I have not asked for a dollar's appropriation in this bill. My only object in asking for the enactment of this measure, gentlemen, is to allow the Postmaster General, at his discretion, as the time may come, to put its provisions into actual operation. If you prefer to say experiment, all right, but I would not say that. This is not alone the view of the Postmaster General of to-day. It is with the same purpose, it is the same request that was made by the former Postmaster General. I think it was made four or five years ago; and Second Assistant Postmaster General Stewart has been persistent in coming before this committee, attending the hearings, and stating why this appropriation should be made for this purpose. The object of this bill is only to authorize it, so that the Postmaster General may enter into those contracts, if it seems advisable to do so.

In the limited time I have I can not enter into a full discussion of what may follow from the enactment of this measure; but we never will make any progress in aviation, we never will begin to catch up with the procession on the other side of the water, if we follow the argument of the gentleman from Illinois [Mr. Mann] and say, because it is not an approved, absolute, established success to-day, therefore it should never be encouraged. That argument would have prevented the plying of the first steamships across the Atlantic and upon any of our rivers.

There have been great advances in navigation during recent years, but in the half century or more of steam navigation, in the remarkable development of our great railway locomotives, there has been no greater progress than in the navigation of the air in this one decade.

Do these skilled men know nothing about what they are talking? Do those who have petitioned Congress to enact this legislation, who have studied these problems seriously, know nothing at all about the subject? Does the gentleman from Illinois [Mr. MANN] know a great deal more about their business than they know?

Let me cite a single instance which I discussed with the Second Assistant Postmaster General the other day. I have verified the information, and it is true, that to-day our Government is carrying mail, not up in Alaska, but from a point in Idaho down to northern Nevada, which is transported 700 long miles, occupying 10 days. It goes partly by rail and partly by mule team. Yet aviators stand ready to enter into a contract with this Government to deliver that mail in two hours, because it is only 100 miles from one point to the other as the crow flies.

This does not mean that the Government is going to build an aeroplane factory. It does not follow that the Government is going at present to build its own aeroplanes; but I know from talks with the department that it is only for the purpose of hiring skilled aviators to enter into a contract and to give bond, the same as the railway companies have to give bond, to furnish this kind of transportation.

I would like to have the time to outline the many benefits that may come through the development of aeronautics, not alone through carrying the mail, but in many other ways. We have appropriated money from our Public Treasury for intensive agricultural experiments, for perfecting the accuracy of the work of our Weather Bureau, which we all must recognize as having some direct or indirect bearing upon our material wealth and advancement; but who shall stand here to-day and undertake to limit the scientific knowledge that may come from explorations of meteorological conditions so

greatly facilitated by this new invention?

I do not think I have the reputation—I hope not—of being a

to the study of the possibilities of the further development of this industry, and it seems to my mind as clear a proposition as we have ever been called upon to vote for. This bill calls for no money from the Treasury as has been stated. It seems clear, to my mind, that the argument is all on one side. I

would dislike very much— Mr. FITZGERALD. Will the gentleman yield for a question?

Mr. SHARP. Certainly; I will be glad to.
Mr. FITZGERALD. Is the gentleman serious when he states that this does not mean an expenditure of money? not it the very purpose of passing this bill to enable the Post

Office appropriation bill to carry an appropriation?

Mr. SHARP. I will qualify my statement by saying that as far as this measure is concerned it calls for no appropriation. I think the gentleman will agree with me when I say that the Postmaster General may not expend any money under this bill, assuming that it is enacted into law; of course, without there is first such authority, there can be no appropriation of money for

Mr. FITZGERALD. Is it not a fact that the Post Office Department has submitted an estimate of \$50,000 for experimental work in aeronautics?

Mr. SHARP. Yes.

Mr. FITZGERALD. Such an item would not be in order on the Post Office appropriation bill if the committee reported it; but if this bill is enacted into law it will make in order an appropriation of \$50,000; and I will ask the gentleman if the Post Office Committee is not ready to make that recommenda-tion if it can be done in accordance with the rules of the House?

Mr. SHARP. I can not say as to the latter part of it, because I do not know. I can only say that I hope the gentleman's conclusion is absolutely correct.

Mr. FITZGERALD. It seems to be logical.

I hope the gentleman is correct. If out of an appropriation of \$305,000,000 for the Post Office Department for the ensuing year we can not appropriate \$50,000 to put into effect a system that has been demonstrated to be absolutely feasible on the other side of the Atlantic, then I think we are away behind the times and recreant to our duty. The gentleman from Illinois questioned the statement of the gentleman from South Carolina as to the accuracy of matter contained in the report. I want to say to the gentleman that French aeronauts are carrying the mail to-day across the Sahara Desert, and they have established and are now carrying aerial mail from Paris down to the Mediterranean coast, a distance of 400 miles, to catch the outgoing steamers.

It was only three months ago that a famous French aviator, Roland Garros, starting from the northern coast of the Mediterranean Sea, made a single flight of 500 miles over to the French possessions in northern Africa. I read with great interest his story of that flight. After he had gone halfway across, he became enveloped in the clouds and his machine stopped for a moment. He was speculating as to whether he could go on and safely continue his flight. He whirled around, lowered himself sufficiently to see where he was, and seeing that his ma-chine had resumed its regular operation, he started again with-out alighting and finished his 500 miles at the rate of over 50 miles an hour.

Garros said there has been much talk about crossing the Atlantic Ocean in an aeroplane. He said that he covered the distance of 500 miles in a single flight-greater than the distance from North Scotland to Iceland, and as great as from Iceland to Newfoundland, and nearly as great as from Newfoundland down to the north Atlantic coast—thereby showing that he could cross the Atlantic Ocean without making more than three landings. That such journeys will be regularly made by aeroplane or similar air craft within a few years no one abreast of the times seriously doubts.

There is no question about it; there is no doubt in my mind to-day but that we should authorize this kind of mail delivery. We have not a rattle-brained man as a Postmaster General; we have not that kind of men in that department. Certainly no one would accuse Mr. Stewart of being such. He is about the most conservative and methodical official there, and he has advocated this plan for three or four years. Put it in execution, and let us not send word to the surviving brother, when his admirers next Wednesday celebrate the tenth anniversary of his achievement—let us not send the news that, though its practicability has been demonstrated everywhere else, even in the smallest of countries, yet in the land of its discovery the American Congress would not recognize it, nay, could not see its utility as anything beyond a freakish invention.

Let me say in conclusion that it is not in any sense of the word from a personal pride that I have sought the enactment visionary upon any subject; but I have given considerable time of this measure into law. I would have been glad to have had some other Member introduce it if he could have carried it through to success, but I have taken such an interest in the whole subject that I do want to see the American people, through their Representatives in Congress, rise to the occasion. Let us be progressive, as the message from the Postmaster General suggests, and meet the situation, so important to the cause of aeronautics, that is knocking at our doors for admission. [Applause.] I thank you, gentlemen.

Mr. MANN. Mr. Speaker, I yield five minutes to the gentle-man from Indiana [Mr. Cox].

Mr. COX. Mr. Speaker, I want to make a brief statement to the House, being a member of the Committee on the Post Office and Post Roads, why I oppose this bill. I must confess that I do not know when this bill was reported out of committee. have done my best to be present at all times and have been there unless it was some morning when I may have gotten there a few moments late. Had I been in the committee when the bill was reported I should have opposed it to the extent of making a minority report against it, if necessary.

I was present when Postmaster General Stewart was there and asked for the appropriation. I opposed the appropriation at the time he asked for it, and, if I remember correctly, he

asked for an appropriation of \$50,000.

Now, Mr. Speaker, from whence comes this demand for this legislation? Where does it come from; where is the power that is now being brought to bear to force this kind of legislation through this House? Does it come from the men that support the mails of the country? Is there any demand coming from the people who write letters, postal cards, who send newspapers, who send second, third, and fourth class mail through the post offices? Does the demand come from that class of people for this kind of legislation? I failed to hear that demand develop before a post-office committee. I failed to hear Postmaster General Stewart say that the demands were coming to him from all sections of the country as to legislation of this kind, from the people who use the mails,
Mr. SHARP. Will the gentleman yield for a question?
Mr. COX. I will.

Mr. SHARP. Has not Postmaster General Stewart time and again come before the gentleman's committee and told that committee why he did want it—to cover some of these western points?

Mr. COX. Mr. Speaker, I disagree with the statement of the Postmaster General; but, as I stated to the gentleman from Illinois [Mr. Mann] a moment ago, since this bill was put on the calendar I have received letters from three or four or five of the manufacturers of aeronautic machines asking me to support this bill. I ask the gentlemen on the floor of this House if it is right, if it is fair, if that is the source whence this demand comes, for us to appropriate money that belongs to the people to demonstrate the ability of aeronautic machines to carry the mails? In my judgment, no.

Mr. STEENERSON. Does the gentleman think that is any

argument against the passage of this bill?

Mr. COX. I do. Let the manufacturers of aeronautic machines demonstrate it themselves and not ask the people to pay the bill. Read this bill. What does it provide?

That the Postmaster General is hereby authorized to enter into contracts for carrying mail by aeroplanes.

Under that provision, in my judgment, there is authority broad enough to justify and empower the Postmaster General to manufacture aeronautic machines if he desires to. If the language carried in the bill is not broad enough for that purpose, then it unquestionably is broad enough to enable the Postmaster General to buy and operate the machines. comes the demand? How many men on the floor of this House have been requested by letters or otherwise from their con-

stituents who use the mail to vote for this bill?

I undertake to say, Mr. Speaker, that the number is exceedingly small. With railroad trains to-day carrying mail at the rate of 60 miles an hour, is not that fast enough to distribute the mail to the remotest corners of the country? But they say it is needed to carry the mail up in Alaska. Read the last Post Office appropriation bill, read the Post Office appropriation bills for the last number of years. The Congress of the United States has abundantly provided for the carrying of mail in Alaska under any and all conditions, and no request comes from Alaska for the inauguration of this kind of service. There is no request except that of the Postmaster General, through his representative, the Second Assistant. The gentleman from Illinois [Mr. Mann] was criticized by my friend from Ohio [Mr. Sharp], but he hit a very vital point. Suppose this becomes a law, do not be deceived in the proposition. Do not be deceived in this little bill that my friend from Ohio says is a very small matter. You will be called upon to vote an appropriation |

here for the Lord only knows how much, and that is not all you would be called upon to vote in a very short period of time.

Mr. SHARP. Mr. Speaker, will the gentleman yield for a question?

Mr. COX. Yes; for a question.

Mr. SHARP. Does the gentleman think the Postmaster General will call upon this Congress for any considerable amount

until its feasibility has been demonstrated?

Mr. COX. Oh, I do not know. If the Post Office Committee were to grant everything that the Postmaster General and his assistants want, we would bankrupt the Nation. I am not in favor of giving to the heads of departments everything they want. Simply because a Cabinet officer writes that he is in favor of a measure is to me no evidence whatever that we have to grant his request.

The SPEAKER. The time of the gentleman from Indiana

has expired.

Mr. MANN. Mr. Speaker, I yield the gentleman three minutes more.

Mr. COX. Mr. Speaker, discussing what the gentleman from Illinois touched upon a few moments ago, up until, I think, the Sixty-first Congress we had paid to the heirs of railway postal clerks killed on duty \$1,000. It was on the motion of the gentleman from Illinois that that was increased from \$1,000 to \$2,000, and I am not quarreling about that; but watch the appropriations. You have seen the appropriations under that item double, and double in the very last few years. You enact this into law, and what will likely be the result? It is broad enough to enable the Postmaster General to buy these air craft. If he is able to buy one with the money thus appropriated, he is then able to put a railway postal clerk or any other employee of the Government in the operation of one of these machines. The moment he is injured or killed, as the gentleman from Illinois well said, then we will be called upon to increase the appropriation. I do not know that if the exigencies of the occasion arose I would oppose it, but I would go back to the proposition I made a moment ago. Whence comes this demand? It certainly does not come from the great moving mass of the people of this country who use the mail. At least, I have not received any requests coming from that class of people asking for this kind of legislation, and I doubt if any other person has. have abundantly provided for the carrying of mail in this country, and we have abundantly previded for the carrying of mail in all the arid and semiarid countries of the land. Aye, we have abundantly provided for carrying the mails under any and all conditions in the United States and all of its possessions. The very moment you put this upon the statute books, gentlemen, that very moment you furnish a basic law that appropriations must follow as a matter of necessity. Well, I would oppose even appropriating \$50,000 for experimental purposes to enable the Postmaster General to try this out, but if the Post Office Committee desires to put that item in the bill and the House desires and sees fit to permit it to remain as an experimental matter, without a basic law on which to rest it, but simply to try it out, I do not know that I would have such serious objection to it. But the very moment that it is written upon the statute books as the law of the land, from that moment on we are going to be called upon to make appropriations every year for this item, and more and more for this item each year. In addition to that, we will be called upon to make appropria-tions for the killing, injuring, and wounding of employees carrying the mail in air craft.

Mr. SHARP. Will the gentleman yield for a question?

Mr. COX. Yes.

Mr. SHARP. If it proves to be a feasible thing and a just arrangement, is there any objection?

Mr. COX. Oh, there is no necessity for it, there is no demand

for it whatever, when the people are getting their mail at the rate of 60 miles an hour. That is not all. A proposition now before the committee is to buy the postal telegraphs, and in the name of common sense where are we going to stop?

The SPEAKER. The time of the gentleman has expired. The gentleman from Illinois has 11 minutes and the gentleman

from South Carolina 6.

Mr. FINLEY. I will ask the gentleman from Illinois to use his time.

Mr. MANN. I yield five minutes to the gentleman from New

York [Mr. Fitzgerald]. Mr. FITZGERALD. Mr. Speaker, I know whence some of the agitation for this legislation comes. The Kirkham Aeroplane & Motor Co., Janney-Steinmetz & Co., of Philadelphia; the Sloane Aeroplane Co., of New York; the Wright Co., of Dayton, Ohio; and the Aero Club of America are all very anxious that this bill should be passed by the 17th day of December, in order to commemorate the tenth anniversary of the first flight of a

heavier-than-air machine in the United States under the control of the Wright brothers.

Speaker, I was somewhat astounded to learn that the Post Office Department had been urging legislation of this character for four or five years. In 1909, only four years ago, a contract was made by the Board of Ordnance and Fortification out of their authority to experiment with a fund of \$100,000 for the perfecting of weapons of war with the Wright brothers, of Dayton, Ohio. The contract, as I recall, provided for the furnishing of an aeroplane to the Government at a cost of \$25,000.

The conditions required that the machine should remain in air at least 45 minutes, that it should attain a speed of some 50 miles an hour, that it should remain in the air with one passenger for 15 minutes, and that it should make a trip of 5 miles across country and return without alighting. Those of us who were present in this city in the summer of 1900 may Those of recall that the Wright brothers, the greatest of all manufacturers and developers of heavier-than-air aeroplanes, spent between five and six weeks at Fort Myer practicing and testing their machine before they risked these apparently simple tests; yet it seems even that before such simple tests as those indicated could be made the Post Office Department was seriously urging an appropriation for such service. The truth is, Mr. Speaker, that this recommendation probably is not more than two years old. Two or three years ago at Belmont Park, on Long Island, there was what might be termed an "aeroplane meet" or an "aviation meet." Noted aviators from all over the world met there and entered a series of contests. Among the visitors who journeyed to Belmont Park was the Postmaster General of the last administration. Some one induced him to make a trip around the aviation field with one of the expert aviators, and he was taken aloft for a few hundred feet, encircled the field, and then safely landed. Then to demonstrate how useful the aeroplane might be in the postal service a letter or a note was written, I think signed by himself, and sent by aeroplane from Belmont Park to Garden City, a few miles away, to some person there, and a reply was penned and sent back. The result was that at the following session there was a recommendation from the Postmaster General for an appropriation for carrying mails under contract by aeroplane. On this same occasion, Mr. Speaker, within two or three years, a prize of \$10,000 was offered to the aviator who would fly from Belmont. Park around the Statue of Liberty in New York Harbor and return to Belmont Park without alighting, a total distance of about 30 miles. For a number of days a number of aviators, the most expert men in the world, made attempts to make this

On one Sunday two of them started, and Bleriot was successful. He crossed the city, circled the Statue of Liberty, and got back safely to Belmont Park. Another aviator also made the trip. Of all of those gathered there but two of them were able to make it. It was considered dangerous to travel 30 miles and return because of the pockets in the air found in

traversing over the great city.

The SPEAKER. The time of the gentleman from New York [Mr. Fitzgerald] has expired.

Mr. MANN. Mr. Speaker, I yield to the gentleman five min-

utes more.

Mr. FITZGERALD. This shows, Mr. Speaker, that aviation has not been developed in this country to a stage where it has become practicable to utilize it seriously for the purpose of carrying the mails.

Mr. SHARP. Will the gentleman yield there for a question?

Mr. FITZGERALD. I yield to the gentleman.

Mr. SHARP. I do not want to take much of your time. Mr. FITZGERALD. I hope the gentleman will not. He had 20 minutes himself.

Mr. SHARP. Does not the gentleman know that up to the present time there are a thousand flights a day made by those

machines in Europe?

Mr. FITZGERALD. Mr. Speaker, I shall come right down to This is a commercial proposition. Those most vitally interested in this proposition are the aeroplane manufacturers who have been endeavoring to secure governmental assistance in one way or the other. Not having secured it from one committee a few years ago, they now come to the Committee on the Post Office and Post Roads. To show this I shall read this

THE KIRKHAM AEROPLANE & MOTOR Co. (INC.), Savona, N. Y., December 19, 1913.

Hon. J. J. FITZGEBALD,

House of Representatives, Washington, D. C.

DEAR SIR: We understand that there is a bill now in Congress authorizing the Postmaster General to enter into contracts for carrying mail by aeroplane or by any other similar devices, and we earnestly solicit your support of this bill.

You no doubt know that the first flight in an aeroplane was made by the Wright brothers in America just 10 years ago. Since then, however, America has made little progress in aviation as compared with the foreign countries, due to the fact that the industry here has not had the support of the Government. What progress has been made has been through individual efforts, and it is through the efforts of these few individuals that America has been able to hold her standing in systems. aviation.

They forget that Prof. Langley, of the Smithsonian Institu-tion, was the man who originated the idea of navigating the air with a heavier-than-air machine, and over \$50,000 of Government funds were expended by him out of the money at the disposal of the Board of Ordnance and Fortification before the Wright brothers were able to fly.

The letter further says:

With a little assistance from the Government America could become the leading nation in aviation. The aeroplane is now here commercially. This is well shown by the wonderful work which is being done with it in Europe. The same can be done here. All we ask is an opportunity to demonstrate it. Will you give us that opportunity by supporting the bill in question? Whatever you may be able to do along this line will be greatly appreciated.

The Army appropriation bill has been carrying \$125,000 available for aviation purposes. The naval appropriation has been carrying \$10,000 for experimental purposes. The officers detailed to this work received 35 per cent additional compensation because of the extremely hazardous character of the occupation in which they are engaged. I saw it stated recently that despite the fact that \$125,000 for the last two years, if I recall correctly, has been made available in the Army appropriation bill, the Army has not a single aeroplane which is now considered up to date, and that most of the accidents which occur, resulting in the death of the enterprising young officers assigned to that work, are due to the fact that the aeroplanes of the Army are obsolete.

Mr. SHARP. I am glad the gentleman has mentioned that

fact.

Mr. FITZGERALD. I decline to yield at present. tioned that fact because I thought it would please the House to know it, or that perhaps it would furnish some information. I have only a few minutes remaining and I hope I shall not

be interrupted.

It is proper, Mr. Speaker, that the Government through the proper channels should place at the disposal of the proper officials money for the conduct of experiments along scientific lines for purposes that may be beneficial to the people or to the Government. But I believe it is the utmost folly seriously to argue that an appropriation of \$50,000 would enable the Post Office Department to make a contract that would provide for the carrying of the mails in Alaska by aeroplane or for the carrying of mails by aeroplane in the arid regions-over the great desert portions of our country. Several attempts have been made in the last year or so by aviators to fly across the Isthmus of Pan-ama. One of them finally succeeded in doing it. It was found to be so extremely hazardous a task that the canal authorities have prohibited further attempts in that direction. Why should we seriously discuss the utilization of aeroplanes for such a purpose as carrying the mails at this time in the development of these machines?

The SPEAKER. The time of the gentleman from New York

has again expired.

Mr. FINLEY. Mr. Speaker, how much time has the gentleman from Illinois remaining?

The SPEAKER. The gentleman from Illinois [Mr. MANN] has one minute and the gentleman from South Carolina [Mr. FINLEY] has six minutes.

Mr. FINLEY. I yield to the gentleman from Illinois [Mr. FOWLER] two minutes.

Mr. FOWLER. Mr. Speaker, as there are only six minutes' time left, I do not desire to take any time. I will be glad if the gentleman from South Carolina [Mr. FINLEY] would use the time.

Mr. FINLEY. Mr. Speaker, will the gentleman from Illinois [Mr. Mann] use his one minute? Does the gentleman care to

use it?

Mr. MANN. Mr. Speaker, again reiterating the statement that I am a friend of aviation, notwithstanding what the gen-tleman from Ohio [Mr. Sharp] has said, I am not in favor of this bill, and nobody will ever get any good out of it unless it be some manufacturer of flying machines who can not sell them to somebody else.

We are willing to spend money for experimentation work in aviation, but that is not what this bill provides for; and if the Democratic Party or Congress is going to have any idea whatever of economy you can not afford to waste money in this way.

[Applause.]

Mr. FINLEY. Mr. Speaker, I have listened to the arguments against this bill, and they may be summed up briefly. But before I commence would the gentleman from Ohio [Mr. WILLIS] like two minutes?

Mr. WILLIS. I would.
Mr. FINLEY. Then, Mr. Speaker, I yield two minutes to the gentleman from Ohio [Mr. Willis].

The SPEAKER. The gentleman from Ohio [Mr. Willis] is

recognized for two minutes.

Mr. WILLIS. Mr. Speaker, I recognize the fact that in two minutes 4t is not possible to discuss the merits of this bill. I simply want to say, in reply to what the gentleman from New York [Mr. FITZGERALD] has said, that the reason why we have not been able to make satisfactory progress in aeroplane construction in this country is because we have had to import the engines that are used on these machines from foreign countries. The Government has not given the encouragement to aviation that has been given elsewhere, and consequently this country has not been able to make the progress that has been made in Germany and France. The committee in its report, at page 2, indicates what the French Government has been doing. report states:

report states:

. We believe the carrying of mail and light packages by aeroplane has passed beyond the experimental stage. As a matter of fact, mail is now being carried by the French Government not only in France but across the Sahara Desert with great regularity. The results have so pleased the minister of finance that he is planning to extend the service as rapidly as the demand will warrant.

It was Roland Garros who, less than 90 days ago, in a single continuous flight in his 80-horsepower monoplane, crossed the Mediterranean Sea at its widest point, covering a distance of approximately 500 miles at the rate of more than 60 miles an hour. This feat fairly illustrates the development of aviation within the past three or four years, since which time Bieriot startled the world by making a flight from the shores of France across the Channel, a distance of 21 miles, landing on English soil.

The one point I want to make particularly is this: According

The one point I want to make particularly is this: According to the statement of the gentleman from New York [Mr. Firz-GERALD] we are spending \$125,000 in the War Department for the encouragement of aviation. We are spending \$10,000 a year in the Navy Department for the encouragement of aviation. We are spending, all told, \$135,000 per year for the encouragement of aviation for the purposes of war; and yet when a bill is brought in here which proposes to enable the Postmaster General to establish better postal facilities and give some encouragement to the development of the aeroplane as a messenger of peace, we are told that the Government can not afford it, though it is admitted that this bill does not carry a single dollar of appropriation.

On this point the committee say:

On this point the committee say:

Indeed, though to the United States belongs the signal honor of making the first flight in machines heavier than air, as well as the invention of the hydroaeroplane which navigates both the air and water, we have been badly distanced in this field of enterprise by every other civilized nation. While it may be urged that the unsettled conditions abroad have been responsible for the military needs for this new kind of warfare, yet there still remains a field in which the United States can, with great benefit to our people, exploit this new enterprise.

It would seem that no better opportunity could be offered for bringing about this result than by putting it into practical service in the transportation of mails, which system can be inaugurated under the provisions of this bill whenever the Postmaster General deems its use to be advantageous and economical.

Mr. Speaker it seems to me that this great House of Represent

Mr. Speaker, it seems to me that this great House of Representatives can ill afford to take the position before the people of this country and before the people of the world that here in the United States, which witnessed the birth of the flying machine, we do not propose to give it any encouragement whatever except for purposes of war. It should be the handmaiden of peace and progress, not simply a death engine of war and destruction.

Now, there is another thing to which I wish to refer. The gentleman from Indiana [Mr. Cox] says that there is not any demand for this from his people. I should like to know whether or not any demand was received from his people for the encouragement of the development of the electric telegraph. Is Congress to sit here and wait until some one tells it to take

a forward step?

The gentleman has undertaken to frighten the House by reading letters here to the effect that certain manufacturers of aeroplanes are in favor of the passage of this bill. I do not care if they are. I am in favor of the passage of the bill, not because of that fact, but in spite of it. It is no argument at all to say that the people who are getting the mail have not been writing to the gentleman from Indiana asking that he vote for this bill. Very likely not. But he is a Representative of the people, and is supposed to know what is going on in this country and in the world. He is supposed to keep abreast of the times. I believe if he does that, he will support this bill.

The SPEAKER. The time of the gentleman from Ohio has

expired.

Mr. FINLEY. Mr. Speaker, I was about to say I have listened to the arguments against this bill, and it occurs to me

that they may be summed up briefly in this way: That carrying the mail by aeroplane in this country, no matter what has been done in other countries, notably in France, to illustrate, has not been tried out, and until it is tried out and proven to be a success it should not be undertaken. Encouragement of it ought not to be given until it has been tried and proven. is about the sum and substance of the argument against this bill. I have listened very carefully to what the gentleman from Indiana [Mr. Cox] said. He said he was not present at the committee meeting when this bill was ordered to be reported; but I can say to him that I was not there myself. was some 20 or 30 minutes late that morning, being necessarily When I arrived I found I had been delegated to detained. report the bill.

So that, after listening to the arguments of the gentleman from Indiana [Mr. Cox], I am bound to say he reminds me of the man who believed that good things came from him. On one occasion he was in company and some topic was under discussion, and the question was asked, "Can any good thing come out of Nazareth?" He said, "No. How can it? I never was in Nazareth in my life."

Mr. Speaker, the arguments against this bill simply amount to this, that it has not been proven to be a success in the United States; and when we point to other countries and say that it has been a success there, that makes no difference in the minds of some people.

Why should there be opposition to this bill? No more money will be spent than is absolutely necessary. Does anybody believe the Post Office Department will ever ask for more money than can be economically expended for the betterment of the postal service? Does anybody believe that Congress will ever appropriate more money than is necessary for these purposes? I do not, and I do not think there is anybody in this House who does believe that.

So, Mr. Speaker, we have here a proposition that is simply a repetition of what has been said time and again. Why, when Columbus wished the means to make his trial trip of discovery he was argued down for years. It has been the same way with every great invention. When it was first proposed they said it was impracticable; that it could not be done. I say that I am sure this will never be a general service.

The gentleman from Illinois [Mr. MANN] says he believes the time will come when by the linking of two or three airships together they will be of some service. I ask him how he is ever going to do that unless Congress authorizes a start to be made and something to be done in the way of a beginning? Why should gentlemen stand in the way of progress? I think I have about as good a reputation for economy and for old-line, yard-wide Democracy as anybody in this House. I take second place to nobody in that, and I am in favor of trying this proposition in certain localities which are recommended by the Postmaster General and by the Second Assistant Postmaster General. I have stated before, and I do not mind stating again, that I believe the Second Assistant Postmaster General is the ablest all-round postal official this Government has had in its service in the past 15 years. I believe this plan is practicable in some places, and I much prefer to take the judgment of Joseph Stewart, the Second Assistant Postmaster General of the United States, and other postal officials, including the Post-master General, than to take the views of the gentleman from Illinois [Mr. Mann] or the views of the gentleman from New York [Mr. Fitzgerald]. I think I am safer in taking the judgment of those officials about a matter concerning which they have informed themselves.

So, Mr. Speaker, I hope this bill will pass.

The SPEAKER. The time of the gentleman has expired. All time has expired. The question is on discharging the Committee of the Whole House on the state of the Union from further consideration of this bill, suspending the rules, and passing the bill.

Mr. COX. Mr. Speaker, I make the point that there is no

quorum present.

SEVERAL MEMBERS. No! no!

Mr. COX. I will withdraw the point for the time being. The question was taken; and on a division, demanded by Mr. Finley, there were—ayes 28, noes 54.

Accordingly the motion to suspend the rules and pass the bill was rejected.

DISTRIBUTION OF THE PRESIDENT'S MESSAGE.

Mr. UNDERWOOD. Mr. Speaker, I desire to make a privi-leged report (H. Rept. 141) from the Ways and Means Committee. I report back House resolution 340, distributing the President's message.

Mr. MANN. A parliamentary inquiry. The SPEAKER. The gentleman will state it.

Mr. MANN. That resolution was reported back several days ago, and was on the calendar for three or four days, and I was going to ask how it got off the calendar.

Mr. UNDERWOOD. I will say to the gentleman that it was

Mr. MANN. I can not help whether it was a mistake or not. It was reported back by dropping it into the basket, and was printed. I do not know any authority in the Clerk of the House

to throw it out and strike it off the calendar.

Mr. UNDERWOOD. I will state to the gentleman from Illinois that I prepared the resolution and the report at the same time and by mistake dropped the report in the box with the resolution, and they were both printed at the same time. The clerk at the Speaker's table called my attention to the fact, and I told him then of the mistake, and he said it would be corrected.

Mr. MANN. I do not see by what authority. Here is the

resolution, House resolution 340:

Mr. Underwood, from the Committee on Ways and Means, reported the following resolution, which was referred to the House Calendar—

The wrong calendar by the way-

and ordered to be printed.

Now, by what authority does the gentleman report the same resolution over again—House resolution 340—and by what authority did the clerk take it off the calendar after it had been

on the calendar for four days?

Mr. UNDERWOOD. I will state to the gentleman from Illinois that I did not report the resolution; that it was not reported back. The Ways and Means Committee never had a meeting on the resolution until this morning, and it got upon the calendar by mistake. I assume that the gentleman from Illinois does not desire to keep a resolution on the calendar that really was not reported back.

Mr. MANN. Of course, if the statement of the Clerk in the

report is a mistake I do not care anything about it.

Mr. UNDERWOOD. I explained how the mistake occurred. Mr. MANN. That was not an explanation. If the gentleman from Alabama deposited in the basket the report that was printed and the resolution that was printed, it is too late for him to say that he did not report the resolution.

Mr. UNDERWOOD. Mr. Speaker, I did not-Mr. MANN. Who put the information on the report which

Mr. UNDERWOOD. If the gentleman from Illinois will be

quiet for a moment, I will explain.

Mr. MANN. I do not take that very kindly from the gentle-

Mr. UNDERWOOD. I was trying to explain to the gentleman, but he kept on talking.

Mr. MANN. The gentleman made a statement-

Mr. UNDERWOOD. I did not mean anything offensive.

Mr. MANN. The gentleman was a little offensive. Mr. UNDERWOOD. Then I apologize. I never mean to be offensive to anybody, and least of all to the gentleman from

Mr. MANN. Well, the gentleman knows that that is all off.

[Laughter.]

Mr. UNDERWOOD. Mr. Speaker, when the President's message was referred to the Ways and Means Committee I prepared a resolution for the distribution of the message, and a report at the same time, which is usual. It is a perfunctory matter, as the gentleman from Illinois knows. I introduced the resolution in the box, so that it would go back to the committee, that it might have the printed resolution before it when we got to it, which is usual. By mistake I left the report which I had prepared with the resolution in the box.

Mr. MANN. If the gentleman will pardon me, I understood that, and I was not criticizing the gentleman from Alabama; I was trying to ascertain by what authority the Clerk of the House, after the Journal had been approved showing the resolution reported from the committee and that it was on the calendar, had it stricken out without saying ah, yes, or no to

anybody

Mr. UNDERWOOD. I think largely by my authority. He came and asked if I had reported back such a resolution, and I said no, and then I discovered that by my own mistake I had left the report which I intended to lay before the Ways and

Means Committee attached to the typewritten bill.

Mr. MANN. Mr. Speaker, I would suggest to the gentleman that before he reports the resolution back he ask unanimous consent to correct the Journal so as to show that it is not already reported. The Journal of the House, which has been approved, shows that this resolution was reported from the Committee on Ways and Means by the gentleman from Alabama and placed on the calendar.

Mr. UNDERWOOD. I will say to the gentleman that I did not know the Journal did show it, because I thought that it was called to my attention on the same day that it was dropped in

Mr. MANN. It was on the calendar up to to-day. It was on

the calendar Friday, Thursday, and last Wednesday.
Mr. UNDERWOOD. Mr. Speaker, I desire to inquire if the Journal shows that the resolution was reported; and if so, I ask unanimous consent that it be corrected.

The SPEAKER. The Journal is in the Journal clerk's room. Mr. UNDERWOOD. Then, Mr. Speaker, I will not delay the House, but I will ask unanimous consent that if the Journal does show that this resolution was reported that it be corrected.

Mr. MANN. The Journal does show it, and also the RECORD

shows it on page 537.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the Journal be corrected in that regard. Is there objection?

There was no objection.

Mr. UNDERWOOD. I also ask, Mr. Speaker, that the permanent Record be corrected in accordance with the fact.

The SPEAKER. Is there objection to the request of the gentleman from Alabama? [After a pause.] The Chair hears none. The resolution and report will go to the Committee of the Whole House on the state of the Union.

#### IMMIGRATION.

Mr. BURNETT. Mr. Speaker, I have reported, by the instruction of the Committee on Immigration and Naturalization, House bill 6060. The committee directed me to ask unanimous consent that three days be given to the minority to file minority views.

The SPEAKER. The gentleman from Alabama asks unanimous consent that the minority of the Committee on Immigration and Naturalization may have three days in which to file

minority views. Is there objection?

There was no objection.

Mr. DONOVAN. Mr. Speaker, reserving the right to object, I do not think the gentleman ought to bring the matter up in the absence of the Member from New York.

The SPEAKER. But he has already brought it in, and it has

been referred.

#### VOCATIONAL EDUCATION.

Mr. HUGHES of Georgia. Mr. Speaker, I know the House is weary from many long hours of hard work, but I hope that it will be considerate enough to remain in session a little while longer in order that we might get through with the consideration of Senate joint resolution No. 5, respecting vocational education. I therefore move that the House resolve itself into the Committee of the Whole House for the further consideration of that resolution.
Mr. FOSTER. Mr. Speaker, I make the point of order that

there is no quorum present.

The SPEAKER. The Chair will count. [After counting.] Eighty-nine Members present; not a quorum.

# ADJOURNMENT.

Mr. UNDERWOOD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 50 minutes p. m.) the House adjourned until to-morrow, Tuesday, December 16, 1913, at 12 o'clock noon.

## EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and con-clusion in the case of Julia O'Brien, widow of Peter O'Brien, deceased, v. The United States (H. Doc. No. 475); to the Committee on War Claims and ordered to be printed.

2. A letter from the assistant clerk of the Court of Claims, transmitting a certified copy of the findings of fact and conclusion in the case of Arren Bray v. The United States (H. Doc. No. 476); to the Committee on War Claims and ordered to be

printed.

3. A letter from the assistant clerk of the Court of Claims transmitting a certified copy of the findings of fact and conclusion in the case of Martha E. Adamson, administratrix 63 Gideon F. Mann, deceased, v. The United States (H. Doc. No. 477); to the Committee on War Claims and ordered to be printed.

4. A letter from the Secretary of the Treasury, transmitting a copy of a communication from the president of the Board of Commissioners of the District of Columbia, submitting an amendment to the estimate of appropriation for construction of suburban roads, District of Columbia, for the fiscal year ending June 30, 1915 (H. Doc. No. 478); to the Committee on Appropriations and ordered to be printed.

5. A letter from the Secretary of Agriculture, transmitting a report of documents received and distributed during the year 1913 (H. Doc. No. 479); to the Committee on Expenditures in the Department of Agriculture and ordered to be printed.

## REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows:

Mr. IGOE, from the Committee on the District of Columbia, to which was referred the bill (H. R. 10308) to provide for the construction and repair of sidewalks in the District of Columbia, and for the assessment and payment of the cost thereof, reported the same with amendment, accompanied by a report (No. 135), which said bill and report were referred to the Committee of the Whole House on the state of the Union,

Mr. STEPHENS of Mississippi, from the Committee on Claims, to which was referred the Senate resolution (S. J. Res. 74) appropriating money for the payment of certain claims on account of labor, supplies, materials, and cash furnished in the construction of the Corbett tunnel, reported the same without amendment, accompanied by a report (No. 134), which said reso-lution and report were referred to the Committee of the Whole

House on the state of the Union. Mr. TAYLOR of Colorado, from the Committee on the Public Lands, to which was referred the bill (H. R. 1651) to authorize the issuance of absolute and unqualified patents to public lands in certain cases, reported the same with amendment, accompanied by a report (No. 138), which said bill and report were referred to the Committee of the Whole House on the state of

the Union.

Mr. ADAMSON, from the Committee on Interstate and Foreign Commerce, to which was referred the bill (H. R. 6204) to promote the efficiency of the Public Health Service, reported the same without amendment, accompanied by a report (No. 139), which said bill and report were referred to the Committee of the Whole House on the state of the Union,

Mr. TAYLOR of Colorado, from the Committee on the Public Lands, to which was referred the bill (H. R. 1657) to authorize the allowance of second homestead and desert entries, reported the same with amendment, accompanied by a report (No. 137), which said bill and report were referred to the House Calendar

Mr. BURNETT, from the Committee on Immigration and Naturalization, to which was referred the bill (H. R. 6060) to regulate the immigration of aliens to and the residence of aliens in the United States, reported the same with amendment, accompanied by a report (No. 140), which said bill and report were referred to the House Calendar.

#### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. BURKE of South Dakota, from the Committee on Indian Affairs, to which was referred the bill (H. R. 6939) to reimburse Edward B. Kelley for moneys expended while superintendent of the Rosebud Indian Agency in South Dakota, reported the same with amendment, accompanied by a report (No. 133), which said bill and report were referred to the Private Calendar.

## PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. STEPHENS of Texas: A bill (H. R. 10505) authorizing the Secretary of the Interior to cause allotments to be made to Indians belonging and having tribal rights on the Morongo Indian Reservation; to the Committee on Indian Affairs.

By Mr. ESCH: A bill (H. R. 10506) to provide for a site and public building at Reedsburg, Wis.; to the Committee on Public

Buildings and Grounds.

By Mr. KINKAID of Nebraska: A bill (H. R. 10507) to authorize the Secretary of the Interior to acquire and dispose of private lands in connection with the operations under the reclamation act; to the Committee on Irrigation of Arid Lands. By Mr. FERGUSSON: A bill (H. R. 10508) authorizing the

Secretary of the Interior to grant further extensions of time within which to make proof on desert-land entries in the county of San Juan, State of New Mexico; to the Committee on the Public Lands.

By Mr. TAYLOR of New York: A bill (H. R. 10509) providing for the resurvey of the harbor of Echo Bay (New Rochelle), N. Y., and a report thereon; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 10510) providing for a resurvey of Mamaroneck Harbor, N. Y., and a report thereon; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 10511) providing for the completion of the Port Chester Harbor (N. Y.) improvement; to the Committee on Rivers and Harbors.

By Mr. BRUCKNER: A bill (H. R. 10512) providing for the completion of the Harlem River Ship Canal in New York City; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 10513) providing for the completion of the Bronx River (New York City) improvement; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 10514) providing for the deepening and widening of the Bronx Kills, in the city of New York, creating a direct channel between Long Island Sound and the Harlem River; to the Committee on Rivers and Harbors.

By Mr. CULLOP: A bill (H. R. 10515) granting increased pay to rural letter carriers; to the Committee on the Post Office and

Post Roads.

By Mr. DUPRÉ: A bill (H. R. 10516) authorizing a preliminary examination and survey of Bayou Barataria, La., and connecting waters to Barataria Bay; to the Committee on Rivers and Harbors.

By Mr. CULLOP: A bill (H. R. 10517) for the prevention and eradication of hog cholera; to the Committee on Agriculture.

By Mr. STEVENS of New Hampshire: A bill (H. R. 10518) to promote the safety of employees and passengers on railroads engaged in interstate or foreign commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. McGILLICUDDY: A bill (H. R. 10519) to increase the limit of cost of the United States post-office building at Camden, Me.; to the Committee on Public Buildings and

Grounds.

By Mr. J. R. KNOWLAND: A bill (H. R. 10520) securing and confirming to the adjoining landowners the titles acquired by adverse possession to certain lands within the grant heretofore made by the United States of parts of its public lands to the Central Pacific Railroad Co. of California for railroad right of way; to the Committee on the Public Lands.

By Mr. SAUNDERS: A bill (H. R. 10521) to provide for the construction, maintenance, and improvement of rural post roads through the cooperation and joint action of the National Government and the several States in which such rural post roads may

be established; to the Committee on Roads.

By Mr. TEN EYCK: A bill (H. R. 10522) to establish in the Department of Agriculture a bureau to be known as the bureau of highways, and to provide national aid in the construction, improvement, and maintenance of public highways in each State and Territory, and to provide funds for the same; to the Committee on Roads.

By Mr. PAGE of North Carolina: A bill (H. R. 10523) making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1915, and for other purposes; committed to the Committee of the Whole House on the state of the Union and ordered to be

printed.

By Mr. NEELY of West Virginia: A bill (H. R. 10524) providing for the appointment of a board for the purpose of selecting a suitable site for a naval armor plant in the Ohio Valley, in or near the city of Moundsville, in the county of Marshall and State of West Virginia, and to submit a report of the cost and availability of said plant; to the Committee on Naval

By Mr. SELDOMRIDGE: A bill (H. R. 10525) appropriating \$10,000 to be used by the Forest Service in the construction of a public road through a portion of the Medicine Bow Forest Reserve, in Larimer County, State of Colorado; to the Commit-

tee on Agriculture

Also, a bill (H. R. 10526) to authorize the cities of Colorado Springs and Manitou, in the State of Colorado, to purchase certain lands for the protection of the source of their water supply; to the Committee on the Public Lands.

Also, a bill (H. R. 10527) making appropriation for the purchase of a site and the erection of a public building thereon in the city of Loveland, county of Larimer, State of Colorado; to the Committee on Public Buildings and Grounds.

By Mr. CONNOLLY of Iowa: A bill (H. R. 10528) to provide

for the erection of a public building at Waverly, Iowa; to the Committee on Public Buildings and Grounds. By Mr. MOSS of West Virginia: A bill (H. R. 10529) declaring all highways in the several States used for the purpose of transporting rural mail to be post roads, for the establishment of rural route and post roads and the improvement and maintenance of existing rural route and post roads under Federal authority, and creating a bureau of public post roads; to the Committee on Roads.

By Mr. CULLOP: A bill (H. R. 10530) for the compensation of rural letter carriers; to the Committee on the Post Office and

Post Roads.

By Mr. GOODWIN of Arkansas: A bill (H. R. 10531) making an appropriation for continuing improvement on the Ouachita and Black Rivers, Ark. and La., and for maintenance of same; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 10532) making an appropriation for continuing improvement on the Ouachita River, Ark. and La., and authorizing the construction of locks and dams Nos. 5 and 9;

to the Committee on Rivers and Harbors,

By Mr. HAWLEY: A bill (H. R. 10533) directing the Secretary of War to pay to the Oregon State Board of Fish and Game Commissioners certain moneys, and for other purposes; to the

Committee on Appropriations.

By Mr. KENT: A bill (H. R. 10534) to authorize a survey of Petaluma Creek, Cal.; to the Committee on Rivers and Harbors.

By Mr. HAWLEY: A bill (H. R. 10535) to amend an act entitled "An act to amend sections 2291 and 2297 of the Revised Statutes of the United States relating to homesteads"; to the Committee on the Public Lands.

Also, a bill (H. R. 10536) amending the act approved May 11, 1912, entitled "An act granting pensions to certain enlisted men, soldiers and officers who served in the Civil War and the War with Mexico"; to the Committee on Invalid Pensions.

By Mr. HILL: A bill (H. R. 10537) to reapportion and rearrange the judicial districts of Illinois, and for other purposes;

to the Committee on the Judiciary.

Also, a bill (H. R. 10538) authorizing the Secretary of the Interior to make monthly settlements to all persons borne on the pension rolls; to the Committee on Invalid Pensions.

By Mr. KENT: A bill (H. R. 10539) for the improvement of grazing on the public lands of the United States and to regulate the same, and for other purposes; to the Committee on the Public Lands.

By Mr. WATKINS: A bill (H. R. 10540) providing for the eradication of the cotton boll weevil; to the Committee on Agriculture.

By Mr. CARLIN (by request): A bill (H. R. 10541) to acquire the manuscript of Charles Chaillé Long containing an account of the unveiling of the McClellan statue; to the Com-

mittee on the Library.

By Mr. STEPHENS of Texas: A bill (H. R. 10542) providing

for the segregation and apportionment of Indian tribal property, and for other purposes; to the Committee on Indian Affairs.

By Mr. KAHN: A bill (H. R. 10543) for the establishment and construction of a coal depot, including underwater storage plant for the use of the United States Navy on the Bay of San Francisco, Cal.; to the Committee on Naval Affairs.

By Mr. ADAMSON: A bill (H. R. 10544) to amend an act entitled "An act to regulate commerce," approved February 4, 1887, as heretofore amended, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MONDELL: A bill (H. R. 10545) making an appropriation for continuing the work of road and bridge construction on the Wind River Reservation in Wyoming; to the Committee on Indian Affairs.

Also, a bill (H. R. 10546) making an appropriation for the reconstruction of a part of the military road between Fort Washakie and Jacksons Hole in Wyoming; to the Committee on Military Affairs.

Also, a bill (H. R. 10547) making an appropriation providing for repairs to buildings on the Wind River Reservation in

Wyoming; to the Committee on Indian Affairs.

By Mr. WICKERSHAM: A bill (H. R. 10548) to authorize the purchase of certain lands in the District of Alaska; to the Committee on the Public Lands.

By Mr. STEENERSON: A bill (H. R. 10549) making an appropriation for the improvement of Baudette Harbor and River in Minnesota; to the Committee on Rivers and Harbors.

By Mr. McDERMOTT: A bill (H. R. 10550) providing for the regulation, identification, and registration of automobiles engaged in interstate commerce, for the licensing of the operators thereof, for cooperation between the States and the Federal Government in such purposes, and for distributing the revenues arising hereunder between the States and the Federal Govern-

ment; to the Committee on Interstate and Foreign Commerce. By Mr. CLARK of Florida: A bill (H. R. 10551) to prescribe the method for banks to compute interest on loans and prescrib-

ing punishment for its violation; to the Committee on Banking and Currency

Also, a bill (H. R. 10552) to limit the value of buildings used by banks for banking purposes and providing punishment for its violation; to the Committee on Banking and Currency.

By Mr. AIKEN: A bill (H. R. 10553) to provide for refunding to lawful claimants the proceeds of the cotton tax unlawfully collected; to the Committee on War Claims.

Also, a bill (H. R. 10554) to increase the compensation of carriers on rural free-delivery mail routes; to the Committee on the Post Office and Post Roads.

Also, a bill (H. R. 10555) to amend sections 1 and 105 of the Judicial Code to provide for the appointment of a district judge, district attorney, and marshal for the western district of South Carolina, and for other purposes; to the Committee on the

Judiciary.
By Mr. FRANCIS: A bill (H. R. 10556) to authorize the donation of certain unused and obsolete guns now at Chickamauga Park, Ga., to the village of Toronto, Ohio, for its park; to the Committee on Military Affairs.

By Mr. MOON: A bill (H. R. 10557) to provide for the erection of a public building at Pikeville, Tenn.; to the Committee

on Public Buildings and Grounds.

By Mr. DAVENPORT: A bill (H. R. 10558) to construct a sanitarium or hospital for the restricted Indians of the Creek and Seminole Tribes in that portion of Oklahoma formerly occupied by said Creek and Seminole Tribes and making an appropriation therefor; to the Committee on Indian Affairs.

Also, a bill (H. R. 10559) to construct a sanitarium or hospital for the restricted Indians of the Cherokee Tribe of Indians and the Confederated Tribes in northeast Oklahoma and making an appropriation therefor; to the Committee on Indian

By Mr. CURRY: A bill (H. R. 10560) requiring telegraph companies to capitalize and punctuate certain telegraph messages in a specified manner; to the Committee on Interstate and Foreign Commerce.

By Mr. FOSTER: A bill (H. R. 10590) authorizing the Secretary of War to deliver two mounted bronze cannon on carriages to McIlwain Post, Grand Army of the Republic, Vandalia, Ill.; to the Committee on Military Affairs.

By Mr. CLAYTON: Resolution (H. Res. 348) authorizing the Committee on the Judiciary to expend certain money, for purposes stated in House resolution 486, passed April 5, 1912; to

the Committee on Accounts.

By Mr. HARRISON: Joint resolution (H. J. Res. 170) authorizing and requesting the President of the United States to invite the Governments of Great Britain and other countries to appoint representatives to join representatives of the United States to consider the question of eliminating the gambling features in agricultural and food products on the exchanges in such countries; to the Committee on Foreign Affairs.

By Mr. MOORE: Joint resolution (H. J. Res. 171) providing for the appointment of a commission to consider the need of and to report a plan for the revision of the navigation laws of the United States; to the Committee on the Merchant Marine

and Fisheries.

By Mr. MOSS of West Virginia: Joint resolution (H. J. Res. 172) directing the Secretary of War to investigate and report to Congress at the earliest practicable time the advisability of the establishment of wireless telegraph stations along the Ohio River; to the Committee on Military Affairs.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ADAIR: A bill (H. R. 10561) granting a pension to James A. Stephen; to the Committee on Pensions.

Also, a bill (H. R. 10562) granting a pension to Mary J. Smith; to the Committee on Invalid Pensions.

By Mr. AIKEN: A bill (H. R. 10563) for the relief of Mrs. D. Corbin; to the Committee on Claims.

Also, a bill (H. R. 10564) for the relief of Mary S. Corbin: to the Committee on Claims.

Also, a bill (H. R. 10565) granting a pension to Henrietta Abney; to the Committee on Pensions.

Also, a bill (H. R. 10566) granting a pension to Medicus F.

Day; to the Committee on Pensions.

By Mr. ASHBROOK: A bill (H. R. 10567) granting an increase of pension to Nesbitt L. Brown; to the Committee on Pensions.

Also, a bill (H. R. 10568) granting a pension to Kathering Rodgers; to the Committee on Invalid Pensions.

By Mr. BOOHER: A bill (H. R. 10569) granting an increase of pension to James Button; to the Committee on Invalid Pensions.

By Mr. BYRNS of Tennessee: A bill (H. R. 10570) for the relief of the city of Nashville, Tenn.; to the Committee on War Claims.

Also, a bill (H. R. 10571) for the relief of Davidson County, Tenn.; to the Committee on War Claims.

By Mr. CALDER: A bill (H. R. 10572) granting a pension to Elsie A. Owen; to the Committee on Invalid Pensions.

By Mr. CAMPBELL: A bill (H. R. 10573) granting an increase of pension to Henry B. Miller; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10574) granting an increase of pension to Millard F. De Geer; to the Committee on Pensions.

By Mr. CARLIN: A bill (H. R. 10575) granting a pension to

Nancy Martin; to the Committee on Pensions.

Also, a bill (H. R. 10576) granting a pension to Mary A. Slattery; to the Committee on Pensions.

By Mr. CASEY: A bill (H. R. 10577) granting an increase of pension to John N. Eddinger; to the Committee on Invalid Pensions.

By Mr. CLAYTON: A bill (H. R. 10578) for the relief of Dr. J. W. Stokes; to the Committee on War Claims.

By Mr. COPLEY: A bill (H. R. 10579) granting an increase of pension to Catharine A. Hawkins; to the Committee on Invalid Pensions.

By Mr. CULLOP: A bill (H. R. 10580) granting an increase of pension to Albert M. Patrick; to the Committee on Invalid Pensions.

By Mr. DOOLITTLE: A bill (H. R. 10581) for the relief of Patrick H. Wheat; to the Committee on Military Affairs.

By Mr. FERGUSSON: A bill (H. R. 10582) granting a pension to Jose de J. Romero; to the Committee on Pensions,

Also, a bill (H. R. 10583) granting a pension to Anna Pearce; to the Committee on Pensions.

Also, a bill (H. R. 10584) for the relief of the heirs of Francisco Barela; to the Committee on War Claims.

Also, a bill (H. R. 10585) for the relief of the heirs of Bonifacio Coca, deceased; to the Committee on War Claims.

By Mr. FERRIS: A bill (H. R. 10586) to remove the charge of desertion from the record of George W. Riley; to the Committee on Military Affairs.

By Mr. FIELDS: A bill (H. R. 10587) granting an increase of pension to Montville Cooksey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10588) granting an increase of pension to Major L. Middleton; to the Committee on Invalid Pensions.

By Mr. FORDNEY: A bill (H. R. 10589) granting a pension to George W. Graves; to the Committee on Invalid Pensions.

By Mr. FOSTER: A bill (H. R. 10591) for the relief of John A. Bingham; to the Committee on Claims.

By Mr. FOWLER: A bill (H. R. 10592) granting a pension to Rebecca Ann Hayes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10593) to amend an act granting an increase of pension to Elizabeth Causey for the benefit of Wiley Causey, approved March 3, 1901; to the Committee on Invalid

By Mr. FRENCH: A bill (H. R. 10594) granting a pension to the Forsyth Scouts and to widows of the deceased members of said organization; to the Committee on Pensions.

By Mr. GALLAGHER: A bill (H. R. 10595) granting a pension to Anna A. Engel; to the Committee on Pensions.

By Mr. GARD: A bill (H. R. 10596) granting an increase of

pension to Louisa Bruck; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10597) granting a pension to Joseph
Bryant; to the Committee on Pensions.

Also, a bill (H. R. 10598) granting a pension to Ella H.

Candy; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10599) granting a pension to Myrtle M. Dunham; to the Committee on Pensions.

Also, a bill (H. R. 10000) granting a pension to Benjamin F. Dunkley; to the Committee on Pensions.

Also, a bill (H. R. 10601) granting a pension to Lionelle Gottschall; to the Committee on Pensions.

Also, a bill (H. R. 10602) granting an increase of pension to Thomas S. Granger: to the Committee on Invalid Pensions.

Also, a bill (H. R. 10603) granting an increase of pension to William M. King; to the Committee on Invalid Pensions. Also, a bill (H. R. 10604) granting a pension to Dock Leach;

to the Committee on Invalid Pensions.

Also, a bill (H. R. 10605) granting a pension to David Lightcap; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10606) granting a pension to James M. Lynch; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10607) granting a pension to Francis P. McCue; to the Committee on Pensions.

Also, a bill (H. R. 10608) granting a pension to Theodore J. McNally; to the Committee on Pensions.

Also, a bill (H. R. 10609) granting an increase of pension to William W. Ramsey; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10610) granting a pension to Alice Ricketts; to the Committee on Pensions.

Also, a bill (H. R. 10611) granting a pension to Alonzo A. Ruckman; to the Committee on Pensions.

Also, a bill (H. R. 10612) granting a pension to Martin W. Ryan; to the Committee on Pensions.

Also, a bill (H. R. 10613) granting an increase of pension to William Trew; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10614) granting an increase of pension to George E. Wells; to the Committee on Invalid Pensions.

By Mr. GOEKE: A bill (H. R. 10615) granting an increase of pension to Jacob L. McCoy; to the Committee on Invalid Pen-

Also, a bill (H. R. 10616) for the relief of George R. Gary; to the Committee on Military Affairs.

By Mr. GOODWIN of Arkansas: A bill (H. R. 10617) for the relief of J. A. Garland; to the Committee on the Post Office and Post Roads.

By Mr. HAMILTON of New York: A bill (H. R. 10618) granting a pension to Carrie Phillips; to the Committee on Invalid Pensions.

Also, a biH (H. R. 10619) granting a pension to Lucina Tingue; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10620) granting a pension to Lyman Cole: to the Committee on Invalid Pensions.

Also, a bill (H. R. 10621) granting a pension to Mary M. Scott; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10622) granting a pension to Elmer E. Sprague; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10623) granting an increase of pension to Jason J. Tilyon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10624) granting an increase of pension to Marshall L. Maxson; to the Committee on Invalid Pensions,

Also, a bill (H. R. 10625) granting an increase of pension to Frank M. Beyea; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10626) granting an increase of pension to Sylvanus Balcom; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10627) granting an increase of pension to James A. S. Cull; to the Committee on Invalid Pensions. Also, a bill (H. R. 10628) granting an increase of pension to

Patrick Higgins; to the Committee on Invalid Pensions. Also, a bill (H. R. 10629) granting an increase of pension to

Silas H. Hamilton; to the Committee on Invalid Pensions, Also, a bill (H. R. 10630) to correct the military record of Nelson T. Saunders; to the Committee on Military Affairs.

By Mr. HOUSTON: A bill (H. R. 10631) for the relief of the Presbyterian Church of Normandy, Tenn.; to the Committee on War Claims

By Mr. HOWARD: A bill (H. R. 10032) granting an increase of pension to William M. Hairston; to the Committee on Invalid

By Mr. HULL: A bill (H. R. 10633) granting a pension to J. M. Luck; to the Committee on Pensions.

Also, a bill (H. R. 10634) granting a pension to John R. Hamilton; to the Committee on Pensions.

Also, a bill (H. R. 10635) granting a pension to Sallie C. Dowell: to the Committee on Invalid Pensions.

Also, a bill (H. R. 10636) granting a pension to James W. Carr: to the Committee on Invalid Pensions.

Also, a bill (H. R. 10637) granting an increase of pension to Harmon L. Jones; to the Committee on Pensions,

Also, a bill (H. R. 10638) granting an increase of pension to James N. Davis; to the Committee on Pensions.

Also, a bill (H. R. 10639) granting an increase of pension to William Younger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10640) granting an increase of pension to Barnett Dillahay; to the Committee on Invalid Pensions,

Also, a bill (H. R. 10641) granting an increase of pension to Susan Read; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10642) granting an increase of pension to T. J. Edwards; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10643) for the relief of W. H. Mohler; to

the Committee on Military Affairs.

Also, a bill (H. R. 10644) for the relief of Harde Chadwick, jr.; to the Committee on Military Affairs.

Also, a bill (H. R. 10645) for the relief of the heirs of Samuel Kimbro, deceased; to the Committee en War Claims.

Also, a bill (H. R. 10646) for the relief of the estate of James B. Hallum; to the Committee on War Claims.

Also, a bill (H. R. 10647) for the relief of the legal repre sentatives of Joseph Chipman; to the Committee on War Claims. Also, a bill (H. R. 10648) for the relief of the legal representatives of William E. Nance; to the Committee on

Claims.

Also, a bill (H. R. 10649) for the relief of the legal representatives of Isaac W. Baker; to the Committee on War

Also, a bill (H. R. 10650) for the relief of the legal representatives of Wilson Bloodworth; to the Committee on War

Also, a bill (H. R. 10651) for the relief of the legal representatives of Alexander Harlin, deceased; to the Committee on War Claims

Also, a bill (H. R. 10652) authorizing the Secretary of War to recognize John M. Pearson as having been a member of Company F, Fifty-second Regiment Kentucky Mounted Volunteer Infantry, Civil War; to the Committee on Military Affairs.

By Mr. KELLY of Pennsylvania: A bill (H. R. 10653) to place the name of First Lieut. Joseph P. McKee on the unlimited retired list of the Army of the United States with rank and pay as a retired officer of the Regular Establishment; to the Committee on Military Affairs.

By Mr. KENT: A bill (H. R. 10654) for the relief of Robert M. Adams, deceased; to the Committee on Military Affairs.

By Mr. KIESS of Pennsylvania: A bill (H. R. 10655) granting a pension to Samuel P. Kahler; to the Committee on Invalid Pensions.

By Mr. J. R. KNOWLAND: A bill (H. R. 10656) granting a pension to Mary J. Hill; to the Committee on Invalid Pensions. By Mr. LANGLEY: A bill (H. R. 10657) granting a pension to Nancy J. Picklesimer; to the Committee on Invalid Pensions. Also, a bill (H. R. 10658) granting an increase of pension to Robert H. Fields; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10659) granting an increase of pension to Frederick K. Murry; to the Committee on Invalid Pensions. By Mr. LONERGAN: A bill (H. R. 10660) granting a pension

to Sarah Hart North; to the Committee on Invalid Pensions.
Also, a bill (H. R. 10661) granting an increase of pension to

Paulina Kerr; to the Committee on Invalid Pensions.

By Mr. McGILLICUDDY: A bill (H. R. 10662) granting a pension to Eugene Belanger; to the Committee on Pensions.

By Mr. MADDEN: A bill (H. R. 10663) granting an increase

of pension to John Steele; to the Committee on Invalid Pensions. Also, a bill (H. R. 10664) granting a pension to Felix High-tower; to the Committee on Pensions.

By Mr. METZ: A bill (H. R. 10665) for the relief of Mrs. H. O'Neill; to the Committee on Claims,

Also, a bill (H. R. 10666) for the relief of Charles Lauber;

to the Committee on Military Affairs.

Also, a bill (H. R. 10667) for the relief of Patrick Burns; to the Committee on Claims.

Also, a bill (H. R. 10668) granting a pension to Walter B. Chase; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10669) granting a pension to Joanna Steinborn: to the Committee on Pensions.

Also, a bill (H. R. 10670) granting an increase of pension to

Moses Peterson; to the Committee on Invalid Pensions. Also, a bill (H. R. 10671) granting an increase of pension to

Deborah A. Thompson; to the Committee on Invalid Pensions. By Mr. MONTAGUE: A bill (H. R. 10672) granting an increase of pension to Henrietta Lee Coulling; to the Committee on Pensions,

By Mr. MOSS of West Virginia: A bill (H. R. 10673) granting an increase of pension to William H. Wood; to the Committee on Invalid Pensions.

By Mr. MURRAY of Oklahoma: A bill (H. R. 10674) granting a pension to John C. Jackson; to the Committee on Pensions.

By Mr. J. I. NOLAN: A bill (H. R. 10675) for the relief of the State Board of Harbor Commissioners of the State of California; to the Committee on Claims.

By Mr. NORTON: A bill (H. R. 10676) granting an increase of pension to James Flanagan; to the Committee on Invalid

Also, a bill (H. R. 10677) granting an increase of pension to Sarah J. Dunahey; to the Committee on Invalid Pensions.

By Mr. PALMER: A bill (H. R. 10678) granting an increase of pension to J. T. Fisher; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10679) granting an increase of pension to Christianna Young; to the Committee on Invalid Pensions.

By Mr. RAINEY: A bill (H. R. 10680) granting a pension to

Peter L. Brown; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10681) for the relief of H. N. Edom; to the Committee on Claims.

Also, a bill (H. R. 10682) for the relief of Robert T. Hill. James B. Hill, Thomas Spencer, and Ellis Spencer; to the Committee on Military Affairs.

By Mr. ROTHERMEL: A bill (H. R. 10683) for the relief of John I. Brown & Son and others; to the Committee on Claims. By Mr. RUSSELL: A bill (H. R. 10684) granting a pension to

Thomas Lathrop; to the Committee on Invalid Pensions

Also, a bill (H. R. 10685) granting a pension to Joseph H. Curbow; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10686) granting a pension to Charles C. Mauch; to the Committee on Pensions.

Also, a bill (H. R. 10687) granting an increase of pension to Richard C. Martin; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10688) granting an increase of pension to Charles Muelbach; to the Committee on Invalid Pensions.

By Mr. J. M. C. SMITH: A bill (H. R. 10689) granting an increase of pension to Sarah E. Freed; to the Committee on Invalid Pensions.

By Mr. STEVENS of New Hampshire: A bill (H. R. 10690) granting an increase of pension to Warren Morrill; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10691) granting an increase of pension to Frank Libby; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10692) granting an increase of pension to Henry Lemke; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10693) for the relief of the legal representatives of George W. Soule; to the Committee on Claims. By Mr. SWITZER: A bill (H. R. 10694) for the relief of the

legal representatives of Joseph and Newton Haynes, deceased; to the Committee on War Claims.

Also, a bill (H. R. 10695) granting a pension to John Kennedy; to the Committee on Pensions.

Also, a bill (H. R. 10696) to remove the charge of desertion from the military record of Lewis Keaton; to the Committee on Military Affairs.

By Mr. TREADWAY: A bill (H. R. 10697) granting an increase of pension to Margaret Kelley; to the Committee on Invalid Pensions.

By Mr. UNDERHILL: A bill (H. R. 10698) granting an increase of pension to Moses Davison; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10699) granting an increase of pension to Levi M. Winchell; to the Committee on Invalid Pensions,

Also, a bill (H. R. 10700) granting an increase of pension to Joseph Hand; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10701) granting an increase of pension to

Isaac N. Baker; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10702) granting an increase of pension to

Henry O. Hayes; to the Committee on Invalid Pensions. Also, a bill (H. R. 10703) granting an increase of pension to

William Cooper; to the Committee on Invalid Pensions. Also, a bill (H. R. 10704) granting an increase of pension to

Bernard Daffner; to the Committee on Invalid Pensions.
Also, a bill (H. R. 10705) granting an increase of pension to

Joel H. Towner; to the Committee on Invalid Pensions. Also, a bill (H. R. 10706) granting an increase of pension to David S. Peters; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10707) granting an increase of pension to Isaac N. Storm; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10708) granting a pension to Ellen A. Chappell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10709) granting a pension to Ada E. Teeter; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10710) granting a pension to Elizabeth P. Townsend; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10711) granting a pension to Percy D. Ganung; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10712) granting a pension to Mary E. Greiner; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10713) granting a pension to Elizabeth Sawyer; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10714) granting a pension to Maria Scribner Plimpton; to the Committee on Invalid Pensions.

By Mr. UNDERWOOD: A bill (H. R. 10715) granting an increase of pension to Andrew L. Weatherford; to the Committee on Pensions.

By Mr. WILLIS: A bill (H. R. 10716) granting an increase of pension to Seth Clark; to the Committee on Invalid Pensions. Also, a bill (H. R. 10717) granting a pension to Earl W. Maitland; to the Committee on Pensions.

Also, a bill (H. R. 10718) for the relief of F. D. Bain; to the Committee on Claims.

Also, a bill (H. R. 10719) to remove the charge of desertion from the military record of Joseph P. Leiter; to the Committee on Military Affairs.

Also, a bill (H. R. 10720) to correct the military record of

John D. Rex; to the Committee on Military Affairs.

Also, a bill (H. R. 10721) to correct the military record of William Loar; to the Committee on Military Affairs.

Also, a bill (H. R. 10722) for the relief of H. C. Owens; to

the Committee on Claims.

By Mr. ROTHERMEL: Resolution (H. Res. 347) authorizing the Clerk of the House to pay witness fees and mileage to Henry W. Elliott and to Andrew F. Gallagher to and from the Seal Islands of Alaska for House Committee on Expenditures in the Departments of Commerce and Labor; to the Committee on

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid

on the Clerk's desk and referred as follows:
By the SPEAKER (by request): Petitions of the Merchants
& Miners' Transportation Co., of Baltimore, Md.; Michael Bros., of Louisiana, Mo.; captains and chief engineers of the Hartford & New York Transportation Co.; and the Kings County Democratic Club, protesting against the passage of the seamen's bill (S. 136) in its present form; to the Committee on the Mer-chant Marine and Fisheries.

Also (by request), petition of G. Douglas Wardrof, favoring the passage of House bill 3330, for carrying the mail by aeroplane; to the Committee on the Post Office and Post Roads.

Also (by request), petition of officers of the United States employed in the service of the Southern Pacific Co. Atlantic Steamship Lines, protesting against the passage of the seamen's bill (S. 136); to the Committee on the Merchant Marine and Fisheries.

Also (by request), petition of the Aero Club of America, of New York City, N. Y., favoring the passage of House bill 3393, to authorize the carrying of the mail by aeroplane; to the Committee on the Post Office and Post Roads.

By Mr. CALDER: Petition of the Twentieth Century Club, of Detroit, Mich., favoring the passage of Senate bill 2739, known as the Newlands river-regulation and flood-prevention bill; to the Committee on Rivers and Harbors.

By Mr. CARY: Petition of Edward M. Keating and other Philippine ex-soldiers, favoring the passage of House bill 3330, relative to increase in pension; to the Committee on Invalid

Also, petition of the Twentieth Century Club, of Detroit, Mich., favoring the passage of the Newlands river-regulation and flood-prevention bill; to the Committee on Rivers and Harbors.

Also, petition of the Twentieth Century Club, of Detroit, Mich., protesting against the use of the Hetch Hetchy Valley for the water supply for San Francisco, Cal.; to the Committee on the Public Lands.

Also, petition of Manitowoc Shipbuilding & Dry Dock Co., protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

By Mr. CURRY: Memorial of the city council of the city of Richmond, Contra Costa County, Cal., favoring the passage of House bills 9912 and 9913, providing for the control of the flood waters of the Sacramento River; to the Committee on Rivers and Harbors.

By Mr. DALE: Petition of the Chicago Peace Society, favoring international agreement for the suspension of the building of battleships; to the Committee on Naval Affairs.

Also, memorial of the council of the city of Benton Harbor,

Mich., and the Benton Harbor Development Co., protesting against the passage of the seamen's bill (S. 136); to the Com-

mittee on the Merchant Marine and Fisheries.

Also, petitions of the Charlton Nursey Co., of Rochester; the
Crisca Co.; and National Association of Master Steam and Hot Water Fitters of New York City, N. Y., favoring the passage of the Bartlett bill, for 1-cent letter postage; to the Committee on the Post Office and Post Roads.

By Mr. DOOLITTLE: Petition of citizens of the fourth district of the State of Kansas, favoring the passage of the Lindquist pure fabric and leather bill; to the Committee on Interstate and Foreign Commerce.

By Mr. ESCH: Petition of the council of the city of Benton Harbor, Mich., and the Benton Harbor Improvement Co., protesting against the passage of Senate bill 136 without proper distinction between Great Lakes transportation and ocean transportation; to the Committee on the Merchant Marine and

Also, petition of the Twentieth Century Club, of Detroit, Mich., protesting against granting the use of the waters of the

Hetch Hetchy Valley to the city of San Francisco, Cal.; to the Committee on the Public Lands.

Also, papers to accompany House bill 10450, granting an increase of pension to Leander Chapman; to the Committee on Invalid Pensions.

Also, petition of the Twentieth Century Club, of Detroit, Mich., favoring the passage of Senate bill 2739, for the prevention of floods on the Mississippi; to the Committee on Rivers and Harbors.

By Mr. GARNER: Petition of the business men of Aransas Pass, Tex., favoring the passage of House bill 5308, relative to mail-order houses; to the Committee on Ways and Means,

By Mr. GALLAGHER: Petitions of the Chicago Federation of Musicians and International Association of Bridge and Structural Iron Workers, Local Union No. 1, of Chicago, Ill., in favor of the passage of the seamen's bill (S. 136); to the Committee on the Merchant Marine and Fisheries.

By Mr. GOODWIN of Arkansas: Petition of citizens of Junction City, Lewisville, and Prescott, Ark., all favoring the passage of the Lindquist pure fabric and leather bill; to the Committee

on Interstate and Foreign Commerce.

By Mr. GRAHAM of Pennsylvania: Petitions of the Philadelphia Maritime Exchange and the council of the city of Benton Harbor Mich., protesting against the passage of the seamen's bill (S. 136); to the Committee on the Merchant Marine and Fisheries

Also, petition of the Twentieth Century Club of Detroit, Mich., favoring the passage of Senate bill 2739, known as the Newlands river-regulation and flood-prevention bill; to the Committee on Rivers and Harbors.

Also, petition of the Twentieth Century Club of Detroit, Mich., protesting against the use of the Hetch Hetchy Valley for a water supply for San Francisco, Cal.; to the Committee on the Public Lands.

By Mr. HAMILTON of New York: Petition of the Olean (N. Y.) Chamber of Commerce, favoring the passage of the bill for flood protection; to the Committee on Rivers and Harbors

By Mr. HILL: Petitions of the citizens of the twenty-fifth Illinois congressional district, favoring the passage of the Lindquist pure-fabric and leather bill; to the Committee on Interstate and Foreign Commerce.

By Mr. KIESS of Pennsylvania: Evidence in support of House bill 4916, for the relief of Sarah E. Hendricks; to the Com-

mittee on Invalid Pensions.

By Mr. KONOP: Petitions of Racine Junction Advancement Association; Benton Harbor Development Co.; Muskegon Chamber of Commerce; Retail Merchants' Association of Racine; Commercial Club, of Sturgeon Bay; Frank Hamschek, of Kewanee; Nick Kuffan, and others, of Wisconsin, protesting against the passage of the seamen's bill (S. 136); to the Committee on the Merchant Marine and Fisheries.

By Mr. LONERGAN: Petition of residents of the District of Columbia, favoring the passage of legislation for a reform in the civil service; to the Committee on Reform in the Civil Service.

Also, petition of the chamber of commerce, New Haven, Conn., favoring the passage of House bill 6282, the Harrison antinarcotic bill; to the Committee on Ways and Means.

Also, petition of the council of the city of Benton Harbor, Mich., and the Benton Harbor Development Co., protesting against passage of the La Follette seamen's bill; to the Committee on the Merchant Marine and Fisheries.

Also, petition of the Wethersfield Grange, of Wethersfield, Conn., protesting against free distribution of seeds by the Government; to the Committee on Agriculture.

By Mr. LEE of Pennsylvania: Petition of the Philadelphia Maritime Exchange, protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

By Mr. MANN: Petition of citizens of Shawneetown, Ill., favoring the passage of House bill 13853, of August, 1911, in behalf of Jacob Barger; to the Committee on Military Affairs.

By Mr. MOTT: Petition of Loyalty Council, No. 53, Daughters

of Liberty, of Constantia, N. Y., favoring the passage of legislation for the restriction of immigration; to the Committee on Immigration and Naturalization.

Also, petition of the Benton Harbor (Mich.) Council, protesting against the passage of Senate bill 136, to increase the equipment and size of crews on all boats; to the Committee on the Merchant Marine and Fisheries.

Also, petition of residents of Carthage, N. Y., favoring the passage of an antipolygamy amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. J. I. NOLAN: Petition of the San Francisco Labor

Council, of San Francisco, Cal., favoring the passage of the

Bartlett-Bacon bills (H. R. 1873 and S. 927); to the Committee

on the Judiciary

By Mr. RAKER: Petition of citizens of California, favoring the passage of the Lindquist bill, providing for the labeling and marking of fabrics, etc.; to the Committee on Interstate and Foreign Commerce

Also, petition of city council of Richmond, Cal., favoring the passage of legislation for improving the harbor at that place;

to the Committee on Rivers and Harbors.

Also, petition of San Francisco Labor Council, San Francisco, Cal., favoring the passage of House bill 1873, to exempt labor organizations from the operation of the antitrust act as the latter has been interpreted and enforced by the Federal courts; to the Committee on the Judiciary.

Also, petition of the secretary of the board of harbor commissioners of Los Angeles, Cal., favoring the passage of legislation to establish a lighthouse at Point Vincento, Cal.; to the Com-

mittee on Appropriations.

By Mr. SCULLY: Petition of the Twentieth Century Club, of Detroit, Mich., favoring the passage of Senate bill 2739, for the prevention of floods on the Mississippi; to the Committee on Rivers and Harbors.

Also, petition of the New Jersey Savings Bank Association, Orange, N. J., protesting against the elimination of section 27 of bill (H. R. 7837) relating to savings departments; to the Com-

mittee on Banking and Currency.

Also, petition of the New Jersey Bankers' Association, Jersey City, N. J., proposing certain changes in the proposed banking and currency bill; to the Committee on Banking and Currency.

Also, petition of the Rumson Borough Improvement Associa-

tion and other citizens of the third congressional district of New Jersey, protesting against the passage of Senate bill 136 in its present form; to the Committee on the Merchant Marine and Fisheries.

Also, petition of the Twentieth Century Club, of Detroit, Mich, protesting against granting the use of the waters of the Hetch Hetchy Valley to the city of San Francisco, Cal.; to the

Committee on the Public Lands.

By Mr. J. M. C. SMITH: Petition of Mrs. Orton H. Clark and 10 others of Kalamazoo, Mich., for the appointment of a committee on woman suffrage; to the Committee on Rules.

Also, petition of the Association of Passenger and Steamboat Lines, of Chicago; Muskegon Chamber of Commerce, of Muskegon; board of directors of the Mendelssohn Club, of Detroit; H. Barrett, of Kalamazoo; Detroit Hotel Association, of Detroit; Detroit Rotary Club, of Detroit, Mich., protesting against the passage of the seamen's bill (S. 136); to the Committee on the Merchant Marine and Fisheries.

By Mr. SMITH of New York: Memorial of 222 members of West Side Business Men's Association, protesting against the passage of the seamen's bill (S. 136); to the Committee on the

Merchant Marine and Fisheries.

By Mr. WATKINS: Petition of citizens of Webster Pass, La., protesting against the passage of House bill 9113, to reguthe shape of drug tablets; to the Committee on Interstate and Foreign Commerce.

By Mr. WILLIS: Petition of D. V. Disney and 100 other citizens of Delaware, Ohio, favoring legislation to extend control of the United States Government over nonnavigable waters; to the Committee on Interstate and Foreign Commerce.

# SENATE.

# Tuesday, December 16, 1913.

The Senate met at 10 o'clock a m.

Prayer by the Chaplain, Rev. Forrest J. Prettyman, D. D. The Journal of yesterday's proceedings was read and approved. CALLING OF THE ROLL.

Mr. BRISTOW. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators an-

swered to their names:

Ashurst Bankhead Brady Brandegee Bristow Bryan Burleigh Burton Chamberlain Chilton Clapp Coit Crawford Dillingham	Gallinger Gronna Hollis Hughes Jackson James Johnson Kenyon La Follette Lane Lewis Martin, Va,	Martine, N. J. Myers Nelson Norris O'Gorman Page Perkins Pittman Poindexter Pomerene Ransdell Reed Robinson Saulsbury	Shafroth Sheppard Sherman Simmons Smith, S. C. Sterling Sutherland Swanson Townsend Vardaman Walsh Weeks Williams Works
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Mr. KERN. I wish to state that the senior Senator from Georgia [Mr. Bacon] is detained from the Senate on account of illness. He is paired with the senior Senator from Minnesota [Mr. Nelson]. I will let this announcement stand for the day.

Mr. SHEPPARD. I wish to announce the necessary absence of my colleague [Mr. Culberson]. He is paired with the Senator from Delaware [Mr. Du Pont]. This announcement

may stand for the day.

Mr. SIMMONS. My colleague [Mr. Overman] is detained

from the Chamber on business of the Senate.

Mr. REED. I desire to state that my colleague [Mr. Stone] is necessarily absent from the Senate and will probably be unable to attend to-day's session. I make the announcement now, to stand for the day.

Mr. KERN. The Senator from Colorado [Mr. Thomas] is

detained from the Senate on account of illness. I will let this

announcement stand for the day.

Mr. RANSDELL. The Senator from Louisiana [Mr. Thornton] is unavoidably absent. I ask that this announcement may stand for the day.

Mr. TOWNSEND. I desire to announce that the senior Sena-

tor from Washington [Mr. Jones] is absent from the Senate on

important business.

Mr. WEEKS. I wish to announce that my colleague [Mr. Lodge] is absent on account of illness, and to have this an-

nouncement stand for the day.

The VICE PRESIDENT. Fifty-six Senators have answered to the roll call. There is a quorum present.

MEAT PRODUCTION IN THE UNITED STATES.

Mr. CLAPP. Mr. President, I am going to ask for the printing in the RECORD of the document I send to the desk. I am not much given to putting extraneous matter in the RECORD, but I believe it relates to a matter of vital importance and that it should be published and distributed to some extent. There are a great many people who will see it in the RECORD who would not see it otherwise. It is a statement of the Bureau of the Census, Department of Commerce, relating to slaughter of animals from 1899 to 1909, a period of 10 years.

We all know that the production of animals during that time has decreased to a vast extent against a great increase of population, but this table shows that the average slaughter kept pace with the increase of population, 21.7 per cent, but the slaughter of hogs reached only an increase of 10.7 per cent.

What I wish to put before the Senate, in the hope that it may go to the country as a warning, is the fact that while the slaughter of beef cattle increased 46.9 per cent the slaughter of calves increased 183.4 per cent. I think it is time the American people began to wake up to the problem of food consumption and production as affected by this overwhelming increase in the slaughter of calves. Already we are contemplating legislation on the subject. I do not touch upon that, for I do not know how far we could go in that direction; but it did seem to me that it might warrant a place in the RECORD, that, so far as the RECORD comes under the observation of the public, this over-whelming increase in the slaughter of calves might be brought

to the attention of the American people.

The VICE PRESIDENT. Is there objection to the request

of the Senator from Minnesota?

Mr. BURTON. I should like to ask by what bureau or person the table was prepared.

Mr. CLAPP. The Bureau of the Census, in the Department of Commerce.

Mr. BURTON. It is supplemental to their report contained in the last census report?

Mr. CLAPP. Certainly.

Mr. BURTON. And brings the figures down to date?

Mr. CLAPP. Yes.
Mr. BURTON. I recognize, Mr. President, the great importance of having statistics on this subject. The trouble has been the inaccuracy of many statements given out to the public. Four or five years ago certain figures were prepared which seemed to show that the number of cattle had kept pace with population and gave no indication which would justify an increase in price. The more recent figures, however, have more correctly described the situation.

I should like to know how long these figures were in prepara-

tion and to what extent we can rely on them.

Mr. CLAPP. I accept them as sent out by the bureau, to be released to the press on the 15th of this month, that period having elapsed.

While I am on my feet, in line with what the Senator has said I wish to state that the decrease in stock has simply been terrific in view of the increase of population. In the State of

Iowa last year, according to the best figures I have obtained, the number of milch cows decreased 56,000, and in the State of Missouri 22,000. The States of Minnesota, North Dakota, and South Dakota gained a little—Minnesota, 22,000; North Dakota, 18,000; South Dakota, 6,000—but the best figures obtainable today, so far as I can judge of the accuracy of the figures, shows a total decrease last year of cattle of a million and a quarter.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

#### MEAT PRODUCTION IN THE UNITED STATES.

DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS, WASHINGTON, D. C., December 15, 1913.

Washington, D. C., December 15, 1913.

The increase in the number of animals slaughtered for food in the United States and the production of dressed meat therefrom was almost identically the same as the increase in population during the decade 1809-1909, according to a statement issued by Director W. J. Harris, of the Bureau of the Census, Department of Commerce.

The supply or production of dressed meat per capita in this country as reported by the slaughtering establishments varied hardly a pound when comparing the figures for 1909 with those for 1899, but the cost of the animals on the hoof which were slaughtered increased 75.5 per cent and the value of the dressed meat 73.8 per cent during that period.

The average production per capita of dressed meat in the United States in 1909 was 105 pounds, as compared with 106 pounds in 1899, if the figures returned only by the slaughtering establishments for beef, veal, mutton, and pork are taken into consideration; but the production or supply was 107 pounds per capita for both 1909 and 1899, if the total production of all dressed meats is considered.

The figures for meat production as returned by the slaughtering establishments only are employed in order that comparisons may be made between the years 1909 and 1899. These figures include about 65 per cent, or two-thirds, of the grand total for animals slaughtered and for the total production of dressed meat.

ANIMALS SLAUGHTERED.

#### ANIMALS SLAUGHTERED.

The total number of animals slaughtered for food in the United States in 1909 and in 1899 reported by establishments engaged in that

industry was as follows:

Beeves.—8,114,900 for 1909, as compared with 5,525,800 in 1899, an increase of 46.9 per cent.

Calves.—2,504,700 in 1909 and 883,900 in 1899, an increase of 183.4

Calves.—2,504,700 in 1909 and 883,900 in 1899, an increase of 183.4 per cent.

Sheep and Jambs.—12,255,500 in 1909 and 9,110,200 in 1899, an increase of 34.5 per cent.

Hogs.—33,870,600 in 1909 and 30,595,500 in 1899, an increase of 10.7 per cent.

These figures of the total number of animals slaughtered in the United States for the years 1909 and 1899 include only those reported by the establishments engaged in the slaughtering and ment-packing industry. The total number of all animals killed, however, including those slaughtered on farms and in retail slaughterhouses, is given as 88.358.815, so that the number reported by the packing and slaughtering establishments is approximately 65 per cent, or two-thirds, of the total number slaughtered.

The average weight on the hoof of the beeves slaughtered was 1.019

total number slaughtered.

The average weight on the hoof of the beeves slaughtered was 1.019 pounds in 1909 and 1,069 pounds in 1899; of the calves the average weight was 168 pounds in 1909 and 141 pounds in 1899; of the sheep and lambs, 81 pounds in 1909 and 84 pounds in 1899; of the hogs, 202 pounds in 1909 and 218 pounds in 1899.

The total cost to the slaughtering establishments of these animals killed for food was \$1,20,287,784 in 1909 and \$685,310,099 in 1899, an increase of \$517,517,685, or 75.5 per cent. In the slaughtering industry the cost of the materials formed a larger proportion (91.3 per cent) of the total expenses than in most other industries, owing to the fact that the processes of manufacture are comparatively simple and inexpensive.

#### PRODUCTION OF DRESSED MEAT.

The total production of dressed meats in the United States reported by slaughtering establishments to the census was as follows:

Beef.—4,335,674,800 pounds in 1909 and 3,055,242,000 pounds in 1899, an increase of 41.9 per cent.

Veal.—252,997,100 pounds in 1909 and 84,548,100 pounds in 1899, an increase of 199.2 per cent.

Mutton.—495,458,000 pounds in 1909 and 400,812,000 pounds in 1899, an increase of 23.6 per cent.

Pork.—4,377,127,200 pounds in 1909 and 4,360,706,000 pounds in 1899, an increase of 0.2 he per cent.

The grand total weight of dressed meats, including "All other" fresh meats, in 1909 was 9,719,065,600 pounds and in 1899, 7,981,695,000 pounds, an increase of 21.7 per cent, or almost identically the same as the increase in the population of the United States for the same period. These figures show a decrease for the decade in the average dressed weight of the beeves, hogs, sheep, and lambs. The average dressed weight of the beeves, hogs, sheep, and lambs. The average dressed weight of the total value of this meat production was \$1,370,567,100 in 1909, as compared with \$788,367,600 in 1899, an increase of \$582,199,500, or 73.8 per cent.

## CENTRAL HIGH SCHOOL BUILDING (S. DOC. NO. 329).

The VICE PRESIDENT laid before the Senate a communication from the Commissioners of the District of Columbia, transmitting, in response to a resolution of the 3d ultimo, certain information relative to the expenditure of the available appropriation of \$1,200,000 in the erection of a central high school at Eleventh and Clifton Streets NW., in the city of Washington, etc., which was referred to the Committee on the District of Columbia and ordered to be printed.

# ADMINISTRATION OF THE LAND LAWS (S. DOC. NO. 331).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, in response to a resolution of the 6th instant, certain information relative to the cost and expenses of administering the land laws of the United States for the fiscal years 1908, 1909, 1910, 1911, and 1912, respectively, which was ordered to lie on the table and be printed.

#### MEAT INSPECTION (S. DOC. NO. 330).

The VICE PRESIDENT. The Chair lays before the Senate a communication from the Secretary of Agriculture, transmitting, in response to a resolution of the 8th instant, certain information relative to stamps, marks, or signs placed upon imported meats before they are offered for sale in the markets of the United States. The communication is accompanied by certain documents. The Chair is unable to state whether they should or should not be printed. They will be referred with the communication to the Committee on Agriculture and Forestry for the present without printing. The communication will be printed, but not the accompanying documents, until further order.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by J. C. South, its Chief Clerk, announced that the House had passed the bill (S. 2689) amending an act entitled "An act to increase the limit of cost of certain public buildings, to authorize the enlargement, extension, remodeling, or improvement of certain public buildings, to authorize the erection and completion of public buildings, to authorize the purchase of sites for public buildings, and for other purposes," approved March 4, 1913.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the

H. R. 4618. An act to increase the limit of cost for increased quarantine facilities at the port of Portland, Me.;

H. R. 7212. An act relating to the anchorage of vessels in navigable waters of the United States;

H. R. 7967. An act to amend the act approved June 25, 1910,

authorizing a postal savings system;
H. R. 6202. An act providing for the disposition of effects of deceased patients of the Public Health Service and of certain deceased officers and men connected with the Army; and

H. R. 8846. An act making appropriation for payment of certain claims in accordance with findings of the Court of Claims, reported under the provisions of the acts approved March 3, 1883, and March 3, 1887, and commonly known as the Bowman and the Tucker Acts, and under the provisions of section No. 151 of the act approved March 3, 1911, commonly known as the Judicial Code.

#### ENROLLED BILL SIGNED.

The message further announced that the Speaker of the House had signed the enrolled bill (H. R. 10081) to make the tenure of the office of the Major General Commandant of the Marine Corps for a term of four years, and it was thereupon signed by the Vice President.

# PETITIONS AND MEMORIALS.

Mr. FLETCHER. I present a resolution adopted by the Board of Trade of Tampa, Fla., which I ask may lie on the table and be printed in the RECORD.

There being no objection, the resolution was ordered to lie on the table and to be printed in the RECORD, as follows:

on the table and to be printed in the Record, as follows:
Whereas the so-called La Follette seamen's bill, S. 136, now before
Congress and about to be passed, has been thoroughly studied and
found in many of its aspects detrimental to shipping interests of
this port and the United States at large; and
Whereas if the shipowners are compelled to abide by the provisions of
this bill, freight rates must necessarily be advanced in order to be
able to meet the additional expenses; and
Whereas that the bill, which is being known to promote the welfare of
American seamen in the merchant marine of the United States and
safety of lives at sea, only applies to saliors and not to officers and
engineer department of steamers; and
Whereas we consider the officers and engineer department of steamers
are of a greater importance in the promotion of safety at sea: Therefore be it

Resolved, That this board take exceptions to the many provisions of

fore be it

Resolved, That this board take exceptions to the many provisions of
this bill and strongly protest against the enactment of same as it now
stands; and be it further

Resolved, That a copy of this resolution be sent to the honorable
Speaker of the House, to the chairman of Committee on the Merchant
Marine and Fisheries, and to each of our Representatives in Congress,
respectfully requesting them to use all their good efforts in defeating its
nassays.

Passage.
Passed by the Tampa Board of Trade at its general meeting this the 12th day of December, 1913.

F. C. Bowyer, President,

# L. P. DICKIE, Secretary.

Mr. FLETCHER. I present a memorial signed by sundry citizens, assembled as delegates, of Martel, Tampa, Lakeland, and other cities in the State of Florida, which I ask may be printed in the RECORD, omitting the names, and that it be referred to the Committee on the District of Columbia.

There being no objection, the memorial was referred to the Committee on the District of Columbia and ordered to be printed in the RECORD, omitting the signatures, as follows.

PETITION TO CONGRESS.

To the honorable the Senate and House of Representatives of the United States:

Believing—

(1) In the separation of church and state;

(2) That Congress is prohibited by the first amendment to the Constitution from enacting any law enforcing the observance of any religious institution, or looking toward a union of church and state or of religion and civil government;

(3) That any such legislation is opposed to the best interests of both church and state; and

(4) That the first step in this direction is a dangerous step and should be opposed by every lover of liberty;

We, the adult residents of the State of Florida, assembled as delegates, carnestly petition your honorable body not to pass the Sunday-observance bill (S. 752) entitled "A bill for the proper observance of Sunday as a day of rest in the District of Columbia" (introduced in the Senate by Mr. Johnston of Alabama Apr. 12, 1913. Now pending. For full text of bill see other side) or any other like religious measure. Full text of proposed Sunday-observance law now pending in United State Senate.

Mr. Johnston of Alabama introduced the following bill, which was read twice and referred to the Committee on the District of Columbia:

A bill (S. 752) for the proper observance of Sunday as a day of rest in the District of Columbia.

A bill (S. 752) for the proper observance of Sunday as a day of rest in the District of Columbia.

Be it enacted, etc., That from and after the passage of this act it shall be unlawful in the District of Columbia for any person to labor or to employ any person to labor or to pursue any trade or worldly business on the first day of the week, commonly called Sunday, except in works of necessity or charity, and except also newspaper publishers and their employees, and except also public-service corporations and their employees in the necessary supplying of service to the people of the District. In works of necessity or charity is included whatever is needed for the good order and health of the community. It shall be unlawful for any person, partnership, firm, corporation, or municipality, or any of their agents, directors, or officers, to require or permit any employees to work on the said day, excepting in household service, unless within the next succeeding 6 days during a period of 24 consecutive hours he or it shall neither require nor permit such employee to work in his or its employ.

Any person who shall violate the provisions of this act shall, on conviction thereof, be punished by a fine of not less than \$10 nor more than \$50 for the first offense, and for each subsequet offense by a fine of not less than \$25 nor more than \$100, and by imprisonment in the jail of the District of Columbia for a period of not less than one month nor more than three months, in the discretion of the court.

Sec. 2. That all prosecutions for violations of this act shall be in the police court of the District of Columbia and in the name of the District of Columbia.

This proposed Legislation is unconstitutional, un-american, un-american, un-american.

of Columbia.

THIS PROPOSED LEGISLATION IS UNCONSTITUTIONAL, UN-AMERICAN, UN-JUST, AND UNNECESSARY.

Jesus Christ: "Render to Cæsar the things that are Cæsar's, and to God the things that are God's. (Mark 12: 17.)

United States Constitution: "Congress shall make no law respecting an establishment of religion or prohibiting the free exercise thereof." (First amendment.)

U. S. Grant: "Keep the state and the church forever separate." (Speech at Des Moines, Iowa, 1875.)

United States Senate: "Our Government is a civil and not a religious institution." "The proper object of government is to protect all persons in the enjoyment of their religious as well as their civil rights, and not to determine for any whether they shall esteem one day above another or esteem all days allke holy." (Sunday Mail Report, 1829.)

Mr. FLETCHER. I present resolutions adopted at the fifth

Mr. FLETCHER. I present resolutions adopted at the fifth annual convention of the Federation of Jewish Farmers of America, held in New York City, November 16, 1913. I do not think it is necessary to have the resolutions read, but I should like to have them printed in the RECORD.

There being no objection, the resolutions were referred to the Committee on Agriculture and Forestry and ordered to be

printed in the RECORD, as follows:

Resolved, That we, the members of the Federation of Jewish Farmers of America, in convention assembled, most heartily extend our thanks to the President of the United States for his efforts in behalf of the country's agriculture and that we memorialize the Congress of the United States to give its earliest consideration to this most important

question;

Resolved, That a copy of these resolutions, together with the third annual report of the Jewish Farmers' Cooperative Credit Unions be forwarded to the President and members of his Cabinet, to all the Members of Congress, and to the governors of all the States in the Union; and be it further

Resolved, That the thanks of this convention be tendered to the Jewish Agricultural and Industrial Aid Society for its many educational activities for the benefit of the Jewish farmers in this country and for pointing to the solution of the pressing problem of rural credit.

Mr. PERKINS presented a petition of the council of the city of Richmond, Cal., praying for the enactment of legislation providing for the control of the flood waters of the Sacramento River, which was referred to the Committee on Commerce.

He also presented a petition of the Chamber of Commerce of Oakland, Cal., praying for the enactment of legislation authorizing the Treasury Department to employ within certain limitations such outside architects as may be required to permit the erection without unnecessary delay of buildings for which appropriations have been made, etc., which was referred to the Committee on Public Buildings and Grounds.

Mr. COLT presented petitions of sundry citizens of Providence, R. I., praying for the enactment of legislation granting relief to persons who served in the United States Military Telegraph Corps during the Civil War, which were referred to the

Committee on Pensions.

Mr. BURLEIGH presented resolutions adopted by Local Branch No. 143, National Association of Civil Service Employees, of Portland, Me., praying for the enactment of legislation providing for the retirement of superannuated employees of the civil service, which were referred to the Committee on Civil Service and Retrenchment.

Mr. PENROSE presented a petition of sundry citizens of Philadelphia, Pa., and a petition of Charles O. Kinney and 33 other citizens of Philadelphia, Pa., praying for the enactment of legislation granting relief to members of the United States Military Telegraph Corps who served in the Civil War, which were referred to the Committee on Pensions.

Mr. SMITH of Michigan presented a memorial of the Detroit Hotel Association of Michigan, remonstrating against the passage of the so-called La Follette seamen's bill, which was

ordered to lie on the table.

#### EDIZ HOOK LIGHTHOUSE RESERVATION, WASH.

Mr. MYERS. I am directed by the Committee on Public Lands, to which was referred the bill (S. 3454) authorizing the Secretary of Commerce to lease to the city of Port Angeles, Wash., certain property, to report it with an amendment, and I submit a report (No. 141) thereon. I call the attention of the Senator from Washington [Mr. Poindexter] to the fact that the report recommends an amendment suggested by the Department of Commerce.

Mr. POINDEXTER. I ask unanimous consent for the immediate consideration of the bill.

The VICE PRESIDENT. The Senator from Washington asks unanimous consent for the present consideration of the bill. The Secretary will read, for the information of the Senate, the substitute reported by the committee.

The Secretary read the amendment reported by the Committee on Public Lands, which was to strike out all after the enacting clause and to insert:

on Public Lands, which was to strike out all after the enacting clause and to insert:

That the Secretary of Commerce is hereby authorized, directed, and empowered to lease and demise to the city of Port Angeles, State of Washington, all of that tract of land reserved for lighthouse purposes by presidential order of February 10, 1908, and bounded on the southwest by suburban lots Nos. 135 and 147, as shown by the plats of Port Angeles town site, State of Washington, approved by the United States surveyor general of the State of Washington on November 4, 1863, and September 12, 1892, together with out lots Nos. 1, 2, 3, 4, 5, 6, and such portion of out lot No. 7 (all in township 31 north, range 6 west, Willamette meridian), of the Ediz Hook or False Dungeness Lighthouse Reservation, Wash., as may be required to give a frontage of 2 statute miles measured in a northerly and easterly direction along the westerly and northerly boundary of said reservation, beginning from a point on high-water mark opposite the northwesterly corner of lot 147 of the said Port Angeles town site; also, the tide lands on the Strait of Fuca and on Port Angeles Harbor abutting on those portions of the Ediz Hook Lighthouse Reservation heretofore described, for and during the full period of 99 years, for its use, except as hereinafter specified: Provided, That in said lease it shall be stipulated that the Government of the United States may at any time during the term thereof go upon said reservation and establish and maintain post lights or such other aids to navigation as it may deem proper at any points on the reservation affected by this lease, and shall have access thereto and a sufficient right of way thereon at all times: Provided further, That no excavations other than excavations for foundations for building purposes shall be made and no soil or other material forming the spit shall be removed from the lighthouse reservation, and that the buildings to be erected on the said premises shall not obstruct or interfere with any lights

house Reservation not covered by this lease may be laid out as may be directed by the Secretary of Commerce.

SEC. 3. That there shall be a stipulation in said lease that all charges levied or to be levied on said premises during such term shall be at the expense of the city of Port Angeles, and no claim shall arise against the United States because of this lease or the termination thereof.

SEC. 4. That the said lease shall further provide that the Secretary of Commerce may at any time during the said period of 99 years, at his discretion, terminate and cancel said lease in case said city of Port Angeles shall fall to construct and maintain in good condition the roadway herein provided for or neglect to pave same as hereinbefore provided for, or shall excavate on said lighthouse reservation for any purposes other than for building purposes, or shall take or remove therefrom soil or other material belonging to the lighthouse reservation, or shall in any way interfere with the right of the United States to establish and maintain post lights as specified above, or fail to observe other provisions stipulated in said lease on its part to be kept and performed. It shall also be stipulated in said lease that all improvements made upon said lighthouse reservation by the said city of Port Angeles, and all buildings and other structures erected thereon by said city of Port Angeles under the terms of said lease, shall, upon the termination of said lease, in natural term or by cancellation of the same, be and become the property of the Government of the United States unless said improvements and buildings and other structures erected thereon shall be removed within six months from the date of the expiration of the lease; and that in event said structures shall be removed by said lease, the premises shall be restored to the same condition as before their erection.

SEC. 5. That the Secretary of Commerce may include in said lease any other provisions or stipulations which in his judgment may be deemed necessary to protect t

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

There being no objection, the Senate, as in Committee of the

Whole, proceeded to consider the bill.

Mr. BRANDEGEE. Mr. President, I should like to have some kind of a statement in regard to this matter or to have

the report read, if it is not long. If the report is long, however, I should rather have a short verbal statement.

Mr. POINDEXTER. Mr. President, the report is not long. It consists of a letter from the Secretary of Commerce, in which he states that the department, which, I suppose, is guided by the states that the department, which, I suppose, is guided by the advice of the Lighthouse Board, for whose uses this reservation is made, has no objection to the bill.

I will state further that the existing law already authorizes the lease by the Government of unoccupied lands on reservations such as this for a period of five years, but it has been ascertained from experience that short terms of leases are not available for any practical use, so it was desired to obtain a lease in this instance for 99 years of land which is unoccupied and has always been unoccupied, and unless it is leased in some such way it will probably continue indefinitely to be unoccupied. That is the situation. It is a small town, lying between the waters of the Strait of San Juan de Fuca and the Olympic Mountains. The quantity of land is very limited, and it is desired for the establishment of manufacturing industries. The lease, as embodied in the substitute read by the Secretary, states in specific terms that the city shall build and maintain a macadam roadway from the public highway to the lighthouse, which is situated at one point on the reservation. I think those are the essential features of the proposition.

Mr. BRANDEGEE. What is the total area of the land

involved?

Mr. POINDEXTER. Something like 86 acres. Mr. BRANDEGEE. It is 2 miles long?

Mr. POINDEXTER. Yes; a long, narrow strip.
Mr. BRANDEGEE. I make no objection to the bill, but I

think a lease of 99 years is equivalent to a fee.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SAULSBURY

A bill (S. 3715) directing the Secretary of War to purchase or condemn the Chesapeake & Delaware Canal; to the Committee on Commerce.

By Mr. MARTINE of New Jersey:

A bill (S. 3716) granting an increase of pension to Newton C. Dealing (with accompanying papers); to the Committee on Pensions.

By Mr. COLT:

bill (S. 3717) granting a pension to Corella C. Bowers (with accompanying papers);

A bill (S. 3718) granting an increase of pension to Maria L.

Johnson (with accompanying papers); and

A bill (S. 3719) granting a pension to Lottie I. Brown (with accompanying papers); to the Committee on Pensions.

By Mr. WORKS:

A bill (S. 3720) securing and confirming to the adjoining landowners the titles acquired by adverse possession to certain lands within the grant heretofore made by the United States of parts of its public lands to the Central Pacific Railroad Co. of California for railroad right of way; to the Committee on Public Lands.

By Mr. STERLING:

A bill (S. 3721) granting a pension to Charles H. Haring; to the Committee on Pensions.

By Mr. CHAMBERLAIN:

A bill (S. 3722) to place the name of James Otis Ladd upon the unlimited retired list of the Army; to the Committee on Military Affairs

By Mr. PENROSE:

A bill (S. 3723) granting an increase of pension to Dallas Bumbaugh;

A bill (S. 3724) granting an increase of pension to Mary A.

A bill (S. 3725) granting a pension to Emma C. Young;

A bill (S. 3726) granting an increase of pension to Laura V. Tegethoff;

A bill (S. 3727) granting an increase of pension to Mary B. Keller:

A bill (S. 3728) granting a pension to James Mullin; A bill (S. 3729) granting a pension to Ernestine Waggoner; A bill (S. 3730) granting an increase of pension to Wesley A.

A bill (S. 3731) granting an increase of pension to Isaiah Coplin:

A bill (S. 3732) granting a pension to Harry Hines, alias Harry Hinton (with accompanying papers):

A bill (S. 3733) granting an increase of pension to Daniel J. Smeyres (with accompanying papers); and

A bill (S. 3734) granting an increase of pension to Thomas F. Wilson (with accompanying paper); to the Committee on Pen-

A bill (S. 3735) for the relief of Mary Cairney; to the Committee on Claims.

A bill (S. 3736) to provide for the acquisition of additional land adjoining the present post-office site at Hanover, Pa.; to the Committee on Public Buildings and Grounds.

A bill (S. 3737) to grant an honorable discharge to George W. Hopkins:

A bill (S. 3738) to correct the military record of Edward M. Warren; and

A bill (S. 3739) to correct the military record of Daniel C. Graeber; to the Committee on Military Affairs.

By Mr. SMITH of Michigan:

A bill (S. 3740) granting an increase of pension to John P.

Miller; and

A bill (S. 3741) granting an increase of pension to Sarah M. White (with accompanying papers); to the Committee on Pensions.

By Mr. O'GORMAN:

A bill (S. 3742) to authorize the Hudson River Connecting Railroad Corporation to construct a bridge across the Hudson River, in the State of New York (with accompanying paper); to the Committee on Commerce.

By Mr. JOHNSON: A bill (S. 3743) to remove the charge of desertion from the record of James L. Pierce; to the Committee on Military Affairs.

A bill (S. 3744) granting a pension to Charles W. Spencer; A bill (S. 3745) granting a pension to Fred Lajoie; A bill (S. 3746) granting an increase of pension to Joseph

A. Libby

A bill (S. 3747) granting an increase of pension to Mary L. Stone:

A bill (S. 3748) granting a pension to Melissa J. Chandler (with accompanying paper);

A bill (S. 3749) granting an increase of pension to Charles E. Sawtelle; and

A bill (S. 3750) granting a pension to Lovina J. Reeves (with accompanying papers); to the Committee on Pensions.

## AMENDMENT TO BANKING AND CURRENCY BILL.

Mr. BURTON submitted an amendment intended to be proposed by him to the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes; which was ordered to lie on the table and be printed.

#### FARM CREDITS.

Mr. CLAPP. Mr. President, I ask leave to lay before the Senate another document. I am a great believer in the maxim that God helps him who helps himself, although I recognize that the time has come when the American Congress ought to take up the question of a system of farm credits. But until that is done, and as an encouragement perhaps to others, I am going to ask to have printed in the RECORD the third annual report of the Jewish Farmers' Cooperative Credit Unions, showing the success of the effort of those people to establish credit unions among farmers upon their own responsibility. The figures given are not large. It has been running only a little while, but it does show the remarkable success which has attended the efforts of those who sought in the first instance to help themselves

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Third annual report of the Jewish Farmers' Cooperative Credit Unions, organized by the Jewish Agricultural and Industrial Aid Society.

The Jewish Farmers' Cooperative Credit Unions—the first and so far the only cooperative agricultural credit banks on American soil—were created by the Jewish Agricultural and Industrial Aid Society.

#### LAND CREDIT.

This society is an offshoot of the Baron de Hirsch Foundation, which came into existence in 1890. From its very inception the Baron de Hirsch fund, among its other activities, made loans to Jewish farmers. Ten years later the Jewish Agricultural and Industrial Ald Society was incorporated, specially to look after the agricultural end of the Baron de Hirsch fund work. All agricultural matters were then turned over to the newly organized society. It can therefore be said that the Jewish Agricultural and Industrial Aid Society, together with the loans made by its parent organization, has been engaged in the land credit business close to 24 years. The land credit system of that society is, accordingly, the oldest extant in the United States.

With the exception of the manner of raising its funds, the land credit system of the Jewish Agricultural Society is not unlike that of the Crédit Foncier and other corporate land credit institutions of the type prevailing on the European Continent. Loans are secured by real estate mortgage and are repayable by amortization in moderate annual installments. The interest rate is 4 per cent. Although the funds of the Agricultural Aid Society are limited to a stated annual income and its operations are confined to a special class, its work shows the possibilities of land credit and its adaptability to American conditions. In the 14 years the society has been in existence it has granted 2,800 loans aggregating about \$1,800,000. These loans were made to 2,500 Jewish farmers in 31 States and in Canada. The operations of that society thus embrace a much larger territory than those of all the land credit banks in Continental Europe taken together.

#### COOPERATIVE CREDIT.

The cooperative credit system of that society is a direct outgrowth of its land credit system. The need of short-time personal credit by the American farmer was long recognized by those at the head of the society. But with a clientele scattered over practically the entire country, direct extension of personal credit was not deemed practicable.

Accordingly as early as 1907 serious consideration was given to the question of relieving the situation by the adoption of one of the European cooperative systems. But progess was not very rapid. The wealth of literature which is now at everybody's command was wanting then, and it was necessary to go to original sources for information. Legislation on the subject, too, was nonexistent, and it was a question whether such associations could be legally organized. In 1909 the society was prepared to attack the problem definitely, and it was then and there decided to organize these credit unions as unincorporated or voluntary associations. Meanwhile the spirit of cooperation was growing among the Jewish farmers and the groundwork was being laid for these credit unions through the organization of many local Jewish farmers' associations and their federation into the Federation of Jewish Farmers of America.

PIONEER CREDIT UNIONS.

#### PIONEER CREDIT UNIONS.

The first credit union commenced business in May, 1911; 3 were organized that year, 5 in 1912, and 9 in 1913, making a total of 17 in operation. Eight of these are located in New York, five in New Jersey, and four in Connecticut. Each of them raised \$500 or more from the sale of shares to members, and the aid society loaned them each \$1,000 with which to begin operations. The form of organization of these credit unions is similar to that of the Raiffelsen bauks—after which most cooperative credit institutions the world over are patterned—in so far as that system could be adapted to American conditions and to the peculiar needs of the situation.

The following table contains a report of the operations and financial statement of these credit unions for September 30, 1913. As will be observed, they have an aggregate membership of 517 and a capital of \$9,165. They have been in operation for periods averaging a little over 13 months, during which time they loaned out \$73,624.66, about eight times their capital. Their net profits amount to \$1,317.93; that is, at the rate of 13½ per cent per annum on their capital.

Table showing the operations of the Jewish Farmers' Cooperative Credit Unions since their organization.

[Compiled by the Jewish Agricultural and Industrial Aid Society.]

Name.	Commenced business.	Num- ber of mem- bers.	Number of shares out- stand- ing.		Amount of loans granted.	Num- ber of loans repaid.	Amount of principal collected.	Amount of loans out- standing.	Interest collected.	Ex- penses.	Total assets.	Total liabilities.	Assets over lia- bilities.
Ellington, Conn Rensselaer, N. Y Briggs St., New York Lebanon, Conn Colchester, Conn Fallsburg, N. Y Hurley ville, N. Y Hightstown, N. J Parksville, N. Y Woodbine, N. J Carmel, N. J Flemington, N. J Perrineville, N. J Ellenville, N. J Ellenville, N. Y Maplewood, N. Y	March, 1912 do April, 1912 do do may, 1912 January, 1913 do february, 1913 do do March, 1913 April, 1913	23 29 46 24 26 44 32 32 24 28 36	108 112 84 117 117 101 113 119 100 120 100 144 100 97 100 102 99	108 92 109 86 86 63 78 129 34 31 42 60 67 27 43 21 28	\$6, 930. 00 7, 555. 00 6, 513. 00 6, 035. 00 5, 524. 90 4, 070. 00 5, 384. 00 8, 034. 82 2, 130. 00 2, 930. 00 3, 530. 00 4, 097. 94 1, 835. 00 2, 475. 00 1, 925. 00 1, 905. 00	877 722 86 677 644 388 611 1022 9 177 223 333 443 113 20 8 111	\$5, 630. 00 5, 905. 00 5, 905. 00 6, 017. 00 4, 553. 50 4, 021. 85 2, 535. 00 4, 204. 00 6, 326. 79 830. 00 1, 690. 00 2, 782. 97 1, 040. 00 1, 210. 00 1, 210. 00 715. 00	\$1,300.00 1,650.00 1,495.00 1,481.50 1,503.05 1,535.00 1,180.00 1,708.03 1,300.00 1,150.00 1,240.00 1,240.00 1,314.97 795.00 1,250.00 1,250.00 1,250.00	\$189. 64 231. 54 208. 32 160. 63 191. 13 140. 48 140. 10 152. 45 70. 00 53. 12 65. 35 62. 43 37. 70 49. 75 44. 43	\$138, 37 91, 20 105, 12 41, 30 57, 93 35, 88 59, 99 33, 93 15, 41 34, 59 10, 92 16, 38 23, 03 24, 47 6, 97 6, 97	\$1,601.77 1,709.98 1,544.35 1,704.35 1,705.78 1,613.40 1,687.57 1,723.42 1,538.04 1,542.20 1,773.22 1,544.51 1,498.23 1,525.28 1,525.28 1,536.21	\$1,540.00 1,560.00 1,420.00 1,585.00 1,585.67 1,566.00 1,565.96 1,500.00 1,560.00 1,500.00	\$61. 77 149. 98 124. 35 119. 33 171. 11 107. 40 121. 61 126. 42 38. 04 34. 91 42. 20 53. 22 44. 51 13. 23 25. 86 42. 78 41. 21
Total		517	1,833	1,103	73, 624. 66	754	50, 816. 11	22, 808. 55	1,900.35	726, 93	27, 487. 56	26, 169, 63	1,317.93

Mr. CLAPP. I also ask to have printed in the RECORD in connection with this subject resolutions adopted by the fifth annual convention of the Federation of Jewish Farmers of America, held in New York City, November 16 to 19, 1913.

There being no objection, the resolutions were ordered to be

printed in the RECORD, as follows: Resolutions adopted by the fifth annual convention of the Federation of Jewish Farmers of America, held in New York City, November 16 to 19, 1913.

to 19, 1913.

Whereas agriculture in the United States has long been handicapped because of the lack of adequate rural-credit facilities, both land credit and personal credit;

Whereas it has come to be generally recognized that the inauguration of proper systems of both kinds of rural-credit will be of inestimable benefit not only to the farmers, who are the producers of our foodstuffs, but also to the urban population—the consumers;

Whereas the land-credit system, which was inaugurated by the Baron de Hirsch Fund in 1890 and carried on by it until 1900 and since then by the Jewish Agricultural and Industrial Aid Society, its subsidiary, has proved to be an incalculable blessing to the Jewish farmers in this country and demonstrated the possibilities of land credit in the United States;

Whereas the system of cooperative credit introduced into the United States by the Jewish Agricultural and Industrial Aid Society and the 17 agricultural credit unions organized by that society have proved the usefulness and adaptability of this form of credit to American agriculture; and Whereas the President of the United States has in his first annual message directed the attention of Congress to the need of the early enactment of proper laws to deal adequately with the subject: Therefore be it

Resolved, That we, the members of the Federation of Jewish Farmers of America, in convention assembled, most heartily extend our thanks to the President of the United States for his efforts in behalf of the country's agriculture, and that we memorialize the Congress of the United States to give its earliest consideration to this most important

question.

Resolved, That a copy of these resolutions, together with the third annual report of the Jewish Farmers' Cooperative Credit Unions, be forwarded to the President and members of his Cabinet, to all the Members of Congress, and to the governors of all the States in the Union; and be it further

Resolved, That the thanks of this convention be tendered to the Jewish Agricultural and Industrial Aid Society for its many educational activities for the benefit of the Jewish farmers in this country and for pointing to the solution of the pressing problem of rural credit,

ADDRESS BY SENATOR SUTHERLAND (S. DOC. NO. 328).

Mr. GALLINGER. Mr. President, I ask unanimous consent that an address delivered by the Senator from Utah [Mr. SUTHERLAND] at the annual dinner of the Pennsylvania Society, New York, on the 13th of December, 1913, be printed as a Senate document

Mr. WILLIAMS. Mr. President, I inquire to what does the

address relate?

Mr. GALLINGER. It is an address delivered by the Senator from Utah [Mr. SUTHERLAND] at the annual dinner of the Pennsylvania Society, held three days ago in New York, en-titled "The Law and the People." I ask that it may be printed as a Senate document.

Mr. WILLIAMS. I have no objection.
Mr. OWEN. Mr. President, I shall make no objection to the printing of the speech of the Senator from Utah, although I have not seen it, and although I do not doubt that it is a criticism of the processes of popular government; but I wish to call attention to the consent which is being given, so that Senators who object to the doctrine of popular government may not object when speeches in favor of those proposals may be asked to be printed as Senate documents.

Mr. GALLINGER. I think, Mr. President, the Senator will recall the fact that we have always been very generous in printing the documents the Senator has presented.

Mr. OWEN. I think the Senator from New Hampshire has been, but other Senators sometimes have not been.

Mr. GALLINGER. I have never objected, I assure the Sena-

tor, and probably never shall.

Mr. FLETCHER. Mr. President, I wish to say this much for the committee. I make no objection to this request, because there is precedent for it, and I have no doubt it is a splendid address and well worthy of being distributed as a public document; but there is this to be said about this matter of printing: There is a Committee on Printing in the Senate, charged with certain duties and responsibilities, and I believe these matters ought to be referred to that committee. Before we get in the way of giving unanimous consent to every request for printing that is made, we ought to reflect and let the application go to the committee to be passed upon.

There is a rule, furthermore—and I do not know but that it has a higher sanction than that—a law that requires every application to print a document to be accompanied with an estimate of its cost; and that ought to be observed. I desire to give notice now that I am going to ask hereafter that these matters shall all go to the appropriate committee. I think that is the proper course. The committee has not heretofore delayed acting on such requests, but has promptly reported on matters

which have been referred to it.

Mr. GALLINGER. I think, Mr. President, if that were the rule, it would be a very good one. I think that in 22 years I have asked for but two documents to be printed, and this is the second one. I feel sure it ought not to be objected to. The cost, I apprehend, will be about \$10, perhaps; I should not think it would be more.

Mr. FLETCHER. I do not wish the Senator to understand that I am finding the slightest fault with him or his request.

am not going to object at all.

Mr. GALLINGER. I understand that. Mr. FLETCHER. I simply desire to make a place somewhere where we can give notice that if objection to such requests is made hereafter it will be in pursuance of our idea that these matters ought to go to the committee.

Mr. GALLINGER. I think the Senator is right in taking that

The VICE PRESIDENT. There is a proposed amendment to the rule, which will come up one of these days, in connection with which the whole matter can be discussed. Is there objection to the request of the Senator from New Hampshire [Mr. GALLINGER]? The Chair hears none, and the address will be printed as a public document.

ADDRESS BY W. D. BOYCE.

Mr. FLETCHER. I ask to have printed as a public document an extract from an address delivered by W. D. Boyce, of an extract from an address delivered by W. D. Boyce, of Chicago, at the Southern Commercial Congress meeting at Mobile, October 28, 1913, on the subject "How to make the Panama Canal pay." I ask that the document be referred to the Committee on Printing for action.

The VICE PRESIDENT. Without objection the request of the Senator from Florida is complied with.

HOUSE BILLS REFERRED.

H. R. 4618. An act to increase the limit of cost for increased quarantine facilities at the port of Portland, Me., was read twice by its title and referred to the Committee on Public Buildings and Grounds.

H. R. 6202. An act providing for the disposition of effects of deceased patients of the Public Health Service and of certain deceased officers and men connected with the Army was read twice by its title and referred to the Committee on Public Health and National Quarantine.

H. R. 7212. An act relating to the anchorage of vessels in navigable waters of the United States was read twice by its

title and referred to the Committee on Commerce.

H. R. 7967. An act to amend an act approved June 25, 1910, authorizing a postal savings system was read twice by its title and referred to the Committee on Post Offices and Post Roads.

H. R. 8846. An act making appropriation for payment of certain claims in accordance with findings of the Court of Claims, reported under the provisions of the acts approved March 3. 1883, and March 3, 1887, and commonly known as the Bowman and the Tucker Acts, and under the provisions of section 151 of the act approved March 3, 1911, commonly known as the Judicial Code, was read twice by its title and referred to the Committee on Claims.

#### BANKING AND CURRENCY.

Mr. OWEN. I move that the Senate proceed to the consideration of House bill 7837.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

The VICE PRESIDENT. The pending question is on the

amendment proposed by the Senator from Nebraska [Mr. Hitch-

Mr. BRISTOW obtained the floor.
Mr. WILLIAMS. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Mississippi?

Mr. BRISTOW. I do. Mr. WILLIAMS. I ask the Senator to yield long enough that may have read at the desk a telegram which I have received. The VICE PRESIDENT. In the absence of objection, the Secretary will read as requested.

The Secretary read as follows:

CANTON, MISS., December 14, 1913.

Senator John Sharp Williams, Washington, D. C.:

We earnestly request your support for bank control of regional banks in preference to Hitchcock's amendment for Government control. Do not think it just to require banks to subscribe for stock and have no control over investment; do not believe banks of State will join Federal reserve associations with absolute Government control.

FIRST NATIONAL BANK.

Mr. BRISTOW. Mr. President, the amendment relative to the matter referred to in the telegram just read has already been acted on. A few months ago, when the consideration of the currency bill was first begun by the Senate committee, we had a storm of protests from certain bankers against the Government control of this system, and certain Senators rose in the Senate and with great indignation denounced the bankers because they wanted to control a system which was being organized, in a sense, to regulate them; but it seems that the attitude of those Senators has entirely changed, and now they are in favor of the banks controlling the institutions which are to be created and have very drastic regulatory powers over such banks. I think the suggestion made by the Senator from Minnesota [Mr. Clapp] last night that the proposed trust legislation doubtless will provide for a trade commission and give the trusts a majority of the members of such commission was quite apropos. But that is a little aside from what I rose to discuss,

The amendment that is now under consideration relates to the earnings of these banks. The difference between the amendment suggested by the chairman of the committee and that suggested by the Senator from Nebraska [Mr. HITCHCOCK] consists in a difference in the dividends from earnings and a slight difference in the distribution of the profits. Our amendments provide for a 5 per cent dividend, while the amendment submitted by the Senator from Oklahoma provides for a 6 per cent dividend. We provide for a surplus fund of 20 per cent of the capital, while the amendment of the chairman provides for a surplus fund of 40 per cent of the capital. After such dividends have been paid and such surplus has been provided the remainder is divided into two parts by both amendments.

Under the Hitchcock bill, one part goes to take up the 2 per cent bonds of the United States Government. Under the Owen bill, it is declared a franchise tax for the purpose of reducing the bonded indebtedness. The other half of the profits, in both bills, goes to create a guaranty fund or an insurance fund for depositors of member banks.

The effectiveness of the Hitchcock amendment will appeal to anyone who will examine the bills as being a great deal better, so far as the insurance of depositors goes. First, under the plan submitted by the chairman, there are to be organized from 8 to 12 regional banks. If there should be 12 or 8 I do not believe they will all pay dividends, for, in my opinion, some of them will not be successful. The large regional banks, located in the populous centers of the country, will probably earn profits, pay dividends, and provide a surplus; but in the case of the banks located in the sparsely settled regions, where the capitalization will be small, the expenses will be approximately as large as in the others and the business very much less. Therefore I doubt very much-indeed, I do not believe, though it is a question of opinion, of course, and can not be demonstratedthat the smaller regional banks will ever pay the dividends. In case they do not pay dividends, of course the provision relating to the guaranty or insurance of deposits is useless. So, under that provision, in my opinion, you will have the depositors of the member banks of one region with some insurance while the depositors of member banks in another region will have none.

First, there has to be a 6 per cent dividend on the stock; second, there has to be an accumulation of a surplus of 40 per cent before any insurance fund can accumulate. For that reason I think the provision of the chairman will be a delusion and a snare so far as concerns the depositors in the member banks in half the country at least. Under our provision, with only four regional banks, it would be entirely different.

In discussing the question of depositors' insurance I regret to say that my controversy now is with the Senators on this side of the Chamber. While the division of the committee headed by the chairman refused to incorporate in their bill this provision, its justice and desirability and the demand throughout the country for such legislation were so manifest that the Democratic caucus did not care to resist its adoption, and therefore they have incorporated this measure in an ineffective form into their bill. While it is ineffective, I am glad they incorporated such a provision, because it recognizes the principle of depositors' insurance, and so far it is good.

A good deal has been said about the speech delivered by the senior Senator from New York [Mr. Root] on December 13. He will have to defend himself from the very vigorous and violent attacks that have been made by distinguished Senators who, it is alleged, have been profound students of this great, complicated, and intricate question for many years—a very interesting news item that has recently appeared in some of the journals. I leave it for him, however, to discuss these complicated and profound questions with abler statesmen than I. In a number of respects I do not agree with his position as outlined in the speech he made, but there is one feature of his very able and forcible address with which I do agree, and that is that the bill as framed by the Owen branch of the committee opens wide the opportunity for inflation of the currency.

That is as simple as any problem in primary mathematics can be. First, it preserves all of the currency we now have, including the national-bank notes, aggregating something near \$750,000,000. So there will be no contraction if the system works, if it is ever established, because the regional banks are required under the law to maintain the national-bank note circulation. In addition to that, provision is made for another kind of currency, the regional-bank notes, which are based upon assets with a gold reserve of 33½ per cent.

Every dollar of that currency that is issued is an addition to our circulation. Last night the chairman of the committee erected a great defense against inflation, composed of 10 or 15 or 20 impregnable breastworks of some kind. I think the first one of these insurmountable defenses against inflation was that you had to create in the minds of men a desire for more money, and it was said that the creation of such desire for money was the first defense. That is rather interesting to me, because I have not met many men who had all they wanted and who were not willing to acquire more if they could get it; but I shall not go into that subject. If large quantities of the regional notes should be issued, if there should be a demand for loans, if there should be active speculation anywhere, so that men thought they could borrow money easily and make money fast by doing it, there would be inflation, of course. Anybody who has any intelligence knows that. It does not need any argument.

I object, however, to one provision in the Senator's amendment, and that is where he places an arbitrary limitation on the amount of circulation we can have.

The Hitchcock bill provides that the national-bank notes shall be retired at the rate of not less than \$50,000,000 a year. In their place are to be issued the regional-bank notes, and they will go out as the demands of business require. The amount of

circulation under the Hitchcock provision depends upon the gold reserve, which is fixed at 45 per cent. That is a little larger reserve than we have behind our greenbacks at present. With the retiring of the national-bank notes the place they have filled in the financial and business affairs of the country is to be filled by the substitution for them of the regional notes; so that in time, as the years go by, one currency will take the place of the other.

I do not agree with the Senator from New York that there ought to be a fixed maximum limit in the law as to the amount of circulation we should have, any more than I believe there should be a fixed minimum limit as to the amount we should have. The gold reserve is the barometer which should regulate that matter; and we thought 45 per cent, judging from our experience in the past and from the conditions at present, would be a wise regulator. When the regional bank does not have 45 per cent reserve in gold, the tax is put on the reduced reserve, and that tax is transferred by our provision to the member banks that borrow the money from the regional bank. So as the reserve grows smaller the tax goes up, which serves to raise the interest rate and keep down speculation. In that manner the reserve requirement regulates the amount of currency without the arbitrary act of the law or of any executive board.

I believe that is very much more desirable. I may have something more to say upon that subject when we get to that question. I just wanted to make these remarks and then go to a brief discussion of the subject of deposits insurance.

There I must differ most radically with some of my colleagues; and I am taking the time of the Senate more than I would take it otherwise if it had not happened that it was upon my motion that this provision was incorporated in the bill. I am proud of the fact that I took the initiative in this legislation. If, ultimately, it is incorporated into the banking laws of the United States, I shall feel that I have rendered no greater service to the people of this Nation than to have had some small part in securing the incorporation of such a provision in the statutes of our country.

I will read from the speech of the Senator from New York [Mr. Root] on December 13. In speaking of depositors' insurance, he says:

The serious side of it is that this is giving the credit of the United States to every speculator, every promoter, every blackguard, who is able to scrape together \$25,000 and take out a national-bank charter. It makes no difference under such a provision whether the men who manage the bank have been known from their youth up in the community as men of honor and probity or whether they are the shifty driftwood of accident. Depositors may intrust their money to the speculator with the same confidence with which they intrust their money to the sound and conservative banker, because if the bank that has used its deposits in promoting all sorts of wildcat enterprises fails, the Government of the United States is going to take the money out of the pocket of the conservative banker and pay the debt. It is a premium on indifference to honesty and soundness in business. It is a premium on speculation and disregard of all rules of business soundness and morality. It is an invitation to every adventurer in the world to come into the national-bank system and get the indorsement of the United States upon all the moneys he comes to owe for his schemes.

I regret that the Senator from New York, with his great ability and wide learning, did not investigate the bank-insurance laws of the different States before he delivered such an utterance, because if he had he never would have made the statement. I am going to read some of the provisions from the Kansas bank depositors' guaranty law, and I invite the attention of the Senator from New York and of any Senator who has any doubts as to the wisdom of such a policy to what I shall read. I want the Senator from New York particularly to observe how utterly misleading such a statement is in the light of the experience of States where laws are now in actual operation providing for the insurance of bank deposits.

I will just read extracts, but they will give the gist of the entire law:

SECTION 1. Any incorporated State bank doing business in this State under the general banking laws of Kansas, having a paid-up and unimpaired surplus fund equal to 10 per cent of its capital, and any bank which may after the passage of this act be authorized to do business in this State, and which shall have been actively engaged in the business of banking for at least one year, and having such surplus fund, is hereby authorized and empowered to participate in the assessments and benefits and to be governed by the regulations of the bank depositors' guaranty fund of the State of Kansas hereinafter provided for.

No bank can become a member of this insurance association, for that is what it is, until it has a paid-up capital and surplus of 10 per cent and has been in operation for a year.

Again, section 2:

Before receiving such certificate from the bank commissioner-

Which is the certificate that it is a member of this association—I read again:

SEC, 2. Before receiving such certificate from the bank commissioner each bank entitled to the same according to section 1 of this act shall, as an evidence of good faith, deposit, and shall at all times maintain

with the State treasurer—subject to the order of the bank commissioner when countersigned by the auditor of State—United States bonds, Kansas State bonds, or the bonds of any county, township, school district, board of education, or city within the State of Kansas to the amount of \$500 for every \$100,000 or fraction thereof of its average deposits eligible to guaranty—less its capital and surplus—as shown by its last four published statements:

It has to put up bonds with the State treasurer in the amount of \$500 for each \$100,000 deposited as a security for the payment of the assessments that are hereinafter provided.

Again, section 3:

Again, section 3:

Sec. 3. The bank commissioner shall, during the month of January of each year, make assessments of one-twentieth of 1 per cent of the average guaranteed deposits, less capital and surplus, of each bank—the minimum assessment in any case to be \$20—until the cash fund accumulated and placed to the credit of the bank depositors' guaranty fund shall be approximately \$500,000 over and above the cash deposited in lieu of bonds, when he shall discontinue such assessments. Should such fund become depleted the bank commissioner shall make such additional assessments from time to time as may become necessary to maintain the same: Provided, That not more than five such assessments of one-twentieth of 1 per cent each shall be made in any one calendar year.

One-twentieth of 1 per cent per annum is the assessment made upon the banks within our State as the premium upon this insurance. This law has now been in operation something over four years. This one-twentieth of 1 per cent has resulted in the accumulation in the State treasury in this trust fund of more than \$100,000, and in addition to this there are the bonds of \$500 for each \$100,000 deposited that are in the banks of the association, the association now having almost 600 banks in it. So there is in the fund now \$100,000 in cash in addition to the bonds that have been put up as security for the addi-

tional assessments as they are required.

I may say that the loss of depositors in the banks of the United States during the last four years, as near as can be ascertained, amounts only to about one-fiftieth of 1 per cent of the entire amount of deposits. So one-twentieth of 1 per cent of the deposits is an ample assessment, and it would be only in most extraordinary circumstances that an additional assessment would ever have to be made. Within a comparatively short time the half million dollars will have been accumulated, and then the assessment will, of course, cease until that fund shall be depleted.

I continue reading the law. I want to call the attention of the Senator from New York especially to this language, and I should like the attention of all Senators who are interested in

Sec. 4. When any bank shall be found to be insolvent by the bank commissioner, he shall take charge of such bank, as provided by law, and proceed to wind up its affairs; and he shall at the earliest moment issue to each depositor a certificate upon proof of claim, bearing 6 per cent interest per annum, upon which dividends shall be entered when paid, except where a contract rate exists on the deposit, in which case the certificate shall bear interest at the contract rate.

That is, when a bank belonging to this association in our State fails the bank commissioner takes charge of it. He ascertains what is due to the depositors. He then issues a recertificate of indebtedness, which certificate bears 6 per cent interest, if the deposits are there without interest. If they are time deposits that draw interest, then the certificate bears the same rate as was provided in the contract with the bank,

Mr. GALLINGER. It is an association exclusively of State

Mr. BRISTOW. No. National banks can belong to it. The comptroller some years ago, however, held for some technical reason—I do not know what it was—the national banks could not join the association. So the national banks in our State, in order to protect themselves and put themselves on an equal footing with the State banks, have organized a mutual in-surance company of their own. There are only something over 200 national banks in the State, but the officers of many of the national banks are affiliated with State banks, and there are now about 350 banks in this insurance corporation, and the State association has a membership of approximately 600.

Mr. KENYON. I understood the Senator to say that the

membership is about 600.

Mr. BRISTOW. Approximately 600; the exact number I do

not know.

Mr. KENYON. How many State banks are outside of the association?

Mr. BRISTOW. There are several hundred that have not joined.

Mr. KENYON. Is it true or not that the State banks have increased largely in number since the enactment of the law?

Mr. BRISTOW. The State banks have increased in number,

but I do not know that we could say they have increased since the enactment of this law. The State banks have been increasing rapidly all over the West.

Mr. KENYON. Yes; that is undoubtedly true.
Mr. BRISTOW. They have increased very rapidly in our
tate. This law may have influenced the increase to some extent, but I think there is a general increase.

Mr. KENYON. I am very much interested in the Senator's argument. My mind is absolutely open on this proposition.

Mr. BRISTOW. I am glad to know that, because I think if the Senator's mind is open he will vote for this amendment, and if there are any Senators whose minds are not open I wish they would open them.

Mr. KENYON. The trouble in my mind has always been that in the guaranty of deposits in banks apparently character

is not one of the assets of the bank.

Mr. BRISTOW. I am going to reach that. That is an erroneous notion, as experience has demonstrated.

I do not like to interfere with my distinguished friend from Nevada [Mr. Newlands], but I want the Senator from New York [Mr. Root] to hear every word of this that I am about to read. Continuing further in section 4:

After the officer in charge

That is, referring to the insolvent banks-

That is, referring to the insolvent banks—

After the officer in charge of the bank shall have realized upon the assets of such bank and exhausted the double liability of its stockholders, and shall have paid all funds so collected in dividends to the creditors, he shall certify all balances due on guaranteed deposits (if any exist) to the bank commissioner, who shall then upon his approval of such certification, draw checks upon the State treasurer, to be countersigned by the auditor of State, payable out of the bank depositors' guaranty fund, in favor of each depositor for the balance due on such proof of claim as hereinafter provided.

Now, again, section 6, and this comes in line with the impression which the Senator from New York has, judging from his statement in the speech from which I have read.

All deposits not otherwise secured shall be guaranteed by this act.

That is, when a large depositor in a bank, as is the case occasionally, requires the bank to give some security, such deposits are not guaranteed. It is not usual, as the Senator from New York knows, for large depositors, when they go to a bank, to demand security from the bank for the safety of their deposits, but it occasionally occurs, and in this country, I am advised, in practically every State in the Union the assets of the bank are sometimes hypothecated to guarantee the deposit of a large

Mr. TOWNSEND. That is the State law in Kansas?
Mr. BRISTOW. Formerly the bank could give security. A
person may demand security from anybody for anything put in

Mr. TOWNSEND. Suppose the bank fails and the assets were, under the law, to be distributed among the creditors.

Mr. BRISTOW. Suppose some creditor has an assignment of some of the assets.

TOWNSEND. Would the law permit a preferred

Mr. BRISTOW. Really, I do not know. I am not a lawyer. know that security is sometimes given.

Mr. ROOT. Of course, a thousand things are going on in banking that I do not know about, but I never knew of such a

Mr. BRISTOW. I have known of it. So the law provides that any of these deposits that are insured, or security given in any way for them, do not come within this guaranty law. Now, I will read the language again:

SEC, 6. All deposits not otherwise secured shall be guaranteed by this act. The guaranty as provided for in this act shall not apply to a bank's obligation as indorser upon bills rediscounted, nor to bills payable, nor to money borrowed from its correspondents or others—

Which is right of course. If the banks gave security, that is a question other than the interest of the depositor who intrusted his money to the bank-

Each guaranteed bank shall certify under oath to the bank commissioner at the date of each called statement the amount of money it has on deposit not eligible to guaranty under the provisions of this act, and in assessing such bank this amount shall be deducted from the total deposits.

Further:

SEC. 7. Each guaranteed bank, and each State or private bank not guaranteed by this act, shall keep a correct record of the interest rate and terms of each deposit on which it has paid or agreed to pay interest, and shall make a statement thereof under oath to the bank commissioner quarterly. After the passage of this act any officer of any bank who shall pay interest on different terms or in excess of a rate (which rate shall be uniform within each county) that shall be approved by the bank commissioner from time to time, on any form of deposits, or pays any interest on any savings deposit withdrawn before July I or January I next following the date of the deposit, or on any time certificate cashed before maturity, shall be deemed to be reckless and may be removed from office as provided by law, and such bank shall not be permitted to participate in the benefits of this act.

Mr. KENYON Under that provision there are not a proposed.

Mr. KENYON. Under that provision there can be no competition for deposits.

Mr. BRISTOW. No; they have to pay the same uniform interest and that rate has to be approved by the bank commissioner of the State.

Mr. KENYON. There is a uniform rate for each particular

county or for the State?

Mr. BRISTOW. For each particular county. It was for-merly for the State. I have always questioned the wisdom of the legislature when it changed the provision. When the law was first enacted there was a uniform rate of interest, not to exceed 3 per cent, but in certain sections of our State, in the developing sections-the stock-raising sections-where money was less plentiful and there was a greater demand for it and the returns on money were greater, the banks felt that they should not be held to the same rate as prevailed in the populous part of the State. Eastern Kansas is densely populated. Western Kansas is not densely populated; it is a stock-raising country; and the western banks complained that they were being put to a disadvantage in competition with the national banks, because under the law they could not pay the same rate that national banks were paying in the same community. So the legislature made this change and provided that the rate shall be uniform in the county, that it shall apply to all banks within the county the same, and that it must be approved by the bank commissioner before it can be recognized as a lawful and proper rate.

Mr. ROOT. Mr. President, I am interested to know whether in that change of the law, so as to allow different rates in different counties, there was any element entering of the recognized difference in risks, whether the difference in interest in the different counties of the State proceeded upon a greater risk of investment in new counties than in the older and more settled counties, whether there was more chance of losing money in the western part of Kansas than in Leavenworth or Kansas

City?

Mr. BRISTOW. Of course, I could not answer that definitely. That may have had some consideration in connection with this change, but I do know in certain sections of the State the interest rates are higher for various reasons.

Mr. PERKINS. The legal rate of interest in the State is 6

per cent?

Mr. BRISTOW. Yes; 6 per cent is the legal rate in Kansas. Mr. BRADY. I should like to have the Senator tell us whether he thinks this same condition relating to difference in rates in the counties should apply to the different regional reserve districts.

Mr. BRISTOW. As far as the insurance of these deposits are concerned, when I drafted this measure as incorporated in the Hitchcock bill, which is substantially the same as is in the other bill, I felt that the Federal board should take these State laws-there are a number of States that have such provisionsand study them and then leave it to them to provide rules and regulations in regard to the distribution of this fund, believ-ing that after the system was in operation and we had some experience we then probably could legislate with more wisdom and effectiveness

Mr. TOWNSEND. In a case where the rate is fixed by who-

ever has had it in charge-

Mr. BRISTOW. The bank commissioner. Mr. TOWNSEND. The bank commissioner for a county. there any conflict between the rates paid in that county by the National banks and the State banks?

Mr. BRISTOW. Yes; the national banks can do what they please. They deal with the Federal Government and not with the State government. The State does not have any supervision over them at all.

Mr. TOWNSEND. Is it a fact that national banks raise the rate of interest above that provided in the State banking law?

Mr. BRISTOW. I do not know as to those details. I am not familiar with them. I know that the legislature changed the provision in the law which originally limited it to 3 per cent, and I believe I would have preferred it to stay at 3 per cent. I realize, however, that the competition between the National bank and the State bank might be such that the State bank would be put to great disadvantage if the National bank on one corner were paying 4 per cent on deposits and the State bank on the opposite corner were not permitted to do so.

Mr. TOWNSEND. I also think it would be necessary in that case that the bank commissioner should have the power to change this order frequently. For instance, if in one county it was discovered that the rate fixed was too low, the national

banks would obtain all of the savings deposits.

Mr. BRISTOW. That is the danger, I think, in leaving this discretion with the bank commissioner. I should have preferred that it should remain where it was, because I believe that even

in western Kansas-where at times the returns on money are great and at other times are not-it is well to be conservative in the banking business; but the judgment of the legislature, of the bank commissioner, and of the State administration, which was familiar with the operation of the law, was that this would be a better way to fix it; and so they changed it. I want to say to the Senator from New York [Mr. Root] that in this law we have hedged the matter about so that in the State of Kansas a character such as he describes could not go into the banking business. If they should do so, they could not get into the Guaranty State Insurance Association for the guaranty of the deposits.

Mr. NORRIS. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Nebraska?

Mr. BRISTOW. I yield to the Senator. Mr. NORRIS. From what the Senator from Kansas has said, I judge that men of the character referred to by the Senator from New York would go around in good places to start banks and pay enormous rates of interest; that the disreputable fellows whom he has mentioned who would be invited in, would, if they went to Kansas, all go into the national-bank business?

Mr. BRISTOW. They could not go into the State banking business and have their deposits insured.

Mr. TOWNSEND. Well, is there any provision in any one of these bills before the Senate which permits that kind of an examination or test before a man can be permitted to engage

in the banking business?

Mr. BRISTOW. I should say not before a man could engage in the banking business, but the Federal board has the authority to make such regulations before those banks could have their funds guaranteed; and I think the United States ought not to permit characters, such as have been described by the Senator from New York in his speech here, to go into the national banking business

Mr. ROOT. Well, Mr. President, is there anything in the bill which would authorize the Federal board to exclude any citizen of the United States from the right to go into the banking

business

Mr. BRISTOW. No. If he runs a bank as the Federal board and the Comptroller of the Currency think it ought to be run, if the bank is run in a legitimate and proper way, of course, they might not examine into the character of the man who is running the bank. There are bad men and good men who are running banks, but the Federal board and the comptroller have the authority to see that that bank is properly run, and if they do not do it they fail in their duty. My complaint against the Owen bill is that it does not put the responsibility of determining the character of the banks and the manner of conducting the banks so much on the Federal board as it ought to do.

Mr. GRONNA. Mr. President, if the Senator from Kansas will permit me, the Comptroller of the Currency under the present law has the right to investigate and inquire into the character of the men who apply for a charter to organize a national bank, and no man will be granted a charter for a national bank unless he is recommended by some one assuring the Comptroller of the Currency that he does enjoy a good reputation and that he is a man of good moral character. That is the present law.

Mr. BRISTOW. I thank the Senator from North Dakota for incorporating that into the Record. I am neither a banker nor a lawyer, and I am not familiar with all of the provisions in

the law in reference to this matter. Mr. BRADY. Mr. President-

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Idaho?

Mr. BRISTOW. I do. Mr. BRADY. I wish to inquire if the provision which the Senator from Kansas now states applies to the national banks will apply to the State banks that are permitted to come into this reserve association?

Mr. BRISTOW. Oh, yes. Mr. BRADY. I am very much interested in the remarks of the Senator, and I have simply asked him the question for information.

Mr. BRISTOW. Oh, yes; that provision would apply.

Another thing. I have been reading a few of the provisions of this law. The law has been over four years in operation; it is not any vision or dream; it is an actual fact; it has been tested, and I am going to tell you something about what it has

done. It provides:

Sec. 14. It shall be unlawful for any bank guaranteed under the provisions of this act to receive deposits continuously for six months in excess of ten times its paid-up capital and surplus, and the violation of

this section by any bank shall cancel its rights to participate in the benefits of the bank depositors' guaranty fund and work a forfeiture of its bonds deposited with the State treasurer for the benefit of such

There is a provision which we have incorporated into our State law so far as the banks that are guaranteed are concerned. The Senator from Nebraska [Mr. HITCHCOCK], upon several occasions since this debate began, has called attention to the fact that in our section of country the deposits in banks have grown so much more rapidly than has the capitalization of the banks that the liabilities are far in excess of the ability of the bank to meet them as compared to conditions that prevailed years ago. We in Kansas recognize that, and so a bank can not have more than 10 times its capitalization and surplus in deposits and remain a member of this association.

Mr. BRADY. Mr. President-

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Idaho?

Mr. BRISTOW. I yield to the Senator from Idaho. Mr. BRADY. I should be glad to have the Senator from Kansas tell me what action is taken by the banks in Kansas after they have received 10 times as much in deposits as their capital and surplus? Is there any method provided by which they can take care of the excess?

Mr. BRISTOW. I will read the provision again, so that the

Senator may understand it.

It shall be unlawful for any bank guaranteed under the provisions of this act to receive deposits continuously for six months—

If for a month or two months its deposits have run up so that they are more than 10 times the capital, it is not penalized, but if the bank has such excessive deposits for six months, it has got to increase its surplus and its capital stock. I know of a bank in my own town whose deposits when this law went into effect were 10 times its capitalization, and within six months it doubled its capitalization.

Now, Senators, men may criticize the insurance of bank de-posits if they will, but I invite your attention to this law framed by the lawmakers of the State of Kansas, and if it does not appeal to the judgment of every Senator here I will

be greatly disappointed.

Mr. TOWNSEND. Mr. President— Mr. BRISTOW. I will yield to the Senator in just a moment. It is not a radical, unsafe, and insane measure; it is conservative, and added to its conservatism there enters into it that fundamental element of justice which I will discuss a

Mr. TOWNSEND. Mr. President, it seems to me that the real test of this law would be not the wording of it alone, but how it has worked. I understand the Senator to say that it has been in operation four years.

Yes; I am going to tell the Senator some Mr. BRISTOW.

experiences under it.

Mr. KENYON. Mr. President, before the Senator leaves the discussion of the Kansas law, I desire to inquire of him what is the practical method under which a bank can start in Kansas? I remember that, as the Senator has read it, the Kansas law provides that at the end of the year a bank must have a surplus of 10 per cent of its capital stock.

Mr. BRISTOW. Yes.
Mr. KENYON. In other words, John Smith and Henry Jones start a bank with a capital of \$25,000. They could not enter this association until they had a surplus of \$2,500.

Mr. BRISTOW. No; not until they had a surplus of 10 per

Mr. KENYON. And they must accumulate that surplus in one year's business?

Mr. BRISTOW. They have to be in operation for one year

before they are eligible for membership.

What is the practical working of the law? How does that bank get any business? How does it earn this surplus in competition with other banks in the guaranty association? How can that bank make money unless it can become a member of the association?

Mr. BRISTOW. The banking business is like any other busi-You may ask how can a merchant go into a town where there are half a dozen stores and start in business.

Mr. KENYON. Does this new bank get any deposits during

the first year?

Mr. BRISTOW. Oh, yes. As I have said, the banking business is much like any other business. In my town there were four successful banks. Two of the banks merged, leaving three. It is a town of something over 10,000 people, and some gentlemen thought it was a good opportunity to start another bank, and they started it. They had the money; they put up the capital and paid in a surplus; they started out with friends who had confidence in them, who had known them, and who de-

posited their funds with them. The deposits of the bank were not great the first year—deposits are not expected to be great the first year after a bank is started—but they ran the bank in a conservative way, and at the end of the year they were eligible to enter the association.

Mr. KENYON. I am curious to know how a surplus could be earned by a bank in competition with other banks whose

deposits were already guaranteed.

Mr. BRISTOW. I do not think the bank more than paid its expenses during that year, but it had deposits.

Mr. ROOT. Mr. President, the time required to elapse before the bank can enter the association, and the surplus which it is required to have, seem to be rather in the direction of guaranties of the proper and sound management of the bank.

Mr. VARDAMAN. Mr. President, we can not hear anything

that is being said on the other side of the Chamber, and we

are very much interested in the colloquy.

Mr. ROOT. I was observing to the Senator from Kansas that the time which, under the Kansas law, was required to elapse before a bank could enter this insurance system, and the surplus which the bank was required to have, seemed to be in the nature of guaranties of the sound and proper conduct of the banking business. That is my notion of it.

Mr. BRISTOW. I think so. I think it is a wise provision.

Mr. ROOT. I quite agree with the Senator from Kansas that

it is a wise provision.

Mr. BRISTOW. I have only read a part of the regulations. I do not want to read the entire law, but it is a public document here, and I invite every Senator to get it and study it if he is interested in the subject.

Mr. ROOT. I think it would be more efficient if the Senator

would call attention to it.

Mr. BRISTOW. I have called attention to the salient points; but every section of the law surrounds the banks with restric-

tions to enforce honest and efficient banking.

I have been asked as to how that law worked. I became an ardent believer in the insurance of bank deposits from the experience I have had-not personal experience, for I never lost dollar in a bank in my life-but I remember, something over 20 years ago, I employed a boy in my printing office. He started in to work for me at \$10 a week. He was a good boy; he worked well; and in the course of a few years his wages were advanced to \$15. They had been advanced from time to time.

The town was small, and the business did not justify the payment of as high wages as were paid in larger cities; and, being ambitious, he concluded to go to a larger town. So, with deep regret on his part, I am glad to say, as well as on my own, he left my employ and went to a larger town and became connected with a much larger office. He was economical; he saved his money. In the meantime he had married a girl in our town, one of our high-school girls, one of the jewels that grow out on those plains of ours. When he went to this larger town he took with him what little money he had saved from his meager wages during the hard and pinching times of more than 20 years ago. In the town to which he went there was the First National Bank, the strongest bank in town, with a fine building, granite pillars, marble counters, tile floors, and a large business. Everybody had confidence in it. He put his little money into that bank. His wages grew where he was employed from year to year until he was earning, I presume, \$25 a week. In the course of time he had saved as much as \$1,600 and had contracted for a little home in which to put his family; but, to his amazement, one morning when he went downtown he saw posted on the doors of this bank "Closed by the Comptroller of the Currency." Locked up in those vaults were his savings of 15 years of hard and industrious labor-\$1,600 that represented as much sacrifice to him as Carnegie's millions

represent to him. You can imagine the feelings of that boy.

The president of this bank was one of the leading citizens of the community, a man in whom everybody had confidence. The bank was patronized by the richest man in the town; he had large business, and his possessions were thought to be in the millions, but his investments had turned out against him, mis-fortune came, and he failed, and when he failed he took that bank down with him, and not only that bank but other banks. So great was the failure that it almost closed the doors of one

of the large banks in Kansas City.

Now, you say that the guaranty of bank deposits opens an opportunity for the reckless man to go in the banking business. This was not a reckless bank; this bank had been deceived; it had placed its confidence in this man, who had the confidence of nine-tenths of the business men of that community, but that man failed, and his bank was closed.

This boy exercised all the discretion and judgment any man could have exercised. If I had been going to that community,

I probably would have done the same thing. Months went by, years went by, and he finally got a part—something over 75 per cent, I believe—of his \$1,600. The rest of it he lost.

I call attention to another instance. There is a town 22 miles from the town in which I live. I think it was a national bank of that town which failed. I refer to the town of Abilene. It was some years ago, but the Senator from Idaho [Mr. Brady] will realize the terrible desolation that the failure of that bank caused the city of Abilene, Dickinson County, Why, the failure of that bank was a greater calamity than if a fire had swept every business house in the town, because the business houses were insured, but the money which the depositors had intrusted to these people was not insured and they lost it, and it brought a financial depression on that community that lasted for years. That was a national bank which had the confidence of the people of the community until the crash came.

Years went by; more than 20 years passed and another bank failed in the same town. This time it was a State bank that was a member of the Kansas Bank Guaranty Association. failure was caused by the dishonesty of a cashier who had been falsifying his books to cover up his peculations. When he realized that the discovery of his dishonesty was at hand he looted the bank and fled to New York to spend his ill-gotten gains.

Within 12 hours a representative of the Kansas bank commissioner's office appeared in Abilene, and within 2 days he had a list of all the depositors in the bank. He issued to them cer-tificates for their deposits, drawing 6 per cent interest, and those certificates sold at par. They were eagerly sought for if anyone wanted to sell them. Those who preferred to keep their certificates for the purpose of obtaining the interest kept them. There was no disturbance. It did not disturb any other bank in the community. It was simply a normal business operation, and not a man lost a cent or went without his money longer than 48 hours.

The bank commissioner took charge of the assets of the bank. He wound it up. It took two years to realize on all of its assets, and in the end he collected all but \$22,000 of the bank's indebtedness. The interest that had run on the certificates amounted to something over \$6,000. At the end the bank commissioner notified all the holders of these certificates to present them, and they were paid from the depositors' guaranty fund. With between 500 and 600 banks in this association, which has been in operation more than four years, this is the only failure.

Ah, Senators, there never has been incorporated into the laws of any State a wiser, a more humane, or a more desirable piece of legislation than the guaranty law in the statutes of the State

of Kansas.

Suppose this printer boy to whom I have referred had had his deposits in the First National Bank of Topeka insured; how much better would he have felt toward the Government that stood sponsor for this national bank if the same provisions had been incorporated into the national laws that are incorporated in the laws of our State?

I wish the Senators who propose to speak against this provision in the bill, instead of declaiming against the men who are unfit to enter the banking business and saying that they may do so and therefore this may shield fraud, would set their minds to work for plans for developing a system that will exclude the fraud and retain the good.

Mr. SUTHERLAND. Mr. President, I did not hear the terms of the Kansas law either read or stated by the Senator. should like to ask him whether or not the law is compulsory in

Mr. BRISTOW. It is not.

Mr. SUTHERLAND. Or whether it provides for a voluntary

Mr. BRISTOW. A voluntary association.

Mr. SUTHERLAND. And means are provided under the law by which the standing and responsibility of the members of the association may be investigated?

Mr. BRISTOW. A very critical examination is provided and

very strict requirements are made.

Again, a national bank failed last week at Yates Center, Kans. It is the only national bank in the town. There are three other banks there, State banks, and they are all members of the Depositors' Guarantee Association. It was the national bank that failed, not one of the State banks. If there were reckless banking as a result of this guaranty law, you would have expected the State banks to fail, not the national bank. The failure of that bank did not disturb the depositors of the other banks in the community. They know they will get their money without any trouble if their banks should fail.

Now, let me say something as to the matter of encouraging reckless banking. That is the only argument that ever has

been made against bank depositors' insurance. In the State of Kansas there is this association of between five and six hundred State banks. They do not want this fund depleted, because if it should be depleted too rapidly their assessments would be increased. It is their duty as members of the association, if they discover any improper banking practices by any member of the association, to notify the State bank commissioner. result has been, instead of reckless banking, a toning up of the banking business in the State of Kansas.

Mr. TOWNSEND. Mr. President, do the banks which are members of this association have any method or practice of

examining the other banks?

Mr. BRISTOW. No; simply their observation. My experience has been that as a rule, unless there is some dishonesty inside a bank, such as stealing or falsification of books, which is likely to occur anywhere under any method of regulation, knowledge as to unwise, unprofessional, or unsafe banking practices on the part of a bank in dealing with the general public will be obtained by the other banks quicker than anybody else, for they have the opportunity of seeing just what it is

It is true that in the banking business there is fierce competition. I think that is true generally. I know it is true throughout our part of the country. A membership in the association of the State banks of Kansas for the insurance of depositors is a certificate that the bank obtaining the membership is a good bank and is doing a legitimate and honest banking busines

Of course mistakes will be made occasionally. Men will fail and banks sometimes fail without fault of their own, because any man is likely to be misled at times in regard to the financial

responsibility of his associates.

I have spent some time in presenting this matter, and I have done it in a plain and simple way. It is one of the things that are coming. There is not any legitimate business on earth that is more creditable than insurance. The arguments that are made against taxing one bank in order to pay the losses of

another can be made against any kind of insurance. We keep up here in this city a fire department at great public expense. The real estate that does not have a house on it is taxed to maintain the fire department for the public advantage. Take the Southern Office Building, a magnificent fire-proof structure. In the same block are several shacks. The Southern Building is taxed probably 50 times as much as these shacks are to maintain the fire department of the city of Washington. The shacks are a hundred times more likely to burn than the Southern Building.

Mr. WEEKS rose.

Mr. BRISTOW. I yield to the Senator from Massachusetts. Mr. WEEKS. I do not intend to interrupt the Senator, but I am led to inquire at this point if he does not recognize the fact that the rate charged per thousand for the insurance on the Southern Building is probably one-fifth what it is on the adjoining shack?

Mr. BRISTOW. That depends upon what kind of insurance the Senator refers to. If it is the insurance provided by the fire department, the rate is no different; it is the same. If it is the insurance that is provided by the insurance companies, the rate is different. I was referring to the insurance which the

public provides by maintaining a fire department.

In my own city there is, for a town of that size, a magnificent wholesale establishment, selling groceries, hardware, and so forth. It does a very large business for the western country in a city of that size. It has a very fine building that is fireproof. Probably there is not a building in the State of New York that is constructed with any more provisions than this for safety against fire. Within the same block are cheap frame buildings that have been there for some years. Those buildings, of course, are a menace to the town. We keep a fire depart-We have an automobile fire apparatus there. think they have attained that perfection yet in Washington. We have good fire protection. This mercantile company pays one hundred times the tax that the wooden buildings pay to maintain the fire department, though it would be almost impossible to burn its establishment. Why? Because it is in the interest of the general community. If a conflagration gets started, it is likely to burn up a large section of the town.

The conflagration which comes from the burning of a block is mighty little different from the conflagration that comes from a scare in regard to the safety of the money of the community in the banks. We all saw the run down here on the United States Trust Co. Why did a lot of other bankers put up their money to secure this valuable property and turn it over to a competitor? Did they want to help that competitor? Did they want to give him a valuable piece of property to go out and use in competition with them? No. It would have been to their personal interest to have had that institution closed up. because it would have made more business for them. They were afraid the conflagration might spread, however; they were afraid their depositors might get uneasy, and in that state of alarm, to protect themselves, they submitted to requirements which otherwise they would have spurned.

Senators, there never has been incorporated into the laws of the United States a provision that is more just, more desirable, or sounder than a provision for the guaranteeing or insurance of the depositors in the member banks or in the national banks

of the United States.

Mr. BURTON. Mr. President, I should like to ask one ques-Possibly the Senator from Kansas has treated the mattor while I was not here. What is the relation of the Bankers' Deposit Guarantee Insurance Co. to this system? It is a private incorporated company, is it?

Mr. BRISTOW. The Senator means in Kansas? Mr. BURTON. Yes.

Mr. BRISTOW. It is a separate corporation that was organized by the national banks. The national banks are the stockholders. They manage it, and they insure the State banks if they want to be insured, the same as any insurance company would insure any kind of property.

Mr. BURTON. Is it a corporation? Mr. BRISTOW. It is a corporation. Mr. BURTON. Of large resources?

Mr. BRISTOW. It is a mutual corporation, which embraces only the banks in the State of Kansas. It does not go outside of the State. I have put its charter in the RECORD and made it public document. It is a creditable institution, and it is run the same as an insurance company would be run under private

Mr. BURTON. That is, State or National banks may, for a compensation, obtain from this company the promise of indem-

nity against loss?

Mr. BRISTOW. Yes.

Mr. BURTON. The national banks are not under the State

Mr. BRISTOW. The Comptroller of the Currency, I think through prejudice, and without warrant, ruled that they could not spend any of their funds in purchasing this security for

Mr. BURTON. The national banks have been excluded from becoming members of or subscribing and paying compensation to this bankers' insurance fund established under State law?

Mr. BRISTOW. Yes; then they organized one of their own, and the comptroller permitted them to do that. That is the sort of thing the layman can not understand. They can organize a private corporation, and then a national bank can pay a premium for insurance from this private corporation; but the comptroller would not permit them to pay a premium for insurance from the State association that was under the supervision of the State bank commissioner. I think—I am simply giving you my opinion—that it was prejudice in the comptroller's mind against insurance of bank deposits that led him to make what think was an unwarranted decision.

Mr. BURTON. Is the company of which the national banks

are members a mutual company?

Mr. BRISTOW. A mutual company; yes.
Mr. BURTON. What share of the national banks belong to it?
Mr. BRISTOW. I think most of them are in it. There are 340 banks that participate in this private insurance company, and that is more banks than we have national banks in Kansas. A good many State banks have joined it where they were banks in which officers of the national banks were interested.

Mr. BURTON. From the very language of the provision the State banks would rely on this statutory provision in the State and enter that system?

Mr. BRISTOW. Yes. Mr. BURTON. While the national banks would be members of this guaranty association?

Yes. Mr. BRISTOW.

Mr. SUTHERLAND. Mr. President-

Mr. BURTON. Excuse me just a moment. I have one question further: Is there any special system for the examination of these national banks for membership in this association?

Mr. BRISTOW. Yes; the by-laws of this corporation make certain requirements of membership. They investigate it and then the board of directors vote them in or vote them out.

Mr. BURTON. The board of directors are mostly officers of

the national-bank association?

Mr. BRISTOW. I think they are all. Mr. BURTON. And they exercise a wide discretion in accepting or rejecting members?

Mr. BRISTOW. Yes.

Mr. BURTON. Do they have any staff of officers engaged in the business of examination, like a clearing-house association?

Mr. BRISTOW. I think not. I am not clear as to that. have not examined as to private corporations as carefully as I have the State associations, because I was not so much inter-Now I yield to the Senator from Utah.

Mr. SUTHERLAND. The question which the Senator from Ohio asked was one I had in mind to ask, but I want to ask another question of the Senator. Do I understand that the rate paid by these banks for insurance is uniform?

Mr. BRISTOW. Yes; it is in the State association.

Mr. SUTHERLAND. The Senator from Kansas, I think, will recognize that banks, like all other business institutions and like all individuals, differ in their financial strength and responsibility. One bank in a city will be a very old, established institution with immense resources, that everybody regards as perfectly sound and safe, and another will be a new institution, untried, with resources comparatively small as compared with the bank I first spoke of.

The Senator spoke about fire insurance—that is, the sort of fire insurance that is involved in the keeping up of a fire department. That, however, is not an insurance against loss. It is simply precautionary insurance, like keeping up a police depart-When a man takes out insurance against loss on a building, the character of the building, the surroundings, and everything of that sort are carefully investigated, and the insurance rate is based upon the character of the individual risk. The same is true of life insurance. One man can obtain a life insurance policy at a much less rate than another. It all depends upon the character of the individual risk.

Now, does the Senator think that it is a good system and a fair system to permit three or four hundred banks of varying degrees of responsibility to insure at exactly the same rate?

Mr. BRISTOW. We do not do that. They have got to be

first class or they can not get in.

Mr. SUTHERLAND. They could be called first class and yet not all be so. There is a difference, because the Senator has already shown that one of them failed, which indicates that it was not substantial.

Mr. BRISTOW. Yes; and that was one of the oldest banks in the community. No bank in the State of Kansas ever stood

any higher, and yet it failed.

Mr. SUTHERLAND. Still it was not a stable institution, for it failed.

Mr. BRISTOW. The investments of some of its borrowers happened to be bad and it went down. I say you can fix certain standards, but you can not tell with any degree of certainty whether a bank will last for 10 years, 20 years, or 50 years any more than you can tell whether a man will live 10 years or 20 years or 50 years. Insurance companies will accept the risk, provided the man passes the examination, and they fix the rate according to his age, not according to his complexion, color, or anything like that. If all men 35 years old pass the same examination so that they can be admitted, they have the same rate.

Mr. SUTHERLAND. Still-

Mr. BRISTOW. Now, if the bank measures up to the requirement of the Kansas law, it can get in and it pays the same rate. It is exactly in harmony with life insurance. That bank may fall, just as a man may be in the best of health to-day and he may be dead within a year. A man may narrowly get He may not be a robust man, and he may live much longer, as the Senator knows, than a man in robust health.

Mr. SUTHERLAND. Those are exceptional cases. Mr. BRISTOW. No; they are not exceptional. Mr. SUTHERLAND. Oh, yes.

Mr. BRISTOW. Of course, it is not the rule, because there is

a certain degree of expectancy.

Mr. SUTHERLAND. All insurance is based on the law of averages and not upon exceptions. The Senator knows that it is possible to insure a deposit, even under existing conditions. Lloyds will issue a policy. If a man went to an insurance association of that kind to insure, the amount which would be charged to him as a premium would depend, would it not, on the character of the bank?

Mr. BRISTOW. On the character of the risk. I suppose

they would insure anybody.

Mr. SUTHERLAND. And the rate would vary?

Mr. BRISTOW. Yes. Mr. SUTHERLAND. The Senator's proposition is to have all banks pass the same examination? Mr. BRISTOW. Yes.

Mr. SUTHERIAND. And the same rate?
Mr. BRISTOW. Who will comply with certain requirements of law, and it can not be done in any other way. You can not determine the exact difference between a risk in this bank

and that bank. It is not a practical proposition.

Then, it is said to me that Lloyds will insure the deposits and you can get bank insurance. I am not trying to take care of the large amounts of money that are deposited by the rich in these banks. Deposits such as those of the printer's boy that I referred to are what I am interested in. I want him to feel that when he puts his money into a national bank that belongs to this regional bank association which we are now creating that that money is safe, and it certainly ought to be as safe in a national bank as it is in one of the State banks of my own State.

The objection I have to the provision which is incorporated in this bill by the Senator from Oklahoma is that I think so far as insurance is concerned in half or more of the regional banks in the United States it is a delusion and a snare. There never will be a dollar to insure the deposits in these small regional banks Some of us have struggled here to try and get this proviso in shape, so that it could merit our support, so that it could appeal to the honest judgment of the American people, and we have failed so far. I suppose we will fail now, although I am not through offering amendments to this provision. If this is defeated, there will be other amendments offered. I propose if there is any way that I can do it to force into the bill a measure that will be of some benefit in insuring the deposits of people of the United States in banks who intrust their funds to

Mr. BURTON. Mr. President, there is a still further question, if the Senator from Kansas will yield. Yesterday I asked the Senator from Oklahoma whether this provision for the guaranty of deposits contemplated a general fund in which the share of surplus earnings from all the regional banks would be deposited or whether it would constitute a separate guaranty for each region. I should like to ask the Senator from Kansas if there is any difference between the two bills in that regard; and, if so, which system he regards as the better one, the pro-

posed guaranty by regions or a universal guaranty?

Mr. BRISTOW. Of course that involves the fundamental questions we have been differing on here from the beginning. I believe we should have but one reserve bank, and that the profits of the one bank should guarantee the deposits in every bank in the United States that is a member of this one reserve association. But since Congress has seen fit to provide for a number of reserve banks, I think every reserve bank ought to stand on its own foundation so far as its profits are concerned. I do not believe that it would be fair to take the money earned by a bank in New York to insure the depositors in the banks in by a bank in New York to insure the depositors in the banks in New York and use it to insure the depositors in banks in the far West, in another region, where the banks are managed under other management. I do not believe that would be right.

Mr. NELSON. Will the Senator yield to me?

Mr. BRISTOW. I will be glad to yield to the Senator.

Mr. NELSON. I think the phraseology of both bills in this secret backs where the the the research where shall be a son.

respect contemplates that these reserve banks shall be a separate institution; that is, that the net earnings of all the reserve banks are not placed for this purpose into one common fund, but it is a fund belonging to each reserve bank of the member banks in the district.

Mr. SUTHERLAND. Mr. President, I have the highest possible respect for the opinion of the Senator from Kansas upon this banking question. I know what thorough investigation and conscientious attention he has given to the subject. pared to follow him in almost any suggestion which he has thus far made, but I want to ask the Senator this question. know he has given the matter much thought, and I have not.

What difference in principle is there between guaranteeing the repayment of a deposit in a bank to a depositor and guaranteeing, for example, that a man who works for another shall be paid his wages? There are men working for all sorts of companies and all sorts of individuals engaged in all sorts of enterprises. Very often an institution fails and the workingmen are unable to get their wages. What difference in principle is there between those two cases? If we guarantee bank deposits, why not guarantee the payment of wages to workingmen?

Mr. BRISTOW. I think the difference in principle may not be so great, but there is a difference in practice. It would not be a practical thing to do. Then, the employees of a concern in most of the States—at least in our State—have a lien on about everything in sight. If the contractor fails, they have a lien, and they have not only a claim against him but also on the house they have built.

Mr. NELSON. Will the Senator from Kansas yield to me? Mr. BRISTOW. Certainly. Mr. NELSON. We protect the bill holders. The bills that are issued by these banks are protected. I go to a reserve In the city of Washington there are 30 or 40 banks, more or less,

bank and apply for credit. I want to secure \$10,000. I get \$5,000 in bills and the rest is credited to me on the books of the bank, against which I can draw my check. In the one case, as a bill holder, I am amply protected. In the other case there is no protection. Why should there be a distinction between the two classes of creditors?

Mr. SUTHERLAND. I understand the depositor has protection to the extent of the resources of the bank, just as the

workingman has protection to the extent of the resources of his

employer

Mr. NELSON. It is not such protection as the bill holder has. Mr. SUTHERLAND. No; and it is not such protection as a man who has a mortgage upon the institution would have, but after all the depositor is preferred in a variety of ways. In the first place, all the resources must be first of all devoted to paying his deposits. In addition to that the stockholder must contribute. Each individual stockholder of a banking concern, unlike the liabilities in ordinary corporations, must contribute an amount equal to the amount of his original subscription.

Mr. NORRIS. Will the Senator from Kansas yield to me? Mr. BRISTOW. Certainly.

Mr. NORRIS. I should like to suggest to the Senator from Kansas one difference, it seems to me, between the case put by the Senator from Utah and the man who was working for somebody else and wants his wages and the guarantee of a deposit in a bank. In the case of a bank it is a semipublic institution, and the entire community is interested in it. The idea is not only to get the payment of money in time, but to fix it so that he will be able to get it immediately. It is in order not to block the business of innocent people and business men and other bankers in case of a run on a bank. It seems to me that one of the great reasons for the security of deposits is to prevent a run on a bank when the bank is even perfectly solvent, and when if the bank were closed every depositor would get his money in full, but it would take perhaps two years before they could realize on it, as in the case of the illustration the Senator gave. It is the public—the community generally—that is interested, that money deposited can be used for an immediate purpose instead of having it tied up. It is not only the safety of the deposits that is involved, but the right to use them and to use them at once.

Mr. BRISTOW. I think—
Mr. NELSON. Mr. President, the Senator from Kansas furnished a moment ago the best illustration for the necessity of this kind of a protection to the depositors. A few days ago there was a run down on the street here upon one of these trust companies. I walked down Pennsylvania Avenue when there was a string of people with policemen on both sides to keep a space on the sidewalk open. The people were in a constant stream for a block running up to the doors of the bank. Two or three days before that run I had information through a banker that that institution was in a precarious condition. depositors got hold of it and turned out and commenced the run.

Now, how did the other banks intervene? They secured a million dollars of cash from the Treasury of the United States and used that money to stop a run on this institution, in which they had no pecuniary interest as stockholders or depositors. Why did they do it? They did it because they felt that if the run was not stopped on that institution, like a fire, it might spread to the other moneyed institutions of this country, and bring on a

That is a stronger illustration, it seems to me, than a petty comparison with the wages of a laborer. A laborer hires out for a given time, and if he fails to receive his wages, it does not create a general panic; people do not have to intervene.

Suppose the depositors in New York in 1907 had been assured that their deposits were perfectly safe, there would have been no run, no financial panic. It is to stop such things as they were stopped here in this city that we want this protection. They are not to be put on such little theories as the example the Senator gave in respect to life insurance or fire insurance. Why do we have fire protection in addition to fire insurance? It is for the protection of the public at large.

The public at large is as much interested in stopping fire in a miserable shack that is not worth anything as in a brick building, because the fire may spread and burn other property.

Mr. WEEKS. Mr. President—
The VICE PRESIDENT. Does the Senator from Kansas

yield to the Senator from Massachusetts?
Mr. BRISTOW. I yield.
Mr. WEEKS. The Senator from Minnesota a few moments ago raised the question about protecting the note holders and I think there is a vast difference between the two. depositors. The depositing of money in a bank is a voluntary operation. A portra spetime

where any depositor may leave his notes or his credits, and he has his choice of the location where he will leave them. But taking a note is an involuntary operation. A note must go where the makers of the note, if it is a bank note, are not and can not be known. Therefore it is essential that the notes shall pass current everywhere without any question. reason why we have Government supervision of the issuing of notes and, as far as possible, the Government guaranty in all note issues that the note is not a counterfeit and that it is issued in accordance with Government regulations.

But in the instance of the run on the United States Trust Co., in Washington, it seems to me it is not altogether a happy illustration of what the Senator has so well tried to demonstrate. Here are a large number of banks. A great many people deposited their money in the United States Trust Co. and yet it was common report, and anybody could have discovered if he had cared to have inquired, that the managing operator of the United States Trust Co. was what is known in modern times as a Napoleon of finance; that the United States Trust Co. was spreading out all over this city, erecting buildings and opening branches in places where the best business judgment would seem to indicate that there was not any possibility of getting an immediate return on the investment.

I should have supposed, without giving it any investigation, that the ordinary depositor in a bank would have gone elsewhere, even if he had gone down on the street and made an Yet von inquiry during the last year or two or three years. are going to protect people, if you protect their deposits in such a bank, against their own folly and their own negligence and prevent the necessity of their using ordinary business sagacity

Mr. BRISTOW. I know the Senator's views well, and he gives great weight to that; but there are Members of this body who have deposited money in the United States Trust Co. within the last year and up to within a month of the time when it practically failed. Now, if United States Senators and Members of Congress—there were a number of Representa-

Mr. WEEKS. It is a reflection on their business prudence.
Mr. BRISTOW. I do not think so.
Mr. KENYON. Probably they did not deposit very much.
Mr. BRISTOW. I do not know how much, but more than

I have; some of them did, I know.

I saw that line; I saw the poor old negro washerwoman standing there waiting to get the little savings she had deposited. I saw the look of anxiety and care on the face of those people. When you expect them to determine the reliability of a banking institution you are expecting an impossi-bility, when the best business men in the community lose in the same way.

Now, I will refer to the question of the Senator from Utah [Mr. Sutherland], which has been almost forgotten in the interrogatories. He spoke of the insurance of the wages of workingmen. If the failure of concerns even of a semipublic nature or of a public nature to pay workingmen caused such widespread disaster as a bank failure does, then I would be trying to find some means of insuring the wages of the laboring but that does not happen, because the States have provided means by which no universal disaster comes on account of the failure of a company to pay its laborers.

Now, disaster comes when the company has failed and can not employ the labor, but I do not know of a concern failing owing any large number of laboring men any large amount of

money.

Mr. McLEAN. They are paid every week. Mr. BRISTOW. They are paid, as the Senator from Connecticut says, every week. So these misfortunes so widespread and universal never come over a community from the failure

of a company to pay its day laborers.

Mr. GALLINGER, Their wages are preferred, are they not?

Mr. BRISTOW. Oh, yes. Of course we have the strictest law in our State in regard to the payment of the wages of the laborers. Indeed, if you are engaged in any kind of business that is the one thing you have got to know about, whether the laborer has been paid for what you buy or what you sell. If you do not, you have got to pay it.

Mr. CRAWFORD. Mr. President, will the Senator permit me to make an observation right here?

Mr. BRISTOW. Certainly.
Mr. CRAWFORD. It is with reference to what is claimed to be a difference between these notes and the rights of depositors. These notes we all recognize are not money. They are promises to pay. They perform the same function that the depositor's check performs. Their status is the same as that of a deposi-

arrangement for them is so adjusted that it is expected that they will answer the purpose of currency and exchange in a larger field. But confidence is just as necessary to a successful use of checks and book credits as confidence is necessary in floating the currency mechanism that we call notes. It is absolutely the same in principle. The public interest, the demand of business and public policy, confidence in the instrumentality is of the same character and just as necessary in the one case as in the other.

There is an injustice, then, in undertaking to discriminate in the law in favor of the holder of the note or in the backing of the note with a guaranty and withholding it in the case of a depositor. It is in the interest of the public welfare, as has been mentioned here, to prevent runs, to sustain the confidence of the public in the bank, and to protect on grounds of public policy the depositor, and that is of exactly the same quality as that which prompts the security of the holder of these forms of currency, which are not money but mere promises to pay, after all

Mr. BRISTOW. I feel the same as the Senator from South Dakota about that.

Then there is another feature about this which we ought not to lose sight of, and that is that you impress the community with confidence in the bank There are thousands and thousands of foreigners who will not deposit in banks. established the postal savings system in order to inspire confidence in the minds of a large number of the laboring people of our country who are afraid of banks. If we can establish a system which guarantees that no man who puts his money in a bank will ever lose it if the bank fails, we will bring dollars out of the dark corners of thousands of homes and put them at work in the business activities of the country.

There is another matter that I will refer to before I close, and that is that both bills have such a provision. The Hitchcock amendment is a much more effective one. It is a more desirable one; it is a safer one; it has something to it, while, in my judgment, the other, so far as the small regional bank is concerned, is a delusion and a snare. In this amendment I hope that those who are opposed to the bank guaranty will at least, as choosing between the two, select one that has got something to it instead of the one that has not.

Mr. GALLINGER. I will ask the Senator if he will read into

the RECORD now the provision of the Hitchcock bill.

Mr. BRISTOW. I will be very glad to do so. Mr. BURTON. Mr. President, if the Senator from Kansas will excuse me, I ask the attention of Senators while this provision is being read. The question whether this proposed guaranty applies to the whole system and contemplates one fund or contemplates a separate fund for each district or region was discussed yesterday. I really can not agree with the Senator from Minnesota [Mr. Nelson] that it provides for a separate fund. In any event, the language is very ambiguous.

The section provides that a fund-

shall be paid to the United States, as a trustee for the benefit of de-positors in failed national banks, the money to be kept in and losses from failures to be paid from it as a depositors' insurance fund under a division of the Treasury to be constituted and managed under such regulations as may be prescribed by the Secretary of the Treasury.

Then, again, the provision as to the application of a certain amount for the reduction of the public debt, called a franchise

tax, applies to all regional banks.

Mr. NELSON. I ask attention while the language is being read.

Mr. GALLINGER. Will the Senator from Kansas read the provision? I have asked that it be done.

Mr. BURTON. I have asked that Senators give attention to it, as it is being read with a view to determining that point.

Mr. BRISTOW. I will ask the attention of Senators, and, if the Senator from Minnesota will note, I will read first the provision contained in the bill reported by the Senator from Oklahoma [Mr. OWEN].

After all necessary expenses of a Federal reserve bank-

I call the attention of the Senator from Ohio to that language. Everything else is qualified by that phrase "a Federal reserve That means one, not more than one.

SEC. 7. After all necessary expenses of a Federal reserve bank have been pald or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. One-half of the net earnings, after the aforesaid dividend claims have been fully met, shall be paid into a surplus fund until such fund shall amount to 40 per cent of the paid-in capital stock of such bank—

Mr. NELSON. Mr. President, I call attention to the words such bank" there in connection with the other statement.

Mr. BRISTOW. Yes-

check performs. Their status is the same as that of a deposition of the remaining one-half 50 per cent shall be paid to the tor's check, except that the machinery back of them and the United States as a franchise tax, and 50 per cent shall be paid to the

United States, as a trustee for the benefit of depositors in failed national banks, the money to be kept in and losses from failures to be paid from it as a depositors' insurance fund under a division of the Treasury to be constituted and managed under such regulations as may be prescribed by the Secretary of the Treasury.

That is the provision of the Owen bill. Now I will read the provision of the Hitchcock bill, and invite the attention of Sen-

ators to the same phraseology respecting the matter.

Mr. SUTHERLAND. What the Senator is now going to read is proposed to be offered as a substitute for the Owen bill.

Mr. BRISTOW. This is to be offered as a substitute for the Owen bill. You will note that the Owen bill requires a dividend of 6 per cent to be paid to the stockholders of the bank, the member banks themselves, while under our provisions the stockholders would receive but 5 per cent. Then they provide that half of the net earnings shall go to that surplus until it amounts to 40 per cent. That surplus goes to the banks. amounts to 40 per cent. That surplus goes to the banks.

Mr. CRAWFORD. The Senator is now speaking of the

Owen bill?

Mr. BRISTOW. I am speaking now of the Owen bill. After surplus of 40 per cent has been accumulated, 50 per cent of that is divided between a franchise tax and a guaranty insurance fund.

Section 7 of the Hitchcock biil-and I ask Senators to note the difference-reads:

SEC 7. That after the payment of all necessary expenses and taxes, including its share of the expenses of the Federal reserve board, the stockholders of each Federal reserve bank shall be entitled to receive an annual dividend of 5 per cent on the paid-in capital stock, which dividend shall be cumulative.

The difference is that it is 6 per cent in the one case and 5 per cent in the other.

Net earnings over and above expenses and the aforesaid dividend shall be applied as follows: Twenty-five per cent of such net earnings—

The other bill requires 50 per cent, you will rememberto be carried to a surplus fund until such fund shall amount to 20 per cent.

The other bill requires 40 per cent-

of the paid-in capital stock of such reserve bank, and 37½ per cent of said net earnings shall be set aside in a trust fund to be known as the depositors' insurance fund and shall be used for the payment of the depositors of insolvent member banks under rules and regulations made

I do not see why the Treasury should have anything to do with this. This is banking business, and the Federal reserve board has the supervision of it under our bill.

board has the supervision of it under our bill.

When, in the judgment of the board, there has been accumulated in such depositors insurance fund a sufficient sum fully to insure the payment of the depositors of insolvent member banks, the board shall have power to suspend the setting aside and accumulation of the said 37½ per cent of such earnings, and thereafter such 37½ per cent of such earnings shall be paid to the United States, except that in the event the depositors' insurance fund is depleted by the payment of depositors of insolvent member banks such fund shall be replenished by again setting aside such 37½ per cent of the earnings or so much thereof as, in the judgment of the board, may be necessary. The remaining net earnings shall be paid to the United States: Provided, That the amount so paid shall be applied to the purchase, at par, with accrued interest, of the 2 per cent bonds of the United States, said bonds then to be retired; or if such bonds can not be so purchased said amount shall be applied to the purchase, of other interest-bearing obligations of the United States, which obligations shall thereupon be retired.

It is better in every respect. In the first place, we pay the 2

It is better in every respect. In the first place, we pay the 2 per cent bonds which this legislation has injured as to their value and caused the purchasers of these bonds, these obligations of the United States, to lose large amounts of money which I think is one of the outrageous things that have attended this attempted legislation. We undertake to provide for those bonds, which the United States Government ought to do if it proposes to be honest with the men who buy its obligations. Then we propose that, instead of 25 per cent, as provided in this bill, 371 per cent of the earnings shall go to pay the bonds; that 371 per cent shall go into this fund; that instead of leaving the banks to have 6 per cent interest on their stock we make it 5 per cent; and instead of permitting the banks to accumulate 40 per cent of a surplus for their benefit, we fix it at 20 per cent for their benefit, and the remainder goes to liquidate our bonded indebtedness and to insure the depositors who entrust their

The PRESIDING OFFICER (Mr. Bryan in the chair).

Does the Senator from Kansas yield to the Senator from Utah?

Mr. SUTHERLAND. I have not any doubt in my mind that the provision last read by the Senator from Kansas is far preferable to that reported from the other branch of the committee, but do I understand the Senator from Kansas is far preferable to that reported from the other branch of the committee, but do I understand the Senator from Kansas is far mittee; but do I understand the Senator from Kansas to say that there is a difference between the two in this respect: That under the Owen proposition there will be separate guaranty funds for each of the regional banks, while under the Hitchcock proposition it will be a single fund?

Mr. BRISTOW. No; I think it is a separate fund under each proposition.

Mr. SUTHERLAND. I thought so, too, from the reading, and I wondered whether I had misunderstood the Senator.
Mr. BRISTOW. I think it is a separate fund. The lan-

Sec. 7. That after the payment of all necessary expenses and taxes, including its share of the expenses of the Federal reserve board, the stockholders of each Federal reserve bank—

That is the Hitchcock provision-

shall be entitled to receive an annual dividend of 5 per cent on the paid-in capital stock, which dividend shall be cumulative.

Then we go on to deal with the Federal reserve board as an individual institution.

Mr. SUTHERLAND. Each region will take care of itself in that respect?

Mr. BRISTOW. Each region will take care of itself.
Mr. BURTON. Mr. President, if the Senator from Kansas
will yield, I desire to say that it is true you deal with each region until you come to a certain provision that there shall be a franchise tax paid to the United States

Mr. NELSON. That is not in the Hitchcock bill. Mr. BURTON. It is in the Owen bill—that it shall be put into a certain fund and be under a certain control. to me clearly when you reach that point you depart from the regional idea to a provision which is general in its application, and refers to but one fund. Anyway it is ambiguous.

I shall perhaps have something to say on this general plan of the guaranty of deposits. If you have any plan, the smaller the areas included in the associations the better it will be, so that they can exercise care and scrutiny over each other.

A broad general plan that every bank in the United States must come into the system and that every bank must join has in it certain elements of danger of loss by the failure of a bank thousands of miles remote is one thing, and a plan such as exists in Kansas, where each knows something of the business of every other, is a very different thing.

Mr. BRISTOW. I wish to say as to my friend from Massa-

chusetts [Mr. Weeks] that I believe this is the only provision in the Hitchcock bill upon which he and I have had any very serious differences of opinion. I want to say that for a conservative New England statesman and a Boston banker I have found him very progressive along every line until we came to this very vital matter.

Mr. SUTHERLAND. It may be that the Senator thinks that

that is not progressive.

Mr. BRISTOW. I think I should like to say that in my association with the conservative members on the Republican side of the Committee on Banking and Currency, they, though conserva-tive and commonly called "standpatters," have been far more progressive in the kind of legislation they have supported than the so-called progressive Democrats, who have with such vehemence been proclaiming themselves as progressives for many years. I was exceedingly gratified last night when the roll call showed that the old conservatives from New England stood here and voted for a banking system owned by the people of the United States, one that should be controlled by the Federal Government, while Democratic statesmen, who have been proclaiming from one end of this land to the other their virtues as champions of popular government and progressive legislation, voted, with two exceptions, against such a salutary provision. I want to say that I was very greatly delighted with the progress that has been made by my friends from New England, and gravely disappointed at the attitude of so many of my Democratic friends.

Mr. WEEKS. Mr. President, I should like the attention of the Senator from Nebraska [Mr. HITCHCOCK] and the attention of the Senator from Oklahoma [Mr. Owen]. I do not know whether there are other Senators who propose at this time to discuss this provision. I had announced that I would speak this evening in opposition to the guaranty of bank deposits, and I am having some figures prepared, which are not yet ready, so that I should like to keep the announcement I have made rather than to continue the discussion now. Therefore, if the Senators have no objection and there is no other discussion on this amendment, I should like to ask that it be passed over until this evening and that some other amendment may be taken up for the rest of the afternoon.

Mr. HITCHCOCK. Mr. President, so far as I am concerned, I see no objection to that program. I am ready to offer another amendment and proceed to a vote upon it as soon as possible, if

that is agreeable to the Senator from Oklahoma.

Mr. OWEN. Mr. President, it is quite agreeable to me to pass this amendment over, and, if there be no objection, I ask that that may be done.

Mr. BURTON. Mr. President—
The PRESIDING OFFICER. The amendment to section 7, in the absence of objection, will be passed over. The Senator from Ohio is recognized.

Mr. BURTON. Mr. President, I should like to be heard briefly on an amendment which I offered yesterday and which I trust will be accepted by the chairman of the committee. I ask to have it read at the desk.

The PRESIDING OFFICER. The amendment will be stated.

The Secretary. On page 67——
Mr. WEEKS. Mr. President, I did not understand the Chair to announce that the amendment which we have been discussing

would go over by unanimous consent.

The PRESIDING OFFICER. The Chair has announced that the amendment to section 7 has been passed over. ment referred to by the Senator from Ohio [Mr. Burton] will be stated.

The Secretary. On page 67, lines 21 to 24, it is proposed to strike out the following words

The PRESIDING OFFICER. Will the Senator from Ohio

indicate to what print the amendment refers?

Mr. BURTON. It is the print of December 1, 1913, "showing changes proposed by the modified amendment of Senator Owen. It is the print which includes the original Glass bill, as well as the amendments proposed by the six members of the Currency Committee headed by its chairman.

Mr. OWEN. Mr. President, I should like to suggest to the Senator from Ohio that, under the orderly parliamentary procedure, the perfecting of the House bill by amendment is first in order under the rules; and if the Senator would defer his

amendment, I believe it would be better.

I think there is a good deal of force in the suggestion of the Senator from Ohio, and I had expected that in conference, at least, this matter would be subject to microscopic revision. Its purpose, of course, is obvious. It is to protect those nonmember banks who do not contribute from being the beneficiaries of a system supported by others; yet that might easily go too far, and especially in the case of small banks which can not under the terms of the bill come into the system. We leave it with the Federal reserve board to make the rules, in order to let them draw the line of distinction where it might seem to be wise and expedient after they have the facts before them. I believe they could exercise that power in any contingency, even without this provision; but I have had no opportunity really for a consultation with regard to it. I think that it would be better, under the parliamentary procedure, if the Senator would defer offering his amendment until the House bill, with the proposed amendments to it, has been disposed of.

Mr. BURTON. Mr. President, I prefer very briefly-it will not take me more than 5 or 10 minutes-to state the argument, so that even if we do not vote on the amendment now, it can be

The PRESIDING OFFICER. The Secretary has not read the amendment. The amendment will now be stated.

The Secretary. It is proposed in the proposed amendment of Mr. Owen, in section 19, on page 67, beginning in line 21, to strike out the following words:

No member bank shall extend directly or indirectly the benefits of this system to a nonmember bank, except upon written permission of the Federal reserve board, under penalty of suspension.

Mr. BURTON. Mr. President, under this provision as it now appears in the proposed amendment offered by the members of the committee headed by Senator Owen, the presumption is against the right to deal with a nonmember bank. It would require permission in thousands of cases if the banks inside of the system are to deal with those outside of it. It seems to me this is an exceedingly drastic proposal. What does it mean when it says that no national bank or other bank that enters the system can deal with any bank which is outside except upon the permission—that is, not by general regulation, but upon the written permission—of the Federal reserve board?

What is the aim of this bill? Is it to give stability to commerce? Is it to provide resources for borrowing communities? Or is it to create a banking monopoly? Yet under that provision every bank which stays outside will have the stigma of exclusion placed upon it; and, in addition to that, will be unable to

obtain accommodations.

I want to argue this, first, from the standpoint of the smaller banks. No bank can come into the system unless it has a capital of \$25,000. In a majority of the States of the Union the minimum capital required for a State bank is under \$25,000. In Alabama it is \$15,000; in Florida it is \$15,000; in Colorado, Idaho, and Kansas it is \$10,000; in Louisiana it is \$10,000; in Kentucky it is \$15,000; in Michigan it is \$20,000; in Minnesota, Mississippi, and Missouri it is \$10,000; while I am informed that in the State of Georgia there is also a regulation that a bank having a

paid-in capital of \$15,000 may establish branches with only \$1,000 capital, which serve a very useful purpose. It gives opportunity for the extension of credit to small communities, where otherwise there would be an entire lack of banking facilities. If this amendment should be adopted those banks whose relations are close and intimate with national banks would be entirely shut off from any dealings with them; the ordinary course of business would be seriously interfered with, and no

accommodations on any considerable scale would be possible.

I desire to file, without reading, a list of the States in which banks are authorized to do business with a capital of less than \$25,000. It will be well also to set forth a partial list of the State and private banks and trust companies actually organized and having a paid-up capital under \$25,000. In Alabama there are 91 such banks; in Arizona there are 12; in Arkansas there are 236. Going down the list a little, in Illinois there are 261; in Iowa there are 542; Kansas has 644. Not only would this be a very serious matter as pertains to the smaller banks, but it would interfere with the settled relations already existing as to the larger banks having a capital of \$25,000 or more. The outside banks have relied very largely for rediscount and ac-commodations on the national banks. If this bill passes and goes into effect, not only these national banks but many State banks will enter under the plan in different regions; and if this provision goes in, all outside banks, especially the small ones to which I have referred, which could not come in if they would, would be debarred from any transactions with them except on the written permission of the Federal reserve board. I trust the Senator from Oklahoma may accept this amendment.

I ask that the tables to which I have referred may be printed in the Record in connection with my remarks.

The PRESIDING OFFICER. In the absence of objection, permission is granted.

The tables referred to are as follows:

State banking laws which allow banks to organize with paid-in capital of less than \$25,000.

State.	Minimum capital.	Paid in when busi- ness began.	When re- mainder must be paid.	Branches.
and the preference		Per cent.	The Salata	
Alabama	\$15,000- \$25,000	All.		
Colorado	10,000- 30,000	50	1 year	Prohibited.
Florida	15,000- 50,000	50	5 months	Allowed.
Idaho	10,000-1100,000	50	do	zenoweu.
Kansas	10,000- 50,000	All.		
Kentucky	15,000- 100,000	50	1 year	
Louisiana	10,000- 100,000	50	90 days	Do.
Michigan	20,000- 400,000	50	5 months	10.
Minnesota	10,000- 25,000	All.	5 montus	
Minejegippi	10,000- 25,000			D-1-1-24-2
Mississippi	10,000- 15,000	(2)	5 months	Prohibited.
Missouri	10,000- 100,000	50	1 year	Do.
Montana	20,000	All.		
Nebraska	10,000- 200,000	(3)		
Nevada	10,000- 50,000	80	2 years 4	Do.
North Carolina	5,000- 25,000	50	5 months	
North Dakota	10,000- 50,000	50	do	
Oklahoma	10,000-100,000	All.		
Oregon	10,000- 50,000	50	6 months	Allowed if cap- ital increased.
South Dakota	10,000- 50,000	All.		
Texas	10,000- 100,000	All.		Forbidden.
Utah	10,000- 100,000	25	10 months	
Virginia	10,000	and the second second		
Washington	10,000-1100,000	50	5 months	Allowed if cap-
Wisconsin	10,000- 50,000	All.		Forbidden.
Wyoming		50	6 months	- Storage

State, savings, and private banks and trust companies in the United States having paid-up capital under \$25,000.

[American Bank Reporter, Steurer Publishing Co., March, 1913.]

Alabama	91
Arizona	12
	236
	111
Delaware	3
Florida	95
	284
Idaho	81
Illinois	261
	157
Indiana	
Iowa	542
Kansas	654
Kentucky	232
Louisiana	97
Maine	"
	33
Maryland	000
Michigan	200

<sup>1</sup> Property worth.
2 \$10,000 to \$15,000.
3 Probably all.
4 Paid-in capital shall consist of money, deposits, national, State, or municipal onds, bank furniture, bu ilding and the lots on which the building is situated free from incumbrance; public bonds not to constitute more than one-half; building and lots, with furniture and fixtures, more than one-third; nor furniture and fixtures more than one-tenth of such paid-in capital.

Mr. OWEN. Mr. President, I ask that action on the amendment of the Senator from Ohio [Mr. Burron] be deferred at this time until the substitute offered shall come up in regular order, and then we may consider the amendment.

Mr. HITCHCOCK. Mr. President, I offer section 11 as it

appears

Mr. NELSON. Mr. President, before the Senator offers another important amendment to this bill, I think we ought to have a quorum. I see the other side of the Chamber is almost empty, and I suggest the absence of a quorum.

Mr. LEWIS. Mr. President, it will be noted that it is 5 minutes of 1, and Senators are at lunch. The Chamber is almost

empty on both sides.

The PRESIDING OFFICER. The Secretary will call the roll. The Secretary called the roll, and the following Senators an-

swered to their names:

Nelson Newlands Norris Overman Owen Simmons Smith, Ga., Smith, Mich. Smith, S. C. Stephenson Sterling Sutherland Brady Brandegee Gronna Hitchcock Hollis Hughes James Johnson Bristow Bryan Burton Chamberlain Page Kenyon Kern La Follette Lane Penrose Perkins Poindexter Ransdell Chilton Swanson Thompson Tillman Clapp Clarke, Ark. Colt Crawford Dillingham du Pont Fletcher Colt Lea Lewis McCumber Martin, Va. Martine, N. J. Townsend Vardaman Reed Root Shafroth Sheppard Shields Walsh Warren Gallinger Myers Shively Williams

Mr. SHAFROTH. My colleague [Mr. Thomas] is confined to his home to-day on account of a slight illness, and will not be here. He is paired, however, with the Senator from Maine

[Mr. Burleigh]. Mr. SHIVELY. I wish to announce that the senior Senator from Arizona [Mr. SMITH] is unavoidably absent from the Chamber. He is paired with the Senator from New Mexico [Mr. FALL].

Mr. HUGHES. I desire to announce that the Senator from Alabama [Mr. Bankhead] is necessarily absent from the Chamber on public business. He is paired with the junior Senator from West Virginia [Mr. Goff].

The PRESIDING OFFICER. Sixty-four Senators have responded to their names. A quorum of the Senate is present.

Mr. WALSH. Mr. President, I have some observations I wish to make to the Senate, and this may be an appropriate time for me to do so.

The contention has been made, in evident seriousness, on the floor of the Senate, that in some of its fundamentals the bill now being considered, as well as the so-called Owen amendment thereto, is violative of constitutional guaranties. As such a charge, unrefuted or unanswered, is calculated to excite apprehensions concerning the practicability of the plan of banking and currency reform proposed that may prove embarrassing in the effort to launch it, we may well pause to inquire with some degree of care into the argument advanced somewhat belatedly, to discredit the measure before us.

It is quite natural that some degree of unrest, some temerity, more pronounced than ordinarily prevails in banking circles, should attend any effort to inaugurate a safer and more serviceable system of banking. It would be difficult to conceive of a plan reasonably calculated to obviate the defects which experience has exposed in that under which we now operate which would not produce some disturbance and more or less anxiety in those immediately affected.

If we shall succeed in dispelling no other grounds of alarm, the task of allaying such as would otherwise arise from the attack made on the constitutionality of the measure before us may with confidence be undertaken.

It will be sufficient for the present purpose to refer to those provisions of the Owen amendment said to be unsound from the

standpoint of the Constitution. They are as follows:

when a Federal reserve bank shall have been organized, every national banking association within that district shall be required and every eligible bank may be permitted to subscribe to the capital stock thereof in a sum equal to 6 per cent of the paid-up capital stock and surplus of such bank, one-sixth of the subscription to be payable on call of the organization committee or of the Federal reserve board, one-sixth within three months and one-sixth within six months thereafter, and the remainder of the subscription, or any part thereof, shall be subject to call when deemed necessary by the Federal reserve board. \* \* Should any national banking association in the United States or trust company engaged in commercial banking in the District of Columbia now organized fail within one year after the passage of this act to become a member bank under the provisions hereinbefore stated, or fail to comply with any of the provisions of this act applicable thereto, all of the rights, privileges, and franchises of such association granted to it under the national-bank act, or under the provisions of this act, shall, within the discretion of the Federal reserve board, be thereby forfeited.

Reference is made also to the following paragraphs:

Reference is made also to the following paragraphs: The shareholders of every Federal reserve bank shall be held individually responsible, equally and ratably, and not one for another, for

all contracts, debts, and engagements of such bank to the extent of the amount of their subscriptions to such stock, at the par value thereof, in addition to the amount subscribed, whether such subscriptions have been paid up in whole or in part, under the provisions of this act.

Any noncompliance with or violation of this act shall, however, be determined and adjudged by any court of the United States of competent jurisdiction in a suit brought for that purpose in the district or territory in which such bank is located, under direction of the Federal reserve board, by the Comptroller of the Currency in his own name before the association shall be declared dissolved.

It is said that by these provisions the existing national banks are coerced into subscribing for the stock of the Federal reserve banks, that a portion of their property—of their capital—is seized and turned over to another corporation, and that thus they are deprived of property without due process of law con-trary to the guaranty of the fifth amendment to the Constitution. It will be helpful to have the question more accurately stated at the outset. No bank is compelled to subscribe to the stock of the Federal reserve bank; there is no invasion of its funds to provide capital for the reserve bank. It is at liberty to subscribe or not as it sees fit. But if it declines to do so, it ceases at the end of a year after the passage of the act to enjoy the character of a national bank.

Though the provisions to which reference is made are denounced as coercive in character, the option offered by them is not lost sight of, nor is it overlooked that the Congress in devising the system of national banks reserved the right at any time to "amend, alter, or repeal" the act which brought them

into being. (13 U. S. Stat. L., 118.)

The history of this very common provision in modern acts creating or providing for the creation of corporations and of like safeguards in constitutions reserving to the legislatures of the States respectively control over corporations established under their authority is well known. They come into being in order to avoid the consequences which would otherwise result from the decision of the Supreme Court of the United States in the Dartmouth College case, in which it was, in effect, held that every corporate charter is a contract between the sovereignty issuing the same and the corporation which comes into existence by virtue of it, and that a State has no power to aiter, amend, or repeal the law under which a corporation was created, the right to do so not being reserved, because of that provision of the Constitution of the United States which forbids a State from passing any law impairing the obligation of contracts. Though this specific provision is a restraint upon State and not upon national legislation, Congress is, in effect, equally hampered by the fifth amendment referred to. A contract is property, and to impair its obligation is to deprive of his property the person to whom such obligation is due. (4 Ency. Sup. Ct., Dec. 706; 1 Clark & Marshall on Corporations, 282.)

The adjudications in cases involving the impairment of the contracts clause of the Constitution are, accordingly, illuminating, if not entirely controlling, in considering the validity of congressional acts said to offend against the due process clause of the fifth amendment. They have been so numerous and the opinions filed with them so exhaustive as to leave little occasion for argument in most cases. They leave no room for doubt that charters of corporations may be kept within the control of the legislative authority to which they owe their origin by making such subject to repeal or amendment, the reservation finding a place either in the act under which the corporation was authorized or in a general statute or the constitution in force at the

time of its organization.

The extent to which any subsequent amendatory acts may go has been likewise the subject of repeated consideration by the courts. It is obvious that under the guise of amending an act authorizing the organization of corporations, or defining their powers, or regulating the conduct of the business in which they embark, they can not be deprived of property theretofore acquired. That would be confiscation.

Pertinent reference is made in this connection to the authorities which hold that though the rates which railroads and other public-service corporations may charge may be regulated by the State, either directly or through a commission, rates so fixed which are so low that a reasonable return can not be had on the money necessarily invested in the enterprise are confiscatory and invalid. Just where the line is to be drawn and the rule by which to determine whether any particular amendment is void are not here important, as will be shown. The subject will, however, be recurred to later. It is sufficient for the present to note that under the reservation found in the act of 1864, Congress has the power to repeal the national-bank act in toto. Such an act would necessarily terminate the existence and recall all the powers of every bank organized under it. A statute of Massachusetts, by which the charter of a street railroad was repealed and all its franchises transferred to another corporation, was upheld by the Supreme Court of the United States in Greenwood v. Freight Co. (105 U. S., 13). The right to repeal had, of course, been reserved. Introductory to its consideration of the validity of this act the court said:

of the validity of this act the court said:

One obvious effect of the repeal of a statute is that it no longer exists. Its life is at an end. Whatever force the law may give to transactions into which the corporation entered and which were authorized by the charter while in force, it can originate no new transactions dependent on the power conferred by the charter. If the corporation be a bank, with power to lend money and to issue circulating notes, it can make no new loan nor issue any new notes designed to circulate as money. If the essence of the grant of the charter be to operate a railroad, and to use the streets of the city for that purpose, it can no longer so use the streets of the city, and no longer exercise the franchise of running a railroad in the city. In short, whatever power is dependent solely upon the grant of the charter, and which could not be exercised by unincorporated private persons under the general laws of the State, is abrogated by the repeal of the law which granted these special rights.

And then the court distinguishes between the effect of such

And then the court distinguishes between the effect of such an act on what may be spoken of as the franchises of the corporation and personal or other property held by it, adding

Personal and real property acquired by the corporation during its lawful existence, rights of contract, or choses in action so acquired, and which do not in their nature depend upon the general powers conferred by the charter, are not destroyed by such a repeal; and the courts may, if the legislature does not provide some special remedy, enforce such rights by the means within their power. The rights of the shareholders of such a corporation, to their interest in its property, are not annihilated by such a repeal, and there must remain in the courts the power to protect those rights.

It is conceivable that such an act as that thus held valid might, indeed it is altogether likely that it would, have a more or less disastrous effect on the values of some or all of the properties acquired by the corporation during its existence. But the risk of such loss it incurred in organizing under an act which was subject to repeal at any time. That consideration is addressed to the wisdom and justice of the act, not to the power of the legislature to pass it. In that connection the court said:

Whether this action was oppressive or unjust in view of the public good, or whether the legislature was governed by sufficient reason in thus repealing the charter of one company and in chartering another at the same time to perform as part of its functions the duties required of the first is not, as we have seen, a judicial question in this case. It may well be supposed, if answer were required to the complainant's bill, that it was made to appear that the Marginal Co. had shown its incapacity to fulfill the objects for which it was created, and that another corporation, embracing larger area, connecting with more freight depots and wharves and with more capital, could better serve the public in the matter for which both franchies were given.

The following paragraph from the opinion expresses the conclusion at which the court arrived:

It results from this view of the subject that whatever right remained in the Marginal Co. to its rolling stock, its horses, its harness, its stables, the debts due to it, and the funds on hand, if any, it no longer had the right to run its cars through the streets, or any of the streets, of Boston. It no longer had the right to cumber these streets with a railroad track which it could not use, for these belonged by law to no person of right, and were vested in defendants only by virtue of the repealed charter.

There can be no question, accordingly, of the right of Congress to legislate the national banks out of existence. They, or rather their stockholders, respectively, would remain the owners of all the assets theretofore acquired, but the banks would enjoy no longer the character nor would they be entitled to exercise any of the privileges of national banks.

Now, the right remaining in Congress to annul all existing charters by repealing the act which gives them life, it follows as an irresistible conclusion that it may impose any conditions it may see fit on the enjoyment of further life by any of the banks it has brought into being.

From the opinion of the Court of Appeals of the State of New York in Mayor v. Twenty-third Street Railway Co. (113 N. Y., 311-317) the following quotation is made:

Under its reserved power it (the State) can not deprive a corporation of its property or interfere with or annul its contracts with third persons; but it may take away its franchise to be a corporation and may regulate the exercise of its corporate powers. As it has the power utterly to deprive the corporation of its franchise to be a corporation, it may prescribe the conditions and terms upon which it may live and exercise such franchise.

So obvious is this that the celebrated law writer, Seymour D. Thompson, is able to say in his Commentaries on Corporations that the proposition that the life of the corporation may be made to depend upon observance of any conditions the legislative authority may prescribe, is not a disputable one. His language is as follows:

The exercise of the power of amendment under the right reserved either by statute or constitution can not be arbitrary or unlimited. This reserve power must be exercised within the scope of the original charter. Under it the nature and purposes of the corporation can not be changed; they can only be amended. It is conceded that under this reserved power the State may tender what in its opinion is a proper amendment and require its acceptance or compel a cessation of business. (1 Thomp. on Corp., 410.)

As authority for the statement with which the quotation concludes he cites the case of Yeaton v. Bank (21 Gratt., 593), a decision by the Court of Appeals of the State of Virginia. The ing payment in accordance with the strict terms of the contracts

opinion in that case amply justifies the author in the remark to which attention is directed. The following is taken from the language of the court:

In anguage of the court:

Though the legislature may have the reserved power to amend or modify a charter of incorporation, it can no more force the corporation to accept such amendment or modification than it could have forced upon them the acceptance of the original charter without their consent. Under the reservation they can repeal or destroy the charter without any consent on the part of the corporators, but as long as they remain in existence as a corporate body they necessarily have the power to reject an amendment or modification of their charter. The power reserved by the legislature gives the right certainly to repeal or destroy, but so far as the right to modify or alter is concerned it is nothing more than the ordinary case of a stipulation that one of the parties to a contract may vary its terms with the consent of the other contracting party. These principles grow out of the nature of charters or acts of incorporation, which are regarded in the nature of contracts. The amendment or modification must be made by the parties to the contract, the legislature on the one hand and the corporation on the other, the former expressing its intention by means of a legislative act and the latter assenting thereto by a vote of the majority of the stockholders, according to the provisions of its charter, or by other acts showing its acceptance.

The reservation of the right to alter, amend, or repeal the act by which the corporation is created may be prudent and salutary, but it seems to be a necessary implication that if the legislature should undertake to make what in their opinion is a legitimate alteration or amendment, the corporation has the power to reject or accept it, whatever may be the consequences. One consequence undoubtedly is that the corporation can not conduct its operations in defiance of the power that created it, and if it does not accept the modifications or amendment proposed must discontinue its operations as a corporate body.

It will be sufficient to remove from the realm of doubt a proposition which so learned and discriminating an author as Mr. Thompson speaks of as "conceded" to refer to one more adjudication. I select this case from the reports of the Supreme Court of Iowa, among other reasons, because the assault upon the constitutionality of the measure before us, in the particular pointed out, was made in eloquent phrase and with his great power and earnestness by the senior Senator from that State. The case is St. John v. Iowa, etc., Association (113 N. W., 863).

Before entering upon a consideration of what was therein decided, the attention of Senators is directed to the language of the Supreme Court of the United States above quoted from the case of Greenwood against Freight Co., designating the kind of property which remained to the street car companyto its stockholders-on the repeal of its charter. Besides rolling stock, horses, harness, and so forth, it remained the owner, the court said, "of debts due to it." Any negotiable notes which it held were still, notwithstanding, payable according to their terms, with interest as therein provided.

In the Sinking Fund cases, Ninety-ninth United States, page 700, to which reference will again be made, the court said that Congress, under its reserve power to amend, "can not unmake contracts that have already been made." The same idea was expressed in the language above quoted from the opinion of the Court of Appeals of New York, as follows:

Under the reserved power it—the legIslature—can not deprive a corporation of its property or interfere with or annul its contracts with third persons.

An executed contract is property, and Congress can no more destroy the right of a corporation thereunder than it can confiscate any other property of a corporate body which it has created.

As to executory contracts, the power to comply with which is taken away by the annulment of its charter, performance is excused. The existence of such is no legal obstacle to the exercise of the right of repeal, and performance being impossible the law does not require it nor does it award damages for failure to perform. But in respect to rights arising out of contracts wholly performed, so far as performance is due from it, the corporation is protected just as it is in respect to its tangible property.

Having this principle in mind we may recur to the Iowa case mentioned above.

It concerned the operations of a building and loan association which had entered into a large number of contracts with its members upon loans which it had made to them, by which they had respectively become obligated to pay to it the amount of the loan, with interest at varying rates above 8 per cent. In that situation of affairs an act was passed revising the law under which it was organized, the new act containing a provision that loans in the future should be made at the rate named, and that members who had theretofore borrowed should pay at the rate so fixed. To enforce this requirement the amending statute further provided that any association that failed to readjust its outstanding contracts and to amend its articles to conform to the new law before a specified date should expire, and that its affairs should be wound up as provided in the act. An attack was made upon the statute, the association demandentered into with it prior to the passage of the act. Preliminarily the court, in a unanimous opinion, said:

A corporation under our laws has no absolute right to do business in this State, and its articles of incorporation are at all times subject to amendment by the general assembly. Conditions may at any time be imposed upon a corporation, and enforcement thereof assured by revoking their privileges in the event of noncompliance.

And then, addressing itself to the direct question involved, it continued:

continued:

Is the act violative of the constitutional provision prohibiting a legislative impairing of the obligations of a contract? It will be noted that the act litself does not attempt to change the contracts of members, but it does provide that if the association falled to comply therewith on or before July 15, 1900, its authority to do business should cease, and its affairs should be wound up and settlements made with all members according to the provisions of the act. Defendant then had the option of complying with the law and adjusting its outstanding contracts on the basis outlined in the act or of going out of business and settling with its members upon the basis fixed in section 7 of the act. It had no constitutional or other right to continue in business indefinitely, or for any other time than the legislature might see fit to permit. This is a fundamental principle of corporate law under the reserved power now generally given to the legislature. (Bishop v. Brainerd, 28 Conn., 289; In re Brooklyn R. R., 72 N. Y., 245; s. c. 75 N. Y., 335; Id., 81 N. Y., 69.) Of course, the relation between the corporation and its stockholders can not be changed or disturbed against their will. All that the legislature may do in this respect is to grant the power, and then it is for the corporation to accept or not, as it pleases. (Kenosha Co. v. Marsh, 17 Wis., 13.)

\* \* Defendant had two courses open to it: One to quit doing business and settle up its affairs, and the other to comply with the law, amend its articles, and give to its members the benefit of the new law. It chose the latter course, and, having done so, it is in no position to say that the act under which we did these things is unconstitutional and void.

It is believed that there is no possible escape from the logic

It is believed that there is no possible escape from the logic of this reasoning.

The idea is advanced in some quarters that the right of repeal is to some extent embarrassed by the fact that national banks are incorporated for a definite period, namely, 20 years. This view, however, has been disposed of by the court of last resort in Citizens' Savings Bank v. Owensboro (173 U. S., 636), wherein we read:

wherein we read:

The assertion that wherever it is stated in a legislative grant or charter that it is to last for a given period of time, therefore such provision is a plain manifestation of the intention of the legislature that the grant or charter shall not be repealed or amended for the time for which it was declared that it should exist, is fallacious, since it overlooks the consideration that the limit of time fixed for the duration of the charter or grant, like every other provision therein, is qualified by the reserved power to alter, amend, or repeal. It hence results that where in a charter or grant enacted, when there is a general statute reserving the power to repeal, alter, or amend, a time is stated, the granting act must be read just as if it declared that the charter or grant should exist for a designated time, unless sooner repealed, altered, or amended. Indeed, reduced to its final analysis, the argument that because in a grant or charter a time is designated for its duration, it can not, therefore, until the expiration of such time, be repealed, altered, or amended, is equivalent to saying that the reserved power can not be exercised in any case of contract.

The very able Senator, whose presentation of this question

The very able Senator, whose presentation of this question has alone given dignity to it, has contented himself with advancing the view that there is an essential difference between the exercise of the right of unconditional repeal and of the withdrawal of the privileges of the law except upon compliance with conditions imposed. This view has not been supported by any authorities to which the Senator has referred, and it is asserted with some confidence that none such exist.

Reference was made to the rule that, under the reserved power to amend, railroad rates may be fixed by legislative authority, but not so low as to be confiscatory, acts authorizing such procedure being regarded as in the nature of amendments to the law under which the railroads affected were incorporated. But no case was cited in which an option was given to retire from But business in the event of failure to put in force the rates pre-scribed under the amendatory law. It is quite generally held that railroads may not at will cease operations and decline to discharge the public duties they have undertaken. Unless the act plainly gave the right to divest themselves of their corporate capacity and to decline further to act as carriers, they may be forced by mandamus or otherwise to operate.

But if the considerations advanced be dismissed, and the conditions imposed be regarded separate and apart from the option to retire, with which they are coupled, no valid objection can be successfully made to the law.

A brief reference to some of the justifiable amendments will aid in forming an accurate idea as to the character of those

that are permissible under the reserved power.

In Massachusetts it was held that an act under which a mutual life insurance company had been incorporated and which required it to pay a certain proportion of its profits to a hospital could be amended so as to increase the amount of the profits to be thus applied. (Massachusetts General Hospital v. State Mutual Life Assurance Co., 4 Gray, 227.) The same court held that by special act railroad corporations entering a certain city might be compelled to build and use a union depot, though it appeared that it would involve an outlay of many hundreds of thousands of dollars in construction and in the acquisition of necessary rights of way to enter such station. (Worcester v. Norwich, etc., Railroad Co., 109 Mass., 103.) The decision in this case and in others of like character was approved by the Supreme Court of the United States in Shields v. Ohio (95 U. S., 319).

It has been repeatedly held that a liability may be imposed upon stockholders of a corporation for future debts of the company, the law in effect when they became stockholders subjecting them to no such risk. It was so held in New York and the ruling affirmed on writ of error by the Supreme Court of the United States in Sherman v. Smith (1 Black, 587.) authorizing the fixing of railroad rates by a commission and laws imposing upon railroads a liability for injuries to servants by the negligence of fellow servants, for fires set out by their engines, and for injuries to passengers regardless of negligence, are familiar examples of the exercise of the reserved power to amend charters. The validity of these laws has been repeatedly affirmed, and is no longer open to question.

What the legislature can not do under the power to amend is to be gathered from general expressions rather than from direct adjudications, it being rare that the representatives of the people are guilty of attempting to put into the form of law a bill so flagrantly unjust as to fall under the condemnation of the amendment to the constitution appealed to. Thus, the Supreme Court has said:

The power of alteration and amendment is not without limit. The alterations must be reasonable; they must be made in good faith and be consistent with the scope and object of the act of incorporation. Sheer oppression and wrong can not be inflicted under the guise of amendment and alteration. Beyond the sphere of the reserved powers, the vested rights of property of corporations, in such cases, are surrounded by the same sanctions and are as inviolable as in other cases. (Shields v. Ohio, 95 U. S., 319.)

On the other hand the same high tribunal said in Miller v. State (15 Wall., 498), that though-

vested rights, it is conceded, can not be destroyed or impaired under such a reserved power, it is clear that the power may be exercised, and to almost any extent, to carry into effect the original purposes of the grant, and to protect the rights of the public and of the corporators, or to promote the due administration of the affairs of the corporation.

If, then, the power may be exercised to almost any extent, in order to carry into effect the original purpose with which the national-bank act granted to the associations the powers enjoyed by them under it, or if in the conduct of the business conducted by them the Congress may prescribe regulations, calculated to protect the public and the stockholders, or to promote the due administration of the affairs of the banks, who can doubt that the present act falls easily within the legitimate field of congressional action? That such regulations would impose some burdens on the banks to which they are not now subject, that it involves the expenditure of some money on their part, does not, as plainly appears from the authorities to which reference has been made, preclude the establishment of the same by law.

It may be admitted that the Constitution would forbid a law by the operation of which money would be taken from one corporation and given to another, or one would be forced to turn over a part of its assets to another, the two being in no wise re-That is quite aside from the question as to whether to enable the national banks of a certain district the better to fulfill the purposes for which they were created, to lessen the danger of causeless runs upon them, to assure them a means of averting the disastrous results of such should they unhappily ensue, such banks may all be required to contribute to a common fund to constitute the capital of another bank to which they may resort in times of trouble, of which they are the stockholders, and of whose board of directors they are entitled to elect a majority of the members.

In the case of Miller against Smith the Supreme Court said that the legislature may go "to almost any extent to carry into effect the original purpose of the grant" of powers to a corporation. The means adopted in the bill under consideration have the most direct and intimate relation to the purposes for which the banks were originally authorized.

Victor Morawetz, a writer on both law and economics, referring to the right to amend, says:

Such a reservation is designed to enable the State, to a certain extent, to dispose of the corporate funds and to interfere with the agreement among the stockholders. (2 Morawetz on Corporations, 1095.)

And further:

Provisions intended for the future government of the affairs of a corporation are generally held valid. (Id., 1105.)

In the Sinking-fund Cases it was declared that "whatever rules Congress might have prescribed in the original charter, for the government of the corporation in the administration of its affairs, it retained the power to establish by amendment," the act under consideration being an amendment to the charter of the Union Pacific Railroad Co. granted by a law which by express provision was subject to repeal or alteration at the will of Congress. Surely no one would assert that Congress could not have made such provision as it is now contemplated it shall make as a part of the original national-bank act. All banks hereafter organized must conform to its requirements, and even the distinguished Senator from Iowa has not expressed any doubt as to the constitutionality of the law as it applies to banks that may in the future be incorporated with a national charter. Though he has appealed to the Sinking-fund Cases as affording some support to his contention, it must have been done in anticipation of reliance upon it as complete justification for the legislation attacked. By virtue of the acts under which the Union Pacific railroad was constructed, the corporation created by Congress for the purpose of building it, in addition to receiving a great land grant, was loaned large sums of money which were presumably spent in the great work which it undertook and successfully accomplished.

The repayment of these was secured by a second mortgage on the property of the company, the original act providing for the payment of the interest out of a fund created by setting aside one-half of the earnings of the road for government service and 5 per cent of its net earnings. The fund so created proved inadequate to meet the interest on the sums due the government as it came due, and apprehension was felt concerning the principal when it should mature. Meanwhile dividends were being declared and paid to the stockholders out of the earnings of the road. In this situation Congress, in the year 1878, long after the road was constructed, passed an act, some of the essential provisions of which, briefly stated, required that there should be retained in the Treasury of the United States not the onehalf but the whole amount of the compensation which might become due from the Government for services rendered it, as required by the original act, the amount so retained to constitute a sinking fund. The amendatory act further required the company to pay into this fund not 5 per cent of its net earnings, but such a sum as would amount to 25 per cent of its net earnings. Out of the sums so accumulated the accruing interest on the bonds due the government was to be met and the remainder, with its accretions, invested by the Treasury, the fund even-tually to be applied to the redemption of the bonds when they should become due. The stockholders, or at least those in control of the company, preferred to have the earnings distributed in dividends rather than having them impounded to meet debts, a large part of which were not due. The validity of the act of 1878 having been tested in the cases, collectively referred to under the title of the Sinking Fund Cases, was upheld by the Supreme Court as a legitimate exercise of the reserved power of amendment. The dissenting opinion by Mr. Justice Strong states the controversy in respect to the legal principles in-volved much as does the Senator from Iowa the argument upon which he urges the unconstitutionality of the bill before us. From the opinion of the court the following is taken:

From the opinion of the court the following is taken:

Giving full effect to the principles which have thus been authoritatively stated, we think it is safe to say that whatever rules Congress might have prescribed in the original charter for the government of the corporation in the administration of its affairs, it retained the power to establish by amendment. In so doing it can not undo what has already been done, and it can not unmake contracts that have already been made, but it may provide for what shall be done in the future, and may direct what preparation shall be made for the due performance of contracts already entered into.

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Legislative control of the administration of the affairs of a corporation may, however, very properly include regulations by which suitable provision will be secured in advance for the payment of existing debts when they fall due.

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Take the case of an insurance company dividing its unearned premiums among its stockholders without laying by anything to meet losses; would anyone doubt the power of the State under its reserved right of amendment to prohibit such dividends until a suitable fund has been established to meet losses from outstanding risks? Clearly not, we think; and for the obvious reason that while stockholders are entitled to receive all dividends that may legitimately be declared and paid out of the current net income, their claims on the property of the corporation are always subordinate to those of creditors.

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Such a regulation, instead of being destructive in its character, would be eminently conservative.

The case seems to meet every condition of the problem before us. Every bank is a debtor to its depositors. If it had no such creditors, it would cease to be a bank in any true sense. Any reasonable provision intended to safeguard the interest of its depositors is within the legitimate scope of legislative action. It is not for the judicial department to sit in judgment upon the wisdom of the means provided or to give its adherence to one of two or more plans proposed to accomplish the end, both or all calculated to attain it.

In the case of the railroad company the fund was intrusted to the Treasury to be applied eventually to the discharge of specific debts. The owner was not to be permanently separated from his money, though plenary power to convert it into securities named in the bill was reposed in the Secretary.

In the case of the national banks the money of each is permanently impounded to be utilized in aid of a plan to secure payment, not only to the present creditors of the bank, but to all who may become such during the course of its future opera-

Take the case of an insurance company, referred to in the language from the opinion last above quoted, which not only has creditors now but which, by the very character of the business it conducts, as long as it remains in business, must accumulate other creditors. Certainly it will not be doubted that a statute might require it permanently to lodge with some officer of the State a certain portion of its capital as security for the performance of its obligations to its stockholders as a condition of its being permitted to continue in business.

The bank guaranty case, Noble State Bank v. Haskell (219 U. S., 104), seems equally decisive of the question being considered. Under the act involved in that case banks chartered before it was passed were required to pay to the State 1 per cent of their average daily deposits for the purpose of creating a depositors' guaranty fund. By a later act the contribution required was raised to 5 per cent. This fund was to be held and administered by the State. From it, so far as it would go, the depositors of a failed bank were to be paid immediately and the fund reimbursed out of its assets when they should be reduced, to the extent that the advances could be thus returned. The contributing banks were thus permanently deprived of the money exacted of them. While the depositors in each bank had a contingent interest in the fund thus created, the bank itself had none in any just sense, nor did its stockholders. That act was assailed upon the same grounds as those urged against this bill. The inquiry presented was stated by the court in these words:

The only contract that it relies upon is its charter. That is subject to alteration or repeal, as usual, so that the obligation hardly could be said to be impaired by the act of 1907 before us, unless that statute deprives the plaintiff of liberty or property without due process of law. (See Sherman v. Smith, 1 Black, 587.) Whether it does so or not, is the only question in the case.

That question was answered as follows:

That question was answered as follows:

The power to compel, beforehand, cooperation, and thus, it is believed, to make a failure unlikely and a general panic almost impossible, must be recognized, if government is to do its proper work, unless we can say that the means have no reasonable relation to the end. (Gundling v. Chicago. 177 U. S., 183, 188.) So far is that from being the case that the device is a familiar one. It was adopted by some States the better part of a century ago, and seems never to have been questioned until now. (Receiver of Danby Bank v. State Treasurer, 39 Vermont, 92; People v. Walker, 17 N. Y., 502.) Recent cases going not less far are Lemieux v. Young (211 U. S., 489, 496); Kidd, Dater & Price Co. v. Musselman Grocer Co. (217 U. S., 461).

We can not say that the public interests to which we have adverted and others are not sufficient to warrant the State in taking the whole business of banking under is control. On the contrary we are of opinion that it may go on from regulation to prohibition, except upon such conditions as it may prescribe.

It is impossible to give these plain words any significance at

It is impossible to give these plain words any significance at all, except it be that there is no limit to the conditions Congress may impose upon those who desire to enter or remain in a national banking system, which it provides. If any ban's does not care to conform, it may retire. It can not remain in the system and defy the Government in its effort to make that system safe and serviceable.

Mr. LEWIS. Mr. President, in this connection the able Senator from Montana [Mr. Walsh] has disclosed himself to be the able lawyer that we who know him intimately have always conceded him to be.

I wish to invite his attention to the fact that the Supreme Court, in Two hundred and nineteenth United States, 221, and in the Two hundred and eighteenth-the Calder and Louisiana cases-makes this distinction, which I think is appropriate, if I may be permitted to intrude it upon his argument. The court holds that it is not in the power of persons to contend that a change in a charter is unconstitutional, so far as they are concerned, unless there is exist-ing between them and the person against whom they complain some contract upon which they rest their claim. claim must disclose some reserved right of theirs particularly The opinion points out that a contract must be vioaffected. lated by the change; that the mere fact that there has been a change between the sovereignty or individual can not be the subject of complaint on the part of any individual person unless it likewise shall come from a contract right given him by the charter apart from the general conflict between the legislation and the Constitution. The bank can not put itself in the place of the sovereign-to complain in its behalf, nor the

banks generally—merely because banks may be curtailed of privileges, by the amending act, previously enjoyed by the original act. I will hand the Senator the citations.

Mr. REED. Mr. President, I regard the brief—for that is

what it is-of the Senator from Montana [Mr. Walsh] as so able and comprehensive and so useful at this time that I ask unanimous consent that it be made a public document.

The PRESIDING OFFICER (Mr. BRYAN in the chair). The

Chair is of the opinion that under the rule of the Senate that can not be done.

Mr. REED. Why?

The PRESIDING OFFICER. Because it is a speech delivered on the floor of the Senate by a Member of the Senate.

Mr. REED. I am aware of no rule of that character.

think I know of precedents to the contrary.

Mr. BRISTOW. If the Senator will pardon me, I will suggest to him the reason why, and it is very manifest. A Senator delivers an address. If it is made a public document, it is printed at the Government expense and circulated at public expense.

Mr. REED.

Mr. REED. Yes. Mr. BRISTOW. While when a Senator makes an address and it is not printed as a document, he circulates it at his own expense. It seems to me it ought to be an invariable rule that of speeches delivered here one should not be printed and cir-

culated at public expense and another not.

Mr. REED. If there is going to be opposition, I would not embarrass the Senator from Montana, who had no idea I would make this request, by urging it, but I want to say to the Senator from Kansas that I do not regard this as an ordinary speech made on the floor of the Senate. It is a legal argument, carefully prepared, which simply deals with the question of law involved in this bill. It is not in advocacy of the bill. It has nothing in it of a personal or a partisan nature. It is merely a lawyer's brief; but if the Senator objects, of course, I have nothing further to say.

Mr. BRISTOW. I do not want to be put in the position of objecting, because I realize all that the Senator from Missouri I am not a competent judge as to the value of a brief of that kind. But it was in answer to a speech delivered by the Senator from Iowa [Mr. Cummins], and the Senator from Missouri will see that to make one a public document and not to make the other would be a discrimination which the Senate could not be justified in, and it would open the door to the widest kind of discrimination and abuse if anyone saw fit to follow it up as a precedent. I would rather not be put in the position of objecting. I simply refer to the rule, which, I think, forbids such a proceeding.

Mr. REED. Mr. President-

The PRESIDING OFFICER. The present occupant of the chair is of the opinion that there is a rule adopted by the Committee on Rules, under the authority of the Senate, which for-bids the printing as a public document of a speech delivered on the floor of the Senate. If the Senator from Missouri will look into that matter, there not being a copy of the rules adopted by that committee on the Vice President's desk, he may prefer his request later.

Mr. REED. I want to say, and I intend at this point to drop the matter, that my thought in making the request was simply this: There has been a great deal of talk that I think has been hearkened to somewhat by bankers to the effect that Congress is acting in the passage of this bill outside of its constitutional right; that it is an invasion of the rights of the banks under the Constitution. There has been much talk before the committee and otherwise to the effect that we are invading the rights of the banks. I had hoped that we might have about 20,000 copies of this brief printed and sent to each of the banks of the United States. I had the notion that if it was so distributed we would not hear much more of the particular kind of complaints I have referred to. It was only because it could be used in that way that I made the suggestion. However, I with-

draw the request, in view of the objection which has been made.

Mr. BRANDEGEE. Of course the same purpose could be accomplished, if the rule prohibits anything of the kind to be

lege, and I think there is merely a nominal charge for the

printing

Mr. CHILTON. Mr. President, I am a member of the Committee on Printing. This is a matter that has been before that committee one or two times. I think it is the printing law the Chair has in view that prohibits, even by unanimous consent, the printing of an address delivered upon the floor of the Senate. I wish there was some way by which we could obviate that rule, because, with the Senator from Missouri, I would very much like to see the speech printed as a public document. should like to have both the discourses on this subject printed in that form; but I think there is a law of Congress that stands in the way. That is my recollection.

Mr. REED. If there is such a law, it is doubtless bottomed upon the logical principle that a speech having been once deliv-

ered in the Senate it has entirely lost its public uses.

Mr. HITCHCOCK. Mr. President, I am ready now to proceed with section 11. I think we ought to have a quorum here for the purpose, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Nebraska suggests the absence of a quorum. The Secretary will call

the roll.

The Secretary called the roll, and the following Senators answered to their names:

Gallinger Goff Gore Gronna Hitchcock Hollis Hughes Johnson Kenyon Kern La Follette Simmons Smith, Ga. Smith, S. C. Stephenson Sterling Sutherland Swanson Thompson Tillman Townsend Vardaman Walsh Bankhead McCumber McLean Brady Brandegee Martine, N. J. Myers O'Gorman Overman Bristow Bryan Burton Chamberlain Chilton Clapp Clarke, Ark. Colt Crawford Cummins Dillingham Fletcher Bristow Owen Page Perkins Pomerene Ransdell Reed Robinson Shafroth Walsh Warre Lane Lea Lewis Shafroth Sheppard Williams

Mr. TOWNSEND. The senior Senator from Washington [Mr. JONES] is unavoidably detained from the Chamber on important

The PRESIDING OFFICER. Fifty-nine Senators have responded to their names on the call of the roll. A quorum of the Senate is present.

Mr. HITCHCOCK. Mr. President, I now offer section 11 as it appears on page 32 of the bill as presented by me on behalf of certain members of the committee.

The PRESIDING OFFICER. The Secretary will state the amendment proposed by the Senator from Nebraska.

The Secretary. It is proposed to strike out of section 11 of the House bill, from line 4, on page 31, down to and including

line 11, on page 32, as follows:

line 11, on page 32, as follows:

SEC, 11. That there shall be created a Federal reserve board, which shall consist of seven members, including the Secretary of the Treasury, the Secretary of Agriculture, and the Comptroller of the Currency, who shall be members ex officio, and four members appointed by the President of the United States, by and with the advice and consent of the Senate. In selecting the four appointive members of the Federal reserve board, not more than one of whom shall be selected from any one Federal reserve district, the President shall have due regard to a fair representation of different geographical divisions of the country. The four members of the Federal reserve board appointed by the President and confirmed as aforesaid shall devote their entire time to the business of the Federal reserve board and shall each receive an annual salary of \$10,000, together with an allowance for actual necessary traveling expenses, and the Comptroller of the Currency, as ex officion member of said Federal reserve board, shall, in addition to the salary now paid him as comptroller, receive the sum of \$5,000 annually for his services as a member of said board. Of the four members thus appointed by the President not more than two shall be of the same political party, and at least one of whom shall be a person experienced in banking. One shall be designated by the President to serve for two, one for four, one for six, and one for eight years, respectively, and thereafter each member so appointed shall serve for a term of eight years unless sooner removed for cause by the President. Of the four persons thus appointed, one shall be designated by the President. The manager of the Federal reserve board, subject to the supervision of the Secretary of the Treasury and Federal reserve board, shall be the active executive officer of the Federal reserve board.

And in lieu thereof to insert:

And in lieu thereof to insert:

Mr. BRANDEGEE. Of course the same purpose could be accomplished, if the rule prohibits anything of the kind to be printed as a public document, by having the speech reprinted from the Record and circulated to the same constituency.

Mr. REED. But who would have it printed? Who would circulate it?

Mr. BRANDEGEE. Whoever is interested, I presume, in presenting the views contained in the speech to the parties who want to read it.

Mr. REED. I am not interested to that extent as an individual.

Mr. BRANDEGEE. I do not know what the charge is per page for reprinting speeches. Of course it has a franking privi-

Federal reserve board thus appointed by the President shall devote their entire time to the work and duties of the board and shall not while in office be officers, directors, or employees of any bank or trust company, nor hold stock in any such institution, and they shall each receive a salary of \$12,000 per year, payable monthly out of the Treasury of the United States upon the order or warrant of the Secretary of the Treasury. The President shall designate, other than the Secretary of the Treasury, one member of said board as governor thereof, and one member as vice governor thereof who shall act in place of the governor during his disability or absence. The governor shall be the active executive and presiding officer of the board. The Secretary of the Treasury Department Bullding, or the board may select quarters elsewhere in the city of Washington if sufficient office room can not be found in said building. The said board shall hold its office in the city of Washington, D. C. The first meeting of the board shall be held as soon as may be, upon the call of the Secretary of the Treasury, at a time and place designated by him.

On page 34, line 5, after the word "stock," to insert "and

On page 34, line 5, after the word "stock," to insert "and surplus"; in line 6, after the word "expenses," to insert "and salaries"; in line 8, after the word "any," to strike out "deficit" and to insert "deficiency," so as to make the clause

The Federal reserve board shall have power to levy semiannually upon the Federal reserve banks, in proportion to their capital stock and surplus, an assessment sufficient to pay its estimated expenses and salaries for the half year succeeding the levying of such assessment, together with any deficiency carried forward from the preceding half year.

On page 34, after line 4, to strike out:

On page 34, after line 4, to strike out:

The first meeting of the Federal reserve board shall be held in Washington, D. C., as soon as may be after the passage of this act, at a date to be fixed by the reserve bank organization committee. The Secretary of the Treasury shall be ex officio chairman of the Federal reserve board. No member of the Federal reserve board shall be an officer or director of any bank or banking institution or Federal reserve bank nor hold stock in any bank or banking institution; and before entering upon his duties as a member of the Federal reserve board he shall certify under oath to the Secretary of the Treasury that he has complied with this requirement. Whenever a vacancy shall occur, other than by expiration of term, among the four members of the Federal reserve board appointed by the President, as above povided, a successor shall be appointed by the President, with the advice and consent of the Senate, to fill such vacancy, and when appointed shall hold office for the unexpired term of the member whose place he is selected to fill.

On page 35, line 3, before the word "report," to insert "full"; in line 4, before the word "report" to strike out "full"; in line 4, before the word "report," to strike out "fiscal"; in the same line, after the words "to the," to strike out "Speaker of the House of Representatives, who shall cause the same to be printed for the information of the," so as to read:

The Federal reserve board shall annually make a full report of its operations to the Congress.

On page 35, line 10, after the word "charged," to strike out On page 35, fine 10, after the word "charged," to strike out "except as in this act otherwise provided"; in line 12, before the word "currency," to insert the word "national"; after the word "currency," to strike out "issued" and insert "secured"; in line 13, after the word "by," to strike out "or through banking associations" and to insert "United States bonds and, under the general supervision of the Federal reserve board, of all Federal reserve notes"; in line 18, after the word "Treasall Federal Feserve hotes; in line 18, after the word Treasury," to strike out "acting as the chairman of the Federal reserve board: Provided, however, That nothing herein" and to insert "Nothing in this act"; in line 21, after the word "construed," to strike out "to affect" and to insert "as taking away"; in line 21, after the word "any," to strike cut "power now" and to insert "powers heretofore"; in line 22, after the words "in the," to strike out "Comptroller of the Currency or the"; and in line 23, after the word "Treasury," to insert "which relate to the supervision, management, and control of the Treasury Department and the bureaus under such departso as to read: ment.

ment," so as to read:

Section 324 of the Revised Statutes of the United States shall be amended so as to read as follows: "There shall be in the Department of the Treasury a bureau charged with the execution of all laws passed by Congress relating to the issue and regulation of national currency secured by United States bonds and, under the general supervision of the Federal reserve board, of all Federal reserve notes, the chief officer of which bureau shall be called the Comptroller of the Currency, and shall perform his duties under the general direction of the Secretary of the Treasury." Nothing in this act contained shall be construed as taking away any powers heretofore vested by law in the Secretary of the Treasury which relate to the supervision, management, and control of the Treasury Department and the bureaus under such department.

All HITCHCOCK Mr President I have very little to say

Mr. HITCHCOCK. Mr. President, I have very little to say concerning this amendment. Both branches of the Banking and Currency Committee concurred in the belief that the House bill was seriously defective in providing a board with seven members, only four of whom should give their whole time to the The House bill provided a board of seven members, three of whom were ex officio, namely, the Secretary of the Treasury, the Comptroller of the Currency, and the Secretary of Agriculture—three public officials whose time is completely taken up with the duties they already have, and three public

officials, therefore, who would not be able to give much attention to the important duties of the Federal reserve board.

Another objection to the House bill, which was concurred in by both branches of the committee, was that the House bill did not sufficiently remove from the realm of politics the membership of this board, in providing that only four of the officers should be appointed and that their terms should be short, and uniting them with three Cabinet officers appointed by the President. It was thought that the Federal board came too immediately under the control of the President for the time being, and that the welfare of the country, the welfare of the system, and the permanency of the banking system required that the board should not only be larger, but that it should be further removed from immediate political control.

The branch of the committee of which the Senator from Oklahoma is the spokesman has reported a bill providing for a board of seven, that has limited the ex officio membership to one-the Secretary of the Treasury-and has provided that the other six members shall be appointed, each having a term of six years in office. We have thought that the board was of sufficient importance, that the interests under its control were sufficiently great, and its power sufficiently vast, to warrant a larger membership. We have, therefore, recommended that a board be created with nine members, the Secretary of the Treasury to be the only ex officio member, because of the fact that his duties bring him in immediate contact with the banking and currency system of the United States, and that the other eight members of the board should be appointed for terms of Those first in office would be so classified that one eight years. would hold for one year only, another for two years, another for three, another for four, another for five, another for six, another for seven, and another for eight years; so that one member of the board should go out of office each year.

The wisdom of this provision rests in the fact that in this

way it will be made impossible for a President to inject the political element into the board so largely as to control it immediately upon coming into office; it rests in the fact that in this way we shall have a permanent body, exercising the great powers of the Federal board. They are great—the power to control the interest rate, the power to supervise not only the reserve banks, which this system proposes to create, but as the terms of the bill are drawn practically to supervise the member banks, perhaps ten, twelve, or fifteen thousand in number. The board not only has an outlook over the domestic life of the country, the banking and currency system in the United States, but it must take into account the great world movement of gold, of prices, of credit, and, in our opinion, this board ought to have the strength of nine members, and ought to have the dignity of an eight-year term.

I have nothing further to say, Mr. President, in regard to the amendment, and am ready for a vote.

Mr. SHAFROTH. Mr. President, the differences between the sections of the committee are not very great. The Owen amendment provides for a term of six years, and provides for the membership of the board to be six and the Secretary of the Treasury. Under the Owen bill the salary is to be \$10,000 a year, while under the Hitchcock amendment it is proposed to fix it at \$12,000 a year. Under the Owen amendment a President can, in the closing year of his administration, control the board, but he can not do so at any other time under ordinary circumstances.

Mr. President, I move to lay the amendment of the Senator from Nebraska on the table.

Mr. NELSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll. The Secretary called the roll, and the following Senators answered to their names:

Brady Brandegee Bristow Bryan Burton Chamberlain Chilton Clarpe, Ark. Colt Crawford Cummins Dillingham du Pont	Gore Gronna Hitchcock Hollis James Johnson Kenyon Kern La Follette Lane Lea Lewis McCumber MeLean	Nelson Norris O'Gorman Overman Owen Page Perkins Pomerene Ransdell Reed Hobinson Root Shafroth Sheppard	Smith, Ga. Smith, Mich. Stephenson Sterling Sutherland Swanson Thompson Tillman Townsend Vardaman Walsh Warren Weeks Williams
Dillingham	McCumber	Shafroth	Weeks

The VICE PRESIDENT. Sixty-five Senators have answered to the roll call. There is a quorum present. The question is on the motion of the Senator from Colorado [Mr. Shafroth] to The question is on Bi Ca Cl Cl

lay on the table the amendment proposed by the Senator from Nebraska [Mr. Hitchcock].
Mr. NELSON. On that I ask for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded

Mr. CHAMBERLAIN (when his name was called). a general pair with the junior Senator from Pennsylvania [Mr.

OLIVER]. In his absence, I withhold my vote.

Mr. CHILTON (when his name was called). I have a general pair with the junior Senator from Maryland [Mr. Jackson], who is absent. If he were present, I should vote "yea" and he would vote "nay."

Mr. DILLINGHAM (when his name was called). On this

question I have a pair with the senior Senator from Maryland [Mr. SMITH]. If I were permitted to vote, I should vote "nay."

Mr. DU PONT (when his name was called). I have a general pair with the senior Senator from Texas [Mr. Culberson]. transfer that pair to the senior Senator from Idaho [Mr. Borah] and will vote. I vote "nay."

Mr. NELSON (when his name was called). I have a general

pair with the senior Senator from Georgia [Mr. Bacon]. transfer that pair to the senior Senator from Utah [Mr. Smoot] and vote "nay

Mr. STERLING (when his name was called). I am paired with the senior Senator from Louisiana [Mr. Thornton]. transfer that pair to the Senator from New Mexico [Mr. Catron] and vote "nay."

The roll call was concluded.

Mr. DILLINGHAM. I have already announced my pair with the senior Senator from Maryland [Mr. SMITH], but I transfer that pair to the Senator from Washington [Mr. Jones] and vote "nay."

Mr. KERN (after having voted in the affirmative). I desire to inquire if the Senator from Kentucky [Mr. Bradley] has voted?

The VICE PRESIDENT. The Chair is informed that he has not voted.

Mr. KERN. Then I withdraw my vote on account of my pair with him.

While on my feet I desire to state that the Senator from Georgia [Mr. BACON], the Senator from Missouri [Mr. STONE], and the Senator from Colorado [Mr. Thomas] are detained from the Senate on account of illness. All of them, if they were here, would vote "yea." The Senator from Missouri [Mr. STONE] is paired with the Senator from Wyoming [Mr. CLARK]

Mr. ASHURST. I desire to announce that my colleague [Mr. SMITH of Arizona] is unavoidably detained from the Chamber. He is paired with the Senator from New Mexico [Mr. Fall]. If present, my colleague would vote "yea." I will let this announcement stand for the day.

Mr. GALLINGER. I desire to announce that the junior Senator from Maine [Mr. Burleigh] is detained from the Senate on account of illness and that he is paired with the Senator from Colorado [Mr. Thomas]. That notice may stand for the day.

Mr. WILLIAMS (after having voted in the affirmative). I voted I was under the impression that the senior Senator from Pennsylvania [Mr. Penrose], with whom I am paired, was here. I have just been informed that he has not voted. Is that correct?

The VICE PRESIDENT. The Senator from Pennsylvania has

not voted.

Mr. WILLIAMS. Then I withdraw my vote, as I have, as already stated, a pair with him.

Mr. WALSH (after having voted in the affirmative). I observe that the senior Senator from Rhode Island [Mr. Lippitt] has not voted. I have a general pair with him and accordingly withdraw my vote.

The result was announced-yeas 37, navs 32, as follows

THE LEGITE	With timio differen	Jours or, Hulys	oz, as ronows:
	YE	AS-37.	
Ashurst Bankhead Bryan Clarke, Ark. Fletcher Gore Hollis Hughes James Johnson	Lane Lea Lewis Martin, Va. Martine, N. J. Myers Newlands O'Gorman Overman Owen	Pittman Pomerene Ransdell Reed Robinson Saulsbury Shafroth Sheppard Shields Shively	Simmons Smith, Ga. Smith, S. C. Swanson Thompson Tillman Vardaman
	NA	YS-32.	
Brady Brandegee Bristow Burton Clapp Colt Crawford Cummins	Dillingham du Pont Gallinger Goff Gronna Hitchcock Kenyon La Follette	McCumber McLean Nelson Norris Page Perkins Root Sherman	Smith, Mich. Stephenson Sterling Sutherland Townsend Warren Weeks Works

#### NOT VOTING 98

	-1V-m		
acon orah radley urleigh atron hamberlain hilton	Clark, Wyo. Culberson Fall Jackson Jones Kern Lippitt	Lodge Oliver Penrose Poindexter Smith, Ariz. Smith, Md. Smoot	Stone Thomas Thornton Walsh Williams

So the motion of Mr. Shafroth to lay on the table the amendment of Mr. HITCHCOCK was agreed to.

Mr. HITCHCOCK obtained the floor.

Mr. ROOT. Mr. President-

Mr. HITCHCOCK. I defer to the Senator from New York.
Mr. ROOT. Mr. President, before passing to another amendment, I wish to make some observations regarding the several replies which were made yesterday to the argument I made last Saturday regarding what seemed to me to be the possibilities of

inflation under the pending currency bill.

I am going to depart from the custom to which my feeling ordinarily holds me and make a remark regarding some personal allusions which occurred in the speeches of two, perhaps three, of the Senators who replied to me. Those Senators saw fit to intimate that my motive in making the argument I did make was not merely the desire to contribute what I could to the fair and intelligent discussion of the merits of this bill, but that there was also a motive of personal ambition coloring my judgment and affecting my utterances.

That is not a very cogent argument in itself, for what a Senator says here is to be judged by the weight of what is said rather than by any motives he may have in saying it. theless, I have this to say about it, and I should not say it were it not for the fact that a public statement has appeared coming from the senior Senator from New Hampshire [Mr. Gallinger], and that public statement has been commented upon in this Chamber and in the public press, the substance of the statement being that under some circumstances I might be a candidate for the Presidency of the United States.

I shall always be grateful, sir, for the friendship and the good opinion of the Senator from New Hampshire, and for the toopartial friendship which has led other gentlemen to express agreement with him; but I ask my friends upon the other side who do not agree with him and in whose minds a suspicion of personal ambition upon my part may detract from the weight of my utterances, to remember the fact that before this administration comes to a close and the next President has been inaugurated I shall have reached the age of 72 years. Before the next administration comes to a close I shall have passed the age of 76 years. It is manifestly impossible, sir, that I should be the President of the United States. I could not render the service. I would not undertake it. I would not accept the nomi-I could not accept the office.

Such suggestions are and can be merely a graphic way of expressing the feelings of friendship and approval. My political career and my public career are drawing to a close. No political ambition whatever finds its place in the horizon of my future. I look with sympathy and interest upon the younger and more vigorous men who surround me, who rightfully cherish ambitions for place and usefulness of service for our country, but I have no part in them.

Now, sir, let me say a very few words regarding the arguments which have been employed-

Mr. GALLINGER. Mr. President

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from New Hampshire?

Mr. ROOT. Certainly.

Mr. GALLINGER. If the Senator from New York will permit me, I desire, for the purpose of placing myself right as well as doing justice to the distinguished Senator from New York, to say that the Senator from Missouri [Mr. Reed] yesterday, upon incorrect information from some source, stated that a typewritten copy of what appeared in the newspapers of the country over my signature had been presented to the press gallery before the Senator from New York made his remarkable speech. The statement was not correct, and the Senator from Missouri very kindly has said to me that he will correct it in the permanent RECORD. The fact is that at the close of the speech of the Senator from New York I went to my committee room and dictated the few lines that appeared in the public press, and I did it simply because I felt like doing it.

For a great many years I have had the profoundest admiration for the Senator from New York, and if it had been in my power he would have been President of the United States long ago, and I still hope that he may grace that exalted position. I do not share with him the view that his age will make him an undesirable candidate for the Presidency three years from now; but that, of course, is in the keeping of the Senator from New

I simply desire to add, so that the RECORD may be correct, that exchanged no word with the Senator from New York or any other Senator before writing what I did. I am personally responsible for what appeared over my signature; and I am especially gratified at the flattering reception my suggestion has received in all parts of the country. I am glad to know that the incorrect statement made by the Senator from Missouri will be corrected in the permanent RECORD.

Mr. REED. Mr. President, the Senator from New Hampshire informed me this morning that my statement was not accurate. I told him at once that I would gladly correct the remarks as they will appear in the RECORD. I made the statement upon the strength of a statement which was made to me, and which I credited.

I will say, further, that when I took the floor to make some remarks on yesterday I intended to speak only to the matter which was then immediately before us. When I began talking, without any deliberation, I took up the other matter. said was said without any deliberation or forethought; and in so far as I did the Senator from New Hampshire an injustice, or the Senator from New York, I very frankly express my

Mr. ROOT. Mr. President, I wish to say a few words regarding the arguments made by the several Senators yesterday.

The Senator from Oklahoma has presented two series of reasons why the objections which I made to the sixteenth section of the currency bill should not have weight. The first series related to the value and the adequacy of the security which the Government receives when it loans its notes. The other series related to the question whether there can be inflation under the

As to the first series I shall take up no time. I had already said that I did not assert that in any particular case the se-curity which the Government would receive for the loan of its notes would not probably be adequate security, but that the phase of the business which I thought we ought to consider was not the security for a particular loan but the general effect of the process, the course of business which was contemplated and authorized in the bill.

The loans of Government notes to the banks authorized by the sixteenth section of the bill will be subject to just the same dangers and possibilities and vicissitudes of good and bad judgment, of honesty and dishonesty, as in all cases of credits. All credits by banks or by merchants or by individuals, in whatever business, are extended subject to certain vicissitudes, to certain possibilities of loss; and these credits, created by the Government loaning its notes to the banks on the securities specified in the bill, will be subject to vicissitudes. There may well be situations arising in which the Government will lose, and it may well be that in the great mass of cases the Government will not

That is neither here nor there so far as my criticism of this bill is concerned. My objection is that the bill permits a vast inflation of our currency, and that inflation can be accomplished just as readily and just as certainly by loans of the Government paper upon good security as upon bad security; that is to say, upon security that is good until the time comes when, through a process of inflation, we reach a situation in which no security

If it be true that the bill permits inflation, if it be true that under this bill the process of inflation can go on to the point with which we are all familiar, the point when the too-sanguine hopes and expectations of the business world are brought to a sudden and disastrous end, if that be true, then none of this If it be not true, then I grant you security will then be good. that the security is reasonably good security.

So, I turn to what the Senator from Oklahoma says will be the safeguard against inflation. Before I go to that, however, let me restate what appears now to be admitted in the answers that have been made—that is to say, not to be denied.

It is not denied that it is possible under this bill to add to the existing greenbacks, the existing gold and silver certificates of the Government, and the existing seven hundred and forty-odd millions of national-bank notes, a further issue of currency consisting in demand obligations of the United States to the extent of \$1,800,000,000. It is possible. No one denies the possibility periods of inflation. It is denied that we are to have one under this bill, but no one denies that such periods do occur. No one denies that in the past, from time to time, great commercial nations have found themselves moving along upon a tide of optimism which, with the facilities of easy money, has brought them to a point of most serious and injurious collapse. No one denies either the possibility of such periods or the serious and ruinous consequences which inevitably follow them. So we have a basis upon which to proceed—the history of the recurrence of periods of inflation, the ruinous consequences following such periods, and the possibility of the enlargement of our currency under this bill by adding to the existing currency \$1,800,000,000 of demand obligations of the United States.

Mr. SWANSON. Mr. President-

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Virginia?

Mr. ROOT. Certainly.

Mr. SWANSON. The statement of the Senator is based on an estimate I made in a speech to the Senate. looked over the figures and the provision of the Owen bill, and I find that there was a mistake in my estimate; so I would not like to have my figures mislead the Senator.

I find that the resources of the banks will be \$636,000,000, according to the estimate made by an expert. Of that, \$105,000,000 is estimated as the capital of the banks, which would leave \$531,000,000 as deposits of the reserves of the member banks and of the United States. The Owen bill, as reported, provides that these banks shall keep a reserve of 35 per cent for their demand obligations and for their note issues. As the reserves of the banks would be \$531,000,000, and a reserve of 35 per cent must be kept for that, that would leave \$185,850,000 which must be kept in the banks as a reserve for their obligations in the way of the deposits which may be put there by the United States and the member banks.

Mr. ROOT. How much?

Mr. SWANSON. One hundred and eighty-five million eight hundred and fifty thousand dollars. So all the currency that could be issued would be upon \$636,000,000 less \$185,000,000, which would leave \$451,000,000, with a reserve of 35 per cent, which would permit a currency issue of only \$1,288,000,000.

The mistake I made in my estimate was in not providing for

the reserves for the deposits of the United States Government

and for the deposits of the member banks.

I think if the Senator will look at the provisions of the bill he will come to the same conclusion that I did when I looked at the language subsequently. I am satisfied that the provision requires the reserve I have stated for the deposits made by the United States Government and also by the banks; and then, after these deposits have been provided for by a reserve, the residue of \$451,000,000 could be utilized for the issuance of

Mr. ROOT. Mr. President, I think the Senator was right in the first instance and wrong in this, but I will not stop to deal with the matter here, because \$1,200,000,000 spells the same result as \$1,800,000,000.

Mr. OWEN. Mr. President-

The VICE PRESIDENT. Does the Senator from New York yield to the Senator from Oklahoma?

Mr. ROOT. Certainly, Mr. OWEN. Since the error of \$600,000,000 has been corrected, I desire to correct the remainder of the \$1,200,000,000.

Mr. ROOT. I shall be glad to have the Senator do that in the bill

Mr. OWEN. The Senator can explain it on the floor, whether the Senator from New York perceives it or not; but I will not do it now unless it is agreeable to the Senator.

Mr. ROOT. As the Senator pleases.
Mr. OWEN. The reserves and the funds which will be placed in these banks, and might be borrowed from them, of course would be paid out in the currency which they would have rather than to apply for currency which they would not need at the time the loan was made. In the normal course of human conduct in handling a bank and making loans no prudent, sensible banking management would apply for Federal reserve notes, with the difficulties attending the issue of such notes, when it had abundant funds in gold or silver or lawful money available to be loaned to those who desired such currency. It must not be overlooked that human nature, which will operate in the conduct of these banks, and the ordinary laws of business prudence would forbid the issuance of these emergency notes when there was no emergency, but that the money which they had on hand would go out to those who desired currency before any application could or would be made for the Federal reserve

Mr. ROOT. Mr. President, that is an argument, not as to the possibility of inflation but as to what the banks probably would do. I shall say a word about that presently. It still leaves the possibility of inflation by the increase of the demand obligations of the United States over the now existing currency to the extent of \$1,800,000,000, according to the first estimate of the Senator from Virginia, and \$1,288,000,000 according to his last estimate.

There are some further considerations bearing upon that It was agreed between the Senator from Virginia and myself when I was speaking on Saturday that that estimate was based only upon the mandatory provisions of the law-that is, based upon deposits from member banks which were required by law. If, as my friends on the other side expect, many other banks come into the system, so much more will be deposited with the reserve banks and so much more will be the reserves held by the member banks and so much greater will be the possibilities of enlarging the demand obligations of the United States by the issue of more and more of these reserve notes.

Still further, the bill in its twelfth section-that is, the eleventh section of the Owen bill, which is printed in this three-column edition under the head of "Section 12," because it relates to the twelfth section of the House bill-contains two provisions bearing upon this subject. One is provision (k) in the enumeration of the authority of the Federal reserve board. Under that the Federal reserve board has power-

To authorize member banks to use as reserves Federal reserve notes or bank notes based on United States bonds to the extent that said board may find necessary.

Under that language I can not see how there is any limit to the enlargement of our currency under this bill. Understand, I am talking now about the power we confer upon a sub-

ordinate agency of government.

We confer by this bill on the Federal reserve board the power to issue demand obligations of the United States to the fullest extent that the banks can bring to the board commercial paper, subject only to the provisions that the banks shall hold against that paper a reserve of 35 per cent, 331 per cent of which shall be gold. At the same time we authorize the Federal reserve board to give authority to the banks to use as reserves Federal reserve notes; that is to say, to use as reserves against the notes that are loaned to them the very notes that are issued. Where, then, is the limitation of reserves?

In that same section of the bill we also confer power upon this subordinate agency of government to suspend for a period not exceeding 30 days and from time to time to renew such suspension for periods not exceeding 15 days any reserve requirement specified in this act. Where, then, are the limits upon the power of this Federal reserve board, this subordinate government agency, to permit the indefinite inflation of the demand

obligations of the United States? Mr. President, let me turn again to the reasons which the Senator from Oklahoma gives to show that there will not be inflation. He says that the citizen must, first, apply for a loan; that the member bank must, second, consent to discount the citizen's paper; that the Federal reserve bank must, third, consent to rediscount the paper; and, fourth, that the Federal reserve agent, representing the people of the United States and the public interest, must also consent. Now, all that is merely saying that the process of borrowing money by the business man or the citizen desiring to embark on new adventures or an enlargement of his old enterprises must go through the same process under this bill that he goes through now—bank scrutiny on the loan, bank scrutiny on rediscount, safeguards to prevent errors of judgment in the making of the loan.

But, sir, the very essential quality of a period of inflation is that the standards which are applied in the exercise of that kind of judgment become modified by the optimism of the hour and grow less and less effective in checking the expansion of business as the period of expansion goes on.

Mr. OWEN. Would it interrupt the Senator if I should ask him a question?

The PRESIDING OFFICER (Mr. SAULSBURY in the chair). Does the Senator from New York yield to the Senator from Oklahoma?

Mr. ROOT. Certainly.

Mr. OWEN. The Senator concedes, does he not, that the extent of the loaning power of a bank depends upon the reserves required by law?

Mr. ROOT. So long as they are required by law and so long as the law is observed.

Mr. OWEN. That is an automatic limitation, is it not?

Mr. ROOT. No; it is not.

Mr. OWEN. The loans can be extended then beyond? Mr. ROOT. They can; and there is express power given here that they may.

Yes; a suspension of the reserve requirement Mr. OWEN. may be allowed, but that is apart from the general rule; and that is a rule which has been observed by the Bank of England, as far as the ministerial permit to ignore the law of 1847, and which three times saved them against a panic. It was put in as an extraordinary remedy. I only want to call the attention of | HITCHCOCK] is addressed.

the Senator to the fact that the normal power of a bank to extend its loans is automatically limited by the reserve requirement of the proposed statute.

Mr. President, I have been proceeding in what Mr. ROOT. have said to-day, and I proceeded Saturday last, upon the basis of the reserve of these banks, the whole estimate and calculation regarding which the Senator from Virginia and myself have been talking, was an estimate as to what would be the amount of issue that would be possible, observing the reserve requirement.

Mr. OWEN. Mr. President, the Senator has not observed that the amount of reserve money in the United States is insufficient to supply the reserve requirements imposed by this proposed act, and that it is of necessity to be supplemented by rediscounting from the reserve bank. This justifies the provision that the reserve notes may themselves be used for the reserve of member banks in order to meet the exigency of the limited amount of reserve money which is in the hands of the banks available for reserves.

Mr. ROOT. Mr. President, I have assumed there was a reason for that, and I do not dispute that assuming the system it is a fair reason. My proposition is that your system is one which, when you come to make it a practical working system, does leave open the possibility of this enormous inflation. However reasonable it may be to allow to the Federal reserve board. a power to permit the use of Federal reserve notes as reserves, power to suspend the reserve requirements-grant that it is necessary under your system-it but emphasizes the fact that you have a system here which makes indefinite expansion and inflation possible.

Mr. President, let me proceed with the specific reasons the Senator from Oklahoma gave to show that there would not be inflation. He refers to the necessity of putting up commercial bills. Of course, that is fundamental. That was the process which was necessarily a part of the data from which I argued on Saturday. The necessity to put up commercial bills or securities in one form or another is an incident to every period of inflation.

Then he proceeds with the six, seven, eight, and nine safeguards-I think that is the number-every one of which is a safeguard dependent upon the exercise of discretion and authority by the Federal reserve board.

Now, just what I complain of is that instead of our doing our duty as the responsible legislative branch of the Government of the United States we are shirking that duty and throwing it off upon a subordinate agency of the Government.

And, Mr. President, I called attention to a fact that I think I was entitled to mention. I mentioned it with good temper and with respect to the fact that the Federal reserve board would probably—certainly possibly—represent an idea that I think is false and injurious, and which I think ought not to be applied in the financial system of this country. Surely no one has a right to be offended with the expression of such a view. We all know, sir, that there are many people in the United States who believe in flat money. I do not class the members of this committee in that category; far from it; but we all know that there are many people who believe that it is the duty of the Government of the United States to print money and furnish it on easy terms to the people of the country, and who believe that it is not necessary to have that alleged money supported by anything but the flat of the United States.

Now, that is a theory of finance which is widespread, which I believe to be wholly erroneous, and which I believe a majority

of the Senate regard as wholly erroneous.

My proposition is that if we have a Federal reserve board that view, then no matter what the Congress of the United States thinks about it, under this bill, those subordinate agents of our Government can reverse the financial policy of the United States and put into operation that view. It is against that, sir, that I address my remarks. I am assuming that they will be honest men; I am assuming that they will have a right public spirit; but I am declaring that we hand over to them the exercise of a tremendous power that no one but the Congress of the United States should ever be permitted to exercise.

Let me turn to an observation made by the Senator from Mississippi [Mr. Williams], whose learning and acumen and public spirit I value very highly. After he had with much genial humor repudiated the position which I have taken, he proceeded yesterday evening to point out some of the defects in the pending bill-the Owen bill-and the first defect that he pointed out was one of the very defects toward the curing of which my amendment is directed, and one of the very defects toward the curing of which the amendment proposed by the section of the committee led by the Senator from Nebraska [Mr.

I had proposed following the views of the Senator from Nebraska and his associates and following the views of the Monetary Commission in a slightly different form, that we should put a brake on the issue of Government obligations by a progressive tax, increasing with the decrease of reserves.

The Senator from Mississippi said:

There is another point. There ought to be somewhere in any bill that is passed a provision automatically contracting the notes, withdrawing them from circulation.

That is what I urged by the hour on Saturday. That is what the Senator from Nebraska [Mr. Hitchcock] and his associates put into their form of the bill, which we have already defeated here under a motion to lay on the table. Senator from Mississippi proceeded:

Some gentlemen object to the word "contracting," no matter where you use it. There ought to be a provision automatically withdrawing that note when the need for the note had ceased. I think no provision was ever adopted better than that which characterizes the Reichsbank when, at a certain stage of the proceedings, the notes are taxed.

I still read from the Senator from Mississippi, for he has presented the argument in favor of making this a really elastic currency much better than I have done or can do it. He said:

currency much better than I have done or can do it. He said:

One of the men who appeared at the Academy of Political Sciences—
I have forgotten now who he was; I was not present; I never met him.
but I read what he wrote afterwards—made a suggestion which I think
is a very good one. You fix a reserve of 33½ per cent. He suggested
that wherever the reserve fell as much as 2½ per cent below the minimum there should be a tax of 1½ per cent. Thirty-three and one-third
per cent—take it at 33 for easy calculation—bring it down 2½ per cent
and that would be 30½ per cent, and there should be a tax of 1½ per
cent. Then when you went to 2½ per cent more it would bring it down
to 28 per cent. Whenever it fell 2½ per cent more it would bring it down
to 25½, and there would be a 4½ per cent more it would bring it down
to 25½, and there would be a 4½ per cent tax. Then if it fell still
lower, bringing it down to 23 per cent, there would be 4½ plus 1½,
which would be 6 per cent, and down the line.

He proceeded to say:

He proceeded to say:

I do not think that is necessary to this bill, because the board of control, the reserve board, is given the option of raising the rate of interest wherever it thinks it is necessary, and it will, of course, think it necessary whenever it will stop undue inflation; but I would rather have an automatic process, because this board is to be named by the President and to be consented to by the Senate, and I know—

I beg the Senate to observe this just and wise observation of

the Senator from Mississippi. He says-

and I know that this system will not be in operation long if the people want more money—and they are always wanting it—before a pressure will be brought to bear upon every Senator in this Chamber to use his influence with the reserve board in order to get them not to contract or in order to get them to consent to a further expansion.

Mr. President, that paragraph of the speech of the Senator from Mississippi states the whole case. The conditions under which a board appointed by the President and confirmed by the Senate will perform their duty under our system of government, and with our political habits, will be such that we can not rely upon their standing up against the pressure that will be brought to bear upon them to always expand, to never contract. broken reed; it is a futile hope; it is a long chance, which we have no right to take, that such a board will present a barrier against the popular, the agreeable, the demanded enlargement of the money of the country which we ourselves are now failing

Mr. President, the suggestion has been made that the currency would not be inflated because people would not want to carry off the money. That is not the way currency is inflated. It is not by people coming with bags and baskets and getting the money and carrying it off. It is that men go and borrow money on the basis of currency, and they borrow it by establishing bank credits. Your increased currency may not go out lishing bank credits. and be carried about the streets, but stay in the vaults of the bank and be drawn against, and the drafts be paid by transfers of credits, pyramided, piling up-just to go back again to the basis of figures that I laid down at the beginning of my remarks on Saturday-just as we have over \$17,000,000,000 of individual deposits in the banks of the country now and only a little over one billion and a half of money of all kinds in the banks of the

Mr. SHAFROTH. Mr. President, will the Senator yield to me for a question?

The VICE PRESIDENT. Does the Senator from New York

yield to the Senator from Colorado?

Mr. ROOT. Certainly.

Mr. SHAFROTH. Is it not a fact that the experience which we have had in this country is directly opposite to that which has been claimed both by the Senator from New York [Mr. Root] and the Senator from Mississippi [Mr. WILLIAMS]? Is it not a fact that the right to coin and issue money in the shape of silver was denied and rejected? Is it not a fact that the greenbacks were limited and contracted? Is it not a fact that the purchasing clause of the Sherman Act was repealed? Is it not a fact that the greenbacks, which were pure flat money at

the time they were issued, were made as good as gold by this Government? Was there any demand upon Senators to go to anybody or to cause expansion during all that time? That is the experience which this Government has had, and it seems to me to be absolutely contrary to the statement which has been made or the theory which has been presented by the Senator from Mississippi and by the Senator from New York.

Mr. ROOT. Mr. President, every one of those things was

done by the Congress of the United States.

WILLIAMS. Mr. President, one word. I uttered no statement with regard to historical facts and no theory that was not in keeping with what the Senator from Colorado [Mr. Differing from the Senator from New SHAFROTH] has said. York [Mr. Root], I think I can rely upon this board to withstand that sort of popular demand; but I do think it would be infinitely better to have the bill withstand it, to do it by legislation, and have it automatically appear in the bill.

This, however, must be remembered by the Senator from Colorado: He says that we finally did stop the amount of greenbacks in circulation at a certain figure. The Senator in that particular case has forgotten his history. After it was found that there were \$346,000,000 of greenbacks and an act was passed to forbid the further withdrawal of them, then, still later on, Congress passed an act to permit the further issuance of them. Congress did that in both branches, and the bill was vetoed by Gen. Grant. But for that popular demand you would have had a provision for an unlimited issue of greenbacks to-day upon the statute books.

Mr. SHAFROTH. But, if the Senator please, the power which was granted to the Secretary of the Treasury to withdraw that circulation and to cancel it was not subject to the appeal from Members of Congress, because he went on reducing it and reducing it, until it got down to \$346,000,000. Consequently, this vesting of power in the Secretary of the Treasury, like the vesting of power in the Federal reserve board, is likely to be exercised with a contrary view and in a contrary way than that which is expressed by the Senator.

Mr. WILLIAMS. Mr. President, I wish to add this: Of course, when the people found out what was going on they checked up the process of further contraction. Then they went still further, and made their Representatives and Senators demand an unlimited issue; and the Representatives and Senators accorded with their wishes, but the bill was vetoed by the President.

I wish, however, to say that that has nothing to do with a situation of this sort. I believe that this board can be relied upon, in its discretion, in the varying of the rate of interest up and down to suit the conditions of business and check undue expansion. That, however, does not prevent me from believing at the same time that it would be better to have incorporated in

the act itself a system which shall work automatically to do it.

The Senator from New York, however, goes a little too far. He seems to take it for granted that the natural result of having the power to issue notes upon reserves, which may be dispensed with, must necessarily lead to inflation. I wish to call the attention of the Senator from New York to the fact that up to the passage of the Peel Act in 1848 there had never been any reserves demanded by the Scottish banks, except what each bank thought it ought to keep, and there was no limitation upon the amount of asset currency that they could issue.

I want to call the Senator's attention to the fact that there is no reserve required to be kept in the Bank of France to-day; that up to-I have forgotten the date, but late in the nine teenth century-there was no limitation placed upon the volume

of notes that could be issued by the Bank of France.

A reserve board appointed of the character that we think will be appointed will not be men representing a popular clamor merely for more money, but they will be men rather fitted by their character, their history, and their attainments to withstand it wherever it is wrong and giving way to it only when it is right. The Senator from New York is, of course, right in saying that there is a possibility of their yielding to popular clamor, but I think the Senator is entirely wrong in assuming that it is more than a bare mathematical possibility. For example, the Senator a moment ago said that there was a great sentiment for fiat money in the country and that a great many people believed in it. I can not believe that the Senator believes that the present President of the United States, or any other President of the United States, will ever appoint upon a board of that sort even one man, much less a majority, who is a devotee of the doctrine of flat money. It is impossible for me to

believe, at any rate, that any President would ever do that.

Mr. ROOT. I congratulate the Senator from Mississippi on

the increase of his faith since he spoke last night.

Mr. WILLIAMS. I said last night that I did not think it was necessary to do that, because I thought the board could be relied upon, but I would rather have it in the act.

Mr. ROOT. We are in full agreement upon that; and I stand upon the reason given by the Senator last night when he said:

I know that this system will not be in operation long if the people want more money—and they are always wanting it—before a pressure will be brought to bear upon every Senator in this Chamber to use his influence with the reserve board in order to get them not to contract or in order to get them to consent to a further expansion.

The peculiarity about this, Mr. President—
Mr. WILLIAMS. I did not mean by that that the board would give way to that influence necessarily; I do not think it would.

Mr. ROOT. I congratulate the Senator upon the facility with which he deals with the observation which he made last night. It is quite beyond any possibilities which I have ever

The peculiarity about this board, to which we are going to intrust the performance of our duty, is that the members are to be selected from different sections of the country. Many sections of the country are exceedingly anxious for more capital. One of the troubles about our system—I will not put it just that way; but I will say one of the causes of complaint about our system—is that for a great many years men have been going from all parts of the country to New York, and Boston, and Philadelphia, and Chicago, and other considerable cities to get the money with which to develop their sections of the country. I myself, practicing law in the city of New York continually in the courts in the trial of causes of all kinds, have seen year by year for between 30 and 40 years a continual procession of men coming to New York to get money to develop the resources of their sections of the country. Ninety-nine out of a hundred have gone away angry and resentful because they could not get hard-headed, unconscionable bankers to treat their sanguine expectations as good security. That is one of the elements which has built up the feeling against New York that finds such ready expression in this

Chamber.
One of the things which is looked for from this bill is that the people of the country at large shall no longer be subject to the tyranny that is involved in having the owners of money require some security other than the expectation of success. One of the things expected from this bill is that the regional banks will be more sympathetic, more appreciative, more responsive to the needs of great areas of the country than the

bankers of New York have been.

The effect of that is going to be that every member of the Federal reserve board will come representing a section of the country, and everyone will have behind him a body of people whom by the terms of his appointment he, to a certain degree, represents, for where you have a board created with reference to sectional distribution, necessarily there is a representation of sections. Everyone will be under pressure from the people of his section to use his influence to turn the life stream toward his own home to encourage and increase the prosperity of business and to set on foot and to prosecute to success the great enterprises which the spirit of his people have organized; and everyone, in order to secure what his people demand for his section, will have to make concessions to his colleagues on the board in regard to the things that their people demand in their sections, and you have the give-and-take of sectional adjustment and mutual concessions going on there, as it is to some extent going on in Congress, but without the limitations of experience and responsibility to check it and keep it subordinate as in these great councils of the Nation. So, sir, it will have to be more than ordinary human nature that will enable this board to stand against the constant pressure for inflation that will be brought to bear upon them.

Mr. President, I do not wish to detain the Senate unduly, and I will close by correcting what I think are some erroneous views of the Senator from Virginia [Mr. Swanson], which were expressed by him in his speech a week or two ago regarding the action of the banks of New York at the time of the panic

The Senator from Virginia based his charge that the banks of New York had not treated the country banks fairly upon the proposition that they had enlarged their loans to the extent, I think, of \$85,000,000. I will say to the Senator from Virginia that I propose to put in some figures bearing upon his attack upon the banks of New York in a speech made by him a week or two ago.

The Senator says there were several million dollars due to

banks in the city of Richmond from banks in New York which

the Richmond banks were unable to get; that the banks in New York had enlarged their loans after the report upon the comptroller's call of August 22, 1907, and down to the comptroller's call of December 3, 1907, to the extent of \$85,000,000; and that the deficiency in reserves which existed and was alleged as a reason for not continuing the shipment of currency to the country banks after the 31st of October, 1907, was due to the enlargement of loans.

Mr. SWANSON. If the Senator will permit me, I will state

distinctly what I stated.

Mr. ROOT. I shall be very glad to have the Senator do so. Mr. SWANSON. This is from an article by Prof. Sprague, of Harvard University, who compiled these figures. It is an article included by the Monetary Commission in its publications. He says that for the week ending October 22 the bank statement showed a loan increase of only \$10,800,000; that during the next week it was \$60,000,000; and for the week ending November 9 it was \$38,000,000-a total of over \$110,000,000 for the three weeks. So for the three weeks prior to November 9-the suspension having been on October 31—the loans in New York had been increased \$110,000,000, from this statement.

Mr. ROOT. Mr. President, I will observe, in the first place, that there are no data there which make it possible for us to know how great a part of those loans were loans to country

Mr. SWANSON. If the Senator will permit me, if he will look on the same page in the same book he will find that during that entire crisis only \$104,000,000 of currency was shipped to the interior

Mr. ROOT. That is quite a different proposition. talking now about the expansion of loans. I say that the Senator does not give us the information. I tried to get it, but it is exceedingly difficult to secure, because it would require recourse to the books of each individual bank. The Senator gives us no information on the point—and I do not criticize him for that—as to how great a part of that increase of loans was in loans to country banks

Mr. SWANSON. If the Senator will permit me, I will approximate that. On the 3d of December, I think, when the report for all the banks was made immediately following the crisis, loans made to country banks were either in the shape of bills payable or rediscounted notes, and all in the United States at that time amounted to a little over \$100,000,000. That comprised all the discounts and rediscounted paper and bills payable from all the national banks in the United States

If half of that was in New York at that time following the crisis, it would be only \$50,000,000; if you were to assume that New York furnished half of all the discounts and bills payable that one bank has with another it would be liberal. statement has been furnished me by an expert. I do not know whether it is included in the book to which I have referred or

Mr. ROOT. That is a long distance from the situation on the 31st of October.

Mr. SWANSON. That was on the 3d of December and takes

in the rediscounting all during that period.

If the Senator will go further, there is a statement as to what was due by interior banks to banks in New York on the 22d of August. I think it was between \$50,000,000 and \$60,000,000. There was due them at that time \$460,000,000, making a balance of \$410,000,000 in their favor. The statement shows the amount due from one bank to another; and if the Senator will look at the statement of August 22, when it began, he will find that there was a balance due the interior banks of \$410,000,000.

Mr. ROOT. Still we have not any information as to how far the increase of loans between the 22d of August and the 31st of October consisted of loans to country tanks. Doubtless there was, and properly was, an attempt on the part of the banks of the central reserve cities to prevent the panic by enlarging loans. That is an axiom. It was one of the conclusions of the bullion report of 1811, which ever since 1819 has been accepted by bankers the world over, that discounts should be freely made in the face of the possibility of a panic, for the purpose of preventing failures which will set the trouble going. I have no doubt the banks in New York did that. But, sir, let me call attention to the actual cash situation.

Mr. SWANSON. If the Senator will permit me-Mr. ROOT. I beg the Senator from Virginia not to inter-

fere with me now. I wish to get in these figures.

I will ask, Mr. President, that the schedules from which I

read may be printed in the RECORD as a part of my remarks.

The VICE PRESIDENT. Is there any objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

Report of Comptroller of the Currency, showing the condition of national banks on Dec. 3, 1907.

[Document No. 56, dated Dec. 23, 1907.1

	Cash required.	Cash on hand.	Excess.	Deficit.	Percent- age excess cash.
Chicago	\$206,098,000 56,591,000	54, 792, 000		\$25,650,000 1,797,000	
St. Louis	26,774,000	21,826,000		4,948,000	********
Central reserve	289, 463, 000	257,066,000		32, 397, 000	
Boston	20, 974, 000	17, 486, 000		3,488,000	
Albany	3,058,000	2,000,000		1,058,000	
Brooklyn.	1,726,000	2,046,000	\$320,000		
Philadelphia	24,704,000	18,807,000		5,897,000	
Pittsburgh	18,056,000	17,030,000		1,026,000	
Baltimore	6,025,000	5,579,000		446,000	100000000000000000000000000000000000000
Washington	2,703,000	4,785,000	2,082,000		77.0
Savannah	170,000	261,000	91,000		
New Orleans	2,489,000	3,025,000	536,000		
Louisville	2,408,000	2,468,000	60,000		
Dallas	1,499,000	1,683,000	184,000		
Fort Worth	965,000	1,162,000	197,000		
Galveston	231,000	486,000	255,000		110, 3
Houston	1,464,000	2,077,000	613,000		
San Antonio	907,000	1,957,000	1,050,000		115.7
Waco	383,000	655,000	272,000		
Cincinnati	6,141,000	6,046,000	212,000	95,000	
Cleveland	5,718,000	5, 156, 000		562,000	
Columbus	2,332,000	2,508,000	176,000	602,000	
Indianapolis	3,072,000	5, 118, 000	2,046,000		66. 6
Detroit.	2,957,000	2,471,000	2,010,000	486,000	00,1
Milwaukee	4,512,000	4, 264, 000		248,000	
Cedar Rapids	697,000	535,000		162,000	
Des Moines	1,296,000	1,162,000		134,000	
Dubuque	325,000	323,000	************	2,000	200000000000000000000000000000000000000
Minneapolis	5, 468, 000	6,092,000	624,000	2,000	de Marie III.
St. Paul	3,726,000	4,648,000	922,000	***************************************	
Kansas City, Kans.	1,044,000	1,033,000	022,000	11,000	22.500
Wichita.	518,000	633,000	115,000	22,000	********
Kansas City, Mo	4,990,000	3,799,000	110,000	1,191,000	
St. Joseph	1,199,000	1,071,000		128,000	
Lincoln	703,000	832,000	129,000	120,000	
Omaha	4,086,000	6,934,000	2,848,000		69.
Denver	5,061,000	7,520,000	2, 459, 000		48.4
Pueblo	1,019,000	1,127,000	108,000		30.1
Salt Lake City	1, 209, 000	1,818,000	609,000	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	
Los Angeles	4,051,000	6, 473, 000	2,422,000		59.
San Francisco	5, 118, 000	9,600,000	4, 482, 000		87.
Portland	1,979,000	4,306,000	2,327,000		117.
Seattle	2, 893, 000	4,090,000	1,197,000		241.1
Deg 648	2, 000, 000	4,000,000	1,101,000		*******
Reserve cities	157, 876, 000	169,066,000	26, 124, 000	14,934,000	

BY STATES AND GEOGRAPHICAL DIVISIONS.

	Cash required.	Cash on hand.	Excess.	Deficit.	Percent- age excess cash.
Maine New Hampshire Vermont Massachusetts	\$1,876,000 1,111,000 916,000 6,748,000 1,230,000	\$2,800,000 1,908,000 1,499,000 10,707,000 1,946,000	\$924,000 797,000 583,000 3,959,000 716,000		71.7
Rhode Island Connecticut	3, 123, 000	5,697,000	2,574,000		82.4
HE TO STATE OF STATE	15,004,000	24,557,000	9,553,000		
New York New Jersey Pennsylvania Delaware Maryland	14,066,000 7,720,000 20,253,000 553,000 1,650,000	20, 424, 000 10, 666, 000 32, 796, 000 1, 057, 000 2, 393, 000	6, 358, 000 2, 946, 000 12, 543, 000 504, 000 743, 000		45.2 38.1 61.9 91.1 45
District of Colum-	64,000	196,000	132,000		206.2
	44,306,000	67, 532, 000	23, 236, 000		
Virginia. West Virginia. Nerth Carolina. South Carolina. Georgia. Florida. Alabama. Mississippi. Louisiana. Texas. Arkansas. Kentucky. Tennessee.	3,530,000 1,995,000 1,113,000 714,000 1,592,000 1,007,000 1,442,000 610,000 765,000 5,100,000 884,000 1,885,000 2,414,000	5, 832, 000 3, 551, 000 2, 418, 000 1, 444, 000 4, 581, 000 1, 240, 000 1, 212, 000 1, 212, 000 1, 456, 000 4, 734, 000 48, 141, 000	2, 296, 000 1, 555, 000 1, 305, 000 730, 000 2, 989, 000 2, 437, 000 630, 000 447, 000 7, 418, 000 1, 555, 000 2, 320, 000		65 77.9 117.2 102.2 187.7 82.3 169 103.2 58.4 145.4 112.8 82.4 96.1
Ohio	9,096,000 5,246,000 8,925,000 4,020,000 4,243,000 3,726,000 5,469,000 1,464,000	14, 704, 000 10, 574, 000 15, 854, 000 6, 418, 000 6, 046, 000 6, 394, 000 7, 795, 000 2, 786, 000	5,608,000 5,328,000 6,929,000 2,398,000 1,803,000 2,668,000 2,326,000 1,322,000		61.6 101.5 77.6 59.6 42.4 71.6 42.5 90.3
	42, 189, 000	70,571,000	28, 382, 000		

Report of Comptroller of the Currency, showing the condition of national banks on Dec. 3, 1907—Continued.

	Cash required.	Cash on hand.	Excess.	Deficit.	Percent- age excess cash.
North Dakota South Dakota Nebraska Kansas. Montana Wyoming Colorado New Mexico Oklahoma	\$1,402,000 1,298,000 2,806,000 3,230,000 1,718,000 705,000 2,102,000 627,000 2,243,000	\$2,332,000 2,396,000 4,545,000 5,987,000 3,752,000 1,631,000 5,568,000 1,344,000 5,150,000	\$930,000 1,098,000 1,739,000 2,757,000 2,034,000 928,000 3,466,000 717,000 2,907,000		66, 3 84, 5 61, 9 85, 3 118, 3 131, 3 164, 8 114, 3 129, 6
	16, 131, 000	32,705,000	16, 574, 000		
Washington. Oregon. California Idaho. Utah. Nevada. Arizona. Alaska	2, 321, 000 1, 025, 000 3, 511, 000 661, 000 348, 000 272, 000 321, 000 80, 000	5, 348, 000 2, 674, 000 7, 876, 000 1, 360, 600 581, 000 704, 000 748, 900 65, 000	3,027,000 1,639,000 4,365,000 699,000 233,000 432,000 427,000	\$15,000,000	130.4 159.9 124.3 105.7 66.9 158.8 133
	8,549,000	19, 356, 000	10, 822, 000	15,000,000	
	149,037,000	262, 862, 000	113,840,000	15,000,000	76

Percentage of reserve to net deposits and excess and deficit reserve of clearing-house banks, 1907.

Week ending—	Per cent reserve.	Excess or deficit reserve.
Sept. 7. Sept. 14 Sept. 21 Sept. 21 Sept. 28. Oct. 5. Oct. 12 Oct. 19. Oct. 28. Nov. 2. Nov. 9. Nov. 9. Nov. 16. Nov. 23. Nov. 30. Dec. 7. Dec. 14. Dec. 24. Dec. 24.	25. 69 25. 65 25. 78 25. 53 25. 25. 45 26. 08 24. 83 21. 30 20. 21 20. 06 19. 98 20. 10 20. 69 21. 23 22. 07 22. 23 22. 23 22. 23 22. 23 22. 23 23. 24 24. 25 25. 25 26. 26 27. 27 28. 28 28. 28 28 28. 28 28 28 28 28 28 28 28 28 28 28 28 28 2	\$7, 372, 250 6, 918, 700 8, 405, 100 8, 405, 103 4, 655, 420 11, 182, 650 11, 233, 300 58, 838, 838, 85 51, 924, 625 53, 604, 930 54, 103, 600 52, 983, 425 40, 101, 175 31, 761, 900 90, 170, 350

DECEMBER 11, 1913.

Mr. ROOT. I will state the essential facts which the schedules exhibit.

According to the report of the Comptroller of the Currency showing the condition of the national banks on December 3, 1907, which was the lower limit of the panic, the cash which the central reserve city banks were required to hold by way of reserve was as follows

New York City, \$206,098,000. Chicago, \$56,591,000. St. Louis, \$26,774,000. New York had on hand, \$180,448,000.

Chicago, \$54,792,000.

St. Louis, \$21,826,000

Making a deficit in New York of \$25,650,000; in Chicago of \$1,797,000; in St. Louis of \$4.948,000. That is to say, in those three central reserve cities there was a deficit of reserves of \$32,397,000.

In all the principal reserve cities there was likewise a deficit.

In Boston there was a deficit of \$3,488,000.

In Philadelphia, \$5,897,000.
In Kansas City, Mo., \$1,191,000.
In Pittsburgh, \$1,026,000.
In Cleveland, \$562,000.

In Detroit, \$486,000.

This was on the 3d of December. This is where they were a month following the suspension of payment. There was about \$11,000,000 of excess taking all the reserve cities together, the

excess being almost altogether in the smaller cities.

Now, let us turn to the country banks, the treatment of which by the New York banks the Senator from Virginia has de-

nounced as unfair.

The country banks, the banks outside of the central reserve and reserve cities, had at that time an excess of cash of \$113,840,000 over and above their legal reserves. At that time, when the banks of New York were \$25,000,000 below their legal reserves, the banks of Virginia had 65 per cent in excess of their legal reserves in cash. Their required reserves were \$3,530,000 in cash. They had \$5,832,000.

The banks of Massachusetts were required to have \$6,748,000 in cash. They had \$10,707,000.

The country banks of New York were required to have \$14,066,000. They had \$20,424,000.

The banks of Pennsylvania were required to have \$20,253,000. They had \$32,796,000.

Mr. REED. Mr. President, what is the date of which the Senator is speaking?

Mr. ROOT. The 3d of December, 1907.

Mr. REED. I thank the Senator.

This was the date of the first comptroller's re-Mr. ROOT. port following the suspension of the shipment of currency.

Taken all in all, at the time when the Senator from Virginia denounces the banks of New York for not shipping more currency the country banks had 76 per cent in excess of the currency required for their legal reserves, and New York was \$25,000,000 short.

Mr. SWANSON. Will the Senator permit me to interrupt

him for a moment?

Mr. ROOT. Let me add one fact before I yield to the Senator. That is not all. It is not all the banks in New York that deal with country banks. It is only a portion of them—in substance, only the clearing-house banks. While the banks in New York as a whole were \$25,000,000 and more below their legal reserves, the clearing-house banks-that is to say, the banks that dealt with the Virginia banks; those banks upon which the demands were made-were, on the 30th of November, \$52,989,425 below their legal reserves. On the 23d of November they were \$54,103,600 below. On the 16th of November they were \$53,-666,950 below. On the 9th of November they were \$51,924,625 On November 2 they were \$38,838,825 below. On October 26 they were \$1,233,300 below.

You will perceive that while these country banks were hoarding currency to an amount almost double their legal reserves the clearing-house banks of New York, in which they kept their accounts and with which they did their business, were pouring out their lifeblood to help the country banks, going to the verge and beyond the verge not only of propriety but of audacity to save the situation and to permit the country banks to perform

their obligations to their customers.

Look at the figures. On the 5th of October the clearing-house banks had an excess over their required reserves of \$2,648,075; on the 12th an excess of \$4,655,450; on the 19th an excess of \$11,182,650; on the 26th a deficit of \$1,233,300; on the 2d of November a deficit of \$38,838,825; on the 9th of November a deficit of \$51,924,625; on the 16th a deficit of \$53,666,950; on the 23d a deficit of \$54,103,600. This was a deficit created in order to pile up more currency in the vaults of the country banks, which were hoarding it and withdrawing it from the business of the country

Mr. SWANSON. Mr. President, will the Senator permit me? Mr. ROOT. I shall be through in a minute, Mr. President. I was right in saying that the amount of actual cash which the country banks held in their vaults was an average of 76 per cent more than was required during that time.

Mr. SWANSON. At what date? December 3, 1907? Mr. ROOT. Yes; and the actual amount of money which they were hoarding in excess of their reserves was \$113,000,000 in cash. The Senator from Virginia was somewhat, I will not say sarcastic; but he thought little of the action of the New York banks in bringing gold to this country at that time, because he said gold came for the cotton and crops that were shipped abroad. Ah, yes, sir; but the New York banks had already paid for the cotton and the crops that were shipped abroad and which brought gold here, and those banks at the time of that panic paid a premium upon gold which they imported from abroad in order to keep the country from ruin, amounting to \$107,000,000. I think it comes with very poor grace from representatives of the whole United States, upon slight information and upon assumption, to cast aspersions upon a great body of the business men of our country whom the record shows are doing everything in their power to avert disaster.

Mr. SWANSON. Will the Senator permit me in that con-

nection?

Mr. ROOT. I will.

Mr. SWANSON. Here is the report of Prof. Sprague, of Harvard University, professor of economics, whose publication has been indorsed by the Monetary Commission, and who was hired as an expert by the Monetary Commission. Here is what he says in connection with those gold importations:

The significance of these large shipments requires some explanation.

That is, the shipment of currency to the interior, amounting to \$106,000,000 during the entire panic.

ceeds of commodities produced in the West and South which were exported to Europe.

That is, \$96,000,000 in gold.

The gold which was imported did not belong to New York; New York was merely the channel through which bills of exchange went out and gold entered. If New York had attempted to retain this gold, the gold-import movement would have ceased entirely and at once.

Now, that is what Prof. Sprague said, who is certainly a conservative man.

Mr. ROOT. How does the Senator know that he is a conservative man?

Mr. SWANSON. I know from his writings. I do not regard that the Monetary Commission, headed by Senator Aldrich, would have employed him unless he was conservative.

Mr. ROOT. If the Senator infers it from that writing, I should say he was a very reckless man. The Senator from Virginia too easily assumes the writing of some college professor as a sufficient foundation to cast aspersions upon the banks of New York.

Mr. SWANSON. I have that impression from the compliment the Senator paid to the Monetary Commission and the very splendid speech he made of the wisdom of its investigation and its policies. He was one of the special experts employed by the commission to discuss these matters and to discuss the question as to who was responsible for the panic of 1907. That commission evidently read it and approved it, for it submitted it to Congress for its consideration.

Mr. ROOT. It is evident that that commission was more broad-minded than the Democratic majority in the Senate, for they wanted to hear the discussion of the question from all

points of view.

Mr. SWANSON. I will say to the Senator, so far as the Democratic committee of this body is concerned, everybody was heard by the members of that committee, and special attention was given to every phase of this question, and especially to the representatives of the large banks and those of the city of New York, and it comes with poor grace from the Senator, when this committee has been here for two months giving the utmost consideration to everybody and was dominated by a majority of Democrats, to asperse it as being in fact narrow-

Mr. ROOT. I have said nothing about the committee.

Mr. SWANSON. The Senator said the Democratic majority.

Mr. ROOT. Not of the committee.

Mr. SWANSON. The Senate has never been able to have persons appear before it and testify. People could only be heard through the organ of the Senate, this committee, and the committee was considerate, the committee was fair, and it was the organ of the majority of the Democrats in the Senate. I have never known a committee to be fairer and broader and to give its time more conscientiously to the study of a question than it gave to this question when it considered it, and for such a length of time that many of us became impatient.

Mr. ROOT. The Senator from Virginia has repeated, in more felicitous phrases, precisely what I had already said about the

committee.

Now, let me go on with my figures. I ask leave to put in a table showing the loans and discounts of the clearing-house banks of New York City, as reported to the manager of the clearing house from the 3d of August, 1907, to the 28th of December of the same year.

The table referred to is as follows:

Loans and discounts of the clearing-house banks of New York City, as

Aug. 3	\$1, 126, 950, 000
	1, 110, 453, 000
Aug. 17	
Aug. 24	
Aug. 31	
Sept. 7	1, 088, 597, 000
Sept. 14	1, 088, 972, 000
Sept. 21	1, 097, 579, 000
Sept. 28	1, 100, 351, 000
Oct. 5	1, 089, 068, 000
Oct. 12	1, 083, 401, 000
Oct. 19	1, 076, 846, 000
Oct. 26	1, 087, 711, 000
Nov. 2	
Nov. 9	1, 187, 316, 000
Nov. 16	1, 192, 010, 000
	1, 187, 998, 000
Nov. 30	
Dec. 7	
Dec. 14	
Dec. 21	1, 165, 446, 000
Dec 28	1 147 694 000

Mr. ROOT. You will perceive, sir, that this is a schedule covering all those banks which dealt with the country banks, and in view of it the whole foundation of the criticism by the Those of the first two weeks were offset by Government deposits in New York banks, and as for the remainder, they were simply the pro-Senator from Virginia and his informant disappears. The loans 17th of August, 1907, were \$1,096,000,000, and on the 24th they were \$1.088,152,000. Those are the two amounts on either side of the 22d of August, the date of the comptroller's call, and on which the figures in the comptroller's report appear. The loans ran each week as follows, omitting thousands:

August 24, \$1,088.000.000. August 31, \$1,087,000,000. September 7, \$1,088.000.000. September 14, \$1,088,000,000, September 21, \$1.097,000.000. September 28, \$1,100,000,000. October 5, \$1,089,000,000. October 12, \$1,083,000,000. October 19. \$1,076,000,000. October 26, \$1,087,000,000.

So, sir, at the close of the last week, before they stopped sending currency to the country, the loans of all the clearing-house banks did not vary a million dollars from the loans on the 22d of August, the date of the comptroller's call.

Let me give it again: On the 24th of August the total loans of the clearing-house banks were \$1,088,152,000. On the 26th of October, at the close of the last week before the suspension, the total loans of the clearing-house banks were \$1,087,711,000.

So, sir, the clearing-house banks of New York, the banks concerned in this business, had not enlarged their loans. They had depleted their reserves. They had sent their money to the country banks, whose reserves were exceeded and which were hoarding money. The evils of scarce money to our country then were the result not of the action of the New York banks,

but of the country banks of the country.

Mr. SWANSON. Mr. President, I will not detain the Senate very long in replying to the Senator from New York [Mr. Root]. It is a remarkable position that the Senator has taken in this discussion. He says that the panic of 1907 was occasioned by the country banks.

Mr. ROOT. Mr. President, I have said no such thing. Mr. SWANSON. By the country banks hoarding their money and having larger reserves than they were required to keep.

Mr. ROOT. I have not said that they caused the panic of

1907. I said that they did hoard their money, and that the scarcity of money which resulted was occasioned by that hoard-

Mr. SWANSON. If the Senator's reason amounts to anything, it is that the hoarding by the country banks of more money than their reserves occasioned the panic of 1907, and thus the responsibility for that panic lies on the country banks and not on the banks of New York City. I can not see how the Senator's reasoning would amount to anything unless that is the substance of it. He takes the figures for December 3, 1907, when the panic started October 31, 1907. That was more than 30 days after. He r'ows that the country banks at that time had more than their legal reserves. That is true. Noboc has ever disputed that. His very statement in his former speech would have shown that to be true.

What did the country banks do? A part of that reserve was in New York and in central reserve cities, and was not available to meet their obligations and demands. No currency was shipped on these reserves. That was included 1, the reserve statement.

What was the position of the country banks? As I stated, the report of December 3 shows-and I hope the Senator from New York will listen-that the rest of the country had to contract its loans and had to force liquidation on account of the expan-

sion of loans in New York City.

Now, what does this show? It shows that the country banks
December 3, 1907, contracted their loans \$77,000,000. Why? Because there was over \$400,000,000 that they had due them in New York and they could not obtain any shipment of currency to pay it. It shows that the reserve city banks were forced to contract their loans \$59,000,000, making \$136,000,000 contracted between those two dates. St. Louis had to contract \$3,000,000, Chicago \$11,000,000. In other words, between the beginning of the panic-October 31-and the 3d of December the rest of the country was compelled to contract its loans \$150,000,000. is not disputed. And New York expanded its loans \$64,000,000 with over \$400,000,000 of money belonging to these other banks where the contraction was forced.

What does that mean? It means that in order to resume payment, in order to pay currency, in order to get the country on resumption, the contraction and liquidation in these reserve cities and the interior banks were forced, while New York was expanding her loans. It meant that business, that enterprise in New York were encouraged and that business and enterprise, mercantile and manufacturing establishments, in the rest of the country had to contract, had to liquidate, because the money l

due the interior was held in New York and payment was refused.

The report of the Comptroller of the Currency shows that instead of being an act of credit, an act to be approved, as the Senator from New York makes it, it was just the reverse. While New York was expanding her loans, the interior banks, because there was very little shipment of currency, were contracting their loans in order to get reserves sufficient to resume payment and meet their deposit liabilities. That can not be disputed.

Mr. WEEKS Will the Senator yield to me?

Mr. SWANSON. I will.

Mr. WEEKS. Has the Senator any figures to show to whom the New York banks were expanding their loans?

Mr. SWANSON. I think these figures from Mr. Sprague show; and the Senator knows that he is an expert.

Mr. WEEKS. I know Mr. Sprague.
Mr. SWANSON. Mr. Sprague says that they expanded their loans \$63,000.000 or \$64,000,000.

Mr. WEEKS. To whom?
Mr. SWANSON. Mr. Sprague says \$54,000,000 was on call
Mr. SWANSON. Mr. Sprague says \$54,000,000 was on call loans, which meant stock loans, on the stock market-loans for speculation.

Mr. WEEKS. How many stock brokers were paid? Mr. SWANSON. That the statement does not show.

Mr. WEEKS. Probably not.

Mr. SWANSON. It shows, as Mr. Sprague says, that \$54,-000,000 was loaned on call on collateral, which is usually under-

stood to be loans for stock speculation.

Mr. WEEKS. I think, if the Senator will investigate further, he will find that a large percentage of those loans were made

to country banks.

Mr. SWANSON. It is exactly the reverse. The loans were made on collaterals, Mr. Sprague says, and everybody knows such loans are made for speculative purposes. What is still such loans are made for speculative purposes. more remarkable, he says that they reduced \$11,000,000 of commercial loans. What kind of loans? Commercial loans; that is, one-name paper, such as notes given by Armour, Swift, and Morris, and other commercial concerns. This shows that \$11,-600,000 of commercial loans were called or contracted during that time, and loans of \$54,000,000 for stock speculation were

Mr. WEEKS. If the Senator will pardon me, his figures do

not prove anything, because—
Mr. SWANSON. They might not to the Senator, but they

do to me and to other people.

Mr. WEEKS. They will not to the Senator from Virginia when he knows all the facts. It is a common practice for reserve city banks to hold collateral owned by the country banks, and when a country bank wishes to borrow to put up its collateral against the loan. As far as those stock loans or bond loans, to which the Senator refers, and collateral loans are concerned, they may have been very largely for the benefit of the country banks. I do not know that they were, but the Senator does not know that they were not.

Mr. SWANSON. Does the Senator mean to say that the country banks were loaning money in New York when they were making every possible effort to get all the money they had on deposit there?

Mr. WEEKS. I think they were borrowing in New York because they could not buy domestic exchange and in that way replenish their reserves.

Mr. SWANSON. Here is another statement that is very significant: On December 3 all the banks in the United States report their rediscounts of that date as \$20,309,973.

Mr. WEEKS. Mr. President-

Mr. SWANSON. Wait; let me finish. Mr. WEEKS. Let me call the Senator's attention to the palpable inaccuracy of those figures. There is one bank in Chicago to-day loaning \$26,000,000 to country banks.

Mr. SWANSON. That is since and not during the panic of

Here is a statement given by an expert:

December 3, 1907, all rediscounts of national banks amounted to \$20,309,973; all bills payable, which is another form in which one bank will owe another, \$80,645,257. These are the two items under which banks conduct their transactions with each

other. It amounted to \$100,955,230.

Now, suppose half of what was due from them was due the banks of New York for loans or currency they had shipped to the country banks. This is a most liberal estimate. There was due \$438,208,265 on that date to the interior banks by New York banks. That is what was due the interior banks by the banks in New York as of the 3d of December, 1907, and as previously stated, all the discounts, rediscounts, and bills payable of all the national banks amounted only to \$100,000,000. If half of this, as previously stated, belonged to New York banks, it shows that these banks had eight times more money of the interior banks on that date than they had furnished accommodation to them.

These are figures taken from the report of the Comptroller

of the Currency and can not be controverted.

Now, what else does it show? It shows that up to the 3d of December New York had expanded its loans to \$63,000,000 and forced the rest of the country to contract to \$150,000,000 in order to resume payment by January.

Now, what did that mean to the country? It meant distress; it meant paralysis of business; it meant sales of all kinds of

securities and stocks.

I can not see how the country banks precipitated a panic, as has been alleged here. Suppose the country banks had had the money that was put on deposit in these central reserve cities, payable to them, in order to meet the crop moving; they would have continued payments and there would have been no panic in the country, no paralysis of business. The money was needed to move and market the agricultural crops. moving comes every year. It is just as certain as the seasons. The amount required for the purpose is usually \$200,000,000. This is not a guess. The banks must know that it comes; they must be prepared for it. It is just as much a demand as any other demand that can possibly be made when the country banks ask for it. The money on deposit amounted to \$410,-000,000 on the 22d of August. It was in cash. This demand was not unexpected; it was certain to come; it had come every year for the last 20 years, and the banks should be prepared to meet it. If they are not prepared to meet it, there is a depression in prices; there is a failure to move and market Consequently I said there was no unusual demand; there was no unexpected demand; but I say it was a demand which the banks ought to have been prepared to meet.

What was done? They suspended payment. The position I take is that the New York banks suspended payment too quickly; they suspended payment with \$224,000,000 of reserves. Some banks were below their usual reserves, while others were a little above their usual reserves. My contention is that they ought to have continued to pay their depositors until they had certainly much further depleted their reserves. Suspension of payment meant what? It meant paralysis and cessation of business in nearly every community in the United States. There were a large part of the reserves of this country, one-third of

the reserves of the United States, on deposit there.

Let us see what the Bank of England did. As I said before, the Bank of England at that time had only \$125,000,000 in its reserves. It practically held the reserves of all the banks in England. Did it suspend payment? No; it continued payment until its reserves were reduced to \$85,000,000; and the storm passed. No suspension was made in England. The New York banks never had less than \$215,000,000 in their reserves at any time, as I understand, and yet that \$215,000,000 was lying there absolutely useless for the purposes of trade, of commerce, and of business. That suspension by the New York banks compelled all the banks of the country, except 53, to suspend. We can not estimate the loss in business, in commerce, and in fortunes that it thus occasioned. I point this out to show the necessity of having our reserves put where there is a public responsibility and where people will not get frightened, where people will feel it their duty to stand up in the storm, animated by public considerations, and not entirely by motives of private profit.

All these facts are derived from the report of the Comptroller of the Currency. They show what I contended at the time, that the rest of the country liquidated, the rest of the country was compelled to contract; but New York was expanding; and the report shows that a great deal of this expansion was for stock speculation, \$54,000.000 of the money being on call on collateral loans, and \$11,000.000 contracted in a certain kind of mercantile securities. I say this shows conclusively that that system of reserves at that time broke down and that there is an urgent necessity for a change in the system as proposed in the

pending bill.

Mr. BURTON. Mr. President, will the Senator from Virginia yield for a moment?

The VICE PRESIDENT. Does the Senator from Virginia yield to the Senator from Ohio?

Mr. SWANSON. I do.

Mr. BURTON. Naturally I have a partiality for the publications of the Monetary Commission, and I have a very high esteem for Prof. Sprague. I must say, however, that if he makes the statement that the gold which came to New York was to be transferred to the interior for payment for the movement of the crops, he has fallen into an error, because very large loans, amounting to tens of millions of dollars were made from abroad, on which gold was shipped, the ruling rate of interest being about 7 per cent and the commission paid for gold being about 1½ to 2½ per cent. An effort was made to borrow directly from the Bank of France, but that institution declined, expressing its willingness only to lend to the Government or to a banking institution which was the recognized organ of the Government. The Bank of France, however, did loan to bankers in England, and they in turn loaned to banks and trust companies in New York City.

Mr. SWANSON. Mr. President, I have not read to the Senator from New York what Prof. Sprague said with reference to that, and I wish to say that in the same treatise he makes the

following statement:

Summarizing the results of this analysis of the influences which led to suspension in New York, it may be said that it came about primarily because no real effort was made to prevent it.

Mr. ROOT. Mr. President, will the Senator from Virginia permit me to add one further set of figures to the statements which I have already put in?

which I have already put in?

The PRESIDING OFFICER (Mr. SAULSBURY in the chair).

Does the Senator from Virginia yield to the Senator from New

Mr. SWANSON. I do.

Mr. ROOT. I merely wish to make this statement: On August 17, 1907, the cash in the clearing-house banks in New York City was \$274,000,000. By November 30 this cash had been reduced to \$217,000,000—this covered the worst period of the panic—the greatest reduction in cash in the week at the height of the panic, from October 26 to November 7, and the cash reserve of the banks was reduced \$30,000,000. The total reduction from the 17th of August to the 30th of November in the cash actually in the vaults of the New York banks was \$57,000,000, so that the reduction of the reserves did not come from the enlarged loans, but it came from the sending out of cash.

Mr. SWANSON. If the Senator will permit me, I also wish to insert at this point a statement of Prof. Sprague, and I am satisfied this is a very fair compilation. He says in his History

of Crises under the National Banking System:

For the week ending October 26 the bank statement showed a loan increase of only \$10,800,000, but during the next week it was \$60,700,000, and for the week ending November 9, \$38,900,000, a total of only \$110,000,000 for three weeks.

At that time New York had ceased to take currency to pay its depositors who had reserves or bank deposits in New York. My contention was that while they refused to pay interior banks the money due them and ceased the shipment of currency, which compelled the interior banks to suspend during the three weeks prior to November 9, at that time they increased their loans \$110.000,000.

Mr. NEWLANDS. Mr. President, I have been greatly interested in the speech of the Senator from New York [Mr. Roor]. and particularly that portion of it which refers to his apprehensions regarding the expansion of currency under this bill, which, in his judgment, may amount to an inflation. I join with him in the view that whilst moderately expanding the currency of the country to meet the demands of increasing population and business we should avoid inflation, that kind of inflation which ultimately ends in contraction; and yet I hardly think the Senator is correct in stating that the dominating influence of a Democrat distinguished in this administration this bill in those provisions which he indicates will lead to infla-In a nonpartisan way, alluding only to parties historically and not with a view either of commendation or attack, I wish to call the attention of the Senator from New York to the fact that the financial history of the United States has been one of constantly alternating inflation and contraction, a record which no other civilized country has shared to the same extent.

Within a little more than a half century, when the world was suffering from a diminution in the output of both gold and silver from the mines, there came the enormous output of California and Australia, commencing in 1848. From 1848 to 1860 the output of gold from California was unprecedently large, and yet, instead of utilizing that gold at home, we allowed it to drift abroad for merchandise, contenting ourselves with the "red dog" and "wildcat" State currency which prevailed during that time. That was mainly under Democratic administration; and when the war came on we had practically no gold in the country and the financial system of the country, controlled then mainly by the States, had broken down.

Then, under the administration of the Republican Party, we commenced the creation of national flat money, called green-backs, and supplemented that by the issue of national-bank notes uncovered by coin, except in a moderate degree to the extent of 5 per cent, and secured by the national debt. During that

period an enormous expansion of the money volume took place. Then, after the war, at a time when the silver production of this country had largely increased, nature itself responding to our necessity through the enlarged output of the mines, the Republican Party stopped the use of silver, at that time not a discredited metal, for our action preceded that of Germany and of England in India. We struck down silver as a basic money metal, and to that extent deprived ourselves of the ability of easy resumption of specie payments. The world had not as yet repudiated bimetalism and drifted to monometalism. And in that movement our influence was the commanding influence. We did not yield to the influence and the power of other nations, but we led the way in this unnecessary act of self-sacrifice and suicide.

Then we commenced the process of contraction. Instead of realizing that the increasing population and wealth of the country would gradually bring us up to the full use of the expanded currency then existing, we commenced to destroy the greenbacks, with the result that during all this period, from 1870 up to 1894 or 1895, we were going through a process of contraction, which meant an increase in the purchasing power of the dollar and a diminution in the paying capacity of every unit of products, thus enlarging the value of money and increasing the burthen of debt throughout the entire country.

In this process of contraction, during which the property of the debtor was being turned over to the creditor, a great move-

In this process of contraction, during which the property of the debtor was being turned over to the creditor, a great movement, not for inflation but for a moderate expansion, took place, that expansion to be based upon a money metal recognized as such throughout the history of the world. That was at a time when the production of gold, which had increased during the California period from 1848 to 1860, had gradually declined until, according to the statistics, there was hardly sufficient current production of gold for dentistry and the arts.

It was at this time that a young man appeared in the political arena, a man of extraordinary capacity, eloquence, and power to persuade, of extraordinary integrity of purpose and determination of will, who led the forces intended to emancipate the entire country from the tyranny of the contracting money volume. He headed that movement which relied upon silver as the only available metal from which basic money could be made, gold itself at that time being notoriously inadequate. At that time the prediction of the mining engineers and the scientists of the world was that the production of gold would not increase; so that, with reference to those conditions, the movement was not that of inflation. It was simply a movement for moderate expansion of the money of the country so as to keep a proper proportion in value between money and products, between money and labor.

Was Mr. Bryan an inflationist then? He led our forces in 1896, and shortly afterwards—or shortly before, perhaps—the increase in the production of gold commenced. Gold, which in 1893 was produced to the extent of only \$150,000,000 annually, has since increased until now \$450,000,000 are produced; but who would have predicted that in 1893; who would have predicted it in 1896; and who would have predicted it in Mr. Bryan's second campaign in 1900?

Look back to the statistics of 1892 and you will find that the total money volume of this country, consisting of green-backs, gold, national-bank notes, and silver, aggregated less than a billion and a half dollars. Look at the statistics for 1912, 20 years later, and you will find that the money volume in this country was \$3,200,000,000, an increase of over 100 per cent during that period. The money volume of this country has more than doubled within 20 years, though the population has increased only 30 per cent

increased only 30 per cent.

To what is this due? To the largely increased production of gold, which has increased to such an extent that within 20 years more gold has been produced and has gone into the money volume than the accumulation of the ages. Could Mr. Bryan forecast that in 1892 or 1896 or 1900?

The part, then, that Mr. Bryan took in the campaign for bimetallism can not stamp him, as the Senator from New York intimates, as "the inflationist of the time." He was seeking only a moderate increase in the money volume of the world, to be furnished by the only metal which throughout the history of the world has stood side by side with gold as a money metal, the only metal which in its abundance promised to make up for the deficiency in the production of gold.

Here let me say that whilst this extraordinary expansion in the production of gold has taken place the production of silver has proved the more stable of the two during these years. The world produced about 160,000,000 ounces, I believe, in 1892. But little in excess of that is produced to-day. The contention, therefore, of Mr. Bryan and the Democratic Party was simply for the quantitative theory of money. Their insistence was

against either contraction or inflation. When the money volume was insufficient by reason of the demonetization of silver, they demanded remonetization of silver. When the production of gold so largely increased as to make up for the demonetization of silver, they abandoned their contention for its restoration. They were perfectly logical in both.

Yet, Mr. President, Mr. Bryan is held up as an inflationist; and apparently the Democratic Party, the party that followed him, is held before the country as an inflationist party. Let us see what the history of the Republican Party has been during this period of 20 years.

We were defeated in 1893 in our efforts to restore silver by the opposition of our own leader, Mr. Cleveland. During his time and in his administration, from 1892 until 1896, certainly we can not be charged with any legislation tending to inflation. How is it since that time?

The money volume of this country in gold, which was about \$500,000,000 in 1892 and 1893, has now grown to a billion and a half. A billion dollars in 20 years has been the expansion in the volume of gold in this country. That was a sufficient expansion to meet the demands of increasing business; anything beyond it would tend to an expansion that would prove an inflation.

What did the Republican party do? Did it retire its green-backs, which for the most part were uncovered by either gold or silver? Did it retire its national-bank notes, which were uncovered except to the extent of 5 per cent? Did the Republican Party pursue the prudential policy, which would have been pursued by any country in the world guided by the principles of political economy or monetary science, that when your basic money is increasing that is the time for the retirement of your uncovered money in the shape of paper money? Oh, no. Instead of diminishing its uncovered paper money it has increased it.

In 1892 we had but \$167,000,000 of national-bank notes. Today we have over \$700,000,000 of national-bank notes. The Republican Party, not content with leaving out the \$167,000,000 then existing, has permitted this vast increase to take place, not under preexisting legislation but under new legislation that stimulated the increase. Of old the banks could get circulation only to the extent of 90 per cent of the face value of the bonds they deposited with the Government.

Under the financial leadership of Mr. Aldrich they were allowed to issue 100 per cent, and so pari passu with the enormous expansion in the volume of gold, the dominant party permitted an enormous expansion in the uncovered paper money of the country.

You will find that of this vast increase in the volume of our money from 1892 up to the present day, aggregating \$1,700,000,000—an increase away beyond the demands of the increasing population and wealth and business of the country—\$1,000,000,000 is gold, which is the natural expansion, and over \$500,000,000, nearly \$600,000,000, is the artificial expansion that has been created by the issue of uncovered paper money in the shape of national-bank notes.

Mr. President, what are we suffering from? Contraction? No; we are suffering from expansion, inflation of our money volume—so much so that the prices of food products, which were steadily going down from 1886 to 1894 or 1895 or 1896, since then have been steadily going up. The unit of product is constantly increasing in value, whilst the unit of money in this extraordinary expansion and inflation has been constantly diminishing in value and purchasing power. Instead of having that moderate and proportionate increase to meet the increasing demands of population and wealth, we have had this extraordinary expansion under Republican administrations, amounting to positive inflation—so much so that every unit of money has gone down in purchasing power and every unit of product has gone up.

What has been the result? Constant readjustments between the employer and the employee. The employee year after year has been engaged in constant strikes with a view to increasing his wage, in order that his wage might keep up with the increasing price of products which he has been compelled to buy. So the cost of living has been steadily going up, while the wage of the wage earner has not yet gone up with the accelerated page of the products of the country and of the world.

pace of the products of the country and of the world.

That is the record of the Republican Party regarding expansion. That is the record of the Republican Party regarding inflation. Inflation always goes too far; the balloon bursts, and then the history of finance is that a period of contraction follows, with all its evil and destroying power.

Recollect that during this whole time the banks of the country have stood with the Republican Party in its policy of expansion and inflation. Why? I dare say they would have

gladly checked the production of gold, but they welcomed the increase in the volume of money which came from the issue of their notes. The inflation has come, not so much from the expansion of gold, which would have met proportionately the increasing demands of an increasing population and business, but from the expansion of uncovered paper money in this country, every dollar of which, in my judgment, ought to be gradually retired, not in such a way as to produce a contraction with its accompanying disaster, but by gradually using the in-creasing number of units of gold to cover the paper money that is outstanding, so that in the end every dollar of paper money, whether it is the greenback or the national-bank note, will be covered by 100 cents in gold.

When the world enters upon an era of diminished production of gold, then we can commence to diminish the amount by which the paper money will be covered. We can gradually diminish it in such a way as to keep out our paper money, so that perhaps it will have less cover than before, so that the number of units of money will either remain the same or will

increase in proportion to business and population.

Mr. President, these lessons ought to be very significant lessons to us in connection with this legislation. It is for this reason that I welcome the thoroughgoing work that has been done by both sections of the committee. I think perhaps it would have been a misfortune if the will of the dominant party had been so vigorous and strong as to enable us to push through currency measure without the necessary deliberation. I believe much importance is to be attached to what the Senator from New York [Mr. Roor] says with reference to the necessity of so carefully guarding this bill as to protect us from an expansion that will mean an inflation. What I object to is his allusion to Mr. Bryan as an inflationist. I insist that throughout the entire history of our monetary legislation Mr. Bryan has been just and prudent and wise, and never has been an inflationist in any sense. His steady advocacy of the quantitative theory, now vindicated everywhere, his steady opposition to the asset-currency bills that were before the country some years ago evidenced that. He stood everywhere against an inflation of bank currency. He has insisted that every dollar of money that circulates as a legal tender among the people shall be issued by the Government, taking the scientific view that the standard of all values, the volume of money, the number of units of money in existence under a government should be controlled by the government and not by the banks or by any private interest.

Mr. CLAPP. Mr. President-

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. NEWLANDS. Certainly.

If the Senator will pardon an interruption, Mr. CLAPP. of course, with the Senate remaining in session 13 hours a day it has been impossible for any Senator to be in the Chamber all the time and hear all that is said. I am somewhat surprised by some things that have been said, and I ask, for information, whether anyone has ever charged that Secretary Bryan is the author or is responsible to any extent for the terms of the pending bill? I had not heard the charge made. I am surprised, because it seems to me there is nothing in the past attitude of the Secretary with reference to financial matters which would warrant the assumption.

Mr. NEWLANDS. I do not know whether Mr. Bryan has

been potential in framing this bill or not.

Mr. CLAPP. I was asking the Senator whether or not it was claimed that he had been.

Mr. NEWLANDS. I do not know that it was claimed he was. It was claimed, as I understand it, that the Democratic Party was simply in this bill practically carrying out the views of a very prominent Democrat, characterized as an inflationist, whose name was not given, but whose individuality was clearly indi-

Now, Mr. President, I will say in all candor, that I have had some doubt as to whether the insistence of Mr. Bryan with reference to the issue of these notes by the Government instead of by the banks is the best thing for the Government. But that is a debatable question. I should dislike to see the Government put in the position of a primary obligor with the endless chain at work, as it was in 1893. I would much prefer under those conditions that the primary obligor should be the bank and that the Government should be the guarantor. But those are mere matters of detail.

Mr. SHAFROTH. Will the Senator yield right there?
Mr. NEWLANDS. Certainly.
Mr. SHAFROTH. The requirement of this bill puts the end-Mr. SHAFROTH. less chain on the banks to maintain the gold reserve instead of the Treasury of the United States.

Mr. NEWLANDS. I am aware of that, and that may diminish the objections to which I have referred. If that can be maintained and the banks always respond to the obligation the Government will not be affected. But I should very much deplore any condition under which the Government would be called upon

as the primary obligor to make this redemption.

Mr. President, to what extent have we expanded under Republican administration? In 1892 the loans deposited in national banks were \$1,753,000,000, and in 1912 they were \$5,825,000,000. The deposits of all the banks 20 years ago were not more than about \$4,500,000,000. In 1912, outside of the savings banks, they were \$12,000,000,000; and these deposits constitute the real currency of the country. That currency is created in this way: The banks give credit upon their books to a borrower, who thus becomes a depositor; and the depositor, who is the borrower, practically issues money whenever he issues a check in the payment of a transaction. So we have had not only this extraordinary expansion in the basic money of the country from \$1,500,000,000 to \$3,300,000,000 in 20 years, but we have had an expansion of bank loans from about \$4,500,000,000 to over \$17,000,000,000, of which \$12,000,000.000 is deposited in commercial banks, National and State. Every dollar of these bank deposits constitutes a practical currency through which the transactions of barter and sale are effected.

Mr. President, I think we have gone far enough in the process of expansion. I think we should address ourselves simply to the correction of the occasional bank panics and bank scares and the occasional seasonal stringencies. How can we do it? They always come from the alarm of the depositors in these

banks.

Mr. HITCHCOCK. Before the Senator proceeds to that point, I should like to ask him to state whether he thinks the effect of the pending bill will be to tend toward inflation? If he has not reached that point and expects to reach it, I will not interrupt him:now.

Mr. NEWLANDS. I am not prepared to say, because I have not examined those provisions critically. All that I can say is in the closing days of this discussion that I believe very care-

ful consideration should be given to that question.

Mr. HITCHCOCK. I should like to call the Senator's attention to a considerable difference between the provisions of the two bills reported by the Senate Committee on Banking and Currency and to ask him whether he does not think that the bill reported by the Senator from Oklahoma [Mr. Owen] does suggest the possibilities of expansion, if not inflation?

Mr. NEWLANDS. I will state to the Senator that I am not

prepared to give an answer to that question, because I have

not given it careful study.

Mr. HITCHCOCK. I want specifically to draw the Senator's attention to the bill reported by the Senator from Oklahoma. It provides that these Federal reserve notes, issued through Federal reserve banks, may be counted among the reserves of the 10,000 banks that are expected to join the system. If those notes can be so used, if the banks are permitted to hold them in their vaults as reserves, will not that inevitably tend toward inflation?

Mr. NEWLANDS. It would unless the reserve board limits and controls the amount of these reserve notes that shall be held in reserves. I can understand why there should be a reason for allowing these reserve notes to be held at the start, and perhaps for some years, in the reserves of these banks. We are about to inaugurate a system into which the State banks are to be invited. We propose to make all the national banks member banks under this regional system. We are met at the start with the fact that the national banks have an average reserve of about 18 per cent and the State banks have an average reserve of about 8 per cent. It is true we propose to diminish the required reserves. We propose to require only 12 per cent of the country banks, 15 per cent of the reserve city banks, and 18 per cent of the central-reserve city banks, making the average probably about 14 per cent, instead of the existing reserve in the national banks of about 18 per cent.

But with reference to the State banks that come under this system, they will be compelled to adjust themselves to this act. The reserve requirements under this act should be such that as to member banks it will not compel them to suddenly increase the average of their reserves from 8 per cent to 14 per cent. They could not get the money. You must either have a very gradual period, lasting over 5 or 10 years, in which they may bring those reserves up to the requirement of the law, or else you must permit them to count in their reserves these reserve notes; or else you will compel them to contract their loans so that the actual reserves which they have will bear the proportion of 14 per cent to their deposits. Recollect that a contraction in loans means a contraction in deposits in a corresponding degree.

Mr. HITCHCOCK. I want to say to the Senator-

Mr. NEWLANDS. If the Senator will permit me, he must see, therefore, that the bringing up of these State banks to the national banking requirements ought to be a slow one, or else it will result in a contraction of the loans, and a contraction of deposits, which would necessarily diminish the practical currency of the country. I have already referred to the fact that

bank deposits really constitute the currency of the country.

Mr. HITCHCOCK. After this system is in operation it is impossible to conceive of any contraction of loans, because when a bank is privileged to take its portfolio of paper to a reserve bank and secure currency upon it, it will be able to meet all possible demands of the borrowing public. So instead of being a contraction of loans the thing I think we have to con-

front is an almost inevitable expansion of loans.

As to the statement made by the Senator that the State banks are not required to hold reserves as large as national banks, that is true, and the testimony before the committee was almost invariably to the effect that, as a matter of fact, State banks have been holding about 15 per cent. I am speaking of the country banks. They have been holding about 15 per cent of

Mr. NEWLANDS. Let me tell the Senator that the statistics do not show that to be the case. The statistics of the last showing of the banks, both National and State, show that the average reserve held by the National banks was about 18 per cent, and the average of the reserves held by State banks, excluding the savings banks, was about 8 per cent.

Mr. HITCHCOCK. That may be so with trust companies and sayings banks taken into account, but not as to purely State

banks themselves.

I want to call the Senator's attention to the fact that State banks are permitted to hold in their reserves in most States national-bank notes, and as a matter of fact they do hold from \$60,000,000 to \$100,000,000 of national-bank notes in their vaults as reserves all the time. National banks are not allowed to hold them as reserves. For that reason they are kept in a

constant process of redemption.

Now, I want to ask the Senator if the inevitable result will not follow that if the 10,000 banks of the country in this new system, National banks as well as State banks, are permitted to hold Federal reserve notes as a part of their reserves there will be a permanent expansion of the paper currency for that purpose, and will not that be one of the very evils that he contends against here? Should not this legislation provide for the rapid presentation of these notes for redemption in order that they may become simply the instruments of trade and not become the means of permanently inflating the currency?

Mr. NEWLANDS. Mr. President, I will simply say that I have not made a sufficient study of that provision of the bill to be able to answer the Senator. The only purpose I have in the closing hours of this debate is to call the attention of the committee itself-and I have no doubt the duty will be wisely performed-whilst providing for the money necessary to meet these occasional bank scares and panics and the seasonal demands which are in excess of the ordinary demands, that they should be exceedingly careful not to let such paper issues remain out

so as to unduly expand the money volume of the country.

I feel that the money volume of the country has already been unduly expanded and that we are suffering from inflation. Whilst I wish to avoid what almost always follows inflation, contraction, and to avoid any legislation that will so contract either the money volume of the country or the bank loans or bank deposits as to aid in that contraction, yet I do think we should exercise the greatest care that we do not add to the existing inflation. I do not pretend to be able to go into statistics in this matter at all.

Mr. BURTON. Mr. President—
Mr. NEWLANDS. If the Senator will permit me just to go on with the few words I have to submit, I will conclude very shortly.

Mr. BURTON. It is in this connection that I desire to ask a question.

Mr. NEWLANDS. It must be very evident to the Senator that I can only answer in generalities upon this subject, as my information would not be sufficient to answer questions with reference to the specific provision to which the Senator rises.

Mr. BURTON. It is really but generalities about which I wish to ask. Does not the Senator from Nevada think that an expansion of credit, giving unusual inflated credit, has just the same unwholesome effect as undue expansion or inflation of the currency?

Mr. NEWLANDS. I think so. One follows the other.

Mr. BURTON. The two go side by side.

Mr. NEWLANDS. Always.

Mr. BURTON. So, if there is any danger of inflation of credit there is equal danger of an inflation of currency?

Mr. NEWLANDS. Of course; and I want proper guarantees against inflation of credit by proper bank capital and proper

Mr. President, we have only had two very serious panics within the past 20 years, but we have had a number of seasonal stringencies. Now, what caused the panic of 1893? Largely it was the result of the Baring Bros. failure, Values had been contracted in this country because our volume of money had not been increasing as compared with population and business

The Baring Bros. failure, in which were involved simply South American investments, caused a trouble in London which within a week caused a monetary stringency in New York, and within another week caused a monetary stringency in Chicago, and within another week in San Francisco-so marked there that a friend of mine with \$100,000 of United States bonds was unable to borrow more than \$7,000 upon them. This shows the interrelation of the various countries. That difficulty was largely caused by the fact that in England, in order to meet that emergency, it was necessary for England to sell her American securities, which caused a drain of gold from this country, to be met either by a sale of products at low prices or by furnishing the gold itself.

In 1907 the difficulty was largely psychological. We had been having rate legislation regarding the railroads of the country. In 1906 the railway managers of the country arrayed themselves against that legislation and they predicted the direst disaster from it. Their purpose was to influence legislation and to prevent the legislation that was pending. They did not succeed in preventing that legislation, which afterwards proved to be entirely beneficial, according to their own acknowledgment; but dld succeed in alarming their own stockholders both at home and abroad to such a degree that they threw their shares on the market.

The result was that in the fall of 1907, at a time when the banks of New York expected to make their usual call upon Europe for about \$300,000,000 of gold with which to move the crops of the country, they found that the European investors, alarmed regarding their railway and other securities, were thrusting them upon the market, and, instead of supplying them with \$300,000,000 to move the crops, were withdrawing the gold from this country which was the basis of our bank credit.

Mr. GALLINGER. Mr. President, would it interrupt the Senator if I should ask him a question?

The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from New Hampshire?

Mr. NEWLANDS. I yield. Mr. GALLINGER. I am a listener in this debate and am getting a great deal of valuable information. My attention has been frequently drawn to the fact alleged both in the Senate and outside that the banks of New York were responsible for the panic of 1907, but I never heard it suggested that the railways were the responsible parties until now.

Mr. NEWLANDS. How can you account for the demand of

Europe for our gold during the year 1907?

Mr. GALLINGER. I am glad to have the banks of New York exonerated from these very grave charges which have been preferred against them for several years past and to have the

responsibility placed somewhere else.

Mr. NEWLANDS. Mr. President, it is not my aim to exonerate the banks, but to simply state the facts. The facts were that there was an extraordinary demand for gold from foreign countries and a sale of American securities in the American markets in 1907, and this sale of the American securities which were held abroad took place at a time when, unfortunately, the banks of New York were engaged in sustaining a large amount of so-called undigested securities, the securities to which Mr. Morgan referred in his testimony, the enormous issues of stocks and bonds, mainly of industrial corporations, which had been underwritten there by the banks themselves or by men associated with the banks, and which had to be sustained during this period of depression, and for which there was no market, so that they lay undigested upon the financial stomach of New York.

Mr. CLAPP. Will the Senator permit me to interrupt him? Mr. NEWLANDS. If the Senator will just permit me one

word further, I shall yield to him in a moment.

That was one trouble with New York. It had the money that had been gathered and sent to it from all the country banks, who were eager to get 2 per cent for their moneys which were lying idle in their banks, and the New York banks had used them largely in sustaining these undigested securities. They were expecting to get \$300,000,000 from abroad. I had that from one of the most eminent bankers in New York. They had been accustomed for years to get money from abroad for the purpose of moving the crops; they expected it then; but they found that instead of getting it Europe was thrusting upon the markets the American securities which they held. Then I asked the banker what was the cause of the thrusting of these securities upon our market. The response was that it was our rate legislation of 1906. I challenged that statement and insisted that the rate legislation had not been injurious to the railroads, but that, on the contrary, after 1907 the railway managers who had appeared before us, the very men who had been before our Committee on Interstate Commerce and who predicted the direst disaster, declared that the legislation of 1906 had been beneficial not only to the people, but to the railroads themselves. They then commenced to realize that the Government was dominant in railroad legislation, and instead of that regulation being used for destruction it was being exercised in such a way as to meet the just demands of the people without subjecting the railroads to loss. So, as a matter of fact, that legislation was not injurious or destructive.

What I insisted upon to him was that the clamor raised by the railway managers in 1906, which was intended to be operative upon legislation and to revent legislation, had its effect upon the stockholders of the railroads which they represented, causing alarm in them and forcing them to thrust their stocks upon the market. Thus they were the victims of their own clamor. I have been very anxious throughout this entire investigation that the banks themselves should not raise such a clamor with reference to the legislation which we propose as to alarm their own depositors, as the railway managers alarmed their stockholders in 1906-7.

These things are psychological. In that case the stockholders in this country and in all the world were throwing their stocks upon the market because they believed the statements of their own managers, who had the conduct of their properties, that the effect of that legislation would be destructive.

If the banks of this country at this time should pursue a similar course, raising a clamor against legislation which, in whatever form it passes, in my judgment, will be beneficial to the country, with a view to defeating it, the effect will be felt upon their own depositors, securing through their alarm the very results that they predict and the results which they themselves will deplore.

Mr. CLAPP. Will the Senator yield to me now? The VICE PRESIDENT. Does the Senator from Nevada yield to the Senator from Minnesota?

Mr. NEWLANDS. Certainly.

Mr. CLAPP. Although the Senator has partially answered the question, I rise with reference to the statement he made a few moments ago, when he referred to the railroad legislation of 1906 as bearing upon the conditions of 1907. The Senator has practically refuted that; but I think if, when his New York friend had charged the disaster of 1907 to the legislation of 1906, the Senator had had in his possession the market reports, he would have silenced him at once. It is true that the railroad managers did predict disaster following the legislation of 1906, but I think, if the Senator had looked at the reports as to the market price of most of the American railway securities, he would, once and for all, have effectually silenced the criticism of his friend that there was anything in 1907 due to railroad legislation in 1906.

Mr. NEWLANDS. Well, but there was a marked decline in

the fall of 1907 in railway securities.

Mr. CLAPP. After the squeeze of 1907 came and men had to liquidate, of course there was a decline, but following the legislation of 1906, instead of there being a decline that brought on the squeeze of 1907, the market reports, I think, will justify the statement that as to the bulk of American securities there was no such decline and that some of the stocks sold higher. stead of being due to the legislation of 1906, the condition in the fall of 1907 in the price of securities was due to the squeeze

Mr. NEWLANDS. Yes; and that squeeze was largely caused by the sale of foreign securities in this country

Mr. CLAPP. But not railroad securities.

Mr. NEWLANDS. And due to the inability of the New York market to take care of them, carrying, as it was, this enormous mass of undigested securities.

Mr. President, I have already referred to the present indica-tions of an enormous expansion in the last 20 years, the

national-bank deposits during that time having increased from \$1,753,000,000 to \$4,072,000,000; the State-bank deposits during that time having increased from \$648,000,000 to \$2,271,000,000; the loan and trust company deposits during that time having increased from \$411,000,000 to \$3,262,000,000; and the total deposits having increased from \$4,600,000,000, in 1892, including all the banks, National and State, savings banks, trust companies, and so forth, to \$17,000,000,000 in 1912, an increase during that period of \$12,000,000,000 in total deposits, or an increase of 264 per cent, whilst the population had increased only about 30 per cent. If the check and deposit system, which is—
Mr. GALLINGER. Will the Senator restate the period his

figures cover?

Mr. NEWLANDS. Twenty years, from 1892 to 1912. With the check and deposit system, which is used in this country to a much higher degree than in any other country in the world, and which furnishes the people really with their currency, actual money being hardly used in commercial transactions, can you refuse to admit that we are at the apex of an enormous expansion unprecedented in the history of this country, which is the legitimate cause of the enormous increase in the prices of products and the cost of living in their relation to the value of the dollar itself?

Mr. CLAPP. Will the Senator pardon me if I ask him a question?

Mr. NEWLANDS. Yes.

Mr. CLAPP. The Senator bases the relation upon the increase of bank credits, or deposits, as he calls them, in comparison to the increase in population. That is not a fair basis for the relation. The fair basis for the relation would be to measure the increase of credits, which he calls deposits, with the increase in the value of the property of this country. Has the Senator collected the figures on that subject, as to what relation the increase in the deposits bears to the increase in the value of the general property of the United States?
Mr. NEWLANDS. No; I have not any such comparison, but,

of course

Mr. CLAPP. That would be the true test. If I own a farm to-day that is worth \$10,000 and in five years the fair value of that farm will be \$20,000, it is no inflation of credit that I might then have an equivalent increase of credit based upon the increased value of the property. It seems to me that that is a fatal defect in the reasoning of the Senator.

Mr. NEWLANDS. It is very hard to draw any parallel to which objections can not be made. I spoke of the population and also of business. I say there has been an enormously dis-proportionate increase in the credits and deposits as contrasted with the increase in population and in business, and that that necessarily means a diminution in the value of every unit of money and an increase in the value of every unit of property and products. I insist upon it that these values are inflated values and that the inflation has been caused by not only the increase of the basic money but the increase of the credits based upon that basic money, the inevitable tendency being to reduce the purchasing power of the dollar, which means, necessarily, that you increase the price of products and of property, for the dollar buys less of property, whilst the unit of property and of products buys more of money.

Mr. CLAPP. Mr. President, if the Senator will pardon me, he states that there has been a disproportionate increase in credits in comparison with the increase in business. There is only one test of business, and that is the volume of business, and of course that volume of business is largely based upon the volume of bank credits. It is true that values may be inflated, but when you take the credits and currency of the country and with them build 10,000 miles, for instance, of railroad, then that is shifted over into the building of cities, and that is shifted again into the building of factories, and while there may be an inflated value at some points, at some periods, surely the vast increase in the property that is created by the use of these credits and what currency we have must be the only fair test as to whether bank credits have increased unduly in proportion to the fair practical value of the property of the country.

Mr. NEWLANDS. Well, Mr. President, that is a very inter-

esting field of discussion in economics; but I am afraid it would take too much of my time and exhaust the patience of my hearers were I to enter into it. I simply adhere to my axiomatic statement, accepted by all political economists to-day as to the quantitative theory of money, that if you increase the number of units disproportionately to population and property you will diminish the purchasing power of each one of those units, and the diminution of the purchasing power of each one of those units is evidenced by an increase in the price of the products and the

property which they purchase.

What we want to do is to avoid either inflation or contraction. We are about to make a change in our financial system, and it is of the highest importance, whilst we avoid contraction, that we also avoid inflation. The committee has been extremely solicitous so to shape this bill as to save us from the horrors of contraction, and they are justified in that solicitude. I hope and believe that they will be equally solicitous in trying to save us from further inflation, and that they will also be intent upon saving us from the consequences of the existing inflation, not by an immediate reversal of the engine, but by such a moderate and gradual process as will maintain the stability of values until the country catches up with the extraordiinflation that has taken place.

Mr. HITCHCOCK. Mr. President— Mr. NEWLANDS. If the Senator will pardon me just one word further, I wish to say that if the production of gold is to go on as it is going on, and we maintain the diminished reserves called for by this bill, it will mean that every bank that has a dollar of gold can issue under this system \$8 of credit, and that credit is changed to a deposit. Then, you have a deposit of which your cash dollar is 12 per cent. You have \$8 of credit and

\$1 of eash.

If this production of gold is to increase, it seems to me it is incumbent upon the reserve board gradually to increase the percentage of reserves required. As the gold, the basic money, increases, instead of allowing it to stand as the basis for further expansion of credit by the issue of eight dollars of credit to one of gold why not raise the required reserve of 12 per cent to 13 per cent so that you can issue only \$7 of credit to \$1 of cash; and later, if the increase in gold continues, provide that the reserves shall be 14 per cent, so that you can issue only about \$6 of credit for \$1 of cash? In that way you will maintain your volume of credits without inflation. Of course, the figures thus given are not quite accurate. They simply indicate one method by which the reserve board can bring about this result if it has the power. I do not know whether it has been given it or not in this bill. I do not believe you have given it the power in this bill. It may be necessary to give it. The reserve board will thus have the power, by gradually increasing the requirements of the law as to the reserve to be kept by the banks, to prevent this gradual expansion of basic money from tending toward a vast expansion of credit which will result in inflation and later on in panic and contraction.

Mr. HITCHCOCK. Mr. President, will the Senator allow me

to interrupt him?

Mr. NEWLANDS.

Mr. HITCHCOCK. The Senator makes the statement that he hopes the committee will endeavor to protect the country from inflation. It is past the stage where the committee can do any-

Before the Senator from Nevada there are three bills. One is that coming from the House, which puts no limit on the amount of currency which can be issued, and which provides for that currency a redemption fund of gold or lawful money. Another bill is that reported by the Senator from Oklahoma, which provides no limit to the extent to which currency can be issued, and provides that the currency shall be redeemed in gold at the Treasury, and in gold or lawful money at the reserve banks, the reserve being only 331 per cent. Another bill is before the Senator, reported by myself, which seeks to provide a limit to the issue of currency, which provides that the redemption shall be in gold and gold certificates alone, which provides that the reserve shall be 45 per cent, which provides that when banks have had discounts to an amount equal to their capital stock they shall have no more discounts without paying an additional rate of interest, and that even then they shall not have discounts exceeding twice the amount of their capital stock. bill which I had the honor to report does not permit the use of Federal reserve notes as reserves in the 10,000 member banks. The bill which was reported by Senator Owen permits the use of those notes as reserves by member banks.

It is for the Senator from Nevada to say whether or not he wants to provide against inflation. If he votes for the bill presented by the Senator from Oklahoma, he votes for the use of the reserve notes as reserves in the 10,000 banks, and he votes for inflation. If he votes for the bill presented by Mr. OWEN, he votes for a reserve of only 33½ per cent or, possibly. 35 per cent, of which 33½ per cent is to be gold. He votes for no limit on the issuance of that currency except in the dis-cretion of the Federal board, composed of human beings, subject to the same influences to which other human beings are subject. If the Senator from Nevada votes for the bill presented by Senator Owen, he votes practically for inflation, in my opinion, or at least for a bill which contains within its terms the dangers of inflation.

It is past the time when the Senator from Nevada can say that it is for the committee to protect the country. It is for the Senator from Nevada to say whether he is for inflation or whether he is in favor of taking precautions to avoid the dangers of inflation.

Mr. NEWLANDS. Mr. President, my general view of this subject is that it is so complicated that it is very hard to settle it in an entirely rational and scientific way by the votes on this floor. We have here three classes of thinkers upon this subject. One class is composed of those who believe in the central-bank system, who have simply temporarily abandoned that contention because it is hopeless, and who have joined the Senator from Nebraska in the advocacy of a regional system limited in the number of banks to four and with stock publicly owned. On the other hand we have the regional-bank system proposed by the six Democrats upon the committee. On the other hand we

have the House bill in its integrity.

I do not expect to get very scientific results out of the votes of 90 men in this body if each one pursues rigidly his own view as to what should be done. There must be the spirit of accommodation somewhere, and we must ally ourselves with the measure that comes nearest to our views. None of these measures is entirely satisfactory to me. I have explained that again and

I make the same contention to-day that I made in opposition to the Aldrich bill. I advocate the plan I then presented, the only plan that was presented in opposition to that bill in either body at that time. I believe in it still, but I have not been able to persuade the Senate to take that view; and I must ally myself with one of these measures and with the friends of one of the measures. Otherwise one of the measures may by my cooperation with itseopponents be entirely torn to pieces,

We have gone through all the processes of deliberation and consideration with reference to getting the collective judgment of the party as to what is desirable, and we are now engaged in the final process. We have had consideration in the House committee, in the House caucus, and in the House itself. We have had consideration in the Senate committee, in the Senate caucus, and in the Senate itself. I believe the members of the committee are better qualified to adjust these differences than I am. They have had a long experience in going over all the details of the matter, involving a knowledge of the statistics of the subject. I hope that after this debate they will get together upon matters such as those to which I have referred, If they get together and have a committee meeting and fully consider all these measures and the amendments which have been presented and conclude that the bill does not require amendment, I shall be disposed to stand by their judgment.

I shall hope then that in conference, when the House bill and the Senate bill, differing radically from each other, are up for consideration in their entirety, full consideration shall be given to these questions, perhaps with expert aid, and that by this process we finally shall have a measure that is perfect, or

as nearly perfect as can be.

That is the reason I am standing by this measure. As I announced, the second section of the House bill was more satisfactory to me than the second section reported by either one of the sections of the committee, because it provides that there shall be not less than 12 regional banks, leaving it in the power of the reserve board to organize as many more as they choose. They could carry out my contention that there should be one organized in every State, capped by a Federal reserve bank here at Washington that would control at least one-third of the moneys controlled by the State associations. I am in doubt now, however, whether I should do that, whether I should signify my convictions upon that question by perhaps imperiling the section that is presented by the Democratic section of the committee, because I fear that if it should be successful the whole scheme of legislation would be thrown into confusion.

I have been very contentious about my views. I think Senators will agree with me in that particular. Perhaps I have been too contentious. I believe we ought to have a very simple procedure, and that this whole thing ought to be built up by a process of evolution, as were the powers of our national railway commission. I believe that many of the things in this plan we should leave to the recommendation of the Federal reserve board itself after experience has been acquired. I believe that our legislation to-day should be directed simply to the prevention of the occasional scares that produce local bank panics that gradually enlarge into extended bank panics, and to the seasonal demands which the expansion of the country may make for the movement of the crops, aggregating two or three hundred million dollars. I believe we can accomplish it if we will only mobilize in each State the reserves in both State and National

I want every State bank to come in and every national bank. I do not want a single bank left out. I will coax them in if I can not drive them in. I should not hesitate to use the interstate-commerce power of the Constitution to compel them to come in, but obviously Congress is not in that mood.

I claim that we can do it as an exercise of the interstatecommerce power. We can compel every State bank engaged in interstate exchange to come into this system as a matter of safety, just as we would put a safety device upon a State rail-I would not hesitate to exercise the power. is not in that humor, however. If I could not do that, I would coax every one of them in, for the reason that all these 25,000 individual banks, National and State, constitute links in our system of commercial exchange, and the strength of a chain is that of its weakest link. Therefore I would not leave a single one of the links outside of this system, with all the guaranties and security and safety devices that it provides; for I would fear that those that were left out, the weaker links in this chain of commerce, would themselves take away from the strength of the stronger links, and we would therefore lose many of the benefits we expect to get from this legislation.

I regard it as of the highest importance—of higher importance than anything else-that every State bank that is engaged in interstate commerce-and they are all engaged in interstate -shall come in under this system. If we are not to use the process of compulsion, then I propose to use the process of persuasion.

I insist that there is no need of the capital that is demanded, when we take from each one of the banks an amount equal to one-third of that proportion of its capital which constitutes its cash, and impound it under national control. Then we have all the capital that we require.

I would not make one of these institutions a profit-making institution. They are not entitled to profit. The cash which the banks now hold as reserve is cash which must be in the vaults of the banks, and which they can not loan out. They can not make money on it in their own vaults. Therefore they should not complain if they are told by the National Government: You shall not make money upon it when it is in our vaults.'

Then, having organized, and mobilized, and strengthened these banks in every State by the union accomplished in this way, which would involve investigation of the banks, bank examinations, and local democratic self-government, I would Federalize them after the manner of our Federal Government by taking the State associations and unionizing them in the form of a Federal reserve association at Washington.

As a safety device, I would take from the State banks onethird of the reserves which they have taken from the member banks, and I would put that \$166,000,000 in this national reservoir, to be poured out whenever a panic or a stringency assumes something more than a merely local aspect and takes on national and interstate proportions. Then, to relieve a local panic and a local stringency, I would give these banks the power of rediscount out of the reserves to a certain extent-rediscount by a utilization of Government funds aggregating \$300,000,000; rediscount by the use of the Federal reserve notes which can be issued by the deposit of only 35 per cent of gold, thus giving every dollar of the reserve notes three times the efficiency of the gold dollar itself deposited as security. Then I would give the reserve board the power of recommendation to Congress, and I would expect by a process of evolution, just such a process as we have gone through with reference to interstate transportation, to solve gradually all the difficulties that relate to the banking of the country.

Mr. President, I ask leave to insert as an appendix to my

remarks a table which I will present.

The VICE PRESIDENT. Without objection, that may be

The matter referred to is as follows:

Monetary statement-United States. .

	1892	1912	Increas	50.
Gold in circulation. Silver in circulation Gold certificates Silver certificates United States notes. National bank notes. Miscellaneous currency Total money in circulation. Population Circulation per capita.	\$408, 568, 824 \$120, 111, 166 \$141, 093, 619 \$320, 693, 455 \$309, 559, 904 \$167, 221, 517 \$128, 098, 692 \$1, 601, 347, 187 65, 086, 000 \$24, 60	\$610, 724, 154 \$215, 373, 772 \$943, 435, 618 \$469, 224, 400 \$337, 697, 321 \$705, 142, 259 \$2, 915, 570 \$3, 284, 513, 094 95, 410, 503 \$34, 34	\$202, 155, 330 \$95, 282, 606 \$802, 341, 999 \$142, 530, 935 \$28, 137, 417 \$125, 133, 122 \$1, 683, 165, 907 30, 324, 503 \$9, 74	Per cent. 49.5 79.3 569 44.4 9.1 322.1 197.8 105.1 46.6 39.5

1 Decrease.

Monetary statement-United States-Continued. DEPOSITS.

	1892.	1912	Increase.	
National banks Savings banks. State banks. Loanand trustcompanies Private banks	\$1,753,339,680 1,758,329,618 648,513,809 411,659,996 93,091,148	4, 451, 555, 688 2, 919, 977, 898	\$4,072,121,483 2,693,226,070 2,271,464,689 3,262,918,243 59,403,471	Per cent. 332.2 153.1 350.5 793.9 63.9
Total	4, 664, 934, 251	17,024,067,607	12,359,133,356	264.9

RECESS.

The VICE PRESIDENT. The hour of 6 o'clock having arrived, the Senate stands in recess until 8 o'clock p. m.

The Senate thereupon (at 6 o'clock p. m.) took a recess until 8 o'clock p. m.

### EVENING SESSION.

The Senate reassembled at 8 o'clock p. m.
Thomas B. Catron, a Senator from the State of New Mexico, appeared in his seat.

## BANKING AND CURRENCY.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7837) to provide for the establishment of Federal reserve banks, to furnish an elastic currency, to afford means of rediscounting commercial paper, to establish a more effective supervision of banking in the United States, and for other purposes.

Mr. OWEN obtained the floor.

Mr. SMOOT. Mr. President-

Mr. OWEN. Does the Senator from Utah desire to inter-

Mr. SMOOT. I was simply going to suggest the absence of a quorum, that there may be a quorum present, but if the Senator prefers to go on I will not do it.

Mr. OWEN. I prefer to go on. I wish to take just a few minutes. The Senator from Massachusetts [Mr. Weeks], I understand, desires to address the Senate on the banking and currency measure. I am going to take only a few minutes.

Mr. SMOOT. Very well.

The VICE PRESIDENT. The Senator from Oklahoma will proceed.

Mr. OWEN. I wanted to put into the RECORD, Mr. President, some figures that, I think, the RECORD ought to contain as a somewhat more complete answer to the argument which has been repeated by the senior Senator from New York [Mr. Root].

The Senator from New York again made the argument that the Federal reserve notes were in effect a fiat money. After the statement in the Record last night of the 12 lines of security behind these notes, it seems to me that it is entirely unjustified that he should again make the assertion that these notes are in the nature of greenbacks or fiat money

Fiat money is money issued without a reserve behind it on mere Government credit.

The objection to flat money is that it is so easy to use the printing press to turn out flat money that there is a constant temptation for legislators to manufacture fiat money to meet Government obligations. That is the reason why flat money is regarded by all thoughtful men as involving hazard and as being dangerous.

But these Federal reserve notes are secured by commercial bills of a highly qualified class, commercial bills made by a solvent and trustworthy citizen in the first place, based on an actual commercial transaction, indorsed by a responsible member bank in the second place, and indorsed by the Federal reserve bank in the third place. The Federal reserve notes have a reserve of 333 per cent in gold, these notes not being capable of being issued without the consent and active demand not only of the citizen, the member bank, the Federal reserve bank, and the consent of the Federal reserve agent passing on these securities, but in addition it must have the approval of the Federal reserve board.

The Federal reserve board has the right also to fix an interest charge on the loaning of these notes, and is further charged with the responsibility of fixing the rate of interest upon all loans made by Federal reserve banks, which include the loaning of these notes. These notes are required to be repaid either in kind or in a volume of lawful money equal in quantity whenever these commercial bills are paid, and they must be paid within 90 days. These notes upon passing into the hands of another Federal reserve bank are required to be promptly re-turned by such Federal reserve bank to the emitting bank for redemption. There is a very extraordinary line of safeguard thrown around these notes, as I explained more fully last night. So the Senator from New York is not justified in repeating this suggestion that they are no better than "greenbacks," or that they are flat money; and I enter my protest against that designation of these notes as flat money, secured as they are and kept at par with gold and protected against expansion.

The Senator from New York objects very strenuously to

trusting the Federal reserve board with the power of fixing the rate of interest and fixing the penalty for going under the He treats the Federal reserve board as if it reserve limit. were impossible to be trusted with such power, as if like power had never been trusted to any other board of like character.

I remind the Senator that like power is intrusted to the governor and the managers of the Bank of France. The Government employs and appoints the governor and managers of the Bank of France. Yet they have the right to issue 5,800,000,000 francs, and they constantly preserve a margin of a thousand million francs, which they do not trespass upon but which they keep for emergencies. From time to time the French Government has advanced the volume of the notes which are permitted to be issued by these public officers.

The same is true with regard to the Bank of Germany. directorate has the power to issue unlimited notes. It is true that when they issue notes against commercial bills those bills are under a 5 per cent tax, but it is also true that under this bill the Federal reserve board, charged with the duty of pro-tecting our financial system, have the right to put upon these notes a 5 per cent tax or a higher or lower tax. They are not limited to 5 per cent. They may raise the rate to whatever per cent they please or lower it as they find expedient.

So far from the gold supply of the country being in danger or being in any hazard, this Federal reserve board have the right to fix the rate of interest for all the Federal reserve banks in the United States, and by raising the rate of interest, just as the Bank of England raises the rate of interest, can attract gold to these shores whenever a national exigency requires, which is a complete and overwhelming answer to the apprehen-

sions of the Senator from New York.

Mr. President, we have not hesitated to trust great powers in the hands of various boards in this country. The Interstate Commerce Commission have very great powers over vast properties. Nobody has the temerity now to charge that board with an improper or an unjust or an unwise exercise of the great powers put in their hands. On the contrary, experience has demonstrated that we may trust that board with still greater powers, and they are now charged by the recent statute with the duty of ascertaining the value of the railway properties in the United States, and they are now engaged in making a physical valuation of the railroad properties of the United States with a view to using that valuation as a basis for fixing of the railroad rates in this country.

I have been somewhat amazed at our Republican brethren, who for all these years past have had in their hands the power to give the people relief against the unjust exactions of those who have controlled the credit system of the United States, and our Republican brothers have so far failed in the discharge of their obligations to the country, so far failed in their express duty to the country when they had power that the people of the United States were compelled in self-defense to retire them from power and to put in power the representatives of another party from whom the people might expect relief. We find it somewhat strange that those who only a short time since strenuously advocated the so-called Aldrich bill, which had for its obvious purpose the concentration of the powers of the banking world in private hands without any adequate Government control, are now strenuously telling us that they are violently opposed to the things for which they so recently stood.

Why, only during this session of Congress the distinguished Senator from Massachusetts [Mr. Weeks], a member of the Banking and Currency Committee of the Senate, introduced in the Senate Senate bill No. 7, which is the same Aldrich bill, which proposed to put the banking power of this country into private hands, proposed to put the credit system of this country

into private hands.

But now we find ourselves somewhat bitterly reproached by Members of the opposition on the ground that we who have framed a bill giving the Government Federal reserve board, consisting exclusively of representatives of the people of this country, entire control over this system, that we do not go far enough to suit them. We put the system under Government control, with three directors appointed by the Government on the managing board of the bank, who shall constantly be on guard against unjust action by the banks, but we are now told by those who advocated the Aldrich bill with private control that we do not now go far enough to please them.

They would now go so far as to urge upon us a plan which would defeat this bill in its operation by driving out of this proposed system the banks whose assent and whose approval and whose cooperation are necessary to the success of this measure. I say the present urgent advice of those who recently advocated putting the banking system under the control of private hands in the Aldrich bill is such as to defeat our public-control plan by driving the banks away from us by too harsh conditions. I do not impute improper motives. not impugn the motives of any man, but I say that if their advice should be followed in this case, if we should so far impose conditions upon these banks as to prevent their adherence to this plan, we would defeat this plan of public control of the credit system, and we would thus leave the control of credits in this country in private hands, where they are now.

Do not forget that, my fellow Democrats. If the advice so strenuously given to us by our political opponents should drive out of this system the national banks, should prevent the national banks from adhering to our proposed Federal reserve bank system, then the credit of this country would still remain under the control of private hands, and that result would be entirely consistent with the proposal of the Aldrich bill-S. 7—that boldly proposed to put this whole banking system in the hands of private persons without governmental control. There is at least that measure of consistency in the two plans urged upon us by our political opponents-both plans

lead to private control of the credit system.

I am reminded of the advice given to the country and to the Republican national convention by the distinguished Senator from New York as temporary chairman when he addressed the convention on the Aldrich bill. He said:

the convention on the Aldrich bill. He said:

The national currency, which the election of McKinley rescued from disaster at the hands of a free-silver Democracy, still rests upon the Civil War basis of Government bonds and is no longer adapted to our changed conditions. It is inelastic; its volume does not expand and contract according to legitimate demands of business. It subjects us to constant danger of panies which begin in speculation and end in paralyzing business. It facilitates and promotes the arbitrary control of a small group of banks and bankers with enormous capital and tends to an undue concentration of the money of the country in a few great money centers. Any possible remedy involves the study of world-wide finance, because we are no longer isolated and money flows from city to city and country to country in accordance with the laws of demand and supply and the attraction of interest rates. No Congress could by its ordinary methods get beyond the surface of the vast and complicated problem, yet the working out of a new system adapted to American conditions is of vital importance to the prosperity of the country and the security of every business and of every man whose support is directly or indirectly dependent upon American business.

Very sound doctrine; very good doctrine.

Very sound doctrine; very good doctrine.

For the solution of this question the policy of the Republican Party established a Monetary Commission, which has made a most thorough and exhaustive study of the financial systems of all civilized nations, of their relations to our own system, and for the establishment of a new system of reserve associations, under which the currency will be clastic, the business of the country will find ready sale for its commercial paper, the people of the country at large will exercise control instead of a little group of large bankers, and the danger of panics will disappear. The President—

Referring to President Taft-

has recommended the conclusions of the commission to the Congress, where the proposed bill is under consideration. It is for the interest of every business man in the United States that the party controlling the Government shall not be changed until this policy has been carried into

Mr. President, I call the attention of the Senate to the fact that the necessities of the country in this respect, well recognized by the whole country, were made the basis by the Senator from New York for proposing a bill which not only would not have given the relief the country was entitled to, but would have used the exigencies of this Nation as a means and as a pretext under the Aldrich bill for putting into private hands the entire control of the credit system of the Nation, because that is what the Aldrich bill would have done. Those who now advise us to pursue a policy which will break down the plan we have suggested, by preventing the adherence of the national banks, would assuredly leave the control of the credit system of the country where it is now-in private hands.

We have heard much about the danger of these Federal reserve notes, which are Government obligations kept at par with gold, first, by the banks, but, second, by the Government, secured, as I have shown, by 12 lines of fortifications against being an actual demand upon the Government. We have been told that to permit these notes to be reserve notes for the member banks would be extrahazardous. A new light has broken upon the eyes of those who drew the Aldrich bill, of those who urged the Aldrich bill, because the Aldrich bill made the notes of the reserve association, a private corporation, available for reserves. I call attention to the language of that bill, section 53, Senate bill No. 7 of the present session, which provides:

SEC. 53. The circulating notes of the national reserve association shall be received at par in payment of all taxes, excises, and other dues

to the United States, and for all salaries and other debts and demands owing by the United States to individuals, firms, corporations, or associations, except obligations of the Government which are by their terms specifically payable in gold, and for all debts due from or by one bank or trust company to another, and for all obligations due to any bank or trust company.

Under this Aldrich bill the bank holding the reserves of others could pay those reserves in these notes. These notes are thus made available for reserve purposes. I think no harm would have come from it, but I want to point to the inconsistency of giving these notes that quality and then strenuously and publicly reproaching us with such bitterness for our lack of wisdom in making it permissible for the Federal reserve board to permit these United States reserve notes to be used for the reserves of member banks.

Mr. President, I want to show the necessity for extra reserve money. I have shown it before, and I want to put into the RECORD again a table which has been compiled by the Treasury Department. If the Federal reserve act had been in force and the final period for transfer of reserves had been reached on August 9 last, the figures would show the following:

	Total res	serve required.	Requi	red in vault.	Cash actu-	
	Per cent.	Amount.	Per cent.	Amount.	ally held on Aug. 9, 1913.	
Country banks	12 15	\$399,328,455 276,223,743	4 6	\$133, 109, 488 110, 489, 496	\$250, 702, 980 240, 947, 005	
Central reserve city banks.	18	289, 692, 160	6	96, 564, 053	407, 519, 389	
Total		965, 244, 358		340, 163, 037	899, 169, 374	

It will be seen from the foregoing that the amount required for reserve would be \$965,244,358, while the amount of cash actually held in all three classes of banks was but \$899,169,374. Instead of creating an expansion, as Senator Root claims, this would require \$66,074,984 more than the banks actually possessed in cash which would have to be made up by a transfer of credits, an actual shortage of reserve money for the national banks alone of \$66.074,984. They would be compelled to redis-count from the Federal reserve bank in order to comply with the law. So instead of there being a necessary inflation under the reserve requirements of this bill there is a necessary contraction unless they comply with an opportunity to discount funds from the Federal reserve bank, which I assume they would do.

Mr. President, I made a set of tables, verified by the Treasury Department, as to the effect of the reserve requirements of this bill on the cash of the country. I ask that they be printed in the RECORD without reading.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The tables referred to are as follows:

PROBABLE READJUSTMENT OF CASH UNDER REQUIREMENT OF THE FEDERAL

The tables referred to are as follows:

PEORABLE READJUSTMENT OF CASH UNDER REQUIREMENT OF THE FEDERAL RESERVE ACT.

If all national banks enter the system and subscribe at the rate of 6 per cent of their capital (\$1,056,345,786) and surplus (\$725,333,629), or \$106,900,764.90, paying one-sixth in cash, one-sixth in three months, and one-sixth in six months, the Federal reserve banks will have in six months a paid-up capital of \$53,450,382, to which should be added about \$150,000,000 of Government funds, which will be deposited with the Federal reserve banks, making a total of \$203,450,382 cash, of which two-thirds could be used for discounting.

The relative proportion of subscription to the Federal reserve bank is as follows: Country banks, 55 per cent; reserve city banks, 26 per cent; and central reserve cities, 19 per cent.

Assuming that the banks will immediately avail themselves of the discounting privilege to the extent of one-third of this fund in the Federal reserve banks, the country banks will be entitled to 55 per cent of (one-third of \$203,450,382) \$67,316,794=\$37,299,236; the reserve city banks 26 per cent, or \$12,885,190

Should the banks avail themselves of this privilege to the extent of one-half of this fund, the country banks will be entitled to 55 per cent of (one-half of \$203,450,382) \$101,725,191=\$55,938,855; the reserve city banks 26 per cent, or \$24,48,549; and the central reserve city banks 19 per cent, or \$19,327,787.

In the event the banks should avail themselves of the discount privilege to the extent of two-thirds of the fund in the Federal reserve banks, the country banks would be entitled to 55 per cent of (two-thirds of \$203,450,382) \$135,633,588=\$74,598,472; the reserve city banks 26 per cent, or \$35,264,732; and the central reserve city banks 26 per cent, or \$35,264,732; and the central reserve city banks 26 per cent, or \$35,264,732; and the central reserve city banks 19 per cent, or \$25,770,380.

The reserve requirement and the probable readjustment of cash in the several cla

Seven thousand one hundred and twenty banks not in a reserve or central reserve city.

RESERVES. 12 per cent of demand liabilities (\$3,136,329,730,27) \_\_ \$376, 359, 567, 63 5 per cent of time deposits (\$459,377,757,19) \_\_\_\_ 22, 968, 887, 86

399, 328, 455. 49 Cash in the banks' own vault:
First 14 months
Between 14 and 36 months

_					
i	Cash in the Federal reserve bank :			8.00	
		2/12=			
1		5/12 =			
9	After 36 months Optional, own vault or Federal reserve bank:	5/12=	166,	386,	855
		7/12-	222 6	341	507
	Optional, in own vault, in Federal reserve bank, reserve city bank, or in central reserve city	.,,,,,,	202,	724,	001
1	bank:	0 /40	100	201	000
ı	First 14 monthsBetween 14 and 36 months	6/12=	190,	200	111
1	PROBABLE READJUSTMENT OF CASH, COUNT	***************************************	- Total		***
1	(First 14 months.)	AL DAN	K.D.		
	Cash on hand (Aug. 9, 1913) specie and legal tende	P .	250	702	กรก
	Cash available by discount of commercial paper		,200,	0,25	000
H	third basis)		37,	299,	236
ï			000	000	010
ı			288,	502,	210
	Cash required for stock subscription to Federal re	eserve	90	207	740

Cash r	required for stock subscription to Federal reserv	e 29, 397, 710
Cash r	eserve required in own vault (four-twelfths) reserve required in Federal reserve banks (two	133, 109, 485
twel	urplus	66, 554, 74::

One-third basis: Between 14 and 36 months, amount reserve required in the Federal reserve banks is increased three-twelfths, or \$99,832,114, making a deficit of \$40,891,835, and after 36 months, three-twelfths additional, or \$99,832,114, must be kept either in Federal reserve banks or in banks' own vaults, making the total deficit after 36 months \$140,723,949.

\$140,723,949.
One-half basis: Should the banks discount to the extent of one-half of the available fund in the Federal reserve banks (i. e., capital stock and United States funds) this deficit will be reduced by the difference between \$37,299,236 (one-third basis) and \$55,948,855 (one-half basis), or \$18,649,619, leaving a deficit of \$122,074,330.
Two-thirds basis: If the banks discount to the extent of two-thirds of the fund in the Federal reserve banks, the deficit will be reduced by the difference between \$37,299,236 (one-third basis) and \$74,598,472 (two-thirds basis), or \$37,299,236, leaving a deficit of \$103,424,713.

Three hundred and fifteen reserve city banks.

	RESERVES.  18 per cent of demand liabilities (\$1,821,413,780.)  5 per cent of time deposits (\$60,233,520.52)			
1	Total	330	866, 156	. 46
8	Cash in the banks' own vaults:			
	First 14 months Between 14 and 36 months		110, 288, 110, 288,	
3	Cash in the Federal reserve bank:			
	First 14 months		55, 144,	
3	Between 14 and 36 months		110, 288, 110, 288,	
9	Optional, own vault or Federal reserve bank:	0,10-	110, 200,	
ı	After 36 months	12/18=	220, 577,	438
	Optional, in own vault, in Federal reserve bank, reserve city bank, or in central reserve city bank:			
ı	First 14 months	9/18-	165, 433,	078
10	Between 14 and 36 months		110, 288,	

Cash on hand (Aug. 9, 1913), specie and legal tender\_\_\_ \$240, 947, 005 third basis) \_\_\_\_\_

	200, 010, 011
Cash required for stock subscription to Federal reserve	13, 897, 099
Cash reserve required in own vault (six-eighteenths) Cash reserve required in Federal reserve banks (three-	110, 288, 719
eighteenths)Cash surplus	55, 144, 359 79, 249, 194

One-third basis: Between 14 and 36 months, amount of reserve required in Federal reserve banks is increased three-eighteenths, or \$55, 144,359, leaving still a surplus of \$24,104,835, and after 36 months an additional six-eighteenths, or \$110,288,719, must be kept either in banks' own vaults or in Federal reserve banks, causing a deficit of \$86,183,884. One-half basis: Should the banks discount to the extent of one-half of the available fund in the Federal reserve banks, this deficit will be reduced by the difference between \$17,632,366 (one-third basis) and \$26,485,549, or \$8,816,183, leaving a deficit of \$77,367,701.

Two-thirds basis: If the banks discount to the extent of two-thirds of the funds in the Federal reserve banks, the deficit will be reduced by the difference between \$17,632,366 (one-third basis) and \$35,264,732, or \$17,632,366, leaving a deficit of \$59,735,355.

Fifty-two central reserve city banks. RESERVES.

18 per cent of demand Habilities (\$1,605,579,970.29) \$289,004,394.65 per cent of time deposits (\$13,755,310.58) \_\_\_\_\_\_\_ 687,765.53 Total
Cash in the banks' own vaults:
First 14 months
Between 14 and 36 months
Cash in the Federal reserve bank:
First 14 months
Between 14 and 36 months
After 36 months
Optional, own vault or Federal reserve bank:
First 14 months
Between 14 and 36 months
After 36 months 289, 692, 160. 18 6/18=\$96, 564, 053 6/18= 96, 564, 053 3/18 = 48, 282, 027 6/18 = 96, 564, 053 6/18 = 96, 564, 053

4/12=\$133, 109, 485 The above table does not include cash from possible rediscounts of reserve put in Federal reserve banks.

# PROBABLE READIUSTMENT OF CASH.

(First 14 months.)

Cash on hand (Aug. 9, 1913) specie and legal tender\_\_\_\_ Cash available by discount of commercial paper (one-third basis) \_\_\_\_\_ \$407, 519, 389 12, 885, 190 420, 404, 579

Cash required for stock subscription in Federal reserve 10, 155, 572 96, 564, 053

banks

Cash reserve required in own vaults (six-eighteenths)

Cash reserve required in Federal reserve banks (threeeighteenths)

Cash reserve required in own vault or Federal reserve
banks (nine-eighteenths)

Cash surplus 48, 282, 026

144, 846, 080 120, 556, 848 420, 404, 579

Although the percentages of cash reserve required in the banks' own vaults and in the Federal reserve banks change after 14 months and after 36 months, inasmuch as at all times the full reserve requirement must be either in the banks' own vaults or in the Federal reserve banks, the surplus cash remains the same.

One-half basis: Should the banks discount to the extent of one-half of the available fund in the Federal reserve banks, this surplus would be increased by the difference between \$12,885,100 (one-third basis) and \$10,327,787 (one-half basis), or \$6,442,597, making a surplus of \$126,999,445.

Two-thirds basis: If the banks discount to the extent of two-thirds basis and \$10,700,700 (one-third basis) and \$10,700,700 (one-third basis) (one-third basis).

\$126.999.445.

Two-thirds basis: If the banks discount to the extent of two-thirds of the funds in the Federal reserve banks, the surplus will be increased by the difference between \$12.885.190 (one-third basis) and \$25.770.880 (two-thirds basis), or \$12.885.190, making a surplus of \$133.442.038.

In addition to the paid-up capital of the Federal reserve banks (\$53,450,382) and the deposit of Government funds (\$150,000,000), the Federal reserve banks will have available for discount purposes the funds held by them as reserves of the member banks to within 33½ per cent, viz:

Reserves deposited-Available for loans to member banks. FIRST 14 MONTHS.

Amount of reserve deposited with Federal reserve banks
first 14 months:
Country banks (two-twelfths of reserve requirement) \$66,554,742
Reserve city banks (three-eighteenths of reserve requirement)
Central reserve city banks (three-eighteenths of required reserve) 48,282,027

Total\_

If one-third of this fund is used for rediscounting purposes, the additional cash would amount to \$56,660,376; if one-half is used, \$84,940,564; and if two-thirds, \$113,320,752.

BETWEEN 14 AND 38 MONTHS.

Amount of reserves deposited with Federal reserve banks
14 to 36 months:

Country banks (five-twelfths of reserve requirement) \$166, 386, 855

Reserve city banks (six-eighteenths of reserve requirement)

Central reserve city banks (six-eighteenths of reserve

requirement) . 96 564 053 373, 239, 627

Additional available cash as follows: One-third basis, \$124,413,209; one-half basis, \$186,619,814; and two-thirds basis, \$248,826,418. AFTER 36 MONTHS.

Country banks (five-twelfths of reserve requirement) \$166, 386, 855 Reserve city banks (six-eighteenths of reserve requirement) 110, 288, 715 Central reserve city banks (six-eighteenths of reserve requirement) 96, 564, 053 373, 239, 627

Additional available cash as follows: One-third basis, \$124,413,209; one-half basis, \$186,619,814; and two-thirds basis, \$248,826,418.

#### SUMMARY.

Condition of all national banks with respect to cash after probable redistribution under Federal reserve act.

### FIRST 14 MONTHS.

[This table does not include cash obtained from rediscounting reserve money in Federal reserve banks.]

National bank system.		aird of Federal nk funds are		alf of Federal nk funds are	When two-thirds of Federal reserve bank funds are discounted.	
	Surplus.	Deficit.	Surplus.	Deficit.	Surplus.	Deficit.
Country banks Reserve city banks Central reserve city banks.	79, 249, 194		\$77,589,898 88,065,377 126,999,445		\$96, 239, 515 96, 881, 560 133, 442, 038	
Surplus	258, 746, 321 56, 660, 376		292, 654, 720 84, 940, 564		326, 563, 113 113, 320, 752	
Total surplus.	315, 406, 697		377, 595, 284		439, 883, 865	

Country banks	\$24, 104, 835	\$40,891,835	\$32,921,018	\$22, 242, 216	\$41,737,201	\$3,592,599
Central reserve city banks. Surplus, including all banks.		103,770,048				171,586,640
	144,661,683	144,661,883	159,920,463	159,920,463	175, 179, 239	175, 179, 239
Surplus	103, 770, 048		137, 678, 247		171,586,640	
used for rediscount	124, 413, 209		186, 619, 814		248, 826, 418	
Total surplus.	228, 183, 257		324, 298, 061		420, 413, 058	

### AFTER 36 MONTHS.

Country banks. Reserve city banks. Central reserve city banks. Deficit of all banks, to balance.	\$120, 556, 848 106, 350, 985	\$140, 723, 949 86, 183, 884	\$126, 999, 445 72, 442, 586	77, 367, 701	\$133,442,038 29,718,018	\$103, 424, 711 59, 735, 345
	226, 907, 833	226, 907, 833	199, 442, 031	199, 442, 031	163, 160, 056	163, 160, 056
Deficit, to balance, excluding cash from reserve discounts.  Additional cash available if reserves (\$373,239,627) of member banks are used for rediscount <sup>1</sup> .  Total surplus.	124, 413, 209	18, 062, 224	186, 619, 814	72, 442, 586 114, 177, 228	248, 826, 418	29, 718, 018
	124, 413, 209	124, 413, 209	186, 619, 814	186, 619, 814	248, 826, 418	248, 826, 418
Total deficit or surplus for system where cash is obtained from rediscounting reserves as well as capital and United States deposits.	2 18, 062, 224		a 114, 177, 228		4 219, 108, 400	

¹ The total reserve deposits are \$373,289,627; one-third equals \$124,413,200; one-half equals \$186,619,814; two-thirds equal \$248,826,418. ¹\$18,062,224 surplus is on theory of discounting one-third of capital, United States funds, and reserves. ¹\$219,108,400 surplus is on theory of discounting one-half of capital, United States funds, and reserves. ¹\$219,108,400 surplus is on theory of discounting two-thirds of capital, United States funds, and reserves.

All the capital could be loaned out, but only two-thirds of United States funds and of reserves.

These figures above relate only to the national banks. The State tracting loans.

memoraneam prepared by Access L. Ouen, once my union	Number.	Demand liabili- ties.	Time deposits.	Cash on hand.	Date of report.
National banks. State banks. Trust companies.	7,488 14,011 1,515	\$6,563,335,480.70 2,444,100,836.73 2,600,505,985.19	\$533,364,588.29 2 636,910,746.06 2 970,855,018.71		June 4,1913

¹ National banks have also, not included in these figures, \$42,637,771 national-bank notes and \$3,650,042.38 minor coins; total, \$46,287,813.38, which can not be counted as reserves under present laws.

² Represent savings deposits; time deposits not given.
³ Includes \$35,521,522 national-bank notes and minor coins.
⁴Includes \$26,732,928 national-bank notes and minor coins.

Total reserve money, 246 + 285=531 - 62=459 millions. State banks \$2,444, at 12 %=\$292 636, at 5 %= 31	
Trust companies 2,600, at 18% = 468 970, at 5% = 48	
— Total, 516	Į.
Total requirements 839 Actual reserve cash 459	
Gross deficit378	
Credit cash from rediscounts, one-half \$279, on deposit Federal reserve banks (\$172 + 107)139	
Total not deficit	

Mr. OWEN. These tables show, from a careful calculation of the cash on hand in reserve money, and the readjustment that would take place of the national banking system, that if the United States put in \$200,000,000 of its current funds in cash, in addition to the cash which the banks have, and the banks should avail themselves of the right to discount onethird of the resources which the Federal reserve banks have, there would be only \$18,000,000 of margin. If they should discount one-half of the resources which the Federal reserve banks have, it would leave a margin of only \$114,000,000 of cash for the 7,500 banks, or \$15,000 apiece. If the Federal reserve system should have the adherence of the State banks, and they should put in their proportionate part of the capital, and if they should discount one-half of the funds they contributed as capital and as reserve, there would then be a net deficit of cash because of the adherence of these State banks of \$239,000,000. So with a deficit of \$239,000,000 and with a possible surplus of \$114,000,000, there is still a deficit of over \$100,000,000. We are compelled, therefore, to have the right of rediscount, and we are compelled to do more than that-we are compelled to have the right to allow the Federal reserve board to the extent necessary to permit the banks to use national-bank notes and Federal reserve notes as member-bank reserves,

These notes are the best notes in the world. The Bank of England issues its notes in part against Government obligations. The Bank of France does likewise; the Bank of Germany does likewise. All the banks of Europe in part issue their notes against the Government debts, but these national-bank notes not only have dollar for dollar of Government obligations behind them, but they have, in addition, the assets of the national banks, and those assets amount to \$10,600,000,000 against an issue, in round numbers, of \$747,000,000. It is true, however, that each bank stands for its own particular notes.

Take a single bank that has a million dollars of capital and probably \$10,000,000 of resources. Such a bank would have a possible note issue of a million dollars, secured by a million dollars in bonds; but behind those notes, in addition to the million dollars in bonds, stands \$10,000,000 in securities, the property of the national bank issuing those notes, and, moreover, a double

Own vaults\_\_\_\_\_\_In Federal reserve banks\_\_\_\_\_\_ \$323 344 172 Own vaults\_\_\_\_ In Federal reserve banks ... 516

liability of stockholders of a like amount. Therefore we have many times over the values of these notes as security behind these notes, while the notes of other countries are content to have much less security. There are no better notes in the world than these notes. The Federal reserve notes are much stronger than the national-bank notes. There is, therefore, no reason why they should not be used as reserves. They are redeemable in gold; they are to be kept at par with gold by the Government of the United States; they are to be kept at par with gold by the banks, which are abundantly able to keep them at par with gold.

We should not have any misapprehension in regard to the difficulty of getting gold. We can get gold whenever we want it and in whatever quantity we want it by paying the interest rate necessary to hire its use. That is all there is about gold. You can buy the use of gold whenever you want it. That is what London does. When the Bank of England raises the rate and attracts gold from all the countries of the world which have gold to loan, because gold seeks the point of safety where it has the best interest-earning power, just as in the panic of 1907 we attracted from Europe all the gold that was necessary by paying the price that was necessary. We got it, and we can get it again. We will never again have such a need for gold in this country; but, as has been well pointed out, there is no country in the world that has such a volume of gold as we have. We have the greatest supply of gold in the world. We have the most productive country in the world. We have been attracting gold for the last few years at the rate of from \$100,000,000 to \$200,000,000 per annum.

Our gold certificates measure the constant growth of gold in this country. Our gold supply now amounts to over \$1,100,000,000 in trust funds, also an additional \$150,000,000 in the gold reserve, besides the very large volume of gold in the banks of the country. The national banks have about \$600,000,000 in gold, and the State banks have about \$295,000,000 in gold. There is also a large quantity of gold in the pockets of our people. So we need have no apprehension of getting gold.

The panic of 1907 caused such a shocking change in values that I thought it proper some days ago to put in the Record a table showing the gigantic fluctuation of prices during that panic year, as well as greater fluctuations between 1900 and 1908. (See table following.) I want to call the attention of the Senate to a few of these tremendous changes in stocks; not the stocks of little, inconsequential companies, but the stocks of such companies as Amalgamated Copper, with \$153,000,000 of capital, where the fluctuations ran from \$130 to \$33 in 12 months. What a commercial catastrophe that was! A fluctuation from \$33 to \$130, measuring the high point by the low point, is a fluctuation of over 300 per cent. The American Beet Sugar Co., with \$15,000,000 capital, fluctuated from \$36 to \$7. The low price as compared with the high price was less than one-fiftha tremendous fluctuation. Take the American Ice Securities Co., with a capital of \$19,000,000; it fluctuated from \$94 to \$8 a share.

Is it any wonder that the gentlemen who accumulated cash and cash credits and broke that market enriched themselves? The investigation has not been made, but it ought to have been made, and it ought to be made yet, to ascertain who it was that sold stocks and bonds in advance of that panic, and then, when that panic broke those stocks to the low point, invested their funds and multiplied their fortunes. The American public

would have an illuminating history if those disclosures should be made.

The American Telephone & Telegraph Co., with \$131,000,000 capital, broke from \$186 to \$88; the Baltimore & Ohio R. R. Co., with \$152,000,000 capital, broke from \$125 to \$55; the Erie Railroad, with \$112,000,000 capital, broke from \$52 to \$10; Great Northern broke from \$348 to \$107; the New York Central, with \$178,000,000 capital, broke from \$174 to \$89; the Union

Pacific, with \$195,000,000 capital, broke from \$195 to \$44; Westinghouse E. & M., with a capital of \$29,000,000, broke from \$233 to \$32. I ask that the table on page 6760 of the Congressional Record and the additional table I have here be printed in the RECORD without reading.

The VICE PRESIDENT. Is there objection? The Chair hears none, and that order is made.

The tables referred to are as follows:

Fluctuation of principal stocks during 1907.

	0	Value of stock.										Range of		
Name.	Capital.	Jan. 12.	Feb. 4.	Mar. 4.	Apr. 6.	May.	June 8.	July.	Aug. 10.	Sept. 7.	Oct. 5.	Nov. 9.	Dec.	prices.
1. Allis-Chalmers Co.	\$19,820,000	\$43	\$141	\$13}	\$125	\$113	\$103	8111	\$10	\$69	\$61	851	\$63	\$27 to \$4
2. Amalgamated Copper Co	153, 287, 900	119½	111	110	971	96	869	923	745	711	591	48	487	130 to 33
3. American Beet Sugar Co	15,000,000	217	181	181	161	15½	13	16	11	12	11	81	10	36 to 7
4. American Ice Securities Co 5. American Tele-	19,029,400	85	83	81	80	721		694	541	52		111	167	94 to 8
6. Baltimore & Ohio.	112, 379, 900	130 119½ 42§ 183½	128½ 115 34½ 166½	- 109½ - 33½ 159½	122 1011 251 138	123 99½ 24§ 136§	95 22½ 127¾	98 25½ 135§	93 22 121½	91 218 128½	891 188 128	90 80 173 113½	103 823 163 1192	186 to 88 125 to 55 52 to 10 248 to 107
tral 10. Southern Railway 11. Tennessee Copper. 12. Tennessee Coal &	178, 292, 100 119, 900, 000 5, 000, 000	1327 31 <sup>3</sup> / <sub>4</sub>	1253 268	124½ 25% 51¾	120¼ 22⅓	1164 21½ 41	112½ 19½ 36¾ 36¾	114½ 20¾ 39¼	105½ 17¾ 32½	105§ 16½ 36	102½ 12½ 30	98 128 22	981 40 27	174 to 89 42 to 10
Iron	22, 553, 600 38, 760, 000 16, 000, 000 195, 479, 100	158 35∦ 122 180	32 117½ 171¼	147 325 1165 1704	144 291 110 1413 1413	145 29 110 148 <sup>1</sup> / <sub>4</sub>	139 278 105 1363 1364	141½ 31½ 142½	26 85 127	28 54 131§	258 40 127	18½ 20 111½	20½ 22 116§	166 to 25 54 to 13 141 to 15 195 to 44
tion	508, 495, 200 38, 000, 000	49½ 17½	43% 16%	437 147	374 142	37½ 14	34½ 12¾	387 137	31½ 12	32½ 12½	26 <sup>3</sup> / <sub>4</sub>	24§ 9	27½ 10½	55 to 8 36 to 6
18. Westinghouse E. & M	29, 996, 350	1491	150	150	1461	1437	142½	142	141	133	122	47	70	233 to 32
Volume of sales for the week, in num- ber of shares		4, 932, 000	6, 295, 615	5, 802, 476	6, 176, 753	3, 786, 059	3, 169, 313	2, 301, 758	4, 436, 982	2,588,258	2, 481, 097	1,817,591	4,613,552	

Ranges since 1900 will be found in the New York Times Weekly National Quotation Review, page 13, of October 21, 1907:

Transfer of the second	High	Low.
La P	315	110
Adams Express	27	
Allis-Chalmers Co	130	3
Amalgamated Copper	36	00
American Beet Sugar Co	57	2
American Cotton Öil	272	142
American Express.	62	
American Grass Twine	13	
American Hide & Leather		
American Ice Securities	94	20
American Linseed Co	30	
American Snuff Co	250	26
American Steel Foundries	18	
American Woolen Co	48	
Atchison, Topeka & Santa Fe	110	18
Baltimore & Ohio. Delaware, Lackawanna & Western.	125	58
Delaware, Lackawanna & Western	560	171
Denver & Rio Grande	53	16
Duluth, South Shore & Atlantic	24	
General Electric	334	109
Great Northern preferred	348	140
Iowa Central	57	1
Kanawha & Michigan	76	10
Kansas City Southern	39	
Knickerbocker Ice.	85	
Lake Erie & Western	76	1
Manhattan Danah	22	
Manhattan Beach	43	
	86	
National Biscuit Co	76	2
New York, Chicago & St. Louis		
New York Central	174	9
Norfolk & Western	97	2
Northern Pacific	700	4
Northern Central	250	15
Ontario Mining	13	
Pennsylvania R. R.	170	11
Peoria & Eastern	50	
Pere Marquette	106	2
Pullman Co	268	14
Reading	164	1
Tennessee Coal & Iron.	166	2
United Railways Investment	98	100
United States Cast Iron	53	
United States Express	160	4
United States Leather	20	
United States Steel		
United States Steel.	55	

Here these values are shown to fluctuate from the low to the high, not by ordinary percentages—5 per cent, 10 per cent, or 20 per cent—but by 100 per cent, by 500 per cent, by 1,000 per cent.

And yet these gamblers raise a howl of lamentation if anybody proposes to make stable these values, and appeal to high heaven in the name of the widows and orphans whose last dollar is invested in these precious securities.

Mr. OWEN. Mr. President, I did not intend to detain the Senate. I thought it was only proper to call attention again to the figures in this case, to the facts which have been verified by the Treasury Department at my instance, with regard to these reserves, showing that we have provided in this bill for a larger requirement of reserves than the banks have hereto-fore carried, because the reserves beretofore have been fictitious and now we are making them real. We will end the pyramiding of reserves in this bill, and, under the honest reserve requirements of this bill placed upon as high a basis as we can, with the money we actually have in order to make the constriction of credits unnecessary. We have thus drawn as conservative a bill as we could draw, and we have safeguarded it as far as we could by authorizing the Federal reserve board to permit to the extent necessary the use of these notes as

reserves, but only to the extent necessary.

Mr. MARTINE of New Jersey. Mr. President, through the courtesy of the Senator from Massachusetts [Mr. Weeks] I am permitted to trench upon his time for a few moments to present a matter which I feel is of the utmost necessity and

vital importance at this time.

I want to say, Mr. President, that I have the highest regard for the senior Senator from New York [Mr. Root]; in fact, the whole Senate shares in such esteem and regard. I have no desire to pose in the rôle of a financier, but as a layman I appreciate that the Senator's speech in this body a day or two ago was a very severe, and, I insist, an unjustifiable criticism of the bill and of the Democratic majority. The Senator knows in reason that this bill is sure to pass; hence his outcry is calculated to prejudice the sentiments of the country against our party and to create alarm among the people on the subject which we are to-day discussing.

I hold in my hand two newspapers, most conservative and reliable journals, published in the city of New York, the Senator's home. They are deemed authority on matters of finance and commerce. There are two editorial articles, one in the Journal of Commerce and the other in the Evening Post, which, I feel, are a complete answer to and an utter refutation of the Senator's charge and his cry of alarm and undue inflaof the Senator's charge and his cry of alarm and undue infla-tion. Each of them is about a column in length. I shall not ask the Senate to listen to them at this time; but I ask, with the consent of the Senate, that they may be printed in the RECORD as a part of my remarks.

The VICE PRESIDENT. Is there any objection? The Chair

hears none, and it is so ordered.

The matter referred to is as follows:

[Editorial from the New York Journal of Commerce and Commercial Bulletin, Tuesday, Dec. 16, 1913.]

Editorial from the New York Journal of Commerce and Commercial Bulletin, Tuesday, Dec. 16, 1913.]

14 has been eminently desirable that the currency bill should be debated in silvent and the state of the state of

[Editorial from the New York Evening Post, Monday, Dec. 15, 1913.]

[Editorial from the New York Evening Post, Monday, Dec. 15, 1913.]

SENATOR ROOT ON THE BANKING BILL.

The speech of Mr. Root in the Senate on the banking and currency bill has been read by most people, we imagine, with a feeling of perplexity. This bill has been before the public nearly six months. It has been under fire of the national bankers' convention, has been examined by numerous financial organizations, has been publicly discussed by antiadministration Congressmen, including some who had a hand in framing the Aldrich bill, and has been made the subject of exhaustive revision and amendment in the report of the Republican members of the Senate Banking Committee. But the singular fact is that none of these carcful, experienced, and more or less hostile critics have included in their objections to the measure the objection set forth in his three-hour speech of Saturday by Senator Root—that the currency provisions of the bill are in effect identical with those of the Bryan platform of 1896, that the note circulation would always expand indefinitely, and would never be reduced, and that the consequent perfectly inevitable inflation would be so prodigious as to wreck both public and private credit.

We say that the lateness of this discovery of what, if the facts are as Senator Roor alleges, not only supersedes every other objection to the backing fill she will be a substantial to the state of th

Mr. WEEKS. Mr. President, I wish it were possible for the Senator from Oklahoma [Mr. Owen] to discuss in an impersonal way the great economic question which is now before the Senate. He takes occasion from time to time to refer to the framers of the bill which was presented by the Monetary Commission, known as the Aldrich bill. I have not hesitated to say, and I say now, that in my judgment there was more merit in that proposition than in any proposition which is now pending before the Senate. An honest effort was made to leave the management of the system that would have been inaugurated if the bill had been passed in the hands of those who were competent to manage banking affairs, under the supervision of the Government. It is possible that we failed to accomplish that, but that was the attempt, and any language to try to change that is entirely unjustified.

I have not taken the time of my colleagues on the Committee

I have not taken the time of my coneagues on the committee on Banking and Currency or the time of the Senate to discuss that proposition, although I did introduce the bill at the be-ginning of this session, because I thought it would be well to have its provisions before the Senate, hoping that possibly there would be something in it which would attract the Senate's attention. It turned out that there was reason in that position, because very much of the House bill as it came to the Senate was taken bodily from the report of the Monetary Commission. I knew perfectly well, however, that it would be futile to attempt to pass that bill through the Senate or through this Congress, and therefore I have not attempted to bring it to the front, either in debate or in the committee.

I think, however, that the Senator from Oklahoma ought not to hold that up as a bugaboo to drive away Senators on this side from the support of this legislation. Those who have made the most violent attacks—if I may use that expression—on the proposition which the Senator from Oklahoma is fathering are those who never advocated and never have been willing to support the report of the Monetary Commission. It is unfair to them, unfair to the report of the commission, and unfair to the Senate to take the time of the Senate to try to indicate that they are the same men who drew and supported the report of the Monetary Commission.

There are several phases of the pending legislation which will be adopted when we come to a vote with which I am not in sympathy. I do not believe in redeeming in "lawful money." I do not believe the notes of these banks should be used as reserves. I do not believe the Government should issue these notes or that there is any necessity for it. I do not believe in

guaranteeing bank deposits.

There are two or three other very important propositions in this legislation to which I am opposed, and in opposing which I am sustained by my colleagues on this side of the Chamber on the Banking and Currency Committee, with one exception, and that is in the guaranteeing of bank deposits. It is that proposition which I wish to discuss to-night, because I feel very strongly upon it. If I did not feel as I do, I should not oppose my colleagues. I feel very strongly that it is a public policy which should not be undertaken, and I wish to put my views before the Senate so that they may, at least, be matters of record, because when this measure comes up for a final vote I hope to be able to sustain it.

I am particularly sorry that I can not agree with the Senator from Kansas [Mr. Bristow], who spoke to-day with all the earnestness of which he is capable, and with all the intelligence he has, in favor of guaranteeing deposits. I have a genuine regard for his judgment and opinions. Working with men as I have worked with my colleagues on the Banking and Currency Committee for two or three months, one can not help having genuine regard for their patriotism, for their intelligence, and for their industry. Therefore I regret all the more that I am put in the position of opposing them on this important question.

On the 5th of December in some general comments which I made on the pending legislation I referred to guaranteeing

bank deposits in using the following language:

The fund which will be provided in this case, whatever may be the regulations or arrangements made by the reserve board, is to apply to fisuring the deposits in all member banks. Fundamentally that is wrong, and can not be made right by any course of reasoning. To take from a fund provided in this way moneys which really should go to the Government and insure all classes of deposits in all kinds of banks is simply saying to the average depositor, "Place your money where you can get the largest return on it and we will see that you make no loss."

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It is legislating and providing against the folly of the unwise. It is placing a premium on careless and unskillful banking. It encourages the withdrawal of funds from conservatively managed banks where anreasonable rates of interest will not be paid and transferring them to banks which will pay higher rates of interest than conservative management warrants. It makes the same provision for the savings depositors that it does for the protection of the extremely prosperous, who do not need protection. It does not in other ways differentiate between the character of deposits or the responsibility of depositors.

I now wish to take advantage of the notice which I then gave to further discuss this proposition. It has been stated, and I think with truth, that some banks are in favor of this proposition and that all of the people are in favor of it. I doubt the correctness of the latter part of this statement, because I believe some people have really thought about it and have reached the conclusion that, however much it might benefit them personally, a policy which is fundamentally wrong should not be undertaken. I further believe that if this question were carefully considered a great majority of the people would be against it, as they were in 1908, when the question was debated in the campaign of that year. It is one of the most taking and plausible of the many nostrums which are being dealt out to the public because their proposers believe they will be popular.

One of the reasons which has been assigned for guaranteeing bank deposits is that it will prevent panics, as people would feel secure and would therefore leave their deposits in the banks. I doubt if even this argument will stand the test of analysis, for having seen panicky people in times of great financial disturbance, I am convinced that nothing will prevent a frightened depositor from taking advantage of his legal right to withdraw his deposit from a bank. They do not always do this entirely because they fear the safety of the bank, but perhaps to a great extent because they fear they may want to use their money and can not get it when the necessity arises. For example: Experience shows that large numbers of people of comparatively small means take advantage of financial depressions to make investments in securities which at such times are selling on a low level. Stock and bond brokers would be united in their testimony as to the correctness of this statement,

and in such cases at such times, very largely at least, the purchaser pays for his purchase with cash instead of using a check; and on inquiry it is found that frequently he withdrew the cash some time before he wished to use it, depositing it in a safetydeposit vault, so that he might certainly have the funds at hand in case he wished to use them for such a purpose. Then, again, there are instances, some of which developed during the 1907 panic, where corporations having considerable pay rolls withdrew and kept on hand all the time two weeks' pay roll, instead of withdrawing their pay roll at the end of each week, as they would normally have done. This, of course, in cases where the law or custom requires that employees shall be paid weekly, and there are other prudent reasons, all of which add to the dis turbing conditions, which might be found for the withdrawal of money from banks in times of unusual stress. For instance: An examination of conditions which existed in the panic of 1891, 1892, and 1893 shows that people did not hoard greenbacks or silver certificates or national-bank notes to any considerable extent; although, substantially speaking, even at that time these forms of circulation had behind them the Government guaranty. But they did hoard gold and gold certificates, and in such a case as that a Government guaranty in any form would not have prevented people from drawing gold from the banks and hoarding it. We may not ever have to consider this phase of the question again, and yet I believe that the 1907 panic will demonstrate the fact that those who were drawing money out for hearding purposes did it because of their desire to use circulation rather than because they feared the solvency of the banks.

The way to prevent a currency panic is to establish a proper currency system which will respond to business needs. This will allay the fear of depositors to such a degree that I believe

we shall never have another currency panic.

Depositors in a bank are among its creditors. they any more entitled to have their deposits guaranteed than the individual who takes out a life insurance policy is entitled to have his policy guaranteed, or the person who holds a fire insurance policy is entitled to have it guaranteed; or, in fact, should the same principle not apply to any creditor as well as to bank depositors? Ordinarily the depositor in a bank makes his deposit for one of several reasons, or many, or all of them combined. The money which he has on deposit may have been borrowed from the bank, a portion of the loan having been used in his business and the balance left to his credit. Is there any more reason why he should be guaranteed, or his de-posit guaranteed, than his note should be guaranteed to the bank which has made the loan? Indeed a combination of such deposits in the shape of bad notes may be the reason for the bank's failure or getting into other trouble, and yet we guarantee the deposits, but give no consideration to the bank's stockholders, who must lose their stock and as much more before the depositors can lose a cent. In such a case the bank may have made the loan at a lower rate of interest on account of a portion of it being left on deposit, and quite likely it is paying interest to the depositor for a similar reason. I saw a statement bearing on this phase of the subject made some years ago Mr. James B. Forgan, president of the First National Bank of Chicago, which is a great commercial institution and quite likely represents with some degree of accuracy commercial banks generally:

The following figures recently taken from the books of the First National Bank of Chicago show the relation existing between that bank and its customers in regard to their deposits and their loans. In round figures the bank has from its customers a total of commercial and personal deposits amounting to \$38,000,000, and the total loaned to customers who are also depositors amounts to \$50,000,000, so that the bank's loans to its regular customers exceed their aggregate deposits by \$12,000,000. These figures show that a very large part of the bank's deposits is based upon loans made to depositors. Of the loans amounting to \$50,000,000 about \$10,000,000 could be made immediately available for liquidating an equal amount of deposits by simply returning to the depositors their own obligations as an offset to the amount of their credit.

This means that one-fifth of the loan made to the customers of the bank, who are its depositors, has been left in the bank. Quite likely when these loans were made the arrangement was entered into to leave a portion of the loans on deposit, and it may be that on those balances interest is being paid. If a loan has not been made or interest is not being paid on the deposit, quite likely the depositor, in consideration for keeping his account in the bank, is receiving other privileges, such as being furnished with foreign exchange or domestic exchange, or he may be having his checks collected without charge being made, and in many cases such collections are made at considerable expense. In fact, in almost every instance the depositor is receiving some direct return as the result of an arrangement entered into with his bank. Therefore his deposit is a business risk similar to any other and it does not entitle him to a guar-

anty any more than would he be entitled to a similar guaranty in other business transactions in which he is engaged.

It has been urged that deposits should be guaranteed to individuals because the Government, States, counties, cities, and towns require security against the money which they deposit in national banks. It is true that the National Government has required security in the past and that some other political organizations follow a similar course, but I have never been a believer in that policy; and if the Government had during the last 25 years deposited its money in banks as has other depositors, receiving 2 per cent interest on the deposit, it would have amounted to about \$50,000,000, and the possibility of loss would have been very slight, even if the department had not used any judgment whatever in selecting its depository, but had placed the money in banks without any discrimination. Even under those conditions the Government would not have lost 10 per cent of the amount of interest it would have received on account of its deposits; that is, if no judgment had been used in selecting depositories, the Government would have received \$45,000,000 more than it could have lost. I do not think, however, that States or other public organizations ordinarily require security. Certainly that is not the practice in Massachusetts.

The only instance I am familiar with in which a city or town has required security the bank was comparatively weak, but had received the deposit on account of its having been offered to public competition. In any case, however, if such public organizations do require security, they are in a somewhat different position from commercial depositors, because they seldom borrow from the bank as consideration of the deposit kept with it, and they have no similar business reasons for making a deposit without security which exists in commercial affairs. Those who deposit money in national banks or other commercial banks do it for commercial purposes which have nothing whatever to do with trust or savings deposits. Correctly speaking, savings deposits are those made by people of small means, very largely wage earners, who have not generally the knowledge or experience which justifies them in investing their own money, and frequently the amount they have to invest is so small that it must be combined with other similar amounts to make a total sufficient to invest in well known and established securities. would certainly seem that there are ample reasons for differentiating between that kind of a deposit and the deposit of a man engaged in commerce who has borrowed of his bank and left part of his borrowing to his credit. It has been urged that if the deposits in some banks were guaranteed and in other banks they were not, that depositors would withdraw their money from the banks where they were not covered by a guaranty and deposit in such banks as are covered by such a guaranty. This, to some extent, would be done. Of course, this would be done even if the same rate of interest were paid by both banks, though financially competent people would hesitate about making such a change if they were satisfied that the officers of their depositing bank were suitable men. Banking more than any other business depends on confidence. Before opening a bank account the individual ordinarily does, and certainly should, make every possible inquiry into the character and business methods of those who are to handle his money. He looks over the bank's statement to see if it indicates that the bank has been prosperous, and places his account in the bank which makes the best showing as the result of such investigation, of course taking into consideration the possibility which he has to get accommodation whenever he may need it. which is ordinarily a definite arrangement entered into between the bank and the borrower.

If any deposits should be guaranteed, they should be the savings of the wage earner; after these, moneys held for the benefit of widows and orphans and other trusteeships, and, lastly, the deposits in commercial banks. In many sections of the country these deposits are indiscriminately mixed and loaned on exactly the same kind of securities, and banks believe it is necessary to do this in order to supply the needs of their communities.

We have made no provision for savings deposits in the pending bill, and I believe in not doing so, because, in my judgment, real savings deposits should be kept in another class of banks than commercial banks. There are hundreds of savings banks holding many hundreds of millions of deposits, especially in the eastern section of the country. These deposits would not be guaranteed under this law, and if a savings bank happened to be located in a town where there was a national bank or a member bank having this guaranty, in time of trouble there would almost certainly be a run on the savings bank; deposits would be drawn out and put in the national bank for that reason, and that alone, as mutual savings banks do not ordinarily carry any reserve, would require the giving of the 30 days'

notice provided for in the law and much confusion and injustice, including the loss of interest which the depositor would Furthermore, if State banks do not see fit to come into the system which we are establishing they will be placed in an embarrassing position, because there are different laws in every State of the Union applying to State banks. The methods of inspection are different, the reserve required is not the same, and Congress has recently provided for postal savings banks, which now have deposits aggregating about \$37,000,000, and deposits are increasing at the rate of \$1,000,000 a month. These deposits are paying 2 per cent interest, so that instead of considerable amounts of money being sent abroad, as was done under old conditions, those moneys are now being deposited in postal savings banks. Therefore there is not the reason which formerly existed for guaranteeing bank deposits, for heretofore one of the principal reasons assigned was that there were many foreign residents who questioned the solidity of our banks and who sent their savings to Government banks in their native countries for safe-keeping.

It has been charged that national banks confess that their institutions are not secure when they oppose the guaranty of State banks on the ground that it would lessen deposits in national banks, and that State banks confess the same thing when they oppose a national guaranty. Nobody contends that any bank is absolutely secure, and it would be foolish to argue that a person would not be likely to deposit his money in a bank which had an absolute guaranty rather than in a bank which did not have such a guaranty if other things were equal; but when, as has been done, an advocate of bank guarantee says, "If you want to find whether banks are absolutely secure, ask the directors to give you their personal note to secure your deposit and you will learn that they will not bear the risk

which they ask you to bear."

I have frequently heard assertions of this kind made. Such a proposition is both ridiculous and demagogic. It is difficult enough to get good men to go on boards of directors of banks under present circumstances, because they have to assume a large degree of responsibility. Why should a director, who, possibly, is a comparatively small owner in the corporation, guarantee personally a depositor without a consideration for so doing, whether he thinks the institution is absolutely safe or not? Would it not be as reasonable to suggest to the creditor of any corporation that he ask a stockholder of that corporation to guarantee his account as it would be in the case of a bank? It is as legitimate to insure bank deposits, as I have said, as it is to issue insurance in any other form, and I have no doubt that there are guaranty companies which would engage in that business if a depositor wishes to pay a reasonable premium; that is, a premium commensurate with the value of the insurance.

The restrictions which are placed on banks are those which experience has proven to be wise not only for the protection of the depositor but for the protection of the banker himself, and the contention that when all people are careful about fire, fire-insurance rates will not be as high as at present, is undoubtedly true, and yet fire-insurance rates are absolutely based on the character of the risk—the rate on a detached house being different from that on a house made of the same material in a block, and the rate on a stone or brick house being less than that on a wooden structure. Not only are fire-insurance rates based on the quality of the structure insured, but frequently on the character of the owner or of the tenant. A man who has not a good reputation very often pays a higher rate, even if he can obtain an insurance at all, than a man whose integrity is absolutely good. The same reasoning will apply to life insurance. The rate depends on the age of the insured, and the insurance company reserves the right to reject poor risks, refusing to insure where the risk is considered hazardous. case which we are now considering, the depositors in every member bank would be insured and, although it will be claimed that member banks are protected by Government inspections, yet it would be nonsense to assume that one bank is as safe as another.

When we undertake a new Government policy, we should, if possible, look to the past for such guidance as experience furnishes. Until recently we have had in this country but one instance where such a program has been undertaken. That was in the State of New York, in 1829, when the safety-fund law was enacted. The guaranty tax under this law was one-half of 1 per cent on the capital of the banks. The law read that the fund should protect notes and other debts, and the courts properly considered deposits as other debts. These banks were recklessly managed, at least enough of them were so that failures became frequent, the fund became insolvent, and the plan was abandoned. While it is fair to admit that banks were not as

thoroughly organized or as well conducted at that time as they are now, so that no such immediate collapse would probably take place, that is the natural result of such a system; and if it is grafted on our national-banking system we will eventually, and quite likely within a short time, have a repetition of this

history, which would be a public calamity.

As I have said at another time, our banking and currency laws are materially behind those of European countries, which have been experimenting in one way or another to obtain the best results possible; but it is worthy of mention that in all of the experiments made by European countries, not one of them has ever attempted any such scheme as insuring deposits, in any form.

It has been charged that one method of preventing a bank taking advantage of the guaranty provision to make unusual promises is by restricting the rate of interest which it is allowed to pay on deposits, as is done in the Oklahoma or Kansas law, in these States the rate being limited to 3 per cent. I deny the business propriety of limiting the rate of interest which shall be paid on bank deposits, and especially in a general law which would cover the whole United States. Interest rates are very much higher in some sections than in others. Banks can afford to pay their depositors in some sections of the country 3 or 4 per cent, and in some instances 5 per cent, and still make a reasonable profit, while in the larger centers they can not afford to pay over 2 per cent, and very frequently less than that; so that if a general rate of 3 per cent were established it would be an injustice to the depositor in the locality where the bank might afford to pay 4 per cent or more and an injustice to the bank in the section where interest rates are normally lower than 3 per cent, because it would induce the withdrawal of money from these localities and the redepositing it in sections where the full 3 per cent rate is paid.

It is not possible, even at this time, to pass finally upon the results which have been obtained from the Oklahoma legislation or the Kansas law. They have not yet been in operation long enough to determine what the result will be. The experiment must be tried out through a term of years, must go through all conditions of business, good, bad, and indifferent, before it can possibly be used as a reason for a national guaranty system. this connection it is well to say that for several years the New York banks did not have any great difficulty with the law, be cause deposits were small compared with the bank's capital and note issues; but as the State increased in wealth deposits increased proportionally, and as the law guaranteed deposits as well as note issues the collapse finally came because business conditions had reached a periodical condition which produced a

series of failures which broke down the law.

It has also been urged that the stockholder and depositor are on a different basis; that there are many less stockholders than depositors, which, of course, is true; but that the stockholder has an advantage in that he has a vote to be used in selecting the officers who are to manage his banks. But the stockholder is also at a disadvantage, for while he takes his stock as a voluntary act, as the depositor makes his deposit, he not only, in case the bank is badly managed, loses the entire cost of his stock, but also an equal amount in addition thereto before it is possible for the depositor to lose anything; and if it is reasonable to insure the depositor, who frequently has the choice of many banks in which to deposit his money and who should use his best business judgment in making the selection of a safe one, why is it not as reasonable to insure the stockholder against loss by asking the stockholders in other banks to provide a fund to guarantee the stockholders in each bank against loss? It is also contended, because the Government provides a substantial guaranty against bank notes, that that is a reason for guaranteeing bank deposits. But they really do not belong in the same class. There must be no question about the soundness of circu-If there were, we would have the condition which existed before the Civil War, when there was a large variety of notes with varying and constantly changing values. Bank notes should be such that they will go readily into the hands of all classes of people without any question as to their soundness. A person does not have an opportunity to examine the quality of a bank's note. If he had to make an examination of the value every time he accepted a bank note, it would greatly retard business and would add materially to the cost of business. matter of fact, it would be impossible for him to make such an examination without a serious loss necessarily following.

An effort has been made to show that the big banks are opposed to this legislation. As a matter of fact, a large bank has no more reason for opposing a guaranty of deposits than a small bank. The interests of the large and the small banks are exactly the same. The sound banks would have no need of the benefits of this fund, and would never use it, while the unsound ones would build up their business at the expense of the sound

ones while the latter were making contributions to protect their unsound rivals' depositors. It would be an inducement to reckless men to start a bank with a limited amount of capital, make unbusinesslike propositions, and thereby obtain a large number of customers, and loan those funds in such a way that he would be the beneficiary if the concerns to which the money was loaned were successful, and would only stand to lose the money which he originally invested in the stock of the bank, which might be of very minor importance.

Guaranteeing deposits does not make a bank safe. The loans which might cause a bank's failure are made and are a part of the bank's assets long before the actual trouble takes place; and, therefore, if this guaranty were sufficient to pay all depos itors in the bank it would not prevent the trouble, but would simply provide a fund which would prevent final loss. The manner of investing this fund is of considerable importance. In Oklahoma it is being invested in the 3 per cent bonds of that State. Let us assume that the whole fund is invested in these bonds and that they are perfectly good. It is proposed to pay out bank deposits on demand as soon as the bank fails and reimburse the fund, if necessary, by additional taxation, but how is the cash to be obtained when the fund is invested in bonds which might not be marketable at the time. During the panic of 1907 it would have been impossible for the State of Oklahoma to have obtained circulation as a result of the sale of the bonds in this fund, so that if there had been bank failures the depositors would not have immediately benefited.

The amount of capital and the accumulation of surplus are factors in this consideration. The very fact that deposits are guaranteed would be a sufficient excuse for the reduction of capital to the lowest possible point, and, quite likely, to the paying out of the bank's surplus in dividends. Why should a bank attempt to pay dividends on a large amount of capital when the amount of capital has no bearing on the question of acquiring new business? Why should it attempt to build up a large surplus when the possession of that surplus does not, in any way, assist the bank to obtain additional business? And if a bank's surplus is divided, and the capital is reduced to the lowest point. it removes two of the present guaranties which depositors have, for the double liability which the bank's capital is subject to is of importance in proportion to the size of the capital, and as the surplus must be lost before depositors can make any loss themselves, it follows that the guaranty which depositors now have as a protection must be very largely removed.

Runs on banks are not generally fatal in cases where banks are solvent. In fact, I do not know a single instance where a sound bank has failed by runs on it. In the cases of the solvent bank the comptroller makes an examination and certifles to its soundness, or the banks in its neighborhood make an examination and come to its rescue, thus preventing it being obliged to close its doors

There are many other considerations which should be passed on before adopting such a policy as this. Our whole tendency is toward paternalism, but it will be generally agreed that it is not wise to provide for people in such a manner that they will not have to exercise their best judgment and discretion in business matters. The banker appeals for business, using various arguments, such as the amount of his capital, the accumulation of surplus which he has made, and, especially, through the personality of the bank's management; but if we are to adopt this system, all of those elements may be waived, and people, closing their eyes, may drop into the first bank they come to, make the best possible trade they can for the best rates of interest, or unusual accommodation, and feel perfectly sure that they are going to receive their money when they need it. If it is well to make the individual a nonentity, this may be a desirable move, but, in my judgment, he should be taught to be solicitous for his own personal welfare by keeping his eyes open and his mind exercised to protect his personal interests. It is a form of socialism which must be repulsive to anyone who deplores the socialistic tendencies of the day, and is added evidence that the socialist is looking to the State to provide for him what he has not been able to provide for himself. It recognizes the inequality of the capacity of the human being to successfully carry on the same character of enterprise, and asks the State, through its taxing power, to insure that the improvident, those who have not foresight and judgment and wisdom, shall be placed in the same category as the wise, the prudent, and the farseeing business man. Does our experience warrant extending this practice? Let us see. In addition to the New York safety fund there are guaranty laws in Oklahoma passed in 1908; in Kansas it went into effect in 1911; in Texas, January 1, 1910; in Nebraska it went into effect in 1911.

I have called to the attention of the Senate the results which

were obtained from the New York safety-fund law. It seemed

to work well for a few years and until we ran into the panic Then the banks commenced to tumble like so many ninepins, and by 1840 many of the banks which had cooperated in providing the fund had failed, the fund itself had become insolvent, and a similar attempt was not made again until it was taken up in Oklahoma in 1908 as a result of the panic of

the previous year.

I wish to submit to the Senate that the results in Oklahoma do not justify our adopting any such policy as is proposed in either one of these bills. Let me point out to you what they have been. Twenty-seven State banks have failed since 1908 in the State of Oklahoma, the number, in proportion to the number of banks in Oklahoma, exceeding any record of failures in the United States, even in 1893, when many banks in the western section of the country failed on account of the failure of crops and the general panic that existed at that time. The failures in Oklahoma had nothing whatever to do with any financial panic pending, because there has been none, or with the failure in crops in that State, although one or two years they have not been especially good.

During this time, when 27 State banks have failed in the State of Oklahoma during the last five years, there have been failures of but three national banks. These failures have been recurring and did recur with such frequency, especially in Oklahoma City, that they aggregated losses which amounted to \$1,750,000 June 30 this year, and the fund at that time was \$418,000 short, with only \$35,000 on hand to pay the \$418,000; so at that time the failures of banks in Oklahoma had caused a loss of \$2,168,000, which was 23 per cent of the capital of the

State banks of Oklahoma.

Let me show you in detail what has happened to some of the State banks which had a part in this insurance fund. In four years one bank with \$50,000 capital put into this fund \$13,000 in assessments; another bank having \$50,000 capital put into the fund \$10,000 in asssessments; another bank, with \$50,000 capital, put in \$15,000 in assessments; another, with a capital of \$10,000, put in \$1,300 in assessments; another, with a capital of put in \$3,000 in assessments; another, with a capital of \$5,000, put in \$2,255 in assessments; and another, with a capital of \$30,000, put in \$20,000 in assessments. I have pointed out the condition of the fund last June; its condition is worse I read from a dispatch from Oklahoma City December 7 of this year, as follows:

OKLAHOMA CITY, December 7, 1913.

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Declaring that the Oklahoma depositors' guaranty fund is seriously impaired by failure of the 112 former State banks to pay the balance of the 5 per cent special assessment in 1909, Assistant Attorney General J. L. Hull has filed a motion with the supreme court asking that the test case against the Farmers' National Bank of Cushing be advanced and assigned for some day this month. Hull alleges that the outstanding warrant indebtedness of the fund at the present time is \$692,777.76—

That is about \$200,000 worse than last June-

and that there is on hand but \$30,000 to meet the same. The suit of the Farmers' National of Cushing was instituted in a lower court and appealed to the supreme court by the State. It is being made a test case for the actions now pending against 112 national banks which have been converted from State banks to national institutions since 1909. The same question is involved in all the suits.

Including this additional \$200,000, which has been added by failures since last June, makes a loss of more than 25 per cent of the capital of the State banks in that State.

Here is a letter I have from the Comptroller of the Currency referring to the action taken by State and National banks in that State:

TREASURY DEPARTMENT,
OFFICE OF THE COMPTROLLER OF THE CURRENCY,
Washington, October 1, 1913.

Hon. John W. Weeks, United States Senate, Washington, D. C.

My Dear Senates, Washington, D. C.

My Dear Senates, Replying to the inquiry contained in your letter of September 30, you are advised that 312 national banks, having an aggregate capital of \$12,215,350, reported on February 14, 1908, the last call issued by the Comptroller of the Currency for reports of condition prior to the enactment of the Oklahoma guaranty law on February 17, 1908. On August 9, 1913, the last call issued by this office, 326 national banks, having an aggregate capital of \$14,330,000, reported from the State of Oklahoma.

In other words, the number of natonal banks in Oklahoma has been increased during that time by 14, and the deposits have increased something over \$2,000,000. As during this time national banks have not been increasing throughout the country, it is a pretty fair inference that the guaranty of deposits in the State banks in Oklahoma has not depreciated the value or the popularity or the strength of national banks there, for they have increased faster than the average throughout the country.

Since the adoption of the Oklahoma guaranty law 92 national banks have liquidated to become State banks, and 117 State banks have either been converted into national banks or national banks have been organized as their successors.

Now mark the time at which these changes were made. The law went into effect in 1908. Then it was going to be a panacea for all the troubles of the banks of that State. In 1908, 27 State banks liquidated and became national banks: in 1909, 55 State banks liquidated and became national banks; in other words, in those two years 82 out of a total of 92 liquidated and became national banks. In 1910, 3 liquidated; in 1911, 5; in 1912, none; in 1913, 2; in other words, since 1909 there have been 10 national banks that have changed into State banks and taken out State charters. Now exactly the reverse condition has been followed in the case of State banks. In 1908, 1 State bank changed into a national bank. That was the year of the adoption of the law. In 1909, 3 changed into national banks; in 1910, 8; in 1911, 66; in 1912, 22; in 1913, 17; in other words, after an experience of two or three years with the law, the State banks were taking out national charters as rapidly as possible.

In that connection I want to call attention to the fact that very many of the State banks of Oklahoma have not sufficient capital to become national banks; otherwise undoubtedly there would have been many more taking out national charters. example, the report of the bank commissioner shows that from January 1, 1910, to November 26, 1912, 114 State banks organized in that State. They will have a State bank at every cross-roads in time. The aggregate capital of these 114 banks was only \$1,987,000, or an average of less than \$20,000. Banks must have a capital of \$25,000 in order to become national banks; so, of course, many of those banks can not take out a national The bank commissioner of the State of Oklahoma charter.

There is a craze to start banks, and they are being organized in excess of economic need. The bank commisioner said a year ago that there were on file more than 300 applications for small State banks.

I wish to insert in the RECORD a complete statement showing the changes in the Oklahoma bank situation. It gives the number of State banks, the capital of the banks, their deposits, and the same figures for national banks. Before doing so, how-I want to call attention to a few more figures relating to this subject. In 1908 there were 470 State banks in Oklahoma; in 1911 there were 695, an increase of 255 State banks; in 1913 there were 596, or 99 fewer State banks than there were two years before. So far as the national banks are concerned, the reverse has been the case. There were 312 national banks in 1908; in 1911 there were 229; now there are 326.

The deposits and the capital of the State banks and the National banks have followed a reverse course. The capital of the State banks increased up to 1910. It is now over \$3,000,000 less than it was two years ago. The capital of the national banks decreased up to 1911. At that time it was \$2,000,000 less than in 1908, when the law became effective. It is now \$14. 000,000, or \$4,000,000 greater than it was in 1911, two years ago. I think if Senators will take the trouble to look at these figures they will have an object lesson in the workings of a guaranty system in a State where it has had time enough to work out the results which are sure to follow.

The table referred to is as follows:

Items in round amounts from Oklahoma bank statements. [Sums of money in millions.]

State banks.	Feb. 29, 1908.	Nov. 16, 1909.	Jan. 31, 1910.	Jan. 7, 1911.	Feb. 20, 1912.	Apr. 4, 1913.	Aug. 9, 1913.
Number of banks.	470 \$6, 230	662 \$10,767	668 \$10,679	695 \$11.570	628 \$9,841	606 89, 079	596 \$8, 867
Surplus Due to banks	580 476	881 4,537	1,079 4,142	1,386 5,692	1, 163 2, 436	1, 123 2, 251	• 1,162 2,124
Individual depos- its <sup>2</sup> Due from banks	18,032 7,529	49,775 20,659	49,928 17,670	54,756 25,120	39,391 12,380	42,629 14,217	40, 181 11, 779
Cash	2,078	4,607	4,092	4, 625	3,137	3,057	2,614
National banks.	Feb. 14, 1908.	Nov. 16, 1909.	Jan. 31, 1910.	Jan. 7, 1911.	Feb. 20, 1912.	Apr. 4, 1913.	Aug. 9, 1913.
Number of banks.	312	220	219	229	283	314	323
Capital	\$12, 215	\$10,070	\$9,927 2,733	\$10,745 2,925	\$12,915 3,279	\$13,720 3,632	\$14,330 3,933
Surplus Due to banks	3,063 4,416	2, 674 8, 263	7, 166	11, 161	7,503	10,329	8, 855
Individual depos-	-						
its a United States de-	38, 298	41,617	43, 112	47, 651	53,094	67, 329	67, 753
posits	1,789	765	693	770	1,083	1,225	993
Due from banks	14, 801 5, 878		15, 280 4, 780	20,934 5,625	17, 973 5, 243	25, 210 6, 610	21, 165 6, 247

<sup>&</sup>lt;sup>1</sup> Includes trust companies. <sup>2</sup> Does not include cashier's and certified checks. <sup>4</sup> Includes cashier's and certified checks.

Mr. WEEKS. I have already stated that last June the loss for the previous four years by Oklahoma State banks had aggregated 23 per cent of the capital of the banks of that State. The bank commissioner says:

The reasons of the heavy losses, as they have been narrated in the foregoing discussion, may be here summarily restated: (1) The banking department was for a long time in politics. (2) Unsound banks were admitted and guaranteed at the outset. (3) The record of bankers has not been properly traced. (4) There has been procrastination in closing insolvent banks and timidity in the face of losses. (5) Economic conditions have been somewhat adverse. (6) The guaranty of deposits has relieved depositors of all necessity for care in selecting

It is the commissioner of banking of the State of Oklahoma who makes that statement, and I call attention to the last statement, to the effect the guaranty has on the individual. Now, let me take up the case of Kansas. The Senator from Kansas [Mr. Bristow] said to-day that the law had worked well in that State, and I am bound to admit that that statement is substantially accurate; but I wish Senators to bear in mind that it has only been in operation two years. It has only been in operation about two years in Nebraska, and it has been in operation a little over three years in Texas. During those years there have been normal business conditions, so there has not been an opportunity to give them a fair test.

The State banks in Kansas may be guaranteed after they have been organized and in operation one year. It is voluntary in that State to come within the provisions of the guaranty fund, and a very small assessment is made-one-twentieth of 1 per cent-on the capital of the banks annually, and yet, with this voluntary arrangement in Kansas, an arrangement that works relatively well, there are only 472 State banks covered by the guaranty law and 446 State banks that are not guaranteed; in other words, substantially one-half of the State banks in Kansas have not seen fit to take advantage of this law; and the figures which I will submit, but will not read, relating to conditions in Kansas will show that while the number of State banks has increased somewhat faster than the number of national banks, and while the deposits and capital have increased somewhat faster, the guaranty law has not prevented a relatively good increase in the capital and deposits of national banks, and in all cases the capital of national banks is very much larger than the capital of State banks. For instance, the average capital of the national banks in Kansas is more than twice as great as the average capital of the State banks.

There is in Kansas a Bankers' Guaranty & Trust Co., established for insurance purposes under the laws of the State. think that is the only company of that character that has been established in this country. It is insuring the deposits of about 100 banks. I have not any evidence to indicate that the amount of business which this company is doing is increasing rapidly, but here is a concrete instance where a company has been organized and is actually doing business and is prepared to insure the depositors in banks under such conditions as to rates, and

so forth, as should govern in insurance. As I have said, the assessment on the State banks of Kansas

is one-twentieth of 1 per cent annually-

Mr. WILLIAMS. Mr. President-

Mr. WEEKS. I yield to the Senator. Mr. WILLIAMS. Merely for information I should like to ask if the Senator has any information as to the minimum and maximum premium charged by the insurance company.

Mr. WEEKS. No; I have not. I could not get those figures.

Nebraska has a remarkable record, Mr. President, in the case of both its National and State banks. It has been 15 years since there has been a failure of a national bank in the State of Nebraska. It has been 8 years since there has been a failure of a State bank in the State of Nebraska.

Mr. NORRIS. Mr. President— The PRESIDING OFFICER (Mr. Lea in the chair). Does the Senator from Massachusetts yield to the Senator from Nebraska?

Mr. WEEKS. I yield to the Senator. Mr. NORRIS. There was a failure of a national bank not two months ago in Nebraska-a very disastrous failure.

I am sorry, Mr. President, that the State of Nebraska has broken its record.

Mr. NORRIS. I am sorry, too, but I want the record

Mr. WEEKS The figures which I have here were prepared about two months ago, evidently before that failure.

Mr. NORRIS. Very likely.

Mr. WEEKS. But I do not recall any similar instance where a State, having more than 240 national banks and more than

700 State banks, can show that for 15 years in one case and for 8 years in the other there was not a bank failure.

The guaranty law applies in Nebraska in a very similar manner to the law in Kansas. I could show that that law is very much better than the Oklahoma law was originally, and is better, I think, than the Oklahoma law is to-day, after it has been revised two or three times; but even under these conditions, with the State bank depositors guaranteed in Nebraska, the increase of capital and deposits of banks under national charters has been going on relatively as fast as the increase in the case of the State banks-not quite so fast, but there has evidently been no particular movement to withdraw funds from national banks and put them in State banks because there was a guaranty in the case of State banks.

In Texas the guaranty law went into effect on the 1st of January, 1910. So far as the evidence submitted up to this time is concerned, it has worked about as have the Kansas and Nebraska laws, and the conditions there are substantially the same as in Kansas and Nebraska. It has not prevented a moderate increase in the capital of the national banks, in the deposits of national banks, and in the number of national banks; and yet there has been a little more rapid increase in all three of these particulars in State banks. Evidently when a new bank is to be started preference, other things being equal, is given to a State bank under present conditions; but I find no evidence to show that deposits are being withdrawn from national banks and placed in State banks because of this change. And in all of the States the increase in national banks is much more rapid than for the country at large.

If we pass the guaranty provision as proposed in both the pending bills, we will guarantee \$5,761,000,000 deposits in national banks, but we will not guarantee the deposits in State banks and trust companies or in the savings banks of the country. I said a few moments ago that if any deposits should be guaranteed, those deposits should be, first, the deposits in savings banks; second, the deposits in trust companies; and, third, commercial deposits. Yet we are proceeding in exactly the opposite way. We are proposing to guarantee commercial deposits and are not proposing to guarantee savings-bank and trust-com-

pany deposits.

As I have said, the national-bank deposits of date of August 9, 1913, were \$5,761,338,731.77. They would be guaranteed, without any regard to the character of the bank or the character of the bank's management. The deposits in 14,011 State banks on June 11, 1913, were \$3,081,011,582,79. The deposits in 623 mutual savings banks were \$3,769,555,330.59. The deposits in 1,355 stock savings banks were \$956,917,437.09. The deposits in 1,016 private banks were \$143,457,229.32. The deposits in 1,515 loan and trust companies were \$3,571,361,003.90, or a total in 18,520 banks which have not national charters on the 4th of June last were \$11,522,302,583.69. Those deposits would not in any case be guaranteed by the provision we are proposing to adopt. Even if this were a system which should be adopted by Congress, can we safely guarantee commercial deposits in national banks and leave without guarantee the deposits of the wage earner, the widow, the orphan, and the trusteeships in the trust companies and savings banks? It would, in my judgment, be one of the most deplorable pieces of business that Congress ever

There are guaranty laws, as I have said, in four States— Texas, Kansas, Oklahoma, and Nebraska. The aggregate de-posits in the trust companies and State banks in those States are \$305,000,000. Taking that from the \$11,522,000,000 leaves \$11,-217,000,000 on deposit in such banks outside of national banks, which would not be guaranteed if this bill becomes a law in its present form.

I have stated, Mr. President, that this method of procedure has never been undertaken, so far as I can find out, in any country in the world, and was never undertaken until 1908 in the United States, with the exception of the safety-fund law in New York. I can not find a record of any financial expert, domestic or foreign, who believes that it is a justifiable course to follow. I want to read a few extracts from the testimony of two or three well-qualified experts on that subject.

I will take, first, that of Prof. J. Lawrence Laughlin, head

of the department of political economy in the University of

Chicago, who says:

There is no more justice in laying the depositor's losses, for which he is not responsible, upon others who are also not responsible for the losses than there would be for A, who had been robbed by B, to ask that his honest neighbor C should be robbed to make up his loss. No matter how confidingly A had trusted B, C is not responsible for A's voluntary acts. Similarly, the honest and efficient banks can not in justice be asked to make up to a depositor in a failed bank losses for which the honest and efficient banks have no presponsibility whatever.

All reason, all justice demand that the punishment be inflicted on the doer of the wrong and not on the innocent neighbor. In fact, the ethical justification for taxing sound banks to cove the lapses of unsound banks has no existence whatever. It is unmoral.

A very well-known Canadian banking authority, of life-long experience, states the case in this form:

experience, states the case in this form:

The proposal hits at the roots of all morals in the matter of credit, because an effort to make by law the credit of one banking unit as great as that of another, and thus to counteract the essential principles which cause one banking unit to have good credit and another bad credit, is as mischievous as it is absurd. If such a thing were attempted, all the units which by their upright behavior have created for themselves good credit would have to retire from business or else submit to a scheme of cooperation which would give without consideration to other units who have been unable to creat credit for themselves a share of one of the most valuable assets in banking. Men cooperate for mutual advantage, but when cooperation is enforced by law for the benefit of some and to the loss of others, socialism in that particular matter has been achieved. Again, is it not clear that the tendency of such a law would be to cause banks to distribute their surplus profits? What would be the object of any bank accumulating surplus profits if the credit of all banks is to be allke, and how absurd it would be for shareholders to allow reserve profits to remain undistributed, if they were subject to attack in order to pay the losses of other dishonestly managed banks.

Mr. J. B. Forgan himself, who is one of the oldest and best-

Mr. J. B. Forgan himself, who is one of the oldest and bestqualified bankers in the United States, has testified on this subject. He has had a remarkable experience as a banker. He was born in Scotland, brought up in a Scotch bank, removed to Canada, and had experience under the Canadian system. In this country he has been, and is now, at the head of one of the largest and best-managed banks in the country. He has given testimony which should receive consideration from the Senate before it undertakes the guaranteeing of deposits. He says:

Anything that can be legally and equitably done to protect the depositors, to raise the standard of the banks and of the men engaged in the banking business, to protect the honest banker against the dishonest one, to keep those engaged in the business honest and to punish those who are dishonest, should be enacted into law, and the laws for such purposes can not be made too rigid. But to attempt to make all banks equally safe by passing a law that would establish an artificial credit for the incompetent and the dishonest, enabling them to offer all sorts of specious inducements to the public for business, and thus creating illegitimate and ruinous competition against sound and conservative bankers, would have in the long run contrary and disastrous results. By the passage of such a law the rascal would be tempted to become a national banker, and to cover himself with a mantle of credit which otherwise it would be impossible for him to acquire and which would be provided for him by and at the expense of all the good national banks in the country. This would not be a "square deal."

All newspapers have been referring to the question of guarant.

All newspapers have been referring to the question of guaranteeing bank deposits in a critical way. I have brought here to-night what seems to me to be a particularly good editorial on this subject, from the Washington Times. The New York on this subject, from the Washington Times. The New Yo Journal of Commerce is quoted in a part of the editorial. wish to send this to the desk, and ask to have it read and inserted in my remarks.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The Secretary read as follows:

[Editorial from the Washington Times of Dec. 12, 1913.]

## GUARANTEEING BANK DEPOSITS.

It is difficult to believe that a guaranty of bank deposits can be written into a seriously considered piece of national legislation. If it does get in, there will be justification for fear that we are getting back toward that hysteria which committed a good many people to financial fallacies, a few years ago, that they would hardly want to defend to-day.

Character is the basis of credit in the banking or any other business. A Government guaranty that eliminates the necessity and the value of character as an asset would be ruinous. It would encourage, even indorse and underwrite, the most reckless kind of speculation in the guise of banking.

Indorse and underwrite, the most reckless kind of speculation in the guise of banking.

How the guaranty of deposits would actually work is excellently analyzed in an editorial in the Journal of Commerce, which puts the thing in its simplest human terms:

"Suppose Deacon Jones and Deacon Brown preside over rival banks in XYZ town. Deacon Jones is a man of character, honesty, and sincerity, who regards the safety of his depositors' money as the first consideration and who would regard speculation with his depositors' money as a heinous crime. Deacon Brown, on the other hand, has a record of two or three failures behind him, has speculated with his own and other people's funds, but is now on his feet, for the time being, at the head of a bank, but there, possibly, by people who wish to use the bank and enlarge its deposits, that the bank funds may be put into promotion or speculative enterprises in which they and Deacon Brown are jointly interested.

"Deacon Jones says he will pay 2 per cent for money deposited on call and 3 per cent for money deposited on call and 3 per cent for money deposited on time, and that no bank can safely afford to pay more.

"Deacon Brown promptly bids 1 per cent higher for deposits.

"Now, suppose the church funds and the missionary funds are to be held on deposit until needed, and the question comes up which bank—the bank of Deacon Jones or the bank of Deacon Brown? If both men stand squarely upon their own feet, the money goes to Deacon Jones and the bank of character entitled to deal in credit. But if a deposit in both banks is guaranteed by the State, or by the Nation, the deposit must go to the bank paying the highest rate of interest. And to that extent Deacon Jones is out of business and Deacon Brown gets away with

the funds; and the church, the Government, and all the depositors have been guilty of an immoral business—partnership with unworthy men—partnership promoted directly by the Government guaranty.

"Deacon Brown is apparently successful for a time in paying 3 and 4 per cent for money, which he loans to adventurers and speculators jointly interested with himself. It is only a question of time when he is superseded in the XYZ village by a man more daring and reckless than himself, who bids yet 1 per cent higher for deposits and takes yet greater risks—all under the protection of the Government guaranty of deposits, removing individual responsibility from the depositor and promoting speculative, immoral, and iniquitous banking."

Mr. TOWNSEND. Mr. President, may I ask the Senator a question?

Mr. WEEKS. I yield to the Senator. Mr. TOWNSEND. In the course of the very careful study which the Senator from Massachusetts has made in reference to the guaranteed banks in the four States mentioned, did he investigate the question as to whether there was an effort made

to get the funds by overbidding for them?

Mr. WEEKS. At this time, in Kansas and Oklahoma, the rate of interest which banks may pay is limited to 3 per cent. There did seem to be evidence that there was overbidding for funds in Oklahoma before the present limitation was put in the law; but I wish to call the attention of the Senator from Michigan to what I have stated in another form, I think before he came into the Chamber. If in a national law we place a limita-tion on the amount of interest which can be paid, it will be doing an injustice to one section of the country or the other, because in the newer and developing sections banks might be able to pay 3 per cent or even 4 per cent for deposits, while the banks in the Past ordinarily can not pay 2 per cent and make safe leans or any profits on the business. Therefore if we do not make a flat rate it certainly would drive money from the East to be deposited in western banks where large rates may be paid, while if a flat rate were made of 3 per cent eastern

banks could not afford to pay it.

Mr. NORRIS. Mr. President—

The PRESIDING CFFICER. Does the Senator from Massachusetts yield to the Senator from Nebraska?

Mr. WEEKS. Yes; I yield.
Mr. NORRIS. In connection with the question asked by the Senator from Michigan [Mr. Townsend], I should like to suggest to the Senator from Massachusetts that it was shown here this afternoon by the Senator from Kansas [Mr. Bristow] that the law of Kansas permitted the State bank commissioner to fix the rate, the only limitation being that the rate should be the same all over a county, as I remember; and that in that State, while at first they had a flat rate, they changed the law and gave the commissioner the authority to change the rate and to fix it.

The reason for that was stated to be that national banks not under the guaranty law had come into localities and offered exorbitant rates of interest, higher than the laws would permit the State banks to pay. So, instead of these rascals and escaped convicts going out into Kansas and establishing State banks, they were, in fact, in national banks, trying to rob the people in

that way, where they had no guaranty.

The law proposed by the section of the committee of which the Senator from Massachusetts is a member, as I understand, does not pretend to fix a flat rate for the entire United States, but gives the board a right to fix the rate and to make all rules and regulations that may be necessary to put it into active

force.

Mr. WEEKS. It does not mention the rate.

Mr. NORRIS. No; but I take it that would be one of the rules and regulations. If there is any doubt about that, I should like to have the Senator's judgment on the matter.

Mr. WEEKS. It does not mention the rate.
Mr. NORRIS. Not by name. But does the Senator contend that they would not have a right to fix the rate?

Mr. WEEKS. I very much doubt it. That matter was not mentioned in the consideration of the subject in the committee. Mr. NORRIS. I think myself they ought to have that authority.

Mr. WEEKS. I am not in favor of any board in Washington fixing the rates of interest which shall be paid by the independent banks in any part of the United States.

Mr. NORRIS. Then, is the Senator in favor of having what he was arguing against, as I understood—a flat rate that would cover the entire United States?

Mr. WEEKS. I am not in favor of having any rate at all.

am not in favor of guaranteeing deposits.

Mr. NORRIS. I understand the Senator is not. But if a guaranty deposit law is had, we certainly should have the benefit of the expert wisdom of the Senator in trying to make it as good and as workable as possible. If we are not to have a flat rate—and I have been satisfied, from the argument of the Senator, that we ought not to have a flat rate all over the United States-then there ought to be some regulation by which the rate could be established. What would be the objection to giv-

ing to this board the right to fix the rate?

Mr. WEEKS. In the first place, I am not in favor of guaranteeing bank deposits. In the second place, I doubt the advisability of putting in the hands of a board in Washington the power to fix interest rates throughout the country; yet I am frank to say that unless that is done I fear, under certain conditions, the drawing of large amounts of money from State banks and trust companies and savings banks to get under the cover of this law.

We can not estimate, neither can the Senator from Kansas estimate, what the results of a system of this kind would be under conditions of stress. Things have been moving smoothly in Kansas since this law became effective. They have not had any opportunity to determine whether or not, under other conditions, it is going to work well. I am willing to take his statement that it has worked well, relatively, up to this time, and he certainly is an enthusiastic advocate of the plan; yet he has

not been able to convince me, though the law does work well at this time, that it should be incorporated in this bill.

Mr. NORRIS. Mr. President, I think all of us will agree to the proposition the Senator has laid down, that no man can tell now just how this or any other law that has not been tried extensively is going to work out; and perhaps it is too early to say just what the effect of the law in Kansas or in Nebraska or in Texas is going to be. On the other hand, the Senator has paid a great deal of attention to the law of Oklahoma; and I believe it was conceded at the beginning that that was a law which no careful legislator would try to put on the statute books. Even the letter that he himself read from the official of the State of Oklahoma having charge of it says that, in addition to the law being faulty, the banking system of Oklahoma was in politics for several years. I believe that is common knowledge; at least, I have heard it a great many times. Any system that will put the banks in politics, whether National or State, must bring ruin in the end. I believe they have improved since then, although I am not familiar with the details of the matter. I believe they have profited by their experience.

It seems to me that while the Senator emphasizes Oklahoma and belittles Kansas and the other States which have not had the law so long, where the record has been very favorable to the law, he ought to take that into consideration as well as the time, which, I admit, is an element that must be taken into

consideration.

Mr. President, I want to say to the Senator Mr. WEEKS. from Nebraska that I have tried to take those things into consideration. I think the conditions in Oklahoma were particularly unsatisfactory, and I think there were other reasons than the guaranty law why there were so many failures, at least which contributed to a number of the failures, such as the reasons which were instanced by the bank commissioner of Okla-

Yet I do not think that this is a proposition which should go into the bill, even assuming that in time it will work well and be to the advantage of all the people of the country, because it has not been tried sufficiently in these States to determine what the final result is going to be. It ought to be adopted in other States before this action is taken. It ought to be in operation for a series of years under good conditions and bad conditions before we put it into a national statute. Therefore, even if I felt reasonably sure that the conditions in Kansas and Nebraska and Texas were going to continue as they are now, I would be opposed to putting this provision in the bill.

Look at the conditions in a State like Massachusetts.

is more money in the mutual-savings banks in Massachusetts than there is in the national banks of the State, and the savings banks do not keep a reserve of any considerable amount against it. Yet those deposits are not guaranteed, and they would not

be under this law.

Mr. NORRIS. We could not guarantee them.

Mr. WEEKS. I know we could not.

We could not legislate in regard to those banks Mr. NORRIS.

if we wanted to. We have no jurisdiction over them.

Mr. WEEKS. That is true; but let me go on. As far as
Massachusetts is concerned, I think the Senator will admit that it has been pretty progressive in providing necessary laws of this character

Mr. NORRIS. I think so, and I am very glad to bear testi-

mony to it.

Mr. WEEKS. If it were considered necessary and desirable to pass such a law in Massachusetts, and it had been in opera- | deposits are guaranteed?

tion and had worked well under all conditions, I think we might look on this proposal with more favor. But to pass this as a national law before we have any evidence from any source, foreign or domestic, that the law is going to work well, through a term of years, is, in my judgment, unwise.

Mr. NORRIS. It would be an additional argument if we had put it on the statute books and it had worked successfully for a term of years. No man will dispute that; but even admitting that Massachusetts has been very progressive in her legislation, which I admit, it does not follow that we must wait first for Massachusetts to take the step or wait until the system has been given sufficient trial in other States.

I want to call the Senator's attention to another thing that I had forgotten when I interrupted him before. He says if the rate were the same all over the country, a flat rate, it would have a bad effect in taking profits from one part of the country to another; or if we had not a flat rate, it would have that tendency. I do not just remember which way the Senator put it.

Mr. WEEKS. The statement which the Senator from Nebraska made in the last instance. If the rate paid were not a flat rate, if the banks in Nebraska were paying 4 per cent and the banks in Massachusetts were paying 2 per cent, the money might go from the Massachusetts banks to the Nebraska banks, in order to get the 4 per cent rate.

Mr. NORRIS. I am not disputing that that might be true, yet I want to submit to the Senator that in Nebraska and in Kansas for the last two years they have had a guaranty deposit law, and in Nebraska there has never been a failure of a State bank since the law has been enacted, and there has been only one national-bank failure since that time. If it would have a tendency, as applied to national banks by a national act, to have the effect of taking money from the East to the West and putting it on deposit there, why has it not had that effect already? I am asking the Senator why, if there is danger along that line, money has not already been taken, for instance, from Massachusetts, where they have no guaranty of deposits, and sent to Kansas, where they have a guaranty of deposits.

Mr. WEEKS. For the very good reason that all the people of Kansas have not subscribed to it.

Mr. NORRIS. Perhaps that would be a sufficient reason; but if they had a national law, would not the same rule operate?

Mr. WEEKS. I do not think so. Let me ask the Senator from Nebraska a question. Suppose you were going to deposit some money in a Washington bank, and the deposits of one bank were guaranteed and the deposits of the other bank were not guaranteed, other conditions being equal, where would you put your money?

Mr. NORRIS. I might put it where it was guaranteed, if I had the money to deposit, but after more deliberate consideration I might change my mind about it. Answering the question offhand, I would say I would put it where it was guaranteed.

Mr. WEEKS. That is exactly the point. Those who have money to deposit should use their own brains and select a depositary which is safe, without having the law point it out

Mr. NORRIS. I understood the Senator's argument to be against the exercise of brains in that direction. He did not want some banks to guarantee deposits and others not to guarantee them, for the reason that it would relieve the people of the exercise of their brains to investigate as to which was the best bank, if I understood his argument.

Mr. WEEKS. Then the Senator has heard only one part of

my argument.

Mr. NORRIS. In other words, the Senator-Mr. WEEKS. Will the Senator permit me Will the Senator permit me to make a statement?

Mr. NORRIS. All right.

Mr. WEEKS. What I said was that if the banks guaranteed a man's deposits there would not be any need for the exercise of any judgment as to where his deposits should be made, because whatever happened, if some banks are guaranteed and others are not, then he will naturally go to the place where the deposit is guaranteed, even though the management of that bank is inferior to the management in the other case.

Mr. NORRIS. That would be true if he knew it. As a matter of fact the ordinary citizen does not know in the majority of It is an opportunity that few people have to determine as between two banks which is the most stable.

Mr. WEEKS. Let me ask the Senator from Nebraska if they do not display signs on the State banks in Nebraska that the

Mr. NORRIS. I presume that is true, although I do not remember now to have seen such a sign.

Mr. WEEKS. I guess the Senator will find that they adver-

Mr. NORRIS. I would not blame them if they did.

Mr. WEEKS. I would not blame them, either.

Mr. NORRIS. I think it would be perfectly proper.

Mr. WEEKS. I think so, too.

Mr. TOWNSEND. Mr. President—
The PRESIDING OFFICER. Does the Senator from Massachusetts yield to the Senator from Michigan?

Mr. WEEKS. I yield to the Senator.

Mr. TOWNSEND. The Senator from Massachusetts brought out one thing that had not been called to my attention before, which upon the statement of the Senator appeals to me quite strongly, as a theory at least. It is that if all the depositors were guaranteed there would be no inducement to the bank to maintain a large capital or to increase its surplus. I wanted to ask the Senator was if in the course of his investigations as to Oklahoma and other States he found that it had lessened their capital or reduced their surplus.

Mr. WEEKS. I have no evidence that will prove that statement, but it is true that the capital of a State bank is very small compared with the capital of a national bank which has

been established at the same time. Mr. NORRIS. Mr. President-

The PRESIDING OFFICER. Does the Senator from Massachusetts yield further to the Senator from Nebraska?

Mr. WEEKS. I do.

Mr. NORRIS. I want to call the Senator's attention to the fact that the question propounded by the Senator from Michigan was answered this afternoon in this Chamber. The operation of the guaranty law of bank depositors in Kansas has resulted in an increase of the surplus and the capital, because, to meet the argument the Senator from Michigan says has impressed him so much, they have provided in that law that when for six months the deposits of the bank have increased to an amount exceeding ten times the capital and surplus they have to go out of the system. The result has been that where that has occurred they have increased their capital and surplus in order to stay in the system. So the very suggestion by the Senator from Michigan brings out what I believe to be the un-reasonable argument that is often made against guaranteeing deposits. A properly regulated law meets that argument, I think, fully and completely, as in the State of Kansas, as was shown here this afternoon.

Mr. WEEKS. I have evidently not been able to convince the Senator from Nebraska that my judgment is good on this proposition. I regret it exceedingly, because he was one man that I had hoped to convert to sound banking and reasonable methods. I am not prepared to establish a national law based on the evidence which we have now, and I do not believe this

Congress should do it.

Mr. President, this whole system, in my judgment, is the confiscation of good character. It is putting a man without reputation or record on the same level with a man who has a record and a reputation. Kipling makes the Tommy Atkins, who has lived a good part of his life in the indolent atmosphere of the East, say something like this:

Take me somewheres east of Suez, where the best is like the worst; Where there ain't no Ten Commandments, an' a man can raise a thirst,

That is exactly what we are doing; we are making the best we the worst. We are not making the worst like the best. like the worst.

If we were going to make the worst like the best, we would rovide for better methods of examination; we would provide that only men of proven character should be put at the head of banking institutions; we would provide every means surrounding banks and banking methods which would be businesslike and sound. But as we are proposing to act we are dragging the best down to the same level with the worst scoundrel who ever looted a bank. That is what I am opposed to. I favor any scheme that is proposed for making conditions better— for building up men rather than dragging them down. But in this case we are going to put all kinds of men—those who have proven their character and reputation, who have established a credit which is a part of their capital—on exactly the same level that we do the man who has never established a reputation and probably never would if he had the opportunity. It is fundamentally wrong; it is unmoral, if a thing can be unmoral in business; and it never ought to be countenanced in this body.

I ask permission to incorporate in the RECORD as a part of my remarks certain tables to which I have heretofore referred. The PRESIDING OFFICER. Without objection, the permission is granted.

The tables referred to are as follows: Bank organizations. KANSAS.

		nks organ-		ks nation- zed.
	Number.	Capital.	Number.	Capital.
2 years ending Sept. 1, 1910	128 56	\$2,173,000 1,061,000	4 5	\$79,509 100,000

National banks organized. [Including conversions of State banks.]

Year ending Oct. 31—	Number.	Capital.
1909	5	\$315,000
1910	5	165,000
1911	4	120,000
1912	2	55,000

Items from bank statements, in round amounts.

State banks.	Sept. 29, 1909.	Sept. 4, 1913.
Number of banks. Capital. Surplus Deposits. Cash and due from banks.	\$15,810,000 4,957,000 97,217,000 36,528,000	\$18,995,000 7,717,000 118,170,000 42,023,000
National banks.	Nov. 16, 1909.	Aug. 9, 1913.
Number of banks. Capital. Surplus. Deposits. United States deposits. Cash and due from banks.	206 \$11,992,000 4,887,000 83,785,000 651,000 28,960,000	\$12,312,000 6,143,000 88,255,000 1,631,000 31,088,000

NEBRASKA.

State banks.	Feb. 12, 1910.	Feb. 17, 1911.	Aug. 26, 1913.
Number of banks. Capital. Surplus. Deposits. Due from banks. Cash in banks. Depositors' guaranty fund.	77,991,000	\$12, 729, 000 2, 427, 000 74, 105, 000 19, 960, 000 4, 476, 000	\$14,380,000 3,264,000 94,194,000 22,924,000 4,889,000 811,000
National banks.	Mar. 29, 1910.	Mar. 7, 1911.	Aug. 9, 1913.
Number of banks	\$14, 810, 000 6, 035, 000 121, 283, 000 1, 060, 000 29, 479, 000 10, 726, 000	\$15,695,000 6,784,000 119,087,000 1,035,000 33,006,000 10,477,000	\$16, 270, 000 10, 319, 000 128, 663, 000 1, 241, 000 34, 103, 000 11, 682, 000

TEXAS.

State banks.	Nov. 16, 1909.	Apr. 4, 1913.	
Number of banks. Capital. Surplus Due to banks. Individual deposits. Due from banks. Cash.	43, 328, 000	\$29, 451, 000 5, 806, 000 7, 664, 000 86, 485, 000 27, 556, 000 9, 281, 000	
National banks,	Nov. 16, 1909.	Apr. 4, 1913.	
Number of banks. Capital. Surplus Due to banks. Individual deposits. United States deposits. Due from banks. Cash	519 \$42, 393, 000 19, 551, 000 38, 744, 000 164, 618, 000 1, 137, 000 59, 693, 000 22, 314, 000	\$49, 625, 000 25, 592, 000 52, 209, 000 209, 411, 000 2, 043, 000 80, 167, 000 26, 535, 000	

Classification of individual deposits in the reporting State banks and trust companies of Texas, Kansas, Oklahoma, and Nebraska, as of June 4, 1913.

	Number of banks.	Individual deposits subject to check.	Savings deposits.	Certificates of deposit.	Certified checks.	Cashiers' checks outstanding.	Total.
TEXAS. State banks Loan and trust companies	716 74	\$49,675,439.06 18,783,901.36	\$966, 541. 24 3, 337, 553. 68	\$4,820,769.55 2,976,059.95		\$311,519.65 573,018.22	\$55,774,269.50 25,470,533.21
	790	68, 459, 340. 42	4,304,094.92	7,796,829.50		684, 537. 87	81, 244, 802. 71
State banks. Loan and trust companies.	896 6	72, 474, 967. 96 422, 358. 70	3,996,249.98 257,966.88	25,565,782.01 313,946.80	\$198,051.33	244, 734, 85 10, 799, 31	102, 479, 766. 13 1,005,071. 69
	902	72,897,326.66	4,254,216.86	25, 879, 708. 81	198,051.33	255, 534. 16	103, 484, 837. 82
OKLAHOMA.  State banks	583 13	30,793,281.98 1,222,405.32	746, 252, 14 12, 724, 42	6, 736, 898, 53 126, 235, 74	158, 190. 51 60. 00	2,515.04	38, 434, 623. 16 1, 363, 941. 42
	596	32,015,687.30	758,976.56	6, 863, 134. 27	158, 250. 51	2,515.94	39, 798, 564. 58
NEBRASNA.  State banks  Loan and trust companies	679 None.	40,398,731.15	12,343,643.97	29, 329, 528. 17			82,071,903.29
	679	40,398,731.15	12,343,643.97	29, 329, 528. 17			82,071,903.2

Mr. WILLIAMS. Mr. President, whenever the question of the Government guaranty of bank deposits shall present itself it will be time for argument. No such question is presented in either of the reports which are offered here as amendments to the House banking and currency bill. The newspaper article which the Senator from Massachusetts [Mr. Weeks] had read at the desk is an excellent illustration of the ignorance and carelessness with which great newspapers of this country deal with questions which are up for consideration before the Federal Congress. I do not want this question to go out to the country under a misapprehension as to what is before the Senate now.

Not only that, but the Senator from Massachusetts has made a long and labored argument concerning experiences with State guaranties of deposits in Oklahoma, Kansas, Nebraska, and Texas, and it has gone upon the theory that we were now presented with a proposition to give a Government guaranty of deposits by the Federal Government. There is no such proposition before the Senate. In those four States they did have a guaranty, accompanied by the power in the State or in some functionary of the State to levy an assessment to make good the losses of depositors in the banks. No such proposition is before the Senate at all. There is no guaranty in either one of these propositions. This is a proposition for the division of the earnings of the regional banks.

Now, I like to have men argue the question before them and not something else. I no more believe in the right of the Government to guarantee the debts of a corporation than I believe in the right of the Government to guarantee my debts. I think it would be much better for the Government to guarantee the debts of a carpenter or blacksmith than to guarantee the debts of a big, rich banking corporation, and deposits are nothing but the debts of the banking corporation.

Now, what is the proposition before the Senate? One of these two measures says that after paying a 5 per cent dividend and 20 per cent surplus one-half of the balance of the earnings, if there shall be any, shall go into a fund for the benefit of depositors in falled banks. The other proposition says that after the payment of a 6 per cent dividend and a 40 per cent surplus one-half of the balance of the earnings, if there shall be any, shall go into a trust fund for the benefit of the depositors of failed national banks.

The Senator from Massachusetts went on to say that if we are going to begin a scheme of insurance losses even partially on people who had deposited in institutions we ought to begin with the savings banks and the trust companies, where the estates of widows and the poor are deposited. Of course the Senator knows as well as I do that the Federal Government has no jurisdiction over any banking institutions except national banks, and that the only reason why we have jurisdiction over them, going back to John Marshall's original decision, is upon the ground that they are fiscal agencies of the Federal Government.

This is a partial insurance proposition. We say that here are possibly a lot of earnings which have been made out of the deposits of the people in the member bank, which in their turn have done business with the reserve bank. So we say that one-half of those final earnings, after the dividends and the sur-

plus, may be held by the United States Government—and I am repeating now almost the language of the Owen bill—as a trustee for the benefit of depositors in failed national banks, in a bureau to be organized under such rules and regulations as the Secretary of the Treasury may think best, and in which shall be kept and out of which shall be paid the money under such rules and regulations as he shall establish.

Mr. President, that means that after all the assets of the failed bank have been exhausted and after everything that can be taken and subjected to the rightful claims of the depositors has been taken and subjected, the United States Government will permit this part of that fund to go to help make out whatever the depositors have lost. It is a question merely of the division of the earnings.

Here is the question before you, and there is no escape from it. After the dividends and after the surplus, do you want the Government to take the entire balance of the earnings as a franchise tax, or are you willing that it shall take one-half of them as a trustee for the benefit of these people?

There is nothing new in the Federal Government holding funds as a trustee. Every month 10 cents, I believe it is, is paid out of the pay of every private soldier in the Regular Army, and it is kept in the Treasury in a trust fund for the benefit of the soldiers of the Regular Army. The Soldiers' Home out here was built in that way.

The Senator says, however, that leaving out the word "guaranty" now, which is an improper word, and using the right word it is unjust to establish an insurance whereby the man who conducts a bank carefully and properly may be made to pay through these regional banks in an exceedingly remote and indirect way, if at all, for somebody who has conducted a bank carelessly. In the first place, they are not taxed to pay it. This merely takes half the left-over earnings.

But even if there were a tax to build up in the Treasury an insurance fund for the benefit of depositors in failed national banks, the argument made by the Senator from Massachusetts could have no possible relevancy or force, because there is not an insurance scheme in the world to which it does not apply.

The Senator from New York [Mr. Roor], the Senator from Ohio [Mr. Burton], I will say, and I are insured in the same life insurance company. Let us say that they take great care of their health and that I take none of mine. Let us say that out of men insured in that life insurance company there are 10,000 who take no care of their health particularly and 2,000 who do. Undoubtedly the 2,000 pay in the shape of premiums for the carelessness of the 10,000, because in calculating what has to be paid to the insurance company in order to make expenses, losses, and make a slight profit, they have to calculate the average. There is no insurance company that ever existed in the world that insured a man's life in proportion to the care of his health.

Here are two men who have insurance in a fire company. One of them pays no attention at all to the ashes in his kitchen; he lets the brick fall out of the flue; he lets it become defective. His house burns up. Here is another man who pays every attention. Both of them are insured in the same company, and yet the premium to secure the insurance for the careful man is predicated upon the knowledge of the manner in which the

careless man acts. It is the average that is necessarily taken in order to establish the premium for fire insurance as for life insurance.

Here are men in the States of Kansas, Nebraska, and Mississippi, all of them carrying cyclone insurance policies. A cyclone comes in Mississippi and does not come in Kansas at all during the entire period of the policy, or vice versa, and yet the man in Kansas has paid in order that the man in Mississippi might There is absolutely no force in that be protected, or vice versa. sort of argument, even if this were a general insurance proposition for the benefit and for the full payment of depositors in national banks. It is not in either one of the bills.

The sole question with which you are presented is this: After paying the dividend and the surplus, do you want to take all the balance of the earnings to the Government and keep them, or are you willing to let one-half of them, at any rate, go to those whose money deposited in the banks has enabled the member banks, and through the member banks has enabled the regional banks, to make a profit and to get the earnings? That is all there is in this case. There is no use discussing the other matter until we get to it, and we are not to it now, even if we

should ever get to it.

This argument, however, comes with poor grace from my friend from Massachusetts [Mr. Weeks], because if there is a man in this body who has contended all the time that there was no difference between notes and deposits, it is the Senator from Massachusetts. He is solicitous, as are you and as am I, to see that the debt of the banks issued in the shape of notes is absolutely safeguarded. I see a distinction between the two, and I could make that argument, but I do not see how the Senator from Massachusetts can do it.

He spent an hour here the other night, very ably, too, in showing that there was no distinction; that both were bank credits; that when a man came in and borrowed he could either bank credit and draw his checks upon it, or else he could take the notes, go out with them, and pass them from hand to hand. I see a difference. The difference to me is that the Government allows him to pass one from bearer to bearer without indorsement as a representative of money; and when he does that, it is its duty to safeguard it in every possible way, whereas, in the other case, the Government does not give the man any right to do anything that he could not do with any Senator here if he wanted to. I could go and deposit money to-morrow with the Senator from New Hampshire [Mr. GAL-LINGER] and draw drafts upon him until I had drawn out of his hands all that I had deposited. There is no governmental function connected with that; there is nothing analogous to any governmental function. My check is not a representative of money; but the Senator from Massachusetts spent a long time showing that there was no distinction. Now, after very ably guarding the bank notes, he would have you believe that even from his standpoint the safeguarding of all the other bank credits, to wit, the deposits, the book credits, is a heresy

I am not prepared at this speaking, and I do not think I ever shall be, to support any proposition for the Government to pay the debts of any corporation, whether a bank or a manufactory or anything else; but I do say that when the Government takes a part of the earnings of a corporation, refusing to let the earnings of the business go to the people who have paid up the stock, refusing to let all of the earnings of that go to the people who have supplied the reserves, that they can at least afford to let one-half of what is left after a 6 per cent dividend and a 40 per cent surplus have been paid go back, if not to the shareholders or the stockholders, at least to those whose money upon deposit enabled the shareholders or stock-

holders to make the money.

I did not rise for the purpose of arguing the question, but I rose for the purpose of disabusing the minds of the public of what seems to be the apprehension all over the country, the idea that is spread all over the country, that there is a proposition here for the United States Government to guarantee the deposits of the banks. I want to say, with all the strength that am capable of, that there is no such proposition before the Senate, and that the only excuse for any man believing that there is, of which I can conceive, is that he had not read either one of these two bills. It is certainly not in the Owen bill; it is merely a proposition for a division of the earnings. might have provided here, if we wanted to, that all the earnings could go to the stockholders after the dividends and after the We can certainly provide that half of that shall go to the depositors, whose money has built up the dividends and the

Mr. PITTMAN. Mr. President, I wish to ask the Senator from Massachusetts [Mr. Weeks] a question simply for information. As I understood from his argument, in the event the above the interests of any bank.

bank deposits were guaranteed, there would be no distinction between the banks which were carefully managed and those which were carelessly managed, and, therefore, that the carelessly managed bank would obtain as large a business as the carefully managed bank, and so the carefully managed bank would not gain by its carefulness; in other words, at the present time the careful bank would naturally receive the larger portion of business and the careless bank the lesser portion of business; but if the bank deposits were guaranteed they would receive the same amount of business, and to that extent the carefully managed bank would lose.

The Senator also admits, I believe, that at the present time when the bank deposits are not guaranteed, sometimes the carelessly managed bank fails and some of the depositors lose. Then his idea, as I understand it, is that he considers it better that the present condition should continue to exist and that some of the depositors should sometimes lose by being mistaken in the banker, and that the careful bank should therefore make more money than that the careful bank should make only the same amount of money and none of the people should lose at any

time. Is that the theory?

Mr. WEEKS. Well, Mr. President, that is a somewhat strained version of what I have been trying to discuss. What I have said is that a part of a bank's capital and a part of a banker's capital is the character of the management of the bank; that after a term of years when a banker in a com-munity has established a reputation as a safe, wise, and conservative man, that is as legitimately a part of his capital as the money he has invested in business.

Mr. PITTMAN. Mr. President— Mr. WEEKS. Wait a moment. If a man who has not an established reputation can come into that community and ask for deposits, the deposits in both cases being insured to the depositor by some means, either by a guaranty or otherwise, it is an injustice to the man who has managed his bank wisely, because if the other bank is unwisely managed by a man without experience a part of the conservative and wise banker's earnings may have to go to pay the deposits in the badly managed

Now, let me give the Senator an example of just what hap-I have been in the banking business myself, and I think the bank with which I was at one time connected, though not then as an officer, was a wisely and sanely managed bank. Some men who did not have as well-established reputations as the officers of that particular bank took out a Government charter and started a bank across the street. They commenced to pay 4 per cent interest on deposits. The depositors in the old bank said, "You only pay us 2 per cent for our deposits. Why should we keep our money with you at 2 per cent when we can get 4 per cent across the street?" There is no very good argument to make to a man who wants to change his deposits under those circumstances. The result was that many of the depositors drew out all or part of their deposits and took then across the street and deposited them in the new bank, obtaining 4 per cent interest by so doing. In two years the bank across the street failed. Why did it fail? Because it was paying 4 per cent interest on deposits, and in the city of Boston no commercial bank paying 4 per cent interest can invest its money safely and make any profit.

Mr. PITTMAN. Mr. President-

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Nevada?

Mr. WEEKS. I yield. Mr. PITTMAN. Then Then, as I understand, the Senator wants that condition to exist. He thinks it is better for those people to lose their money so that he may continue a flourishing business at their expense and do without a law that will make that condition impossible in the future?

Mr. WEEKS. Mr. President, I want to ask the Senator from Nevada why I should lose my business because somebody was offering an extravagant inducement for taking it away, and then be assessed because that somebody lost his money when he did not use any judgment in depositing it in another bank?

Mr. PITTMAN. If the depositors had been guaranteed, even if that bank failed, the depositors could not have lost any

money, could they?

WEEKS. Mr. President, the bank to which I refer as the older bank would have been assessed to pay the losses sustained by those depositors.

Mr. PITTMAN. But the depositors would not have lost their money.

Mr. WEEKS.

Mr. WEEKS. If the Senator from Nevada wants to guarantee people against folly and lack of wisdom by national laws, this is the way to do it.

Mr. BRISTOW. Mr. President-

Mr. WEEKS I should like to go on for a moment.

Mr. BRISTOW. Will the Senator yield to me for a moment? Mr. WEEKS. Yes; I will yield. Mr. BRISTOW. The illustration which the Senator has just presented of the bank across the street paying ' per cent demonstrates not that bank insurance is not wise but that proper regulations should be made as to the method of doing business of the banks which are secured. No insurance company, State, national, or private, would insure the deposit of a bank that was doing that kind of business in the city of Boston. It is not proposed to secure any such bank deposits as that. They ought not to be permitted to get into any such insurance com-That is an argument in favor of regulating the character and the method of banking.

Mr. WEEKS. Well, Mr. President, the Senator from Kansas does not know just what is proposed, nor does any other Senator We turn some money over to a reserve board, and say, "Go ahead and make some rules and regulations to do something with this money which belongs to somebody else." That

is what we do.

Mr. President, I want the attention of the Senator from Mississippi for a few moments. I have had an opportunity for a good many years to listen to debates in which the Senator from Mississippi has participated, and I have taken occasion several times, many times, in fact, to say that I believe he is one of the ablest debaters who has been in Congress for m ny years. He is mentally honest, too, but I have occasionally heard him split hairs, especially on political questions. I think he is splitting hairs in the proposition before the Senate now, and I want to tell him why. We are proposing in both of these bills that when the stockholders have been paid 5 per cent in one case and 6 per cent in the other, and when a surplus of 20 per cent has been built up in one case and 40 per cent in the other, then-or during the process in fact-the balance of the earnings, if there is an excess, shall be disposed of in both cases by using one half of the excess to pay the Government's debt and the other half to put into a fund to pay depositors in failed banks under conditions to be prescribed by the reserve board.

I think that is a correct statement of what we are doing. Those excess earnings belong to somebody. They either belong to the Government or they belong to the stockholders in the reserve banks, or they belong to both, or they belong to somebody else. We believed originally in the Banking and Currency Committee that they belonged to the Government. believed that we could raise the capital for the reserve banks by paying the stockholders 5 per cent dividends, and then we proposed to use all the remainder of the earnings to pay the Government debt. That would have been beneficial to all the people of the country, would it not? Instead of doing that this proposition has been interposed to use one half of it to pay the Government debt and the other half to pay to some unwise stockholders in some bank, when they have not used their own gump-tion in locating their deposits. If we did not use it for that purpose, we would pay the Government debt, which would be beneficial to all the people of the country; but we are establishing this fund and we are going to use it to pay the losses to depositors in failed banks. In other words, we are taking a fund which I believe belongs to the Government, because the Government is guaranteeing almost everything that this bank does and it is depositing \$200,000.000 with the bank without interest; I believe the fund belongs to the Government; in other words, you are doing just exactly what you would do if you laid a special tax and built up a fund and then used that fund for the purpose of paying some individual who had not used business sense in determining upon a place in which to deposit his money. That is my judgment about it.

I believe the Senator from Mississippi is splitting hairs when he says this is not a guaranty fund. It is a guaranty fund, although not assessed directly on the banks. It is not like that kind of a mutual insurance to which the Senator has referred, to be sure, but it is paying for somebody's loss out of a fund that belongs to somebody else; and that, I say, is immoral and is unbusinesslike, and will create a condition in the minds of men which is unwise and which should not be encouraged—that is, that they should not exercise judgment in looking after their

Mr. WILLIAMS. Does the Senator from Massachusetts contend that these earnings belong to the Government in any way in the world except purely by the exercise of the taxing power? But for the exercise of the taxing power they would go naturally to the stockholders of the institution.

Mr. WEEKS. Mr. President, how does the Government get money if it does not get it by the exercise of the taxing power?

WILLIAMS. I understand that; but the Senator has said that these earnings belong to the Government; and I admit that the Government has a right to take them by taxation, just as it has a right to tax my land, but that does not prove that my earnings from my land belong to the Government at all; it only proves that the Government has the right by taxation to take a part of them. These earnings naturally belong to the stockholders who have taken the stock and put up the reserves-in the case of the Hitchcock bill to private individuals and in the case of the Owen bill to member banks. This would enable them to get the money from the depositors, so that in that sense the earnings belong to the depositors who furnish the money; but certainly they do not belong to the Government, except purely through the power of government by taxation to take it for a public purpose.

Mr. WEEKS. Mr. President, just one word more on this

subject

For the last 25 years the Government has deposited a certain percentage of its moneys in national banks, and it has required security for so doing. Latterly it has compelled the banks to pay 2 per cent interest on these deposits. The original proposition was that the Government deposits in the regional banks should pay 2 per cent interest. If the Government deposits \$200,000,000, as it is estimated will be done, that would mean, at 2 per cent, \$4,000,000 a year which would come to the Government as a return for its deposits.

The Government, however, is issuing notes for these banks to use. It is superintending all of the operations of the banks. It is lending its good name and its credit in many ways in connection with these banks, and is receiving nothing for it. I say it is only fair that the Government should receive the excess earnings after the stockholders have been pald a reasonable dividend, and it would not be an illogical or an improper thing for Congress to take all of these earnings and apply them

in paying the Government debt.

I wish it could be done. That is what I favor. Therefore even the Senator's argument does not stand, because we are taking one-half of them to pay the Government debt. If we can take one-half of them, why can we not take all of them?

Mr. WILLIAMS. Why, we could.

Mr. WEEKS. I think we ought to.

Mr. WILLIAMS. I admit that we could. I am merely saying that it would be wiser not to do so.

In that connection, the Government as a depositor in a bank gets its share of the amount paid to the depositors in a failed

bank just as well.

Mr. BRISTOW. Mr. President, I never could understand why national banks, especially in the eastern part of the country, should have such antipathy for the insuring of deposits. Most of the Eastern States have compensation laws. They require a corporation to tax itself to provide insurance for the health and maintenance of its employees. There is a proposition before Congress now to have a national compensation law whereby the railroads of the country will be taxed for the benefit of their employees. Still, when it is proposed here to take a part of the earnings of the banking system to guarantee the depositors in the banks it is regarded as a heresy.

Talk about a depositor, when he puts his money in a bank, exercising business judgment as to what bank he shall put it in. Why, the president of the American Bankers' Association was supposed to be a great banker, yet a few years ago his bank failed, and thousands of people lost money by the failure of that bank. Talk about the old bank being the one that never fails. The old bank is just as likely to fail as the new one.

The insurance of bank depositors, as I undertook to show this morning, and I think I demonstrated, is as legitimate an insurance as ever was written in regard to any other kind of a loss.

Now, as to the earnings of this association: What are the

resources of the regional banks?

First, there is the capital stock. We provide in one of the bills that upon the capital stock there shall be 5 per cent dividends; in the other bill we provide that there shall be 6 per cent dividends. That satisfies the interest of the stockholder. He gets his dividend. It is a cumulative dividend. He has, or should have no other interest. Second, we have a Government deposit, as the Senator from Massachusetts has declared, and upon that deposit these banks make a return. Third, we have the reserves of the member banks; and by the use of those reserves the bank makes a profit.

What is it proposed to do with these profits?

First, we pay the dividends to the stockholders. Next, we take the profits that accrue from the Government's deposits and use these profits to pay the national debt. Third, we take the profits, or a part of them, that come from the use of the reserves of the banks and use those profits to guarantee or to insure the depositors of the member banks. These reserves are a part of the deposits which the people put in the member banks. Government takes a part of those reserves and impounds them in a Federal reserve bank and uses them for profit, and takes a part of the profits and creates a trust fund, which will insure the depositors who have placed their money in the regional

Can anything be presented to the mind of man that is more just and that will appeal more strongly to a sense of right and

fairness than such a proposition as that? I think we would be justified in levying a tax upon every national bank in the country to create the deposits for this

My good friend, the Senator from Minnesota [Mr. Nelson], says he would like to have a vote on this matter to-night. Therefore I will quit, because I am very much interested in it, and I have talked too long to-day, anyway. SEVERAL SENATORS. Vote!

Mr. TOWNSEND. Mr. President-

Mr. OWEN. I should be glad to have a vote, unless some Senator desires to speak. I move to lay the amendment on the

Mr. GALLINGER. The Senator from Michigan has the floor, Mr. President.

Mr. HITCHCOCK. Before the motion is put I desire to call

Mr. TOWNSEND. Mr. President, I desire to say a word before the motion is put. I was on my feet trying to get recognition.

Mr. OWEN. I withdraw my motion, Mr. President. The VICE PRESIDENT. The Chair was intending to recognize the Senator from Michigan.

Mr. TOWNSEND. I am not so much interested in the refinement of definitions made by the Senator from Mississippi [Mr. WILLIAMS] as to whether this is a guaranty fund or an in-surance fund. It seems to me it has practically the same effect and is designed for practically the same purpose.

I am not objecting at all to guaranteeing deposits, having in mind first the fact that under proper banking methods the whole loss to depositors in the United States is less than onefiftieth of 1 per cent, almost a negligible amount. Yet, understanding as I do that where a loss does occur it is often 100 per cent to the one who loses, the only thing I have been interested in and my object in asking the question of the Senator from Massachusetts was to ascertain whether the insurance plan or the guaranty plan-call it what you please-will have a bad effect upon banking; that is, whether the plan we adopt will tend to increase the losses which must be paid by somebody.

I have not yet learned from any source anything that convinces me that where this plan has been properly tried the losses have increased because of bank guaranties or bank insurance. It appears from the statement that has been made that in the State of Oklahoma, and possibly in some of the other States, but surely in the State of Oklahoma, the people have not largely patronized the insured banks and neglected those that are proceeding under the old plan, which indicates to my mind that it could not have had the disastrous effects which the philosophy of the thing would seem to indicate might

I do understand why it would be likely that two banks, one conducted properly and another indifferently, but both guaranteed, might obtain deposits in equal amounts, but it is the proof of the thing that I should like to understand. As I have said, I have not yet been convinced that any method that has been adopted has resulted in looser banking methods.

I wish this bill provided for some method of examination in connection with the insurance plan and that there were more specific instructions carried in the bill for the purpose of carrying out the purposes which seem to me to be necessary in c to have it work right, namely, the investigation and establishment of conditions precedent to the opening of a bank and afterwards to its proper conduct.

Mr. HITCHCOCK. Mr. President, the Senator realizes that the reserve banks and the Federal board are given certain power over the member banks; that they are subjected to examinations in addition to the examinations they now sustain from the State authorities and from the comptroller's office?

Mr. TOWNSEND. I understand that. I understand there are provisions here within the discretion of the reserve board which, if properly exercised, would undoubtedly secure proper conditions; but it has occurred to me in reading the bill and in studying it as carefully as I could that we are leaving too much discretion with the reserve board and exercising too little

care as legislators in determining upon what conditions certain things shall be done

It seems to me that with the example before us mentioned by the Senator from Kansas as to what they do in Kansas it could well be incorporated in a bill of this kind, and provision could be made so as to do away with the possible danger which might arise from loose banking methods and through the loose organization of banks.

As I said in the beginning, while I have listened with great patience and great interest to the Senator from Mississippi [Mr. Williams], I can see no difference between bank guaranties or Government guaranties and insurance of these deposits so far as they affect the management of banks. That is the one particular thing in which I have been interested.

Mr. BURTON. Mr. President, I had thought of making some remarks on this question, but as the hour is late and I believe a vote is desired to-night, I wish to give notice that to-morrow morning, at the close of the routine morning business, I shall address the Senate briefly on the subject of the relation of credit and currency to capital.

Mr. GRONNA. Mr. President, I will ask the Senator from Oklahoma if he is willing to let this matter go over until to-morrow? I intend to address the Senate briefly on this particular feature of the bill

Mr. OWEN. Mr. President, while of course we are very anxious to bring this matter to a vote, I think it would not be quite fair to the Senator from North Dakota to refuse his re-I therefore assent to his wishes about it.

As the hour is so late, I think we might as well adjourn now. I move, therefore, that the Senate adjourn.

The motion was agreed to; and (at 10 o'clock and 55 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, December 17, 1913, at 10 o'clock a. m.

## HOUSE OF REPRESENTATIVES.

Tuesday, December 16, 1913.

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

We bless Thee, Infinite Spirit, for that quality hidden in the heart of man which makes him a hero worshiper, a quality which brings us to our knees in admiration and praise for the broad-minded, warm-hearted men of endeavor who have climbed high on the altar of fame and carved their names in letters of gold, which serves as a beacon light to those who come after them. But it is to be regretted that it is only after such men have done their work and passed on that our eyes are opened to the godlike which impelled them to deeds of heroism and glory. So it was with the world's great Exemplar; even His disciples failed to appreciate fully His sublime precepts and godlike character.

"And I, if I be lifted up from the earth, will draw all men unto me.

So the world is coming slowly to understand and appreciate the heart of the Christ. May our eyes be opened, that we may see more clearly and realize profoundly His life and work, and may we strive to quicken the Christ spirit within us and exemplify it in our daily life. Amen.

The Journal of the proceedings of yesterday was read.

Mr. MANN. Mr. Speaker, yesterday, in the passage of the omnibus claims bills, the gentleman from Texas [Mr. Greeg] moved to pass it with various amendments. One amendment

reads this way:

On page 2, line 4, after the word "claims," insert the following: "Except that claimants under this bill receiving compensation," etc.

Manifestly, it should read "act" in place of "bill," and I ask unanimous consent that the bill itself shall be amended or the amendment be changed so as to insert the word "act" in place of "bill," and that the Journal and Record be corrected accordingly

The SPEAKER. The gentleman from Illinois [Mr. MANN] asks unanimous consent that the word "bill" in a certain amendment to the omnibus bill be changed to the word "act," which, of course, it ought to be, and that the correction be made both in the Journal and the RECORD. Is there objection? [After a pause.] The Chair hears none, and it is so ordered; and, without objection, the Journal as corrected will be ap-

There was no objection.

MESSENGER TO THE COMMITTEE ON USELESS EXECUTIVE PAPERS.

Mr. LLOYD. Mr. Speaker, I offer the following privileged resolution from the Committee on Accounts.

The SPEAKER. The Clerk will report the resolution,

The Clerk read as follows:

House resolution 329 (H. Rept. 145).

Resolved, That the chairman of the Joint Select Committee on Disposition of Useless Executive Papers be, and he is hereby, authorized to appoint a messenger to said committee, who shall be paid out of the contingent fund of the House at the rate of \$60 per month, for the second session of the Sixty-third Congress.

Mr. LLOYD. Mr. Speaker, this is the usual resolution that is passed at every session of Congress.

The question was taken, and the resolution was agreed to.

GEORGE IDEN, LIZZIE BASSETT, AND ROSE M. CORNELL.

Mr. LLOYD. Mr. Speaker, I also offer the following privileged resolution.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 336 (H. Rept. 144).

Resolved, That the Clerk of the House is hereby authorized to pay, out of the contingent fund of the House, to George Iden, \$42; Lizzle Bassett, \$6; and Rose M. Cornell, \$12, for clerical services rendered to the Committee on Enrolled Bills during the extra session of the Sixtythird Congress.

The committee amendments were read, as follows:

Amend, line 3, by inserting, after the word "Iden," the words "seven days' services," and, after the word "Bassett," the words "one day"; and in line 4 insert, after the word "Cornell," the words "two days."

Mr. LLOYD. Mr. Speaker, this simply provides pay for some extra services rendered to the Committee on Enrolled Bills during the extra session. Instead of allowing a clerk, we pay them for these 12 days' services.

Mr. MANN. Those are the last days of the session? Mr. ILOYD. Yes, sir.

The question was taken, and the amendments were agreed to. The resolution as amended was agreed to.

R. T. COOK

Mr. LLOYD. Mr. Speaker, I present the following privileged resolution.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House resolution 276 (H. Rept. 146).

Resolved, That the Clerk of the House of Representatives be, and is hereby, authorized to pay from the contingent fund of the House of Representatives to R. T. Cook the sum of \$581.95, for services rendered as acting assistant foreman of the branch folding room, House of Representatives, from August 3, 1912, to September 30, 1913, this sum being the difference between his salary as a folder at \$900 per annum and that of the position of assistant foreman of the branch folding room, at a salary at the rate of \$3.85 per diem.

The committee amendments were read, as follows:

Amend, line 4, by striking out "\$581.95" and inserting in lieu thereof "\$270," and in line 6, after the word "from," strike out the words "August 3, 1912" and insert "March 14, 1913."

Mr. MANN. Will the gentleman give some explanation of this?

Mr. I.LOYD. Mr. Speaker, this assistant in the folding room was held by special resolution for a number of years by Mr. Coultry, of Illinois. Mr. Coultry died in March last. Mr. R. T. Cook performed the duties from the time Mr. Coultry died until September 30, when a man was appointed to take the place, and this gives him the difference in salary between the \$75 a month which he drew as a folder and that which he would have received if he had been actually appointed to perform these

Mr. MANN. Does the original resolution date from August,

1912?

Mr. LLOYD. Yes, sir. Mr. Cook not only performed services after the death of Mr. Coultry, but Mr. Coultry was ill for a number of months. He performed duties from August up to the time Mr. Coultry died, but Mr. Coultry drew the salary, and we thought it improper to allow Mr. Cook the salary, or any part of it, which Mr. Coultry had drawn.

The SPEAKER. The question is on agreeing to the commit-

tee amendment.

The amendment was agreed to.

The resolution as amended was agreed to.

The title was amended to read as follows: "House resolution to pay R. T. Cook \$270 for services rendered as acting assistant foreman of the branch folding room, House of Representatives."

EXPENDITURES BY COMMITTEE ON THE JUDICIARY.

Mr. LLOYD. Mr. Speaker, I also present the following privileged resolution.

The SPEAKER. The gentleman from Missouri offers a privileged resolution, which the Clerk will report.

The Clerk read as follows:

Resolved, That the Committee on the Judiciary is authorized to expend for experts, accountants, and clerical and other assistance for the purposes stated in House Resolution No. 486, passed April 5, 1912,

a sum not in excess of the balance unexpended under said resolution, out of the contingent fund of the House, on vouchers ordered by said committee, signed by the chairman thereof, and approved by the Committee on Accounts, evidenced by the signature of the chairman thereof.

Also the following committee amendment was read:

Amend, line 5, by striking out the words "April fifth," and inserting the words "May third."

Mr. LLOYD. Mr. Speaker, this is to authorize the Committee on the Judiciary to make expenditures for extra services that may be needed in the investigation of the trust question. When they were authorized in the last Congress to make this investigation, they were authorized to expend not to exceed \$25,000. They expended in that investigation only about \$2,500. now necessary to make some extra investigation, and employ experts and take testimony, and this authorizes them to expend not to exceed the amount that was not expended by the authority of the last Congress

Mr. MURDOCK. That will be a total of how much?

Mr. LLOYD. Twenty-five thousand dollars.

Mr. MURDOCK. How much did they expend? Mr. LLOYD. About \$2,500.

Mr. MANN. What was the total amount authorized in the first place?

Mr. LLOYD. Twenty-five thousand dollars.

Mr. MANN. How much was expended in the last Congress?

Mr. LLOYD. About \$2,500.

Mr. MANN. How much during the special session?

Mr. LLOYD. There is no account of any expenditure during the special session.

Mr. MANN. They had authority to expend money during the special session?

Mr. LLOYD. Yes.

Mr. MANN. Was any money expended during the special

Mr. LLOYD. No, sir. Mr. MANN. I understood they had some meetings and— Mr. LLOYD. Well, it was just a small amount. I can not give you the exact figures.

Mr. MANN. This would give the committee somewhere in the neighborhood of \$22,000

Mr. LLOYD. About \$22,000; yes, sir.
Mr. MANN. Mr. Speaker, I suppose it is the intention of the committee and that side of the House to continue to do everything they can to bring a financial panic on the country. ever, they do not need to do much more, because one already exists now

The SPEAKER. The question is on agreeing to the commit-

tee amendment.

The committee amendment was agreed to. The resolution as amended was agreed to.

The title was amended to read as follows: "House resolution authorizing the Committee on the Judiciary to expend certain money for purposes stated in House resolution 486, passed May 3, 1912."

CORRECTION OF IMMIGRATION BILL.

Mr. BURNETT. Mr. Speaker, in reporting the bill 6060 yesterday, I inadvertently left out one amendment in the report and in the bill. It is an amendment on page 56, which makes the bill go into effect, as to all except one provision, on July 1, 1913. That was stricken out, and "1914" was inserted by order of the committee. I ask to amend the report and the bill, and also ask for a reprint of them as amended. I am under the impression we ought to have an extra number of copies, perhaps, of this bill printed, and I would ask, while they are printing it, to have 2,000 extra copies of the bill.

Mr. FITZGERALD. What is the amendment?
Mr. BURNETT. The amendment is simply to strike out "thirteen" and insert "fourteen."
Mr. FITZGERALD. Let me suggest to the gentleman from Alabama [Mr. BURNETT] that, as the bill and report are already printed, and this is not a very difficult amendment, instead of having a reprint of it now, he wait and correct his bill by

amendment when it comes up.

Mr. BURNETT. Mr. Speaker, I have no doubt but that can be done, but the bill will go out to the country as going into effect last July.

Mr. FITZGERALD. While that may be true, still there may be some confusion by having two prints of the report and the bill.

Mr. BURNETT. No; it is simply a correction of this report and of this bill. Otherwise I shall have to make another report and include the amendment.

Mr. FITZGERALD. I did not intend to make any difficulty with the gentleman. I am suggesting this simply as the least confusing way.

Mr. MANN. I suggest to the gentleman from New York that there might be a misapprehension on the part of the country.

Mr. FITZGERALD. I shall not object.

The SPEAKER. What amendment is it that the gentleman from Alabama asks?

Mr. BURNETT. The amendment is to strike out the word "thirteen," in line 18 of page 56, and insert the word "fourteen" in lieu of it.

The SPEAKER. The gentleman from Alabama [Mr. Bur-NETT] asks unanimous consent that the word "thirteen" be stricken out in line 18, page 56, and the word "fourteen" be inserted. Is that all?

Mr. BURNETT. No. What I want is that I may correct the report and the bill. This is a committee amendment.

The SPEAKER. The gentleman from Alabama asks unanimous consent to correct the report and the bill by striking out 'thirteen" and inserting in lieu thereof the word the word "fourteen."

Mr. MANN. That is to show an amendment striking out the word "thirteen" and inserting "fourteen." That is a committee amendment.

The SPEAKER. A committee amendment striking out "thiren" and inserting "fourteen" in line 18 of page 56; and the gentleman from Alabama also asks for a reprint on the report of the bill and asks that 2,000 extra copies be printed-

Mr. BURNETT. Of the bill and report—
The SPEAKER. Of the bill and the report. Is there objection?

Mr. MOORE. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Alabama if he will incorporate in his request a provision for printing extra copies of the hearings? There will be a large demand for the hearings; as large as for the bill.

Mr. BURNETT. Yes; that is correct. I would ask, Mr. Speaker, for the printing of 2,000 extra copies of the hearings.

Mr. Speaker, may I ask the gentleman also Mr. MOORE. whether the hearings will be printed along with the bill or the report, so that they will be ready for consideration at the time the bill is called up?

That will depend upon whether the mem-Mr. BURNETT. bers of the committee and those who were heard before it revise their hearings sufficiently early to get them to me at once.

Mr. BARNHART. Mr. Speaker, will the gentleman yield? The SPEAKER. The gentleman from Alabama [Mr. Bur-NETT] also asks, in connection with the first request and as part of it, that 2,000 extra copies of the hearings be printed.

Mr. BARNHART. Mr. Speaker, I would like to inquire of the gentleman from Alabama if these hearings will be a reprint of the hearings heretofore had in this Congress?

Mr. BURNETT. No; of the hearings that were held last week.

Mr. FITZGERALD. Mr. Speaker, I hope the gentleman will not ask for a reprint of the hearings. I think that request ought to go to the Committee on Printing.

Mr. BARNHART. He is not asking for a reprint of the

Mr. FITZGERALD. I mean an additional number. Some one should know something of the cost of these matters. Under the law I think 500 copies are printed in the first instance.

Mr. BARNHART. Will the gentleman from Alabama yield? Mr. BURNETT. Yes. The SPEAKER. The gentleman from New York [Mr. Fitz-

GERALD] has the floor. Mr. FITZGERALD. I was trying to find out what that

request was. Mr. BURNETT. The request is for 2,000 extra copies of the

hearings had on this bill last week.

Mr. FITZGERALD. Are they voluminous?

Mr. BURNETT. They would cover 200 pages, I expect.
Mr. GARNER. Mr. Speaker, will the gentleman yield for a question?

Mr. BURNETT. Certainly. Mr. GARNER. The hearings were held for the purpose of informing Congress with respect to the business before the committee?

Mr. BURNETT. Yes.

Mr. GARNER. And gentlemen came to the committee and made long addresses, and they want to get copies of the hearings in order to send them to their constituents. Some of them were not Members of Congress. Does the gentleman think that

public money ought to be expended for that purpose?

Mr. BURNETT. Mr. Speaker, I will withdraw that part of my request. I do not want to get into a controversy about

The SPEAKER. The gentleman from Alabama [Mr. Bur-NETT] withdraws his request as to printing additional copies of the hearings. Is there objection?

Mr. MOORE. I reserve the right to object, Mr. Speaker. The SPEAKER. The gentleman from Pennsylvania [Mr.

Moore] reserves the right to object.

Mr. MOORE. It seems to me, Mr. Speaker, that the position taken by the gentleman from Texas [Mr. GARNER] is not tenable. If his proposition goes through and this request to print the hearings is not granted, then this House is in entire ignorance of what transpired before the committee, and in ignorance of the evidence adduced upon which the committee is supposed to have prepared this bill.

One of the reasons why I asked the chairman of the Committee on Immigration to incorporate this provision in his motion was that this House, when it comes to consider this immigration bill, which involves the barring out from this country of probably one-quarter of a million unfortunate people in a year, will be in a position to understand what was said to the committee. The idea of having this bill brought in-a bill covering about 60 printed pages, involving all sorts of technical and legal questions—without having the human side of it presented at all seems to be wholly unfair to the House itself.

Mr. GARNER. Mr. Speaker, will the gentleman yield?
Mr. MOORE. Yes.
Mr. GARNER. Does the gentleman from Pennsylvania anticipate that any Member of Congress will have any difficulty in getting a copy of the hearings recently had before the Immigration Committee?

Mr. MOORE. I think not, but the Congress represents the

Mr. GARNER. The committee has already ordered 1,000 copies of the hearings printed. Now, for what purpose can the 2,000 additional copies be used, except to send to some people throughout the country who might be interested in the immigration question, or rather for the purpose of sending to the constituencies of those people who appeared before the committee,

and so advertise themselves in a public document? Mr. MOORE. This Congress represents the people of the nited States. The gentleman himself represents perhaps United States. 250,000 people, all of whom are interested in this question. all represent a great body of the people of the country, and I venture to say now that the country itself does not know and will not have an opportunity to know what is in this immigration bill and what is proposed to be done when this immigration bill comes up. One of the real troubles with regard to this whole question, vital as it is to the welfare of many of our people and many of the unfortunates who seek to come here, is that we do not give careful consideration in the House to this immigration question. A bill 60 pages long will be brought in here and efforts will be made to close debate. An effort will be made to press this bill through because it is on the calendar to go through. Whether you gentlemen care to have your constituents informed or not, I, as a member of the minority, insist that it is the right of my people to know upon what basis this bill was framed.

Mr. FITZGERALD. Mr. Speaker, I demand the regular order. We wish to pass an appropriation bill before the holiday recess. I make this demand on behalf of the Committee on Appropriations.

Mr. MOORE. If the gentleman is going to close me out with the regular order, I shall be obliged to object.

Mr. BURNETT. Does the gentleman object to the reprint? Mr. MOORE. Unless we can have the information upon which to be guided in the House.

The SPEAKER. The gentleman from New York demands the regular order.

Mr. BURNETT. Mr. Speaker, may I ask—— Mr. GARNER. The gentleman from Alabama has submitted a request for unanimous consent. Now, if the gentleman from Pennsylvania wants to object-

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

Mr. MOORE. I object. The SPEAKER. The gentleman objects.

JOINT RESOLUTION PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. ASHBROOK, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States, for his approval, the following joint resolution:

H. J. Res. 164. Joint resolution authorizing the Secretary of the Senate and Clerk of the House to pay the officers and employees of the Senate and House, including the Capitol their respective salaries for the month of December, 1913, on the 20th day of said month.

LEAVE TO WITHDRAW PAPERS-MRS. DORA SMITH.

By unanimous consent, Mr. Driscoll obtained leave to withdraw from the files of the House, without leaving copies, the papers in the case of Mrs. Dora Smith (H. R. 23561, 62d Cong.), no adverse report having been made thereon.

BRIG "LITTLE JOHN BUTLER."

The SPEAKER laid before the House the following communication:

CHAMBERS UNITED STATES COURT OF CLAIMS, Washington, D. C., December 2, 1913.

Washington, D. C., December 2, 1913.

Hon. Champ Clark,

Speaker of the House of Representatives.

Sir: The findings of the Court of Claims in the French spoliation case of the brig Little John Butler, Smith, master, were certified to Congress on January 18, 1907, and in a case lately decided by this court some of the rulings in said case were modified. There has been no appropriation made in the case first mentioned, and by instructions of the Court of Claims I have the honor to request that the findings in the said case of the brig Little John Butler, Smith, master, be returned to this court for further examination.

Respectfully,

EDWD. K. CAMPBELL,

Chief Justice.

EDWD. K. CAMPBELL, Chief Justice.

Mr. MANN. Mr. Speaker, I suggest that the files in that case be returned, as requested.

The SPEAKER. If there be no objection, the files will be returned to the Court of Claims in accordance with this request. There was no objection.

DISTRICT OF COLUMBIA APPROPRIATION BILL.

Mr. PAGE of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10523) making appropriations to provide for the expenses of the District of Columbia for the fiscal year ending June 30, 1915, and for other purposes.

Pending that motion, I should like to see if I can not enter into an agreement with the other side as to the time for general

From the requests that have been made on this side of the House and from my knowledge of the situation on the other side, I ask unanimous consent that the general debate on this bill be closed within four hours, half of the time to be controlled by myself and the other half by the gentleman from Minnesota [Mr. DAVIS]

Mr. MANN. Mr. Speaker, I do not know how many requests the gentleman from Minnesota [Mr. Davis] may have for time, but as this is the first appropriation bill to come up in this session, and as this is the first time when general debate is in order on an appropriation bill, I suggest to the gentleman that probably no one knows just how much time is demanded, and that he do not make that request at this time.

Mr. PAGE of North Carolina. Mr. Speaker, I will make this request, that the general debate run for to-day and be closed

with the adjournment of the House this afternoon.

Mr. MANN. Mr. Speaker, the gentleman would have power on Thursday morning to close debate, if he chose to, by motion, and probably it could be closed without a motion. I hope the gentleman will not make his request at this time.

Mr. PAGE of North Carolina. I think the gentleman from Illi-

nois will recognize that it is very much easier, and perhaps more pleasant, to terminate the matter now and to let the membership know definitely how long it will run than to let it go.

Mr. DAVIS. Mr. Speaker, during yesterday afternoon I had some conversation with the gentleman from North Carolina [Mr. PAGE], and it was thought at that time, from the amount of time I had been requested to yield and the time that had been requested of him, that we might get through with the general dehate in possibly four or five hours.

Since that time, however, I now have a large number of requests for time in general debate. Of course, as far as I am personally concerned, I would like to have the debate largely confined to the subject of the bill, but that, I guess, is impossible. Now, while I would like to enter into an agreement to limit debate, I really can not at this time accept any proposition; but I really hope, and express the hope, that we may get through with the debate this afternoon by the time we adjourn, say, 6 o'clock. The gentleman from Illinois says that he does not think that is feasible, and I am inclined to agree with him. I am anxious to get through, and do not desire to shut off legitimate debate. Quite a number of matters will be debated under this bill, and then the gentleman from Illinois [Mr. HINEBAUGH], the Progressive Party member of the committee, has stated that he desires an hour or an hour and a half. I have now tentatively booked three hours on this side, but I am willing to cut it down to be as reasonable as possible.

Mr. PAGE of North Carolina. Mr. Speaker, so far as application for time is concerned and the demands made upon the gentleman for time, there are possibly as many on this side who

have something in their system that they want to get clear of, and I have no doubt that the demands upon me for time have been greater than those of the gentleman on that side. I think it is more important to go ahead and pass these appropriation bills than to let the general debate go unlimited. to get an agreement to close general debate with the session to-day, and I hope the gentleman can see his way clear to reach an agreement.

Mr. DAVIS. Mr. Speaker, this bill has been drawn along a different line from any appropriation bill since I have been a Member of Congress. The subcommittee, of which the gentleman from North Carolina is chairman, backed up by the general committee, have studiously avoided putting in any new legislation; hence when we get to reading the bill under the five-minute rule it will not take as long as it ordinarily does to pass an appropriation bill where there are many new items of legisla-Where it ordinarily takes a week to pass the District of Columbia appropriation bill, I believe this bill will be passed inside of two days from the time we begin reading it, owing to the lack of items for new legislation in the bill. If that is any argument, I would ask, in view of the representations made by the leader of my party, that some latitude be granted as to general debate. I assure the chairman that I will endeavor to expedite the bill all I can.

Mr. MURDOCK. Mr. Speaker, if the gentleman from North Carolina is going to ask for this unanimous-consent agreement, I wish he would couple with it the request that a proportional amount of time shall be yielded by the gentleman from Minnesota to the gentleman from Illinois [Mr. HINEBAUGH], a Pro-

gressive.

Mr. PAGE of North Carolina. I will say that that is a matter to be determined on that side of the House.

Mr. MURDOCK. I will say to the gentleman from North

Carolina that a request has been put in that form.

Mr. PAGE of North Carolina. Mr. Speaker, I Mr. Speaker, I now ask that the debate be controlled one half by myself and the other half by the gentleman from Minnesota, under such arrangement as

he may make with the Progressives on that side.

Mr. MURDOCK. Will the gentleman from Minnesota yield an hour of his time?

The SPEAKER. Does the gentleman from North Carolina abandon his former request?

Mr. PAGE of North Carolina. I abandon my other request for unanimous consent.

The SPEAKER. The gentleman from North Carolina asks unanimous consent that during the debate it be controlled on his side by himself and on the other side by the gentleman from

Minnesota. Mr. MURDOCK. Mr. Speaker, reserving the right to object, would like to ask the gentleman from Minnesota if the gentleman from Illinois [Mr. Hinebaugh] can have his proportional amount of that time?

Mr. DAVIS. If the gentleman from Kansas will decide what is the proportional amount of time, I will do it. In fact, I am

willing to give him more than that if I can.

Mr. MURDOCK. That is reasonable, and that is all we ask. Mr. DAVIS. I would suggest that if I was given three hours it would not hurt my feelings to grant one hour to the gen-

tleman from Illinois.

Mr. MURDOCK. That is a fair proportion.

Mr. HINEBAUGH. Mr. Speaker, it is somewhat irritating and not a little embarrassing for a man who occupies the position of the ranking Member of his party, which happens to be the first minority in the country, under the suggestion of the leader of the majority party of the country, to have to go to the leader of the second minority of the country and ask for him what are his rights. I feel that very strongly, for, unless some suggestion, at least, is made by the majority that time be granted to the Progressive Members, we are absolutely in the hands of the other minority in the matter of whether we get time or not. I do not think that is fair upon its face. Mr. FITZGERALD. Mr. Speaker, as long as I can recall the universal practice of the House has been—certainly during my

experience here—that the time for debate on general appropriation bills be equally divided between the majority and the

minority.

Mr. HINEBAUGH. Mr. Speaker, will the gentleman yield? Mr. FITZGERALD. I served most of my time in the House on the minority side. I yield to the gentleman from Illinois.
Mr. HINEBAUGH. Is it not a fact that the conditions exist-

ing in the House now, and since the 7th day of last April, are entirely different from what they have been before in the gentleman's experience?

Mr. FITZGERALD. The gentleman is mistaken. I served

in this House on the minority side, when there were representa-

tives of another party here, and at that time no attempt was ever made by them to set themselves up, because of insignificant an equality with the dominant portion of the minority, and no attempt was ever made to take any advantage of it. This arrangement of controlling the time is done for the convenience of the House. If it is not controlled in this way, under the uniform practice of the House, Members are recognized for one hour in their own rights, members of the committee having preferential rights to recognition. The proportion of time which the gentleman would get under those conditions would be as 1 in 21. I should imagine, from the relations of the gentleman with his colleague on the committee, there should be no difficulty in adjusting their differences. So far as I am concerned, I do not intend during this session of Congress to have this side of the House put in a position where it must negotiate with more than one person as the representative of the minority, regardless of how it is made up, for the control of the time of the House. If the gentleman from Illinois [Mr. HINEBAUGH], the second member of the minority on the committee, were in charge, regardless of the number of members affiliated with him politically, I should expect that the other members of the minority would look to him for their time, because I believe that he would be just as fair and deal just as equitably with the members of the minority regardless of their political affiliations as I believe every other Member of the House would under similar circumstances.

Mr. HINEBAUGH. Mr. Speaker, I do not intend for a moment to suggest that there will be any injustice done here

by the Republican minority in this House. The only thing I am contending for is this, that I do feel the majority members The only thing I of the committees who have control of the time and will have control of the time in this House under general debate, in making a request for unanimous consent for the division of time, ought to couple with the request recognition of the party to which I belong and not leave us absolutely helpless and alone to have our right, if we have any right on the committee, or on the floor, by reason of the fact that we are on a committee,

absolutely controlled by the other minority.

Mr. MANN. Mr. Speaker, will the gentleman permit?

Mr. FITZGERALD. Certainly.

Mr. MANN. I desire to make a suggestion that the gentleman from North Carolina [Mr. Page] change his request so that one-half of the time shall be controlled by the gentleman from North Carolina [Mr. PAGE], that six-sevenths of one-half of the time shall be controlled by the gentleman from Minnesota [Mr. Davis], and that one-seventh of one-half of the time, which is proportionately correct, be controlled by the gentleman from Illinois [Mr. Hinebaugh]. [Laughter.] That is what they are entitled to. They always have more, but they do not seem to enjoy it.

Mr. PAGE of North Carolina. Mr. Speaker, I think that would be less satisfactory to the gentleman than to throw himself upon the mercy of his colleague on the committee, the gentleman from Minnesota [Mr. Davis]. Mr. Speaker, I let my

request stand, and submit it as it is.

The gentleman from North Carolina moves The SPEAKER. that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the

bill H. R. 10523, the District appropriation bill.

Mr. BURNETT. Mr. Speaker, before that motion is put, I will ask the gentleman from North Carolina to withhold it for a moment. The gentleman from Pennsylvania [Mr. Moore] tells me that he will withdraw the objection he made to the

request I submitted a few moments ago.

Mr. PAGE of North Carolina. Mr. Speaker, I suggest that
the gentleman from Alabama permit that to go to the end of

the day.

The SPEAKER. Pending the motion to go into committee, the gentleman from North Carolina asks unanimous consent that the time for general debate be equally divided, he to control one-half of the time and the gentleman from Minnesota [Mr. Davis] the other half. Is there objection?

There was no objection.

The motion was agreed to. Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 10523, the District appropriation bill, with Mr. HULL in the chair.

The CHAIRMAN. The House is in the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 10523) making appropriations for the District of Columbia, which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 10523) making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1915; and for other purposes.

Mr. PAGE of North Carolina. Mr. Chairman, I ask unanimous consent that the first reading of the bill may be dispensed

The CHAIRMAN. The gentleman from North Carolina asks unanimous consent that the first reading of the bill be dispensed with. Is there objection? [After a pause.] The Chair hears none, and it is so ordered.

Mr. PAGE of North Carolina. Mr. Chairman, I yield 30 minutes to the gentleman from Georgia [Mr. CRISP]. [Applause.]

Mr. CRISP. Mr. Chairman, before I commence I ask Members of the House not to interrupt me, as I prefer to pursue the line of argument that I have adopted. When the bill comes up under the five-minute rule I will be glad to answer any questions that may be asked me, if I am able to do so. The speech, Mr. Chairman, I have prepared extends much longer than 30 minutes; therefore before I commence I will ask unanimous consent to extend and revise my remarks,

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to extend and revise his remarks. Is there objec-[After a pause.] The Chair hears none, and it is so

ordered.

Mr. CRISP. Mr. Chairman, I have often heard that "a political platform is like the platform of a train-made to get in on, but when once in you had no further use for the plat-form." This may be true of some men who run for office, but I believe, from the depths of my soul, that common honesty and decency requires a public man to faithfully keep the promises he made to his constituency when a candidate for office. I believe it the solemn duty of men honored by a constituency on a declaration of principles to exert every honorable means to have those principles enacted into law.

The greatest statesman of the century who to-day occupies the White House, President Woodrow Wilson, has won the admiration and confidence of the whole country, for he is a man with a great intellect, broad visioned, devoted to duty, possesses to a rare degree the courage of his convictions, and he believes a political party should keep its campaign promises. patience, but with courteous firmness, he insists that all the campaign promises of the Democratic Party shall be enacted into law, and the whole Nation is proud of our President. I say to the people their confidence is well founded, and I predict before his term of office expires all the pledges of the Democratic Party will have been enacted into law. The people have a right to demand that political parties and public officials shall keep promises made to them.

When I became a candidate for Congress I announced a declaration of principles, and among those principles called attention to the act of June 11, 1878, which provides for one-half of the expenses of operating the municipal government of the District of Columbia to be paid out of the Treasury of the United States. I thought then and I still think it is wrong in principle and unjust to the taxpayers of my district and every other district in the United States, and simply a gratuity and special privilege conferred upon those who are fortunate enough to own property in the District of Columbia. stated if I was elected to Congress I would endeavor to repeal this unjust law. In obedience to that promise and in deference to my conscientious convictions on the subject I have introduced a bill, H. R. 9417, which repeals the act of June 11, 1878

The bill now before the House is the annual appropriation bill, carrying \$11,347,503.49—millions of dollars—to provide for the expenses of the government of the District of Columbia for the ensuing fiscal year, and the bill provides that half of this vast sum shall be taken from the Peoples' Treasury and turned

over to the people of the District of Columbia.

When under the rules of the House it will be in order to offer an amendment to the bill, I shall offer one to amend the bill by striking from it the provision providing that "one-half of the sum shall be paid from the Treasury of the United States," and the further provision that the act of June 11, 1878, shall be repealed. I earnestly hope that the House will act favorably upon my amendment and thus correct the injustice that since 1878 has been perpetrated upon the people of the United States.

Mr. Chairman, of course the great newspapers of the city of Washington and the favored few who have received vast benefits by the way of cheap taxation are bitterly opposed to having the gratuity of about \$6,000,000 a year taken away from them, as without this gratuity their tax rate will necessarily

be somewhat increased.

Mr. Chairman, I have heard two reasons suggested why the act of June 11, 1878, was enacted by Congress. The first, that District of Columbia owed millions of dollars and was bankrupt; that it could not support its municipal government and pay the interest on its bonded indebtedness; and that as it was the National Capital it was the duty of Congress to aid it

financially in its time of distress. This is not a business reason. but is an appeal to sentiment and charity, and the Congress of the United States has most generously answered the appeal. Since 1878, in response to this appeal, the Treasury of the United States has contributed over a hundred millions of dollars to the District of Columbia for its municipal government. This does not include the vast millions the Government has spent here to erect its own buildings and purchase parks. has paid millions of dollars as interest and principal on the bonded debt of the District of Columbia, which the act of June, 1878, did not require, and to-day I doubt if any city of its size in the United States has as small an amount of bonded indebtedness.

There is no logical reason why those who own property in the city of Washington should not pay the expenses of their government just as citizens of other cities do. There is abundant property in the city of Washington to yield sufficient revenue to maintain its municipal government just as other cities of the United States do for themselves. The annual appropriation bill for the District of Columbia carries about Let us now see if there is sufficient property in the District of Columbia to raise this amount without inflicting an undue hardship or burden upon the property owners.

The last Democratic House authorized the District Committee to make an investigation as to assessments of property for taxation within the District of Columbia. On that committee participating in the investigation was the present able Secretary of Commerce, Mr. Redfield, and Mr. Henry George, Jr., of New York, who doubtless knows more of land values than any other York, who doubtless knows more of land values than any other citizen within the United States. The members of that committee who signed the report were Ben Johnson, of Kentucky; Henry George, Jr., of New York; William A. Oldfield, of Arkansas; W. C. Redfield, of New York; C. O. Lobeck, of Nebraska; C. A. Sulloway, of New Hampshire, Leonidas C. Dyer, of Missouri; and V. L. Berger, of Wisconsin—all able, conscientious Members of this House, and they thoroughly performed the duty intrusted to them. formed the duty intrusted to them.

On page 1 of their report you will find this statement:

Real estate in the District of Columbia is assessed \$414,000,000 below its true value, the true value being \$744,000,000, while the assessment is only \$330,000,000.

On the same page of said report the committee finds that there is great discrimination between classes in the assessment for taxation within the District of Columbia. The committee says that 40,000 small homes of Government clerks and workingmen generally stand assessed at an average of 90 per cent of their value, while the beautiful residences of the northwest show an average of 50 per cent. On page 20 of said report the committee finds the total assessment of the District of Columbia averages almost exactly one-third of the true value, or onehalf of the two-thirds assessment which the law requires as the minimum. On page 13 of the report the committee says that the assessment shows approximately but 44 per cent of the true value of land, so that 11 per cent on a theoretical two-thirds valuation reduces itself to 661 of 1 per cent of the true value. Therefore the real estate tax rate, which looks like \$1 on a hundred in the District of Columbia, turns out to be only 661 cents on the hundred. Surely this is an extraordinarily low realty tax for so large a city. Take the values of the realty in the District of Columbia as found by your committee, its value is \$744,000,000; intangible personal property, such as mortgages, bonds, notes, and money, is exempt from all taxa-tion in the District of Columbia (see 38 U. S. Stat., 620), and articles of personal adornment, diamonds, pearls, rubies, and jewelry of all kind are exempt from all taxation. (See 38 U.S. Stat. L., p. 620.) There is returned for taxation within the District personal property of the value of only \$32,122,407. It is a notorious fact that many retired millionaires of the country are moving to Washington, and, in my judgment, one of the reasons why they are so coming here is to escape taxation.

Let us see now how much personal property there is within the District not now taxed which should bear its proportion of the burden of government. The Comptroller of the Currency advised me that the capital and surplus of the 37 banks within the District of Columbia amounts to \$29,321,435; that on the 21st of October, 1913, the individual deposits in the banks of the District amounted to \$70,000 and the columbia amounts of the District amounted to \$70,000 and the columbia amounts of the District amounted to \$70,000 and the columbia amounts of the columbia amounts to \$20,321,435; that on the columbia amounts to the District amounted to \$70,323,519.86, and that the banks had deposits here to the amount of \$7,965,688.53, so the actual cash in the District of Columbia deposited in the banks alone amounts

to \$78,289,208.

I have endeavored to ascertain the value of the stocks, bonds, notes, and mortgages owned in the District, but as such property is not now taxed, the United States Census Office advised me there was no way of ascertaining its value. This is a large, rich, and influential city, and no one can question that the value

of such property owned within the District amounts to over \$50,000,000, but to be conservative I will estimate it at \$50,000,000. There are millions of dollars' worth of jewelry owned by the rich and influential citizens of the District, but as it is not returned for taxation I can not ascertain its value, so I

leave it out of my calculations.

Take the realty value, \$744,000,000, the tangible personal property as now returned at the low value of \$32,122,407, and add to this the value of the stocks, bonds, notes, and mortgages, estimated at \$50,000,000, the actual cash within the District, \$78,289,208, the value of the capital and surplus of the banks within the District, amounting to \$29,321,435, and you have a total valuation of property within the District of Co-lumbia amounting to over \$933,000,000 upon which tax assess-

ments may be levied.

Under the law the tax rate in Washington is \$1.50 per hundred on land, assessed at two-thirds valuation, which makes the rate, according to law, \$1 per hundred on the true value of land, but the actual rate paid by property owners, according to your committee, is only 661 cents per hundred. Millions of personal property pay no tax at all. Some of the corporations pay a tax on their gross income, but not on the value of the stock. This is all the tax owners of property pay, for they have no State and county tax to pay, as do the citizens of other cities in the United States.

Let us see what the taxpayers of some other cities of the United States pay for maintaining their municipal government. In reply to my request, the United States Census Office furnished me the tax rate of certain cities approximately the size of Washington, and I will here give you the tax rates:

	Nominal tax rates.			Model.	Reported basis	Reported	Rate
	City.	County.	State.	Total.	assess- ment.	true tax	hun- dred.
Detroit. Milwaukee Cincinnati. Newark New Orieaus Washington, Minneapolis. Jersey City. Indianapolis Louisville. Atlanta	\$19,832 11,468 11,430 13,760 22,000 15,000 23,400 13,860 15,900 17,900 12,500	\$1,454 3,425 2,959 4,076 2,950 5,550 2,615 2,800	\$2,204 985 451 2,564 6,450 3,580 2,500 3,185 5,000 5,000	\$23,580 15,878 14,840 20,400 28,450 15,000 20,990 22,000 21,900 25,700	Per cent. 100 90 100 100 75 60 50 100 60 70 60	\$23,580 14,290 14,840 20,400 21,338 10,000 14,995 22,000 13,140 17,990	\$2.35 1.42 1.48 2.04 2.13 1.00 1.49 2.20 1.31 1.70

Mr. SISSON. Mr. Chairman, does the gentleman object to an interruption?

Mr. CRISP. I stated that I preferred not to be interrupted. Mr. SISSON. I only wanted to ask this question, to make it more clear to myself and other Members: Does the gentleman include in that rate the State and county taxes?

Mr. CRISP. I do. I endeavor to bring that proposition out later. I endeavor to be perfectly fair.

Mr. SMITH of Minnesota. Will the gentleman yield?

Mr. CRISP.

Mr. SMITH of Minnesota. The gentleman says the Minneapolis rate is 1.49 on the 50 per cent valuation?

Mr. CRISP. Yes, sir.

Mr. SMITH of Minnesota. The Minneapolis rate, including county and State taxes, is 3.6.

Mr. CRISP. I was quoting literally the rates as furnished

me by the United States Census Office.

Mr. Byrns, of Nashville, says the tax rate in the city of Nashville, which includes State and county tax, is \$2.80 per hundred.

Mr. Murray, of Boston, advises me the rate in Boston. ton is \$1.83 per hundred. Mr. Bulkley, of Cleveland, advises me the rate in Cleveland is \$1.50 per hundred. Mr. Brumbaugh, of Ohio, advises me the rate in Columbus, Ohio, is \$1.45 per hundred. Mr. Coady, of Maryland, advises me the rate in Baltimore is \$2.22; and I know the citizens of my own little city in southwest Georgia have to pay a tax of \$3 per hundred.

The advocates of the present law will doubtless claim the tax rates of some of the cities here cited are not as high as the rates quoted by me. They have done it in the past and will probably do it again. The rates quoted by me include taxes paid by the property owners to the State and county as well as the city, and it is a favorite plan of the advocates of the half-and-half plan, when quoting tax rates of other cities, to deduct the amount the property owners therein pay to their State and county and only quote the city rate. In Washington only one tax is paid, the city tax, as no State and county taxes are required; so the only fair way to compare the burden of taxation borne by property owners here and elsewhere is to compare the total taxes paid by each on the property owned by them,

Let us take the lowest tax rate paid by any of the cities referred to. The tax rate of Indianapolis is \$1.31 per hundred, or a tax of 1.31 per cent. Surely the citizens of Washington can not ask a lower tax rate than is the lowest rate paid by any other city in the United States approximately its size. If you will levy 1.31 per cent on the value of the property owned in Washington, you will realize the enormous sum of \$12,222,300 for the purpose of running the municipal affairs; but, Mr. Chairman, this is not the only source of revenue the great city of Washington has. Take the report of the Commissioners of the District of Columbia, just filed, and they state the total receipts for the fical year ending June 30, 1913, at the low assessment prevailing here, amounts to \$9,131,270.93. The report shows prevailing here, amounts to \$9,131,270.93. The report shows that of this amount \$5,101,804.80 was realized from taxes on realty and \$1,130,840.52 personal taxation, which includes the tax on the small amount of tangible personal property returned for taxation. The report shows that in the items of receipts going to make the total the Government of the United States contributed \$264,795; and to be more than fair in my argument I desire to deduct this amount from the gross receipts from the fiscal year, as shown by the report of the commissioners. deducting the amount received from taxation on real and personal property and the sum contributed by the Government from the total revenue, \$9,131,270.93, you will see the District has a revenue, exclusive of the sum raised by taxation on property, both real and personal, of \$2,989,625, derived from licenses, water and light rent, and so forth. Add this amount of revenue to the revenue which would be raised by levying the lowest tax rate obtained in any of the cities mentioned of 1.31 per cent tax rate obtained in any of the cities mentioned, of 1.31 per cent on the true value of the property within the District which should be subject to taxation, to wit, the sum of \$933,000,000, and the District of Columbia will have revenue to support its municipal government amounting to \$15,211,925. This, Mr. Chairman, proves the falsity of the proposition of the District not being able to pay its own bills without enduring hardship and burdening the property owners therein.

While the tax rate of the District is lower than the tax rate

While the tax rate of the District is lower than the tax rate of any other city approximately its size, the cost of government per capita is greater than it is in other cities, for the management of the affairs of the District are conducted on a lavish scale; but, Mr. Chairman, while the per capita tax is greater in Washington, the taxpayers of Washington do not pay it, for the

people of the United States contribute half of it.

While the indebtedness of other cities is being increased, the indebtedness of the city of Washington is being steadily reduced, and its entire indebtedness, funded and unfunded, according to the last report of the commissioners, amounts to only \$9,100,683. Suppose we get the average tax rate of the cities herein mentioned, and the average rate will be 1.78 per cent. If you levy this rate upon the total property values, both real and personal, within the District, you will raise the enormous sum of \$16,607,400.

Mr. Chairman, it is not necessary to levy such a high tax rate, but in my judgment, if the property in the District of Columbia is fairly returned for taxation and the bonds, stocks, mortgages, notes, money, and jewelry of the rich are required to bear its proportionate burden of the Government, a tax rate of 1 per cent in connection with the revenue the District has from other sources will raise \$12,319,000 to pay the expenses of the municipal government, which even the friends of the half-and-half plan admit is sufficient. But for the purposes of argument, let us disregard all personal property and see what amount of revenue can be raised from real estate alone, without entailing hardships upon the owners. If you pay only one tax on real estate and have your personal property exempt from taxation, surely a rate of \$1.50 per hundred is not excessive. The value of the District real estate amounts to \$744,000,000, and 1½ per cent levied on this will yield \$10,710,000; add to this \$2,989,625, the revenue from special licenses, police-court fines, water and light rents, and so forth, you will have the sum of \$13,609,625. Surely, Mr. Speaker, this is ample revenue to pay the expenses of a municipality of about 350,000 people, when the great State of Georgia, with 2,609,121 people only raises to support the State government \$6,000,000, and expends of that amount \$1,180,000 for pensions to Confederate soldiers and their widows, and appropriates of the remainder \$2,550,000 to the public schools of the State.

Let us now consider the second reason urged by the proponents of the law. They contend the Government of the United States owns approximately half the property of the District of Columbia and that it is unjust to have so large an amount of property owned by the Government exempt from taxation; therefore the Government should pay half the expenses of the District of Columbia. The only logical inference from this contention is that because the seat of Government is located in

Washington it is an injury instead of a benefit to the fortunate people who live in the Capital City. Is this proposition true? Any honest man who will give the matter a few moments' consideration will be compelled to answer in the negative. There are a few manufactories in Washington, very few wholesale houses, practically no manufacturing industries or enterprises, but the city is maintained and supported almost entirely by the vast sums of money paid out by the Federal Government to the thousands of Government employees who reside in Washington. When the seat of government was laid out in Washington in

When the seat of government was laid out in Washington in 1802 it was largely woods, swamps, and marshes, and but for the seat of government being located here large parts of it to-day would be a swampy wilderness instead of the most beautiful city in the world. From 1802 until the act of June 11, 1878, the Government of the United States from time to time by acts of Congress appropriated many millions of dollars to the municipal government of the city of Washington to aid them in building and paving streets, laying sewer lines, and all the other municipal

pal improvements.

Mr. Chairman, the growth of the city of Washington, the high value of its real estate, is attributable solely to the fact that the seat of government of the United States is located here, and every sensible man knows it. To the property owners here, who profess to believe it is an injustice to them for the Federal Government to own a large amount of property exempt from taxation, I give them this thought to ponder: What would be the value of their real estate should the seat of government be removed? There are cities in the United States that would gladly donate a billion dollars to the United States for the proud privilege of being made the Capital of the Nation, and would ask no contribution from the Government to run the municipal government. I have no doubt the city of St. Louis, so much nearer the center of population, would cheerfully contribute that amount; but, Mr. Chairman, lest I be misunderstood, I want to expressly say I am opposed to ever removing the seat of government from the city of Washington. It has too many sacred and hallowed memories; but if, for some unlooked-for, unexpected reason, the seat of government should be removed from Washington, the following lines from Goldsmith's Deserted Village would truly and graphically describe what would then be the condition of the now rich, proud, and beautiful Capital of our glorious Republic:

Sweet Auburn! Loveliest village of the plain, Where health and plenty cheer'd the laboring swain,

No more the glassy brook reflects the day, But, chocked with sedges, works its weedy way; Along thy glades, a solitary guest, The hollow-sounding bittern guards its nest; Amidst thy desert walks the lapwing flies, And tires their echoes with unvaried cries; Sunk are thy bowers in shapeless ruin all, And the long grass o'ertops the mouldering wall.

Mr. Chairman, what is the truth of the contention that the Government owns half the property of the District of Columbia. The last governor of the District was Gov. Sheppard, and he made the statement that the United States owned half the property here, but he used values and not area, and in order to run the holdings of the United States to as high a value as possible he included the streets and avenues, and valued them at 30 cents a square foot. Mr. Noyes, owner of the Star, stated, in an article published in the Star, June 6, 1910—that when the cities of Washington and Georgetown were laid out, that within their corporate limits there was 6,110 acres, and of this amount 3,606 acres were set apart for streets, avenues, and alleys.

I have seen it stated that 982 acres were donated to the United States upon condition that the seat of government should be located here, and that the Government afterwards purchased 541 acres. You see, Mr. Chairman, not counting the land within the District included in the streets and alleys, which for all practical purposes belong to the residents, the Government owned about one-fourth of the land within the city of Washington proper. While the legal title to the streets, avenues, and alleys in the District is in the United States, it is simply held by the Government for the use of the people (see Smith v. Corporation, 20 Howard, p. 147), just as the title to the streets and alleys of every other city in the United States is vested in the sovereign as trustee for the public, and nowhere in the world are streets and alleys assessed for taxation.

This was the condition that obtained in 1878, when the act of Congress was passed, providing the Government should pay half the expenses of the city of Washington. The Director of the Census Office of the United States advised me by letter dated December 2, 1913, that there are within the District of Columbia, exclusive of sidewalks, streets, and alleys, 23,178 acres; that of this land the Government of the United States owns 5,212 acres; that there are 15,228 acres of land in side-

walks, streets, and alleys now within the District.

Mr. JOHNSON of Kentucky. Mr. Chairman, will the gentle-

Mr. CRISP. Yes, sir. Mr. JOHNSON of Kentucky. I would like to ask the gentleman if in dealing with the number of acres that are set aside in the District of Columbia for streets, alleys, and avenues, he has dealt with the subject as it appears upon paper or as it appears in streets that are actually paved? Now, the gentleman well knows that a great many acres of avenues and streets are set aside as front yards which are occupied by the owners of the property and which are not the street proper. If the gentleman has arrived at the difference between the streets as they are built and the streets as they are laid out on paper I will be glad to have some information.

Mr. CRISP. In answer to the question I simply took the statement of the Census Office, and the Director of the Census advised me that for several days he had an employee at the engineer's office of the District, and this data was furnished from there, and I accepted it as I wanted to be absolutely fair

in any argument I use.

Mr. Chairman, I do not believe Congress, when it passed the act of 1878, ever intended to tax the people of the United States half the expenses of developing a 10-mile square tract of land, mostly in woods and field. It is a very different proposition paying half the expense of maintaining 3,606 acres in streets already laid out and mostly paved and 2,500 acres of building lots than to bear half the burden of laying out, grading, paving, developing, and maintaining 15,220 acres in sidewalks, streets, and alleys and 23,178 acres for residence lots. I do not believe when Congress passed the act of 1878 it was ever dreamed that it would be used to make the people of the United States bear one-half the burden of developing so large a tract of suburban

I have shown from the United States Census Office that the entire holdings of land by the United States within the District of Columbia amounts to only 5,212 acres, and practically all of this amount is in parks, and surely the residents of the city of Washington derive the most benefit from the parks. I have heard it claimed by some of the friends of the half-andhalf plan that the Government owns so much parkage within the District of Columbia that it should pay half the expenses. But, Mr. Chairman, the Government does not own as many parks as the residents desire, for the Commissioners of the District of Columbia asked this Congress to include in this bill an appropriation of \$370,000 for the purpose of buying a new park of 82 acres. It is therefore apparent the taxpayers of the United States were imposed upon in 1878, for the Government did not own half of the taxable property of the District, but only owned, exclusive of sidewalks and streets, 1,523 acres out of the 6,110 acres within the corporate limits of the city of Washington.

Let me repeat to emphasize. In 1878, when the act was passed, there was 6.110 acres being cared for, 3.606 of it in streets already laid out and mostly paved, and the Government owned 1.523 acres of the 6,110, the Government land being mostly in parks. Now, the people of the United States are bearing half the burden of caring for 38,406 acres, of which amount 15,228 acres are in streets, many of them yet to be developed, and the Government only owns, including all parks within the 10 miles square, 5.212 acres. Excluding the parks, the Government does not own 100 acres that are used exclusively for Government use. It is manifestly unjust to longer require the taxpayers of the United States to pay half the ex-

penses of the District of Columbia.

On account of requiring the people of the United States to pay half of the expenses of Washington the property owners of the District of Columbia are the most favored property owners, so far as taxation is concerned, in the whole wide world. The local tax rate is one dollar and a half per hundred on real estate assessed at a two-thirds valuation, which means that the tax on real estate is only \$1 per hundred on its market value, even if the property is assessed at two-thirds of its value, as the law requires, which is not the case, and millions of personal property absolutely is exempt from all taxation.

If you will examine the report of the Committee on the District of Columbia, Sixty-second Congress, second session, on 'Assessment and taxation of real estate in the District of Columbia," you will find that the property of many of the rich and influential residents is taxed at about one-third of its value, which makes the tax rate for them 50 cents per hundred. Intangible personal property, such as money, notes, bonds, mortgages, and also luxuries, like diamonds and jewelry, is exempt from all taxation. Tangible personal property, like merchandise, horses, mules, furniture, household and kitchen German Government pays no tax on a large part of property

ware, is taxed at the rate of \$1.50 per hundred on its market value. Thus, Mr. Chairman, it will be seen that in the heart of the Nation, while some rich man's palatial home is taxed at about one-third of its value and his notes, bonds, money, and jewelry are exempt from taxation, the furniture, household and kitchen ware of the poor unfortunate man who owns no real estate, but must rent a home for himself and loved ones, is taxed at \$1.50 per hundred on its full valuation.

This, Mr. Chairman, ought not to be, and if there is to be any discrimination, while I favor equal and exact justice to all. I prefer the discrimination in favor of the poor unfortunate citizen rather than his strong, rich, and influential neighbor. I earnestly favor repealing the law exempting intangible personal property from taxation, for the rich should bear their

equitable share of the burdens of government.

Mr. Chairman, this low rate of taxation is only possible because of the gift of the people's money from the Treasury of the United States. There is not another city in the United States whose tax rate is as low as the tax rate of the city of Washington. You take the capital cities of all the States in the Union and you will find that the various States con-tribute nothing to the maintenance of the municipal government of its capital city. I apprehend in about every State of the Union personal property, such as money, bonds, mortgages, notes, diamonds, jewelry, and so forth, bears its equal bur-den of taxation with real estate, but such is not the case in Washington, and as a result the idle rich are beginning to move to Washington to escape taxation, for there is no inheritance tax here, and the only tax paid is on real estate and tangible personal property at the very low rate before

Our republican form of government is dual in character, with certain sovereign functions vested in the respective States and certain powers lodged in the Federal Government. The sovereign States composing the Union pay no tax on their property located in their capital cities, and our Federal Government pays no tax on property owned by it in any of the

I have read in some of the Washington papers that Congress contains "pork-barrel statesmen" because Members of Congress desire the Government to erect buildings in their States. The people of the different States are proud to have the National Government erect buildings within their midst for the conduct of the Government's business, but before the Government will erect any building in any State the State must cede its sovereign jurisdiction over the territory to the United States and the Federal Government pays not one cent of taxation to the State, city, or county by reason of its ownership of the property.

In the capital of my State the Federal Government owns a public building that cost a million dollars, and there is also located in the city of Atlanta one of the two great penitentiaries costing several millions of dollars. The people of Georgia are glad for the Government to own property within our State, but the United States does not pay one cent of taxation either to the State of Georgia or the city of Atlanta by virtue of its ownership of such valuable property therein. The same rule applies to Government property owned in every other State, city, or town within the United States. The Government pays no tax thereon, and why should an exception be made as to

property owned in Washington?

Let us now see how the foreign Governments of the world deal with their capital cities so far as the ownership of prop-

erty is concerned.

The Russian Government does not pay taxes on property un-less the property is rented to individuals and yields a revenue. Portugal pays nothing on its property nor contributes anything to the municipality. Brazil pays no tax on its property. Chile pays no tax on its property. Netherlands pays no tax on its property. Japan pays no tax on property owned by it. Spain property used for governmental purposes is not taxed by the municipality. Buenos Aires pays no tax on property used for governmental purposes. France pays no tax on property owned in Paris which produces no revenue, but the French Government contributes to the city of Paris to remunerate them for services rendered in sweeping the streets and draining to the sewers and for like services rendered. Our mother country-England-pays no tax on property owned in the city of London, but the English Government, as a matter of gratuity, makes a contribution to its various municipalities by reason of owning property therein exempt from taxation, but the amount of the contribution is fixed by the English Parliament. The Italian owned by it. The German Government engages in business in competition with private persons, and on such property taxes are assessed. The correctness of this statement may be verified by reference to Senate Document No. 163, Sixty-third Congress, first session, which contains a report of the various ambassadors and ministers of the United States accredited to the forenamed foreign countries of the world. While a few of the foreign Governments do pay taxes to the municipality of its capital city, it likewise pays the same tax to every other municipality within its realm on property owned therein, but, Mr. Speaker, the United States pays not one cent of tax to any State or city within the United States by reason of its ownership of property therein, and why should it discriminate in favor of the city of

Mr. Chairman, the Government of the United States has been more than generous to the property owners of the District of Columbia. As I have before stated, from the location of the sent of Government here in 1802 up to 1878 Congress, from the people's Treasury, has donated to the city of Washington many millions of dollars, the exact amount I am unable to state, but since the act of June 11, 1878, there has been regularly appropriated out of the Treasury of the United States many millions of dollars for the municipal government of Washington. The books of the Treasurer of the United States will show that the total amount that has been donated by the United States to the city of Washington since 1878 exceeds the enormous sum of

\$100,000,000.

I believe it is time the people's interest should be looked after and this gratuity discontinued. Of course, those who have been reaping the benefit from this favoritism will bitterly oppose its discontinuance. My good friend, Mr. Johnson, some years ago drew a word picture of a boy which I think so accurately describes the relations existing between the Government of the United States and the District of Columbia that I shall take

the liberty of quoting it:

the liberty of quoting it:

I met a boy on the highway not long ago. Before I saw him I met a woman in the road. She came running down the road in haste, looking back, first over one shoulder and then over the other, as if danger followed. She did not ask any protection from me, however. She seemed in no apparent danger. I asked her no questions, and she fied along. When I turned a curve in the road I met a great big, fat, cliubby boy, 16 or 17 years old, with curls hanging down his back, the perspiration rolling down his face; and up the road he came running. When I met him, he stopped me and said, "Mister, did you meet a woman up the road just shead of me?" I said, "I did." He said, "Was she dressed in a black suit of clothes, with a black bonnet and a big black plume in her hat." I said, "Yes; that is the woman I met, and she was running." He said, "Well, I want to catch her. Will you let me have your horse and buggy that I may catch her?" I said, "I do not know about that. First, tell me what you want with her." He then said, "That is my mamma, and she is trying to wean me, and I swear I do not intend to let her do it."

Mr. Chairman, this described the feeling of the property.

Mr. Chairman, this described the feeling of the property owners of the District of Columbia toward the Government. They do not want to be weaned from the Federal Treasury; but, in my judgment, they have been nourished too long by the Treasury, and they should be cut adrift and allowed to pay their own bills and manage their own affairs. Surely no one will contend that the District still wears its swaddling clothes and that it is unable to stand alone. But some of my colleagues may feel they are not interested in this matter, as their constituents have not complained to them as to the existing law.

Mr. Chairman, but few of the people of the United States know of the injustice being done them, but I believe it to be the duty of the representatives of the people to look after the interest of the people who honor them and not wait to be instructed to act. It is the duty of a Representative to seek out pernicious laws and try to remedy the existing evil. I say to you my colleagues that if your constituents become aware of the existing conditions and you do not support my amendment to repeal the act of June 11, 1878, some of you may be left at home at the next election. To bring the matter home to you, permit me to state a concrete case, illustrating it by referring to my own State. Suppose the members of the legislature from my county should go to the capital city, Atlanta, and there vote to pay half the operating expenses of the government of the city of Atlanta for paying its streets, constructing sewers, paying the salaries of its omerats, poncental, the salaries of its city goving its hospitals, schools, and all other expenses of its city goving its hospitals, schools, and all other expenses of its city goving its hospitals. ing the salaries of its officials, policemen, firemen, and supportthat fact became known, does any sane man believe they would be reelected to the legislature? No; a thousand times no. would be left at home, and I say to you my colleagues if your constituents know that you are voting to pay half the expenses of the municipal government of the District of Columbia out of their Treasury, in my humble judgment they will surely call you to account.

Mr. Chairman, we all know that all the money that goes in the Treasury of the United States is collected from the people by way of taxation. As I have before stated, the amount contributed from the General Treasury of the United States to the maintenance of the affairs of the District of Columbia amounts to about \$6,000,000. The people of the State of Georgia, the calculation being based on the number of people in the United States and the money taken from the Treasury which belongs to the people of the United States, donates yearly to the favored few of the Capital City about \$175,000.

Since the act of 1878 the city of Washington has rapidly grown, and to-day many woodland tracts many miles remote from the city of Washington have been by real estate speculators laid out into beautiful residence sections. Paved streets, lights, sewers, and all other modern conveniences have been brought thereto at the public expense. Millions of dollars have been spent in laying out streets and paving them, and half the cost paid out of the funds of the United States. In all other cities the abutting property owners pay at least a part of the cost of paving streets, but not so in the District of Columbia. Abutting property owners pay nothing for paving streets, but the entire cost is paid out of the general funds, which means

the United States Treasury pays half.

Gentlemen, can you imagine any reason why property owners in the District of Columbia should be relieved of paying part of the cost of the paving of streets in front of their property, which greatly enhances its value, while property owners in all other cities must pay for such improvements? It is practiced here solely because the United States pays half the expense. There is to-day within the District of Columbia beautiful residence sections, miles from the heart of the city, with streets paved, water and sewer mains laid, city lights, and houses few and far apart, but the lots are for ready sale when the fortu-

nate real estate speculator can get his price.

Fortunes have been made here by capitalists, purchasing sub-urban woodland tracts, who possessed sufficient influence to get streets laid out and paved and other conveniences extended to their property without paying one cent for said improvements. Last week an honored Member of this House advised me that a real estate agent, endeavoring to sell him some of this beautifully leveloped suburban property, urged as an inducement for him to buy that the property is assessed so low for taxation that he could afford to hold it and would reap a handsome profit. Unfortunately, Mr. Chairman, this statement is true, for the House committee on tax assessments reports that this developed suburban property is assessed for taxation at about 20 per cent of its value. Do you believe this would be possible were it not for the United States paying half the bill? Is this just to the rest of the people of the United States who pay for such improvements to their own property? The United States owns public buildings within every State in the United States, and it has been a subject of discussion on the floor of this House that the United States will pay no part of the cost of paving streets in front of its public buildings in the various States of the Union.

In the States private abutting owners of property are assessed to pay for paving the street, and in addition the general treasury of the city or other private property owners must pay the entire cost of paving the street in front of the Government property, for the Government will not pay it. Is it just that the Government should pay half the expense of paving all the streets of the District of Columbia when it will not pay any part of paving, even in front of its own property, in your State or mine?

Let us consider for a few moments some of the local institutions which your and my constituents are forced to contribute to yearly. Let us consider the schools. The public schools of Washington expend nearly \$4,000,000 per year, one-half of it being donated by the people of the United States, who receive no benefit therefrom and who are also taxed to support

schools in their own towns, villages, neighborhoods, and cities.

The citizens of Washington pay nothing toward the support of the schools in your State or in mine. The Washington schools are open to all, white, black, dagoes, citizens of the United States and foreigners, and has no age limit. From the Public Treasury is furnished free to all pupils books, pencils, stationery, and all school supplies; magnificent schoolhouses are erected; large playgrounds bought and equipped with things to amuse the children, and your constituents and mine paying their pro rata part of one-half the cost,

While I have had no personal experience with the schools of Washington, from what I have heard and read of them I think they are conducted along the right lines, and that no city in the world has a finer public-school system than has the Capital They not only teach books, but they are conducted along vocational lines, and boys are not only taught to read and write, but they are taught carpentry work, and are given elementary instructions in electrical engineering, civil engineering, and both mechanical and architectural drafting. The girls are taught art, dressmaking, millinery, cooking, and domestic science. Both boys and girls are given a thorough business course in bookkeeping, banking, shorthand, and typewriting. When pupils graduate from the public schools of the city of Washington, they are thoroughly equipped to make useful citizens, and can earn a livelihood. This, Mr. Chairman, is, in my judgment, the wisest kind of an education, for many boys and girls graduate from the higher colleges and are incapable of earning a living.

I do not call attention to the vocational feature of the public schools to criticize, but, on the contrary, to praise them. I am in favor of vocational education, and I hope this Congress will pass a bill extending financial aid to all the States and Territories of the United States to promote vocational education, and when the other citizens of the United States are aided from the Federal Treasury to maintain a system of vocational education I think the citizens of Washington are entitled to the same consideration, and I will vote to give them their equitable part of the amount appropriated, but until all the citizens of the United States receive like treatment I am opposed to the Federal Treasury granting a special gratuity to the schools of Washington. The citizens of Washington have every right to be proud of their school system, and they should be willing as good citizens to be taxed to maintain and support them as the taxpayers of other cities support their schools. In Georgia, the State taxes her citizens \$2,500,000 for the maintenance of the public schools, and the citizens of every town and city pay an additional tax for the support of the local schools, and we buy in addition the books and school supplies our children use. As a Georgian, I am willing to be taxed to improve the Georgia schools; to pay our faithful and efficient teachers more; to provide free to the pupils books and school supplies and for longer school terms, for the future of the Nation depends upon the intelligence and education of our people, but I shall oppose any law which taxes my constituents and yours to help defray the expenses of the public schools of Washington. They should, as does every other city in the United States, support their own public schools.

Under existing law the people of the United States are required to pay half the expense of developing rural property which is so remote from the city of Washington that the Government of the United States has eight rural mail routes to deliver to the few people residing in the District around about Washington their daily mail. Mr. Chairman, I think the citizens of the District are entitled to the rural-route service just as the other citizens of the United States are entitled to the same privilege; but while we in the States have been asking the Government to aid in the construction of building good roads, many thousands of dollars have been spent from the Federal Treasury to grade, pave, and lay out magnificent roads through the country regions of the District of Columbia. While the ruralroute carrier in your State and mine travels his weary way over rocky, sandy, hilly, and muddy roads, his more fortunate brother in the District of Columbia travels over a graded and paved road, some of them illuminated with electric lights, half the expense thereof having been paid by the taxpayers of the United States. You may approve of this, but I never will. I favor the Government aiding the States in building good roads, and when the Government aids the States I will cheerfully vote to likewise aid the District of Columbia, but not until then, for I believe in equal and exact justice to all the citizens of the United States, whether they be residents of the District of Columbia or of the several States of the Union,

The city of Washington has magnificent hospitals, libraries, homes for the aged and infirm, tuberculosis hospitals, hospitals for the insane, homes for children, and many other noble institutions, and I rejoice that they are here. They are the direct result of the teaching of our Lord and Saviour, and I wish each of them Godspeed in their noble work. Every State and city in the United States have like noble institutions and pay all the expense of maintaining them. The citizens of Washington should likewise bear the burden of supporting their own charitable institutions, and not require, Mr. Chairman, your constituents and mine to pay half their bills. What difference, how-What difference, however, does it make to the citizens of Washington if your constituents and mine labor and toil from early morning to late at night in cotton, corn, and wheat fields, in factory, mine, and sweat-shop, on railroads, in stores, offices, and at every other vocation of life, so long as a part of the fruits of their labor is donated to them to lighten the burdens of taxation they should rightly bear. But, gentlemen of the House of Representatives, you should care, and if you do, you will join me in my efforts

to stop the injustice of it by voting for my amendment to repeal the act of 1878.

The people of the District of Columbia are pleased to refer to the partnership existing between them and the United States. My idea of a partnership, Mr. Chairman, is for each of the partners to treat the other with the utmost fairness, but such has not been the case with the partnership between the people of the United States and the District of Columbia.

Through the diligence and efforts of the able and fearless gentleman from Kentucky [Mr. Johnson], the House of Representatives on December 8, 1913, passed a bill requiring the District of Columbia to pay back to the United States \$1,003,000 they had secured from the Treasury of the United States in 1877 without authority of law. The last Congress passed a law requiring them to refund to the Treasury of the United States \$700,000 that the District had overcharged the United States for caring for the insane of the District of Columbia.

Since 1878, in my judgment, I believe the District of Columbia has required the United States to pay over \$8,000,000 as interest and principal on its bonded indebtedness, which under the partnership the District should have paid. In my judgment, while the United States was guarantor for the payment of the interest and principal of the District's bonds, it never obligated itself to pay any part of it. This question arose on the 4th of February, 1913, when the District bill was up before the last Congress, and my late lamented colleague, Mr. Roddenbery, as Chairman of the Committee of the Whole, ruled that the Government was not responsible for the interest on these bonds, but was only guarantor. An appeal was taken from his decision, and the House sustained him by a vote of 97 to 33, which means that in the judgment of the House the contention that I now make is

true and correct.

Mr. Chairman, as one of the representatives of one of the partners—the people of the United States—in my judgment, where a partnership is conducted on such principles, the interest of my clients—the taxpayers of the United States—demands a speedy dissolution of such a partnership.

With these facts and figures before you, gentlemen of the House of Representatives, I do not see how you can knowingly vote to continue to tax your people to lighten the burden of taxation of the property owners within the District of Columbia.

Addressing my Democratic colleagues on the floor of the House, the platform of our party adopted in Baltimore demands economy in the administration of public affairs. The Secretary of the Treasury has just transmitted to Congress an estimate of the appropriations asked for by the various heads of the Government to conduct its business for the next fiscal year, and it totals the inconceivable amount of \$1,108,681,772. Gentlemen, we must practice economy, for it is unjust and unfair to place such a burden upon the taxpayers of the country.

I believe it our duty to carry out our platform and we should commence on this, the first of the great appropriation bills coming before the House, to keep our pledges to the people. We can save the taxpayers on this bill alone about \$6,000,000 a year by repealing the act of June 11, 1878. We can do this, as I have shown, without imposing any hardship or undue burden of taxation upon the property owners of the Capital City by simply taking away from them a special privilege they now enjoy.

Gentlemen, let me remind you we now have a direct tax, and when the internal-revenue collectors go to your constituents and mine to collect the income tax those citizens will fully realize they are paying the sums appropriated by Congress, and they will demand of us economy in public affairs.

will demand of us economy in public affairs.

Mr. Chairman, I know that the negative do-nothing policy is most conducive to the personal ease and comfort of public officials and that when anyone attacks the great special interests of the country, whether they be the protected manufacturer, the gigantic trusts, powerful railroad corporations or municipal corporations, or rich land speculators he brings down upon his head ridicule, criticism, and abuse. The special interests always use every means that wealth can bring to its command to destroy a man they can not use and control, and "Pity 'tis, 'tis great wealth has always been able to bring to its support some of the great daily newspapers of the land, the political bosses, hired lobbyists, and politicians who are out of jobs. I knew if I attempted to interfere with the special privilege that is being enjoyed by the rich, powerful, and influential property owners, consisting of both individuals and corporations, in the District of Columbia at the expense of my people, I would become the target of their attacks, but I owed a duty to my people and I determined to perform it to the best of my ability, no matter what the result might be to me personally. Just as I

expected, the Washington papers have turned loose their batteries on me, and I quote from an editorial appearing in the Washington Herald of November 29, 1913:

[Editorial from the Washington Herald, Nov. 29, 1913.] THE CRISPIAN PLATFORM.

Unless there had been more notable and interesting political campaigns in Georgia than that by which the former parliamentary clerk of the House, Mr. Charles R. Chisp, became a Member of the House of Representatives, the people of the United States would incline to the belief that public issues are rather more rare than Republicans in the Commonwealth which has produced such giants as Ben Hill, Alexander H. Stephens, Little Joe Brown, and Ty Cobb.

The heavy planks of Mr. Chisp's platform, according to the reports of his successful appeal to the voters of the third Georgia district, were made of "reforms" he wished to see instituted in the District of Columbia. While the residents of Washington have been piteously appealing for a more general interest throughout the country in the country's Capital, Mr. Chisp has proved the one man who promised "if chosen by the free and intelligent members of my party," as the candidate's assertion is usually phrased, to aid in changing things in the 10-mile square.

sertion is usually phrased, to aid in changing things in the 10-mile square.

It's the "half and half" system, by which the municipal expenses of the District are paid, that Mr. Crisp would change. This is taken from his platform:

"I am opposed to this injustice of taxing the people of Georgia and other States to maintain the government of Washington, and, if I am elected, shall endeavor to repeal this unjust law and let the citizens of Washington pay their own expenses and manage their own municipal affairs, as do the citizens of all other cities and towns in the United States. Georgia contributes yearly for the cause about \$150,000."

Well, \$150,000 is a whole potful of money—down in Georgia. It amounts to more than a nickel a head for every man, woman, and child in the Empire State of the South. The \$15,000 Mr. Crisp draws for his term of two years in Congress is only 10 per cent of the \$150,000 he will save the people of Georgia.

Whatever the people of the District suffer as a result of Mr. Crisp candeavors to change a system which has proved advantageous to the development of the National Capital and not hitherto appreciably onerous to the people of the United States, it will be a solnee to reflect that Mr. Crisp is saving every man, woman, and child, from the barefoot boy on the farm to the well-booted, well-heeled bondholder of the Gateway of the South, more than a nickel, not quite a dime.

From boyhood days I have always heard a homely proverb,

From boyhood days I have always heard a homely proverb, more expressive than eloquent, that the "hit dog yelped," and the longer I live the more convinced I am of its truth.

Mr. Chairman, if I can save every man, woman, and child in the Empire State of the South 10 cents per head per year-it has gone on since 1878-by repealing this special privilege, I will be doing them a great service; but I conceive it to be the duty of a Congressman to legislate not only for his own district, but for the people of the entire United States. We have about 100,000,000 people within the United States, and if I am successful in repealing the act of June 11, 1878, according to the Her-aid I will be saving the people of the United States about \$10,000,000 yearly, "a consummation devoutly to be wished," and I will have performed a public service that I shall ever be pleased to remember.

Mr. Chairman, unfortunately there is not just one special interest being favored from the Public Treasury, but there are many of them, and if through my humble efforts I can cooperate in saving 5 to 10 cents on each of the special privileges now enjoyed by the favored few my people and the people of the United States will be relieved from many of the burdens of taxation now resting upon them, and I will have wrought a good work, and I know my people will approve my efforts.

If there is one class of persons that it would delight me to serve more than another, even if it is only to save them 5 cents, it is the barefoot boy on the farm. Many of them go barefooted, not from choice, but from cruel necessity, for it is a struggle with them to pay the many tax burdens they bear, and nothing will please me more than to lighten their heavy load.

Mr. Chairman, I have nothing but the kindliest feeling for the law-abiding American citizens who reside in the Capital City. I am willing to do more for them than they seem to be willing to do for themselves-to grant them local self-government. Taxation without representation is abhorrent to every liberty-loving person, and it was this that caused the young American Colonies in 1776 to rise in their righteous indignation against taxation without representation and throw off the British yoke. be that receiving large bounties from the Treasury of the people of the United States has destroyed the independence of the American citizen residing in our Capital?

American citizen residing in our Capital?

What is the past history of the city of Washington? The Government of the United States took possession of the District of Columbia in 1800, and on May 2, 1802, an act of Congress was passed incorporating the city of Washington. It had a mayor and common council. It managed the affairs of the city as like officials do in all the other cities of the United States. The officials were elected by its white male inhabitants. From then until 1871 the people of the District of Columbia had local self-They managed their own internal affairs, levied government. such taxes as they saw fit, and the officials of the United States exercised no more authority over the internal affairs of the District of Columbia than they did over other cities anywhere within the United States. (See U. S. 132, Met. R. R. Co. v. D. C., 5.)

On the 8th day of June, 1867, Congress passed a law permitting negroes to become qualified voters within the District of Columbia, and, in my judgment, that was the beginning of the end of local self-government, for in 1874 a Territorial form of government was provided for the District of Columbia. Such, In the main, Mr. Chairman, continues the law until to-day. The Congress of the United States performs the functions of a mayor and council for the city of Washington. Under the rules of the House, two days in each month are devoted to performing the duties of a city council for Washington, and yearly there are many days of the time of the House occupied in passing the annual appropriation bill for the District of Columbia.

Mr. Chairman, in my judgment this should not be, for the people's Representatives should occupy their time and attention in legislating not only for the citizens of the District of Columbia but for the citizens of every other State within the United States Congress should not be converted into a mayor and council for one of the many cities of the United States. Some people and the great newspapers in the District complain that Congress will not allow them sufficient appropriations to make the municipal improvements needed. I favor giving the people of the District of Columbia a local form of self-government, letting them legislate for themselves instead of Congress performing this function. I say to them, if the act of June 11, 1878, is repealed, I am willing to vote for a law conferring upon them the right of local self-government; favor giving them representation in Congress; and will vote for qualifications to the elective franchise so as to exclude the ignorant negro from participating in the election.

Mr. Chairman, I would not have the Government of the United States become a burden to the property owners of the District of Columbia, neither do I favor the property owners of the District of Columbia being a burden to the taxpayers of the United States. As a national Representative, I favor the Government of the United States building all buildings necessary for the conduct of its public business in the Capital City, and I believe in building beautiful ones in keeping with other civic improvements. I favor the Government maintaining its parks and developing them so as to make them as attractive as possible, and I will support legislation that requires the Government to keep its property in perfect condition, so as to do its part toward making the Nation's Capital the most beautiful one in the world. I would have the Federal Government pay for paving the streets and sidewalks in front of its property here and everywhere else. If the Government receives services from the District in the way of water, lights, sewerage, and removal of garbage from its property, I would have the Federal Gov-ernment pay to the corporations of the District a sufficient amount to thoroughly reimburse it for the service rendered.

To be more than fair, if the Government of the United States owns property within the District of Columbia which is not used exclusively for governmental purposes, but is used for private purposes and yields revenue to the United States, I would have the Government pay taxes on such revenue-producing property, just as private property is taxed within the District of Co-

Mr. Chairman, all I want is equal and exact justice in the way of expenditure of the public money between the people of the United States and the people of the District of Columbia. The Government has donated millions and millions of dollars to the city of Washington, which it has not done to the other cities of the United States, and I think the interest of the taxpayers demand that this gratuity should now cease, and I shall offer an amendment prohibiting it in future, and I hope Congress will pass it and thus correct an injustice to the American people which has existed since 1878. [Applause.] Mr. PAGE of North Carolina. Mr. Chair

Mr. Chairman, I yield 20 minutes to the gentleman from Mississippi [Mr. Sisson].

Mr. SISSON. Mr. Chairman, this subcommittee has worked diligently upon this bill, and I want to say that every member of the committee has given his entire time, his attention, and his very best business judgment to the make-up of this bill. I want especially to call attention to the very able service rendered to the House and to the country by the able chairman of this subcommittee [Mr. Page]. He has been painstaking and diligent in his management of this bill. The House and the country are fortunate in having a man of such talent at the head of a committee such as this. I want to state another thing for the benefit of the House, and that is this: When this bill was made up, every single item in the bill was considered upon its merits and we made no sort of calculation as to

whether or not it would be more or less than the last appropria-Every member of the subcommittee felt that in considering these items we should consider them as business men and consider them as we consider our own affairs and give to the District of Columbia every penny to which we thought the District was entitled. Not only that, but in reference to street improvements the subcommittee visited every street, with one or two exceptions, that the commissioners asked to be improved, and this long list of streets, most of which were included in the estimates to be improved, was visited by your subcommittee.

In many cases we found that they desired to tear up splendid pavements, and in other cases they desired to tear up streets which were in good and almost perfect condition in order that they might put down another character of pavement. all those cases the subcommittee, without any consultation with each other, made their notations after a personal visit to these streets on the margin of the paper, and no member of the subcommittee knew what the other's marginal notations were until they came to consider the improvement of the streets and alleys in committee. There was a remarkable unanimity of opinion by your subcommittee as to the improvements of the streets and alleys, and I do not believe we differed more than in four or five instances as to the streets which ought to be improved.

Now, there has been a great deal of criticism of this subcommittee and of the Committee on Appropriations, as a whole, by the Washington press for "paring and cutting and skinning the District," as they say. These gentlemen who criticize this appropriation bill ought to realize it carries a greater amount of money than was appropriated in any bill that has ever passed this House, and, with one exception, greater than any bill which ever became a law. We appropriate here \$84,000 more than the bill carried after it had been increased in the Senate last year. It was my hope that when this bill left the House that the committee, in its wisdom, with the indorsement of the House, might send a bill less in amount to the other end of the Capitol than that carried last year; but your committee, without any idea of endeavoring to cut down solely for the purpose of saying that we cut the last year's appropriation bill, after the bill was made up and the Clerk footed it up, found we had spent \$84,000 more than we spent last year. And yet the press of Washington say that we have been paring and depriving the District of that to which it is entitled.

I do not intend to go specifically into details, because the chairman of this subcommittee will do that, but I want to call your attention to some expenditures on the streets in order to show you that we have been more than liberal. In Georgetown the schedule last year was \$6,500 for street improvement; this year it is \$6,000. That is one reduction of \$500. In the northwest section, except V Street from Tenth Street and Florida Avenue to K Street, and from Washington Circle to Twenty-first Street, \$16,500 was carried last year and \$8,200 this year. Now, there is a marked reduction from last year's appropriation, but any of you who will visit the various sections of this city will find that the northwest has absorbed a greater portion in amount in the past-that is, has absorbed in her street improvements vastly more than any other section.

Now, when we take those sections which have been contending for years that they were neglected, you will find that the southwest of the city last year got \$6,300, while your committee this year gives them \$21,000, an increase of \$14,700. That is a section where the poor, where the employees of the District, live and have built their little homes and have been neglected so long that your committee were unanimous in the opinion that these streets and alleys had been neglected, and they gave in almost every instance what was demanded in those sections. As to the southeast section, except I Street from Eleventh Street to Thirteenth Street, last year the appropriation bill carried \$19,000. This year your committee offers to give them For the northeast section, except K Street from Seventh Street to Tenth Street, the bill this year carries an increase

For another class of improvements that are mentioned specifically in the bill, and especially for those streets which your subcommittee visited, this year the bill carries \$85,500, while last year the bill carried \$194,250. Now, these were streets which your committee personally visited, and were the specific items asked for, but when you take the aggregate of amounts asked for in the bill you will find that the committee has been extremely liberal in street matters. So I might go through the balance of the bill, as the chairman of the committee will do, and show you that the committee has been as liberal, and in many instances more liberal, than has been the case heretofore.

But I want this committee to understand this condition which Heretofore it was required of the District of Columbia that they pay a certain amount of their indebtedness.

This year that indebtedness is wiped out. What is the result? Of the revenues collected in the past from the District of Columbia a certain amount has been used upon municipal expenses, and the surplus of the revenue has been used to liquidate the indebtedness. Now that they have that indebtedness liquidated they are endeavoring to get the United States Government to lay a dollar down by the side of every dollar raised by the District of Columbia and increase municipal expenses over \$3,000,000 in one year. Why? Because under the present rate of taxation they get that amount of money; but because they have been paying a portion of that burden and old indebtedness, now they propose to take out of the Federal Treasury just that amount of money more, whether they need it or not. And your subcommittee declined to enter into all of these extravagances

Let me call your attention to another peculiar condition here in the District. You will hear the newspapers and the people interested in the District of Columbia arguing that 50 per cent of the property in the District of Columbia, the real estate, is owned by the United States Government. That is not true. Less than 30 per cent of the area is owned, including the streets and alleys, by the United States Government.

Mr. CALLAWAY. Mr. Chairman, will the gentleman yield? Mr. SISSON. I do. Mr. CALLAWAY. What percentage of the land does the

Mr. CALLAWAY. What percentage of the land does the Government own outside of the streets and avenues?

Mr. SISSON. I can not tell you exactly. Mr. CALLAWAY. That would be the real basis.

It is a difficult matter to determine that. If Mr. SISSON. the gentleman will look at the hearings, he will find that I asked quite a good many questions in order to ascertain that amount of land exactly, but it will take practically a survey to

Mr. JOHNSON of Kentucky. Mr. Chairman, if the gentleman will pardon me right there-

Mr. SISSON. Certainly-

Mr. JOHNSON of Kentucky. I can say that it can be safely asserted that the Federal Government uses exclusively for Federal purposes in the District of Columbia less than 1 per cent of the total real estate.

That is, actually uses. But your commission-Mr. SISSON. ers, and particularly the engineer commissioner, were unable to tell the subcommittee just exactly what proportion of land outside of the streets was owned by the Federal Government,

But I want to tell you this, that while they contend for themselves that the Government owns half or more than half of the land they are contending that the Government shall take over, in addition, all these little points for parks off the ends of the streets, and they have been endeavoring to get the United States Government to take over several additional parks, amounting to several hundred acres, and deduct that land from the amount owned by the people of the District of Columbia.

They blow hot and then they blow cold. They tell you that the United States Government ought to bear half the expense, because the Government owns so much property here. they get themselves into a worse condition, if the argument is true, by endeavoring to lay that much extra territory on the Federal Government and get the Federal Government to take

But, gentlemen, let me analyze the situation for you for a By way of parenthesis I indorse the speech made by the distinguished gentleman from Georgia [Mr. Crisp], but I doubt extremely whether all the facts he stated as to the city taxes are absolutely correct. I think he will find that the State, county, and municipal taxes of a majority of the cities of the size of Washington will average 2 per cent upon the property values. I think they will be found to average at least that. But here is the condition in Washington: They levy a tax to raise about half of the amount they wish to expend, depending upon the Federal Government to expend the other half out of the Federal Treasury, and they have an exceedingly low rate of taxation. And even with that low rate I think half their property has escaped taxation. I do not believe that the figures given you by the gentleman from Georgia [Mr. Carsp], of \$50,000,000, will cover the solvent credits of the city of Washington, much less other kinds of property—intangible property

But the true measure of taxation ought to be this, and that is what is in the minds of your committee: A true appraisement should be made to determine a reasonable assessment of the property in the District of Columbia, and then we should determine what is a reasonable tax rate upon that assessment. And then we should collect that money, and if it is not a sufficient amount of money to pay for the improvements which Congress in its wisdom thinks ought to be carried on in the Capital

City, then let the United States Government supplement that by

such additional sums as it sees fit and proper.

Suppose, for argument's sake, you assess both personal and real property in the District of Columbia at 2 per cent, because, including the State, county, and municipal taxes throughout the United States, the taxation in the cities elsewhere will average more than that. Therefore if what other cities voluntarily tax themselves and what other States voluntarily tax themselves and what other counties voluntarily tax themselves may be accepted as a reasonable basis we may fix a rate, if you please, less than that average and levy it upon the property of the District of Columbia.

If it does not raise enough revenue to run the city government as it ought to be conducted, then we ought not, because we have the power, levy additional taxation against the District of Columbia. We ought to deal fairly by the District. But I appeal to this House that we should also deal fairly with the

constituents we represent. [Applause.]

Let the people of the United States understand that as Members of Congress we will do the people of the District of Columbia no injury, and let the people of the United States also understand that we will do them no injury, and that we will deal with the people's property in the District of Columbia as the people deal with their own property at home. And then, if Congress will expend more money than has been expended proportionately in other cities of like character and size, let the Congress supplement the District revenues with an income from the Treasury if it sees proper. If it wants to beautify the city, let Congress determine what the beautification will be. The people of the District of Columbia then would be placed on an equal footing, so far as taxation is concerned, with the people who live outside of the District. But I am unwilling that because people happen to live in this favored city, that because the residents get the benefits that come from the location of the Federal Government here, they shall get an additional benefit by having half of their legitimate local taxes paid by the people who live in the districts that you and I represent.

I am unwilling that that condition shall prevail, because it is doing the people of the United States an injustice, while the people living in the District of Columbia and owning property here are not bearing their pro rata share of the expenses of the Government. I believe that the proposition which your committee, after carefully considering this matter, have presented in this bill ought to be carried out. If 1½ per cent, 1½ per cent, or 2 per cent is a fair taxation upon the property of the District of Columbia, let the property owners of the District pay it. Then they will be paying what they ought to pay toward governmental expenses. And when the Federal Government decides that that is not a sufficient sum of money, then the Federal Government may supplement it by any amount which they

It is said that this is an attack upon the half-and-half plan. Yes; the half-and-half plan is not sacred to me. If the half-and-half plan was necessary during the time the city was languishing in debt, before the hills had been graded down, before the hollows had been filled up, before the streets had been laid

out, that is no reason for saying that it is necessary now.

And let us say, for the benefit of the people of the District of Columbia, that in laying out these streets and alleys the Federal Government had control of it, and laid out many streets and alleys wider than they would have been laid out if they had been laid out by the District of Columbia. The people of the District of Columbia have this argument in their favor; but I have not taken into consideration the benefits to the property of the District by virtue of the location of the Capital here. When the people of the District of Columbia are paying an amount of taxes that is equal to that paid by the people of other cities, I think they are enjoying an immense advantage over other cities in the location of the Federal Government here. Every man who does a little grocery business, every man who does a dry-goods business, every man who does a law business, every man who practices medicine, must get his livelihood out of the taxes which are collected in your districts and

Another thing, great commercial cities are afflicted with panics and business depressions. Men are turned out of employment, factories are closed, and business depression causes great loss of property in every city of the United States except the District of Columbia because here there is a great lost of the United States are lost o the District of Columbia, because here there is a gradual increase of salaries, and a gradual increase of the number of employees, and when other cities are languishing, the amount of money paid out on the pay rolls of the Federal Government is the same in hard times that it is in good times.

Mr. JOHNSON of Kentucky. It is \$5,000,000 a month.
Mr. SISSON. I am informed that it is \$5,000,000 a month, and that will be turned over many times in business. I believe Judge Crisp figures that a great city like St. Louis, or a great State like Missouri, could afford to duplicate all of these Federal buildings in order to get the benefit of the business which would come from the location of the capital there. But the people of the District of Columbia, interested in real estate, interested as property owners, are unwilling to be treated like the people of other cities are treated. I am willing to treat them just as the cities in my State are treated, and for one I would resist any encroachment upon their rights. I believe it ought to be the duty of every honest Representative here to look into this bill carefully, and to guard carefully the interests of the District of Columbia, because the people of this District have no representation on the floor of this House.

There is a plan for representation on the floor of the House. When they have representation here I am willing that they shall have it, but when they do have it I want the property of the Federal Government segregated from the property of the District. Let the Federal Government take over its own property. Let the Federal Government maintain and support it, and let the representatives of the District of Columbia come on the floor of this House and represent here the interests of the District. Give them the proper franchise laws and let them pay their own expenses, and let us withdraw from the partnership. [Applause.]

How much more time have I, Mr. Chairman?

The CHAIRMAN. The time of the gentleman has expired. Mr. SISSON. I had one other suggestion that I wanted to make, but I will not consume any more time.

Mr. PAGE of North Carolina. Mr. Chairman, I will ask the gentleman from Minnesota [Mr. Davis] to consume some of his time.

Mr. DAVIS. I yield 30 minutes to the gentleman from Illinois [Mr. HINEBAUGH].

Mr. HINEBAUGH. Mr. Chairman and gentlemen, my colleague from Illinois [Mr. MANN], in referring the other day to the question of the open conference scheme of the Progressive Party, said he had no doubt that the members of the Progressive Party could hold an open conference in one row of the seats of this House without disturbing its deliberations, and that if the time ever came, which he doubted, when we would have any more than enough to fill one row of seats, it would probably be necessary for us to follow the Republican plan and hold a secret caucus instead of an open conference.

I want simply to say to my colleague from Illinois that the Progressives are now making plans to fill up several seats in the next Congress of the United States, and that we have great hopes of being able to accomplish that result; and that if we do, we shall still continue to hold the open conference instead of the secret caucus, and that we will not hold it in the House while its business deliberations are in progress. He also stated on the floor of the House this morning that there was a panic right now created by you Democrats, as much of a panic as would be necessary to change the majority in this Congress to a Republican majority in the next Congress. I agree with the gentleman that there is a panic in the country right now, but it is a panic very largely of the Republican leaders, due to the fact that the rank and file of what is left of the Republican Party is hastening so rapidly into the ranks of the Progressive Party.

I desire, Mr. Chairman, at this time to read as a part of my remarks, in my time, a resolution that was passed in one of our open conferences this morning. It reads as follows:

our open conferences this morning. It reads as follows:

Resolved, That the Progressives of the House of Representatives view with interest the deathbed repentance of the Republican leaders for the sins of the late Republican national convention and their present hypocritical offer of reform in the representation at future conventions; but we call attention to the fact that reform of the national convention does not touch the fundamental differences between the Progressive and the Republican Parties, and that in all probability presidential candidates hereafter will be nominated, not by conventions, but by direct vote of the people.

We accept with profound gratitude President Wilson's indorsement of the Progressive principle of direct presidential primaries and we pledge him our support in resisting the alliance between reactionary Democrats and reactionary Republicans to delay and defeat the bill for presidential primaries introduced by a Progressive Congressman at the beginning of the extraordinary session of Congress.

THE NATIONAL PRESIDENTIAL PRIMARY.

Mr. Chairman, on the 7th day of last April—the first day of the extra session—I introduced a bill providing for a nationwide presidential primary, and on June 13 I again introduced another bill of the same character but differing very substantially from the first bill in its general provisions.

The first bill is H. R. 1693 and the second bill H. R. 6059. Both bills were referred to the Committee on Election of President, Vice President, and Representatives in Congress. Both were intended to carry out, in so far as possible, the provisions of the national platform of the Progressive Party, which declared in unequivocal terms for direct primaries for the nominations of State and National officers, for nation-wide preferential primaries for candidates for the Presidency

Mr. YOUNG of Texas. Will the gentleman yield?

Mr. HINEBAUGH. For a question.

Mr. YOUNG of Texas. The second bill was more progressive

than the first one, was it not?

Mr. HINEBAUGH. It might be so considered in the opinion of the gentleman, but we hope that the Democratic majority in this Congress will at least take the best provisions from both bills and enact them into law.

Mr. CALLAWAY. Will the gentleman yield? Mr. HINEBAUGH. I have only 30 minutes, and I want to

get through.

Mr. CALLAWAY. I want to ask, with reference to the bill the gentleman introduced for a general primary, does the gentleman think there ought to be a general flat primary governing the whole country; and if he does, I want to ask him if he has considered the advisability of the restricted suffrage in different States? Some States have, in order to have a clean ballot, to some extent a restricted suffrage. Suppose you had a ballot restricting the suffrage to only those who can read, which I think would be beneficial, or a restriction that would keep out the general irresponsible riffraff that drift about, that would curtail their vote and therefore their strength in a flat primary. Now, a general primary would encourage the State to let in ballots without any restriction whatever, whereas each State that maintains its individuality can do what it thinks is best to have a clean ballot.

Mr. HINEBAUGH. I think if the gentleman will permit me to proceed I will partially, at least, answer his question as I

House bill 1693 provides for a preferential primary for the candidates for the office of President of the United States and for delegates and alternates of the several political parties to their respective national conventions on the second Tuesday of March, April, or May, 1916, and every fourth year thereafter. It is provided that representation in the national convention of any political party shall consist of one delegate and one alternate for each 15,000 votes cast for each political party in the several congressional districts in each State, and that each political party shall have at least one delegate and one alternate for each congressional district in each State. The bill provides that no State shall be entitled to representation in any of the national conventions until it shall have substantially complied with the provisions of the act.

Any State desiring to take advantage of the provisions of the act is required to provide by law for a presidential preference primary, and for the election of delegates and alternates to the respective national conventions. The laws of the several States providing for such primary election must provide for the expression of the first and second choice of the voters' preference for candidates for President of the United States. Provision is also to be made for the punishment of offenses against the primary law, which shall be as severe as that provided by the statutes of each State for similar offenses against the general

election laws of each State.

Section 7 provides that the national organization of a political party shall consist of one committeeman from each State, to be selected by the members of that political party in their State, in such manner as each State shall by law direct.

It is further provided in section 8 that the proper official of the State shall certify, under the seal of the State, to the Secretary of the Interior, the names and addresses of the delegates and alternates to each of the national political conventions to which delegates and alternates have been elected from each State. Such certificate shall give the result of the primary elections, as to the choice of the voters of each party for its candidates for President of the United States, and a tificate shall be issued for each political party taking part in the State primary elections.

The Secretary of the Interior is required to canvass the result of the primary elections and to give to the candidates for President his certificate as to the choice of the voters of any political party in any State, as many votes as each State is entitled to delegates in the national conventions of each party. After canvassing all the votes of all the States holding such primary elections the candidate for President who has received a majority of all the preferential votes in his party shall be the candidate of such political party for President of the United States,

and a proclamation to that effect shall be issued by the Secretary of the Interior. It is provided that if the canvass of the votes shows that no person has received a majority of all the votes of his party, then, in that case, the national conventions of each party shall select the candidate for President.

The result of the canvass made by the Secretary of the Interior must be certified to each of the national conventions as far as it applies to the political party represented by such conventions. If from such certificate it appears that no candidate has received a majority of all the votes cast by each political party for the office of President, then the conventions shall proceed to nominate from the list of candidates so certified by the Secretary of the Interior as candidates for President for each political party. The conventions shall also nominate the candidates for Vice President of the United States and shall adopt a platform.

The national committee of each party, in the month of March of each year in which a President is to be elected, is required to determine upon and announce the city in which the several national conventions shall meet, and if they refuse or neglect

to do so then the Secretary of the Interior shall name the city.

The bill introduced June 13—H. R. 6059—creates a board of national election commissioners, to be composed of five persons, to be appointed by the President by and with the advice of the Senate, and places in the hands of the national election commission all the functions which under H. R. 1693 would be left to the various States.

Mr. Speaker, I do not flatter myself with the vain hope that either one of these bills will be passed by this House, but in the light of recent events I do indulge the expectation that a presidential primary law, embodying at least some of the principal provisions in these bills, will be enacted before the ex-

piration of this Congress.

Now, in answer to the gentleman from Texas, I will say that in reading the bills you will find that the first bill I introduced— H. R. 1693-leaves to the various States the details as to how they shall conduct their primaries within their States, and leaves the State legislatures the power to put in such provision not in conflict with the general provision that they may deem wise.

Mr. CALLAWAY. This was the question that occurred to me. The CHAIRMAN. Does the gentleman from Illinois yield to the gentleman from Texas?

Mr. HINEBAUGH. I yield.

Mr. CALLAWAY. The number of delegates allowed is based on the number of votes cast at the preceding election. That would discourage the restrictive ballot, whereas I think every thinking man would admit that a restrictive ballot that eliminates the element that is purchasable and subject to influence is for the best interests of a representative government. It occurs to me that the primary plan ought to be so framed that each State would have its representation based on the population instead of on the votes cast at the preceding election, because if you base it on the votes cast at the preceding election it would encourage indiscriminate ballots.

Mr. HINEBAUGH. I am willing to agree with the gentleman in that respect in so far as to say that my own personal judgment is that the bill I introduced on the 7th day of April does provide that the States individually may provide by law as to the detailed manner in which the State primary for presidential candidates shall be conducted, and I think is the best of the two.

If such a bill should be enacted into law, it would, of course, supersede the State presidential primary, which now exists in some States, and provide for a uniform primary in all essential particulars throughout the Union. It will remove much of the power of the State bosses and will render impossible the disgraceful features of national conventions in the past. It will place directly in the hands of the people the power to take a more direct and larger part in the affairs of the Nation than ever before, and, Mr. Speaker, why should not the people have this power over their own affairs? Men who oppose the presidential primary do not believe in the rule of the people. contend that ours is not a pure democracy, and that the people can not be trusted to conduct the affairs of the Government, and should therefore not be empowered to express their choice directly for a President of the United States. I have no quarrel with these gentlemen. I realize that many of them are entirely sincere in their views. They belong to the old school of thought; they linger longingly over the memories of the "good old days" of the conventions and the caucus when a few self-constituted leaders, styling themselves the party, could assemble in some back room and decide who should represent the people in all the offices of the city, county, State, and Nation.

It was in those days that the power of one man to say who should be governor of his State existed. Out of that old system grew your Tammany Halls, not only in New York, but in every State of importance in the Nation. It was then the spoils system took root and flourished, and, indeed, so powerful became the machine and the bosses, even in rural communities, that they made moral cowards of us all. The professional man, business man, and laboring man were afraid to offend these mighty chieftains. No man could be supervisor, assessor, or tax collector without the approval of the boss. All municipal contracts, road and bridge building were in the hollow of his hand. The corner storekeeper did not dare to say his soul was his own on any subject of public concern. He might lose the trade of the lieutenants of the boss. The tremendous, subtle, and corrupting influences of the boss permeated and enmeshed every avenue of life and stifled all honest dictates of conscience until you could scarcely find a man in any community who dared to stand up and say the things he knew in his heart were true for fear of personal consequences. Why, Mr. Speaker, in those "good old days" they drove men out of public life who dared to have opinions of their own and to act upon them. It was the golden reign of the political oligarchy The chairman of the township committee was a captain, the chairman of the county committee was a colonel, the chairman of the State committee was a general, and the chairman of the national committee was a king. The rest of us, who belonged to the rank and file, were expected to take orders and obey them in silence with facility and dispatch. The boss who named the mayor formed a company of his own to take over and execute all the city contracts and to get them without too much competition in bidding, and he soon waxed fat. As his purse grew in size and weight he purchased a controlling interest in the leading newspapers of the city, never allowing his own name to appear.

The boss who named the governor was given the far-reaching and tremendous power of the patronage of the entire State, and no appropriation of the funds of the State involving the execution of a contract for the performance of any services was too insignificant to escape his watchful eyes and eager hand. His lieutenants were legion, for the reason that every man interested directly or indirectly in the affairs of the State could be reached through the hidden power of his endless chain. It is not surprising that the sponsors and beneficiaries of this antiquated and corrupt system should oppose its uprooting and

endeavor, if possible, to prevent its destruction.

Mr. MOORE. Mr. Chairman, will the gentleman permit an interruption?

Mr. HINEBAUGH. I am afraid I will not have time to get through.

Mr. MOORE. I want to ask the gentleman whether the condition that he just complained of as pertaining to one of the older parties would not pertain to a religious organization or to labor organizations or to a new political organization in the course of time?

Mr. HINEBAUGH. Unless the system is changed, yes; be-

cause human nature is the same in all parties.

Mr. MOORE. Does not this revulsion of the people against the order of things come in cycles?

Mr. HINEBAUGH. I think a close student of history would answer that question probably by saying that once in every 40 or 50 years it occurs, and that that as a rule is the lifetime of any party

Mr. MOORE. Is it not true of organizations of labor, say, that sometimes they follow a leadership which becomes absolute, concerning which in the course of time the rank and file demand a change; and do not new political organizations arise in the same way; and do not new leaderships come and go?

Mr. HINEBAUGH. Undoubtedly that is so.

Mr. MOORE. Then the gentleman does believe that human nature is substantially the same, notwithstanding the passage of

Mr. HINEBAUGH. I have just said that human nature is the same, and that we must change the system if we would have a change in results.

Mr. MOORE. Is it not likely that in a new political party, where one man is the center of attraction for a time, comes a moment when he passes out, when divisions and schisms on the part of the disciples of such a man lead to friction and the ultimate destruction of the party?

Mr. HINEBAUGH. Of course I can not answer that; that is reaching into the future. But even if that were true, it is no reason why we should not at the proper time, whenever that cycle to which the gentleman refers occurs, do the best we can

to change the present conditions.

The Australian ballot law adopted by some of the States removed the collar from the necks of the laboring men in those States.

The State-wide primary wherever adopted has given the people generally a voice in the selection of candidates for city, county, and State offices.

All these reforms were bitterly opposed by the engineers of the old machine. They said it would destroy party organization and havoc and ruin generally would engulf the earth.

What they really meant was that their occupation of slate making would be destroyed, and for several years they pursued a course of tactics in the various State legislatures calculated to hoodwink the people by pretending to favor primary legislation and at the same time making it ineffective

In my own State the master mechanics of the old machine succeeded in having jokers placed in three primary laws passed by the legislature, knowing in advance that the supreme court of the State would be compelled to declare the laws unconstitutional. But the people of Illinois in no uncertain manner demanded a State-wide primary law. A healthy fear of public sentiment seized the bosses, and they finally passed a primary law that stood the test of the constitution, and then a remarkable thing happened.

The Republican voters of Illinois, contrary to the desire of the bosses, selected Albert J. Hopkins to succeed himself in the United States Senate.

The bosses, however, furious at this invasion of their prerogatives, decided to ignore the expressed will of the people and sent William Lorimer to the United States Senate.

The history of the Lorimer case and the subsequent action of the Senate are still fresh in our memories. Suffice it now to say that out of that effort to thwart the will of the people came an amendment to our Federal Constitution providing for the direct election of United States Senators.

There are men to-day in and out of Congress who tell us this is not a pure democracy, and a selection of a President of the United States by means of a presidential primary law was never intended by the fathers, and is therefore unconstitutional. But I say to you now, gentlemen of this House, that since the day the Republican bosses thwarted the will of the people at Chicago an insistent, determined, overpowering demand for a nation-wide presidential primary law has permeated the entire Nation, and the man who gets in the way of a righteous public need will be relegated to the rear and forgotten.

I contend, Mr. Chairman, that we must either change our form of government and create a limited monarchy or we must accept our present Constitution in spirit as well as in letter and the Government must be conducted upon the theory that the people should rule and that a majority of our people will always stand for those things which are for the general welfare of all the people.

The Democratic majority is very large in the present House. although they represent less than 42 per cent of the popular vote which was cast in the last presidential election. The platform of the Democratic Party does not pledge the party to the enactment of a presidential primary law. In view of these circumstances it must have been especially gratifying to all the real progressive Members of this Congress when the President of the United States, on the 2d day of December last, declared in his annual message for a nation-wide presidential primary law. The President upon that occasion said:

I turn to a subject which I hope can be handled promptly and without serious controversy of any kind; I mean the method of selecting nominees for the Presidency of the United States. I feel confident that I do not misrepresent the wishes or the expectations of the country when I urge the prompt enactment of legislation which will provide for primary elections throughout the country at which the voters of the several parties may choose their nominees for the Presidency without the intervention of nominating conventions. I venture to suggest that this legislation should provide for the retention of party conventions, but only for the purpose of declaring and accepting the verdict of the primaries and formulating the platforms of the parties.

I am delighted that President Wilson has given in this declaration emphatic approval to the fundamental provisions of my With such a powerful ally the chances for legislation providing for presidential primaries should be excellent. the President's tenacity of purpose in this direction is at all comparable with his determination to insist upon tariff and currency legislation in accordance with the platform pledges of his party, the presidential primary law, for which the Progressives have been praying, will not be an idle dream.

It has been somewhat amusing and instructive to witness the backward somersaults of the so-called reorganization Republicans since the President of the United States has placed himself squarely on record on this subject. Almost without exception the Progressive Republicans, both in and out of Congress, who have been advocating a national convention for the purpose of reorganizing the defunct Republican Party, are opposed to the President's plan for a presidential primary law, and are now loudly proclaiming that this is not a pure democracy, but

merely a representative Republic.

The solemn truth is that the President's unexpected attitude on this important subject has knocked their plans into a cocked hat. If these gentlemen will now use their splendid endeavorswhich would be wasted on a reorganizing convention-to effect the enactment of a presidential primary law, the abuses which they hope to correct by that convention will be forever eliminated and we will have no more Chicago tragedies.

Mr. MONTAGUE. Mr. Chairman, would it interrupt the

gentleman to ask him a question?

Mr. HINEBAUGH. I have concluded, and I will be very glad to yield to the gentleman for a question.

Mr. MONTAGUE. Does the gentleman think our present form of government a pure democracy?

Mr. HINEBAUGH. I will say in answer to that question that I think it is sufficiently a pure democracy to stand the enactment of a nation-wide presidential primary law in which every citizen entitled to vote should be permitted to express his choice for candidate for President of the United State.

Mr. MONTAGUE. Mr. Chairman, I am very much interested in the gentleman's speech. I am very largely in sympathy with a good deal that he says, but would the gentleman please indicate to the House his idea of what a pure democracy is?

Mr. HINEBAUGH. I do not care to go into an academic dis-

cussion of what is a pure democracy.

Mr. MONTAGUE. Is it an academic discussion? Can not

the gentleman put his hands on what are the powers exercised by our people under our Constitution and thus determine whether or not the people exercise the powers of a pure democracy

Mr. HINEBAUGH. Mr. Chairman, I will say that I have completed my remarks on the subject, and if the gentleman has contained about his person .omewhere a speech upon the question of a pure democracy, I would be very glad to hear it.

Mr. MONTAGUE. I have none at all, but I inferred from

the gentleman's speech that he believed our Government was a

pure democracy.

Mr. HINEBAUGH. I did not say that I believed our Government was a pure democracy.

Mr. MONTAGUE. Then I misunderstood the gentleman.

Mr. HINEBAUGH. I stated that the gentlemen who have

lately been professing that the evils of the time must be cured by a reorganization convention have stated that this is not a pure democracy, and because of the fact that they say it is not a pure democracy the plan of the President of the United States for a nation-wide preferential primary will not work.

Mr. MONTAGUE. I am not here to take issue with the gentleman upon that. I simply want his idea on the original question propounded as to whether or not he thinks that under the present Constitution the United States is a pure democracy?

Mr. HINEBAUGH. The gentleman will note, if he will take the trouble to read my remarks, that I nowhere stated my belief

as to whether or not this was a pure democracy.

Mr. MONTAGUE. I simply ask the gentleman the question. The gentleman will realize, however important it may be to scan the Congressional Record, that it would quite take one's whole time to do that, if he does nothing else, and we must get the understanding of distinguished gentlemen who address House from time to time by interrogations, a method which I have been perhaps unfortunate to adopt.

Mr. HINEBAUGH. The gentleman asked me the direct ques tion of whether or not I believed ours is a pure democracy, and it is only fair and courteous that I should answer to the best of

my belief.
Mr. MONTAGUE. I appreciate that.

Mr. HINEBAUGH. I will say to the gentleman I do not believe that ours is a pure democracy in the sense we usually understand that term, but I do believe that it is sufficiently a pure democracy so that we may have a nation-wide presidential primary law under our Constitution.

Mr. MONTAGUE. What the word "sufficiently" means is a

mestion. It is a very general term.

Mr. HINEBAUGH. It is, indeed.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. PAGE of North Carolina. Will the gentleman from Minnesota [Mr. Davis] now consume some of his time?

Mr. DAVIS. I will, with pleasure. I yield 25 minutes to the

gentleman from Iowa [Mr. Prouty].

Mr. PROUTY. Mr. Chairman, there are some amendments that will be proposed to this bill emanating with the District of Columbia, and as I will perhaps not have a chance to discuss them under the five-minute rule as I would like to or as the importance of the principle which underlies them demands, I am going to ask the indulgence of this committee while I speak the city.

for a few moments in a general way upon the propositions involved. I am going to speak of the relations of the Federal Government to the District of Columbia-

Mr. JOHNSON of Kentucky. Mr. Chairman, I make the point

of order that there is no quorum present.

The CHAIRMAN. The gentleman from Kentucky makes the point of order that there is no quorum present. The Chair will count. [After counting.] Fifty-three Members are present, not a quorum, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed

to answer to their names:

Kindel Ashbrook Bailey Barchfeld Barkley Bartholdt Korbly Kreider Lafferty Eagle Eagle Edwards Elder Estopinal Fairchild . Gallagher Langham Lee, Ga. L'Engle Bartlett Garlagner Gardner Gerry Glass Godwin, N. C. Goldfogle Graham, Pa. Lesher Lever Broussard Brown, W. Va. Levy Lewis, Md. Browning Buchanan, III. Buchanan, Tex. Loft McAndrews McGuire, Okla. Gregg Gudger Burdanan, Tex Burgess Burke, Pa, Butler Calder Campbell Candler, Miss. Cantor Cantrill Carew Maher Manahan Guernsey Hamill Hamilton, N. Y. Flamlin Martin Merritt Miller Hamlin Hardwick Hawley Hayes Helgesen Helm Hobson Howard Howell Hexworth Mondell Moss, Ind. Murray, Mass. Neely, W. Va. Carew Chandler, N. Y. Neely, Nelson Norton O'Brien Oglesby O'Leary Clancy onry Cooper Cramton O'Shaunessy Palmer Patten, N. Y. Patton, Pa. Hoxworth Hughes, W. Va. Curley Dale Donovan Jones Kalin Dooling Keating Kent Pepper Peters, Me. Dunn

Porter Post Ragsdale Rainey Reilly, Conn. Richardson Piorden Riordan Roberts, Nev. Rucker Rucker Rupley Sabath Saunders Seldomridge Sells Sherwood Shreve Sims Smith, Tex. Sparkman Stephens, Miss. Stephens, Tex. Stringer Taggart Talcott, N. Y. Townsend Vare Vaughan Weaver Wilson, N. Y. Witherspoon Woodruff Young, N. Dak,

The committee rose; and the Speaker having resumed the chair, Mr. Hull, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill H. R. 10523, found itself without a quorum; thereupon the roll was called, and 300 Members answered to their names, and by direction of the committee he reported the names of the absentees to be entered on the Journal

The SPEAKER. The Chairman of the Committee of the Whole House on the state of the Union reports that that committee having under consideration the bill H. R. 10523, found itself without a quorum, whereupon under the rule he had the roll called, and 300 Members, a quorum, answered to their names, and the names of the absentees will be printed in the The committee will resume its sitting. RECORD.

The CHAIRMAN. The gentleman from Iowa [Mr. PROUTY]

is recognized for 25 minutes.

Mr. PROUTY. Mr. Chairman, as I was remarking before the question of no quorum was raised, there are three measures that have been reported by the Committee on the District of Columbia, which at the proper time will be made or attempted to be made a part of this bill. I have been asked to take charge of, at least, one of those, and realizing the fact that there would be no time under the five-minute rule to properly discuss the question that lies at the bottom of these measures, I have taken a little time from general debate.

The newspapers the other day, in reporting upon the action of the District Committee, stated that the committee was hostile to the District of Columbia, and stated that they were attempting to violate the half-and-half rule; and I wish to say a few words in defense of the action of the committee and in

explanation of the course that they are taking.

I wish to start out with this broad statement that there is no greater wrong that a nation can inflict upon her subjects than to exercise her sovereign taxing power to take from one individual or one community money or property and give it to another unless prompted by charity, necessity, or a high-controlling equity. With this announcement I wish to discuss for a few equity. minutes the relation between the District of Columbia and the United States.

I do not need to inform this House that under the system that has been in force partially since 1804 and fully since 1808 the Federal Government has paid one-half of all the expenses of the city of Washington or the District of Columbia. It has paid for one-half of the education of the people of this District. It has paid for one-half of the expenses of policing this District. It has paid its one-half of the expenses for paying and sewering It has paid its one-half of the one-half of cost of the side-walks that was chargeable to the District of Columbia. Now, applying the broad proposition that I stated in the opening of my remarks, I wish to honestly inquire whether that is fair? I know the newspapers of this town say that every time we try to do anything in regard to this subject we are trying to wrong the District. I want to say for myself and for the members of the Committee on the District of Columbia that I do not believe there is a single one of us who wants to do a thing against the District of Columbia or the city of Washington except that which will square itself with the rules of absolute right and justice.

The people of the United States contribute about \$7,000,000 a year for the support of the local government and its machinery in the District of Columbia. The exact amount contributed last year was \$6,175,095. Dividing that among the several States in proportion to population—and that is about the only basis you can find—I have prepared a statement showing the amount that each State approximately contributes to the expenses of the District of Columbia. Of course, everyone will have to admit that you can not get at it to a cent, because the taxes of the Government are assessed by an indirect method; but perhaps the nearest we can get is to figure it upon the basis of per capita. And I have taken the trouble—and a good deal of trouble—to distribute that fund. I am going to ask that this be made a part of my speech:

States and Territories.	Schools.	Streets, sewers, water mains, improve- ments, and lighting.	Police and fire depart- ment.	Miscella- neous.	Total.
	ean 191	\$19,502	910 017	ero 104	6144 577
Alabama	\$37,171	1,863	\$19,617 1,874	\$58,124 3,815	\$144,571 13,770
Arizona	3,552 27,373	14,300	14, 447	20,166	106,081
California	41,339	21,685	21,813	45,558	160, 206
Colorado		7,298	7,330	15,305	53, 841
Connecticut	19,380	10,168	10,226	21,342	75, 116
Delaware	3,520	1,846	1,855	3,874	13,633
Florida		6,866	6,904	14,413	50,714
Georgia	45,300	21,798	23,938	49,956	175, 810
Idaho	5,600	2,970	2,987	6,234	21,939
Illinois	98,028	51,330	51,732	108,080	379, 945
Indiana	46, 942 38, 666	24, 595 20, 291	24,778 20,411	51, 765 42, 609	181,993 149,912
Iowa	29, 382	15, 422	15,513	32,361	113, 941
Kentucky	39, 811	20, 884	21,008	43,847	154,301
Louisiana	28, 796	15,107	15, 196	31,708	111,612
Maine	12,904	6,769	6,811	14,218	50,023
Maryland	22,520	11,813	11,885	24,803	87,284
Massachusetts	58, 496	30,705	30,883	64,496	226, 849
Michigan	48, 855	25,622	25, 783	53, 811	189, 356
Minnesota	36,081	18,931	19,043	39,753	139, 867
Mississippi	31,243 57,256	16,390 30,039	16,488 20,216	34, 422 63, 067	121,089 221,915
Missouri	6,538	3, 429	3, 449	7,197	25,304
Montana Nebraska	20,727	10,872	10,938	22,829	80,335
Nevada	1,423	746	751	1,570	5,517
New Hampshire	7,486	3,939	3,950	8,637	29,013
New Jersey	44,110	23, 141	23,279	48,588	170,962
New Mexico	5,690	2,984	3,002	6,271	22,055
New York	157,957	83,685	83,620	174,883	614, 103
North Carolina	38,357	20, 123	20,244	42,259	148,666
North Dakota	10,027 82,853	5,263 43,482	5,293 43,739	11,059 91,295	38,884
Ohio	28,815	15, 114	15, 202	31,727	321,223 111,664
OklahomaOregon	11,695	6,142	6,178	12,872	45,333
Pennsylvania	133,254	69,878	70,331		516,498
Rhode Island	9,433	4,947	4,977	146,781 10,393	36,562
South Carolina	26,345	13,822	13,903	29,010	102, 107
South Dakota	10, 150	5,328	5,356	11,178	39, 344
Tennessee	37,982	19,926	20,044	41,833	147,218
Texas	67,743	35,581	35,751	74,500	262,561
Utah	6,491	3,404	3,435	7,140	25, 158
Vermont	6, 188 35, 841	3,278 18,504	3,265 18,915	6,785 39,400	23,985
Virginia Washington	19,868	10,41	10,478	21,850	138,918 76,951
West Virginia	21,206	11,130	11,253	23,354	82, 282
Wisconsin	40,574	21,287	21,413	44,793	157, 269
Wyoming	2,544	1,329	1,339	2,790	9,832
	1 700 700	227 551	610.010		2000
Total	1,592,593	835,951	840,843	1,755,271	6, 175, 095
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I want to call attention to a few things. I take my own State first. That State contributes to the District of Columbia \$38,666 for its schools. The people and already burdened with the very efficient although expensive school system of our State. And yet in effect the Legislature of the State of Iowa, through Congress, appropriates \$38,666 out of their revenues to help educate the people of the District of Columbia. Iowa appropriates or contributes \$20,291 for the purpose of taking care of the streets of the city of Washington, notwithstanding the fact that every city in my State feels that it is burdened now with the expenses of taking care of all improvements in front of their own property and on their own streets,

Mr. CARY. Right there may I interject a question? Is it not a fact that the city of Des Moines also pays for all improvements around Government buildings, as do all other cities in the State?

Mr. PROUTY. Oh, yes. I may also say that while in this city the Federal Government pays for the curbing and sidewalks in front of its property, in my State the Federal Government has three buildings and it will not pay a cent of taxation, nor will it contribute a dollar to either pavement or sewerage

or any expenses incident to special improvements.

We pay from Iowa \$20,411 for helping support the police of the city of Washington. We have been asking again and again in our city that we have a few more policemen to protect our own people and our own property, and if we had this \$20,000 that we send down here to Washington, I assure you it would furnish us ample protection in the city of Des Moines and other cities of my State. This, with miscellaneous matters which I have detailed in this statement, brings the total up to \$149,112. I have here a list of all the States, and I am going to put it in the Record, so that all of you gentlemen will be able to see just what amounts are coming from your several States for the support and sustenance of the District of Columbia, and ask you and the citizens here if this is right and fair.

Now, the very first argument that is brought in support of this proposition is that the city of Washington is a national city. Now, that is a misconception. The District of Columbia under the Constitution was made subject to the jurisdiction of the United States. In other words, it was designed that it should be 10 miles square, located somewhere, and this was the place. That 10 miles square should be taken and all the jurisdictions of the States removed, and it should be put absolutely under the Federal Government; but the Federal Government has no different or higher control over the territory of the District of Columbia than the State of Iowa has over the territory within its borders. The State of Iowa can pass laws for the incorporation and government of cities. So can the Federal Government pass laws for the control of cities and municipalities in this jurisdiction.

While now we have only one municipality, when this territory first came under the control of the Federal Government there were three cities in the District of Columbia. I make that as the foundation point, because every man who has ever talked to me has done it upon the idea that for some reason or other because the Federal Government retained control over the territory it in some way became responsible for its debts.

Iowa has absolute control over the territory in the city of Des Moines, and yet the people of the city of Des Moines would never think of making demand upon the State legislature for a contribution for either its police, its schools, or its other expenses.

I said in my opening sentence that there might be questions of philanthropy or charity or high controlling equity that would make it proper that there should be imposed such a burden. I realize, gentlemen, that it is the duty of the strong to help take care of the weak. It is a principle that I recognize in legislation. But there is nothing in the situation of the city of Washington that makes this consideration applicable. I have taken the pains to go over the reports of the United States census, and I want to say this to you—it may startle some of you; it did me—that the people in the city of Washington per capita are the richest people of any people in any city of its size in the United States. And yet every one of these cities, or the citizens thereof, are compelled under the laws in force on the statute books to contribute a part and bear the burdens of these people who are abler from a purely financial standpoint than the people out of whose pockets it comes to bear that expense.

Mr. BURKE of South Dakota. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman yield?

Mr. PROUTY. Yes.

Mr. BURKE of South Dakota. Before the gentleman gets too far away from Des Moines, I want to ask him whether or not his city pays all the expenses incident to the special assessments for the improvement of streets, sidewalks, and so forth, about the State Capitol of Iowa, or whether the State is called upon to pay some part or all of that expense?

upon to pay some part or all of that expense?

Mr. PROUTY. Well, I do not intend to enter into an extended discussion, and as that question has been up in my State it would take more time than I care to waste to discuss it; but so far as it is pertinent, I want to say that the people of the State of Iowa have raised the question that they ought not to pay for those special assessments for improvements around their public buildings. I have not seen the latest results of that

discussion, but it is my impression that the State pays for

one-half of the present improvements.

But that is not the subject that I am discussing now. did not the gentleman ask me this question: "Because of the beauty and pride of your capital city, why do not the people of Des Moines ask the people of the State of Iowa to contribute to their schools and other local expenses?"

The next question that would naturally bring itself to the attention of every candid man who was investigating this question is this: Would it put an unreasonable burden upon the District of Columbia or upon its people to require it to pay its own municipal expenses? In other words, does the presence of the Federal Capital here, with its buildings and its people, impose an unreasonable burden upon the people of the District of Columbia that calls in high equity for a contribution from the Federal Government?

Now, I have taken quite a little pains to examine the situation as to all the cities in the United States of the size of Washington, some below and even some above, and I am going to ask leave to put into the RECORD a statement, which I hold in my hand, of the rates of taxes according to the assessed value of a number of cities; but I wish to call attention to some

As you all know, in the District of Columbia it is impossible to levy a tax of more than 1.5 mills. As a matter of fact, there is only an assessment of 1 mill. In the city of Des Moines we collect on the assessed value 8.48 mills; in the city of Springfield, Mass., 4.96 mills; Albany, N. Y., 1.98; Boston, 1.74; Salt Lake City, 4.06; Minneapolis, 2.89.

Mr. LOBECK. Mr. Chairman, will the gentleman yield? Mr. PROUTY. In just a minute. In Chicago there is an assessment of 4.61 mills; in Denver, 3.5 mills; Duluth, Minn., 3.81 mills; Erie, Pa., 2.5 mills; Hartford, Conn., 2.15; Los Angeles, Cal., 2.79; Spokane, Wash., 4.96; Quincy, Ill., 4.54; Peoria, Ill., 4.67 mills. The general average of all the cities that I have examined, taking in the list I have indicated, is 2.14 mills. In other words, bring this question down to a cold question of fact and of right, and you will find that these people that now pay twice the taxes on the valuation of their ple that now pay twice the taxes on the valuation of their property that are paid in the District of Columbia are compelled to contribute out of their own money to support the District of Columbia and its citizens.

Now, I yield to the gentleman from Nebraska.

Mr. LOBECK. Is that levy on the full cash valuation? Is

there much difference in the amount there?

Mr. PROUTY. No; it is on the assessed valuation.

Mr. LOBECK. In some cities they assess on one-third, and in some on one-fifth, and in some on the full valuation.

Mr. PROUTY. I could give you the figures on the other basis, but I took this because I thought it was the fairest.

Mr. LOBECK. I presume that the 2.1 mills on the full value would be an average, outside of your city and county taxes, in this country.

Mr. PROUTY. The following figures show the tax rate on assessed valuation in the cities named and other cities:

Tax rate on assessed valuation in Washington as compared with similar cities in the States.

	M
Washington	1
Des Moines	8
pringfield, Mass	4
lbany	1
oston	1
oston	4
inneanolis	
1/290	
eveland	3
enver	8
iluth	
ie. Pa	
artford	2
ttle Rock	2
s Angeles	2
enton, N. J.	1
ledo	3
okane	4
okaneincy, III	4
oria	4

Average, 2.14.

While I am upon this subject, have you ever thought that, for instance, in the city of Des Moines we have to pay taxes not only for the support of the municipality, but we have to pay taxes for the support of the county, for the county poor, if you please. We have to pay taxes to support the entire State government, with all its great institutions, including its electrosynary institutions. But in the District of Columbia its citizens are only called upon to pay the taxes for the running of the affairs of the District of Columbia or the city of Washington, and they only pay half of that expense.

Before the end of this session I am going to introduce a bill, and ask to have the House pass it, that will properly and equitably distribute this burden.

Mr. TRIBBLE. I would like to ask the gentleman a question.
Mr. PROUTY. I yield to the gentleman from Georgia.
Mr. TRIBBLE. Do we not pay for the professional schools

Mr. PROUTY. I do not know just what the gentleman has in mind.

Mr. TRIBBLE. Does not the Government pay the expenses of Howard University, for instance, where they teach law and medicine, where they prepare students to practice law and give them a law diploma, and where they give them a diploma in medicine? Is it not a fact that the District of Columbia does not pay a dollar of that, but that the Government pays it?

Mr. PROUTY. The gentleman is correct upon at least two of those items. I have not informed myself concerning the

Mr. TRIBBLE. Do you know of any other city in the Union that has a law school or a medical school where there are no fees charged? While the States have these universities, is it not true that they charge a fee? If you want to become a lawyer you have to pay a special fee for tuition, and so forth, or if you want to become a doctor you have to pay an annual fee in the medical school. Here no fees at all are charged.

Mr. PROUTY. All of those statements are correct, but I did not intend to go into that subject, except to get at the fundamental principle, to get at the question of right.

I will admit that when this law was passed in 1874, primarily there was some equity, there was some reason sympathy for the District. The city of Washington was then struggling as a young capital, trying to put on the style that we all felt she ought to put on, and she became seriously involved. I do not criticize the men who, in the generosity in-their hearts, came forward and undertook to contribute from the Federal Treasury to help the District of Columbia out of her difficulties. But that was a different proposition from what we now have. That was 39 years ago.

In the meantime the city of Washington has come to be one of the 13 largest cities in the United States, a great, strong,

powerful organization, much larger than any city in my State, larger than any three cities in my State. So, though she may have needed help at that time, that necessity does not exist now.

Again, in talking with these fellows-and I suppose you have had them on your back the same as I have-they say the fact that there is so much Federal property here is a reason why the Federal Treasury should be called upon for assistance.

As was so ably said in a speech that we heard here to-day.

there is not a city in the United States but would be willing and glad to exempt every dollar of the property of the Federal Government from taxation if it would simply locate the Capital in their particular city. The presence of the Federal Government, with all its buildings and property, in the District of Columbia does not place a burden upon the District, but constitutes an asset for the civilian portion of the city of Washington. About \$40,000,000 a year are poured from the Federal Treasury eventually into civilian hands. This city lives and thrives and prospers out of the pay roll of the Federal Gov-ernment, just as many cities thrive and prosper out of the pay rolls of the factories and private enterprises. Instead of imposing a penalty on the Federal Government for having its institutions here, every city in the United States would gladly pay a reward.

How much time have I remaining, Mr. Chairman? The CHAIRMAN. The gentleman has one minute remaining.

Mr. DAVIS. I will give the gentleman five minutes more.

Mr. PROUTY. I find I will not be able to discuss the bill that, at the proper time, will be introduced as an amendment; but there is one thing I have felt more keenly than anything else since I have been on the District of Columbia Committee, and that is the constant friction that exists between Congress and the people of the District of Columbia.

I can not refrain from saying a word concerning the condition in this city that gives rise to the constant friction between its citizens and Congress. It is no secret that the people of this town look with suspicion and disrespect on Congress. A lady high in social circles in this city said in my presence recently:

All Washington is against Congress. I do not suppose they ought to be, but they are. I have lived here all my life, and I never hear any Washingtonian say a good word for Congress.

This condition grows out of the abnormal relation between Congress and the municipality of Washington. This people feel that they are governed by a foreign and to them alien people. They feel that they have no rights or privileges except such as

they can wring from an unwilling Congress. This naturally makes them spiteful and resentful. On the other hand, they feel that anything they can get out of Congress is a pure gain. The fact that the General Government pays one-half of all the expenses and improvements of this city makes the Public Treasury their common goal. Any man in this town that can lobby through appropriations of large amounts from the Federal Treasury for local improvements is the hero and idol of the [Applause.] It gives him the same prestige and éclat that a Member of Congress receives when he returns home with a large appropriation for his district. [Laughter and applause.] All the men, women, and children in this District belong to the booster club and spend their efforts on Congress to get appropriations, as that is their only source of growth or improvement. Every Member of Congress that yields to this influence and helps them in their plans is their friend. Every man who stands in the way is a public enemy. Every man who will assist Washington in getting an additional appropriation is a patriot, a statesman, and the personification of national pride. He is flattered, cajoled, and petted by the social set. He is praised, puffed, and heralded by the press. But if any Member of Congress undertakes to hold the even hand of justice between the interests of this popula and the interests. interests of this people and the interests of his own people he is made to feel the resentment and ostracism of the social forces and is attacked by the local press with such endearing epithets as "pinhead," "tight wad," "reuben," or "hill billy."

I am neither criticizing the feelings of the people of Washington nor censuring their methods. They are such as naturally grow out of the abnormal relation of this Government to this So long as Congress, composed of men gathered from all over the United States, undertakes to run this local city without knowledge of its needs or without real sympathy for some of its purposes, so long will there be friction and resentment between the ruling forces of this city and Congress. So long as Congress undertakes to perform the functions of alderman it will be treated as a ward alderman. It will be subject to all the contempt and disrespect that usually pertain to aldermen of large cities, without, I trust, securing the emolument that is commonly considered as furnishing a balm for this humiliating [Laughter and applause.] But so long as Congress undertakes to act as alderman it must expect to be subject to all the criticisms and irritations of the position and must expect to bring down upon its head the wrath of every man, woman, and child that does not get the street lamps, public parks, and other improvements that will add to the comfort, pleasure, or profit of every local community. So long as there are Members of Congress on this floor who will dare to oppose any of their schemes of graft and plunder, so long will there be friction. So long as there are Members of Congress who will dare to stand on this floor and block the gateway to the Federal Treasury, so long will Members of Congress be attacked in public and in private; so long will they be made to feel the crushing, irritating, dominating force of local sentiment; and this condition will never be removed until there is a complete divorcement of the purely local administration and expenses of the city of Washington and the Federal Treasury. If you will remove the cause, you will correct the condition. In my opinion, Congress, for its own preservation and self-respect, must give to the people local self-government; must take itself out of the purely local and domestic affairs of the people; must make them self-controlling and self-dependent. It must so adjust matters that this people must look to themselves for good government and not to the Congress of the United States. It must be so adjusted that this people, if they have good government, can take all the credit upon themselves, and if a bad government can only blame themselves.

I know that when any suggestion of this kind is made here by any Member of Congress the old settlers throw up their hands in horror and point with awful warning to the time when they had local self-government and the city was run by Boss Shepherd and local ringsters. But these people should know that civilization has improved in the last 35 years, that higher ideals have prevailed, and that many other cities that 35 years ago were suffering from boss rule have driven out the bosses and clarified their political atmosphere.

I can not believe that the people of Washington are not capable of self-government. I certainly believe they are as capable of self-government as the Filipinos. [Laughter.] If the United States, by its gentle care and training, has qualified the Filipinos in 15 years to become self-governing and self-supporting, it is a bad commentary on the people of Washington if, after 35 years of fostering care by the Federal Government, they are not now either capable or able for self-government. [Applause.] At any rate, Congress owes it to itself to let them try. If this people bated then is exactly the conduct which the same Bourbon

is so corrupt, so prone to graft, so given to local strife and faction that these things must be, I prefer, gentlemen, that they graft and fight among themselves and not constantly draw Conress into it.

Mr. PAGE of North Carolina. Mr. Chairman, will the gentle-

man from Minnesota use some more of his time?

Mr. DAVIS. I prefer that the gentleman from North Carolina should consume some of his time now.

Mr. PAGE of North Carolina. The gentleman that I intended to yield to is not on the floor.

Mr. DAVIS. Then, Mr. Chairman, I yield 30 minutes to the gentleman from Massachusetts [Mr. Gillett].

Mr. GILLETT. Mr. Chairman, nine months of this administration have passed. Its policies and methods have now been disclosed. There are some prominent distinctive features. One is the dominant force and despotism of the President. So far his will has been law in the legislative as well as the executive branches, and he might be called a great party leader or an autocratic boss, according as the speaker was friendly or hostile. Another feature which might perhaps be expected and logically deduced from such absolute leadership and disciplined obedience has been a display of partisauship and a greed for spoils unexampled in recent history. For many years partisanship has been more manifest and party discipline more strict in the House than in the Senate. In the latter body the power of the indi-vidual Senator has been so jealously guarded, the equality of the able and the commonplace Senator in controlling such legislation as affected him personally has been so assidnously cultivated, and the traditional "courtesy of the Senate" so elaborated, that party discipline has been blocked by the many obstacles which have been erected to protect the individual influence of Senators. But even in this House, where party discipline had been considered well developed before, where for years the Democratic Party has denounced the power of a Republican machine and has deplored the lack of individual influence and responsibility and the crushing omnipotence of the Speaker and the party management, where revolution against the rules had been organized and successfully effected by a coalition between the Democrats and those Republicans who claimed that there should be more individual freedom and more exemption from party and machine domination-even in this House, where the Democratic Party has for years proclaimed itself the champion of individual independence, there has resulted from the Democratic control a rough overriding not only of the minority party but of the minority of the majority party by means of secret party caucuses, which has established a party discipline and a party tyranny and an overthrow of individual influence and responsibility unknown for a generation.

I believe in party government and party responsibility, but I do not believe the people want all legislation originated and amended and completed in the secret caucus of one party. tendency of late years has been against strict party domination, and Democrats in this House have been most vociferous and inflamed in condemning it, but with power they seem to have acquired new principles and now themselves are practicing and elaborating and extending what they have so long been denouncing in us. It is, however, not new for the Democratic Party. They have played the same rôle before and before have been punished for it.

Let me read from a debate in 1879. One of the most brilliant and sagacious statesmen of the last generation, one of these names in our political history which, in the words of Mackintosh, "would add authority to truth and furnish some excuse even to error," James A. Garfield, said:

even to error," James A. Garfield, said:

I have been 16 years a Member of the House of Representatives, and in all that period I have never once known \* \* \* the members of the Republican Party to bind themselves in a caucus to support any bill before Congress. I have seen it tried once or twice, but I have always seen dozens of Republicans spring to their feet and say:

"We are free men, and we will vote according to the interest of our constituents and the dictates of our conscience, and no caucus shall bind us." But the moment the Democratic Party got back into power again, that moment they organized the caucus—the secret caucus, the oath-bound caucus—for in the recent extra session they actually took oaths not to divulge what occurred in caucus and to be bound by whatever the caucus decreed. And I have known man after man who had before sworn by all the gods at once that he would not be bound to vote for a certain measure walk out of the caucus like a sheep led to the slaughter and vote for the bill that he had cursed. They brought forward bills at the extra session so full of manifest errors that when we pointed them out they would admit in private that there were errors which ought to be corrected, but they would say, "We have agreed to vote for it, and without amendment, and we will." We pointed out wretchedly bad grammar in bills, and they would not even correct this grammar, because the caucus had adopted it. Now, therefore, gentlemen, the Congress of the United States is ruled by a caucus. It has ceased to be a deliberative body. It is ruled by secret caucus.

Democracy is repeating to-day, and I believe that the same conditions will produce the same results and that the voters of the country will repudiate and defeat those tactics now as they did before. The words of Daniel Webster are just as pertinent today as they were 90 years ago:

It is time to put an end to caucuses.

This year the party has not only framed in caucus the tariff bill and the currency bill in all their minutest details and bound themselves to support them without regard to individual convictions or the interests of their constituents, but they have also determined in caucus what other legislation should be permitted—and none could be introduced without caucus approval. And not only has this caucus rule prevailed in the House, but even in the Senate, where it has been unknown, where the pride of the individual Senator has established that famous and demoralizing "courtesy of the Senate"; even there this new steam-roller system of legislation has been successfully introduced and Democratic Senators have bound themselves in secret caucus to abandon their individual opinions and obey the majority. The Senate used to taunt us with our rigid rules and our previous question and boast that theirs was the only body of true deliberation and free and effective debate, but they must abandon their claim, for debate in the open Senate on administration bills is now a farce; there, too, judgment has been made up in advance, minds are not free to be influenced by argument, speeches are made for the Record and not to affect the result-for that has already been decreed in a secret party caucus.

And if current rumor and opinion is correct both in caucus and out of caucus the Democrats have recognized the controlling voice of their leader in the White House and the Legislature has obediently registered his will. There has been no such example of party discipline and party subserviency for a generation at least, and the individual influence and responsibility and equality for which Democrats in this House have been pathetically pleading for 10 years has absolutely vanished

under their own system of legislation.

And as a natural corollary to this spirit of partisanship the old spoils system has revived and the cause of civil-service reform has already suffered more severely during this administration than in any similar period since it was first introduced. Civil-service reformers had every reason to anticipate satisfactory progress under the new administration. During the past 12 years a striking change had come over the attitude of Congress toward the subject, reflecting, of course, a change in public opinion. When I came to Congress 20 years ago this body was openly and boastfully hostile. Civil-service reformers were sneered at as theorists, dreamers, college professors, unpractical, and nearly every year some attack was made and vote taken to allow the majority to advertise their antagonism. The main function of the Civil Service Committee in those days when I first was a member of it was to act as a buffer against the majority and as a tomb for hostile legislation. But gradually a great change has come over public sentiment and as a natural sequence over Congress. The despised cause has become popular, its benefits have been recognized, and now for many years the open assaults upon it have ceased and those at heart opposed to it have only dared to try to weaken it by indirect attacks and amendments and insinuations, without denouncing, as formerly, the whole system. And during these 12 years the scope of the service has been vastly enlarged until there is very little left outside of its classification. And so with public opinion decisively on our side, making it easier and safer than ever before for the Executive to uphold and extend it, with a President entering office who had been an avowed civil-service reformer, an officer of one of the leagues, and by his education, his environment, and his record pledged to promote the cause, it seemed as if there was no danger that any serious attack upon it could succeed. But at the South public opinion on the subject had lagged far behind the rest of the country, while the politicians there were no less greedy than others and were not restrained by any exacting and threatening public opinion. There was consolidated the strength of the Democratic Party just coming into power after 16 hungry years in the wilderness, and it was a question whether they would recognize and appreciate and acquiesce in the changes which had come over civil service since they were last in power, and if they did not whether the President would yield to that wing of his party or would stand by his convictions and his record and the dominant sentiment of the North, or would yield to partisan and selfish pressure.

The test soon came. At the beginning of the session an outcry was at once raised in this House against the order of President Taft extending the order of President Roosevelt and

well understand the dismay on that side of the House at seeing this time-honored relic of the old spoils system snatched away from them just as their mouths were watering for its reception, and it was not surprising that a movement was inaugurated here to set aside such a depressing order. But the ingenuity of the administration was equal to the emergency and made legislation superfluous. The enraged Congressmen who had been so violent against this extension of the civil service listened with satisfied and mirthful complacency to the manifesto of the President that the civil-service principle which had so outraged them was to be still further extended, and that as a further measure of reform all existing fourth-class postmasters were to submit to competitive examinations. The pent-up wrath was at once dissipated, and the whole Democratic side experienced a miraculous conversion to this extremest extension of civil service. What they expect under it I presume they will re-I understand that the program is for the Civil Service Commission to certify to the Postmaster General the three highest eligibles for each post office, and then he will ask the Congressman of the district which of the three would make the most efficient officer. Political considerations are, of course, to be barred; but I can imagine just how many Republican postmasters will be indorsed or appointed in Democratic districts and how inefficient all enemies of the Congressmen will prove to be. Throughout the South they might just as well have printed in the circular of qualifications "no Republican need apply.

Mr. ADAIR. Will the gentleman yield?

Mr. GILLETT. Certainly.

Mr. ADAIR. I would like to ask if the policy or practice that the gentleman refers to was not the policy of the Republican Party during the last 14 years, where three names were certified for a rural carrier and the Post Office Department submitted those three names to the Republican Member of that district? Has not the gentleman had such names submitted to him frequently?

Mr. GILLETT. In answer to the gentleman I will say that I never had a single name submitted to me.

Mr. ADAIR. How does it happen that more than 95 per cent of the rural carriers in the United States are Republicans and have been during Republican administrations?

Mr. GILLETT. I might answer the gentleman by telling an incident which happened here, where one Congressman complained to another that he did not get any of his friends into the civil service, while the other often succeeded. His friend responded, "Why, if there was a man in your district that could pass the examination, you would not be in Congress." [Laughter.]

I think I ought to state, however, my opinion, based on a long acquaintance in this House, that the Postmaster General-unless the executive atmosphere has greatly changed him since he left us-is a thorough believer in both the theory and practice of civil-service reform, and will administer the new law as fairly and efficiently as his duty to his chief and his party will allow, but it will be impossible for him to personally acquaint himself with details in the thousands of post offices affected, and he will have to trust to local and partisan advice.

Suspiciously contemporaneous with this new activity imposed upon the Civil Service Commission as to fourth-class postmasters came the reorganization of that commission by the President. In the 20 years that I have been here appointments to that commission have been singularly free from any charge of partisanship. I remember hearing during the Cleveland ad-ministration that President Cleveland contemplated removing Theodore Roosevelt from the commission, but his advisers re monstrated that he was harmless, and he finally yielded, with the remark, "I think you are mistaken, gentlemen. He is the ablest politician of them all." But he disregarded his instinct, yielded to his Cabinet, and the man his advisers made light of lived to defeat both the Democratic and the Republican Parties. Since then I know of no time up to the present administration when selections to that commission did not seem to be made for merit and not for partisan purposes.

The law provides that the commission shall consist of three persons, not more than two of whom shall be adherents of the same political party. As the main purpose of the commission was to eliminate partisanship from appointments, care was taken that the commission itself should not be partisan. spirit was so recognized and obeyed in the administrations of Presidents Roosevelt and Taft that two of the three commissioners. including the president of the board, were Democrats, although the administrations that appointed them and retained them and had full power of removal were Republican. Ever since Theodore Roosevelt resigned from the commission, in 1895, the placing all fourth-class postmasters under civil service. I can president of the board has been a Democrat, and during these administrations no changes ocurred in the board except by the

voluntary resignation of a commissioner.

But, although two of the three commissioners were Democrats, in its eagerness for patronage this administration at once peremptorily removed two of them, one Republican and one Democrat. Fortunately the third was a Democrat and had shown such eminent ability, popularity, and fitness that his promotion to the chairmanship could not decently be denied. It is not often that an administration can dispose for a useful partisan purpose of an office that must be filled by a member of the opposite party, but the Republican commissioner, whom I had always found an exceptionally able and efficient official, was removed and his place filled by a citizen of the State of Washington recommended by a Republican Senator, and that Senator's vote has steadily favored every important administration measure

Mr. HUMPHREY of Washington. Will the gentleman yield?

Mr. GILLETT. I will.

Mr. HUMPHREY of Washington. I would like to correct the statement of the gentleman. The Senator that recommended the appointment did not class himself as a Republican.

Mr. GILLETT. He was in the minority; he was hostile to the administration, and I had the idea that he still called himself a Republican.

Mr. HUMPHREY of Washington. He calls himself a Pro-

gressive.

Mr. GILLETT. Very well. But that does not change the

logic of the criticism.

The place of the Democrat who was removed was given to the secretary of a Senator from South Carolina, whose training one would not expect to fit him preeminently for this nonpartisan position.

Mr. KEATING. Will the gentleman yield?
Mr. GILLETT. I will.
Mr. KEATING. The gentleman refers to the logic of the criticism. Do I understand the gentleman to mean that Senator POINDEXTER bartered his vote on the tariff bill in return for a place on the Civil Service Commission?

Mr. GILLETT. I do not know anything about that.
Mr. KEATING. Then what is the logic of the criticism?
Mr. GILLETT. The logic is that the President gave this position to a member of an opposite political party, and that afterwards that member has steadily voted with him. Whether he gave it to him because he knew that he was friendly or whether he was friendly because he gave it to him, or whether it was a mere coincidence, I do not know.

Mr. KEATING. Does the gentleman desire to leave the impression upon the House that that transaction took place?

Mr. GILLETT. What transaction? Mr. KEATING. That Senator Poin

That Senator Poindexter bartered his vote. Mr. GILLETT. I explained that; I say that I do not know whether he was known to be friendly and given the office or whether he was friendly because he was given the office. What I do not believe is that if he had been hostile to the administration his friend would ever have got the position.

Mr. KEATING. Does not the law provide that one commis-

sioner shall represent the opposite political party?

Mr. GILLETT. One of the commissioners must represent a

minority party; certainly.

Encouraged apparently by the administration attitude, the Democrats in Congress sought new opportunities for patronage. In the fariff bill the Senate inserted a provision that collectors of the income tax should be exempt from civil-service provisions. It was already in the power of the President to exempt them if he thought there was occasion for it, but Congress did not propose to take the chances of his action, for he still had the reputation of being a civil-service reformer. This amendment can not have escaped his attention. If current rumor is correct, he was not backward in making suggestions as the bill progressed-and his suggestions were seldom in vain-but he evidently offered no objection to this amendment, and it passed When it came back to the House Ways and Means Committee the Democrats there, doubtless overjoyed at finding the President so amenable to the arguments of the spoilsmen, and so willing to see his power curtailed and his right to classify income-tax collectors taken away, ventured to go a step further and provided that these income-tax collectors might be employed in other work of the internal-revenue office, thus making it possible to gradually fill that whole immense bureau with patronage appointees and drive out the classified employees already there. Still, no objection came from the White House, and in that form the bill was enacted by both Houses and approved by the President. While this matter was being considered in the Senate and before the even more vicious House

amendment was added, the National Civil Service Reform League sent a long letter to each Member of Congress on the subject-and, I presume, to the President-in which they said:

This proposed legislation is an attempt to secure patronage at the expense of the merit system and is contrary to the civil-service planks in the platforms of the three great parties. We therefore ask your assistance in preventing any such spoils raid.

I believe the President, before his entrance into politics, had been a supporter and officer of this league, but this did not prevent his joining in this "spoils raid," and he has never since expressed publicly any disapproval.

Grown bolder by such Executive encouragement, the Senate seized the next possible opportunity and amended the deficiency bill by providing that deputy marshals and deputy collectors of internal revenue and their subordinates should be removed from the classified service. The legislation in the tariff bill about income-tax collectors was a vicious departure from the civilservice system, but this was far worse. That applied only to new offices just coming into existence, and which, therefore, had no previous civil-service status, although under existing regulations they would have been automatically classified except for this legislation. But this exemption of deputy collectors and mershals was a distinct step backward and reversed a practice of many years. Deputy marshals were first covered into the of many years. Deputy marshals were first covered into the classified service by President Cleveland in 1896, were excepted by President McKinley in 1899, and were again classified by President Taft in 1909. Deputy collectors were classified by President Roosevelt in 1906. So that both offices have been in the classified service seven years, during which Congress has seen Lo reason to interfere.

But now at the outset of an administration eager for spoils the satisfactory experience of seven years has been ignored, the party platform abandoned, and for the first time since the adoption of the civil-service law in 1883 the legislative and executive branches have combined to remove from the classified service large classes of offices which had been included there for years. I can see no reason or excuse for such action except a selfish partisan desire for the old-fashioned, discredited patronage.

Mr. GORDON. Will the gentleman yield?

Mr. GILLETT. Certainly.

Mr. GORDON. What reason or excuse can be given for President McKinley doing this same thing by Executive order, exactly what was done by the amendment to the urgent deficiency bill?

Mr. GILLETT. Well, conditions, parties, and politics change. They were put in the civil service and kept there until this administration came in and changed them. The truth is that in the last 20 years public opinion has so advanced that action which to-day would be criticized severely would then have excited no comment.

Twenty or thirty years ago everybody acted on the old patronage system, and no one was criticized for it. To-day when a man sins he sins against the light, and therefore to-day for the President to exempt officers who had been classified for seven years is much more open to criticism than for Mr. McKinley to

have done it 15 years ago.

Mr. GORDON. The President did not do it. We did it.

Mr. GILLETT. The President approved it. You did it and

the President approved it.

Mr. GORDON. Mr. Roosevelt would have put the order over them just as soon as he had the offices filled with Republicans.

Mr. GILLETT. Oh, that is the old argument. Mr. GORDON. Is not that true?

Mr. MURRAY of Oklahoma. That is true in Oklahoma.

Mr. GILLETT. That has always been done by every Presi-

Mr. LAZARO. How can the gentleman give President Taft any credit for having placed 40,000 postmasters under the civil service without examination, and that just as he was going out of office?

Mr. GILLETT. He was extending the civil service the way it has always been extended by every President, Republican or

Mr. LAZARO. Where is the merit in it-without examination?

Mr. GILLETT. That is the way every extension has always been made.

Mr. KAHN. Mr. Chairman, will the gentleman yield?

Mr. GILLETT. Certainly.

Mr. KAHN. The men who were in office had had the experience, and was not that the reason why the ægis of the civil service was thrown over them?

Mr. GILLETT. That has been the only practical way to

Mr. KAHN. When Mr. Cleveland went out of office as President did he not extend the civil service over a great many of the

employees of the Government?

Mr. GILLETT. That is what I stated. The Presidents, both Democratic and Republican, have done it always in that way. The vote in the House on the amendment exempting those officers from the civil-service law was very close. Despite the enormous Democratic majority, so many Democrats voted against the amendment that it was only carried by a majority of four. Can anyone doubt that a word or whisper of disapproval from the President, who has not seemed in other cases at all averse to such suggestions, would have changed the majority? It was a singularly sectional vote. In the northern States, where Democrats have to fight for their election, where there is a large independent vote, and where men no longer dare to openly advocate the old spoils system, a majority of the Democrats voted against the amendment, but in the South every Democrat voted for it. Every Republican vote was against it, but enough northern Democrats joined with the solid South to carry the amendemnt. I fully expected the President to veto the bill. I believed that he had been sincere in his civil service professions. It was not a pressing bill.

Mr. DONOVAN. Mr. Chairman, will the gentleman yield for

a question?

Mr. GILLETT.

Mr. GILLETT. Certainly.
Mr. DONOVAN. I understood the gentleman to say that every southern Democrat voted for it. Of course he means every southern Democrat who was a Member of Congress voted for it?

Mr. GILLETT. Of course. Mr. DONOVAN. The gentleman ought to modify that and

say everyone who was present, possibly. [Laughter.]

Mr. GILLETT. Of course I mean everyone who was present. I do not think anyone would misunderstand me. There was no special urgency for its passage. A veto would only have caused a short delay until the obnoxious clause which could never have procured a two-thirds vote was stricken out. President Roosevelt vetoed a great census bill because of a departure from civil-service principles much less flagrant, though he thereby caused the bill to go over to another Congress and another administration. If the President had wished to defeat this patronage legislation, the way by a veto was clear and sure. But he signed the bill, and then gave out this extraordinary

I am convinced, after a careful examination of the facts, that the offices of deputy collector and deputy marshal were never intended to be included under the ordinary provisions of the civil-service law. The control of the whole method and spirit of the administration of the provision in this bill which concerns the appointment of these officers is no less entirely in my hands now than it was before the bill became law; my warm advocacy and support both of the principle and of the bona fide practice of civil-service reform is known to the whole country, and there is no danger that the spoils principle will creep in with my approval or connivance.

Certainly his advocacy and his conduct here part company. In this extra session his party in two different bills have inserted clauses intentionally violating the principle and practice of civil-service reform-one of them the most reactionary step ever taken. A word of disapproval from him would easily have eliminated them during their progress through Congress. A veto of the most vicious one would have caused no other inconvenience. He waits until it becomes law—until the mischief is done—and then chooses the moment of giving his approval to this permanent breach in the civil-service law to assure us of his devotion to the principle he has just maimed and crippled.

As to the clerical positions affected by the provision he offers

no justification, but says he is convinced that the other offices were never intended to be included under the civil-service law. That is the familiar argument that every spoilsman has advanced in every debate on the subject. I presume it is true that the originators of this law did not foresee how far it could and would be extended. I presume they never intended, for instance, that the fourth-class postmasters, whose classification President Wilson recently approved, should be included. The application of the law has broadened steadily ever since its passage, and doubtless many classes are now included which its framers never dreamed of. But by friends of the principle that possibility of growth and development has been considered one of the best features of the law. It has been only the foes of the principle who have constantly complained that the scope had become vastly larger than was intended. But that argument has gone down in defeat again and again before the steady expansion by presidential order, and it is strange now to hear a President who is a friend of the principle criticizing what each one of his predecessors in office has approved and adopting the threadbare argument of its inveterate enemies.

The President also states that the control of appointments is no less in his hands than before, and that his reputation as a

civil-service reformer is a guaranty that the spoils principle will not creep in. There are several obvious answers to this argu-

Quite regardless of his own good intentions he seems to forget that this provision affects not only him, but future Presidents, who may not have his warm devotion to the cause, but who would carry out the partisan purpose for which this provision was framed and make the offices mere patronage appointments. His approval made it a permanent law, and it can only be repealed by an act of Congress. That will be most difficult to obtain. The majority of Congress, I think, are always secretly in favor of exceptions to civil-service rules, because thereby they gain patronage. Only of late has public opinion turned so strongly to the other side that they are afraid to openly betray their wishes. But while public opinion now bars unfriendly legislation, it is not sufficiently intense or concentrated to secure legislation, and I think it will be many a year before this law will be repealed. It has the distinction of being the only law which has been passed since the first civil-service law was enacted in 1883 which takes a positive step backward and throws again into patronage offices which a President had classified, and it seems almost sarcasm for a President in signing such a law to profess his warm support of the civil-service principle.

He says the administration of the law is still in his hands. Perhaps literally that is so, but it can not be so practically. He may genuinely wish to keep partisanship out of appointments and may so instruct his subordinates, but he can not know the motives which actuate collectors in Texas or Oregon, and so long as they profess to make changes for efficiency's sake the replacement of Republicans by Democrats and the use of offices as rewards for party service can go merrily on. He might, of course, do what he has not done and what good government called upon him to do as proof of his sincerity, order the places to be filled by competitive examination, but he could hardly do that with any prefense of consistency, for the question would at once be asked him, "If you thought that was the proper method, why did you sign the bill which did away with it?

I happened to read recently in a Washington paper a good illustration of the way appointments are made for efficiency when not restrained by the civil-service law. This was in the great manufacturing establishment, the Government Printing Office, which President Wilson turned over to that New Jersey labor leader, Cornelius Ford;

Public Printer Ford last night said that he deplored the suggestion that politics was being played. He reiterated, however, his statement of last June that in the matter of changes to raise the Printing Office to a higher standard of efficiency, Democrats would be given the preference.

Of course, this soon degenerates into mere patronage, and is a

clear violation of the civil-service law.

Such evasion of his purposes the President may sincerely deplore, but he can only prevent it by enforcement of the civilservice law, whose partial repeal he has approved. It is this very projection of partisanship into appointments that the civil-service law originally aimed to prevent. It does not of itself achieve efficiency. A competitive examination is not necessarily the best test of efficiency. But in 1883 it was found that the use of offices as reward for party activity had utterly demoralized the service, that some remedy was necessary, and the present system was devised as a method to eliminate partisanship from appointments and thus give efficiency free scope, Competitive examinations do not always get the best men, but they shut out partisan appointments, which experience proved in the long run got the worst men. This provise in the deficiency bill which the President approved reestablished for the offices which it covered the old system, it took away from President Wilson and succeeding Presidents the power to classify them, and left them at the disposal of the appointing power, and was intended to make of them partisan, spoils appointments. It is impossible for me to conceive how approval of such a proviso is consistent with real friendship for the civil-service principle. It reminds me of the old field marshal, who, in being ordered to a distant war, went to take leave of his king, and the well-disposed monarch said to him in farewell, "Go and fight my battles, and I will protect you from your enemies at home." And the grim warrior responded, "I can protect myself against my enemies. Pray, sire, defend me against my friends." prayer civil-service reformers have had reason to echo.

This Congress, in its first session, from April to December, has passed only three important contested bills. The first was the sundry civil bill, the second the tariff bill, the third the deficiency appropriation bill. Each one of them has at the end "Approved, Woodrow Wilson." The sundry civil bill contains the clause forbidding the use in prosecution of labor unions of certain funds appropriated for the prosecution of offenses against the Sherman law. On that account it was vetoed by President Taft as vicious class legislation, but President Wilson

signed it, issuing afterwards a statement of his disapproval of

the principle contained in that clause.

The second bill, the tariff bill, contained the clause exempting all income-tax collectors from the civil service rules. The President allowed that to go through both Houses and signed it without any expression of disapproval. The third bill, the deficiency bill, excepted employees under marshals and collectors from the civil service, and the President signed it, issuing again an explanatory statement. Thus in two out of three of the bills he felt constrained to explain his action in signing them, and in the case of the third, it seems to me, there was equal occasion for an apology. Apparently he hopes to satisfy both sides—one by signing the bills and giving them what they want, the other side by expressing sympathy and minimizing the effect of the legislation. He is a wonderful master of language, but I do not believe his defensive statements will offset his offensive action, or that he can so easily placate those who feel that he has acquiesced in serious infractions of the principles in which he believes, "letting I dare not wait upon I would." If to successfully lead and master a Democratic Congress requires the barter of patronage for votes and the betrayal of the civil service system, I think many will question whether it is worth the price. [Applause on the Republican side.]

#### MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. Kitchin having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Tulley, one of its cierks, announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 3454. An act authorizing the Secretary of Commerce to lease to the city of Port Angeles, Wash., certain property.

The message also announced that the President of the United States had, on December 15, 1913, approved and signed bill of the following title:

S. 488. An act to authorize the sale and issuance of patent for certain land to H. W. O'Melveny.

DISTRICT OF COLUMBIA APPROPRIATION BILL.

The committee resumed its session.

Mr. PAGE of North Carolina. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FITZGEBALD].

Mr. FITZGERALD. Mr. Chairman, I do not wish to permit the somewhat extraordinary speech of the gentleman from Massachusetts [Mr. GILLETT] to pass unnoticed at this time. time later, when opportunity is had to analyze carefully what the gentleman has said, I am quite certain there will be such a reply made as will satisfactorily meet all of his criticisms of the President's conduct during the recent session of Congress. The gentleman's statement is somewhat anomalous. He started by saying that this was the most remarkable presidential despotism the country has ever seen, that the Congress showed the most complete subserviency to the President the country has ever known, and yet he suggested that when the opportunity was before the President to control or to dominate the Congress, because the Congress was proposing to act in a manner not in harmony with the professions of the gentleman from Massachusetts [Mr. Gillett], that the President signally failed in his duty when he failed to dominate Congress.

Mr. Chairman, I have served in this House when there was a real despot in the White House. I remember how gentlemen upon that side of the House were accustomed to delay the making up of their minds as to what their attitude should be, not only upon the very important questions of policy pending before the Congress but even upon the most minute details of legislation, until the word had gone forth from the White House as to what was the presidential attitude on the particular matter. It was only then that gentlemen upon the other side proclaimed with alacrity their views and announced their position, always in harmony with the position of the occupant of the White

House.

Some 35,000 fourth-class postmasters were covered into the classified service by President Taft by Executive order just before he left the White House. Mr. Chairman, I have great sympathy for my colleagues from the Southern States because of the conditions that exist there. No man familiar with them can avoid feeling that the conduct of Republican administrations during many years, which outraged the almost universal sentiment of innumerable communities by the character of appointments to public office, justified a keen resentment upon the part of the people residing in those communities. I perhaps do not share many of the sentiments and beliefs of men from the southern part of the Union, but I have no doubt that if I or if the gentleman from Massachusetts [Mr. GILLETT] lived under the conditions that exist in many places we could not avoid experiencing the same resentment because of many of the actions

of Republican administrations. It is not necessary to detail the conditions; they are well known. It is intolerable that men should be placed in office who arouse the just resentment of an entire community, and thus prevent any real division politically of the people living in one section of the country upon economic questions.

After the order to which I have referred was made, after all the Republicans who had appointed to office during the last 16 years had been covered into the classified service, this administration made provision for an impartial examination of those who had been so covered into the classified service to demonstrate the capacity of such persons to fill the positions. The gentleman from Massachusetts [Mr. GILLETT] has properly highly commended the Postmaster General for his professions and for his actions as a sincere believer in the civil service. It can not be doubted that he honestly desires to promote the best interests of the classified service. It may have happened, however, that in some places, that some men have been appointed to office, upon the recommendation of some Republican Members of Congress, who do not possess the qualifications necessary to enable them properly to discharge the duties of the office. No advocate of the civil service or the merit system can consistently object to a regulation which merely provides for a method of determining the competency of persons to fill the positions in the classified service which they obtained through Executive order. The country will not think it amiss that a Democratic administration whenever there is a choice shall choose Democrats rather than Republicans. It expected Republican administrations to do so, and it was not disappointed in their action. All we desire, Mr. Chairman, is that the law be honestly enforced and in the exercise of proper discretion that party men give preference to party men of their own political faith, all other things being equal.

Reference has been made to the fact that 95 per cent of the

Reference has been made to the fact that 95 per cent of the rural carriers appointed under Republican administrations are Republicans. I recall when the appropriations for the rural delivery service were only \$3,000,000 a year. They now aggregate in the neighborhood of \$40,000,000 a year. During the past 14 or 15 years in the extension of this service a Republican administration succeeded in placing Republicans in that service to the practical exclusion of all others. They have been of much importance in advocacy of Republican policies and in the building up of a Republican machine. It is not so long since Senator La Follette in the other branch of the Congress called attention to the fact that under the system devised by a Republican administration by which our Consular and Diplomatic Service was supposed to have been taken out of the spoils system and placed upon that high plane where merit alone was recognized in appointments and promotions that by a peculiar coincidence about 95 per cent of the appointees happened also to be Republicans. No mere accidental happening of events, Mr. Chairman, could bring about such results in two services. It required that careful exercise of that nice discrimination for which Republicans have been always noted when selecting men to fill public offices, and they rarely failed to find a Republican fitted, or at least satisfactory, for all public offices within their gift.

offices within their gift.

The Congress in the tariff bill provided for the appointment, regardless of the requirements of the civil-service law, of certain employees necessary for the administration of the income-tax law. If there be any positions in the entire governmental service of a highly confidential character, it is the positions occupied by the men who are to perform the duties imposed by that law. There were some differences of opinion as to whether it would be better to take the employees required through the regular civil-service examination or to place full responsibility upon the appointing powers for the qualifications and character of the

men to perform those duties.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. PAGE of North Carolina. I yield the gentleman five minutes additional.

Mr. FITZGERALD. Mr. Chairman, I am convinced that when this law is in operation and the country appreciates fully the important character of the duties to be discharged by these employees that it will be insisted that the appointing officers be held to a strict accountability for the character and accomplishments of the men selected, and that whatever is done to make that responsibility such that it can not be evaded and will make possible the selection of men of the highest character and attainments for those places will have the hearty indorsement of the country.

Mr. Chairman, this provision was included in a bill to revise the tariff in the interest of the masses and to eliminate the offensive and abusive and unjust and discriminatory features of the tariff law against which the country has been complaining for years. The Republican Party had promised to eliminate them and had failed to do so. The Democratic Party has performed that task in a manner that has met the approval of the country. Even if this were an unwise provision, which few contend who are fully conversant with the facts, no one could reasonably expect the President of the United States to halt the enactment of a great bill of the character of the Underwood tariff bill merely because there was included in it a provision which made possible the selection, without regard to the civil-service requirements, of employees to fill these highly important positions.

The provision of the deficiency law regarding the exemption of deputy collectors and deputy marshals from competitive ex-

amination is as follows:

Hereafter any deputy collector of internal revenue or deputy marshal who may be required by law or by authority or direction of the collector of internal revenue or the United States marshal to execute a bond to the collector of internal revenue or United States marshal to secure faithful performance of official duty may be appointed by the said collector or marshal, who may require such bond without regard to civil-service requirements.

Collectors of internal revenue and United States marshals are required to give bond for the faithful performance of their duty. They are held personally responsible for the acts of their deputies, and the liability is an extensive one and likely to be very burdensome to those occupying the offices. This provision does what sensible and reasonable men would do in business. If men were employed in important and confidential positions requiring bonds to secure the faithful performance of duty, as well as for the acts of subordinates, such subordinates would be

selected without interference.

On the 8th of September, Mr. Chairman, I placed in the RECORD a letter in reference to collectors of internal revenue which was highly interesting. In 1896 a resident of my district entered a competitive examination for the position of deputy collector in Brooklyn. He passed with the general average of 93 per cent and was appointed in January, 1897. He served continuously until December, 1899, when he was dismissed by the Republican collector. No charges whatever were preferred against him, but he was dismissed solely for political reasons. The Republican organization in Suffolk County, a portion of Long Island, demanded recognition and appointment in that office. This gentleman was requested to resign in order to make room for the representative of the Republican organization, and upon his refusal to resign he was removed and a Republican appointed in his place. Some time thereafter a Republican President benignly issued an Executive order which protected him and men appointed in the same manner in the place of those who in competitive examination had attained percentages of 93 per cent and better.

The CHAIRMAN. The time of the gentleman from New

York has again expired.

Mr. PAGE of North Carolina. Mr. Chairman, I yield the gen-

tleman one minute more.

Mr. FITZGERALD. I believe that it can be safely said, Mr. Chairman, that the country has unbounded confidence in the present Chief Executive of the United States-Woodrow Wilson. No mere captious criticism of his actions will affect his popularity or the esteem in which he is held by the country. The country is convinced that he is doing what he promised he would do-be the leader in the movement to bring the reforms demanded by the people and essential for their happiness and prosperity. He is leading along paths of legislation that are resulting in permanent benefit to the Nation. So far under his leadership there has been placed upon the statute books a tariff bill that will redound to the credit of the Democratic Party and endure to the benefit of the people of the country. Within a short time legislation will be enacted which will revise our currency system and eliminate the dangers of the present inadequate one and will restore confidence to the commercial and financial interests, which have been suffering because Republican incompetency has left unremedied the glaring defects of the existing system. The Democratic Party, under the leadership of President Wilson, will continue during this year and for many more years so to conduct itself that Republicans and all the other of its enemies and opponents will be disheartened to the end of their days because of the patriotic, wise, and statesmanlike manner in which the destinies of the Government

will be guided. [Applause on the Democratic side.]
Mr. PAGE of North Carolina. Mr. Chairman, I yield 30
minutes to the gentleman from Kentucky [Mr. Johnson]. [Ap-

plause.]

Mr. JOHNSON of Kentucky. Mr. Chairman, it had been my purpose until a very few moments ago not to have anything to say upon the occasion of the presentation of this bill to the

House for its consideration. However, when I heard other gentlemen discuss District questions I felt a little restless because I was not taking part, and I can not resist the temptation to at last come in.

Five or six years ago, when the District bill was brought in for consideration, in my feeble way I ventured to offer some criticism upon the present financial plan which obtains to the District of Columbia. Then and until two years ago I stood absolutely alone in those efforts. Two years ago the District appropriation bill was before this House for consideration for about three weeks. I predict that this bill will pass this House in as many days. In fact, this is the first District appropriation bill that I have known to be brought to the House where an effort has been made in preparing it to follow the law of authorizations. There are some departures from the law of authorizations in this, but they are few, and they are so closely connected with financial affairs—the bill dealing directly with financial affairs—that they may be overlooked.

The most vicious legislation that can be found on the statute books anywhere in this country can be found upon appropriation bills, particularly those which pass on the 3d day of March. I believe that this House and the country can be congratulated—and I wish to congratulate the committee that brought it in—that they have not seen fit to depart from the functions of an appropriation committee. I do not know that I would have had anything whatever to say to-day except for the remarks made by the gentleman from Georgia [Mr. Crisp] and the gentleman

from Iowa [Mr. Prouty].

They have brought to this House for the first time a real discussion as to the correctness, or the justification, of the half-and-half principle, as applied to the District of Columbia. I apprehend, however, that they, in endeavoring to show the people in the States the advantages which may be derived by them by an abandonment of this principle, have overlooked one of the serious consequences to the Nation which may follow it. I have in my mind a collection of editorials taken from the Washington Evening Star in discussing the half-and-half plan.

In discussing the half-and-half plan, the editor of that paper

The imagination may conceive that the soul of the Union is enshrined in this exclusive territory, and if ever its peculiar existence should be extinguished the event will be the forerunner of the dissolution of the Union.

Great God, gentlemen, beware of what you do. To fail to pay half of the taxes of the people of the District of Columbia may dissolve this great Union of States.

I wish to ask my friend from Georgia [Mr. Crisp] and my friend from Iowa [Mr. Prouty] if they think it prudent to tempt the people here to have half their taxes paid for them or else bring about a dissolution of the Union?

The Star undertakes to be chief champion of this particular favoritism that is given to the people of the District. Let me read you from the same editorial of the Star, in which that distinguished editor says:

If deprivation of suffrage is the only condition upon which citizens of the District are partially relieved from their heavy burdens, they evidently prefer to remain political slaves rather than become bankrupt freemen.

Great God! What a sentiment to proclaim in the capital of a nation of freemen!

Did anybody ever hear such a sentiment expressed in this "land of the free and home of the brave"? Just think of it! Here is the spokesman for 350,000 people who ought to be free, having as their champion one who bows at the shrine of Mammon only, who takes occasion to rise up in their midst and say that he represents them, and that he can speak for them and say they would rather be "political slaves than bankrupt freemen."

That is the spirit that pervades this community. But the man who holds the right of suffrage above everything else that is earthly, following in the footsteps of our ancestors who built this great Republic upon the foundation of suffrage, is not akin to this distinguished editor who says that he would rather have gold than have the highest right granted to an American citizen.

They now condescend, some of them, to say that the people of the District may have suffrage, provided it is limited to a Delegate in Congress. When the people of the District of Columbia ask for the right of suffrage and you give it to the to no greater extent than to allow them a delegate upon this floor, you have given a stone to people who are crying for bread.

I have announced before, and repeat it now, that these people ought to be set free. They should have the right to levy their own taxes and to spend their own money just as they see fit to spend it. But they have delegates already—the four newspapers here—whose principal duty it is to abuse the man who undertakes to represent anybody else in the United States except the untaxed rich who live here. [Applause.]

They say they do not want suffrage-and I have here with me an editorial from the Evening Star, saying that they do not want suffrage. Why do not they want it? I will tell you.

It is because a mere handful of them, from the time that the commission form of government came into existence, have been the only electors. They have elected every set of Commissioners for the District of Columbia, except the present one. The dis-tinguished occupant of the White House has said that for once, at least, the people in the District of Columbia shall have representation in the Municipal Building. [Applause.] They have already demonstrated the fact that they have been wisely chosen. Through the provisions of this bill they have recom-mended that the poorer sections of the District of Columbia may have streets like those which have heretofore been given to the rich.

But recently I saw in one of the papers of Washington the statement that the northwest paid such a large proportion of the taxes of the District of Columbia that the people of that section should have better streets than the poorer sections. Do you mean by that to say to me that a man who lives in a quarter-of-a-million-dollar house should have a better street than the man who lives in a \$100,000 house, or that the man who lives in a \$100,000 house should have a better street than the man who lives in a \$1,000 house?

I say that this is a disposition which has prevailed here hitherto; and now, for the first time, comes an appropriation bill, upon the recommendation of a set of commissioners who themselves, free from the contaminating influences of the rich, say to these poor people, "You shall have just as many rights in the District of Columbia as the rich." [Applause.]

I say that less than a dozen men since 1878 have elected every commissioner of the District of Columbia until now; and I, for one, am in favor of putting the ballot into the hands of every man in the District of Columbia, so that he, as well as these few rich men, may have a voice in choosing those who are to administer the affairs of the District.

We have two civilian commissioners, whom I know person-I have the greatest confidence that before they have been in office another year they will come to this House and recommend reductions along certain lines that will make unnecessary the giving of either the people's money from the District or the people's money from the States to such an extravagant extent as it is now necessary to give it.

The engineer commissioner I scarcely know. I never saw him but once. I have never heard anything to his detriment. All that I have heard of him is praise. I have no purpose to criticize him, but I feel free to criticize the manner of his selection.

When we had in the White House, before the 4th day of last March, a man who was willing to give the money of all the people to the few here, on the 28th day of February, four days before he went out of office, he transferred the then engineer commissioner from the District of Columbia to Panama and took from Panama the present engineer commissioner and ordered him here, thereby undertaking to forestall the present occupant of the White House from making that designation.

Not only was that done just four days before the outgoing of President Taft and the incoming of President Wilson, but, in order that the new appointee might be certain to get the office before President Wilson came into office, he took the oath of office in Panama, although he did not arrive here until two days after President Wilson had taken the oath of office. It was an evident attempt upon the part of somebody to forestall President Wilson in 331 per cent of the Board of Commissioners of the District of Columbia.

This is but another evidence that President Taft was surrounded by men who knew what they wanted, and if they had this change in mind at that particular time, and set about bringing this about as they did, then they must have gotten at least one of the men they wanted. I trust that he will disappoint any sinister motives which prompted this action.

As I said upon taking the floor, it was not my purpose to make any remarks at all to-day, and therefore what I say will not be in as connected a form as I would have liked to have it. Reference has been made here, and it has been made in the reports of the various departments of the District of Columbia which are filed with Congress, that the avenues here are so wide that the Federal Government should help to keep them The other day I was reading one of these reports in which I found that argument made.

I sat down and wrote a letter to the official whose report I

was then reading, and asked him to tell me what avenues there were in the District of Columbia that were 160 feet wide, the they get it.

point that he was endeavoring to make. His answer was that Pennsylvania Avenue was 160 feet wide, and that four or five squares of Louisiana Avenue were 160 feet wide. There he was compelled to stop. The large width of these streets is on paper. It is not in paving. Where is the rest of the width of these streets? I will tell you. It is in the front yards of the people of the District of Columbia. Show me a residence anywhere in the District of Columbia, at least in the thickly settled part of it, and I will show you, not once but every time in a hundred, that the house is partly upon the streets which they say the United States owns.

The Supreme Court of the United States has said that the United States holds nothing but sovereignty in these streets, and that it holds that for the common use of the people. Yet you have this deceiving argument thrust at you every day, and I am sure that the new Members of this House do not know that 99 out of every 100 houses in the District of Columbia are built in part upon these streets.

Mr. MURRAY of Oklahoma. Will the gentleman yield? Mr. JOHNSON of Kentucky. I do.

Mr. MURRAY of Oklahoma. I want merely to make the observation here that, with the exception of Pennsylvania Avenue, the streets in the cities of the Western States are, on the whole, as wide as they are in Washington City, and the people in those cities pave them at their own expense.

Mr. JOHNSON of Kentucky. I saw in one of the local papers the other day the suggestion that toll ought to be charged to the people along Pennsylvania Avenue and F Street, at least. wish to remind the author of that statement that during the last Congress a bill was introduced at the request of the commissioners to do that very thing; and it ought to be done, and I will tell you why. Take the business houses along your principal thoroughfares, and many of them have basements running out under the pavement to the curb; they use that valuable space and do not pay the District of Columbia a farthing for it. I am not sure but that that bill ought to be brought to this Congress and made a law.

Only a short while ago the presidents of some of the big financial institutions in the District of Columbia came before the District Committee, and there, under oath, stated that their valuable vaults along Fifteenth Street were built out under the sidewalk. They charge an extravagant vault rental for property that they themselves say is owned by the United States. should they not pay a small rental for it? Why should they not pay at least interest on what the ground is worth?

Now, while we are talking about these financial institutions, let me say they are the very people who, having influence at the time that this act of 1878 was passed, sold all the rest of the people of the District of Columbia into bondage.

And they are the only people in the District of Columbia to-day who ask to be retained in bondage, and they ask it because they say that they love a dollar better than they love freedom. Patrick Henry did not tell us that. He has a descendant on the floor of this House and I am sure that he will not subscribe to the statement that he would rather worship Mammon than to be free with all the rest of the Nation.

They go back to 1878 in speaking of the "organic act" and call it a "compact." A compact between whom? A compact between a few people who had the President's ear, and who lobbied bills through Congress. Before long I expect to show you how Members of Congress in that early day, through officers in this House, lobbied a most infamous bill through Congress, which now stands as a law in the District of Columbia.

The time is coming, and I believe the time is at hand, when the other end of this Capitol will not stand as an obstacle against just legislation and throttle the views expressed through these representatives of the American people. They now must go before the American people themselves and ask to be returned to their seats, and every mother's son of them at this

minute has his ear to the ground. [Laughter.]
But a few days ago I saw in the papers of the District that this House might pass what it pleased, but there was hope that the Senate would allow this plundering game to go on. Who has been in control, in absolute, despotic control here? I say the big financiers. They came to this body in 1892, by act of July 1 of that year, and in behalf of their interests got through Congress, and then got the President to sign it, an act imposing a tax of \$1 a hundred upon their real estate holdings, while the renters from them must pay \$1.50 a hundred on the small effects they have in the tenement.

The people have not control here. I say, for God's sake, liberate the people and let them become masters of the situation themselves. They deserve liberty and you should see that

Are these few men really masters here? But a few months ago I heard one of the most powerful of them, under oath, state that he appointed the commission that acquired Rock Creek Park; but, upon suggestion being offered, modified his assertion by saying that he went to the President and had that commission appointed. That commission is more than 20 years old. Four out of five of them are dead, I believe. That commission can yet be revived by the President, and it can yet be put to work and complete the work that that commission, appointed by one of the big financiers of this town, left undone.

To-day, after the lapse of 20 years, the benefits that that law required those commissioners to levy upon adjacent property has not, to this moment, been levied. Is that for the common good? I say that when less than a dozen men hold in their hands the electorate of the District of Columbia by the influence they may have with the President, and select the commissioners, and the commissioners select every man under them, then they have what they want; and the great masses of the people, nearly 350,000 of them, are deprived of the right of suffrage for the benefit of those few.

I repeat what I have said upon former occasions: Let these people here govern themselves; and, as the gentleman from Iowa, Judge Prouty, has well said, they are just as capable of self-government as the Filipinos are.

The editor of the Star, in an editorial which I have here, has said that if the people of the District of Columbia are given suffrage the negroes from the farms and plantations in Maryland and Virginia will flock in here and control the elec-They will not control those who seek real freedom. They will overrule only the men who love the dollar better than they love freedom.

Where does the negro rule in an Anglo-Saxon country? to the Southern States, where in many places he outnumbers the Anglo-Saxon; but even there he does not rule.

Although he is one-third of the population of the District of Columbia, if those people are men-and I know they are-the white man, the Anglo-Saxon, will control and govern the Nation's Capital, the capital of a nation of white men. That is a puerile argument. Mr. Chairman, they have more negroes in office in the District of Columbia now than they will have after these people have the suffrage and elect their own officers. Some of the best offices in the Government in the District of Columbia are to-day held by negroes. You have on your police force, I understand, about 45 negro policemen. Go to the Southern States, where the negro is in overwhelming majority, and there you will not find a negro policeman. You can go into some of the offices in the city of Washington and you can not see a white face. Yet these people who worship only at the shrine of Mammon say, "If you give us suffrage, the negro will dominate the Nation's Capital."

The CHAIRMAN. The time of the gentleman from Kentucky has expired.

Mr. DAVIS. Mr. Chairman, I yield 25 minutes to the gentle-

man from Washington [Mr. HUMPHREY].
Mr. HUMPHREY of Washington. Mr. Chairman, I wish to make a few remarks concerning the great Democratic prosperity that now blesses the land after 60 days under the new tariff law. We were told in the Democratic platform, and it was reiterated by every Democratic speaker throughout the country and repeated here upon the floor of the House during the time the tariff bill was under discussion, that the Democratic Party would not enact any legislation that would injure any legitimate The President reiterated that assurance time and time again. The people throughout the country had faith in that promise. That fact had much to do with maintaining the prosperous industrial conditions. The people believed up until almost the very hour the new tariff bill went upon the statute books that this promise, so solemnly given, would be kept. their hope gave way to bitter disappointment.

A little more than a year ago, when I was making my campaign for reelection, I found that the lumber and shingle industry of my State was in the most prosperous condition it had ever been. There were more men employed in those mills than They were receiving higher wages than ever be-There was a greater demand for labor than ever before. There was more capital invested in that industry than ever The output was greater than ever before. I told the men who were working in those mills night after night that if the Democratic Party went into power and carried out the promises of its platform they would be thrown out of employment or have their wages reduced.

When the tariff bill came up for discussion on the floor of this House, I stood in front of that desk, and I pointed out to the Democratic majority that the timber in the State of Wash-

than the timber in British Columbia. I pointed out the fact that it cost more to manufacture a thousand shingles in the State of Washington than it did in British Columbia.

I pointed out the further fact that the men working in the shingle mills of Washington were American citizens; that they were white men; that they received American wages. pointed out that over in British Columbia the mills employed Chinese, Japanese, and Hindoos, mostly Chinese. I pointed out that it was impossible for the men in Washington to compete with the Chinamen in British Columbia. I made the prediction then that if the tariff was taken off shingles those shingle mills would close. I made the statement that it was either a reduction of wages or the closing of the mills. But that statement was received upon the Democratic side of the House with smiles of incredulity and of intellectual superiority. What are the facts? The present tariff law up until the 1st day of December had been upon the statute books 57 days. I hold in my hand a list of 194 shingle mills in the State of Washington that have closed-more than 60 per cent of all the mills in the State and 50 per cent of all the mills in the United States-that were closed on the 1st day of December last. The men that were employed in these mills are thrown out of employment and are to-day looking for work.

I hold in my hand a list of 33 of the great lumber mills of the State of Washington that have closed since this freetrade Wilson tariff law, passed by a Democratic Congress—or, to speak more accurately, that was passed by a Democratic President—went upon the statute books. Those 33 mills represent a daily output of 3,100,000 feet. They employ 8,500 men. These men are out of work to-day and looking for employment. I ask unanimous consent that I may print in the Record this list of closed mills in the State of Washington, in order that the majority may gaze upon the glory of their handiwork and rejoice in its results. I will insert them at the close of my speech as Exhibits A and B.

The CHAIRMAN (Mr. LLOYD). The gentleman from Washington asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. WILLIS. Mr. Chairman, will the gentleman yield for a question?

Mr. HUMPHREY of Washington. Certainly.

Mr. WILLIS. I am very much interested in the gentleman's depiction of the situation in the West, a situation that is fast spreading over the country.

want to ask whether there is any truth in this statement. I have a clipping from the Washington Times of the issue of December 14, which says:

ES WOULD USE MILITIA BLANKETS—PETITIONS FROM SEATTLE MER-CHANTS ASK CONGRESSMEN FOR COMFORT FOR UNEMPLOYED. HOBOES WOULD USE MILITIA BLANKETS-

SEATTLE, December 14.

A glant mass meeting is being held to-day to discuss the problem of the unemployed, which Jeff Davis, "king of the hoboes," puts at 2,500. Through Davis's efforts the Providence Hospital, valued at \$1,000,000, has been built. A committee of prominent merchants sent telegrams to Congressman HUMPHREY, of Seattle, urging that 5,000 blankets from the National Guard of Washington State be turned over to the use of the needy men.

the needy men.

The city has appropriated \$12,500 to provide temporary work on street improvement for the unemployed.

Is that true as to the unemployed in that great city at this time? What does the gentleman say; is that the fact?

Mr. HUMPHREY of Washington. I have just read to the gentleman a list of over 60 per cent of the shingle mills that have closed and of the lumber mills, employing 8,500 men, that have closed, and it is perfectly natural that those men should go to the city. They are to-day out of employment, they are out of money, and without food and without shelter, and they have gone into the cities.

Mr. WILLIS. It seems possible, then, we may have armies of unemployed even under the "new freedom." The gentle-man will notice that this article further states that these gentle-The gentlemen seeking work have wired Congressmen to secure a loan of tents from the National Guard in order that they may have shelter. Does the gentleman know anything about the truth of

Mr. HUMPHREY of Washington. I want to say to the gentleman from Ohio, that I was talking to a man a few days ago who has just recently visited the major portion of the cities of the Union, and he told me that he found Seattle the most prosperous city in the Union; that they were doing more business there than any other city that he visited, and that is in accordance with my observation when I was there a short time ago.

But notwithstanding that great prosperity in the city itself it is true we have to-day somewhere in the neighborhood of 5,000 men out of employment who come out of these mills that ington out of which the shingles were manufactured cost more | have been closed because the white men in those mills could not work in competition with and would not work for the same wages the Chinaman works for over in British Columbia; and I am glad they did refuse, and I hope the time will never come, notwithstanding the fact that the Democratic Party placed shingles on the free list, that an American citizen will ever work for the wages that a Chinaman is willing to accept.

Mr. FESS. Will the gentleman yield?
Mr. HUMPHREY of Washington. Certainly.
Mr. FESS. I read in the New York Sun of yesterday that "the president of the United Charities of Chicago reports that thousands of unskilled workmen have been discharged," together with quite a list of similar instances in other portions of the

country. Has the gentleman any record of that?

Mr. HUMPHREY of Washington. I have no record of that. I only know about the conditions in regard to these lumber and

shingle mills.

Mr. MOORE. Will the gentleman yield?

Mr. FITZGERALD. Has anybody else another of these news-

Mr. HUMPHREY of Washington. Just a moment, to reply to the gentleman, and then I will yield further. I was saying that the conditions in the West are the same that the conditions are throughout this country. It is true that when you enacted that law and placed shingles upon the free list that a second flood or a State-wide earthquake or conflagration could not have brought much quicker or more complete destruction to the lumber and shingle industries of my State. It is true that these men today are out of employment, and they are cold and hungry and are going into the cities. It is a fact for the first time since the last Democratic administration that we again have the soup house and the bread line.

Mr. BROCKSON. Will the gentleman yield? Mr. HUMPHREY of Washington. I can not yield now. It is also the fact, Mr. Chairman, for the first time since the last Democratic administration that the wage earner has become a tramp and the mill worker a beggar. It is true, Mr. Chairman, that to-day thousands of these men, hungry and out of work, are being supported by the grudging hand of charity. It is true, Mr. Chairman, that we again have the picture thrust upon us of thousands of men and women hungry, out of work,

time, but not now. And we are again, Mr. Chairman, by the lesson of experience to learn, the same way we have always learned under a Democratic administration, that we can not give our work and wages to foreign labor without bringing poverty and want upon our own. And we are to again have it demonstrated that the learned free-trade theories of the scholar and the dreamer, when put into effect, mean industrial death. Again it has been demonstrated that the Democratic Party is wholly incompetent to conduct the affairs of this Nation. Again we are to learn at fearful cost that a Democratic administration means an empty Treasury, industrial depression, and poverty and idleness and rags. I think that answers the question of the gentleman from New York [Mr. FITZGERALD]. That condition is general. Once more the highways and by-ways of this country are filled with men seeking employment.

Mr. FITZGERALD. Does the gentleman say that because shingles have been put upon the free list poverty and hunger and disaster are stalking through the land?

Mr. HAYES. I can answer that question.

Mr. FITZGERALD. One at a time.
Mr. HUMPHREY of Washington. What was the question of the gentleman from New York?

Mr. FITZGERALD. Does the gentleman state that because shingles have been put upon the free list that hunger, poverty, and disaster are now stalking throughout the land?

Mr. HUMPHREY of Washington. Well, placing shingles upon the free list put about 10,000 or 15,000 men in that condition. The other day your legislation in regard to steel caused 25,000 men up in Pittsburgh to be placed in that condition.

Mr. FITZGERALD. Where is the steel coming from? Is

there any record of any import coming in?
Mr. HUMPHREY of Washington. I do not know. Go and make that argument to the men who are hungry. Go to the men in my State that are unemployed and tell them that they can buy shingles cheaper from British Columbia than they can

Mr. FITZGERALD. There are no more coming here than there were. There is no demand for them, and, of course, there

would not be any manufactured.

Mr. HUMPHREY of Washington. I object to any further interruption.

Mr. FITZGERALD. The gentleman ought not to ask a question and be afraid to have the truth told.

Mr. HUMPHREY of Washington. If you will read the papers of yesterday you will see that throughout the whole country building has decreased over 30 per cent. No longer are people buying shingles. They are too poor.

Mr. FITZGERALD. Will people stop building houses be-

cause the tariff is reduced?

Mr. HUMPHREY of Washington. They stop building houses because the Democratic Party has reduced the tariff. They always do. Out in my country Democratic legislation has put people out of work.

Mr. HAYES. Does the gentleman know that in Youngstown, in the Mahoning Valley, one institution discharged 3,000 men?

Why this sudden stoppage in demand? Mr. FITZGERALD. Why is it?

Mr. HAYES. Because everybody knows that labor abroad is

going to be employed.

Mr. FITZGERALD. The gentleman says they are going to be

employed, and not that they are employed.

Mr. HUMPHREY of Washington. Mr. Chairman, I still have the floor. Of course, it is a mere coincidence that every time the Democratic Party comes into power the mills begin to close, the fires of our furnaces die, and that men are thrown into idleness. True, it has not happened for 20 years, but it comes back just at this time. Oh, it is a mere coincidence. Providence is responsible for it, I suppose, since the Democratic Party got into power.

Mr. PETERSON. Will the gentleman yield to me for just

a question?

Mr. HUMPHREY of Washington. Not now. other thing to which I want to call attention. The Democratic Party, through the President, through the leader of the House, and through the Secretary of Commerce, and the Secretary of Labor, and through other men here on the floor of the House have promised that if any mills closed, if any industry shut down or reduced wages, they would see to it that these mill owners were investigated and the facts given to the country. The gentleman from Alabama [Mr. Underwood], standing on side of the House, and making a speech at the time the tariff bill was under consideration, warned the country that if any industry closed it would be investigated. And Secretary Redfield has repeatedly made that statement, if the press correctly quotes him, and Secretary of Labor Wilson, in his speech in San Francisco, a few days ago, is quoted as saying that if any industry closed down or reduced wages, and gives as a reason that it is tariff legislation, he would see to it that it was investigated and the facts made known. I intend here and now to call that Democratic bluff. I have to-day written a letter to the Secretary of Commerce, and sent a copy of it to the Secretary of Labor. in which I have given a list and the location of the closed mills in my State. I ask Mr. Redfield now to go forth and investigate these 149 shingle mills and 33 lumber mills and see why they closed. They say it is due to the tariff. Let us know the truth.

If it be true that these industries have closed down their mills and thrown their men out of employment and lost their own money simply to embarrass this administration, let us know the fact, and let them be hanged on "a gallows as high as Haman's," as the President promised. [Applause on the Re-

publican side.]

If, on the other hand, it be true that the tariff has unjustly affected these industries, then let the Democratic Party make good the statement that was made by the gentleman from Alabama [Mr. Underwood] when he stood upon the floor during the debate upon the tariff bill and declared that if after investigation it was found that any industry was injuriously affected by the tariff law, the Democratic Party would correct it.
That is why I am bringing this matter before the House to-

day. I want to ascertain whether or not the Democratic Party is in earnest; whether they will do what they promised—investigate these mills. And if it be true that they have closed without reason, then let that fact be known. If the tariff law caused it, let that be known, and then let the Democratic Party have the courage and the patriotism to keep its promise and change the law.

Now, Mr. Chairman, in order to test the sincerity and the good faith of these distinguished Democrats who have been making these boasts and these statements and these promises, and in order to ascertain whether or not they are talking for po-litical purposes only, I to-day sent this letter to the Secretary of Commerce. I want to read it. It is as follows:

WASHINGTON, D. C., December 15, 1913.

Hon. WILLIAM C. REDFIELD, Secretary of Commerce, Washington, D. C.

DEAR MR. SECRETARY: During the recent presidential campaign and during the discussion in Congress of the Underwood tariff bill those

representing this administration emphasized and reiterated that the Democratic Party would not pass any law that would injure any legitimate industry. If the press reports of your public utterances since you have been Secretary of Commerce are correct, you have frequently reiterated this promise, and have expressed a determination in case any legitimate industry closed, or reduced wages, or discharged employees, under pretense that legislation was the cause, that you would investigate such industry and give the public the truth in regard to the matter.

vestigate such industry and give the public the truth in regard to the matter.

Mr. UNDERWOOD, the distinguished leader of the majority in the House of Representatives, speaking on the floor of that body May 8, 1913, said:

"More than that, Mr. Speaker, we have established a Bureau of Foreign and Domestic Commerce that goes far beyond anything that these gentlemen desire to obtain in their tariff board, and it is well for the country to know it. It not only has the power to investigate the question of cost either here or abroad, the amount of imports and exports, and American consumption, but when a great manufacturing institution is ready to threaten its laborers with a reduction of wages because they say there has been adverse action and legislation in Congress, or to reflect on the action of the Government of the United States, that bureau has the power to walk into their offices and ascertain whether there is real reason for their cutting the rates of wages of their labor or whether it is merely a selfish attempt to put money into their own pockets."

This statement was applauded and approved by the majority, and many other Democratic Members took occasion to express themselves to the same effect.

It also appears that in these proposed investigations you are to have the earnest cooperation of the Department of Labor, for Secretary Wilson, in a recent speech delivered in San Francisco, is quoted as saving:

have the earnest cooperation of the Department of Labor, for Secretary Wilson, in a recent speech delivered in San Francisco, is quoted as saying:

"If the manufacturers reduce wages and assign as a reason the tariff law just enacted, they will be brought before the bar of public opinion by the Department of Commerce, and my department will assist. We shall immediately, through our bureau of statistics, gather information to determine whether their statements are true."

If we can believe the newspapers, you have also in this undertaking the approval of the President, as he is reported to have said on May 16, 1913:

"That he is in entire accord with Mr. Underwood and Mr. Redfield regarding the announced policy to expose manufacturers who reduce wages on the pretext of losses due to lower customs duties."

It would further appear that the President, if not, in fact, the author, is at least a sincere supporter of this plan, as he is quoted as saying when speaking to the Southern Society at a banquet held at the Waldorf Astoria on December 18, 1912:

"There are natural panies, and sometimes panies because certain gentlemen want to create the impression that the wrong thing is going to be done. I have heard that certain men can create such panies. In my ignorance of Wall Street I do not know about this. But I know the machinery is in existence for the creation of such panies. But I am not afraid of them. I do not believe that there is any man living who dares to use that machinery to create such a panie, and if anyone attempts it I promise you that I will build the gibbet for him high as Haman's. But that is only figuratively speaking. What I will do will be to direct the attention of the people to him, and I think they will manage to cut him to the quick. With their eyes open the people arm out going to let any man do such a thing."

So it fully appears that you have the means, the authority, and the desire to make these investigations, and that in so doing you will have the complete by the sum of the administrati

promised, to investigate the reason for the closing of these mills.

Mr. Underwood, speaking on the ficor of the House on May 15, 1013, said:

"When the Department of Commerce reports, after a careful, disinterested, and honest investigation, that an injustice has been done, either to an industry of this country or to the labor employed in that industry, you may rest assured that this side of the House will rectify any wrong which has been done."

The people of the State of Washington and the entire country wish you to immediately ascertain the facts so that Congress may know, and if an injustice has been done to this great industry, if you consider it a legitimate one, that the Democratic Party may correct this injustice as Mr. Underwood promised. Let the country know whether these mill owners have closed their mills, lost their money, and driven their men into idleness for the purpose of embarrassing the administration. Let us know whether they are fit to adorn a structure of the character so vividly and so amiably described by the President in his speech to the Southern Society.

Mr. Underwood in the same speech, above referred to, speaking on the same subject, said:

"Oh, there are some propositions that we recognize are not to be classed as legitimate industries. \* \* But we are entitled to know the facts, and we are going to know them. It is no threat."

I ask you to make good that statement of Mr. Underwood's that has been reenforced by statements from the President, from Secretary Wilson, from yourself, and from many other leading Democrats.

It is true that when the tariff bill was under consideration it was pointed out to the Democratic majority that timber for the manufacture of shingles in British Columbia was cheaper than in this country; that the American mill owner employed American citizens and paid them American wages; and that they could not compete with the oriental labor employed in British Columbia. These statements were received with couriesy and rejected without consideration. True, it may

inject the truth into a scholarly and perfectly good free-trade theory that fully satisfies those who are directing the destiny of the Democratic Party? If laws enacted on such theory fail to work to the advantage of the people, the fault lies not in the law but in the stupidity of those who do not understand how to adjust themselves thereto in order to reap its blessings.

who do not understand how to adjust themselves thereto in order to reap its blessings.

The people engaged in the lumber and shingle industry have experienced the competition with the rest of the world that the President desired. They have had both their wits and their appetites sharpened. The closing of these mills has forced thousands of men into iddeness. The whole country is anxious to know the cause. Again the shadow of the soup house falls across the weary path of the unemployed.

As days and months must elapse before you can complete your investigation and relief be given, even if you find that these men are entitled to such relief, instead of being executed by public opinion, I suggest that in the meantime you send to these thousands of men out of work and without money a scholarly and grammatically perfect essay on the "new freedom," or a learned lyric on "efficiency." During the starvation period through which these men must pass, these classic contributions will no doubt prove a satisfactory substitute for bread.

The Democratic Party has repeatedly promised the people that if the mills and factories closed following the enactment of the new tariff law that your department would investigate and give to the country the real reasons for such action. The mills and factories have closed and thousands of men are out of employment. It is charged by those who have closed these mills and factories that the present tariff law is largely reasonable therefor. I have placed before you exact and specific information of this character. Will you redeem the promises that the Democratic Party has made?

W. E. Humphrey,

mation of this character.

Eximity Ass made?

Eximity A.

List of shingle mills closed Decomber 1, 1913, in the State of Washington.

A. B. C. Shingle Co., Edmonds: Alaska Lumber Co., Mukiltee: Alger Shingle Co., Patrix Acame Shingle Co., Bullard; Avondale Shingle Co., Patrix Acame Shingle Co., Bullard; Avondale Shingle Co., Patrix Acame Shingle Co., Concreto., Sedro-Woolley: Aloba Lumber Co., Aloha: Anna Shingle Co., Concreto., Sedro-Woolley: Aloba Lumber Co., Aloha: Anna Shingle Co., Concreto., Sedro-Woolley: Aloba Lumber Co., Aloha: Anna Shingle Co., Concreto., Sedro-Woolley: Aloba Lumber Co., Status Co., Everett: Big Creek Shingle Co., Taroma: Beliat Shingle Co., Burnard: Beliat Shingle Co., Burnard: Beliat Shingle Co., Burnard: Beliat Shingle Co., Burnard: Beliat Shingle Co., Everett: Big Creek Shingle Co., Co., McMurray: Belt Line Shingle Co., Everett: Black Lake Lumber Co., Tamwater: Bridge Shingle Co., Everet: Black Lake Lumber Co., Co. Hall Shingle Co., Burnard: Co., Billingle Co., Burnard: Blander Billingle Co., Eller Co., Eller Co., Eller Co., Eller Billingle Co., Eller Billingle Co., Eller Co., Eller Co., Eller Co., Eller Billingle Co., Eller Co., Eller Billingle Co., Eller Billingle Co., Ellingle Co.,

484, 500

monds; Victoria Mill Co., Milltown; Van Horn Shingle Co., Van Horn; Vincent Shingle Co., Anacortes; Whatcom Falls Mill Co., Bellingham; Wallace Lumber & Manufacturing Co., Startup; Whitfield-Bixby Shingle Co., Ranier; Charles Williams, Arlington; Wickersham Shingle Co., Wickersham; H. B. Watte Lumber Co., Granite Falls; Watkins Shingle Co., McMurray; Washington Red Cedar Shingle Co., Kelso; White Star Manufacturing Co., Whites; Wilcox Shingle Co., Aberdeen; Woods Creek Shingle Co., Monroe; Young & Johnson, Kapowsin; Yeemans Lumber Co., Pe Ell.

#### EXHIBIT B.

Mills manufacturing lumber in the State of Washington closed down on account of lack of business December 1, 1913. [Daily 10-hour capacity.]

	Feet.	
Lincoln Creek Lumber Co., Centralia Wash	80,000	
Chebalis River Lumber Co Centralia Wash	80,000	
H. H. Martin Lumber Co., Centralia, Wash	125, 000	
J A Venness Lumber Co Winlock Wash	125,000	
South Rond M & T Co South Rend Wash	125, 000	
Creach Proc Lumber Co Raymond Wash	80,000	
Morrison Lumber Co., Bellingham, Wash	120,000	
Hazel Mill Co. Blanchard Wash		
Hazel Mill Co., Blanchard, WashAtlas Lumber Co., McMurray, Wash	85,000	
Parker Bell Lumber Co., Philchuck, Wash	100,000	
Whatcom Falls Lumber Co., Bellingham, Wash	200,000	
Clear Water Lumber Co., Index, Wash	35, 000	
Skykomish Lumber Co., Skykomish, Wash	100,000	
Grotto Lumber Co., Skykomish, Wash	60,000	
Mineral Lake Lumber Co., Mineral, Wash	75,000	
Wheeler Reece Lumber Co Harding Wash	50, 000	
D. & M. Lumber Co., Lake Tapps, Wash————————————————————————————————————	75,000	
Maytown Lumber Co. Maytown, Wash	45, 000	
Evergreen Lumber Co. Phyallun, Wash	35, 000	
Fur Tree Lumber Co. Gregory Spur, Wash	100,000	
Seattle Lumber Co. Seattle, Wash	100,000	
Seattle Lumber Co., Seattle, Wash Ferry-Baker Lumber Co., Everett, Wash	125,000	
Doty Lumber & Shingle Co., Doty, Wash	100,000	
North Bend Lumber Co., Edgewick, Wash	80,000	
Great Western Lumber Co., Black Rock, Wash	40,000	
Tacoma Mill Co., Tacoma, Wash		
Tacoma Mill Co., Tacoma, Wash Overton Mill Co., Little Rock, Wash	35, 000	
Little Rock Lumber Co., Little Rock, Wash	20,000	
S. E. Slade Lumber Co., Aberdeen, Wash	280, 000	
Aloha Lumber Co., Aloha, Wash.	40,000	
Aloha Lumber Co., Aloha, WashFederal Mill Co., Aberdeen, Wash	100,000	
Robinson Manufacturing Co., Everett, Wash	80,000	
Eclipse Mill Co., Everett, Wash	100,000	
		3, 056
MILLS RUNNING SHORT TIME.		
Bloedel Donovan Lumber Co., Bellingham, Wash., 40 per cent (600,000 feet)———————————————————————————————————	200 000	
Westweek Lumber Co Index Week & house	300, 000	
neybrook Limber Co., Index, Wash., 8 hours		

MILLS RUNNING SHORT TIME.	
Bloedel Donovan Lumber Co., Bellingham, Wash., 40 per cent (600,000 feet). Heybrook Lumber Co., Index, Wash., 8 hours	360, 000
Heybrook Lumber Co., Index, Wash., 8 hours (80,000 feet) Pacific National Lumber Co., National, Wash., lim-	20,000
ited crew (125.000 feet)	25,000
Eastern Railway & Timber Co., Centralia, Wash., 8 hours (125,000 feet)	12,000
Falls City Lumber Co., Falls City, Oreg., 9 hours	10,000
Siler Mill Co., Raymond, Wash., 8 hours (150,000 feet)	30, 000
Dallas Lumber & Log Co., Dallas, Oreg., 9 hours	7, 500
Kleeb Lumber Co., South Bend, Wash., 8 hours	
(100,000 feet)	20,000

3, 137, 500 Total feet. Mr. PAGE of North Carolina. I yield 15 minutes to the gen-

tleman from Indiana [Mr. Adair].
The CHAIRMAN. The gentleman from Indiana [Mr. Adair]

is recognized for 15 minutes.

Mr. ADAIR. Mr. Chairman, I rise to avail myself of the lati-

tude given under general debate to discuss House joint resolution No. 5, reported by the Committee on Education, and providing for the appointment of a commission to consider the need and report a plan for vocational education.

Mr. Chairman, there is no subject before this House in which I am interested to a greater extent than that of education. I am interested to a greater extent than that of education. I have listened with a great deal of interest and pleasure, and I may say with much profit, to the very able discussion of the questions involved in this resolution. I was especially interested in the remarkable speech made by the gentleman from Oklahoma [Mr. Murray] on the subject of education. I regard it as one of the most comprehensive and illuminating speeches on the subject of education ever made upon this floor. I was especially interested, too, in the very earnest appeal made by my good friend from Ohio [Mr. Frss] in his advocacy of this

Mr. Chairman, I appreciate the necessity of vocational education, and no one on this floor will go further than I will in voting reasonable appropriations to carry on the work of education along all lines. I gave my earnest and hearty support one year ago to the Lever bill, providing for the extension of the work done by our agricultural colleges. For many years I have realized the necessity of legislation that would tend to make farm life more pleasant and more profitable. During recent years the tendency has been away from the farm. When the boys growing up in the country reach maturity, they leave

the farm and go to the city and find work in our mills, factories,

Mr. GOLDFOGLE. Will the gentleman yield?

Mr. ADAIR. Just for a question.
Mr. GOLDFOGLE. I was going to ask the gentleman whether he could give us some information briefly as to the number of farms which have been abandoned, and the sections of the country in which these farms are located. I know it is a fact that there are a large number of abandoned farms throughout the country

Mr. ADAIR. I should be very glad to go into that phase of the question if I had the time, but having only 15 minutes remaining I desire to use the time in presenting some other phases of this subject. I am sure a large number of farms throughout the country have been abandoned, as suggested by the gentleman from New York.

Now, Mr. Chairman, one of the great problems we will be called upon to solve in the future is how to produce enough on our farms to feed our immense population. The population of this country is increasing at the rate of 2.000,000 each year, and of this 2.000,000 a million and a half are immigrants coming here from all parts of the world, and those of you who are informed on the subject of immigration know that but very few, if any, of this immigrant population will go upon the farm

and till the soil. Yet this vast number of people must be fed.

Mr. GOLDFOGLE. Will the gentleman yield?

Mr. ADAIR. I decline to yield further. I should be glad to, but my time is too limited. I say, therefore, that one of the great questions we will be called upon to solve in the future is how to produce enough on the farms to feed the people.

Mr. Chairman, some plan must be devised that will keep our boys on the farm and induce some now in the cities to go on the farm and help produce the products necessary to feed the people of the world. As I have already stated, I am in favor of vocational education, and am willing to appropriate money to that end, but I am not in favor of wasting the people's money on useless and unnecessary commissions. I have always been opposed to the appointment of commissions except in rare cases where they were actually needed. As was pointed out yesterday by the gentleman from Ohio [Mr. Sherwood], a large number of commissions have been appointed in the past, costing the people millions of dollars, and in most instances their recommendations have not been followed. During the past 14 years 28 commissions have been appointed, and I am informed the total cost of these commissions has amounted to the enormous sum of \$7.000,000. For many years it was the prac-tice of our Republican friends when their party was in power to take care of defeated Republican members by creating some commission on which they could be placed and their salaries continued. Some excuse was trumped up for creating a com-mission in order that certain Republicans might be kept on the pay roll. This was practiced until it was a stench in the nostrils of those of us who believed in the honest and economical administration of public affairs.

Now, Mr. Chairman, my party is in power, and I am going to oppose the continuance of this vicious system with the same earnestness I opposed it when our opposition was in control, While I do not pretend to have earned the title of "watchdog" of the Treasury, yet those of you who have been here during the past eight years know I have persistently fought every proposition of waste and extravagance and of useless expenditure of the people's money, and I want to repeat here and now that no proposition bearing the earmarks of graft or extravagance shall pass this House if I can prevent it.

Mr. Chairman, my opposition to this resolution is not based alone on the fact that it is an unnecessary expenditure of the peo-ple's money, but because it is already in the hands of men who are well equipped and qualified to deal with this question. The Ways and Means Committee used excellent judgment in forming the Committee on Education. It was careful to select men who were exceptionally well qualified by education and training to intelligently pass upon all problems going before that committee. Let us analyze the membership of that committee for a moment and see whether they are not able to handle this question without the aid of a commission. I find as chairman of that committee my good friend from Georgia [Mr. HUGHES], the Chesterfield of the House, who is always active, earnest, and diligent in doing his duty to his constituents and to his country. I find, in referring to the Congressional Directory, that the gentleman from Georgia is one of the Members of this House who has been interested for years in the subject of education. I find he is a graduate of a college himself, is now trustee of the Georgia Normal Industrial College, also a trustee in the University of

Georgia and the Georgia State Agricultural College. I would like to ask the gentleman from Ohio [Mr. Fess] would you say that Mr. Hughes, with all his experience and knowledge of educational work, is not qualified to pass on a proposition of this

Mr. HUGHES of Georgia. Mr. Chairman, I want to say that the gentleman is mistaken; I am not a trustee of the Georgia

Normal and Industrial College.

Mr. ADAIR. Well, I get my information from the Directory. Mr. FESS. Will the gentleman yield? Mr. ADAIR. I can not yield; I have only a short time re-

maining. Mr. DAVIS. I will give the gentleman an additional five minutes, if he wishes.

Mr. ADAIR. Then I will yield to the gentleman from Ohio. Mr. FESS. Mr. Chairman, I want to say that I agree entirely with all that the gentleman from Indiana has said in regard to the personal qualifications and capabilities of the chairman of the Committee on Education. I share it fully; but the chairman is not engaged now in educational work; he is very busy upon the floor, has many other things that are coming before the committee, and his associates are in the same condition. Under this resolution men who have spent all their lives can be chosen to do the work better than we can,

Mr. ADAIR. I doubt if nine men could be found better qualified to pass upon this question than the Committee on Education. I find also upon that committee Judge Rucker, of Missouri, with 16 long years of legislative experience in the House, an eminent lawyer, a splendid gentleman, well equipped

and qualified to pass on any educational proposition.

I also find J. Thompson Baker, of New Jersey, educated in Bucknell University, from which he received a degree of A. B., bachelor of arts, an able lawyer.

It has been said by some one that we ought to have somebody on this commission who has double LL.'s and double LL. D.'s attached to his name. I find on that committee you have the very man, eminently well qualified to pass upon this question. His name is John W. Abergrombie, of Alabama, and he has double LL.'s and double LL. D.'s and D. C. L.'s to throw He was graduated from Oxford College in 1886 and from the University of Alabama in 1888, LL. B., and in 1904 with an LL. D. He received the degree of LL. D. from the University of South Carolina in 1905, and D. C. L. from the University of the South, at Sewanee, in 1907. He has been principal of high schools and colleges in the South from 1888 He was State superintendent of education in Alabama from 1898 to 1902. He was honored with the presidency of the University of Alabama from 1902 to 1911. He was a member of the Alabama textbook commission and chairman of the Alabama commission for selection of Rhodes scholars in 1903 to 1911. He was the organizer and president of the Alabama Association of Colleges from 1908 to 1912. He was a member of the board of directors of the National Educational Association from 1900 to 1904 and from 1909 to 1911. He was president of the Southern Educational Association from 1906 to 1907. He was a member of the National Association of State Universities from 1903 to 1911. He was also president of the Southern Educational Council from 1912 to 1914, and also a member of the National Council of Education from 1908 to 1912.

Mr. Chairman, who would say that the gentleman from Alabama is not fitted by education, training, and experience to deal with this question? If this resolution should be passed, where could the President find a man with more LL's and D. C. L's

than the gentleman from Alabama?

I also find there are many other graduates of prominent colleges on this committee, but I shall not take up the time of the House by mentioning all of them; but here is the gentleman from Massachusetts, Mr. THACHER, who graduated from Adams Academy, in Quincy, in 1878, and graduated from Harvard College in 1882. And, then, here is my friend Mr. BURKE of Pennsylvania, who graduated from the University of Michigan in 1892 with the degree of LL. B. Here is the gentleman from Iowa, Mr. Towner, a lecturer on constitutional law in the State University of Iowa; and also EDMUND PLATT, of New York, graduated from Harvard University in 1888, the author of a history of Poughkeepsie and historical papers and lectures; and last, but not least, by any means, comes my good friend from Ohio, Mr. Fess, who graduated at the Ohio University at Ada in 1889. He was chosen to the chair of American history and later studied law, taking the degree of LL. D. I find he was made vice president of the university and became manager of the college of law. In 1902 he was called by President Harper to the University of Chicago, where he remained until 1906, when he accepted the presidency of Antioch College, which he

now holds. He is the author of the following publications: An Outline Study of Physiology; Outlines of United States History, History of American Political Theory, and Civics of

Mr. WILLIS. And they are all mighty good ones. Mr. ADAIR. Yes; they certainly are.

I also find he was a member of the Ohio constitutional convention, of which body he was vice president. He was honored with the chairmanship of the committee on education and was author of the amendment creating the department of State superintendent of public instruction. Why, my good friend from Ohio [Mr. Fess] has been known in educational circles ever since I can remember. His reputation as an educator is not confined to his community, neither is it confined to the great State from whence he comes, but has gone beyond the State of Ohio, and over in my own State of Indiana the name of Simeon D. Fess is known by all teachers and instructors. With such an array of talent as this, Mr. Chairman, upon the Committee on Education, wisely placed there by the Ways and Means Committee of the House, is there any man within the sound of my voice who can give a sound reason why the people's money should be wasted on this commission?

The CHAIRMAN. The time of the gentleman from Indiana

has expired.

Mr. ADAIR. I will now ask the gentleman from Minnesota for the time he promised me.

Mr. DAVIS. I first want to ask the gentleman a question.

Mr. ADAIR. Certainly.

Mr. DAVIS. The gentleman from New York asked the gentleman from Indiana if he could produce a list of deserted and abandoned farms, and the gentleman stated that he could not at the present time. I wish to suggest that, if statistics amount to anything, this ought to be an answer. Less than 50 years ago 70-odd per cent of the inhabitants of the United States dwelt upon farms and were producers, while to-day only about 31 per cent of the entire population is rural.

Mr. ADAIR. I thank the gentleman for the suggestion. I know it is true that a much less percentage of the people live

on farms than did a number of years ago.

Mr. DAVIS. And hence to a certain extent the farm has been

forsaken for the city.

Mr. ADAIR. Yes. When the boys grow up on the farms, they go to the city to find a place in the mills, in the shops, or in the factories, and I agree that we ought to do something that will make farming so pleasant and profitable, life upon the farm so happy, and make agriculturists so well contented, that they will want to remain on the farms.

Mr. Chairman, I am opposed to this resolution, because I believe it is a needless and useless expenditure of the people's money. It is not a fair plea to make to say that this committee is so busily engaged with other work that it is necessary for us to go outside and appoint somebody else to do the work our constituents expect us to do. I have so much confidence and so much faith in the ability of the gentleman from Ohio [Mr. FESS] and the gentleman from Alabama [Mr. ABERCROMBIE]. two of the great intellects of the country, whose education was not neglected, that I am willing to follow them on this proposition, and I would rather follow them than to follow any commission appointed by the President.

I look upon the question of education as a business proposition as well as an educational proposition, and fortunately we have on that committee men like Mr. HUGHES of Georgia, who is a practical business man and farmer, and who has also given much time and attention to education, and is able to pass upon

these questions without wasting the people's money.

Mr. Chairman, the passage of this resolution will set a bad precedent. There are matters of equal importance before each and every committee of the House, and if each committee would ask for a commission to determine what it should do, we would have a Government of commissions and our people would be taxed to the limit to pay the enormous expense. Since the Democratic Party came into power graft, waste, and extrava-gance have been practically weeded out of all the departments of government, and the people have been saved millions of dollars. Let us go on practicing the strictest economy in governmental affairs and see to it that not one dollar raised by taxing the people is wasted.

Mr. Chairman, immediately after the holiday vacation we will take up for consideration and passage the appropriation bills making appropriations for the fiscal year ending June 30, 1915, and I want to serve notice now that no appropriation bearing the earmarks of waste or extravagance will pass this House if I can prevent it. In conclusion I want to say that I favor all legislation along educational lines and am willing to vote money for that purpose, but I am not willing to waste the people's money on unnecessary commissions. [Applause.]
Mr. PAGE of North Carolina. Mr. Chairman, I move that the

committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. HULL, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 10523, the District of Columbia appropriation bill, and had come to no resolution thereon.

#### LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted to Mr. Howard, for five days, on account of illness in his family.

### IMMIGRATION.

Mr. BURNETT. Mr. Speaker, this morning I asked to be permitted to correct a report upon a bill, but objection was made. I have concluded to file the report (H. Rept. 149), because one or two minority reports have been inserted, and I shall file the report and bill again, and the gentleman from New York, Judge GOLDFOGLE, desires to file a minority report.

Mr. MANN. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. MANN. The gentleman now states that he proposes to file a report anew. I suggest, before he can do that, the bill having already been reported to the House, he will have to ask unanimous consent to withdraw the bill already reported.

Mr. BURNETT. That is correct, The SPEAKER. The Chair will put the question in that way. Mr. GOLDFOGLE. Mr. Speaker. I submit the minority views of the gentleman from Illinois [Mr. SABATH] and myself, and while I am doing that I desire to say that when yesterday the gentleman from Alabama [Mr. BURNETT], the chairman of the Committee on Immigration, submitted a report, which he now desires to correct, it was stated by the gentleman from Connecticut [Mr. Donovan] that the Member from New York-in all probability having myself in mind-was absent. I want to state that I was then actually in the performance of committee duty under the leave granted by the House. The Committee on Elections was then meeting, and therefore I was not present when my friend from Alabama offered the report.

I file herewith the minority views. Mr. DONOVAN. Mr. Speaker-

For what purpose does the gentleman from The SPEAKER.

Mr. DONOVAN. I objected to the gentleman from Alabama presenting the report in the gentleman's absence. That was my

The SPEAKER. The Chair knows, but the thing the gentleman from New York complains of is that the gentleman from Connecticut put him in the attitude, unwittingly no doubt, of calling attention to the fact that he was not here.

Mr. DONOVAN. That is true.

Mr. GOLDFOGLE. When really I was in the performance of a committee duty, presiding over my Elections Committee.

Mr. DONOVAN. The thing I objected to was the gentleman

from Alabama bringing it in in the gentleman's absence. I was

trying to save the gentleman.

Mr. GOLDFOGLE. I thank the gentleman.

The SPEAKER. The gentleman is out of order. The gentleman from Alabama [Mr. Burnert] asks unanimous consent to withdraw the report and the bill that he filed yesterday, and to file it now as he wishes it.

Mr. MANN. He does not need to ask authority to file it now. The SPEAKER. Well, he asks to withdraw the other. Is there objection?

Mr. DONOVAN. I am going to object.

Mr. MANN. Oh, do not object. Mr. DONOVAN. Well, these parliamentary sharps around here are all the time raising parliamentary points of order, and they ought to proceed in regular order, and I object.

Mr. BURNETT. Mr. Speaker, I hope the gentleman will not object. It is merely a correction of one word in the report and in the bill.

Mr. DONOVAN. I withdraw the objection, Mr. Speaker.
Mr. BURNETT. I thank the gentleman.
The SPEAKER. Is there objection? [After a pause.]

[After a pause.] The Chair hears none, and it is so ordered.

Mr. GOLDFOGLE. Mr. Speaker, I now submit the minority

The SPEAKER. The gentleman from New York submits the

minority views—
Mr. GOLDFOGLE. For Mr. Sabath and myself.

The SPEAKER. Which goes to the House Calendar.

Mr. GOLDFOGLE. Mr. Speaker, there is another gentleman on our committee, perhaps two more, who may desire to submit minority views, and I ask that they may have the right to do so.

The SPEAKER. For how long?

Mr. GOLDFOGLE. One gentleman is engaged, I know, in the performance of committee duties, and I suggest he have two more days.

The SPEAKER. Who is it?
Mr. BURNETT. Mr. MANAHAN. I think all who desire to dissent have filed their views.

The SPEAKER. He has two days more under the order

made yesterday.

Mr. MANN. The order made yesterday was vacated by with-

drawing the report.

The SPEAKER. The gentleman from New York [Mr. Golden. FOGLE] asks that the gentlemen of the minority who desire to file minority views shall have two days in which to do so. Is there objection? [After a pause.] The Chair hears none. These reports go through the basket.

### ADJOURNMENT.

Mr. PAGE of North Carolina. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 35 minutes p. m.) the House adjourned to meet to-morrow, Wednesday, December 17, 1913, at 12 o'clock noon.

### EXECUTIVE COMMUNICATIONS.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows

1. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, final report of a special board of engineer officers on raising and removing the wreck of the U.S. battleship Maine from the harbor of Habana, Cuba (H. Doc. No. 480); ordered to be printed, with illustrations

2. A letter from the Secretary of the Treasury, transmitting a copy of a communication from the Secretary of State, submitting an estimate of appropriation, in the sum of \$5,000, for the expenses of the representatives of the United States at the International Maritime Conference for Safety of Life at Sea, now in session at London, in addition to the appropriation of \$10,000 made in the joint resolution approved June 28, 1912, entitled, "Joint resolution proposing an international maritime conference" (H. Doc. No. 479); to the Committee on Foreign Affairs and ordered to be printed.

### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the several calendars therein named, as follows

Mr. TAYLOR of Colorado, from the Committee on the Public Lands, to which was referred the bill (H. R. 5993) authorizing the city of Montrose, Colo., to purchase certain public lands for public-park purposes, reported the same with amendment, ac-companied by a report (No. 143), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. BROWN of New York, from the Committee on the Public Lands, to which was referred the bill (S. 541) granting to the Emigration Canon Railroad Co., a corporation of the State of Utah, permission, in so far as the United States is concerned, to occupy, for a right of way for its railroad track, a certain piece of land now included in the Mount Olivet Cemetery, Salt Lake County, Utah, reported the same with amendment, accompanied by a report (No. 148); which said bill and report were referred to the Committee of the Whole House on the state of the Union.

Mr. BURNETT, from the Committee on Immigration and Naturalization, to which was referred the bill (H. R. 6060) to regulate the immigration of aliens to and the residence of aliens in the United States, reported the same with amendment, accompanied by a report (No. 149); which said bill and report were referred to the House Calendar.

### REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. GRAHAM of Illinois, from the Committee on the Public Lands, to which was referred the bill (H. R. 2733) authorizing J. A. Matheny, of Colony, Wyo., to make homestead entry, reported the same with amendment, accompanied by a report (No. 142), which said bill and report were referred to the Private Calendar.

# PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials

were introduced and severally referred as follows:

By Mr. CONNOLLY of Iowa: A bill (H. R. 10723) to provide for the erection of a public building at Eagle Grove, Iowa; to the Committee on Public Buildings and Grounds.

By Mr. CULLOP: A bill (H. R. 10724) to create the bureau of labor safety in the Department of Labor; to the Committee on Labor

By Mr. MAHAN: A bill (H. R. 10725) authorizing the Secretary of the Navy to appoint a board of officers to survey the site owned by the Government at New London, Conn., with a view of establishing an armor-plate manufactory thereon; to the Committee on Naval Affairs

By Mr. KETTNER: A bill (H. R. 10726) to authorize the acquisition of a site and the erection of a Federal building at Rishop, Cal.; to the Committee on Public Buildings and

Also, a bill (H. R. 10727) providing for a building for post office and other purposes at San Bernardino, Cal.; to the Committee on Public Buildings and Grounds.

By Mr. TALBOTT of Maryland: A bill (H. R. 10728) to provide for an examination and survey of the Baltimore Harbor and entrances thereto; to the Committee on Rivers and Harbors.

By Mr. KETTNER: A bill (H. R. 10729) making appropria-

tions for the printing and publishing of maps and reports relating to the kelp beds on the Pacific coast; to the Committee on Agriculture,

By Mr. LINDBERGH: A bill (H. R. 10730) restoring to the public domain certain land heretofore reserved for reservoir purposes at headwaters of the Mississippi River and tributaries; to the Committee on the Public Lands.

Also, a bill (H. R. 10731) restoring to the public domain certain lands heretofore reserved for reservoir purposes at the Leadwaters of the Mississippi River and tributaries; to the Committee on the Public Lands.

By Mr. ANSBERRY: A bill (H. R. 10732) to authorize the payment of certain pensions monthly; to the Committee on Invalid Pensions.

By Mr. HOWELL: A bill (H. R. 10733) to consolidate certain lands within the Cache National Forest, Utah; to the Committee on the Public Lands.

By Mr. QUIN: A bill (H. R. 10784) making an appropriation for the repair, completion of reverment, and other necessary work on Natchez Harbor at the city of Natchez, Adams County, Miss.: to the Committee on Rivers and Harbors.

By Mr. LEWIS of Maryland: A bill (H. R. 10735) to create a bureau of labor safety in the Department of Labor; to the Committee on Labor.

By Mr. BORLAND: A bill (H. R. 10736) to amend an act entitled "An act to codify, revise, and amend the laws relating to the judic'ary," approved March 3, 1911; to the Committee on the Judiciary

By Mr. OLDFIELD: A bill (H. R. 10737) to give effect to the provisions protecting copyright and designs of the act entitled 'An act providing for the free importation of articles intended for fore'gn buildings and exhibits at the Panama-Pacific International Exposition and for the protection of foreign exhibitors." approved September 18, 1913; to the Committee on

By Mr. GEORGE: A bill (H. R. 10738) to provide for annual and full-value assessments, a more efficient assessing department, and for other purposes relating to assessment and taxation in the District of Columbia; to the Committee on the District of Columbia.

By Mr. JOHNSON of Kentucky: A bill (H. R. 10739) relative to appropriations for the District of Columbia; to the Committee on the District of Columbia.

By Mr. JACOWAY: A bill (H. R. 10740) appropriating \$250,000 for the construction of dredge boats for dredging on the Arkansas River; to the Committee on Rivers and Harbors.

Also, a bill (H. R. 10741) for the erection of a public building at Conway, Ark.; to the Committee on Public Buildings and

Also, a bill (H. R. 10742) for the purchase of a site and the erection of a public building at Little Rock, Ark.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 10743) for the purchase of a site and the erection thereon of a public building at Morrillton, Ark.; to the Committee on Public Buildings and Grounds.

By Mr. TAYLOR of Alabama: Resolution (H. Res. 349) to print 2,000 additional copies of the Soil Survey of Mobile County, Ala., for use in the House document room; to the Committee on Printing.

By Mr. BURNETT: Resolution (H. Res. 350) for the consid-

eration of H. R. 6060; to the Committee on Rules. By Mr. TOWNSEND: Joint resolution (H. J. Res. 173) to amend the joint resolution of May 25, 1908, providing for remission of a portion of the Chinese indemnity; to the Committee on Foreign Affairs.

## PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BALTZ: A bill (H. R. 10744) granting a pension to Phoebe Cosgriff; to the Committee on Invalid Pensions.

By Mr. BARCHFELD: A bill (H. R. 10745) granting a pen-

sion to Henry Spahn; to the Committee on Pensions.

Also, a bill (H. R. 10746) granting an increase of pension to John Gion; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10747) granting an increase of pension to Ambrose C. Niven; to the Committee on Pensions.

Also, a bill (H. R. 10748) to correct the military record of Felix Boyle; to the Committee on Military Affairs.

By Mr. CAMPBELL: A bill (H. R. 10749) granting a pension to Fred M. Miller; to the Committee on Invalid Pensions.

By Mr. CANTRILL: A bill (H. R. 10750) granting a pension to Herman Hoover; to the Committee on Pensions.

Also, a bill (H. R. 10751) granting a pension to Joseph Gambell; to the Committee on Pensions.

By Mr. CLARK of Missouri: A bill (H. R. 10752) granting an increase of pension to Joseph H. Reynolds; to the Committee on Invalid Pensions

By Mr. DIFENDERFER: A bill (H. R. 10753) granting an increase of pension to Joseph Scattergood; to the Committee on Invalid Pensions.

By Mr. EAGAN: A bill (H. R. 10754) granting an increase of pension to Augustin Buhl; to the Committee on Pensions.

Also, a bill (H. R. 10755) granting an increase of pension to

Andrew Sutton; to the Committee on Invalid Pensions.

By Mr. ESCH: A bill (H. R. 10756) granting a pension to Charles P. Dyrud; to the Committee on Pensions.

By Mr. FARR: A bill (H. R. 10757) granting a pension to Edward Sweeney; to the Committee on Pensions.

Also, a bill (H. R. 10758) granting an increase of pension to Orestes B. Wright; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10759) for the retirement of John J. Ross, second lieutenant, Philippine Scouts; to the Committee on Military Affairs.

By Mr. FIELDS: A bill (H. R. 10760) granting an increase of pension to Mary M. Wright; to the Committee on Invalid

Also, a bill (H. R. 10761) granting an increase of pension to James G. A. Middleton; to the Committee on Invalid Pensions.

By Mr. GARD: A bill (H. R. 10762) granting a pension to Frederick G. Oldt; to the Committee on Pensions.

By Mr. GARRETT of Tennessee: A bill (H. R. 10763) for the relief of Dr. L. W. Culbreath; to the Committee on Claims.

By Mr. HAMILTON of Michigan: A bill (H. R. 10764) granting an increase of pension to William Burns; to the Committee on Invalid Pensions.

By Mr. HAUGEN: A bill (H. R. 10765) granting a patent to George N. Van Leuven for the northeast quarter of section 18, township 17 north, range 19 east, Black Hills meridian, South Dakota; to the Committee on the Public Lands.

By Mr. HAY: A bill (H. R. 10766) for the relief of Frederick

Hughson; to the Committee on War Claims.

By Mr. HELVERING: A bill (H. R. 10767) for the relief of John D. Baldwin; to the Committee on Claims.

Also, a bill (H. R. 10768) granting an increase of pension to Samuel Hays; to the Committee on Invalid Pensions.

By Mr. HUGHES of Georgia: A bill (H. R. 10769) granting an increase of pension to John J. Davidson, alias John Dinneen; to the Committee on Invalid Pensions.

By Mr. HOWELL: A bill (H. R. 10770) granting an increase of pension to Elizabeth H. Hyde; to the Committee on Invalid

By Mr. IGOE: A bill (H. R. 10771) for the relief of Martha A. Murphy; to the Committee on War Claims.

Also, a bill (H. R. 10772) granting an increase of pension to Susan Stewart; to the Committee on Invalid Pensions

By Mr. JACOWAY: A bill (H. R 10773) granting a pension to Kate Chance; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10774) granting a pension to Frank Doering; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10775) granting a pension to William A. Pollard; to the Committee on Pensions.

Also, a bill (H. R 10776) granting a pension to George W. Campbell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10777) granting a pension to Mrs. A. M. Hughes; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10778) granting an increase of pension to Edward S. Banister; to the Committee on Pensions.

Also, a bill (H. R. 10779) granting an increase of pension to Mary A. Williams; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10780) granting an increase of pension to Eliza J. Adams; to the Committee on Invalid Pensions,

Aiso, a bill (H. R 10781) granting an increase of pension to George W. Burton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10782) for the relief of John Davis; to the

Committee on Naval Affairs.
Also, a bill (H. R. 10783) for the relief of Patrick O'Kane; to the Committee on War Claims.

Also, a bill (H. R. 10784) for the relief of Edgar Shinn; to the Committee on Claims.

Also, a bill (H. R. 10785) for the relief of Leander Mason and others, heirs of Thomas M. Mason, deceased; to the Committee on War Claims.

Also, a bill (H. R. 10786) for the relief of the heirs of Jacob Pennington: to the Committee on War Claims.

Also, a bill (H. R. 10787) for the relief of the heirs of Peter Goodman; to the Committee on War Claims.

Also, a bill (H. R. 10788) for the relief of the heirs of Augusta W. Diehl, deceased; to the Committee on War Claims.

Also, a bill (H. R. 10789) for the relief of the legal representatives of Wiley J. Davis, deceased; to the Committee on War

By Mr. KIESS of Pennsylvania; A bill (H. R. 10700) granting a pension to Sophronia M. Bowker; to the Committee on Invalid Pensions.

By Mr. KINKEAD of New Jersey: A bill (H. R. 10701) for the relief of Thomas Johnson; to the Committee on Military Affairs.

Also, a bill (H. R. 10792) for the relief of Patrick Howe; to the Committee on Military Affairs. By Mr. LINTHICUM: A bill (H. R. 10793) granting an in-

crease of pension to Junius Thomas Turner; to the Committee on Invalid Pensions.

Also, a biil (H. R. 10794) granting a pension to May J. Wode;

to the Committee on Invalid Pensions.

By Mr. MITCHELL: A bill (H. R. 10795) granting an increase of pension to Albert A. Hunt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10796) granting a pension to Harry E. Brooks; to the Committee on Pensions.

Also, a bill (H. R. 10797) granting a pension to Edward F. Lemoine; to the Committee on Pensions,

Also, a bill (H. R. 10708) granting an increase of pension to Jeremiah McCarthy; to the Committee on Invalid Pensions. Also, a bill (H. R. 10709) to correct the military record of

Arthur J. Bradley, allas Arthur J. Brady; to the Committee on Military Affairs.

Also, a bill (H. R. 10800) to remove charges against record of John J. McKenzie; to the Committee on Military Affairs.

Also, a bill (H. R. 10801) to remove the charge of desertion

against Thomas Casey, alias Thomas Clancy; to the Committee

on Military Affairs.

By Mr. MORRISON: A bill (H. R. 10802) granting an increase of pension to George V. Shallenberger; to the Committee on Pensions

Also, a bill (H. R. 10803) granting an increase of pension to Allen S. Thatcher; to the Committee on Invalid Pensions.

By Mr. MURRAY of Massachusetts: A bill (H. R. 10804) granting a pension to George G. Spurr, jr.; to the Committee on Pensions

By Mr. NEELEY of Kansas: A bill (H. R. 10805) authorizing the issuance of a patent to the northwest quarter section 27, township 17 south, range 40 west, Dodge City (Kans.) land district, to George H. Lowrey; to the Committee on the Public Lands.

By Mr. PARK: A bill (H. R. 10806) for the relief of William B. Adams, executor of the estate of Anan Willis, deceased; to

B. Adams, executor of the estate of Anal Willis, decease, the Committee on War Claims.

By Mr. REED; A bill (H. R. 10807) granting an increase of pension to James M. Caswell; to the Committee on Invalid Pensions.

By Mr. RIORDAN: A bill (H. R. 10808) granting a pension to Michael Grace; to the Committee on Invalid Pensions.

By Mr. SMITH of New York: A bill (H. R. 10809) granting a pension to Philip Bernhard; to the Committee on Pensions.

Also, a bill (H. R. 10810) for the relief of John Rohe; to the Committee on Military Affairs.

By Mr. J. M. C. SMITH: A bill (H. R. 10811) for the relief of Cyrus Dean; to the Committee on Military Affairs.

By Mr. TALCOTT of New York: A bill (H. R. 10812) granting an increase of pension to Emma McDermott; to the Committee on Invalid Pensions.

By Mr. TAYLOR of New York: A bill (H. R. 10813) for the relief of the dependent widow of Patrick Curran, civilian employee of the Government, who was killed while in the discharge of his duties at the United States naval magazine at Iona Island, N. Y.; to the Committee on Claims,

By Mr. THOMSON of Illinois: A bill (H. R. 10814) granting a pension to Hannah Elizabeth Boblett; to the Committee on

Invalid Pensions.

Also, a bill (H. R. 10815) granting a pension to Elvira M. Anderson; to the Committee on Invalid Pensions,
Also, a bill (H. R. 10816) granting a pension to Kathryn M.

Denoyer; to the Committee on Pensions.

Also, a bill (H. R. 10817) granting a pension to Clayton Huff; to the Committee on Pensions.

By Mr. WILLIS: A bill (H. R. 10818) granting an increase of pension to Helen G. Davis; to the Committee on Invalid

Pensions. By Mr. WOODS: A bill (H. R. 10819) granting an increase of pension to Theodore Walker; to the Committee on Pensions.

Also, a bill (H. R. 10820) for the relief of John M. Stewart, alias Jeremiah Marshall; to the Committee on Military Affairs.

## PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Petition of the Federation of Jewish Farmers of America, favoring adequate rural credit facilities; to the Committee on Banking and Currency

Also (by request), petition of Rev. Theo. Szule, of the Catholic University of Washington, D. C., protesting against the passage of the Burnett immigration bill; to the Committee on Immigration and Naturalization.

Also (by request), petition of the Polish Women's Civic Club Wonda, of Chicago, Ill., protesting against the literacy test in the restriction of immigration; to the Committee on Immigration and Naturalization.

By Mr. ANTHONY: Petition of citizens of Topeka, Kans., favoring legislation to prohibit misbranding of articles made of fabric, leather, or rubber; to the Committee on Interstate and Foreign Commerce

By Mr. ASHBROOK: Memorial of the Glass Bottle Blowers' Association, Branch No. 1, Coshocton, Ohio, favoring the passage of House bill 1873; to the Committee on the Judiciary.

By Mr. BARCHFELD: Papers to accompany bill (H. 10746) granting an increase of pension to John Glon; to the Committee on Invalid Pensions.

By Mr. BRITTEN: Papers to accompany bill (H. R. 10419) granting an increase of pension to Mrs. Mary E. Meehan; to the Committee on Invalid Pensions.

By Mr. CARY: Petition of the Racine Junction Advancement Association and Racine Retail Merchants' Association, of Racine, Wis., protesting against the passage of the seamen's bill in its present form; to the Committee on the Merchant Marine and Fisheries.

Also, petition of the Federation of Jewish Farmers of America, favoring adequate rural credit facilities; to the Committee on Banking and Currency.

By Mr. CLANCY: Petition of sundry citizens of Syracuse. Y., favoring the passage of House bil 5892, for the relief of persons who served in the Military Telegraph Corps during the Civil War; to the Committee on Invalid Pensions.

By Mr. DALE; Memorial of the Federation of Jewish Farmers of America, favoring adequate rural credit facilities; to the

Committee on Banking and Currency.

By Mr. DONOHOE: Memorial of the Vessel Owners and Captains' Association, favoring the location of a new Government dry dock at Philadelphia instead of Norfolk; to the Committee on Naval Affairs.

By Mr. EDMONDS: Petition of the Young Men's Republican Cub of Philadelphia and the Vessel Owners and Captains' Association, of Philadelphia, Pa., favoring the passage of legisla-tion for the location of a dry dock at Philadelphia Navy Yard; to the Committee on Naval Affairs, By Mr. ESCH: Petition of the Federation of Jewish Farmers

of America, favoring adequate rural credit facilities; to the Committee on Banking and Currency. Also, memorial of members of the Wisconsin Woman's Suf-

frage Association, favoring an amendment to the United States Constitution prohibiting disfranchisement of citizens on account of sex; to the Committee on the Judiciary.

By Mr. FARR: Memorial of the Portland Chamber of Commerce, favoring the passage of Senate bill 3063, relative to increase of employees in the Government Supervising Architect's Office; to the Committee on the Public Lands.

Also, petitions of Milton Roblu, of Scranton, Pa., and the Benton Harbor Development Co., and the council of the city of Benton Harbor, Mich., protesting against the passage of the seamen's bill with reference to the Great Lakes; to the Committee on the Merchant Marine and Fisheries.

By Mr. FITZGERALD: Memorial of the New York State Council, Daughters of America, favoring the literacy test in the immigration bill; to the Committee on Immigration and Natu-

Also, petition of Local Union No. 68 of the American Flint Glass Workers' Union, of Brooklyn, N. Y., favoring the passage of H. R. 1873; to the Committee on the Judiciary.

Also, memorial of the Twentieth Century Club, of Detroit, and Buffalo Chamber of Commerce, favoring the passage of flood-prevention bills; to the Committee on Rivers and Harbors.

Also, memorial of the Philadelphia Board of Trade, Philadelphia Chamber of Commerce, and Commercial Exchange and Philadelphia Bourse, protesting against the Owen-Glass banking and currency bill becoming a law; to the Committee on Banking and Currency.

Also, petition of the United States Military Telegraph Corps, urging Congress to pass remedial legislation in the form of the pension bills now before it; to the Committee on Invalid Pen-

Also, petition of the Portland Chamber of Commerce, favoring passage of bill (S. 3063) relative to an increase in employees in the Government Supervising Architect's Office; to the Committee on the Public Lands.

Also, memorial of the Board of Managers of the Twentieth Century Club, of Detroit, protesting against any bill or bills which shall tend to break down the National Forestry Service; to the Committee on Appropriations.

By Mr. GARNER: Petition of merchants of Pearsall, Tex., favoring the passage of House bill 5308, to compel concerns selling goods direct to the consumer by mail to contribute their portion of the funds for the development of the local community,

county, and State; to the Committee on Ways and Means.

By Mr. JACOWAY: Papers to accompany bill for the relief of Mason heirs; to the Committee on Invalid Pensions.

Also, papers to accompany bill granting increase of pension to Mary A. Williams; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Kentucky: Petition of citizens of the fourth congressional district of Kentucky, favoring the passage of the Lindquist pure fabric and leather bill for labeling same; to the Committee on Interstate and Foreign Commerce.

By Mr. LEE of Pennsylvania: Memorial of the Federation of Jewish Farmers of America, favoring adequate credit facilities;

to the Committee on Banking and Currency,

Also, memorial of Vessel Owners and Captains' Association of Philadelphia, Pa., favoring the location of a new Government dry dock at Philadelphia instead of at Norfolk, as recommended by the Secretary of the Navy; to the Committee on Naval Affairs.

Also, petition of the Philadelphia Maritime Exchange, protesting against the location of the new dry dock at Norfolk instead of Philadelphia; to the Committee on Naval Affairs.

By Mr. LONERGAN: Petition of the Federation of Jewish

Farmers, favoring adequate rural-credit facilities; to the Committee on Banking and Currency.

By Mr. MOORE: Memorial of the Vessel Owners and Captains' Association, of Philadelphia, recommending the construction of a dry dock at the Philadelphia Navy Yard; to the Committee on Naval Affairs.

By Mr. MONDELL: Petitions of citizens of Brighton City and Logan, Utah, favoring legislation relative to taxing mailorder houses; to the Committee on Interstate and Foreign Com-

By Mr. MOTT: Petition of Federation of Jewish Farmers of America, favoring the passage of legislation for an adequate system of rural credit; to the Committee on Banking and Cur-

By Mr. O'SHAUNESSY: Petition of citizens of Providence, R. I., favoring the passage of legislation granting pensions to those who served in the Military Telegraphic Corps during the

Civil War; to the Committee on Invalid Pensions.

By Mr. PLATT: Petition of citizens of Middletown, N. Y.,

hy Mr. PLATT: Petition of citizens of Middletown, N. 1., favoring-the literacy test for immigrants; to the Committee on Immigration and Naturalization.

By Mr. PROUTY. Petition of citizens of Des Moines, Iowa, favoring the passage of the Lindquist pure fabric and leather bill; to the Committee on Interstate and Foreign Commerce.

By Mr. REILLY of Connecticut: Memorial of the New Haven Chamber of Commerce, favoring the passage of House bill 6282, known as the Harrison antinarcotic bill; to the Committee on Ways and Magne Ways and Means.

Also, memorial of the council of the city of Benton Harbor. Mich., and the Benton Harbor Development Co., protesting against the passage of the seamen's bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. SCULLY: Petitions of the New Point Comfort Board of Trade, of Keansburg, and sundry other citizens of the State of New Jersey, favoring an amendment to the seamen's bill exempting steamers operating in bays; to the Committee on the Merchant Marine and Fisheries.

By Mr. SUTHERLAND: Papers in support of bill (H. R. 9974) for the relief of James Johnson; to the Committee on

Military Affairs.

By Mr. WALLIN: Petition of the Citizens' Trust Co. and the Board of Trade of Schenectady, N. Y., favoring certain amendments to the currency bill; to the Committee on Banking and Currency,